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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 10, 2017

COLONY NORTHSTAR, INC.
(Exact name of registrant as specified in its charter)

Maryland	**333-212739**	**46-4591526**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

515 S. Flower Street, 44th Floor **Los Angeles, CA**	**90071**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (310) 282-8820

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

On January 10, 2017, NorthStar Asset Management Group Inc., a Delaware corporation ("NSAM"), completed its merger with and into Colony NorthStar, Inc., a Maryland corporation and a wholly owned subsidiary of NSAM (the "Company"), with the Company continuing as the surviving entity. The merger was consummated in accordance with that certain Agreement and Plans of Merger, dated as of June 2, 2016 (as amended by the two separate letter agreements dated July 28, 2016 and October 16, 2016, respectively, and as it may be further amended, the "Merger Agreement"), by and among NSAM, Colony Capital, Inc., a Maryland corporation ("Colony"), NorthStar Realty Finance Corp., a Maryland corporation ("NRF"), the Company (formerly known as New Polaris Inc.), New Sirius Inc., a Maryland corporation ("New NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership ("NRF LP"), Sirius Merger Sub-T, LLC, a Delaware limited liability company, and New Sirius Merger Sub, LLC, a Delaware limited liability company. Entry into the Merger Agreement was previously announced by NSAM on its Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on June 8, 2016.

This Current Report on Form 8-K (the "Form 8-K") is being filed for the purpose of establishing the Company as the successor issuer to NSAM pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and to disclose certain related matters, including the consummation of the transactions contemplated by the Merger Agreement. Pursuant to Rule 12g-3(a) under the Exchange Act, the class A common stock of the Company, par value $0.01 per share (the "Class A Common Stock"), is deemed registered under Section 12(b) of the Exchange Act. The Company hereby reports this succession in accordance with Rule 12g-3(f) under the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

The information set forth in the Explanatory Note and Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

OP Operating Agreement

In connection with the Mergers (as defined below), the Company entered into the Third Amended and Restated Operating Agreement of Colony Capital Operating Company, LLC ("Colony OP"), dated as of January 10, 2017 (the "OP Operating Agreement"), by and among the Company, Colony Capital, LLC ("CC LLC"), CCH Management Partners I, LLC ("CCH"), FHB Holding LLC ("FHB LLC"), Richard B. Saltzman ("Saltzman") and certain other parties thereto (together with CC LLC, CCH, FHB LLC and Saltzman, the "Non-Managing Members"). The OP Operating Agreement reflects the Company's structure as a real estate investment trust following the Mergers and certain other internal reorganizations, including the merger of NSAM LP into Colony OP (the "OP Merger").

As the sole managing member of Colony OP, the Company has exclusive and complete responsibility and discretion in the management of Colony OP, and the Non-Managing Members may not transact business for, or participate in, the management activities or decisions of Colony OP, except as provided in the OP Operating Agreement or as required by applicable law. This includes the power to cause Colony OP to issue additional units of membership interest in Colony OP ("OP Units") in one or more classes or series. These additional OP Units may include preferred membership units. Generally, the Company may issue additional shares of the Company's stock, or rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase shares of the Company's stock, only if the Company causes Colony OP to issue membership interests or rights, options, warrants or convertible or exchangeable securities of Colony OP having economic rights that are substantially similar to the securities that the Company has issued.

The OP Operating Agreement requires that the Company cause Colony OP to distribute quarterly all, or such portions as the Company may determine, available cash generated by Colony OP during such quarter to the holders of OP Units. The Company, in its sole discretion, may cause Colony OP to distribute available cash to the holders of OP Units on a more or less frequent basis than quarterly.

The OP Operating Agreement provides that the Company may not be removed as managing member by the other members without the Company's consent. In addition, as the managing member, the Company may not voluntarily withdraw from Colony OP or transfer or assign all or any portion of its membership interest in Colony OP (other than a transfer to one of its wholly owned subsidiaries or in connection with a permitted Termination Transaction (as defined below)) without the consent of the members (other than the Company, the managing member and entities controlled by the Company or the managing member) holding a majority based on the number of OP Units then held by members (other than the Company, the managing member and entities controlled by the Company or the managing member) entitled to vote on or consent to such matter. A "Termination Transaction" generally means any direct or indirect transfer of all or any portion of the Company's membership interest in Colony OP in connection with any merger, sale of assets, recapitalization or similar fundamental transactions. The consent of the Non-Managing Members to a Termination Transaction is not required if:

- each OP Unit is entitled to receive an amount of cash, securities or other property equal to the product of the number of shares of the Company's common stock into which each OP Unit is then exchangeable and the greatest amount of cash, securities or other property paid to the holder of one share of the Company's common stock in consideration of such share in connection with the Termination Transaction; or
- all of the following conditions are met: (i) substantially all of the assets directly or indirectly owned by Colony OP prior to the announcement of the Termination Transaction are, immediately after the Termination Transaction, owned directly or indirectly by Colony OP or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with Colony OP (the "surviving company"); (ii) the surviving company is classified as a partnership for U.S. federal income tax purposes; and (iii) the rights of such members with respect to the surviving company include certain specified UPREIT features, such as the OP Unit redemption right.

The foregoing description of the OP Operating Agreement does not purport to be complete and is qualified in its entirety by reference to the OP Operating Agreement, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Colony Third Supplemental Indenture

On April 10, 2013, Colony issued $200,000,000 aggregate principal amount of its 5.00% Senior Convertible Notes due 2023 (the "Colony 2023 Notes") pursuant to the Indenture, dated as of April 10, 2013, entered into by Colony, as issuer, and The Bank of New York Mellon, as trustee (the "Original Colony Indenture"), as supplemented by the First Supplemental Indenture, dated as of April 10, 2013 (the "Colony First Supplemental Indenture"). In addition, on January 28, 2014, Colony issued $230,000,000 aggregate principal amount of its 3.875% Convertible Senior Notes due 2021(the "Colony 2021 Notes") pursuant to the Second Supplemental Indenture, dated January 28, 2014, between Colony and The Bank of New York Mellon (the "Colony Second Supplemental Indenture" and, together with the Original Colony Indenture and the Colony First Supplemental Indenture, the "Colony Indenture").

In connection with the Colony Merger (as defined below), on January 10, 2017, the Company and The Bank of New York Mellon, as trustee, entered into a third supplemental indenture to the Colony Indenture (the "Colony Third Supplemental Indenture"). Pursuant to the Colony Third Supplemental Indenture, the Company assumed all rights and obligations of Colony as issuer under the Colony Indenture.

The foregoing description of the Colony Third Supplemental Indenture is qualified in its entirety by reference to the full text of the Colony Third Supplemental Indenture, which is attached hereto as Exhibit 10.2 and is incorporated herein by reference.

NRF Third Supplemental Indentures

On June 30, 2014, NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 ("Old NRF LP"), merged with and into NorthStar Realty Finance Corp., a Maryland corporation ("Old NRF"), which in turn merged with and into NRFC Sub-REIT Corp., which is now known as NRF. In connection with the NRF Merger (as defined below), NRF converted into NRF Holdco, LLC, a Delaware limited liability company ("NRF LLC").

On June 18, 2007, Old NRF LP issued $150,000,000 aggregate principal amount of its 7.25% Exchangeable Senior Notes due 2027 (the "NRF 2027 Notes"). Old NRF LP issued an additional $22.5 million aggregate principal amount of its NRF 2027 Notes on June 22, 2007. The NRF 2027 Notes were issued pursuant to the Indenture, dated as of June 18, 2007, among Old NRF, as guarantor, Old NRF LP, as issuer, and Wilmington Trust Company, as trustee, as later supplemented by the Supplemental Indenture, dated as of June 30, 2014, between Old NRF, NRF and Wilmington Trust Company, and the Second Supplemental Indenture, dated as of March 13, 2015 among NRF, NRF LP and Wilmington Trust Company (the "NRF 2027 Indenture").

In addition, on June 19, 2013, Old NRF LP issued $300,000,000 aggregate principal amount of its 5.375% Exchangeable Senior Notes due 2033 (the "NRF 2033 Notes"). Old NRF LP issued an additional $45 million aggregate principal amount of the NRF 2033 Notes on July 1, 2013. The NRF 2033 Notes were issued pursuant to the Indenture, dated as of June 19, 2013, between Old NRF LP, as issuer, Old NRF and NRF, as guarantors, and Wilmington Trust, National Association, as trustee, as supplemented by the Supplemental Indenture, dated as of June 30, 2014, between Old NRF, NRF and Wilmington Trust, National Association, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and Wilmington Trust, National Association (the "NRF 2033 Indenture").

In connection with the NRF Merger (as defined below), on January 10, 2017, the Company, NRF LLC, in its capacity as both successor company and as intermediate successor company, and Wilmington Trust Company, as trustee, entered into a third supplemental indenture to the NRF 2027 Indenture (the "NRF 2027 Supplemental Indenture") and the Company, NRF LLC, in its capacity as both successor company and as intermediate successor company, and Wilmington Trust, National Association, as trustee, entered into a third supplemental indenture to the NRF 2033 Indenture (the "NRF 2033 Supplemental Indenture"). Pursuant to the NRF 2027 Supplemental Indenture and the NRF 2033 Supplemental Indenture, NRF LLC, which following the Mergers and certain related transactions is a wholly owned subsidiary of the Company's operating partnership, assumed all rights and obligations of NRF LP, as issuer, under the NRF 2027 Indenture and the NRF 2033 Indenture, respectively.

The foregoing descriptions of the NRF 2027 Supplemental Indenture and the NRF 2033 Supplemental Indenture are qualified in their entirety by reference to the full texts of the NRF 2027 Supplemental Indenture and the NRF 2033 Supplemental Indenture, which are attached hereto as Exhibits 10.3 and 10.4, respectively, and are incorporated herein by reference.

NRF Junior Subordinated Indentures

Old NRF and certain of its subsidiaries previously entered into junior subordinated indentures, as supplemented and/or amended from time to time (collectively, the "Junior Subordinated Indentures"), pursuant to which Old NRF LP issued junior subordinated notes (the "Junior Subordinated Notes"). The Junior Subordinated Notes were purchased by wholly owned subsidiaries of Old NRF formed as statutory trusts (the "Trusts") to evidence loans made to Old NRF LP of the proceeds of preferred securities issued by the Trusts in private placement offerings.

In connection with the Mergers, on January 10, 2017, the Company, NRF LLC, in its capacity as both successor company and as intermediate successor company, and the applicable trustee entered into the following supplemental indentures to the Junior Subordinated Indentures (collectively, the "TRUP Supplemental Indentures"):

- Third Supplemental Indenture to the Junior Subordinated Indenture, dated as of April 12, 2005, between Old NRF LP and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, National Association, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Floating Rate Junior Subordinated Notes due 2035 (the "TRUP 1 Indenture");

- Third Supplemental Indenture to the Junior Subordinated Indenture, dated as of May 25, 2005, between Old NRF LP and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, National Association, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Floating Rate Junior Subordinated Notes due 2035 (the "TRUP 2 Indenture");
- Third Supplemental Indenture to the Junior Subordinated Indenture, dated as of November 22, 2005, between Old NRF LP and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, National Association, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Floating Rate Junior Subordinated Notes due 2036 (the "TRUP 3 Indenture");
- Third Supplemental Indenture to Junior Subordinated Indenture, dated as of March 10, 2006, between Old NRF LP, Old NRF and Wilmington Trust Company, as trustee, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Junior Subordinated Notes due 2036 (the "TRUP 4 Indenture");
- Third Supplemental Indenture to Junior Subordinated Indenture, dated as of August 1, 2006, between Old NRF LP, Old NRF and Wilmington Trust Company, as trustee, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Junior Subordinated Notes due 2036 (the "TRUP 5 Indenture");
- Third Supplemental Indenture to Junior Subordinated Indenture, dated as of October 6, 2006, between Old NRF LP, Old NRF and Wilmington Trust Company, as trustee, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Junior Subordinated Notes due 2036 (the "TRUP 6 Indenture");
- Third Supplemental Indenture to Junior Subordinated Indenture, dated as of March 30, 2007 between Old NRF LP, Old NRF and Wilmington Trust Company, as trustee, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Junior Subordinated Notes due 2037 (the "TRUP 7 Indenture"); and
- Third Supplemental Indenture to Junior Subordinated Indenture, dated as of June 7, 2007 between Old NRF LP, Old NRF and Wilmington Trust Company, as trustee, as amended by the First Supplemental Indenture, dated as of June 30, 2014, among Old NRF, NRF and the trustee, and the Second Supplemental Indenture, dated as of March 13, 2015, among NRF, NRF LP and the trustee, relating to the Junior Subordinated Notes due 2037 (the "TRUP 8 Indenture").

Pursuant to the TRUP Supplemental Indentures, NRF LLC assumed all obligations as issuer and guarantor under the Junior Subordinated Indentures and Junior Subordinated Notes issued thereunder.

The foregoing descriptions of the TRUP Supplemental Indentures are qualified in their entirety by reference to the full texts of the TRUP Supplemental Indentures, which are attached hereto as Exhibits 10.5, 10.6, 10.7, 10.8, 10.9, 10.10, 10.11 and 10.12, respectively, and are incorporated herein by reference.

Credit Agreement

On January 10, 2017, Colony Capital Operating Company, LLC (the "Borrower"), formerly the operating company of Colony and, following the Mergers (as defined below), a wholly-owned subsidiary of the Company, entered into a Second Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, and the several lenders from time to time party thereto (the "Lenders"), pursuant to which the Lenders agreed to provide a revolving credit facility in the aggregate principal amount of up to $1.0 billion. The Second Amended and Restated Credit Agreement also includes an option for the Borrower to increase the maximum available principal amount to up to $1.5 billion, subject to one or more new or existing Lenders agreeing to provide such additional loan commitments and satisfaction of other customary conditions. The Second Amended and Restated Credit Agreement replaces the Amended and Restated Credit Agreement, dated as of March 31, 2016, as amended, among the Borrower and certain wholly-owned subsidiaries of the Borrower and JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party from time to time thereto (as amended, the "Previous Credit Agreement").

Advances under the Second Amended and Restated Credit Agreement accrue interest at a per annum rate equal to, at the Borrower's election, either a LIBOR rate plus a margin of 2.25%, or a base rate determined according to a prime rate or federal funds rate plus a margin of 1.25%. An unused commitment fee at a rate of 0.25% or 0.35%, per annum, depending on the amount of facility utilization, applies to unutilized borrowing capacity under the Second Amended and Restated Credit Agreement. Amounts owing under the Second Amended and Restated Credit Agreement may be prepaid at any time without premium or penalty, subject to customary breakage costs in the case of borrowings with respect to which a LIBOR rate election is in effect.

The maximum amount available for borrowing at any time under the Second Amended and Restated Credit Agreement is limited to a borrowing base valuation 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 of the date hereof, the borrowing base valuation is sufficient to permit borrowings of up to the entire $1.0 billion commitment. The ability to borrow new amounts under the Second Amended and Restated Credit Agreement terminates on January 11, 2021, at which time the Borrower may, at its election and by written notice to the administrative agent, extend the termination date for two additional terms of six (6) months each, subject to the terms and conditions in the Second Amended and Restated Credit Agreement, resulting in a latest termination date of January 10, 2022.

The obligations of the Borrower under the Second Amended and Restated Credit Agreement are guaranteed pursuant to an Amended and Restated Guarantee and Collateral Agreement with certain subsidiaries of the Borrower in favor of JPMorgan Chase Bank, N.A. (the "Amended and Restated Guarantee and Collateral Agreement") by substantially all material wholly-owned subsidiaries of the Borrower and, subject to certain exceptions, secured by a pledge of substantially all equity interests owned by the Borrower and the guarantors, as well as by a security interest in deposit accounts of the Borrower and the Guarantors (as such terms are defined in the Amended and Restated Guarantee and Collateral Agreement) in which the proceeds of investment asset distributions are maintained. Simultaneously with entering into the Second Amended and Restated Credit Agreement, the Guarantors reaffirmed and acknowledged their obligations under the Amended and Restated Guarantee and Collateral Agreement.

The Second Amended and Restated Credit Agreement contains various affirmative and negative covenants, including, among other things, the obligation of the Company to maintain REIT status and be listed on the New York Stock Exchange, and limitations on debt, liens and restricted payments. In addition, the Second Amended and Restated Credit Agreement includes the following financial covenants applicable to the Borrower and its consolidated subsidiaries: (a) minimum consolidated tangible net worth of the Borrower greater than or equal to the sum of (i) $4,550,000,000 and (ii) 50% of the proceeds received by the Borrower from any offering of its common equity and of the proceeds from any offering by the Company of its common equity to the extent such proceeds are contributed to the Borrower, excluding any such proceeds that are contributed to the Borrower within 90 days of receipt and applied to acquire capital stock of the Borrower; (b) the Borrower's EBITDA plus lease expenses to fixed charges for any period of four consecutive fiscal quarters not less than 1.50 to 1.00; (c) the Borrower's minimum interest coverage ratio not less than 3.00 to 1.00; and (d) the Borrower's ratio of consolidated total debt to consolidated total assets must not exceed 0.65 to 1.00. The Second Amended and Restated Credit Agreement also includes customary events of default, including, among other things, failure to make payments when due, breach of covenants or representations, cross default to material indebtedness or material judgment defaults, bankruptcy

matters involving the Borrower or any Guarantor and certain change of control events. The occurrence of an event of default will limit the ability of the Borrower and its subsidiaries to make distributions and may result in the termination of the credit facility, acceleration of repayment obligations and the exercise of remedies by the Lenders with respect to the collateral.

The foregoing summaries of the Second Amended and Restated Credit Agreement and the transactions contemplated thereby contained in this item do not purport to be complete descriptions and are qualified in their entirety by reference to the terms and conditions contained in the Second Amended and Restated Credit Agreement, which is attached hereto as Exhibit 10.13 and is incorporated herein by reference.

Tax Protection Agreement

On January 10, 2017, Colony, Colony OP, Colony Capital, LLC, CCH Management Partners I, LLC, FHB Holding LLC and Saltzman entered into a tax protection agreement (the "TPA"). The TPA provides that each protected member will be indemnified on an after-tax basis for certain tax liabilities, calculated as provided in the TPA, resulting from transactions occurring during the period commencing on June 3, 2016 and ending on the fifth anniversary of the closing of the Mergers that are considered to be a sale of the tax goodwill or going concern value or airplane owned by Colony OP and contributed (directly or indirectly) by the protected members. The TPA also applies to a merger or other transaction that would convert interests in Colony OP held by the protected members to cash or otherwise result in a taxable disposition of such interests. The TPA generally does not restrict the sale of real estate or other tangible assets of Colony OP, other than the airplane, or other transactions that would not be treated as a sale of goodwill or going concern value.

The foregoing summary of the TPA does not purport to be a complete description and is qualified in its entirety by reference to the full text of the TPA, which is attached hereto as Exhibit 10.14 and is incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information set forth in the Explanatory Note of this Current Report on Form 8-K is incorporated herein by reference.

On January 10, 2017, pursuant to the Merger Agreement, NSAM, NRF and Colony merged into the Company, which became the publicly traded company for the combined organization. Specifically, in accordance with the Merger Agreement, (i) NSAM merged with and into the Company, with the Company continuing as the surviving corporation (the "Redomestication Merger"), (ii) New NRF, following certain internal reorganization transactions resulting in NRF becoming a wholly owned subsidiary of New NRF, merged with and into the Company, with the Company continuing as the surviving corporation and NRF continuing as a limited liability company subsidiary of the Company (the "NRF Merger") and (iii) Colony merged with and into the Company, with the Company continuing as the surviving corporation (the "Colony Merger" and together with the Redomestication Merger and the NRF Merger, the "Mergers").

At the effective time of the Redomestication Merger, each share of NSAM common stock issued and outstanding immediately prior to such effective time was cancelled and converted into one share of the Company's Class A Common Stock.

At the effective time of the NRF Merger, (i) each share of NRF common stock issued and outstanding immediately prior to such effective time, through a series of transactions, was cancelled and converted into the right to receive 1.0996 shares of the Company's Class A Common Stock, and (ii) each share of NRF series A preferred stock, series B preferred stock, series C preferred stock, series D preferred stock and series E preferred stock issued and outstanding immediately prior to such effective time, through a series of transactions, was cancelled and converted into the right to receive one share of the Company's 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock and 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, respectively, having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividend, qualification and terms and conditions of redemption substantially similar to those of the corresponding series of NRF preferred stock.

At the effective time of the Colony Merger, (i) each share of class A common stock of Colony issued and outstanding immediately prior to such effective time was cancelled and converted into the right to receive 1.4663 shares of the Company's Class A Common Stock, (ii) each share of class B common stock of Colony issued and outstanding immediately prior to such effective time was cancelled and converted into the right to receive 1.4663 shares of the Company's Class B common stock and (iii) each share of Colony series A preferred stock, series B preferred stock and series C preferred stock issued and outstanding immediately prior to such effective time was cancelled and converted into the right to receive one share of the Company's 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock and 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, respectively, having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividend, qualification and terms and conditions of redemption substantially similar to those of the corresponding series of Colony preferred stock.

In addition, on December 22, 2016, NSAM declared a one-time special dividend (the "Special Dividend") in the amount of approximately $1.16 per share of NSAM common stock. The Special Dividend is expected to be paid as soon as reasonably practicable following the closing of the Mergers, and the number of shares of NSAM common stock that will be entitled to receive the Special Dividend will be determined based on the record date of January 3, 2017.

The issuance of the Company's Class A Common Stock and the Company's series A preferred stock, series B preferred stock, series C preferred stock, series D preferred stock, series E preferred stock, series F preferred stock, series G preferred stock and series H preferred stock in connection with the Mergers was registered under the Securities Act of 1933, as amended, pursuant to the Company's registration statement on Form S-4 (File No. 333-212739) filed with the SEC on July 29, 2016 (as amended, the "Registration Statement"), and declared effective on November 18, 2016. The definitive joint proxy statement/prospectus of NSAM, Colony and NRF, dated November 18, 2016 (as supplemented by NSAM's and NRF's Current Reports on Form 8-K filed on November 23, 2016 and December 12, 2016, respectively, and Colony's Current Report on Form 8-K filed on December 12, 2016), which forms a part of the Registration Statement, contains additional information about the Mergers and the other transactions contemplated by the Merger Agreement, which is incorporated by reference into this Item 2.01.

As of the closing of the Redomestication Merger, shares of the Company's Class A Common Stock are deemed registered under Section 12(b) of the Exchange Act pursuant to Rule 12g-3(a) under the Exchange Act. For purposes of Rule 12g-3(a), the Company is the successor issuer to NSAM. As a result, as of the completion of the Mergers, future filings with the SEC will be made by the Company under CIK No. 0001679688. Shares of the Company's Class A Common Stock have also been approved for listing on the New York Stock Exchange (the "NYSE") and will begin trading under the symbol "CLNS" on the NYSE effective as of the opening of trading on January 11, 2017.

In accordance with the Merger Agreement, the Company assumed NRF's Third Amended and Restated 2004 Omnibus Stock Incentive Plan (the "NRF Incentive Plan"), NSAM's 2014 Omnibus Stock Incentive Plan ("NSAM 2014 Plan") and Colony's 2009 Non-Executive Director Stock Plan and 2014 Equity Incentive Plan. Following the filing of this Form 8-K, the Company will file (i) a post-effective amendment to the Registration Statement on Form S-8 with respect to certain unvested restricted stock units under the NRF Incentive Plan and (ii) pursuant to 12g-3(a) of the Exchange Act, a post-effective amendment to a registration statement filed by NSAM on Form S-8 on June 27, 2014 (File No. 333-197104) to adopt the NSAM 2014 Plan as the Company's successor stock incentive plan. Outstanding equity awards granted under the NSAM 2014 Plan prior to the consummation of the Mergers will continue to be governed, to the extent applicable, by the terms of the NSAM 2014 Plan.

The foregoing description of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which was filed as Exhibits 2.1, 2.2 and 2.3 to the Registration Statement and are incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in the Explanatory Note, Item 1.01 and Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 4.01. Changes in Registrant's Certifying Accountant.

The information set forth in the Explanatory Note and Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Grant Thornton LLP ("Grant Thornton") is engaged as NSAM's independent public registered accounting firm and Ernst & Young LLP ("EY") is engaged as Colony's independent registered public accounting firm for the year ended December 31, 2016. The Company is currently evaluating the selection of its independent public registered accounting firm for the year ended December 31, 2017, which process is not expected to be completed until the first meeting of the Audit Committee of the board of directors of the Company (the "Board"). Should the appointment of an independent registered public accounting firm for the Company result in a change in certifying accountants, the Company will furnish the information required by Item 4.01 in a subsequent Form 8-K filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in the Explanatory Note and Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

On January 10, 2017, following the consummation of the Mergers, each of the following executive officers was appointed to the officer position of the Company besides such officer's name:

Thomas J. Barrack, Jr.	Executive Chairman
David T. Hamamoto	Executive Vice Chairman
Richard B. Saltzman	Chief Executive Officer and President
Darren J. Tangen	Chief Financial Officer and Treasurer
Mark M. Hedstrom	Chief Operating Officer
Kevin P. Traenkle	Chief Investment Officer
Ronald M. Sanders	Chief Legal Officer and Secretary
Neale W. Redington	Chief Accounting Officer

The following is a brief biographical summary for each of Mr. Barrack, Mr. Hamamoto, Mr. Saltzman, Mr. Tangen, Mr. Hedstrom, Mr. Traenkle, Mr. Sanders and Mr. Redington.

Thomas J. Barrack, Jr., 69, was executive chairman of Colony's board of directors and the founder of the Colony business. Prior to the founding of the Colony business in 1991, Mr. Barrack was a principal with the Robert M. Bass Group, the principal investment vehicle of the Fort Worth, Texas investor Robert M. Bass.

David Hamamoto, 57, was the Chief Executive Officer and Chairman of NSAM and one of its directors since 2014. He also served as NRF's Chairman since 2007, Chief Executive Officer since 2004 and as one of its directors since 2003. He was also NRF's President from 2004 to 2011. Mr. Hamamoto also served as Chairman of NorthStar Real Estate Income Trust, Inc., a public non-traded REIT sponsored by NRF, since February 2009, and as its Chief Executive Officer from 2009 until 2013. Mr. Hamamoto also served as Chairman of NorthStar Healthcare Income, Inc., a second public non-traded REIT sponsored by NRF, from January 2013 until January 2014. Mr. Hamamoto also served as Chairman of NorthStar Real Estate Income II, Inc., a third public non-traded REIT sponsored by NRF, a position he held since December 2012. Mr. Hamamoto further served as Co-Chairman of NorthStar/RXR New York Metro Income, Inc., a public non-traded REIT co-sponsored by NRF, a position he held since March 2014.

Richard B. Saltzman, 60, was Colony's Chief Executive Officer, President and one of its directors. Prior to joining Colony in 2003, Mr. Saltzman spent 24 years in the investment banking business primarily specializing in real estate-related businesses and investments.

Darren J. Tangen, 46, was Colony's Chief Financial Officer, Treasurer and Executive Director. Mr. Tangen also served as Colony's Chief Operating Officer from March 2012 to April 2015.

Mark M. Hedstrom, 59, was Colony's Chief Operating Officer and Executive Director. Previously, he was the global Chief Financial Officer for Colony Capital, LLC.

Kevin P. Traenkle, 46, was Colony's Chief Investment Officer and Executive Director. Prior to joining the Colony business in 2002, Mr. Traenkle worked for a private equity investment firm, where, among other responsibilities, he focused on the firm's real estate-related investment and management activities.

Ronald M. Sanders, 53, was Colony's Chief Legal Officer, Secretary and Executive Director. Prior to joining the Colony business in 2004, Mr. Sanders was a partner with the law firm of Clifford Chance US LLP.

Neale W. Redington, 50, was Colony's Chief Accounting Officer. Prior to joining the Colony business in 2008, Mr. Redington was an audit partner in the real estate and hospitality practice of Deloitte & Touche LLP.

In addition, on January 10, 2017, in connection with the Mergers, each of Douglas Crocker II, Jon A. Fosheim, Justin Metz and Charles W. Schoenherr became directors of the Company as designees of NSAM and NRF, and each of Thomas J. Barrack, Jr., Nancy A. Curtin, George G. C. Parker, John A. Somers and John L. Steffens became directors of the Company as designees of Colony (collectively, the "New Directors"). Mr. Hamamoto, who was the sole member of the Board prior to the appointment of the New Directors, will continue as a director as a designee of NSAM and NRF.

In connection with his services as a director, Mr. Hamamoto entered into an Executive Letter Agreement, dated June 2, 2016, with NSAM and NRF, as subsequently amended by the Side Letter, dated October 13, 2016 (the "Letter Agreement"), pursuant to which he has agreed to resign from the Board if his stock ownership in the Company falls below 50% of his stock ownership of the Company on the closing date of the Mergers. In addition, under the terms of the Letter Agreement, he is entitled to a replacement equity award from the Company to be issued as soon as practicable following the consummation of the Mergers.

The foregoing description of the Letter Agreement is qualified in its entirety by reference to the full text of the Letter Agreement, which is attached as Exhibits 10.15 and 10.16 to this Current Report on Form 8-K and incorporated in this Item 5.02 by reference.

On January 10, 2017, immediately following the Mergers, the Board established an Audit Committee, a Governance and Nominating Committee and a Compensation Committee. The Board appointed Mr. Crocker, Mr. Fosheim, Mr. Parker and Mr. Schoenherr as the entire membership of the Audit Committee, Mr. Fosheim, Mr. Metz, Mr. Somers and Mr. Steffens as the entire membership of the Governance and Nominating Committee, and Ms. Curtin, Mr. Metz, Mr. Schoenherr and Mr. Steffens as the entire membership of the Compensation Committee. Each of Mr. Parker, Mr. Fosheim and Mr. Steffens was appointed as Chair of the Audit Committee, Governance and Nominating Committee and Compensation Committee, respectively.

Also on January 10, 2017, in connection with the completion of the Mergers, the Board adopted a form of indemnification agreement to be entered into with each of the directors and officers of the Company, requiring the Company to indemnify each such individual to the fullest extent permitted under Maryland law against liability that may arise by reason of such individual's service to the Company, and to advance reasonable expenses incurred as a result of any proceeding against such individual as to which he or she could be indemnified (the "Form of Indemnification Agreement").

The foregoing description of the Form of Indemnification Agreement is qualified in its entirety by reference to the full text of the Form of Indemnification Agreement, which is attached as Exhibit 10.17 to this Current Report on Form 8-K and incorporated in this Item 5.02 by reference.

Other than as disclosed herein, there are no arrangements or understandings between any of the New Directors and any other persons pursuant to which any such director was selected as a director. Other than as disclosed herein, there are no relationships or related transactions between the New Directors and the Company that would be required to be reported under Item 404(a) of Regulation S-K.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The information set forth in the Explanatory Note and Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

In accordance with the Merger Agreement, on January 10, 2017, immediately prior to the completion of the Redomestication Merger, the Company filed with the State Department of Assessments and Taxation of Maryland Articles of Amendment and Restatement of the Company to reflect changes contemplated by the Merger Agreement (the "Charter"). Concurrently with the acceptance for record by the State Department of Assessments and Taxation of Maryland of the Charter, the Amended and Restated Bylaws of the Company (the "Bylaws") became effective.

The foregoing descriptions of the Charter and the Bylaws do not purport to be complete and are qualified in their entirety by reference to the full text of the Charter and the Bylaws, which are attached hereto as Exhibits 3.1 and 3.2, respectively, and incorporated herein by reference.

Item 8.01. Other Events.

On January 10, 2017, the Company issued a press release announcing the completion of the transactions contemplated by the Merger Agreement. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In addition, certain risk factors related to the Company's business are being filed as Exhibit 99.2 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of business acquired*

NSAM

NSAM

The unaudited consolidated financial statements of NSAM as of and for each of the periods ended September 30, 2016 and 2015, and the audited consolidated financial statements of NSAM as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are filed as Exhibits 99.3 and 99.4, respectively, to this Form 8-K and are incorporated herein by reference.

Townsend Holdings LLC

The audited consolidated financial statements of Townsend Holdings LLC and Subsidiaries as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are filed as Exhibit 99.5 hereto and are incorporated herein by reference.

NRF

The unaudited consolidated financial statements of NRF as of and for each of the periods ended September 30, 2016 and 2015, and the audited consolidated financial statements of NRF as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are filed as Exhibits 99.6 and 99.7, respectively, to this Form 8-K and are incorporated herein by reference.

Colony

The unaudited consolidated financial statements of Colony as of and for each of the periods ended September 30, 2016 and 2015, and the audited consolidated financial statements of Colony as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are filed as Exhibits 99.8 and 99.9, respectively, to this Form 8-K and are incorporated herein by reference.

(b) *Pro forma financial information*

The pro forma financial information of the Company required by this Item 9.01 of Current Report on Form 8-K is filed as Exhibit 99.10 to this Form 8-K and is incorporated herein by reference.

(d) *Exhibits*

Exhibit No.	Description
2.1	Agreement and Plans of Merger, dated as of June 2, 2016, among NorthStar Asset Management Group Inc., Colony Capital, Inc., NorthStar Realty Finance Corp., Colony NorthStar, Inc. (formerly known as New Polaris Inc.), New Sirius Inc., NorthStar Realty Finance Limited Partnership, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC (incorporated by reference to Exhibit 2.1 to Colony NorthStar, Inc.'s Registration Statement on Form S-4 (No. 333-212739) effective November 18, 2016)
2.2	Letter Agreement, dated as of July 28, 2016, among NorthStar Realty Finance Corp., Colony Capital, Inc., NorthStar Asset Management Group Inc., Colony NorthStar, Inc. (formerly known as New Polaris Inc.), Sirius Merger Sub-T, LLC, NorthStar Realty Finance Limited Partnership, New Sirius Inc. and New Sirius Merger Sub LLC (incorporated by reference to Exhibit 2.2 to Colony NorthStar, Inc.'s Registration Statement on Form S-4 (No. 333-212739) effective November 18, 2016)
2.3	Letter Agreement, dated as of October 16, 2016, among NorthStar Realty Finance Corp., Colony Capital, Inc., NorthStar Asset Management Group Inc., Colony NorthStar, Inc. (formerly known as New Polaris Inc.), Sirius Merger Sub-T, LLC, NorthStar Realty Finance Limited Partnership, New Sirius Inc. and New Sirius Merger Sub LLC (incorporated by reference to Exhibit 2.3 to Colony NorthStar, Inc.'s Registration Statement on Form S-4 (No. 333-212739) effective November 18, 2016)
3.1	Articles of Amendment and Restatement of Colony NorthStar, Inc.
3.2	Amended and Restated Bylaws of Colony NorthStar, Inc.
10.1	Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC
10.2	Third Supplemental Indenture, dated as of January 10, 2017, between Colony NorthStar, Inc. and The Bank of New York Mellon
10.3	Third Supplemental Indenture, dated as of January 10, 2017, between NRF Holdco, LLC (in its capacity as both Intermediate Successor Company and Successor Company), Colony NorthStar, Inc. and Wilmington Trust, National Association (NRF 2027 Notes)
10.4	Third Supplemental Indenture, dated as of January 10, 2017, between NRF Holdco, LLC (in its capacity as both Intermediate Successor Company and Successor Company), Colony NorthStar, Inc. and Wilmington Trust, National Association (NRF 2033 Notes)
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10.6	Third Supplemental Indenture, dated as of January 10, 2017, among NRF Holdco, LLC (in its capacity as both Intermediate Successor Company and Successor Company), Colony NorthStar, Inc. and The Bank of New York Mellon Trust Company, N.A. (TRUP 2 Indenture)
10.7	Third Supplemental Indenture, dated as of January 10, 2017, among NRF Holdco, LLC (in its capacity as both Intermediate Successor Company and Successor Company), Colony NorthStar, Inc. and The Bank of New York Mellon Trust Company, N.A. (TRUP 3 Indenture)
10.8	Third Supplemental Indenture, dated as of January 10, 2017, among NRF Holdco, LLC (in its capacity as both Intermediate Successor Company and Successor Company), Colony NorthStar, Inc. and Wilmington Trust Company (TRUP 4 Indenture)
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10.12	Third Supplemental Indenture, dated as of January 10, 2017, among NRF Holdco, LLC (in its capacity as both Intermediate Successor Company and Successor Company), Colony NorthStar, Inc. and Wilmington Trust Company (TRUP 8 Indenture)
10.13	Second Amended and Restated Credit Agreement, dated as of January 10, 2017, among Colony Capital Operating Company, LLC, the several lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent
10.14	Tax Protection Agreement, dated as of January 10, 2017, by and among Colony Capital, Inc., Colony Capital Operating Company, LLC, Colony Capital, LLC, CCH Management Partners I, LLC, FHB Holding LLC and Richard B. Saltzman
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10.17	Form of Indemnification Agreement, between Colony NorthStar, Inc. and the Officers and Directors of the Company
99.1	Press Release of Colony NorthStar, Inc., dated as of January 10, 2017
99.2	Risk factors related to the business of Colony NorthStar, Inc. as of January 10, 2017
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99.5	Consolidated financial statements of Townsend Holdings LLC and Subsidiaries as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K/A filed by NorthStar Asset Management Group Inc. on April 15, 2016)
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99.9	Audited consolidated financial statements of Colony Capital, Inc. as of and for the years ended December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013
99.10	Unaudited Pro Forma Condensed Consolidated Financial Statements of Colony NorthStar, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 10, 2017

COLONY NORTHSTAR, INC.

By: /s/ Darren J. Tangen
Darren J. Tangen
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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COLONY NORTHSTAR, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Colony NorthStar, Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions and Exhibits A, B, C, D, E, F, G and H (the "Exhibits") are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I

INCORPORATOR

The undersigned, Ronald J. Lieberman, whose address is 399 Park Avenue, 19th Floor, New York, NY 10022, being at least 18 years of age, formed a corporation under the general laws of the State of Maryland on May 31, 2016.

ARTICLE II

NAME

The name of the corporation (the "Corporation") is:

Colony NorthStar, Inc.

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of these Articles, "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE IV

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o CSC-Lawyers Incorporating Service Company, 7 St. Paul Street, Suite 820, Baltimore, MD 21202. The name of the resident agent of the Corporation in the State of Maryland is CSC-Lawyers Incorporating Service Company, whose post address is 7 St. Paul Street, Suite 820, Baltimore, MD 21202. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 Number of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation initially shall be ten, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the "Bylaws"), but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL"). The names of the directors who shall serve until the first annual meeting of stockholders and until their successors are duly elected and qualify are:

David T. Hamamoto
Jon A. Fosheim
Douglas Crocker II
Thomas J. Barrack, Jr.

Nancy A Curtin
George G. C. Parker
John A. Somers
John L. Steffens
Charles W. Schoenherr
Justin Metz

Any vacancy on the Board of Directors may be filled in the manner provided in the Bylaws. The Corporation may not elect to be subject to any provision contained in Subtitle 8 of Title 3 of the MGCL.

Section 5.2 Extraordinary Actions. Except as specifically provided in Article VIII, notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of stockholders entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter of the Corporation (the "Charter") or the Bylaws.

Section 5.4 Preemptive Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.6 or as may otherwise be provided by a contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

Section 5.5 Indemnification. (a) The Corporation shall, to the maximum extent permitted by Maryland law in effect from time to time, indemnify, and pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (i) any individual who is a present or former director or officer of the Corporation or (ii) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, trustee, member, manager, employee, partner or agent of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The Corporation shall provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (i) or (ii) above and shall have the power, with the approval of the Board of Directors, to provide the same (or lesser) indemnification and advancement of expenses to any employee or agent of the Corporation or a predecessor of the Corporation. Any amendment of this Section 5.5(a) shall be prospective only and shall not affect the applicability of this section with respect to any act or failure to act that occurred prior to such amendment.

(b) The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any person described in the preceding paragraph against any liability which may be asserted against such person.

(c) The indemnification provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person for any such expenses to the fullest extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 5.6 Determinations by Board. The determination as to any of the following matters, made by or pursuant to the direction of the Board of Directors, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, acquisition of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, cash flow, funds from operations, adjusted funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been set aside, paid or discharged); any interpretation or resolution of any ambiguity with respect to any provision of the Charter (including any of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any

shares of any class or series of stock of the Corporation) or of the Bylaws; the number of shares of stock of any class or series of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; any interpretation of the terms and conditions of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other entity; the compensation of directors, officers, employees or agents of the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.7 REIT Qualification. If the Corporation elects to qualify for federal income tax treatment as a REIT, the Board of Directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. The Board of Directors, in its sole and absolute discretion, also may (a) determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VII is no longer required for REIT qualification and (b) make any other determination or take any other action pursuant to Article VII.

Section 5.8 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time by the affirmative vote of a majority of the votes entitled to be cast generally in the election of directors.

Section 5.9 Corporate Opportunities. The Corporation shall have the power, by resolution of the Board of Directors, to renounce any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, business opportunities or classes or categories of business opportunities that are presented to the Corporation or developed by or presented to one or more directors or officers of the Corporation.

Section 5.10 Appraisal Rights. Holders of shares of Common Stock (as defined herein) shall be entitled to exercise the rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute. In addition to such statutory rights of an objecting stockholder and notwithstanding the limitations on exercising the rights of an objecting stockholder under Section 3-202(c)(1) of the MGCL, a holder of Class A Common Stock or Class B Common Stock shall have the additional right, pursuant to this Section 5.10, to demand and receive payment of the fair value of such stockholder's shares of Common Stock in any merger, consolidation or statutory share exchange if the holder of such shares of Common Stock is required by the terms of an agreement or plan of merger, consolidation, or statutory share exchange to accept for such shares of Common Stock anything except (a) shares of stock of the corporation surviving or resulting from such merger, consolidation or statutory share exchange, or depository receipts in respect thereof, (b) shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger, consolidation or statutory share exchange will be either listed on a national securities exchange or held of record by more than 2,000 holders, (c) cash in lieu of fractional shares or fractional depository receipts described

in the foregoing subsections (a) and (b) of this Section 5.10, or (d) any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subsections (a), (b) and (c) of this Section 5.10. This Section 5.10 shall not alter the effect of Section 3-202(c)(3) of the MGCL. Holders of shares of Common Stock exercising the rights of an objecting stockholder provided in this Section 5.10 shall comply with the requirements to properly exercise such rights set forth in Title 3, Subtitle 2 of the MGCL to the same extent as if the holders were exercising the rights of an objecting stockholder provided for in Title 3, Subtitle 2 of the MGCL or any successor statute including, without limitation, voting against the transaction and providing the Corporation with all required notices.

ARTICLE VI

STOCK

Section 6.1 Authorized Shares. The Corporation has authority to issue 1,250,000,000 shares of stock, consisting of 949,000,000 shares of Class A Common Stock, $0.01 par value per share ("Class A Common Stock"), 1,000,000 shares of Class B Common Stock, $0.01 par value per share ("Class B Common Stock"), 50,000,000 shares of Performance Common Stock, $0.01 par value per share ("Performance Common Stock" and together with the Class A Common Stock and Class B Common Stock, the "Common Stock"), and 250,000,000 shares of Preferred Stock, $0.01 par value per share ("Preferred Stock"), including those shares of Preferred Stock described in the Exhibits attached hereto. The aggregate par value of all authorized shares of stock having par value is $12,500,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 6.2, 6.3, 6.4, 6.5

or 6.6 of this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph.

Section 6.2 Class A Common Stock. Subject to the provisions of Article VII and except as may otherwise be specified in the Charter, each share of Class A Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Class A Common Stock from time to time in one or more classes or series of Common Stock or Preferred Stock.

Section 6.2.1 Dividends and other Distributions. The Board of Directors may from time to time authorize and the Corporation shall declare to the holders of Class A Common Stock such dividends or other distributions in cash or other assets of the Corporation or in securities of the Corporation or from any other source as the Board of Directors in its discretion shall determine, but only out of funds legally available therefor. The Board of Directors shall endeavor to authorize, and the Corporation shall declare and pay, such dividends and other distributions as shall be necessary for the Corporation to qualify as a REIT under the Code (unless the Board of Directors has determined that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT); however, stockholders shall have no right to any dividend or other distribution unless and until authorized by the Board of Directors and declared by the Corporation. The exercise of the powers and rights of the Board of Directors pursuant to this Section 6.2.1 shall be subject to the preferences of any class or series of stock at the time outstanding.

Section 6.2.2 Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, the holders of Class A Common Stock shall be entitled to participate, together with the holders of shares of any other class or series of stock now existing or hereafter classified or reclassified not having a preference over Class A Common Stock as to distributions in the liquidation, dissolution or winding up of the Corporation, in the distribution of any assets of the Corporation remaining after the Corporation shall have paid, or provided for payment of, all debts and liabilities of the Corporation and after the Corporation shall have paid, or set aside for payment, to the holders of any class or series of stock having preferences over the Class A Common Stock as to distributions in the event of dissolution, liquidation or winding up of the Corporation.

Section 6.2.3 Equal Status. Except as expressly provided in this Article VI, Class A Common Stock, Class B Common Stock and Performance Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters.

Section 6.3 Class B Common Stock. Subject to the provisions of Article VII, the rights, preferences, privileges and restrictions granted and imposed upon the Class B Common Stock are as follows:

Section 6.3.1 Definitions. For the purpose of only this Section 6.3, the following terms shall have the following meanings:

Affiliate. The term “Affiliate” means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, or (ii) any officer, director, general partner or trustee of such Person or any Person referred to in the foregoing clause (i).

Beneficial Owner. The term "Beneficial Owner" has the meaning set forth in Rule 13d-3 and Rule 13d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Beneficial Ownership. The term "Beneficial Ownership" shall mean, with respect to any security, the direct or indirect ownership of such security by any Beneficial Owner of such security, except that, in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time.

Business Day. The term "Business Day" has the meaning set forth in Article VII below.

Control. The term "Control" means, when used with respect to any Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Exchange Act. The term "Exchange Act" has the meaning set forth in the definition of "Beneficial Owner."

Executive. The term "Executive" means each Person who is a member of, or an interest holder of, CCH Management Partners I, LLC or CCH Management Partners II, LLC, Colony Capital, LLC or Colony Capital Holdings, LLC, other than Thomas J. Barrack, Jr., in each case for so long as he or she remains employed by the Corporation or any of its Affiliates.

Family Member. The term "Family Member" means, as to any Person that is an individual, (i) such Person's spouse, ancestors (whether by blood or by adoption or step-ancestors by marriage), descendants (whether by blood or by adoption or step-descendants by marriage), brothers and sisters, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and descendants (whether by blood or by adoption or step-descendants by marriage) of a brother or sister and (ii) any *inter vivos* or testamentary trusts (whether revocable or irrevocable) of which only such Person, his or her spouse, ancestors (whether by blood or by adoption or step-ancestors by marriage), descendants (whether by blood or by adoption or step-descendants by marriage), brothers and sisters, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and descendants (whether by blood or by adoption or step-descendants by marriage) of a brother or sister are the sole initial income beneficiaries.

Initial Holder. The term "Initial Holder" shall mean Thomas J. Barrack, Jr.

OP Unit. The term "OP Unit" shall mean "Membership Common Unit" as set forth in the Partnership Agreement.

Operating Partnership. The term "Operating Partnership" shall mean Colony Capital Operating Company, LLC.

Partnership Agreement. The term "Partnership Agreement" shall mean the Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC.

Person. The term "Person" shall mean an individual or a corporation, partnership (general or limited), trust, estate, custodian, nominee, unincorporated organization, association, limited liability company or any other individual or entity in its own or any representative capacity.

Qualified Transferee. The term "Qualified Transferee" shall mean (a) Colony Capital, LLC and Colony Capital Holdings, LLC, (b) any Executive, (c) any Family Member or Affiliate of an Executive or of the Initial Holder, or (d) any Person (to the extent not included in clause (c)) Controlled by any combination of one or more Executives, the Initial Holder and/or one or more Family Members of an Executive or the Initial Holder. None of the Corporation, the Operating Partnership, or the Trustee shall be a Qualified Transferee.

Transfer. The term "Transfer" (and the correlative terms "Transferring" and "Transferred") has the meaning set forth in Article VII below; provided that for purposes of this Article VI, "Transfer" (and the correlative terms "Transferring" and "Transferred") shall not include any hypothecation, pledge or security interest that does not include a transfer or sharing of any voting rights of such securities unless and until the secured party gains possession or control of any such voting rights.

Trustee. The term "Trustee" has the meaning set forth in Article VII below.

Section 6.3.2 Voting Rights. Subject to the provisions of Article VII and except as may otherwise be specified in the Charter, each share of Class B Common Stock shall entitle the holder thereof to thirty-six and one-half (36.5) votes on each matter on which holders of Class A Common Stock are entitled to vote. The Class B Common Stock and Class A Common Stock shall vote together as a single class. The Board of Directors may reclassify any unissued shares of Class B Common Stock from time to time in one or more classes or series of Common Stock or Preferred Stock.

Section 6.3.3 Dividends and other Distributions; Subdivisions or Combinations. Subject to the preferences applicable to any class or series of Preferred Stock, if any, outstanding at any time, if and when the Board of Directors authorizes or declares a dividend or other distribution of cash, property or shares of stock of the Corporation with respect to each share of Class A Common Stock out of assets or funds of the Corporation legally available therefor, such authorization or declaration also shall constitute a simultaneous authorization or declaration of an equivalent dividend or other distribution with respect to each share of Class B Common Stock. If the Corporation in any manner subdivides or combines the outstanding shares of Class A Common Stock, the outstanding shares of Class B Common Stock will be subdivided or combined in the same manner.

Section 6.3.4 Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of Class B Common Stock shall be entitled to participate, together with the holders of shares of any other class or series of stock now existing or hereafter classified or reclassified not having a preference over Class B Common Stock as to distributions in the liquidation, dissolution or winding up of the Corporation, in the distribution of any assets of the Corporation remaining after the Corporation shall have paid, or provided for payment of, all

debts and liabilities of the Corporation and after the Corporation shall have paid, or set aside for payment, to the holders of any class or series of stock having preference over the Class B Common Stock as to distributions in the event of dissolution, liquidation or winding up of the Corporation.

Section 6.3.5 Equal Status. Except as expressly provided in this Article VI, Class A Common Stock, Class B Common Stock and Performance Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters.

Section 6.3.6 Conversion. The Class B Common Stock is not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 6.3.6.

(a) Automatic Conversion. Shares of Class B Common Stock shall convert automatically into fully paid and nonassessable shares of Class A Common Stock at a ratio of one share of Class A Common Stock for each share of Class B Common Stock in the following circumstances:

(i) In the event that the Initial Holder or any of his Family Members Transfers or causes to be Transferred, directly or indirectly, Beneficial Ownership of Class B Common Stock, other than to the Initial Holder or any of his Family Members, each share of Class B Common Stock being Transferred shall convert automatically into one share of Class A Common Stock immediately prior to such Transfer; and

(ii) In the event that:

(x) the Initial Holder Transfers or causes to be Transferred, directly or indirectly, Beneficial Ownership of OP Units held, directly or indirectly, by the Initial Holder, other than to a Qualified Transferee,

(y) a Qualified Transferee Transfers or causes to be Transferred, directly or indirectly, Beneficial Ownership of OP Units held, directly or indirectly, by such Qualified Transferee, other than to the Initial Holder or to another Qualified Transferee; or

(z) a Qualified Transferee that is a Beneficial Owner of OP Units ceases at any time to continue to be a "Qualified Transferee" (as defined above), including, without limitation, as a result of the failure of any Executive to be employed by the Corporation or any of its Affiliates or as a result of divorce or annulment; then, in each case, one share of Class B Common Stock Beneficially Owned by the Initial Holder (or the Initial Holder's Family Members, to the extent the Initial Holder does not then Beneficially Own sufficient shares), upon such Transfer (in the case of clause (x) or (y) above) or cessation (in the case of clause (z) above), shall automatically convert into one share of Class A Common Stock for every thirty-five and one-half OP Units (x) so Transferred or caused to be so Transferred by the Initial Holder or such Qualified Transferee, or (y) then held by the Person who ceased to continue to be a "Qualified Transferee" (as defined above) (in each case rounding up to the nearest thirty-five and one-half OP Units).

Any shares of Class B Common Stock automatically converted pursuant to this paragraph (a) shall be converted as and at the times specified in this paragraph (a) without any further action by the holders thereof and whether or not the certificates representing such shares (if any) are surrendered to the Corporation. Upon the automatic conversion of shares of Class B Common Stock pursuant to this paragraph (a), the Beneficial Owner thereof shall identify for the Corporation the holder of record of the shares so converted.

(b) Conversion at the Option of the Holder. Pursuant to and in accordance with this paragraph (b), each holder of Class B Common Stock shall have the right, at such holder's option at any time and from time to time, to convert all or a portion of such holder's shares of Class B Common Stock into an equal number of fully paid and nonassessable shares of Class A Common Stock by delivering the certificates (if any) representing the shares of Class B Common Stock to be converted, duly endorsed for transfer, together with a written conversion notice to the transfer agent for the Class B Common Stock (or if there is no transfer agent, to the Corporation). Such conversion notice shall state: (i) the number of shares of Class B Common Stock to be converted; and (ii) the date on which such conversion shall occur (which date shall be a Business Day no less than five Business Days and not exceeding twenty Business Days from the date of such conversion notice) (the "Optional Conversion Date"). Notwithstanding the foregoing, if the shares of Class B Common Stock are held in global form, such notice shall comply with applicable procedures of the Depository Trust Company ("DTC"). In connection with the exercise of any optional conversion right, the Corporation shall comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of shares of Class B Common Stock into shares of Class A Common Stock. Holders of shares of Class B Common Stock may withdraw any conversion notice by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Optional Conversion Date. The notice of withdrawal must state: (x) the number of withdrawn shares of Class B Common Stock; (y) if certificated shares of Class B Common Stock have been issued, the certificate numbers of the withdrawn shares of Class B

Common Stock; and (z) the number of shares of Class B Common Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Class B Common Stock are held in global form, the notice of withdrawal shall comply with applicable DTC procedures. Each conversion pursuant to this paragraph (b) for which the conversion notice has been given and not properly withdrawn shall be deemed to have been effected immediately prior to the close of business on the Optional Conversion Date.

Section 6.4 Performance Common Stock.

Section 6.4.1 Voting Rights. Except as may otherwise be specified in the Charter, the holders of shares of Performance Common Stock shall have no voting rights. Notwithstanding the foregoing but subject to Article VII, the consent of the holders of a majority of the shares of Performance Common Stock, voting as a separate class, shall be required for any amendment to the Charter that would increase or decrease the aggregate number of shares of Performance Common Stock, increase or decrease the par value of the shares of Performance Common Stock, or alter or change the powers, preferences, or special rights of the Performance Common Stock so as to affect them adversely. The holders of Performance Common Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote. On any matter on which the holders of Performance Common Stock (in their capacity as such) shall have the right to vote, each holder of record of shares of Performance Common Stock on the relevant record date shall be entitled to cast one vote in person or by proxy for each share of Performance Common Stock standing in such holder’s name on the stock transfer records of the Corporation. The Board of Directors may reclassify any unissued shares of Performance Common Stock from time to time in one or more classes or series of Common Stock or Preferred Stock.

Section 6.4.2 Dividends and Other Distributions. The Board of Directors may cause dividends to be paid to the holders of shares of Performance Common Stock out of funds legally available for the payment of dividends by declaring an amount per share as a dividend. When and as dividends are declared on the Class A Common Stock, whether payable in cash, in property or in shares of stock or other securities of the Corporation, the holders of shares of Performance Common Stock shall be entitled to share, ratably according to the number of shares of Performance Common Stock held by them, in such dividends; provided, that dividends shall not be declared on Performance Common Stock unless dividends are declared concurrently on shares of Class A Common Stock, and any per share dividend declared on Performance Common Stock shall in no case exceed the per share dividend declared on shares of Class A Common Stock at the time such dividends on the Performance Common Stock are declared. If the Corporation in any manner subdivides or combines the outstanding shares of Class A Common Stock, the outstanding shares of Performance Common Stock will be subdivided or combined in the same manner.

Section 6.4.3 Conversion. Each share of Performance Common Stock shall be convertible into one fully paid and nonassessable share of Class A Common Stock upon the terms and conditions relating to the conversion of Performance Common Stock as set forth by the Board of Directors or the Board of Directors of any predecessor (by merger or otherwise) of the Corporation. The Corporation will at all times reserve and keep available, solely for the purpose of issue upon conversion of the outstanding shares of Performance Common Stock, such number of shares of Class A Common Stock as shall be issuable upon the conversion of all such

outstanding shares of Performance Common Stock. The Corporation covenants that if any shares of Class A Common Stock, required to be reserved for purposes of conversion hereunder, require registration with or approval of any governmental authority under any federal or state law before such shares of Class A Common Stock may be issued upon conversion, the Corporation will use its best efforts to cause such shares to be duly registered or approved, as the case may be. The Corporation will endeavor to list the shares of Class A Common Stock required to be delivered upon conversion prior to such delivery upon each national securities exchange, if any, upon which the outstanding Class A Common Stock is listed at the time of such delivery. The Corporation covenants that all shares of Class A Common Stock which shall be issued upon conversion of the shares of Performance Common Stock will, upon issue, be fully paid and nonassessable and not entitled to any preemptive rights.

Section 6.4.4 Equal Status. Except as expressly provided in this Article VI, Class A Common Stock, Class B Common Stock and Performance Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters.

Section 6.5 Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, into one or more classes or series of stock.

Section 6.6 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VII and subject to the express terms of any class or series of stock of

the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.6 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document.

Section 6.7 Stockholders' Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the holders of Common Stock entitled to vote generally in the election of directors may be taken without a meeting by consent, in writing or by electronic transmission, in any manner and by any vote permitted by the MGCL and set forth in the Bylaws.

Section 6.8 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

Section 6.9 Distributions. The Board of Directors from time to time may authorize the Corporation to declare and pay to stockholders such dividends or other distributions in cash or other assets of the Corporation or in securities of the Corporation, including in shares of one class or series of the Corporation's stock payable to holders of shares of another class or series of stock of the Corporation, or from any other source as the Board of Directors in its sole and absolute discretion shall determine. The exercise of the powers and rights of the Board of Directors pursuant to this Section 6.9 shall be subject to the provisions of any class or series of shares of the Corporation's stock at the time outstanding.

Section 6.10 Transferable Shares. Notwithstanding any other provision in the Charter, no determination shall be made by the Board of Directors nor shall any transaction be entered into by the Corporation that would cause any shares or other beneficial interest in the Corporation not to constitute "transferable shares" or "transferable certificates of beneficial interest" under Section 856(a)(2) of the Code.

ARTICLE VII

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 Definitions. For the purpose of this Article VII, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term "Aggregate Stock Ownership Limit" shall mean 9.8 percent in value of the aggregate of the outstanding shares of Capital Stock, or such other percentage determined by the Board of Directors in accordance with Section 7.2.8 of the Charter.

Beneficial Ownership. The term "Beneficial Ownership" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) and 856(h)(3) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

Business Day. The term “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term “Capital Stock” shall mean all classes or series of stock of the Corporation, including, without limitation, Class A Common Stock, Class B Common Stock, Performance Common Stock and Preferred Stock.

Charitable Beneficiary. The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Trust as determined pursuant to Section 7.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Common Stock Ownership Limit. The term “Common Stock Ownership Limit” shall mean 9.8 percent (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock, or such other percentage determined by the Board of Directors in accordance with Section 7.2.8 of the Charter.

Constructive Ownership. The term “Constructive Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

Excepted Holder. The term “Excepted Holder” shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 7.2.7.

Excepted Holder Limit. The term “Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.8, the percentage limit established by the Board of Directors pursuant to Section 7.2.7.

Initial Date. The term “Initial Date” shall mean the effective time of the merger of NorthStar Asset Management Group Inc., a Delaware corporation, with and into the Corporation.

Market Price. The term “Market Price” on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the

principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined by the Board of Directors.

NYSE. The term "NYSE" shall mean the New York Stock Exchange.

Person. The term "Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

Prohibited Owner. The term "Prohibited Owner" shall mean, with respect to any purported Transfer, any Person who, but for the provisions of this Article VII, would Beneficially Own or Constructively Own shares of Capital Stock in violation of Section 7.2.1, and if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date. The term "Restriction Termination Date" shall mean the first day after the Initial Date on which the Board determines pursuant to Section 5.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. The term “Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event, condition or set of circumstances that causes any Person to acquire or have Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends or other distributions on shares of Capital Stock, including (a) a change in the capital structure of the Corporation or in the relative values of different shares of Capital Stock, (b) a change in the relationship between two or more Persons which cause a change in Beneficial Ownership or Constructive Ownership, (c) the granting or exercise of any option or warrant (or any acquisition or disposition of any option or warrant), pledge, security interest, or similar right to acquire shares of Capital Stock, (d) any acquisition or disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (e) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Trust. The term “Trust” shall mean any trust provided for in Section 7.3.1.

Trustee. The term "Trustee" shall mean the Person unaffiliated with the Corporation and a Prohibited Owner that is appointed by the Corporation to serve as trustee of the Trust.

Section 7.2 Capital Stock.

Section 7.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date, but subject to Section 7.4:

(a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that (1) such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), (2) such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation owning (directly or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation (either directly or indirectly through one or more partnerships or limited liability companies) from such tenant for the taxable year of the Corporation during which such determination is being made would reasonably be expected to equal or exceed the lesser of (a)

one percent of the Corporation's gross income (as determined for purposes of Section 856(c) of the Code), or (b) an amount that would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code, or (3) such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation otherwise failing to qualify as a REIT.

(iii) Any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being beneficially owned by less than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(b) Transfer in Trust. If any Transfer of shares of Capital Stock occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 7.2.1(a)(i) or (ii),

(i) then that number of shares of the Capital Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2.1(a)(i) or (ii) (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares; or

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i) or (ii), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 7.2.1(a)(i) or (ii) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.

(iii) To the extent that, upon a transfer of shares of Capital Stock pursuant to this Section 7.2.1(b), a violation of any provision of this Article VII would nonetheless be continuing (for example where the ownership of shares of Capital Stock by a single Trust would violate the 100 stockholder requirement applicable to REITs), then shares of Capital Stock shall be transferred to that number of Trusts, each having a distinct Trustee and a Charitable Beneficiary or Beneficiaries that are distinct from those of each other Trust, such that there is no violation of any provision of this Article VII.

Section 7.2.2 Remedies for Breach. If the Board of Directors shall at any time determine that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Directors shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfer or attempted Transfer or other event in violation of Section 7.2.1 shall automatically result in the transfer to the Trust described above, and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors.

Section 7.2.3 Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 7.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of

Section 7.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 7.2.4 Owners Required To Provide Information. From the Initial Date and prior to the Restriction Termination Date:

(a) every owner of five percent or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit; and

(b) each Person who is a Beneficial Owner or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

Section 7.2.5 Remedies Not Limited. Subject to Section 5.7 of the Charter, nothing contained in this Section 7.2 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation in preserving the Corporation's status as a REIT.

Section 7.2.6 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 7.2, Section 7.3 or any definition contained in Section 7.1, the Board of Directors may determine the application of the provisions of this Section 7.2 or Section 7.3 or any such definition with respect to any situation based on the facts known to it. In the event Section 7.2 or 7.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors may determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3. Absent a decision to the contrary by the Board of Directors, if a Person would have (but for the remedies set forth in Section 7.2.2) acquired Beneficial Ownership or Constructive Ownership of Capital Stock in violation of Section 7.2.1, such remedies (as applicable) shall apply first to the shares of Capital Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Capital Stock based upon the relative number of the shares of Capital Stock held by each such Person.

Section 7.2.7 Exceptions.

(a) The Board of Directors, in its sole discretion, may exempt, prospectively or retroactively, a Person from the Common Stock Ownership Limit or the Aggregate Stock Ownership Limit, as the case may be, and may establish or increase an Excepted Holder Limit for such Person if: (i) such Person submits to the Board of Directors information satisfactory to the Board of Directors, in its reasonable discretion, demonstrating that such Person is not an individual for purposes of Section 542(a)(2) of the Code (determined

taking into account Section 856(h)(3)(A) of the Code); (ii) such Person submits to the Board of Directors information satisfactory to the Board, in its reasonable discretion, demonstrating that no Person who is an individual for purposes of Section 542(a)(2) of the Code (determined taking into account Section 856(h)(3)(A) of the Code) would be considered to Beneficially Own shares of Common Stock in excess of the Common Stock Ownership Limit or Capital Stock in excess of the Aggregate Stock Ownership Limit, (iii) such Person submits to the Board of Directors information satisfactory to the Board of Directors, in its reasonable discretion, demonstrating that clauses (1), (2) and (3) of subparagraph (a)(ii) of Section 7.2.1 will not be violated by reason of such Person's ownership of Common Stock in excess of the Common Stock Ownership Limit or Capital Stock in excess of the Aggregate Stock Ownership Limit pursuant to the exemption granted under this subparagraph 7.2.7(a); and (iv) such Person provides to the Board of Directors such representations and undertakings, if any, as the Board of Directors may, in its reasonable discretion, require to ensure that the conditions in clauses (i), (ii) and (iii) hereof are satisfied and will continue to be satisfied throughout the period during which such Person owns Common Stock in excess of the Common Stock Ownership Limit or Capital Stock in excess of the Aggregate Stock Ownership Limit pursuant to any exemption thereto granted under this subparagraph (a), and such Person agrees that any violation of such representations and undertakings or any attempted violation thereof will result in the application of the remedies set forth in Section 7.2 (including without limitation, Section 7.2.5) with respect to shares of Common Stock held in excess of the Common Stock Ownership Limit or Capital Stock held in excess of the Aggregate Stock Ownership Limit with respect to such Person (determined without regard to the exemption granted such Person under this subparagraph (a)).

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Directors may require a ruling from the Internal Revenue Service or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT; provided, however, that the Board of Directors shall not be obligated to require obtaining a favorable ruling or opinion in order to grant an exception hereunder.

(c) Subject to Section 7.2.1(a)(ii), an underwriter that participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit or the Common Stock Ownership Limit, but only to the extent necessary to facilitate such public offering or private placement.

(d) In connection with granting any exemption or waiver pursuant to Section 7.2.7(a), the Board of Directors may include such terms and conditions in such waiver as it determines are advisable.

(e) The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (1) with the written consent of such Excepted Holder at any time, or (2) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Common Stock Ownership Limit.

Section 7.2.8 Increase or Decrease in Common Stock Ownership or Aggregate Stock Ownership Limits. Subject to Section 7.2.1(a)(ii) and this Section 7.2.8, the Board of Directors may from time to time increase or decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit for one or more Persons and increase or decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit for all other Persons. No decreased Common Stock Ownership Limit or Aggregate Stock Ownership Limit will be effective for any Person whose percentage of ownership of Capital Stock is in excess of such decreased Common Stock Ownership Limit or Aggregate Stock Ownership Limit, as applicable, until such time as such Person's percentage of ownership of Capital Stock equals or falls below the decreased Common Stock Ownership Limit or Aggregate Stock Ownership Limit, as applicable; provided, however, any further acquisition of Capital Stock by any such Person (other than a Person for whom an exemption has been granted pursuant to Section 7.2.7(a) or an Excepted Holder) in excess of the Capital Stock owned by such person on the date the decreased Common Stock Ownership Limit or Aggregate Stock Ownership Limit, as applicable, became effective will be in violation of the Common Stock Ownership Limit or Aggregate Stock Ownership Limit. No increase to the Common Stock Ownership Limit or Aggregate Stock Ownership Limit may be approved if the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would allow five or fewer Persons to Beneficially Own, in the aggregate more than 49.9% in value of the outstanding Capital Stock.

Section 7.2.9 Legend. Each certificate for shares of Capital Stock shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial and Constructive Ownership and Transfer for the purpose, among others, of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Code. Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially Own or Constructively Own shares of the Corporation's Common Stock in excess of the Common Stock Ownership Limit unless such Person

is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially Own or Constructively Own shares of Capital Stock of the Corporation in excess of the Aggregate Stock Ownership Limit, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially Own or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially Own or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the restrictions on transfer or ownership are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole and absolute discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 7.3 Transfer of Capital Stock in Trust.

Section 7.3.1 Ownership in Trust. Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7.3.6.

Section 7.3.2 Status of Shares Held by the Trustee. Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

Section 7.3.3 Dividend and Voting Rights. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such dividend or other distribution to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividend or other distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to

the Trustee, the Trustee shall have the authority (at the Trustee's sole and absolute discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VII, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its stock transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes and determining the other rights of stockholders.

Section 7.3.4 Sale of Shares by Trustee. Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust (*e.g.*, in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Trust. The Trustee may reduce the amount payable

to the Prohibited Owner by the amount of dividends and other distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 Purchase Right in Stock Transferred to the Trustee. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 7.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner.

Section 7.3.6 Designation of Charitable Beneficiaries. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (1) the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary and (2) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code. Neither the failure of the Corporation to make such designation nor the failure of the Corporation to appoint the Trustee before the automatic transfer provided in Section 7.2.1(b) shall make such transfer ineffective, provided that the Corporation thereafter makes such designation and appointment.

Section 7.4 NYSE Transactions. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 7.5 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 7.6 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except as otherwise provided in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of a majority of all the votes entitled to be cast on the matter. However, any amendment to Article VII or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article IX, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article IV of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article V of the foregoing amendment and restatement of the charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 1,500, consisting of 1,000 shares of Common Stock, $0.01 par value per share, and 500 shares of Performance Common Stock, $0.01 par value per share. The aggregate par value of all shares of stock having par value was $15.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 1,250,000,000, consisting of 949,000,000 shares of Class A Common Stock, $0.01 par value per share, 1,000,000 shares of Class B Common Stock, $0.01 par value per share, 50,000,000 shares of Performance Common Stock, $0.01 par value per share, and 250,000,000 shares of Preferred Stock, $0.01 par value per share, of which (a) 2,900,000 shares are classified and designated as 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, (b) 14,920,000 shares are classified and designated as 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, (c) 5,750,000 shares are classified and designated as 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, (d) 8,050,000 shares are

classified and designated as 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, (e) 10,350,000 shares are classified and designated as 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, (f) 10,400,000 shares are classified and designated as 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, (g) 3,450,000 shares are classified and designated as 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, and (h) 11,500,000 shares are classified and designated as 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share. The aggregate par value of all authorized shares of stock having par value is $12,500,000.

NINTH: These Articles of Amendment and Restatement shall become effective at 4:01 p.m., New York City time, on January 10, 2017.

TENTH: The undersigned officer acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its President and attested to by its Secretary on this 10th day of January, 2017.

ATTEST:

/s/ Ronald J. Lieberrman
Name: Ronald J. Lieberman
Title: Secretary

COLONY NORTHSTAR, INC.

By: /s/ Albert Tylis (SEAL)
Name: Albert Tylis
Title: President

EXHIBIT A
SERIES A PREFERRED STOCK

Under a power contained in the charter (the "**Charter**") of Colony NorthStar, Inc., a Maryland corporation (the "**Corporation**"), the Board of Directors of the Corporation classified and designated 2,900,000 shares (the "**Shares**") of the Preferred Stock (as defined in the Charter), as shares of 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share ("**Series A Preferred Stock**"), with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

8.75% Series A Cumulative Redeemable Perpetual Preferred Stock

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series A Preferred Stock**"), and 2,900,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series A Preferred Stock, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Directors**" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series A Preferred Stock.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Change of Control**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Charter**" shall mean the charter of the Corporation.

"**Common Stock**" shall mean, collectively, the Class A Common Stock of the Corporation, par value $.01 per share, the Class B Common Stock of the Corporation, par value $.01 per share, and the Performance Common Stock of the Corporation, par value $.01 per share.

"**Dividend Payment Date**" shall mean February 15, May 15, August 15 and November 15, of each year, commencing on or about February 15, 2017; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on February 15, May 15, August 15 and November 15, of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each Series A Preferred Stock, which, (i) for Series A Preferred Stock issued prior to January 11, 2017, shall commence on, and include, November 15, 2016 and end on and include February 14, 2017; and (ii) for Series A Preferred Stock issued on or after January 11, 2017, shall commence on the Dividend Payment Date with respect to which dividends were actually paid on Series A Preferred Stock that were outstanding immediately preceding the issuance of such Series A Preferred Stock and end on and include the day preceding the first day of the next succeeding Dividend Period).

"**Junior Shares**" shall mean the Common Stock and any other class or series of stock of the Corporation constituting junior shares of stock within the meaning set forth in paragraph (c) of Section 9 hereof.

"**Liquidation Preference**" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"**Parity Shares**" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"**Person**" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"**Redemption Date**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Redemption Price**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Series A Preferred Stock**" shall have the meaning set forth in Section 1 hereof.

"**Series B Preferred Stock**" shall mean the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series C Preferred Stock**" shall mean the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series D Preferred Stock**" shall mean the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series E Preferred Stock**" shall mean the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series F Preferred Stock**" shall mean the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series G Preferred Stock**" shall mean the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series H Preferred Stock**" shall mean the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Set apart for payment**" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of shares of stock of the Corporation.

"**Transfer Agent**" means American Stock Transfer & Trust Company, New York, New York, or such other agent or agents of the Corporation as may be designated by the Board of Directors or its designee as the transfer agent for the Series A Preferred Stock.

"**Voting Preferred Shares**" shall have the meaning set forth in Section 10 hereof.

"**Voting Stock**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

Section 3. Dividends. (a) The holders of Series A Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash at the rate per annum of $2.1875 per share of Series A Preferred Stock (the "**Annual Dividend Rate**") (equivalent to a rate of 8.75% of the Liquidation Preference per annum). Such dividends with respect to each share of Series A Preferred Stock issued prior to January 11, 2017 shall be cumulative from, and including, November 15, 2016 and with respect to each share of Series A Preferred Stock issued on or after January 11, 2017 shall be cumulative from the Dividend Payment Date with respect to which dividends were actually paid on shares of Series A Preferred Stock that were outstanding immediately preceding the issuance of such shares of Series A Preferred Stock, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly,

when, as and if authorized by the Board of Directors and declared by the Corporation, in arrears on Dividend Payment Dates, commencing with respect to each share of Series A Preferred Stock on the first Dividend Payment Date following issuance of such shares of Series A Preferred Stock. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series A Preferred Stock, as they appear on the share records of the Corporation at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Directors. If following a Change of Control, the Series A Preferred Stock is not listed on the New York Stock Exchange or the American Stock Exchange or quoted on NASDAQ, the Annual Dividend Rate will be increased to $2.4375 per share of Series A Preferred Stock (equivalent to a rate of 9.75% of the Liquidation Preference per annum) and the holders of Series A Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash cumulative from, but excluding, the first date on which both the Change of Control has occurred and the Series A Preferred Stock is not so listed or quoted at the increased Annual Dividend Rate for as long as the Series A Preferred Stock is not so listed or quoted.

(b) The amount of dividends payable for each full Dividend Period for the Series A Preferred Stock shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series A Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series A Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

(c) So long as any Series A Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all past Dividend Periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series A Preferred Stock and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Stock and such Parity Shares.

(d) So long as any Series A Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, or as permitted under Article VII of the Charter), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case the full cumulative dividends on all outstanding Series A Preferred Stock and any other Parity Shares of the Corporation shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series A Preferred Stock shall be entitled to receive Twenty-Five Dollars ($25.00) per share of the Series A Preferred Stock (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series A Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Series A Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series A Preferred Stock and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series A Preferred Stock and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of stock ranking on a parity with or prior to the Series A Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series A Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation. (a) If at any time following a change of control, the Series A Preferred Stock is not listed on the New York Stock Exchange or American Stock Exchange, or quoted on NASDAQ, the Corporation will have the option to redeem the Series A Preferred Stock, in whole but not in part, within 90 days after the first date on which both the change of control has occurred and the Series A Preferred Stock is not so listed or quoted, for cash at $25.00 per share plus accrued and unpaid dividends (whether or not declared), to the redemption date. A "**Change of Control**" shall be deemed to have occurred at such time as (i) the date a "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Securities Exchange Act**")) becomes the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of voting stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of voting stock representing more than 50% of the total voting power of the total voting stock of the Corporation; (ii) the date the Corporation sells, transfers or otherwise disposes of all or substantially all of its assets; or (iii) the date of the consummation of a merger or share exchange of the Corporation with another entity where the Corporation's stockholders immediately prior to the merger or share exchange would not beneficially own, immediately after the merger or share exchange, shares representing 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate group vote) to which all stockholders of the corporation issuing cash or securities in the merger or share exchange would be entitled in the election of directors, or where members of the Board of Directors immediately prior to the merger or share exchange would not immediately after the merger or share exchange constitute a majority of the board of directors of the corporation issuing cash or securities in the merger or share exchange. "**Voting Stock**" shall mean stock of any class or kind having the power to vote generally in the election of directors.

(b) Except as otherwise permitted by the Charter and paragraph (a) above, the Series A Preferred Stock shall not be redeemable by the Corporation prior to September 14, 2011. On and after September 14, 2011, the Corporation, at its option, may redeem the shares of Series A Preferred Stock, in whole or in part, as set forth herein, subject to the provisions described below.

(c) On and after September 14, 2011, the Series A Preferred Stock shall be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at a redemption price of $25.00 per share of Series A Preferred Stock, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series A Preferred Stock are to be redeemed (a "**Redemption Date**") (which may not be before September 14, 2011) shall be selected by the Corporation, shall be specified in the notice of redemption and shall not be less than 30 days or more than 60 days after the date on which the Corporation gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption (which may be contingent on the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series A Preferred Stock at their respective addresses as they appear on the Corporation's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the

proceedings for the redemption of any Series A Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares of Series A Preferred Stock held by such holder are to be redeemed, the number of such shares of Series A Preferred Stock to be redeemed from such holder; (iv) the place or places where the certificates evidencing the shares of Series A Preferred Stock are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(d) Upon any redemption of Series A Preferred Stock, the Corporation shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series A Preferred Stock at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series A Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of such Series A Preferred Stock before such Dividend Payment Date. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series A Preferred Stock called for redemption.

(e) If full cumulative dividends on the Series A Preferred Stock and any other series or class or classes of Parity Shares of the Corporation have not been paid or declared and set apart for payment, except as otherwise permitted under the Charter, the Series A Preferred Stock may not be redeemed in part and the Corporation may not purchase, redeem or otherwise acquire Series A Preferred Stock or any Parity Shares other than in exchange for Junior Shares.

(f) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Series A Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series A Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation’s obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series A Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holder of Series A Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares of Series A Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state), such shares of Series A Preferred Stock shall be exchanged for the cash (without interest thereon) for which such shares of Series A Preferred Stock have been redeemed. If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed, the shares of Series A Preferred Stock to be redeemed shall be selected by the Corporation from the outstanding shares of Series A Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If fewer than all the shares of Series A Preferred Stock evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed shares of Series A Preferred Stock shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All shares of Series A Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series A Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation at the option of any holder of Series A Preferred Stock.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of stock whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Corporation's total liabilities.

Section 9. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series A Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Preferred Stock;

(b) on a parity with the Series A Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Stock, if the holders of such class or series and the Series A Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series A Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of stock shall be Common Stock or if the holders of Series A Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series, and such class or series shall not in either case rank prior to the Series A Preferred Stock ("**Junior Shares**").

As of the date hereof, 14,920,000 authorized shares of Series B Preferred Stock, 5,750,000 authorized shares of Series C Preferred Stock, 8,050,000 authorized shares of Series D Preferred Stock, 10,350,000 authorized shares of Series E Preferred Stock, 10,400,000 authorized shares of Series F Preferred Stock, 3,450,000 authorized shares of Series G Preferred Stock and 11,500,000 authorized shares of Series H Preferred Stock are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series A Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series A Preferred Stock or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two and the holders of Series A Preferred Stock, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of Series A Preferred Stock and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series A Preferred Stock and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series A Preferred Stock and the Voting Preferred Shares to elect such additional directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of the persons elected as directors by the holders of the Series A Preferred Stock and the Voting Preferred Shares shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series A Preferred Stock and the Voting Preferred Shares, the Secretary of the Corporation may, and upon the written request of any holder of Series A Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series A Preferred Stock and of the Voting Preferred Shares for the election of the directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special

meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series A Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series A Preferred Stock and the Voting Preferred Shares, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the stockholders or special meeting held in place thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as provided above. In no event shall the holders of Series A Preferred Stock be entitled pursuant to this Section 10 to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation's stock is listed.

So long as any Series A Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by the Charter, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series A Preferred Stock and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series A Preferred Stock or the Voting Preferred Shares; provided, however, that (i) the amendment of the provisions of the Charter so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series A Preferred Stock or the Voting Preferred Shares (including any amendment to increase the amount of authorized shares of Series A Preferred Stock) shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series A Preferred Stock and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Corporation including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series A Preferred Stock, provided that: (1) the Corporation is the surviving entity and the Series A Preferred Stock remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series A Preferred Stock for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to that of the Series A Preferred Stock (except for changes that do not materially and adversely affect the holders of Series A Preferred Stock); and provided further, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series A Preferred Stock or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote

of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series A Preferred Stock and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series A Preferred Stock in the distribution on any liquidation, dissolution or winding up of the Corporation or in the payment of dividends; provided, however, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series A Preferred Stock or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series A Preferred Stock or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof or, in the case of a merger, consolidation or otherwise, regardless of the date of the transaction, the holders of the Series A Preferred Stock receive in the transaction their liquidation preference plus accrued and unpaid dividends.

Section 11. Information Rights. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act and any shares of Series A Preferred Stock are outstanding, the Corporation will (i) transmit by mail to all holders of Series A Preferred Stock, as their names and addresses appear in the Corporation's record books and without cost to such holders, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series A Preferred Stock. The Corporation will mail the information to the holders of Series A Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Securities Exchange Act.

Section 12. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

Section 13. Restrictions on Ownership and Transfer. The Series A Preferred Stock constitute Preferred Stock, and Preferred Stock constitutes Capital Stock of the Corporation. Therefore, the Series A Preferred Stock, being Capital Stock, is governed by and issued subject to all the limitations, terms and conditions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series A Preferred Stock of any other term or provision of the Charter.

EXHIBIT B
SERIES B PREFERRED STOCK

Under a power contained in the charter (the "**Charter**") of Colony NorthStar, Inc., a Maryland corporation (the "**Corporation**"), the Board of Directors of the Corporation classified and designated 14,920,000 shares (the "**Shares**") of the Preferred Stock (as defined in the Charter), as shares of 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share ("**Series B Preferred Stock**"), with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

8.25% Series B Cumulative Redeemable Perpetual Preferred Stock

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series B Preferred Stock**"), and 14,920,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series B Preferred Stock, the following terms shall have the meanings indicated:

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Directors**" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series B Preferred Stock.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Change of Control**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Charter**" shall mean the charter of the Corporation.

"**Common Stock**" shall mean, collectively, the Class A Common Stock of the Corporation, par value $.01 per share, the Class B Common Stock of the Corporation, par value $.01 per share, and the Performance Common Stock of the Corporation, par value $.01 per share.

"**Dividend Payment Date**" shall mean February 15, May 15, August 15 and November 15, of each year, commencing on or about February 15, 2017; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Periods**" shall mean quarterly dividend periods commencing on February 15, May 15, August 15 and November 15, of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period with respect to each share of Series B Preferred Stock, which, (i) for Series B Preferred Stock issued prior to January 11, 2017, shall commence on, and include, November 15, 2016 and end on and include February 14, 2017; and (ii) for Series B Preferred Stock issued on or after January 11, 2017, shall commence on the Dividend Payment Date with respect to which dividends were actually paid on Series B Preferred Stock that were outstanding immediately preceding the issuance of such Series B Preferred Stock and end on and include the day preceding the first day of the next succeeding Dividend Period).

"**Junior Shares**" shall mean the Common Stock and any other class or series of stock of the Corporation constituting junior shares of stock within the meaning set forth in paragraph (c) of Section 9 hereof.

"**Liquidation Preference**" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"**Parity Shares**" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"**Person**" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"**Redemption Date**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Redemption Price**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Series A Preferred Stock**" shall mean the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series B Preferred Stock**" shall have the meaning set forth in Section 1 hereof.

"**Series C Preferred Stock**" shall mean the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series D Preferred Stock**" shall mean the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series E Preferred Stock**" shall mean the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series F Preferred Stock**" shall mean the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series G Preferred Stock**" shall mean the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series H Preferred Stock**" shall mean the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Set apart for payment**" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of shares of stock of the Corporation.

"**Transfer Agent**" means American Stock Transfer & Trust Company, New York, New York, or such other agent or agents of the Corporation as may be designated by the Board of Directors or its designee as the transfer agent for the Series B Preferred Stock.

"**Voting Preferred Shares**" shall have the meaning set forth in Section 10 hereof.

"**Voting Stock**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

Section 3. Dividends.

(a) The holders of Series B Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash at the rate per annum of $2.0625 per share of Series B Preferred Stock (the "**Annual Dividend Rate**") (equivalent to a rate of 8.25% of the Liquidation Preference per annum). Such dividends with respect to each share of Series B Preferred Stock issued prior to January 11, 2017 shall be cumulative from, and including, November 15, 2016 and with respect to each share of Series B Preferred Stock issued on or after January 11, 2017 shall be cumulative from the Dividend Payment Date with respect to which dividends were actually paid on shares of Series B Preferred Stock that were outstanding immediately preceding the issuance of such shares of Series B Preferred Stock, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Directors and declared by the Corporation, in arrears on Dividend Payment Dates, commencing with respect to each share of Series B Preferred Stock on the first Dividend Payment Date following issuance of such shares of Series B Preferred Stock. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid,

whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series B Preferred Stock, as they appear on the share records of the Corporation at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Directors. If following a Change of Control, the Series B Preferred Stock is not listed on the New York Stock Exchange or the American Stock Exchange or quoted on NASDAQ, the Annual Dividend Rate will be increased to $2.3125 per share of Series B Preferred Stock (equivalent to a rate of 9.25% of the Liquidation Preference per annum) and the holders of Series B Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash cumulative from, but excluding, the first date on which both the Change of Control has occurred and the Series B Preferred Stock is not so listed or quoted at the increased Annual Dividend Rate for as long as the Series B Preferred Stock is not so listed or quoted.

(b) The amount of dividends payable for each full Dividend Period for the Series B Preferred Stock shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series B Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series B Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series B Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears.

(c) So long as any shares of Series B Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Shares for any period unless full cumulative dividends have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for such payment on the Series B Preferred Stock for all past Dividend Periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series B Preferred Stock and all dividends authorized and declared upon any other series or class or classes of Parity Shares shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series B Preferred Stock and such Parity Shares.

(d) So long as any shares of Series B Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of and in

compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, or as permitted under Article VII of the Charter), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case the full cumulative dividends on all outstanding Series B Preferred Stock and any other Parity Shares of the Corporation shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series B Preferred Stock and all past dividend periods with respect to such Parity Shares.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series B Preferred Stock shall be entitled to receive Twenty-Five Dollars ($25.00) per share of the Series B Preferred Stock (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series B Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Series B Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series B Preferred Stock and any such other Parity Shares ratably in accordance with the respective amounts that would be payable on such Series B Preferred Stock and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of stock ranking on a parity with or prior to the Series B Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series B Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series B Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation. (a) If at any time following a change of control, the Series B Preferred Stock is not listed on the New York Stock Exchange or American Stock Exchange, or quoted on NASDAQ, the Corporation will have the option to redeem the Series B Preferred Stock, in whole but not in part, within 90 days after the first date on which both the change of control has occurred and the Series B Preferred Stock is not so listed or quoted, for cash at $25.00 per share plus accrued and unpaid dividends (whether or not declared), to the redemption date. A "**Change of Control**" shall be deemed to have occurred at such time as (i) the date a "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act")) becomes

the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of voting stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of voting stock representing more than 50% of the total voting power of the total voting stock of the Corporation; (ii) the date the Corporation sells, transfers or otherwise disposes of all or substantially all of its assets; or (iii) the date of the consummation of a merger or share exchange of the Corporation with another entity where the Corporation's stockholders immediately prior to the merger or share exchange would not beneficially own, immediately after the merger or share exchange, shares representing 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate group vote) to which all stockholders of the corporation issuing cash or securities in the merger or share exchange would be entitled in the election of directors, or where members of the Board of Directors immediately prior to the merger or share exchange would not immediately after the merger or share exchange constitute a majority of the board of directors of the corporation issuing cash or securities in the merger or share exchange. "**Voting Stock**" shall mean stock of any class or kind having the power to vote generally in the election of directors. Any redemption pursuant to this Section 5(a) shall follow generally the procedures set forth in the second paragraph of Section 5(c).

(b) Except as otherwise permitted by the Charter and paragraph (a) above, the Series B Preferred Stock shall not be redeemable by the Corporation prior to February 7, 2012. On and after February 7, 2012, the Corporation, at its option, may redeem the shares of Series B Preferred Stock, in whole or in part, as set forth herein, subject to the provisions described below.

(c) On and after February 7, 2012, the Series B Preferred Stock shall be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at a redemption price of $25.00 per share of Series B Preferred Stock, plus any accrued and unpaid dividends to the date fixed for redemption (the "**Redemption Price**"). Each date on which Series B Preferred Stock are to be redeemed (a "**Redemption Date**") (which may not be before February 7, 2012) shall be selected by the Corporation, shall be specified in the notice of redemption and shall not be less than 30 days or more than 60 days after the date on which the Corporation gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption (which may be contingent on the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series B Preferred Stock at their respective addresses as they appear on the Corporation's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series B Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares of Series B Preferred Stock held by such holder are to be redeemed, the number of such shares of Series B Preferred Stock to be redeemed from such holder; (iv) the place or places where the certificates evidencing the shares of Series B Preferred Stock are to be surrendered for payment of the Redemption Price; and (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein.

(d) Upon any redemption of Series B Preferred Stock, the Corporation shall pay any accrued and unpaid dividends in arrears for any Dividend Period ending on or prior and up to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series B Preferred Stock at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series B Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of such Series B Preferred Stock before such Dividend Payment Date. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series B Preferred Stock called for redemption.

(e) If full cumulative dividends on the Series B Preferred Stock and any other series or class or classes of Parity Shares of the Corporation have not been paid or declared and set apart for payment, except as otherwise permitted under the Charter, the Series B Preferred Stock may not be redeemed in part and the Corporation may not purchase, redeem or otherwise acquire Series B Preferred Stock or any Parity Shares other than in exchange for Junior Shares.

(f) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Series B Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series B Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series B Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holder of Series B Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares of Series B Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state), such shares of Series B Preferred Stock shall be exchanged for the cash (without interest thereon) for which such shares of Series B Preferred Stock have been redeemed. If fewer than all of the outstanding shares of Series B Preferred Stock are to be redeemed, the shares of Series B Preferred Stock to be redeemed shall be selected by the Corporation from the outstanding shares

of Series B Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If fewer than all the shares of Series B Preferred Stock evidenced by any certificate are redeemed, then new certificates evidencing the unredeemed shares of Series B Preferred Stock shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All shares of Series B Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. No Right of Conversion. The Series B Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation at the option of any holder of Series B Preferred Stock.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of stock whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Corporation's total liabilities.

Section 9. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series B Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series B Preferred Stock;

(b) on a parity with the Series B Preferred Stock, as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series B Preferred Stock, if the holders of such class or series and the Series B Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("**Parity Shares**"); and

(c) junior to the Series B Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of stock shall be Common Stock or if the holders of Series B Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series, and such class or series shall not in either case rank prior to the Series B Preferred Stock ("**Junior Shares**").

As of the date hereof, 2,900,000 authorized shares of Series A Preferred Stock, 5,750,000 authorized shares of Series C Preferred Stock, 8,050,000 authorized shares of Series D Preferred Stock, 10,350,000 authorized shares of Series E Preferred Stock, 10,400,000 authorized shares of Series F Preferred Stock, 3,450,000 authorized shares of Series G Preferred Stock and 11,500,000 authorized shares of Series H Preferred Stock are Parity Shares.

Section 10. Voting. Except as otherwise set forth herein, the Series B Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series B Preferred Stock or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two and the holders of Series B Preferred Stock, together with the holders of shares of every other series or class of Parity Shares having like voting rights (shares of any such other series, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of Series B Preferred Stock and the Voting Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series B Preferred Stock and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series B Preferred Stock and the Voting Preferred Shares to elect such additional directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of the persons elected as directors by the holders of the Series B Preferred Stock and the Voting Preferred Shares shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series B Preferred Stock and the Voting Preferred Shares, the Secretary of the Corporation may, and upon the written request of any holder of Series B Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series B Preferred Stock and of the Voting Preferred Shares for the election of the directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series B Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series B Preferred Stock and the Voting Preferred Shares, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the stockholders or special meeting held in place thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as provided above. In no event shall the

holders of Series B Preferred Stock be entitled pursuant to this Section 10 to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation's stock is listed.

So long as any shares of Series B Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by the Charter, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series B Preferred Stock and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series B Preferred Stock or the Voting Preferred Shares; provided, however, that (i) the amendment of the provisions of the Charter so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series B Preferred Stock or the Voting Preferred Shares (including any amendment to increase the amount of authorized shares of Series B Preferred Stock) shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series B Preferred Stock and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Corporation including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series B Preferred Stock, provided that: (1) the Corporation is the surviving entity and the Series B Preferred Stock remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series B Preferred Stock for other preferred stock or shares having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to that of the Series B Preferred Stock (except for changes that do not materially and adversely affect the holders of Series B Preferred Stock); and provided further, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series B Preferred Stock or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series B Preferred Stock and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series B Preferred Stock in the distribution on any liquidation, dissolution or winding up of the Corporation or in the payment of dividends; provided, however, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series B Preferred Stock

or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series B Preferred Stock or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof or, in the case of a merger, consolidation or otherwise, regardless of the date of the transaction, the holders of the Series B Preferred Stock receive in the transaction their liquidation preference plus accrued and unpaid dividends.

Section 11. Information Rights. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act and any shares of Series B Preferred Stock are outstanding, the Corporation will (i) transmit by mail to all holders of Series B Preferred Stock, as their names and addresses appear in the Corporation's record books and without cost to such holders, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series B Preferred Stock. The Corporation will mail the information to the holders of Series B Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Securities Exchange Act.

Section 12. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any Series B Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

Section 13. Restrictions on Ownership and Transfer. The Series B Preferred Stock constitute Preferred Stock, and Preferred Stock constitutes Capital Stock of the Corporation. Therefore, the Series B Preferred Stock, being Capital Stock, is governed by and issued subject to all the limitations, terms and conditions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series B Preferred Stock of any other term or provision of the Charter.

EXHIBIT C
SERIES C PREFERRED STOCK

Under a power contained in the charter (the "**Charter**") of Colony NorthStar, Inc., a Maryland corporation (the "**Corporation**"), the Board of Directors of the Corporation, classified and designated 5,750,000 shares (the "**Shares**") of the Preferred Stock (as defined in the Charter), as shares of 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series C Preferred Stock**"), with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

8.875% Series C Cumulative Redeemable Perpetual Preferred Stock

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series C Preferred Stock**"), and 5,750,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series C Preferred Stock, the following terms shall have the meanings indicated:

"Alternative Conversion Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Alternative Form Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Directors**" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series C Preferred Stock.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Change of Control Conversion Date**" shall have the meaning set forth in paragraph (c) of Section 7 hereof.

"**Change of Control Conversion Right**" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"**Change of Control**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Charter**" shall mean the charter of the Corporation.

"**Class A Common Stock**" shall mean the Class A Common Stock of the Corporation, par value $.01 per share.

"**Common Stock**" shall mean, collectively, the Class A Common Stock, the Class B Common Stock of the Corporation, par value $.01 per share, and the Performance Common Stock of the Corporation, par value $.01 per share.

"**Common Stock Conversion Consideration**" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"**Common Stock Price**" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Conversion Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Conversion Rate" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Depository" shall have the meaning set forth in paragraph (l) of Section 7 hereof.

"**Dividend Parity Stock**" shall have the meaning set forth in paragraph (c) of Section 3 hereof.

"**Dividend Payment Date**" shall mean February 15, May 15, August 15 and November 15, of each year, commencing on or about February 15, 2017; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall instead be paid on the first Business Day immediately following such Dividend Payment Date without any adjustment to the amount of the dividend due on that Dividend Payment Date on account of such delay.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Period**" shall mean a quarterly dividend period commencing on, and including, a Dividend Payment Date and ending on, but excluding, the next succeeding Dividend Payment Date (other than the initial Dividend Period with respect to each share of Series C Preferred Stock, which, (i) for shares of Series C Preferred Stock issued prior to January 11, 2017, shall commence on, and include, November 15, 2016 and end on, but exclude, the first Dividend Payment Date; and (ii) for shares of Series C Preferred

Stock issued on or after January 11, 2017, shall commence on, and include, the Dividend Payment Date with respect to which dividends were actually paid on Series C Preferred Stock that were outstanding immediately preceding the issuance of such Series C Preferred Stock and end on, but exclude, the next succeeding Dividend Payment Date).

"DTC" shall have the meaning set forth in paragraph (l) of Section 7 hereof.

"Exchange Cap" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"**Junior Shares**" shall mean the Common Stock and any other class or series of stock of the Corporation constituting junior shares of stock within the meaning set forth in paragraph (c) of Section 9 hereof.

"**Liquidation Preference"** shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"**Person**" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"**Preferred Directors**" shall have the meaning set forth in Section 10 hereof.

"**Redemption Date**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Redemption Price**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Securities Exchange Act" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Series A Preferred Stock**" shall mean the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series B Preferred Stock**" shall mean the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series C Preferred Stock**" shall have the meaning set forth in Section 1 hereof.

"**Series D Preferred Stock**" shall mean the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series E Preferred Stock**" shall mean the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series F Preferred Stock**" shall mean the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series G Preferred Stock**" shall mean the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series H Preferred Stock**" shall mean the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Set apart for payment**" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of shares of stock of the Corporation.

"Share Cap" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Share Split" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"**Transfer Agent**" means American Stock Transfer & Trust Company, New York, New York, or such other agent or agents of the Corporation as may be designated by the Board of Directors or its designee as the transfer agent for the Series C Preferred Stock.

"**Voting Preferred Shares**" shall have the meaning set forth in Section 10 hereof.

"**Voting Stock**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

Section 3. Dividends. (a) The holders of Series C Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash at the rate per annum of $2.21875 per share of Series C Preferred Stock (the "**Annual Dividend Rate**") (equivalent to a rate of 8.875% of the Liquidation Preference per annum). Such dividends with respect to each share of Series C Preferred Stock issued prior to January 11, 2017 shall be cumulative from, and including, November 15, 2016 and with respect to each share of Series C Preferred Stock issued on or after January 11, 2017 shall be cumulative from, and including, the Dividend Payment Date with respect to which dividends were actually paid on shares of Series C Preferred Stock that were outstanding immediately preceding the issuance of such shares of Series C Preferred Stock, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Directors and declared by the Corporation, in arrears on Dividend Payment Dates, commencing with respect to each share of Series C Preferred Stock on the first Dividend Payment Date following issuance of such shares of Series C Preferred Stock. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be

assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series C Preferred Stock, as they appear on the share records of the Corporation at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 30 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series C Preferred Stock shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series C Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series C Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series C Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series C Preferred Stock that may be in arrears.

(c) So long as any shares of Series C Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of capital stock of the Corporation ranking on a parity with the Series C Preferred Stock as to payment of dividends ("**Dividend Parity Stock**") for any period unless full cumulative dividends have been or contemporaneously are authorized, declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for such payment on the Series C Preferred Stock for all past Dividend Periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series C Preferred Stock and all dividends authorized and declared upon any series or class or classes of Dividend Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accrued and unpaid on the Series C Preferred Stock and such Dividend Parity Stock.

(d) So long as any shares of Series C Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than (i) a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, (ii) pursuant to Article VII of the Charter, (iii) as a result of a reclassification of such Junior Shares for or into other Junior Shares, or (iv) the purchase of fractional interests in Junior Shares pursuant to the conversion or exchange provisions of any securities convertible into or exchangeable for such Junior Shares), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case the

full cumulative dividends on all outstanding Series C Preferred Stock and any Dividend Parity Stock of the Corporation shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series C Preferred Stock and all past dividend periods with respect to such Dividend Parity Stock.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series C Preferred Stock shall be entitled to receive $25.00 per share of the Series C Preferred Stock (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series C Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Series C Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other capital stock of the Corporation ranking on a parity with the Series C Preferred Stock as to such distribution, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series C Preferred Stock and any such other stock ratably in accordance with the respective amounts that would be payable on such Series C Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of stock ranking on a parity with or prior to the Series C Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series C Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series C Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation.

(a) Notwithstanding anything to the contrary contained in Section 7(a), upon the occurrence of a Change of Control, the Corporation may, at its option, upon not less than 30 nor more than 90 days' written notice, redeem the Series C Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date fixed for redemption (the "**Redemption Price**"); provided that, if the Redemption Date is after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, no additional amount for such accrued and unpaid dividend will be included in the Redemption Price and the dividend payments on such Dividend Payment Date shall be made pursuant to Section 5(d). If,

prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem some or all of the shares of Series C Preferred Stock pursuant to this Section 5, the holders of Series C Preferred Stock will not have the Change of Control Conversion Right (as hereinafter defined) with respect to the shares called for redemption. If the Corporation elects to redeem any shares of Series C Preferred Stock as described in this Section 5(a), it may use any available cash to pay the Redemption Price, and it will not be required to pay the Redemption Price only out of the proceeds from the issuance of other equity securities or any other specific source. A "**Change of Control**" shall be deemed to have occurred at such time as (i) (A) the date a "person", including any syndicate or group deemed to be a person within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Securities Exchange Act**") becomes the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of voting stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of voting stock representing more than 50% of the total voting power of the total voting stock of the Corporation; or (B) the date of the consummation of a merger or share exchange of the Corporation with another entity where the Corporation's stockholders immediately prior to the merger or share exchange would not beneficially own, immediately after the merger or share exchange, shares representing 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate group vote) to which all stockholders of the corporation issuing cash or securities in the merger or share exchange would be entitled in the election of directors, or where members of the Board of Directors immediately prior to the merger or share exchange would not immediately after the merger or share exchange constitute a majority of the board of directors of the corporation issuing cash or securities in the merger or share exchange, and (ii) following the closing of any transaction referred to in clause (i), neither the Corporation nor the acquiring or surviving entity has a class of common equity securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange, the NYSE MKT or the NASDAQ Stock Market, or listed or quoted on an exchange or quotation system that is a successor to any such securities exchange. "**Voting Stock**" shall mean stock of any class or kind having the power to vote generally in the election of directors. Any redemption pursuant to this Section 5(a) shall follow generally the procedures set forth in the second paragraph of Section 5(c).

(b) Except as otherwise permitted by the Charter and paragraph (a) above, the Series C Preferred Stock shall not be redeemable by the Corporation prior to October 11, 2017. On and after October 11, 2017, the Corporation, at its option, may redeem the shares of Series C Preferred Stock, in whole or in part, as set forth herein, subject to the provisions described below.

(c) On and after October 11, 2017, the Series C Preferred Stock shall be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at the Redemption Price. Each date on which Series C Preferred Stock are to be redeemed (a "**Redemption Date**") shall be selected by the Corporation, shall be specified in the notice of redemption and shall not be less than 30 days or more than 90 days after the date on which the Corporation gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption (which may be contingent on the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 90 days prior to the Redemption Date, addressed to the respective holders of record of the Series C Preferred Stock at their respective addresses as they appear on the Corporation's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series C Preferred Stock except as to the holder to whom notice was defective or not given (unless such a holder elects to tender such holder's shares). Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of shares of Series C Preferred Stock to be redeemed and, if fewer than all the shares of Series C Preferred Stock held by such holder are to be redeemed, the number of such shares of Series C Preferred Stock to be redeemed from such holder; (iv) the place or places where the certificates representing the shares of Series C Preferred Stock are to be surrendered for payment of the Redemption Price, if any of such shares are certificated; (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein; and (vi) if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series C Preferred Stock being so called for redemption will not be able to tender such shares of Series C Preferred Stock for conversion in connection with the Change of Control and that each share of Series C Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined below), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date. Notwithstanding the foregoing, no notice of redemption will be required where the Corporation elects to redeem Series C Preferred Stock pursuant to Section 5(b) and Article VII of the Charter to preserve its REIT qualification for federal income tax purposes.

(d) If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series C Preferred Stock at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series C Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of such Series C Preferred Stock before such Dividend Payment Date. Except as provided in calculating the Redemption Price and in this Section 5(d), the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series C Preferred Stock called for redemption.

(e) If full cumulative dividends for all past dividend periods on the Series C Preferred Stock and any series or class or classes of Dividend Parity Stock of the Corporation have not been paid or declared and set apart for payment, except as otherwise permitted under the Charter, the Series C Preferred Stock may not be redeemed in part and the Corporation may not purchase, redeem or otherwise acquire Series C Preferred Stock or any capital stock of the Corporation ranking on a parity with the Series C Preferred Stock as to payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, other than in exchange for Junior Shares.

(f) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Series C Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be

deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series C Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series C Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holder of Series C Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares of Series C Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state), such shares of Series C Preferred Stock shall be exchanged for the cash (without interest thereon) for which such shares of Series C Preferred Stock have been redeemed. If fewer than all of the outstanding shares of Series C Preferred Stock are to be redeemed, the shares of Series C Preferred Stock to be redeemed shall be selected by the Corporation from the outstanding shares of Series C Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If fewer than all the shares of Series C Preferred Stock represented by any certificate are redeemed, then new certificates representing the unredeemed shares of Series C Preferred Stock shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All shares of Series C Preferred Stock that have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. Conversion Rights. Except as provided in this Section 7, the Series C Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation at the option of any holder of Series C Preferred Stock.

(a) Upon the occurrence of a Change of Control, each holder of Series C Preferred Stock shall have the right (unless, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem some or all of the shares of Series C Preferred Stock held by such holder pursuant to Section 5, in which case such holder will have the right only with respect to shares of Series C Preferred Stock that are not called for redemption) to convert each of the Series C Preferred Stock held by such holder (the "**Change of Control Conversion Right**") on the Change of Control Conversion Date into a number of shares of Class A Common Stock (the "**Common Stock Conversion Consideration**") equal to the

lesser of: (i) the quotient obtained by dividing (x) the sum of the Liquidation Preference per share of Series C Preferred Stock plus the amount of any accrued and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date for the Series C Preferred Stock, in which case no additional amount for such accrued and unpaid dividends shall be included in this sum) by (y) the Common Stock Price (as defined below) (such quotient, the "**Conversion Rate**"); and (ii) 8.4585 (the **"Share Cap"**), subject to adjustments provided in Section 7(b) below.

(b) The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of Class A Common Stock to existing holders of Class A Common Stock), subdivisions or combinations (in each case, a "**Share Split**") with respect to Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of Class A Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split. For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right shall not exceed the product of the Share Cap times the aggregate number of shares of the Series C Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "**Exchange Cap**"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

(c) The "**Change of Control Conversion Date**" is the date the Series C Preferred Stock is to be converted, which shall be a Business Day selected by the Corporation that is no fewer than 20 days nor more than 35 days after the date on which it provides the notice described in Section 7(h) to the holders of Series C Preferred Stock.

(d) The "**Common Stock Price**" is (i) if the consideration to be received in the Change of Control by the holders of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash (x) the average of the closing sale prices per share of Class A Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which Class A Common Stock is then traded, or (y) the average of the last quoted bid prices for Class A Common Stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if Class A Common Stock is not then listed for trading on a U.S. securities exchange.

(e) In the case of a Change of Control pursuant to which Class A Common Stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "**Alternative Form Consideration**"), a holder of Series C Preferred Stock shall receive upon conversion of such Series C Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Class A Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "**Alternative Conversion Consideration**"; the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the "**Conversion Consideration**").

(f) If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control shall be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and shall be subject to any limitations to which all holders of Class A Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

(g) No fractional shares of Class A Common Stock shall be issued upon the conversion of the Series C Preferred Stock in connection with a Change of Control. Instead, holders shall be entitled to receive the cash value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

(h) Within 15 days following the occurrence of a Change of Control, provided that the Corporation has not then exercised its right to redeem all shares of Series C Preferred Stock pursuant to Section 5, the Corporation shall provide to holders of Series C Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice shall be delivered to the holders of record of the shares of the Series C Preferred Stock in their addresses as they appear on the stock transfer records of the Corporation and shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series C Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem all or any shares of Series C Preferred Stock, holders will not be able to convert the shares of Series C Preferred Stock called for redemption and such shares will be redeemed on the related Redemption Date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series C Preferred Stock; (viii) the name and address of the paying agent, transfer agent and conversion agent for the Series C Preferred Stock; (ix) the procedures that the holders of Series C Preferred Stock

must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and (x) the last date on which holders of Series C Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

(i) The Corporation shall also issue a press release containing such notice provided for in Section 7(h) for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on its website, in any event prior to the opening of business on the first Business Day following any date on which it provides the notice provided for in Section 7(h) to the holders of Series C Preferred Stock.

(j) To exercise the Change of Control Conversion Right, the holders of Series C Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificate(s), if any, representing the shares of Series C Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series C Preferred Stock held in book-entry form through a Depositary, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series C Preferred Stock to be converted through the facilities of such Depositary), together with a written conversion notice in the form provided by the Corporation, duly completed, to its transfer agent. The conversion notice must state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series C Preferred Stock to be converted; and (iii) that the Series C Preferred Stock is to be converted pursuant to the applicable provisions of the Series C Preferred Stock.

(k) Holders of Series C Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the transfer agent of the Corporation prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state: (i) the number of withdrawn shares of Series C Preferred Stock; (ii) if certificated shares of Series C Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Series C Preferred Stock; and (iii) the number of shares of Series C Preferred Stock, if any, which remain subject to the holder's conversion notice.

(l) Notwithstanding anything to the contrary contained in Sections 7(j) and (k), if any shares of Series C Preferred Stock are held in book-entry form through The Depository Trust Company ("**DTC**") or a similar depositary (each, a "**Depositary**"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

(m) Series C Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date the Corporation has provided notice of its election to redeem some or all of the shares of Series C Preferred Stock pursuant to Section 5, in which case only the shares of Series C Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If the Corporation elects to redeem shares of Series C Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series C Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable Redemption Date the Redemption Price as provided in Section 5.

(n) The Corporation shall deliver all securities, cash and any other property owing upon conversion no later than the third Business Day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of Class A Common Stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

(o) Notwithstanding any other provision of the Series C Preferred Stock, no holder of Series C Preferred Stock shall be entitled to convert such Series C Preferred Stock into shares of Class A Common Stock or the Alternative Conversion Consideration, as the case may be, to the extent that receipt of such Class A Common Stock or the Alternative Conversion Consideration would cause such holder (or any other person) to exceed the applicable share ownership limitations contained in the Charter or this Articles Supplementary or the governing document of the surviving entity, as the case may be, unless the Corporation provides an exemption from this limitation to such holder pursuant to the Charter and this Articles Supplementary or the governing document of the surviving entity.

(p) Notwithstanding anything to the contrary herein and except as otherwise required by law, the persons who are the holders of record of shares of Series C Preferred Stock at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Dividend Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record at the close of business on such Dividend Record Date. Except as provided in this Section 7(p), the Corporation shall make no allowance for unpaid dividends that are not in arrears on the shares of Series C Preferred Stock to be converted.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of stock whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Corporation's total liabilities.

Section 9. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series C Preferred Stock, as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series C Preferred Stock;

(b) on a parity with the Series C Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series C Preferred Stock, if the holders of such class or series and the Series C Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series C Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of stock shall be Common Stock or if the holders of Series C Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series, and such class or series shall not in either case rank prior to the Series C Preferred Stock ("**Junior Shares**").

As of the date hereof, 2,900,000 authorized shares of Series A Preferred Stock, 14,900,000 authorized shares of Series B Preferred Stock, 8,050,000 authorized shares of Series D Preferred Stock, 10,350,000 authorized shares of Series E Preferred Stock, 10,400,000 authorized shares of Series F Preferred Stock, 3,450,000 authorized shares of Series G Preferred Stock and 11,500,000 authorized shares of Series H Preferred Stock rank on a parity with the Series C Preferred Stock as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up.

Section 10. Voting. Except as otherwise set forth herein, the Series C Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series C Preferred Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two and the holders of Series C Preferred Stock, together with the holders of shares of every series or class of Dividend Parity Stock having like voting rights (shares of any such series or class, including the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series G Preferred Stock and the Series H Preferred Stock, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect two additional directors (the "**Preferred Directors**") to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of Series C Preferred Stock and the Voting Preferred Shares called as hereinafter provided. For the avoidance of doubt, in

the election of both Preferred Directors, any outstanding shares of Series C Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock and other Voting Preferred Shares shall vote together as a class, and the affirmative vote of a plurality of the votes cast by holders of outstanding shares of Series C Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock and other Voting Preferred Shares shall be required to elect a Preferred Director. Whenever all arrears in dividends on the Series C Preferred Stock and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series C Preferred Stock and the Voting Preferred Shares to elect such two additional directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of the persons elected as director, by the holders of the Series C Preferred Stock and the Voting Preferred Shares shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series C Preferred Stock and the Voting Preferred Shares, the Secretary of the Corporation may, and upon the written request of any holder of Series C Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series C Preferred Stock and of the Voting Preferred Shares for the election of the directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series C Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series C Preferred Stock and the Voting Preferred Shares, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the stockholders or special meeting held in place thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as provided above. In no event shall the holders of Series C Preferred Stock be entitled pursuant to this Section 10 to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation’s stock is listed.

So long as any shares of Series C Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by the Charter, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series C Preferred Stock and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary (whether by merger, consolidation or otherwise) that materially and adversely affects the voting powers, rights or preferences of the holders of the Series C Preferred Stock or the Voting Preferred Shares; provided, however, that (i) the amendment of the provisions of the Charter so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series C Preferred Stock as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up or the Voting Preferred Shares (including any amendment to increase the amount of authorized shares of Series C Preferred Stock) shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series C Preferred Stock and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Corporation including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series C Preferred Stock, provided that: (1) the Corporation is the surviving entity and the Series C Preferred Stock remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series C Preferred Stock for other preferred stock, shares or other equity interests having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to that of the Series C Preferred Stock (except for changes that do not materially and adversely affect the holders of Series C Preferred Stock); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series C Preferred Stock or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series C Preferred Stock and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series C Preferred Stock in the distribution on any liquidation, dissolution or winding up of the Corporation or in the payment of dividends; provided, however, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series C Preferred Stock or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series C Preferred Stock or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof or, in the case of a merger, consolidation or otherwise, regardless of the date of the transaction, the holders of the Series C Preferred Stock receive in the transaction their liquidation preference plus accrued and unpaid dividends.

For purposes of determining the voting rights of the holders of the Series C Preferred Stock under this Section 10, each holder will be entitled to one vote for each Liquidation Preference per share with respect to shares of the Series C Preferred Stock held by such holder. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of the Series C Preferred Stock and any Voting Preferred Shares has been cast or given on any matter on which the holders of shares of the Series C Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

Section 11. Information Rights. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act and any shares of Series C Preferred Stock are outstanding, the Corporation will (i) transmit by mail to all holders of Series C Preferred Stock, as their names and addresses appear in the Corporation's record books and without cost to such holders, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series C Preferred Stock. The Corporation will mail the information to the holders of Series C Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Securities Exchange Act.

Section 12. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any Series C Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

Section 13. Restrictions on Ownership and Transfer. The Series C Preferred Stock constitutes Preferred Stock, and Preferred Stock constitutes Capital Stock of the Corporation. Therefore, the Series C Preferred Stock, being Capital Stock, is governed by and issued subject to all the limitations, terms and conditions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series C Preferred Stock of any other term or provision of the Charter.

EXHIBIT D
SERIES D PREFERRED STOCK

Under a power contained in the charter (the "**Charter**") of Colony NorthStar, Inc., a Maryland corporation (the "**Corporation**"), the Board of Directors of the Corporation, classified and designated 8,050,000 shares (the "**Shares**") of the Preferred Stock (as defined in the Charter), as shares of 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series D Preferred Stock**"), with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

8.500% Series D Cumulative Redeemable Perpetual Preferred Stock

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series D Preferred Stock**"), and 8,050,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions. For purposes of the Series D Preferred Stock, the following terms shall have the meanings indicated:

"Alternative Conversion Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Alternative Form Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Directors**" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series D Preferred Stock.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Change of Control Conversion Date**" shall have the meaning set forth in paragraph (c) of Section 7 hereof.

"**Change of Control Conversion Right**" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"**Change of Control**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Charter**" shall mean the charter of the Corporation.

"**Class A Common Stock**" shall mean the Class A Common Stock of the Corporation, par value $.01 per share.

"**Common Stock**" shall mean, collectively, the Class A Common Stock, the Class B Common Stock of the Corporation, par value $.01 per share, and the Performance Common Stock of the Corporation, par value $.01 per share.

"**Common Stock Conversion Consideration**" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"**Common Stock Price**" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Conversion Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Conversion Rate" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Depository" shall have the meaning set forth in paragraph (l) of Section 7 hereof.

"**Dividend Parity Stock**" shall have the meaning set forth in paragraph (c) of Section 3 hereof.

"**Dividend Payment Date**" shall mean February 15, May 15, August 15 and November 15, of each year, commencing on or about February 15, 2017; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall instead be paid on the first Business Day immediately following such Dividend Payment Date without any adjustment to the amount of the dividend due on that Dividend Payment Date on account of such delay.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Period**" shall mean a quarterly dividend period commencing on, and including, a Dividend Payment Date and ending on, but excluding, the next succeeding Dividend Payment Date (other than the initial Dividend Period with respect to each share of Series D Preferred Stock, which, (i) for shares of Series D Preferred Stock issued prior to January 11, 2017, shall commence on, and include, November 15, 2016 and end on, but exclude, the first Dividend Payment Date; and (ii) for shares of Series D Preferred Stock issued on or after January 11, 2017, shall commence on, and include, the Dividend Payment Date with respect to which dividends were actually paid on Series D Preferred Stock that were outstanding immediately preceding the issuance of such Series D Preferred Stock and end on, but exclude, the next succeeding Dividend Payment Date).

"DTC" shall have the meaning set forth in paragraph (l) of Section 7 hereof.

"Exchange Cap" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"**Junior Shares**" shall mean the Common Stock and any other class or series of stock of the Corporation constituting junior shares of stock within the meaning set forth in paragraph (c) of Section 9 hereof.

"**Liquidation Preference"** shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"**Person**" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"**Preferred Directors**" shall have the meaning set forth in Section 10 hereof.

"**Redemption Date**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Redemption Price**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Securities Exchange Act" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Series A Preferred Stock**" shall mean the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series B Preferred Stock**" shall mean the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series C Preferred Stock**" shall mean the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series D Preferred Stock**" shall have the meaning set forth in Section 1 hereof.

"**Series E Preferred Stock**" shall mean the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series F Preferred Stock**" shall mean the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series G Preferred Stock**" shall mean the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series H Preferred Stock**" shall mean the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Set apart for payment**" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of shares of stock of the Corporation.

"Share Cap" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Share Split" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"**Transfer Agent**" means American Stock Transfer & Trust Company, New York, New York, or such other agent or agents of the Corporation as may be designated by the Board of Directors or its designee as the transfer agent for the Series D Preferred Stock.

"**Voting Preferred Shares**" shall have the meaning set forth in Section 10 hereof.

"**Voting Stock**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

Section 3. Dividends. (a) The holders of Series D Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash at the rate per annum of $2.125 per share of Series D Preferred Stock (the "**Annual Dividend Rate**") (equivalent to a rate of 8.500% of the Liquidation Preference per annum). Such dividends with respect to each share of Series D Preferred Stock issued prior to January 11, 2017 shall be

cumulative from, and including, November 15, 2016 and with respect to each share of Series D Preferred Stock issued on or after January 11, 2017 shall be cumulative from, and including, the Dividend Payment Date with respect to which dividends were actually paid on shares of Series D Preferred Stock that were outstanding immediately preceding the issuance of such shares of Series D Preferred Stock, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Directors and declared by the Corporation, in arrears on Dividend Payment Dates, commencing with respect to each share of Series D Preferred Stock on the first Dividend Payment Date following issuance of such shares of Series D Preferred Stock. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series D Preferred Stock, as they appear on the share records of the Corporation at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 30 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series D Preferred Stock shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series D Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series D Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series D Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D Preferred Stock that may be in arrears.

(c) So long as any shares of Series D Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of capital stock of the Corporation ranking on a parity with the Series D Preferred Stock as to payment of dividends ("**Dividend Parity Stock**") for any period unless full cumulative dividends have been or contemporaneously are authorized, declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for such payment on the Series D Preferred Stock for all past Dividend Periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series D Preferred Stock and all dividends authorized and declared upon any series or class or classes of Dividend Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accrued and unpaid on the Series D Preferred Stock and such Dividend Parity Stock.

(d) So long as any shares of Series D Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than (i) a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, (ii) pursuant to Article VII of the Charter, (iii) as a result of a reclassification of such Junior Shares for or into other Junior Shares, or (iv) the purchase of fractional interests in Junior Shares pursuant to the conversion or exchange provisions of any securities convertible into or exchangeable for such Junior Shares), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case the full cumulative dividends on all outstanding Series D Preferred Stock and any Dividend Parity Stock of the Corporation shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series D Preferred Stock and all past dividend periods with respect to such Dividend Parity Stock.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series D Preferred Stock shall be entitled to receive $25.00 per share of the Series D Preferred Stock (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series D Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Series D Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other capital stock of the Corporation ranking on a parity with the Series D Preferred Stock as to such distribution, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series D Preferred Stock and any such other stock ratably in accordance with the respective amounts that would be payable on such Series D Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of stock ranking on a parity with or prior to the Series D Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series D Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation.

(a) Notwithstanding anything to the contrary contained in Section 7(a), upon the occurrence of a Change of Control, the Corporation may, at its option, upon not less than 30 nor more than 90 days' written notice, redeem the Series D Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date fixed for redemption (the "**Redemption Price**"); provided that, if the Redemption Date is after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, no additional amount for such accrued and unpaid dividend will be included in the Redemption Price and the dividend payments on such Dividend Payment Date shall be made pursuant to Section 5(d). If, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem some or all of the shares of Series D Preferred Stock pursuant to this Section 5, the holders of Series D Preferred Stock will not have the Change of Control Conversion Right (as hereinafter defined) with respect to the shares called for redemption. If the Corporation elects to redeem any shares of Series D Preferred Stock as described in this Section 5(a), it may use any available cash to pay the Redemption Price, and it will not be required to pay the Redemption Price only out of the proceeds from the issuance of other equity securities or any other specific source. A "**Change of Control**" shall be deemed to have occurred at such time as (i) (A) the date a "person", including any syndicate or group deemed to be a person within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Securities Exchange Act**") becomes the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of voting stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of voting stock representing more than 50% of the total voting power of the total voting stock of the Corporation; or (B) the date of the consummation of a merger or share exchange of the Corporation with another entity where the Corporation's stockholders immediately prior to the merger or share exchange would not beneficially own, immediately after the merger or share exchange, shares representing 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate group vote) to which all stockholders of the corporation issuing cash or securities in the merger or share exchange would be entitled in the election of directors, or where members of the Board of Directors immediately prior to the merger or share exchange would not immediately after the merger or share exchange constitute a majority of the board of directors of the corporation issuing cash or securities in the merger or share exchange, and (ii) following the closing of any transaction referred to in clause (i), neither the Corporation nor the acquiring or surviving entity has a class of common equity securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange, the NYSE MKT or the NASDAQ Stock Market, or listed or quoted on an exchange or quotation system that is a successor to any such securities exchange. "**Voting Stock**" shall mean stock of any class or kind having the power to vote generally in the election of directors. Any redemption pursuant to this Section 5(a) shall follow generally the procedures set forth in the second paragraph of Section 5(c).

(b) Except as otherwise permitted by the Charter and paragraph (a) above, the Series D Preferred Stock shall not be redeemable by the Corporation prior to April 10, 2018. On and after April 10, 2018, the Corporation, at its option, may redeem the shares of Series D Preferred Stock, in whole or in part, as set forth herein, subject to the provisions described below.

(c) On and after April 10, 2018, the Series D Preferred Stock shall be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at the Redemption Price. Each date on which Series D Preferred Stock are to be redeemed (a "**Redemption Date**") shall be selected by the Corporation, shall be specified in the notice of redemption and shall not be less than 30 days or more than 90 days after the date on which the Corporation gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption (which may be contingent on the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 90 days prior to the Redemption Date, addressed to the respective holders of record of the Series D Preferred Stock at their respective addresses as they appear on the Corporation's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series D Preferred Stock except as to the holder to whom notice was defective or not given (unless such a holder elects to tender such holder's shares). Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of shares of Series D Preferred Stock to be redeemed and, if fewer than all the shares of Series D Preferred Stock held by such holder are to be redeemed, the number of such shares of Series D Preferred Stock to be redeemed from such holder; (iv) the place or places where the certificates representing the shares of Series D Preferred Stock are to be surrendered for payment of the Redemption Price, if any of such shares are certificated; (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein; and (vi) if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series D Preferred Stock being so called for redemption will not be able to tender such shares of Series D Preferred Stock for conversion in connection with the Change of Control and that each share of Series D Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined below), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date. Notwithstanding the foregoing, no notice of redemption will be required where the Corporation elects to redeem Series D Preferred Stock pursuant to Section 5(b) and Article VII of the Charter to preserve its REIT qualification for federal income tax purposes.

(d) If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series D Preferred Stock at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series D Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of such Series D Preferred Stock before such Dividend Payment Date. Except as provided in calculating the Redemption Price and in this Section 5(d), the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series D Preferred Stock called for redemption.

(e) If full cumulative dividends for all past dividend periods on the Series D Preferred Stock and any series or class or classes of Dividend Parity Stock of the Corporation have not been paid or declared and set apart for payment, except as otherwise permitted under the Charter, the Series D Preferred Stock may not be redeemed in part and the Corporation may not purchase, redeem or otherwise acquire Series D Preferred Stock or any capital stock of the Corporation ranking on a parity with the Series D Preferred Stock as to payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, other than in exchange for Junior Shares.

(f) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Series D Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series D Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holder of Series D Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares of Series D Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state), such shares of Series D Preferred Stock shall be exchanged for the cash (without interest thereon) for which such shares of Series D Preferred Stock have been redeemed. If fewer than all of the outstanding shares of Series D Preferred Stock are to be redeemed, the shares of Series D Preferred Stock to be redeemed shall be selected by the Corporation from the outstanding shares

of Series D Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If fewer than all the shares of Series D Preferred Stock represented by any certificate are redeemed, then new certificates representing the unredeemed shares of Series D Preferred Stock shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All shares of Series D Preferred Stock that have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. Conversion Rights. Except as provided in this Section 7, the Series D Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation at the option of any holder of Series D Preferred Stock.

(a) Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock shall have the right (unless, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem some or all of the shares of Series D Preferred Stock held by such holder pursuant to Section 5, in which case such holder will have the right only with respect to shares of Series D Preferred Stock that are not called for redemption) to convert each of the Series D Preferred Stock held by such holder (the "**Change of Control Conversion Right**") on the Change of Control Conversion Date into a number of shares of Class A Common Stock (the "**Common Stock Conversion Consideration**") equal to the lesser of: (i) the quotient obtained by dividing (x) the sum of the Liquidation Preference per share of Series D Preferred Stock plus the amount of any accrued and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date for the Series D Preferred Stock, in which case no additional amount for such accrued and unpaid dividends shall be included in this sum) by (y) the Common Stock Price (as defined below) (such quotient, the "**Conversion Rate**"); and (ii) 5.8241 (the **"Share Cap"**), subject to adjustments provided in Section 7(b) below.

(b) The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of Class A Common Stock to existing holders of Class A Common Stock), subdivisions or combinations (in each case, a "**Share Split**") with respect to Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of Class A Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split. For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right shall not exceed the product of the Share

Cap times the aggregate number of shares of the Series D Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "**Exchange Cap**"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

(c) The "**Change of Control Conversion Date**" is the date the Series D Preferred Stock is to be converted, which shall be a Business Day selected by the Corporation that is no fewer than 20 days nor more than 35 days after the date on which it provides the notice described in Section 7(h) to the holders of Series D Preferred Stock.

(d) The "**Common Stock Price**" is (i) if the consideration to be received in the Change of Control by the holders of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash (x) the average of the closing sale prices per share of Class A Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which Class A Common Stock is then traded, or (y) the average of the last quoted bid prices for Class A Common Stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if Class A Common Stock is not then listed for trading on a U.S. securities exchange.

(e) In the case of a Change of Control pursuant to which Class A Common Stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "**Alternative Form Consideration**"), a holder of Series D Preferred Stock shall receive upon conversion of such Series D Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Class A Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "**Alternative Conversion Consideration**"; the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the "**Conversion Consideration**").

(f) If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control shall be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and shall be subject to any limitations to which all holders of Class A Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

(g) No fractional shares of Class A Common Stock shall be issued upon the conversion of the Series D Preferred Stock in connection with a Change of Control. Instead, holders shall be entitled to receive the cash value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

(h) Within 15 days following the occurrence of a Change of Control, provided that the Corporation has not then exercised its right to redeem all shares of Series D Preferred Stock pursuant to Section 5, the Corporation shall provide to holders of Series D Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice shall be delivered to the holders of record of the shares of the Series D Preferred Stock in their addresses as they appear on the stock transfer records of the Corporation and shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series D Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem all or any shares of Series D Preferred Stock, holders will not be able to convert the shares of Series D Preferred Stock called for redemption and such shares will be redeemed on the related Redemption Date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series D Preferred Stock; (viii) the name and address of the paying agent, transfer agent and conversion agent for the Series D Preferred Stock; (ix) the procedures that the holders of Series D Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and (x) the last date on which holders of Series D Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

(i) The Corporation shall also issue a press release containing such notice provided for in Section 7(h) for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on its website, in any event prior to the opening of business on the first Business Day following any date on which it provides the notice provided for in Section 7(h) to the holders of Series D Preferred Stock.

(j) To exercise the Change of Control Conversion Right, the holders of Series D Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificate(s), if any, representing the shares of Series D Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series D Preferred Stock held in book-entry form through a Depositary, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series D Preferred Stock to be converted through the facilities of such Depositary), together with a written conversion notice in the form provided by the Corporation, duly completed, to its transfer agent. The conversion notice must state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series D Preferred Stock to be converted; and (iii) that the Series D Preferred Stock is to be converted pursuant to the applicable provisions of the Series D Preferred Stock.

(k) Holders of Series D Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the transfer agent of the Corporation prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state: (i) the number of withdrawn shares of Series D Preferred Stock; (ii) if certificated shares of Series D Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Series D Preferred Stock; and (iii) the number of shares of Series D Preferred Stock, if any, which remain subject to the holder's conversion notice.

(l) Notwithstanding anything to the contrary contained in Sections 7(j) and (k), if any shares of Series D Preferred Stock are held in book-entry form through The Depository Trust Company ("**DTC**") or a similar depositary (each, a "**Depositary**"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

(m) Series D Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date the Corporation has provided notice of its election to redeem some or all of the shares of Series D Preferred Stock pursuant to Section 5, in which case only the shares of Series D Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If the Corporation elects to redeem shares of Series D Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series D Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable Redemption Date the Redemption Price as provided in Section 5.

(n) The Corporation shall deliver all securities, cash and any other property owing upon conversion no later than the third Business Day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of Class A Common Stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

(o) Notwithstanding any other provision of the Series D Preferred Stock, no holder of Series D Preferred Stock shall be entitled to convert such Series D Preferred Stock into shares of Class A Common Stock or the Alternative Conversion Consideration, as the case may be, to the extent that receipt of such Class A Common Stock or the Alternative Conversion Consideration would cause such holder (or any other person) to exceed the applicable share ownership limitations contained in the Charter or this Articles Supplementary or the governing document of the surviving entity, as the case may be, unless the Corporation provides an exemption from this limitation to such holder pursuant to the Charter and this Articles Supplementary or the governing document of the surviving entity.

(p) Notwithstanding anything to the contrary herein and except as otherwise required by law, the persons who are the holders of record of shares of Series D Preferred Stock at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Dividend Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record at the close of business on such Dividend Record Date. Except as provided in this Section 7(p), the Corporation shall make no allowance for unpaid dividends that are not in arrears on the shares of Series D Preferred Stock to be converted.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of stock whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Corporation's total liabilities.

Section 9. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series D Preferred Stock, as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D Preferred Stock;

(b) on a parity with the Series D Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series D Preferred Stock, if the holders of such class or series and the Series D Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series D Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of stock shall be Common Stock or if the holders of Series D Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series, and such class or series shall not in either case rank prior to the Series D Preferred Stock ("**Junior Shares**").

As of the date hereof, 2,900,000 authorized shares of Series A Preferred Stock, 14,900,000 authorized shares of Series B Preferred Stock, 5,750,000 authorized shares of Series C Preferred Stock, 10,350,000 authorized shares of Series E Preferred Stock, 10,400,000 authorized shares of Series F Preferred Stock, 3,450,000 authorized shares of Series G Preferred Stock and 11,500,000 authorized shares of Series H Preferred Stock rank on a parity with the Series D Preferred Stock as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up.

Section 10. Voting. Except as otherwise set forth herein, the Series D Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D Preferred Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two and the holders of Series D Preferred Stock, together with the holders of shares of every series or class of Dividend Parity Stock having like voting rights (shares of any such series or class, including the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series G Preferred Stock and the Series H Preferred Stock, the "**Voting Preferred Shares**"), voting as a single class regardless of series, shall be entitled to elect two additional directors (the "**Preferred Directors**") to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of Series D Preferred Stock and the Voting Preferred Shares called as hereinafter provided. For the avoidance of doubt, in the election of both Preferred Directors, any outstanding shares of Series D Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock and other Voting Preferred Shares shall vote together as a class, and the affirmative vote of a plurality of the votes cast by holders of outstanding shares of Series D Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock and other Voting Preferred Shares shall be required to elect a Preferred Director. Whenever all arrears in dividends on the

Series D Preferred Stock and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series D Preferred Stock and the Voting Preferred Shares to elect such two additional directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of the persons elected as director, by the holders of the Series D Preferred Stock and the Voting Preferred Shares shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series D Preferred Stock and the Voting Preferred Shares, the Secretary of the Corporation may, and upon the written request of any holder of Series D Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series D Preferred Stock and of the Voting Preferred Shares for the election of the directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series D Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series D Preferred Stock and the Voting Preferred Shares, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the stockholders or special meeting held in place thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as provided above. In no event shall the holders of Series D Preferred Stock be entitled pursuant to this Section 10 to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation's stock is listed.

So long as any shares of Series D Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by the Charter, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series D Preferred Stock and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary (whether by merger, consolidation or otherwise) that materially and adversely affects the voting powers, rights or preferences of the holders of the Series D Preferred Stock or the Voting Preferred Shares; provided, however, that (i) the amendment of the provisions of the Charter so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity

with the Series D Preferred Stock as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up or the Voting Preferred Shares (including any amendment to increase the amount of authorized shares of Series D Preferred Stock) shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series D Preferred Stock and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Corporation including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series D Preferred Stock, provided that: (1) the Corporation is the surviving entity and the Series D Preferred Stock remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series D Preferred Stock for other preferred stock, shares or other equity interests having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to that of the Series D Preferred Stock (except for changes that do not materially and adversely affect the holders of Series D Preferred Stock); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series D Preferred Stock or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series D Preferred Stock and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series D Preferred Stock in the distribution on any liquidation, dissolution or winding up of the Corporation or in the payment of dividends; provided, however, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series D Preferred Stock or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series D Preferred Stock or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof or, in the case of a merger, consolidation or otherwise, regardless of the date of the transaction, the holders of the Series D Preferred Stock receive in the transaction their liquidation preference plus accrued and unpaid dividends.

For purposes of determining the voting rights of the holders of the Series D Preferred Stock under this Section 10, each holder will be entitled to one vote for each Liquidation Preference per share with respect to shares of the Series D Preferred Stock held by such holder. Whether the vote or consent of the holders of a plurality, majority or other portion

of the shares of the Series D Preferred Stock and any Voting Preferred Shares has been cast or given on any matter on which the holders of shares of the Series D Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

Section 11. Information Rights. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act and any shares of Series D Preferred Stock are outstanding, the Corporation will (i) transmit by mail to all holders of Series D Preferred Stock, as their names and addresses appear in the Corporation's record books and without cost to such holders, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series D Preferred Stock. The Corporation will mail the information to the holders of Series D Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Securities Exchange Act.

Section 12. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any Series D Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

Section 13. Restrictions on Ownership and Transfer. The Series D Preferred Stock constitutes Preferred Stock, and Preferred Stock constitutes Capital Stock of the Corporation. Therefore, the Series D Preferred Stock, being Capital Stock, is governed by and issued subject to all the limitations, terms and conditions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series D Preferred Stock of any other term or provision of the Charter.

EXHIBIT E
SERIES E PREFERRED STOCK

Under a power contained in the charter (the "**Charter**") of Colony NorthStar, Inc., a Maryland corporation (the "**Corporation**"), the Board of Directors of the Corporation, classified and designated 10,350,000 shares (the "**Shares**") of the Preferred Stock (as defined in the Charter), as shares of 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series E Preferred Stock**"), with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

8.75% Series E Cumulative Redeemable Perpetual Preferred Stock

Section 1. Number of Shares and Designation. This series of Preferred Stock shall be designated as 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share (the "**Series E Preferred Stock**"), and 10,350,000 shall be the number of shares of Preferred Stock constituting such series.

Section 2. Definitions**.** For purposes of the Series E Preferred Stock, the following terms shall have the meanings indicated:

"Alternative Conversion Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Alternative Form Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"**Annual Dividend Rate**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Board of Directors**" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series E Preferred Stock.

"**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"**Change of Control Conversion Date**" shall have the meaning set forth in paragraph (c) of Section 7 hereof.

"**Change of Control Conversion Right**" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"**Change of Control**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Charter**" shall mean the charter of the Corporation.

"**Class A Common Stock**" shall mean the Class A Common Stock of the Corporation, par value $.01 per share.

"**Common Stock**" shall mean, collectively, the Class A Common Stock, the Class B Common Stock of the Corporation, par value $.01 per share, and the Performance Common Stock of the Corporation, par value $.01 per share.

"**Common Stock Conversion Consideration**" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"**Common Stock Price**" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Conversion Consideration" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Conversion Rate" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Depository" shall have the meaning set forth in paragraph (l) of Section 7 hereof.

"**Dividend Parity Stock**" shall have the meaning set forth in paragraph (c) of Section 3 hereof.

"**Dividend Payment Date**" shall mean February 15, May 15, August 15 and November 15, of each year, commencing on or about February 15, 2017; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall instead be paid on the first Business Day immediately following such Dividend Payment Date without any adjustment to the amount of the dividend due on that Dividend Payment Date on account of such delay.

"**Dividend Payment Record Date**" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"**Dividend Period**" shall mean a quarterly dividend period commencing on, and including, a Dividend Payment Date and ending on, but excluding, the next succeeding Dividend Payment Date (other than the initial Dividend Period with respect to each share of Series E Preferred Stock, which, (i) for shares of Series E Preferred Stock issued prior to January 11, 2017, shall commence on, and include, November 15, 2016 and end on, but exclude, the first Dividend Payment Date; and (ii) for shares of Series E Preferred

Stock issued on or after January 11, 2017, shall commence on, and include, the Dividend Payment Date with respect to which dividends were actually paid on Series E Preferred Stock that were outstanding immediately preceding the issuance of such Series E Preferred Stock and end on, but exclude, the next succeeding Dividend Payment Date).

"DTC" shall have the meaning set forth in paragraph (l) of Section 7 hereof.

"Exchange Cap" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"**Junior Shares**" shall mean the Common Stock and any other class or series of stock of the Corporation constituting junior shares of stock within the meaning set forth in paragraph (c) of Section 9 hereof.

"**Liquidation Preference"** shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"**Person**" shall mean any individual, firm, partnership, corporation, limited liability company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"**Preferred Directors**" shall have the meaning set forth in Section 10 hereof.

"**Redemption Date**" shall have the meaning set forth in paragraph (c) of Section 5 hereof.

"**Redemption Price**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Securities Exchange Act" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"**Series A Preferred Stock**" shall mean the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series B Preferred Stock**" shall mean the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series C Preferred Stock**" shall mean the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series D Preferred Stock**" shall mean the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series E Preferred Stock**" shall have the meaning set forth in Section 1 hereof.

"**Series F Preferred Stock**" shall mean the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series G Preferred Stock**" shall mean the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Series H Preferred Stock**" shall mean the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share.

"**Set apart for payment**" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a dividend or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of shares of stock of the Corporation.

"Share Cap" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Share Split" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"**Transfer Agent**" means American Stock Transfer & Trust Company, New York, New York, or such other agent or agents of the Corporation as may be designated by the Board of Directors or its designee as the transfer agent for the Series E Preferred Stock.

"**Voting Preferred Shares**" shall have the meaning set forth in Section 10 hereof.

"**Voting Stock**" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

Section 3. Dividends. (a) The holders of Series E Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation out of assets legally available for that purpose, dividends payable in cash at the rate per annum of $2.1875 per share of Series E Preferred Stock (the "**Annual Dividend Rate**") (equivalent to a rate of 8.75% of the Liquidation Preference per annum). Such dividends with respect to each share of Series E Preferred Stock issued prior to January 11, 2017 shall be cumulative from, and including, November 15, 2016 and with respect to each share of Series E Preferred Stock issued on or after January 11, 2017 shall be cumulative from, and including, the Dividend Payment Date with respect to which dividends were actually paid on shares of Series E Preferred Stock that were outstanding immediately preceding the issuance of such shares of Series E Preferred Stock, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized by the Board of Directors and declared by the Corporation, in arrears on Dividend Payment Dates, commencing with respect to each share of Series E Preferred Stock on the first Dividend Payment Date following issuance of such shares of Series E Preferred Stock. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in any Dividend Period or Periods there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of

record of the Series E Preferred Stock, as they appear on the share records of the Corporation at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "**Dividend Payment Record Date**"), as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 30 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series E Preferred Stock shall be computed by dividing the Annual Dividend Rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series E Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of Series E Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series E Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series E Preferred Stock that may be in arrears.

(c) So long as any shares of Series E Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of capital stock of the Corporation ranking on a parity with the Series E Preferred Stock as to payment of dividends ("**Dividend Parity Stock**") for any period unless full cumulative dividends have been or contemporaneously are authorized, declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for such payment on the Series E Preferred Stock for all past Dividend Periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon Series E Preferred Stock and all dividends authorized and declared upon any series or class or classes of Dividend Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accrued and unpaid on the Series E Preferred Stock and such Dividend Parity Stock.

(d) So long as any shares of Series E Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Shares) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (other than (i) a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, (ii) pursuant to Article VII of the Charter, (iii) as a result of a reclassification of such Junior Shares for or into other Junior Shares, or (iv) the purchase of fractional interests in Junior Shares pursuant to the conversion or exchange provisions of any securities convertible into or exchangeable for such Junior Shares), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Shares), unless in each case the full cumulative dividends on all outstanding Series E Preferred Stock and any Dividend Parity Stock of the Corporation shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series E Preferred Stock and all past dividend periods with respect to such Dividend Parity Stock.

Section 4. Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series E Preferred Stock shall be entitled to receive $25.00 per share of the Series E Preferred Stock (the "**Liquidation Preference**") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holder; but such holders of Series E Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Series E Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other capital stock of the Corporation ranking on a parity with the Series E Preferred Stock as to such distribution, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series E Preferred Stock and any such other stock ratably in accordance with the respective amounts that would be payable on such Series E Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory share exchange and (iii) a sale or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Subject to the rights of the holders of shares of any series or class or classes of shares of stock ranking on a parity with or prior to the Series E Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series E Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Shares shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series E Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation.

(a) Notwithstanding anything to the contrary contained in Section 7(a), upon the occurrence of a Change of Control, the Corporation may, at its option, upon not less than 30 nor more than 90 days' written notice, redeem the Series E Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date fixed for redemption (the "**Redemption Price**"); provided that, if the Redemption Date is after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, no additional amount for such accrued and unpaid dividend will be included in the Redemption Price and the dividend payments on such Dividend Payment Date shall be made pursuant to Section 5(d). If, prior to the Change of Control Conversion Date, the Corporation has provided notice of its

election to redeem some or all of the shares of Series E Preferred Stock pursuant to this Section 5, the holders of Series E Preferred Stock will not have the Change of Control Conversion Right (as hereinafter defined) with respect to the shares called for redemption. If the Corporation elects to redeem any shares of Series E Preferred Stock as described in this Section 5(a), it may use any available cash to pay the Redemption Price, and it will not be required to pay the Redemption Price only out of the proceeds from the issuance of other equity securities or any other specific source. A "**Change of Control**" shall be deemed to have occurred at such time as (i) (A) the date a "person", including any syndicate or group deemed to be a person within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Securities Exchange Act**") becomes the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of voting stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of voting stock representing more than 50% of the total voting power of the total voting stock of the Corporation; or (B) the date of the consummation of a merger or share exchange of the Corporation with another entity where the Corporation's stockholders immediately prior to the merger or share exchange would not beneficially own, immediately after the merger or share exchange, shares representing 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate group vote) to which all stockholders of the corporation issuing cash or securities in the merger or share exchange would be entitled in the election of directors, or where members of the Board of Directors immediately prior to the merger or share exchange would not immediately after the merger or share exchange constitute a majority of the board of directors of the corporation issuing cash or securities in the merger or share exchange, and (ii) following the closing of any transaction referred to in clause (i), neither the Corporation nor the acquiring or surviving entity has a class of common equity securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange, the NYSE MKT or the NASDAQ Stock Market, or listed or quoted on an exchange or quotation system that is a successor to any such securities exchange. "**Voting Stock**" shall mean stock of any class or kind having the power to vote generally in the election of directors. Any redemption pursuant to this Section 5(a) shall follow generally the procedures set forth in the second paragraph of Section 5(c).

(b) Except as otherwise permitted by the Charter and paragraph (a) above, the Series E Preferred Stock shall not be redeemable by the Corporation prior to May 15, 2019. On and after May 15, 2019, the Corporation, at its option, may redeem the shares of Series E Preferred Stock, in whole or in part, as set forth herein, subject to the provisions described below.

(c) On and after May 15, 2019, the Series E Preferred Stock shall be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at the Redemption Price. Each date on which Series E Preferred Stock are to be redeemed (a "**Redemption Date**") shall be selected by the Corporation, shall be specified in the notice of redemption and shall not be less than 30 days or more than 90 days after the date on which the Corporation gives, or causes to be given, notice of redemption by mail pursuant to the next paragraph.

A notice of redemption (which may be contingent on the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 90 days prior to the Redemption Date, addressed to the respective holders of record of the Series E Preferred Stock at their respective addresses as they appear on the Corporation's share transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any Series E Preferred Stock except as to the holder to whom notice was defective or not given (unless such a holder elects to tender such holder's shares). Each notice shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the number of shares of Series E Preferred Stock to be redeemed and, if fewer than all the shares of Series E Preferred Stock held by such holder are to be redeemed, the number of such shares of Series E Preferred Stock to be redeemed from such holder; (iv) the place or places where the certificates representing the shares of Series E Preferred Stock are to be surrendered for payment of the Redemption Price, if any of such shares are certificated; (v) that distributions on the shares to be redeemed will cease to accrue on such Redemption Date except as otherwise provided herein; and (vi) if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series E Preferred Stock being so called for redemption will not be able to tender such shares of Series E Preferred Stock for conversion in connection with the Change of Control and that each share of Series E Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined below), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date. Notwithstanding the foregoing, no notice of redemption will be required where the Corporation elects to redeem Series E Preferred Stock pursuant to Section 5(b) and Article VII of the Charter to preserve its REIT qualification for federal income tax purposes.

(d) If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then each holder of Series E Preferred Stock at the close of business on such Dividend Payment Record Date shall be entitled to the dividend payable on such Series E Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of such Series E Preferred Stock before such Dividend Payment Date. Except as provided in calculating the Redemption Price and in this Section 5(d), the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series E Preferred Stock called for redemption.

(e) If full cumulative dividends for all past dividend periods on the Series E Preferred Stock and any series or class or classes of Dividend Parity Stock have not been paid or declared and set apart for payment, except as otherwise permitted under the Charter, the Series E Preferred Stock may not be redeemed in part and the Corporation may not purchase, redeem or otherwise acquire Series E Preferred Stock or any capital stock of the Corporation ranking on a parity with the Series E Preferred Stock as to payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, other than in exchange for Junior Shares.

(f) Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Series E Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series E

Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, or in Baltimore, Maryland and that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least $50,000,000, the cash necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the Series E Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holder of Series E Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with said notice of the certificates for any such shares of Series E Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state), such shares of Series E Preferred Stock shall be exchanged for the cash (without interest thereon) for which such shares of Series E Preferred Stock have been redeemed. If fewer than all of the outstanding shares of Series E Preferred Stock are to be redeemed, the shares of Series E Preferred Stock to be redeemed shall be selected by the Corporation from the outstanding shares of Series E Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be possible). If fewer than all the shares of Series E Preferred Stock represented by any certificate are redeemed, then new certificates representing the unredeemed shares of Series E Preferred Stock shall be issued without cost to the holder thereof.

Section 6. Reacquired Shares to Be Retired. All shares of Series E Preferred Stock that have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

Section 7. Conversion Rights. Except as provided in this Section 7, the Series E Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation at the option of any holder of Series E Preferred Stock.

(a) Upon the occurrence of a Change of Control, each holder of Series E Preferred Stock shall have the right (unless, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem some or all of the shares of Series E Preferred Stock held by such holder pursuant to Section 5, in which case such holder will have the right only with respect to shares of Series E Preferred Stock that are not called for redemption) to convert each of the Series E Preferred Stock held by such holder (the "**Change of Control Conversion Right**") on the Change of Control Conversion Date into a number of shares of Class A Common Stock (the "**Common Stock Conversion Consideration**") equal to the lesser of: (i) the quotient obtained by dividing (x) the sum of the Liquidation Preference per share of Series E Preferred Stock plus the amount of any accrued and unpaid dividends thereon

to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date for the Series E Preferred Stock, in which case no additional amount for such accrued and unpaid dividends shall be included in this sum) by (y) the Common Stock Price (as defined below) (such quotient, the "**Conversion Rate**"); and (ii) 3.5403 (the **"Share Cap"**), subject to adjustments provided in Section 7(b) below.

(b) The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of Class A Common Stock to existing holders of Class A Common Stock), subdivisions or combinations (in each case, a "**Share Split**") with respect to Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of Class A Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split. For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right shall not exceed the product of the Share Cap times the aggregate number of shares of the Series E Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "**Exchange Cap**"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

(c) The "**Change of Control Conversion Date**" is the date the Series E Preferred Stock is to be converted, which shall be a Business Day selected by the Corporation that is no fewer than 20 days nor more than 35 days after the date on which it provides the notice described in Section 7(h) to the holders of Series E Preferred Stock.

(d) The "**Common Stock Price**" is (i) if the consideration to be received in the Change of Control by the holders of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash (x) the average of the closing sale prices per share of Class A Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which Class A Common Stock is then traded, or (y) the average of the last quoted bid prices for Class A Common Stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if Class A Common Stock is not then listed for trading on a U.S. securities exchange.

(e) In the case of a Change of Control pursuant to which Class A Common Stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "**Alternative Form Consideration**"), a holder of Series E Preferred Stock shall receive upon conversion of such Series E Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Class A Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "**Alternative Conversion Consideration**"; the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the "**Conversion Consideration**").

(f) If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control shall be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of Class A Common Stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and shall be subject to any limitations to which all holders of Class A Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

(g) No fractional shares of Class A Common Stock shall be issued upon the conversion of the Series E Preferred Stock in connection with a Change of Control. Instead, holders shall be entitled to receive the cash value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

(h) Within 15 days following the occurrence of a Change of Control, provided that the Corporation has not then exercised its right to redeem all shares of Series E Preferred Stock pursuant to Section 5, the Corporation shall provide to holders of Series E Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice shall be delivered to the holders of record of the shares of the Series E Preferred Stock in their addresses as they appear on the stock transfer records of the Corporation and shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series E Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided notice of its election to redeem all or any shares of Series E Preferred Stock, holders will not be able to convert the shares of Series E Preferred Stock called for redemption and such shares will be redeemed on the related Redemption Date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series E Preferred Stock; (viii) the name and address of the paying agent, transfer agent and conversion agent for the Series E Preferred Stock; (ix) the procedures that the holders of Series E Preferred Stock

must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and (x) the last date on which holders of Series E Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

(i) The Corporation shall also issue a press release containing such notice provided for in Section 7(h) for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on its website, in any event prior to the opening of business on the first Business Day following any date on which it provides the notice provided for in Section 7(h) to the holders of Series E Preferred Stock.

(j) To exercise the Change of Control Conversion Right, the holders of Series E Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificate(s), if any, representing the shares of Series E Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series E Preferred Stock held in book-entry form through a Depositary, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series E Preferred Stock to be converted through the facilities of such Depositary), together with a written conversion notice in the form provided by the Corporation, duly completed, to its transfer agent. The conversion notice must state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series E Preferred Stock to be converted; and (iii) that the shares of Series E Preferred Stock are to be converted pursuant to the applicable provisions of the Series E Preferred Stock.

(k) Holders of Series E Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the transfer agent of the Corporation prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state: (i) the number of withdrawn shares of Series E Preferred Stock; (ii) if certificated shares of Series E Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Series E Preferred Stock; and (iii) the number of shares of Series E Preferred Stock, if any, which remain subject to the holder's conversion notice.

(l) Notwithstanding anything to the contrary contained in Sections 7(j) and (k), if any shares of Series E Preferred Stock are held in book-entry form through The Depository Trust Company ("**DTC**") or a similar depositary (each, a "**Depositary**"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of DTC or the applicable Depositary.

(m) Series E Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date the Corporation has provided notice of its election to redeem some or all of the shares of Series E Preferred Stock pursuant to Section 5, in which case only the shares of Series E Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If the Corporation elects to redeem shares of Series E Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series E Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable Redemption Date the Redemption Price as provided in Section 5.

(n) The Corporation shall deliver all securities, cash and any other property owing upon conversion no later than the third Business Day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of Class A Common Stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

(o) Notwithstanding any other provision of the Series E Preferred Stock, no holder of Series E Preferred Stock shall be entitled to convert such Series E Preferred Stock into shares of Class A Common Stock or the Alternative Conversion Consideration, as the case may be, to the extent that receipt of such Class A Common Stock or the Alternative Conversion Consideration would cause such holder (or any other person) to exceed the applicable share ownership limitations contained in the Charter or this Articles Supplementary or the governing document of the surviving entity, as the case may be, unless the Corporation provides an exemption from this limitation to such holder pursuant to the Charter and this Articles Supplementary or the surviving entity provides an exemption pursuant to the governing document of the surviving entity.

(p) Notwithstanding anything to the contrary herein and except as otherwise required by law, the persons who are the holders of record of shares of Series E Preferred Stock at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Dividend Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record at the close of business on such Dividend Record Date. Except as provided in this Section 7(p), the Corporation shall make no allowance for unpaid dividends that are not in arrears on the shares of Series E Preferred Stock to be converted.

Section 8. Permissible Distributions. In determining whether a distribution (other than upon liquidation, dissolution or winding up), whether by dividend, or upon redemption or other acquisition of shares or otherwise, is permitted under Maryland law, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of any class or series of stock whose preferential rights upon dissolution are superior or prior to those receiving the distribution shall not be added to the Corporation's total liabilities.

Section 9. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series E Preferred Stock, as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series E Preferred Stock;

(b) on a parity with the Series E Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series E Preferred Stock, if the holders of such class or series and the Series E Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series E Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of stock shall be Common Stock or if the holders of Series E Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series, and such class or series shall not in either case rank prior to the Series E Preferred Stock ("**Junior Shares**").

As of the date hereof, 2,900,000 authorized shares of Series A Preferred Stock, 14,900,000 authorized shares of Series B Preferred Stock, 5,750,000 authorized shares of Series C Preferred Stock, 8,050,000 authorized shares of Series D Preferred Stock, 10,400,000 authorized shares of Series F Preferred Stock, 3,450,000 authorized shares of Series G Preferred Stock and 11,500,000 authorized shares of Series H Preferred Stock rank on a parity with the Series E Preferred Stock as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up.

Section 10. Voting. Except as otherwise set forth herein, the Series E Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action.

If and whenever six quarterly dividends (whether or not consecutive) payable on the Series E Preferred Stock are in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two and the holders of Series E Preferred Stock, together with the holders of shares of every series or class of Dividend Parity Stock having like voting rights (shares of any such series or class, including the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series F Preferred Stock, the Series G Preferred Stock and the Series H Preferred Stock, the "**Voting Preferred Shares**"), voting as a single class regardless of series, will have the right to elect two additional directors (the "**Preferred Directors**") to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of Series E Preferred Stock and the Voting Preferred Shares called as hereinafter provided. For the avoidance of doubt, in

the election of both Preferred Directors, any outstanding shares of Series E Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock and other Voting Preferred Shares shall vote together as a class, and the affirmative vote of a plurality of the votes cast by holders of outstanding shares of Series E Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock and other Voting Preferred Shares shall be required to elect a Preferred Director. Whenever all arrears in dividends on the Series E Preferred Stock and the Voting Preferred Shares then outstanding shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series E Preferred Stock and the Voting Preferred Shares to elect such two additional directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends), and the terms of office of the persons elected as director, by the holders of the Series E Preferred Stock and the Voting Preferred Shares shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series E Preferred Stock and the Voting Preferred Shares, the Secretary of the Corporation may, and upon the written request of any holder of Series E Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series E Preferred Stock and of the Voting Preferred Shares for the election of the directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of such request, then any holder of Series E Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series E Preferred Stock and the Voting Preferred Shares, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the stockholders or special meeting held in place thereof, and until their successors are duly elected and qualify, and if such office shall not have previously terminated as provided above. In no event shall the holders of Series E Preferred Stock be entitled pursuant to this Section 10 to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation’s stock is listed.

So long as any shares of Series E Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by the Charter, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of Series E Preferred Stock and the Voting Preferred Shares, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) Any amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary (whether by merger, consolidation or otherwise) that materially and adversely affects the voting powers, rights or preferences of the holders of the Series E Preferred Stock or the Voting Preferred Shares; provided, however, that (i) the amendment of the provisions of the Charter so as to authorize or create or to increase the authorized amount of, any Junior Shares or any shares of any class or series ranking on a parity with the Series E Preferred Stock as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up or the Voting Preferred Shares (including any amendment to increase the amount of authorized shares of Series E Preferred Stock) shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series E Preferred Stock and (ii) any filing with the State Department of Assessments and Taxation of Maryland by the Corporation including in connection with a merger, consolidation or otherwise, shall not be deemed to be an amendment, alteration or repeal of any of the provisions of the Charter or these Articles Supplementary that materially and adversely affects the voting powers, rights or preferences of the holders of the Series E Preferred Stock, provided that: (1) the Corporation is the surviving entity and the Series E Preferred Stock remain outstanding with the terms thereof materially unchanged in any respect adverse to the holders thereof; or (2) the resulting, surviving or transferee entity is organized under the laws of any state and substitutes or exchanges the Series E Preferred Stock for other preferred stock, shares or other equity interests having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to that of the Series E Preferred Stock (except for changes that do not materially and adversely affect the holders of Series E Preferred Stock); and *provided further*, that if any such amendment, alteration or repeal would materially and adversely affect any voting powers, rights or preferences of the Series E Preferred Stock or one or more but not all series of Voting Preferred Shares at the time outstanding, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of all series similarly affected, at the time outstanding, voting as a single class regardless of series, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be required in lieu of the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Series E Preferred Stock and the Voting Preferred Shares otherwise entitled to vote in accordance herewith; or

(b) The authorization or creation of, or the increase in the authorized amount of, any shares of any class or series or any security convertible into shares of any class or series ranking prior to the Series E Preferred Stock in the distribution on any liquidation, dissolution or winding up of the Corporation or in the payment of dividends; provided, however, that, in the case of each of subparagraphs (a) and (b), no such vote of the holders of Series E Preferred Stock or Voting Preferred Shares, as the case may be, shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all Series E Preferred Stock or Voting Preferred Shares, as the case may be, at the time outstanding in accordance with Section 5 hereof or, in the case of a merger, consolidation or otherwise, regardless of the date of the transaction, the holders of the Series E Preferred Stock receive in the transaction their liquidation preference plus accrued and unpaid dividends.

For purposes of determining the voting rights of the holders of the Series E Preferred Stock under this Section 10, each holder will be entitled to one vote for each Liquidation Preference per share with respect to shares of the Series E Preferred Stock held by such holder. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of the Series E Preferred Stock and any Voting Preferred Shares has been cast or given on any matter on which the holders of shares of the Series E Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

Section 11. Information Rights. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act and any shares of Series E Preferred Stock are outstanding, the Corporation will (i) transmit by mail to all holders of Series E Preferred Stock, as their names and addresses appear in the Corporation's record books and without cost to such holders, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series E Preferred Stock. The Corporation will mail the information to the holders of Series E Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Securities Exchange Act.

Section 12. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any Series E Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

Section 13. Restrictions on Ownership and Transfer. The Series E Preferred Stock constitutes Preferred Stock, and Preferred Stock constitutes Capital Stock of the Corporation. Therefore, the Series E Preferred Stock, being Capital Stock, is governed by and issued subject to all the limitations, terms and conditions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series E Preferred Stock of any other term or provision of the Charter.

EXHIBIT F
SERIES F PREFERRED STOCK

Under a power contained in the charter (the "Charter") of Colony NorthStar, Inc., a Maryland corporation (the "Corporation"), the Board of Directors of the Corporation (the "Board") classified and designated 10,400,000 shares of the Preferred Stock (as defined in the Charter), as shares of 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

8.50% Series F Cumulative Redeemable Perpetual Preferred Stock

(1) *Designation and Number*. A series of Preferred Stock, designated as the "8.50% Series F Cumulative Redeemable Perpetual Preferred Stock" (the "Series F Preferred Stock"), is hereby established. The par value of the Series F Preferred Stock is $0.01 per share. The number of shares of the Series F Preferred Stock shall be 10,400,000.

(2) *Ranking*. The Series F Preferred Stock will, with respect to rights to receive dividends and to participate in distributions or payments upon liquidation, dissolution or winding up of the Corporation, rank (a) senior to the Common Stock (as defined in the Charter) and any other class of capital stock of the Corporation, now or hereafter issued and outstanding, the terms of which provide that such capital stock ranks, as to the payment of dividends or amounts upon liquidation, dissolution or winding up of the Corporation, junior to such Series F Preferred Stock ("Junior Stock"), (b) on a parity with the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, and the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, and any equity securities the Corporation may authorize or issue in the future that, pursuant to the terms thereof, rank on parity with the Series F Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation ("Parity Stock"); and (c) junior to any equity securities the Corporation may authorize or issue in the future that, pursuant to the terms thereof, rank senior to the Series F Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation ("Senior Stock"). Any authorization or issuance of Senior Stock would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series F Preferred Stock voting together as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable. Any convertible or exchangeable debt securities that the Corporation may issue are not considered to be equity securities for these purposes.

(3) *Dividends*.

(a) Holders of the then outstanding shares of Series F Preferred Stock shall be entitled to receive, when, as and if authorized by the Board and declared by the Corporation, out of funds legally available for payment of dividends, cumulative cash dividends at the rate of 8.50% per annum of the $25.00 liquidation preference of each share of Series F Preferred Stock (equivalent to $2.125 per annum per share).

(b) Dividends on each outstanding share of Series F Preferred Stock shall be cumulative from and including January 15, 2017 and shall be payable (i) for the period from January 15, 2017 to April 14, 2017, on April 15, 2017, and (ii) for each quarterly distribution period thereafter, quarterly in equal amounts in arrears on the 15th day of each January, April, July and October, commencing on July 15, 2017 (each such day being hereinafter called a "Series F Dividend Payment Date") at the then applicable annual rate; provided, however, that if any Series F Dividend Payment Date falls on any day other than a Business Day (as hereinafter defined), the dividend that would otherwise have been payable on such Series F Dividend Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Series F Dividend Payment Date, and no interest or other sums shall accrue on the amount so payable from such Series F Dividend Payment Date to such next succeeding Business Day. Each dividend is payable to holders of record as they appear on the stock records of the Corporation at the close of business on the record date, not exceeding 30 days preceding the applicable Series F Dividend Payment Date, as shall be fixed by the Board. Dividends shall accumulate from January 15, 2017 or the most recent Series F Dividend Payment Date to which full cumulative dividends have been paid, whether or not in any such dividend period or periods there shall be funds legally available for the payment of such dividends, whether the Corporation has earnings or whether such dividends are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series F Preferred Stock that may be in arrears. Holders of the Series F Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided, on the Series F Preferred Stock. Dividends payable on the Series F Preferred Stock for any period greater or less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series F Preferred Stock for each full dividend period will be computed by dividing the applicable annual dividend rate by four. After full cumulative distributions on the Series F Preferred Stock have been paid, the holders of Series F Preferred Stock will not be entitled to any further distributions with respect to that dividend period.

(c) So long as any shares of Series F Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Stock for any period unless full cumulative dividends have been declared and paid or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series F Preferred Stock for all prior dividend periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon the Series F Preferred Stock and all dividends authorized and declared upon any other series or class or classes of Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series F Preferred Stock and such Parity Stock.

(d) So long as any shares of Series F Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in Junior Stock of, or in options, warrants or rights to subscribe for or purchase, Junior Stock) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Stock, nor shall any Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, or a conversion into or exchange for Junior Stock or redemptions for the purpose of preserving the Corporation's qualification as a REIT (as defined in the Charter)), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Stock), unless in each case full cumulative dividends on all outstanding shares of Series F Preferred Stock and any Parity Stock at the time such dividends are payable shall have been paid or set apart for payment for all past dividend periods with respect to the Series F Preferred Stock and all past dividend periods with respect to such Parity Stock.

(e) Any dividend payment made on the Series F Preferred Stock, including any capital gains dividends, shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(f) Except as provided herein, the Series F Preferred Stock shall not be entitled to participate in the earnings or assets of the Corporation.

(g) As used herein, the term "Business Day" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(h) As used herein, the term "dividend" does not include dividends payable solely in shares of Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock.

(4) *Liquidation Preference*.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation shall be made to or set apart for the holders of Junior Stock, the holders of the Series F Preferred Stock shall be entitled to receive $25.00 per share (the "Liquidation Preference") plus an amount per share equal to all accrued and unpaid dividends (whether or not earned or declared) thereon to, but not including, the date of final distribution to such holders; but such holders of the Series F Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the Series F Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Stock, then such assets, or the proceeds thereof, shall be

distributed among the holders of such Series F Preferred Stock and any such other Parity Stock ratably in accordance with the respective amounts that would be payable on such Series F Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, none of (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory stock exchange by the Corporation or (iii) a sale or transfer of all or substantially all of the Corporation's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Until payment shall have been made in full to the holders of the Series F Preferred Stock, as provided in this Section 4, and to the holders of Parity Stock, subject to any terms and provisions applying thereto, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. Subject to the rights of the holders of Parity Stock, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series F Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Stock shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series F Preferred Stock shall not be entitled to share therein.

(5) *Optional Redemption*.

(a) Except as otherwise permitted by the Charter and paragraph (b) below, the Series F Preferred Stock shall not be redeemable by the Corporation prior to March 20, 2017. On and after March 20, 2017, the Corporation, at its option, upon giving notice as provided below, may redeem the Series F Preferred Stock, in whole, at any time, or in part, from time to time, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends on the Series F Preferred Stock (whether or not declared), to, but not including, the redemption date (the "Regular Redemption Right").

(b) Upon the occurrence of a Change of Control (as defined herein), the Corporation will have the option, upon giving notice as provided below, to redeem the Series F Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the first date on which the Change of Control has occurred (the "Special Redemption Right"), for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends on the Series F Preferred Stock (whether or not declared), to, but not including, the redemption date (the "Special Redemption Price"). If the Corporation exercises its Special Redemption Right in connection with a Change of Control, holders of Series F Preferred Stock will not be permitted to exercise their Change of Control Conversion Right (as defined herein) in respect of any shares of Series F Preferred Stock that have been called for redemption, and any shares of Series F Preferred Stock subsequently called for redemption that have been tendered for conversion will be redeemed on the applicable date of redemption instead of converted on the Change of Control Conversion Date (as defined herein). Any partial redemption will be selected by lot or pro rata or by any other equitable method the Corporation may choose (including by electing to exercise the Special Redemption Right only with respect to shares of Series F Preferred Stock for which holders have exercised their Change of Control Conversion Right).

A “Change of Control” will be deemed to have occurred at such time after the original issuance of the Series F Preferred Stock when the following has occurred:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of the Corporation entitling that person to exercise more than 50% of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in clause (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities or American Depositary Receipts listed on the NYSE, the NYSE Amex Equities, or NYSE Amex, or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ.

(c) The following provisions set forth the general procedures for redemption applicable to redemptions pursuant to the Regular Redemption Right and the Special Redemption Right:

(i) Upon any redemption date applicable to Series F Preferred Stock, the Corporation shall pay on each share of Series F Preferred Stock to be redeemed any accrued and unpaid dividends (whether or not declared), in arrears, for any dividend period ending on or prior to the redemption date. If a redemption date falls after a record date for a Series F Preferred Stock dividend payment and prior to the corresponding Series F Dividend Payment Date, then each holder of the Series F Preferred Stock at the close of business on such record date shall be entitled to the dividend payable on such Series F Preferred Stock on the corresponding Series F Dividend Payment Date notwithstanding the redemption of such Series F Preferred Stock prior to such Series F Dividend Payment Date. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on any shares of Series F Preferred Stock called for redemption.

(ii) If full cumulative dividends on the Series F Preferred Stock and any class or classes of Parity Stock have not been paid or declared and set apart for payment, the Corporation may not purchase, redeem or otherwise acquire Series F Preferred Stock in part or any Parity Stock other than in exchange for Junior Stock; provided, however, that the foregoing shall not prevent the purchase by the Corporation of shares held in excess of the limits set forth in the Charter in order to ensure that the Corporation continues to meet the requirements for qualification as a REIT.

(iii) On and after the date fixed for redemption, provided that the Corporation has made available at the office of the registrar and transfer agent a sufficient amount of cash to effect the redemption, dividends will cease to accrue on the shares of Series F Preferred Stock called for redemption (except that, in the case of a redemption date after a dividend payment record date and prior to the related Series F Dividend Payment Date, holders of Series F Preferred Stock on the applicable dividend payment record date will be entitled on such Series F Dividend Payment Date to receive the dividend payable on such shares on the corresponding Series F Dividend Payment Date), such shares shall no longer be deemed to be outstanding and all rights of the holders of such shares as holders of Series F Preferred Stock shall cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

(d) The following provisions set forth the procedures for redemption, in addition to those general procedures set forth in Section 5(c) hereof, pursuant to the Regular Redemption Right.

(i) A notice of redemption (which may be contingent upon the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the Series F Preferred Stock at their addresses as they appear on the Corporation's stock transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any shares of the Series F Preferred Stock except as to the holder to whom notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series F Preferred Stock may be listed or admitted to trading, each notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series F Preferred Stock to be redeemed and, if fewer than all the shares of Series F Preferred Stock held by such holder are to be redeemed, the number of such shares of Series F Preferred Stock to be redeemed from such holder; (D) the place or places where the certificates, if any, evidencing the shares of Series F Preferred Stock are to be surrendered for payment of the redemption price; and (E) that dividends on the shares to be redeemed will cease to accrue on such redemption date except as otherwise provided herein.

(ii) If fewer than all the outstanding shares of the Series F Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata (as nearly as practicable without creating fractional shares) or by any other equitable method the Corporation may choose.

(iii) At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series F Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series F Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates evidencing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid dividends to the redemption date). Subject to applicable escheat laws, any monies so deposited which remain unclaimed by the holders of the Series F Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(e) The following provisions set forth the procedures for redemption, in addition to those general procedures set forth in Section 5(c) hereof, pursuant to the Special Redemption Right.

(i) A notice of special optional redemption will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the Series F Preferred Stock at their addresses as they appear on the Corporation's stock transfer records. A failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the special optional redemption of the shares of Series F Preferred Stock except as to the holder to whom notice was defective or not given. Each notice will state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series F Preferred Stock to be redeemed; (D) the place or places where the certificates, if any, evidencing the shares of Series F Preferred Stock are to be surrendered for payment; (E) that the shares of Series F Preferred Stock are being redeemed pursuant to the Corporation's special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; (F) that the holders of shares of Series F Preferred Stock to which the notice relates will not be able to tender such shares of Series F Preferred Stock for conversion in connection with the Change of Control and each share of Series F Preferred Stock tendered for conversion that is selected for redemption, prior to the Change of Control Conversion Date, will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and (G) that dividends on the shares to be redeemed will cease to accrue on such redemption date except as otherwise provided herein.

(ii) If fewer than all the shares of Series F Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of shares of Series F Preferred Stock to be redeemed from such holder. If fewer than all of the outstanding shares of Series F Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata or by any other equitable method the Corporation may choose (including by electing to exercise the Special Redemption Right only with respect to shares of Series F Preferred Stock for which holders have exercised their Change of Control Conversion Right).

(iii) On and after the date fixed for redemption, provided that the Corporation has given a notice of redemption and has paid or set aside sufficient funds for the redemption in trust for the benefit of the holders of shares of Series F Preferred Stock called for redemption, those shares of Series F Preferred Stock will be treated as no longer being outstanding, no further dividends will accrue on the share of Series F Preferred Stock called for redemption and all other rights of the holders of those shares of Series F Preferred Stock will terminate (except that, in the case of a redemption date after a dividend payment record date and prior to the related Series F Dividend Payment Date, holders of Series F Preferred Stock on the applicable record date will be entitled on such Series F Dividend Payment Date to receive the dividend payable on such shares on the corresponding Series F Dividend Payment Date). The holders of those shares of Series F Preferred Stock will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends to (but not including) the redemption date, without interest from the date of such redemption.

(iv) At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series F Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series F Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates evidencing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid dividends to the redemption date). Subject to applicable escheat laws, any monies so deposited which remain unclaimed by the holders of the Series F Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(f) Any shares of Series F Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board.

(6) *Voting Rights*. Except as otherwise set forth herein, the Series F Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action. In any matter in which the holders of Series F Preferred Stock are entitled to vote, each such holder shall have the right to one vote for each share of Series F Preferred Stock held by such holder.

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series F Preferred Stock are in arrears, whether or not earned or declared, the number of members then constituting the Board will be increased by two and the holders of Series F Preferred Stock, voting together as a class with the holders of any other series of Parity Stock upon which like voting rights have been conferred and are exercisable (any such other series, the "Voting Preferred Stock"), will have the right to elect two additional directors of the Corporation (the "Preferred Stock Directors") at an annual meeting of stockholders or a properly called special meeting of the holders of the Series F Preferred Stock and such Voting Preferred Stock and at each subsequent annual meeting of stockholders until all such dividends and dividends for the then current quarterly period on the Series F Preferred Stock and such other Voting Preferred Stock have been paid or declared and set aside for payment. Whenever all arrears in dividends on the Series F Preferred Stock and the Voting Preferred Stock then outstanding have been paid and full dividends on the Series F Preferred Stock and the Voting Preferred Stock for the then current quarterly dividend period have been paid in full or declared and set apart for payment in full, then the right of the holders of the Series F Preferred Stock and the Voting Preferred Stock to elect the two Preferred Stock Directors will cease, the terms of office of the Preferred Stock Directors will forthwith terminate and the number of members of the Board will be reduced accordingly; provided, however, that the right of the holders of the Series F Preferred Stock and the Voting Preferred Stock to elect the Preferred Stock Directors will again vest if and whenever six quarterly dividends are in arrears, as described above. In no event shall the holders of Series F Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation's stock is listed. In class votes with other Voting Preferred Stock, preferred stock of different series shall vote in proportion to the liquidation preference of the preferred stock.

(b) So long as any shares of Series F Preferred Stock are outstanding, the approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series F Preferred Stock, voting separately as a class, either at a meeting of stockholders or by written consent, is required (i) to amend, alter or repeal any provisions of the Charter (including these Articles Supplementary), whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of the Series F Preferred Stock, unless in connection with any such amendment, alteration or repeal, the Series F Preferred Stock remains outstanding without the terms thereof being materially changed in any respect adverse to the holders thereof or is converted into or exchanged for preferred stock of the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to those of the Series F Preferred Stock, or (ii) to authorize, create, or increase the authorized amount of any class or series of capital stock having rights senior to the Series F Preferred Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up (provided that if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the other series of Voting Preferred Stock, the consent of the holders of at least two-thirds of the outstanding shares of each such series so affected is required). However, the Corporation may create additional classes of Parity Stock and Junior Stock, amend the Charter and these Articles Supplementary to increase the authorized number of shares of Parity Stock (including the Series F Preferred Stock) and Junior Stock and issue additional series of Parity Stock and Junior Stock without the consent of any holder of Series F Preferred Stock.

(c) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding Series F Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(7) *Information Rights*. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any shares of Series F Preferred Stock are outstanding, the Corporation will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series F Preferred Stock, as their names and addresses appear in the record books of the Corporation and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that the Corporation would have been required to file with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Corporation were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series F Preferred Stock. The Corporation will mail (or otherwise provide) the information to the holders of Series F Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which the Corporation would be required to file such periodic reports if the Corporation were a "non-accelerated filer" within the meaning of the Exchange Act.

(8) *Other Limitations; Ownership and Transfer of the Series F Preferred Stock.* The Series F Preferred Stock constitutes Capital Stock (as defined in the Charter) of the Corporation and is governed by and issued subject to all the ownership and transfer restrictions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series F Preferred Stock of any other term or provision of the Charter.

(9) *Conversion Upon a Change of Control*. The Series F Preferred Stock is not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 9.

(a) Upon the occurrence of a Change of Control, each holder of Series F Preferred Stock will have the right, subject to the Special Redemption Right of the Corporation, to convert some or all of the shares of Series F Preferred Stock held by such holder (the "Change of Control Conversion Right") on the relevant Change of Control Conversion Date (as defined herein) into a number of shares of Class A Common Stock (as defined in the Charter) per share of Series F Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) $25.00, plus (y) an amount equal to any accrued and unpaid dividends (whether or not declared) to, but not including, the Change of Control Conversion Date (as defined herein), except if such Change of Control Conversion Date is after a record date for a Series F Preferred Stock dividend payment and prior to the corresponding Series F Dividend Payment Date, in which case the amount pursuant to this clause (i) (y) shall equal $0.00 in respect of such dividend payment to be made on such Series F Dividend Payment Date, by (ii) the Common Stock Price (as defined herein) (such quotient, the "Conversion Rate"), and (B) 4.3718 (the "Share Cap"), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a Class A Common Stock dividend), subdivisions or combinations (in each case, a "Share Split") with respect to Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Class A Common Stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration (as defined herein), as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 22,733,222 shares of Class A Common Stock (or equivalent Alternative

Conversion Consideration, as applicable), subject to increase to the extent the underwriters' over-allotment option to purchase additional Series F Preferred Stock in the initial public offering of Series F Preferred Stock is exercised, not to exceed 26,143,205 shares of Class A Common Stock in total (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits with respect to Class A Common Stock as follows: the adjusted Exchange Cap as the result of a Share Split will be the number of shares of Class A Common Stock that is equivalent to the product of (i) the Exchange Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

In the case of a Change of Control as a result of which holders of Class A Common Stock are entitled to receive consideration other than solely shares of Class A Common Stock, including other securities, other property or assets (including cash or any combination thereof) with respect to or in exchange for shares of Class A Common Stock (the "Alternative Form Consideration"), a holder of Series F Preferred Stock shall be entitled thereafter to convert (subject to the Corporation's Special Redemption Right) such Series F Preferred Stock not into Class A Common Stock but solely into the kind and amount of Alternative Form Consideration which the holder of Series F Preferred Stock would have owned or been entitled to receive upon such Change of Control as if such holder of Series F Preferred Stock then held the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration," and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the "Conversion Consideration").

If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in such Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of Class A Common Stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of Class A Common Stock that voted for such an election (if electing between more than two types of consideration), as the case may be.

As used herein, "Common Stock Price" will mean (i) if the consideration to be received in the Change of Control by holders of shares of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock, (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash, the average of the closing price per share of Class A Common Stock on the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, and (iii) if there is not a readily determinable closing price for the Class A Common Stock or Alternative Form Consideration (as defined herein), the fair market value of Class A Common Stock or such Alternative Form Consideration (as determined by the Board or a committee thereof).

(b) No fractional shares of Class A Common Stock shall be issued upon the conversion of Series F Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, the Corporation shall provide to holders of Series F Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the conversion of any Series F Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state the following: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series F Preferred Stock may exercise their Change of Control Conversion Right, which shall be the Change of Control Conversion Date; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which will be a business day occurring within 20 to 35 days following the date of the notice; (vi) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series F Preferred Stock; (vii) the name and address of the paying agent and the conversion agent; and (viii) the procedures that the holders of Series F Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to paragraph (c) above to the holders of Series F Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of Series F Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) evidencing the shares of Series F Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the transfer agent. Such conversion notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series F Preferred Stock to be converted; and (iii) that the shares of Series F Preferred Stock are to be converted pursuant to the applicable provisions of the Series F Preferred Stock. Notwithstanding the foregoing, if the shares of Series F Preferred Stock are held in global form, such notice shall comply with applicable procedures of the Depository Trust Company ("DTC"). The "Change of Control Conversion Date" shall be a Business Day set forth in the notice of Change of Control provided in accordance with paragraph 9(c) hereof that is no less than 20 days nor more than 35 days after the date on which the Corporation gives such notice pursuant to paragraph 9(c) hereof.

(f) Holders of Series F Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series F Preferred Stock; (ii) if certificated shares of Series F Preferred Stock have been issued, the certificate numbers of the withdrawn shares of Series F Preferred Stock; and (iii) the number of shares of Series F Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series F Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable DTC procedures.

(g) Series F Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date.

(h) In connection with the exercise of any Change of Control Conversion Right, the Corporation will comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of Series F Preferred Stock into Class A Common Stock. Notwithstanding anything to the contrary contained herein, no holder of Series F Preferred Stock will be entitled to convert such Series F Preferred Stock for Class A Common Stock to the extent that receipt of such Class A Common Stock would cause such holder (or any other person) to Beneficially Own or Constructively Own, within the meaning of the Charter, Common Stock of the Corporation in excess of the Common Stock Ownership Limit, as such term is defined in the Charter.

(10) *Record Holders*. The Corporation and the transfer agent for the Series F Preferred Stock may deem and treat the record holder of any Series F Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the transfer agent shall be affected by any notice to the contrary.

EXHIBIT G
SERIES G PREFERRED STOCK

Under a power contained in the charter (the "Charter") of Colony NorthStar, Inc., a Maryland corporation (the "Corporation"), the Board of Directors of the Corporation (the "Board") classified and designated 3,450,000 shares of the Preferred Stock (as defined in the Charter), as shares of 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

7.50% Series G Cumulative Redeemable Perpetual Preferred Stock

(1) *Designation and Number*. A series of Preferred Stock, designated as the "7.50% Series G Cumulative Redeemable Perpetual Preferred Stock" (the "Series G Preferred Stock"), is hereby established. The par value of the Series G Preferred Stock is $0.01 per share. The number of shares of the Series G Preferred Stock shall be 3,450,000.

(2) *Ranking*. The Series G Preferred Stock will, with respect to rights to receive dividends and to participate in distributions or payments upon liquidation, dissolution or winding up of the Corporation, rank (a) senior to the Common Stock (as defined in the Charter) and any other class of capital stock of the Corporation, now or hereafter issued and outstanding, the terms of which provide that such capital stock ranks, as to the payment of dividends or amounts upon liquidation, dissolution or winding up of the Corporation, junior to such Series G Preferred Stock ("Junior Stock"), (b) on a parity with the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, and the 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, and any equity securities the Corporation may authorize or issue in the future that, pursuant to the terms thereof, rank on parity with the Series G Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation ("Parity Stock"); and (c) junior to any equity securities the Corporation may authorize or issue in the future that, pursuant to the terms thereof, rank senior to the Series G Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation ("Senior Stock"). Any authorization or issuance of Senior Stock would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series G Preferred Stock voting together as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable. Any convertible or exchangeable debt securities that the Corporation may issue are not considered to be equity securities for these purposes.

(3) *Dividends*.

(a) Holders of the then outstanding shares of Series G Preferred Stock shall be entitled to receive, when, as and if authorized by the Board and declared by the Corporation, out of funds legally available for payment of dividends, cumulative cash dividends at the rate of 7.50% per annum of the $25.00 liquidation preference of each share of Series G Preferred Stock (equivalent to $1.875 per annum per share).

(b) Dividends on each outstanding share of Series G Preferred Stock shall be cumulative from and including January 15, 2017 and shall be payable (i) for the period from January 15, 2017 to April 14, 2017, on April 15, 2017, and (ii) for each quarterly distribution period thereafter, quarterly in equal amounts in arrears on the 15th day of each January, April, July and October, commencing on July 15, 2017 (each such day being hereinafter called a "Series G Dividend Payment Date") at the then applicable annual rate; provided, however, that if any Series G Dividend Payment Date falls on any day other than a Business Day (as hereinafter defined), the dividend that would otherwise have been payable on such Series G Dividend Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Series G Dividend Payment Date, and no interest or other sums shall accrue on the amount so payable from such Series G Dividend Payment Date to such next succeeding Business Day. Each dividend is payable to holders of record as they appear on the stock records of the Corporation at the close of business on the record date, not exceeding 30 days preceding the applicable Series G Dividend Payment Date, as shall be fixed by the Board. Dividends shall accumulate from January 15, 2017 or the most recent Series G Dividend Payment Date to which full cumulative dividends have been paid, whether or not in any such dividend period or periods there shall be funds legally available for the payment of such dividends, whether the Corporation has earnings or whether such dividends are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series G Preferred Stock that may be in arrears. Holders of the Series G Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided, on the Series G Preferred Stock. Dividends payable on the Series G Preferred Stock for any period greater or less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series G Preferred Stock for each full dividend period will be computed by dividing the applicable annual dividend rate by four. After full cumulative distributions on the Series G Preferred Stock have been paid, the holders of Series G Preferred Stock will not be entitled to any further distributions with respect to that dividend period.

(c) So long as any shares of Series G Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Stock for any period unless full cumulative dividends have been declared and paid or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series G Preferred Stock for all prior dividend periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon the Series G Preferred Stock and all dividends authorized and declared upon any other series or class or classes of Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series G Preferred Stock and such Parity Stock.

(d) So long as any shares of Series G Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in Junior Stock of, or in options, warrants or rights to subscribe for or purchase, Junior Stock) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Stock, nor shall any Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, or a conversion into or exchange for Junior Stock or redemptions for the purpose of preserving the Corporation's qualification as a REIT (as defined in the Charter)), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Stock), unless in each case full cumulative dividends on all outstanding shares of Series G Preferred Stock and any Parity Stock at the time such dividends are payable shall have been paid or set apart for payment for all past dividend periods with respect to the Series G Preferred Stock and all past dividend periods with respect to such Parity Stock.

(e) Any dividend payment made on the Series G Preferred Stock, including any capital gains dividends, shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(f) Except as provided herein, the Series G Preferred Stock shall not be entitled to participate in the earnings or assets of the Corporation.

(g) As used herein, the term "Business Day" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(h) As used herein, the term "dividend" does not include dividends payable solely in shares of Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock.

(4) *Liquidation Preference*.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation shall be made to or set apart for the holders of Junior Stock, the holders of the Series G Preferred Stock shall be entitled to receive $25.00 per share (the "Liquidation Preference") plus an amount per share equal to all accrued and unpaid dividends (whether or not earned or declared) thereon to, but not including, the date of final distribution to such holders; but such holders of the Series G Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the Series G Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series G Preferred Stock and any such other Parity Stock

ratably in accordance with the respective amounts that would be payable on such Series G Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, none of (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory stock exchange by the Corporation or (iii) a sale or transfer of all or substantially all of the Corporation's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Until payment shall have been made in full to the holders of the Series G Preferred Stock, as provided in this Section 4, and to the holders of Parity Stock, subject to any terms and provisions applying thereto, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. Subject to the rights of the holders of Parity Stock, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series G Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Stock shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series G Preferred Stock shall not be entitled to share therein.

(5) *Optional Redemption*.

(a) Except as otherwise permitted by the Charter and paragraph (b) below, the Series G Preferred Stock shall not be redeemable by the Corporation prior to June 19, 2019. On and after June 19, 2019, the Corporation, at its option, upon giving notice as provided below, may redeem the Series G Preferred Stock, in whole, at any time, or in part, from time to time, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends on the Series G Preferred Stock (whether or not declared), to, but not including, the redemption date (the "Regular Redemption Right").

(b) Upon the occurrence of a Change of Control (as defined herein), the Corporation will have the option, upon giving notice as provided below, to redeem the Series G Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the first date on which the Change of Control has occurred (the "Special Redemption Right"), for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends on the Series G Preferred Stock (whether or not declared), to, but not including, the redemption date (the "Special Redemption Price"). If the Corporation exercises its Special Redemption Right in connection with a Change of Control, holders of Series G Preferred Stock will not be permitted to exercise their Change of Control Conversion Right (as defined herein) in respect of any shares of Series G Preferred Stock that have been called for redemption, and any shares of Series G Preferred Stock subsequently called for redemption that have been tendered for conversion will be redeemed on the applicable date of redemption instead of converted on the Change of Control Conversion Date (as defined herein). Any partial redemption will be selected by lot or pro rata.

A “Change of Control” will be deemed to have occurred at such time after the original issuance of the Series G Preferred Stock when the following has occurred:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of the Corporation entitling that person to exercise more than 50% of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in clause (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities or American Depositary Receipts listed on the NYSE, the NYSE Amex Equities, or NYSE Amex, or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ.

(c) The following provisions set forth the general procedures for redemption applicable to redemptions pursuant to the Regular Redemption Right and the Special Redemption Right:

(i) Upon any redemption date applicable to Series G Preferred Stock, the Corporation shall pay on each share of Series G Preferred Stock to be redeemed any accrued and unpaid dividends (whether or not declared), in arrears, for any dividend period ending on or prior to the redemption date. If a redemption date falls after a record date for a Series G Preferred Stock dividend payment and prior to the corresponding Series G Dividend Payment Date, then each holder of the Series G Preferred Stock at the close of business on such record date shall be entitled to the dividend payable on such Series G Preferred Stock on the corresponding Series G Dividend Payment Date notwithstanding the redemption of such Series G Preferred Stock prior to such Series G Dividend Payment Date. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on any shares of Series G Preferred Stock called for redemption.

(ii) If full cumulative dividends on the Series G Preferred Stock and any class or classes of Parity Stock have not been paid or declared and set apart for payment, the Corporation may not purchase, redeem or otherwise acquire Series G Preferred Stock in part or any Parity Stock other than in exchange for Junior Stock; provided, however, that the foregoing shall not prevent the purchase by the Corporation of shares held in excess of the limits set forth in the Charter in order to ensure that the Corporation continues to meet the requirements for qualification as a REIT.

(iii) On and after the date fixed for redemption, provided that the Corporation has made available at the office of the registrar and transfer agent a sufficient amount of cash to effect the redemption, dividends will cease to accrue on the shares of Series G Preferred Stock called for redemption (except that, in the case of a redemption date after a dividend payment record date and prior to the related Series G Dividend Payment Date, holders of Series G Preferred Stock on the applicable dividend payment record date will be entitled on such Series G Dividend Payment Date to receive the dividend payable on such shares on the corresponding Series G Dividend Payment Date), such shares shall no longer be deemed to be outstanding and all rights of the holders of such shares as holders of Series G Preferred Stock shall cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

(d) The following provisions set forth the procedures for redemption, in addition to those general procedures set forth in Section 5(c) hereof, pursuant to the Regular Redemption Right.

(i) A notice of redemption (which may be contingent upon the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the Series G Preferred Stock at their addresses as they appear on the Corporation's stock transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any shares of the Series G Preferred Stock except as to the holder to whom notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series G Preferred Stock may be listed or admitted to trading, each notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series G Preferred Stock to be redeemed and, if fewer than all the shares of Series G Preferred Stock held by such holder are to be redeemed, the number of such shares of Series G Preferred Stock to be redeemed from such holder; (D) the place or places where the certificates, if any, evidencing the shares of Series G Preferred Stock are to be surrendered for payment of the redemption price; and (E) that dividends on the shares to be redeemed will cease to accrue on such redemption date except as otherwise provided herein.

(ii) If fewer than all the outstanding shares of the Series G Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata (as nearly as practicable without creating fractional shares).

(iii) At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series G Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series G Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates evidencing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid dividends to the redemption date). Subject to applicable escheat laws, any monies so deposited which remain unclaimed by the holders of the Series G Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(e) The following provisions set forth the procedures for redemption, in addition to those general procedures set forth in Section 5(c) hereof, pursuant to the Special Redemption Right.

(i) A notice of special optional redemption will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the Series G Preferred Stock at their addresses as they appear on the Corporation's stock transfer records. A failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the special optional redemption of the shares of Series G Preferred Stock except as to the holder to whom notice was defective or not given. Each notice will state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series G Preferred Stock to be redeemed; (D) the place or places where

the certificates, if any, evidencing the shares of Series G Preferred Stock are to be surrendered for payment; (E) that the shares of Series G Preferred Stock are being redeemed pursuant to the Corporation's special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; (F) that the holders of shares of Series G Preferred Stock to which the notice relates will not be able to tender such shares of Series G Preferred Stock for conversion in connection with the Change of Control and each share of Series G Preferred Stock tendered for conversion that is selected for redemption, prior to the Change of Control Conversion Date, will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and (G) that dividends on the shares to be redeemed will cease to accrue on such redemption date except as otherwise provided herein.

(ii) If fewer than all the shares of Series G Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of shares of Series G Preferred Stock to be redeemed from such holder. If fewer than all of the outstanding shares of Series G Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata.

(iii) On and after the date fixed for redemption, provided that the Corporation has given a notice of redemption and has paid or set aside sufficient funds for the redemption in trust for the benefit of the holders of shares of Series G Preferred Stock called for redemption, those shares of Series G Preferred Stock will be treated as no longer being outstanding, no further dividends will accrue on the share of Series G Preferred Stock called for redemption and all other rights of the holders of those shares of Series G Preferred Stock will terminate (except that, in the case of a redemption date after a dividend payment record date and prior to the related Series G Dividend Payment Date, holders of Series G Preferred Stock on the applicable record date will be entitled on such Series G Dividend Payment Date to receive the dividend payable on such shares on the corresponding Series G Dividend Payment Date). The holders of those shares of Series G Preferred Stock will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends to (but not including) the redemption date, without interest from the date of such redemption.

(iv) At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series G Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series G Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates evidencing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid dividends to the redemption date). Subject to applicable escheat laws, any monies so deposited which remain unclaimed by the holders of the Series G Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(f) Any shares of Series G Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board.

(6) *Voting Rights*. Except as otherwise set forth herein, the Series G Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action. In any matter in which the holders of Series G Preferred Stock are entitled to vote, each such holder shall have the right to one vote for each share of Series G Preferred Stock held by such holder.

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series G Preferred Stock are in arrears, whether or not earned or declared, the number of members then constituting the Board will be increased by two and the holders of Series G Preferred Stock, voting together as a class with the holders of any other series of Parity Stock upon which like voting rights have been conferred and are exercisable (any such other series, the "Voting Preferred Stock"), will have the right to elect two additional directors of the Corporation (the "Preferred Stock Directors") at an annual meeting of stockholders or a properly called special meeting of the holders of the Series G Preferred Stock and such Voting Preferred Stock and at each subsequent annual meeting of stockholders until all such dividends and dividends for the then current quarterly period on the Series G Preferred Stock and such other Voting Preferred Stock have been paid or declared and set aside for payment. Whenever all arrears in dividends on the Series G Preferred Stock and the Voting Preferred Stock then outstanding have been paid and full dividends on the Series G Preferred Stock and the Voting Preferred Stock for the then current quarterly dividend period have been paid in full or declared and set apart for payment in full, then the right of the holders of the Series G Preferred Stock and the Voting Preferred Stock to elect the two Preferred Stock Directors will cease, the terms of office of the Preferred Stock Directors will forthwith terminate and the number of members of the Board will be reduced accordingly; provided, however, that the right of the holders of the Series G Preferred Stock and the Voting Preferred Stock to elect the Preferred Stock Directors will again vest if and whenever six quarterly dividends are in arrears, as described above. In no event shall the holders of Series G Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation's stock is listed. In class votes with other Voting Preferred Stock, preferred stock of different series shall vote in proportion to the liquidation preference of the preferred stock.

(b) So long as any shares of Series G Preferred Stock are outstanding, the approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series G Preferred Stock, voting separately as a class, either at a meeting of stockholders or by written consent, is required (i) to amend, alter or repeal any provisions of the Charter (including these Articles Supplementary), whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of the Series G Preferred Stock, unless in connection with any such amendment, alteration or repeal, the Series G Preferred Stock remains outstanding without the terms thereof being materially changed in any respect adverse to the holders thereof or is converted into or exchanged for preferred stock of the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption

thereof that are substantially similar to those of the Series G Preferred Stock, or (ii) to authorize, create, or increase the authorized amount of any class or series of capital stock having rights senior to the Series G Preferred Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up (provided that if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the other series of Voting Preferred Stock, the consent of the holders of at least two-thirds of the outstanding shares of each such series so affected is required). However, the Corporation may create additional classes of Parity Stock and Junior Stock, amend the Charter and these Articles Supplementary to increase the authorized number of shares of Parity Stock (including the Series G Preferred Stock) and Junior Stock and issue additional series of Parity Stock and Junior Stock without the consent of any holder of Series G Preferred Stock.

(c) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding Series G Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(7) *Information Rights*. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any shares of Series G Preferred Stock are outstanding, the Corporation will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series G Preferred Stock, as their names and addresses appear in the record books of the Corporation and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that the Corporation would have been required to file with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Corporation were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series G Preferred Stock. The Corporation will mail (or otherwise provide) the information to the holders of Series G Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which the Corporation would be required to file such periodic reports if the Corporation were a "non-accelerated filer" within the meaning of the Exchange Act.

(8) *Other Limitations; Ownership and Transfer of the Series G Preferred Stock.* The Series G Preferred Stock constitutes Capital Stock (as defined in the Charter) of the Corporation and is governed by and issued subject to all the ownership and transfer restrictions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series G Preferred Stock of any other term or provision of the Charter.

(9) *Conversion Upon a Change of Control*. The Series G Preferred Stock is not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 9.

(a) Upon the occurrence of a Change of Control, each holder of Series G Preferred Stock will have the right, subject to the Special Redemption Right of the Corporation, to convert some or all of the shares of Series G Preferred Stock held by such holder (the "Change of Control Conversion Right") on the relevant Change of Control Conversion Date (as defined herein) into a number of shares of Class A Common Stock (as defined in the Charter) per share of Series G Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) $25.00, plus (y) an amount equal to any accrued and unpaid dividends (whether or not declared) to, but not including, the Change of Control Conversion Date (as defined herein), except if such Change of Control Conversion Date is after a record date for a Series G Preferred Stock dividend payment and prior to the corresponding Series G Dividend Payment Date, in which case the amount pursuant to this clause (i) (y) shall equal $0.00 in respect of such dividend payment to be made on such Series G Dividend Payment Date, by (ii) the Common Stock Price (as defined herein) (such quotient, the "Conversion Rate"), and (B) 3.2936 (the "Share Cap"), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a Class A Common Stock dividend), subdivisions or combinations (in each case, a "Share Split") with respect to Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Class A Common Stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration (as defined herein), as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 9,880,809 shares of Class A Common Stock (or equivalent Alternative Conversion Consideration, as applicable), subject to increase to the extent the underwriters' over-allotment option to purchase additional Series G Preferred Stock in the initial public offering of Series G Preferred Stock is exercised, not to exceed 11,362,931 shares of Class A Common Stock in total (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits with respect to Class A Common Stock as follows: the adjusted Exchange Cap as the result of a Share Split will be the number of shares of Class A Common Stock that is equivalent to the product of (i) the Exchange Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

In the case of a Change of Control as a result of which holders of Class A Common Stock are entitled to receive consideration other than solely shares of Class A Common Stock, including other securities, other property or assets (including cash or any combination thereof) with respect to or in exchange for shares of Class A Common Stock (the "Alternative Form Consideration"), a holder of Series G Preferred Stock shall be entitled thereafter to convert (subject to the Corporation's Special Redemption Right) such Series G Preferred Stock not into Class A Common Stock but solely into the kind and amount of Alternative Form Consideration

which the holder of Series G Preferred Stock would have owned or been entitled to receive upon such Change of Control as if such holder of Series G Preferred Stock then held the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration," and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the "Conversion Consideration").

If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in such Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of Class A Common Stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of Class A Common Stock that voted for such an election (if electing between more than two types of consideration), as the case may be.

As used herein, "Common Stock Price" will mean (i) if the consideration to be received in the Change of Control by holders of shares of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock, (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash, the average of the closing price per share of Class A Common Stock on the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, and (iii) if there is not a readily determinable closing price for the Class A Common Stock or Alternative Form Consideration (as defined herein), the fair market value of Class A Common Stock or such Alternative Form Consideration (as determined by the Board or a committee thereof).

(b) No fractional shares of Class A Common Stock shall be issued upon the conversion of Series G Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, the Corporation shall provide to holders of Series G Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the conversion of any Series G Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state the following: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series G Preferred Stock may exercise their Change of Control Conversion Right, which shall be the Change of Control Conversion Date; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which will be a business day occurring within 20 to 35 days following the date of the notice; (vi) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series G Preferred Stock; (vii) the name and address of the paying agent and the conversion agent; and (viii) the procedures that the holders of Series G Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to paragraph (c) above to the holders of Series G Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of Series G Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) evidencing the shares of Series G Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the transfer agent. Such conversion notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series G Preferred Stock to be converted; and (iii) that the shares of Series G Preferred Stock are to be converted pursuant to the applicable provisions of the Series G Preferred Stock. Notwithstanding the foregoing, if the shares of Series G Preferred Stock are held in global form, such notice shall comply with applicable procedures of the Depository Trust Company ("DTC"). The "Change of Control Conversion Date" shall be a Business Day set forth in the notice of Change of Control provided in accordance with paragraph 9(c) hereof that is no less than 20 days nor more than 35 days after the date on which the Corporation gives such notice pursuant to paragraph 9(c) hereof.

(f) Holders of Series G Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series G Preferred Stock; (ii) if certificated shares of Series G Preferred Stock have been issued, the certificate numbers of the withdrawn shares of Series G Preferred Stock; and (iii) the number of shares of Series G Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series G Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable DTC procedures.

(g) Series G Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date.

(h) In connection with the exercise of any Change of Control Conversion Right, the Corporation will comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of Series G Preferred Stock into Class A Common Stock. Notwithstanding anything to the contrary contained herein, no holder of Series G Preferred Stock will be entitled to convert such Series G Preferred Stock for Class A Common Stock to the extent that receipt of such Class A Common Stock would cause such holder (or any other person) to Beneficially Own or Constructively Own, within the meaning of the Charter, Common Stock of the Corporation in excess of the Common Stock Ownership Limit, as such term is defined in the Charter.

(10) *Record Holders*. The Corporation and the transfer agent for the Series G Preferred Stock may deem and treat the record holder of any Series G Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the transfer agent shall be affected by any notice to the contrary.

EXHIBIT H
SERIES H PREFERRED STOCK

Under a power contained in the charter (the "Charter") of Colony NorthStar, Inc., a Maryland corporation (the "Corporation"), the Board of Directors of the Corporation (the "Board") classified and designated 11,500,000 shares of the Preferred Stock (as defined in the Charter), as shares of 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, with the following preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below, which upon any restatement of the Charter, shall be deemed to be part of Article VI of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections hereof:

7.125% Series H Cumulative Redeemable Perpetual Preferred Stock

(1) *Designation and Number*. A series of Preferred Stock, designated as the "7.125% Series H Cumulative Redeemable Perpetual Preferred Stock" (the "Series H Preferred Stock"), is hereby established. The par value of the Series H Preferred Stock is $0.01 per share. The number of shares of the Series H Preferred Stock shall be 11,500,000.

(2) *Ranking*. The Series H Preferred Stock will, with respect to rights to receive dividends and to participate in distributions or payments upon liquidation, dissolution or winding up of the Corporation, rank (a) senior to the Common Stock (as defined in the Charter) and any other class of capital stock of the Corporation, now or hereafter issued and outstanding, the terms of which provide that such capital stock ranks, as to the payment of dividends or amounts upon liquidation, dissolution or winding up of the Corporation, junior to such Series H Preferred Stock ("Junior Stock"), (b) on a parity with the 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, the 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share, and the 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $25.00 per share and any equity securities the Corporation may authorize or issue in the future that, pursuant to the terms thereof, rank on parity with the Series H Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation ("Parity Stock"); and (c) junior to any equity securities the Corporation may authorize or issue in the future that, pursuant to the terms thereof, rank senior to the Series H Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation ("Senior Stock"). Any authorization or issuance of Senior Stock would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series H Preferred Stock voting together as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable. Any convertible or exchangeable debt securities that the Corporation may issue are not considered to be equity securities for these purposes.

(3) *Dividends*.

(a) Holders of the then outstanding shares of Series H Preferred Stock shall be entitled to receive, when, as and if authorized by the Board and declared by the Corporation, out of funds legally available for payment of dividends, cumulative cash dividends at the rate of 7.125% per annum of the $25.00 liquidation preference of each share of Series H Preferred Stock (equivalent to $1.78125 per annum per share).

(b) Dividends on each outstanding share of Series H Preferred Stock shall be cumulative from and including January 15, 2017 and shall be payable (i) for the period from January 15, 2017 to April 14, 2017, on April 15, 2017, and (ii) for each quarterly distribution period thereafter, quarterly in equal amounts in arrears on the 15th day of each January, April, July and October, commencing on July 15, 2017 (each such day being hereinafter called a "Series H Dividend Payment Date") at the then applicable annual rate; provided, however, that if any Series H Dividend Payment Date falls on any day other than a Business Day (as hereinafter defined), the dividend that would otherwise have been payable on such Series H Dividend Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Series H Dividend Payment Date, and no interest or other sums shall accrue on the amount so payable from such Series H Dividend Payment Date to such next succeeding Business Day. Each dividend is payable to holders of record as they appear on the stock records of the Corporation at the close of business on the record date, not exceeding 30 days preceding the applicable Series H Dividend Payment Date, as shall be fixed by the Board. Dividends shall accumulate from January 15, 2017 or the most recent Series H Dividend Payment Date to which full cumulative dividends have been paid, whether or not in any such dividend period or periods there shall be funds legally available for the payment of such dividends, whether the Corporation has earnings or whether such dividends are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series H Preferred Stock that may be in arrears. Holders of the Series H Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided, on the Series H Preferred Stock. Dividends payable on the Series H Preferred Stock for any period greater or less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series H Preferred Stock for each full dividend period will be computed by dividing the applicable annual dividend rate by four. After full cumulative distributions on the Series H Preferred Stock have been paid, the holders of Series H Preferred Stock will not be entitled to any further distributions with respect to that dividend period.

(c) So long as any shares of Series H Preferred Stock are outstanding, no dividends, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Stock for any period unless full cumulative dividends have been declared and paid or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series H Preferred Stock for all prior dividend periods. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends authorized and declared upon the Series H Preferred Stock and all dividends authorized and declared upon any other series or class or classes of Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series H Preferred Stock and such Parity Stock.

(d) So long as any shares of Series H Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in Junior Stock of, or in options, warrants or rights to subscribe for or purchase, Junior Stock) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Stock, nor shall any Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Corporation or any subsidiary, or a conversion into or exchange for Junior Stock or redemptions for the purpose of preserving the Corporation's qualification as a REIT (as defined in the Charter)), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Stock), unless in each case full cumulative dividends on all outstanding shares of Series H Preferred Stock and any Parity Stock at the time such dividends are payable shall have been paid or set apart for payment for all past dividend periods with respect to the Series H Preferred Stock and all past dividend periods with respect to such Parity Stock.

(e) Any dividend payment made on the Series H Preferred Stock, including any capital gains dividends, shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(f) Except as provided herein, the Series H Preferred Stock shall not be entitled to participate in the earnings or assets of the Corporation.

(g) As used herein, the term "Business Day" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(h) As used herein, the term "dividend" does not include dividends payable solely in shares of Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock.

(4) *Liquidation Preference*.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation shall be made to or set apart for the holders of Junior Stock, the holders of the Series H Preferred Stock shall be entitled to receive $25.00 per share (the "Liquidation Preference") plus an amount per share equal to all accrued and unpaid dividends (whether or not earned or declared) thereon to, but not including, the date of final distribution to such holders; but such holders of the Series H Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the Series H Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series H Preferred Stock and any such other Parity Stock ratably in accordance

with the respective amounts that would be payable on such Series H Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, none of (i) a consolidation or merger of the Corporation with one or more entities, (ii) a statutory stock exchange by the Corporation or (iii) a sale or transfer of all or substantially all of the Corporation's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Until payment shall have been made in full to the holders of the Series H Preferred Stock, as provided in this Section 4, and to the holders of Parity Stock, subject to any terms and provisions applying thereto, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. Subject to the rights of the holders of Parity Stock, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series H Preferred Stock, as provided in this Section 4, any series or class or classes of Junior Stock shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series H Preferred Stock shall not be entitled to share therein.

(5) *Optional Redemption*.

(a) Except as otherwise permitted by the Charter and paragraph (b) below, the Series H Preferred Stock shall not be redeemable by the Corporation prior to April 13, 2020. On and after April 13, 2020, the Corporation, at its option, upon giving notice as provided below, may redeem the Series H Preferred Stock, in whole, at any time, or in part, from time to time, for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends on the Series H Preferred Stock (whether or not declared), to, but not including, the redemption date (the "Regular Redemption Right").

(b) Upon the occurrence of a Change of Control (as defined herein), the Corporation will have the option, upon giving notice as provided below, to redeem the Series H Preferred Stock, in whole, at any time, or in part, from time to time, within 120 days after the first date on which the Change of Control has occurred (the "Special Redemption Right"), for cash at a redemption price of $25.00 per share, plus any accrued and unpaid dividends on the Series H Preferred Stock (whether or not declared), to, but not including, the redemption date (the "Special Redemption Price"). If the Corporation exercises its Special Redemption Right in connection with a Change of Control, holders of Series H Preferred Stock will not be permitted to exercise their Change of Control Conversion Right (as defined herein) in respect of any shares of Series H Preferred Stock that have been called for redemption, and any shares of Series H Preferred Stock subsequently called for redemption that have been tendered for conversion will be redeemed on the applicable date of redemption instead of converted on the Change of Control Conversion Date (as defined herein). Any partial redemption will be selected by lot or pro rata.

A "Change of Control" will be deemed to have occurred at such time after the original issuance of the Series H Preferred Stock when the following has occurred:

(i) the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of

purchases, mergers or other acquisition transactions of shares of the Corporation entitling that person to exercise more than 50% of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in clause (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities or American Depositary Receipts listed on the NYSE, the NYSE Amex Equities, or NYSE Amex, or NASDAQ, or listed on an exchange that is a successor to the NYSE, NYSE Amex or NASDAQ.

(c) The following provisions set forth the general procedures for redemption applicable to redemptions pursuant to the Regular Redemption Right and the Special Redemption Right:

(i) Upon any redemption date applicable to Series H Preferred Stock, the Corporation shall pay on each share of Series H Preferred Stock to be redeemed any accrued and unpaid dividends (whether or not declared), in arrears, for any dividend period ending on or prior to the redemption date. If a redemption date falls after a record date for a Series H Preferred Stock dividend payment and prior to the corresponding Series H Dividend Payment Date, then each holder of the Series H Preferred Stock at the close of business on such record date shall be entitled to the dividend payable on such Series H Preferred Stock on the corresponding Series H Dividend Payment Date notwithstanding the redemption of such Series H Preferred Stock prior to such Series H Dividend Payment Date. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on any shares of Series H Preferred Stock called for redemption.

(ii) If full cumulative dividends on the Series H Preferred Stock and any class or classes of Parity Stock have not been paid or declared and set apart for payment, the Corporation may not purchase, redeem or otherwise acquire Series H Preferred Stock in part or any Parity Stock other than in exchange for Junior Stock; provided, however, that the foregoing shall not prevent the purchase by the Corporation of shares held in excess of the limits set forth in the Charter in order to ensure that the Corporation continues to meet the requirements for qualification as a REIT.

(iii) On and after the date fixed for redemption, provided that the Corporation has made available at the office of the registrar and transfer agent a sufficient amount of cash to effect the redemption, dividends will cease to accrue on the shares of Series H Preferred Stock called for redemption (except that, in the case of a redemption date after a dividend payment record date and prior to the related Series H Dividend Payment Date, holders of Series H Preferred Stock on the applicable dividend payment record date will be entitled on such Series H Dividend Payment Date to receive the dividend payable on such shares on the corresponding Series H Dividend Payment Date), such shares shall no longer be deemed to be outstanding and all rights of the holders of such shares as holders of Series H Preferred Stock shall cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

(d) The following provisions set forth the procedures for redemption, in addition to those general procedures set forth in Section 5(c) hereof, pursuant to the Regular Redemption Right.

(i) A notice of redemption (which may be contingent upon the occurrence of a future event) shall be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the Series H Preferred Stock at their addresses as they appear on the Corporation's stock transfer records. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the redemption of any shares of the Series H Preferred Stock except as to the holder to whom notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series H Preferred Stock may be listed or admitted to trading, each notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of shares of Series H Preferred Stock to be redeemed and, if fewer than all the shares of Series H Preferred Stock held by such holder are to be redeemed, the number of such shares of Series H Preferred Stock to be redeemed from such holder; (D) the place or places where the certificates, if any, evidencing the shares of Series H Preferred Stock are to be surrendered for payment of the redemption price; and (E) that dividends on the shares to be redeemed will cease to accrue on such redemption date except as otherwise provided herein.

(ii) If fewer than all the outstanding shares of the Series H Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata (as nearly as practicable without creating fractional shares).

(iii) At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series H Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series H Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates evidencing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid dividends to the redemption date). Subject to applicable escheat laws, any monies so deposited which remain unclaimed by the holders of the Series H Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(e) The following provisions set forth the procedures for redemption, in addition to those general procedures set forth in Section 5(c) hereof, pursuant to the Special Redemption Right.

(i) A notice of special optional redemption will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of the Series H Preferred Stock at their addresses as they appear on the Corporation's stock transfer records. A failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the special optional redemption of the shares of Series H Preferred Stock except as to the holder to whom notice was defective or not given. Each notice will state: (A) the redemption date; (B) the redemption price; (C) the

number of shares of Series H Preferred Stock to be redeemed; (D) the place or places where the certificates, if any, evidencing the shares of Series H Preferred Stock are to be surrendered for payment; (E) that the shares of Series H Preferred Stock are being redeemed pursuant to the Corporation's special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; (F) that the holders of shares of Series H Preferred Stock to which the notice relates will not be able to tender such shares of Series H Preferred Stock for conversion in connection with the Change of Control and each share of Series H Preferred Stock tendered for conversion that is selected for redemption, prior to the Change of Control Conversion Date, will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and (G) that dividends on the shares to be redeemed will cease to accrue on such redemption date except as otherwise provided herein.

(ii) If fewer than all the shares of Series H Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of shares of Series H Preferred Stock to be redeemed from such holder. If fewer than all of the outstanding shares of Series H Preferred Stock are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata.

(iii) On and after the date fixed for redemption, provided that the Corporation has given a notice of redemption and has paid or set aside sufficient funds for the redemption in trust for the benefit of the holders of shares of Series H Preferred Stock called for redemption, those shares of Series H Preferred Stock will be treated as no longer being outstanding, no further dividends will accrue on the share of Series H Preferred Stock called for redemption and all other rights of the holders of those shares of Series H Preferred Stock will terminate (except that, in the case of a redemption date after a dividend payment record date and prior to the related Series H Dividend Payment Date, holders of Series H Preferred Stock on the applicable record date will be entitled on such Series H Dividend Payment Date to receive the dividend payable on such shares on the corresponding Series H Dividend Payment Date). The holders of those shares of Series H Preferred Stock will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends to (but not including) the redemption date, without interest from the date of such redemption.

(iv) At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series H Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series H Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates evidencing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid dividends to the redemption date). Subject to applicable escheat laws, any monies so deposited which remain unclaimed by the holders of the Series H Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(f) Any shares of Series H Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board.

(6) *Voting Rights*. Except as otherwise set forth herein, the Series H Preferred Stock shall not have any relative, participating, optional or other voting rights or powers, and the consent of the holders thereof shall not be required for the taking of any corporate action. In any matter in which the holders of Series H Preferred Stock are entitled to vote, each such holder shall have the right to one vote for each share of Series H Preferred Stock held by such holder.

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series H Preferred Stock are in arrears, whether or not earned or declared, the number of members then constituting the Board will be increased by two and the holders of Series H Preferred Stock, voting together as a class with the holders of any other series of Parity Stock upon which like voting rights have been conferred and are exercisable (any such other series, the "Voting Preferred Stock"), will have the right to elect two additional directors of the Corporation (the "Preferred Stock Directors") at an annual meeting of stockholders or a properly called special meeting of the holders of the Series H Preferred Stock and such Voting Preferred Stock and at each subsequent annual meeting of stockholders until all such dividends and dividends for the then current quarterly period on the Series H Preferred Stock and such other Voting Preferred Stock have been paid or declared and set aside for payment. Whenever all arrears in dividends on the Series H Preferred Stock and the Voting Preferred Stock then outstanding have been paid and full dividends on the Series H Preferred Stock and the Voting Preferred Stock for the then current quarterly dividend period have been paid in full or declared and set apart for payment in full, then the right of the holders of the Series H Preferred Stock and the Voting Preferred Stock to elect the two Preferred Stock Directors will cease, the terms of office of the Preferred Stock Directors will forthwith terminate and the number of members of the Board will be reduced accordingly; provided, however, that the right of the holders of the Series H Preferred Stock and the Voting Preferred Stock to elect the Preferred Stock Directors will again vest if and whenever six quarterly dividends are in arrears, as described above. In no event shall the holders of Series H Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause the Corporation to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of the Corporation's stock is listed. In class votes with other Voting Preferred Stock, preferred stock of different series shall vote in proportion to the liquidation preference of the preferred stock.

(b) So long as any shares of Series H Preferred Stock are outstanding, the approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series H Preferred Stock, voting separately as a class, either at a meeting of stockholders or by written consent, is required (i) to amend, alter or repeal any provisions of the Charter (including these Articles Supplementary), whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of the Series H Preferred Stock, unless in connection with any such amendment, alteration or repeal, the Series H Preferred Stock remains outstanding without the terms thereof being materially changed in any respect adverse to the holders thereof or is converted into or exchanged for preferred stock of

the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to those of the Series H Preferred Stock, or (ii) to authorize, create, or increase the authorized amount of any class or series of capital stock having rights senior to the Series H Preferred Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up (provided that if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the other series of Voting Preferred Stock, the consent of the holders of at least two-thirds of the outstanding shares of each such series so affected is required). However, the Corporation may create additional classes of Parity Stock and Junior Stock, amend the Charter and these Articles Supplementary to increase the authorized number of shares of Parity Stock (including the Series H Preferred Stock) and Junior Stock and issue additional series of Parity Stock and Junior Stock without the consent of any holder of Series H Preferred Stock.

(c) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding Series H Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(7) *Information Rights*. During any period in which the Corporation is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any shares of Series H Preferred Stock are outstanding, the Corporation will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series H Preferred Stock, as their names and addresses appear in the record books of the Corporation and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that the Corporation would have been required to file with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Corporation were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series H Preferred Stock. The Corporation will mail (or otherwise provide) the information to the holders of Series H Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the Securities and Exchange Commission if the Corporation were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which the Corporation would be required to file such periodic reports if the Corporation were a "non-accelerated filer" within the meaning of the Exchange Act.

(8) *Other Limitations; Ownership and Transfer of the Series H Preferred Stock.* The Series H Preferred Stock constitutes Capital Stock (as defined in the Charter) of the Corporation and is governed by and issued subject to all the ownership and transfer restrictions of the Charter applicable to Capital Stock generally, including but not limited to the terms and conditions (including exceptions and exemptions) of Article VII of the Charter applicable to Capital Stock. The foregoing sentence shall not be construed to limit the applicability to the Series H Preferred Stock of any other term or provision of the Charter.

(9) *Conversion Upon a Change of Control*. The Series H Preferred Stock is not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 9.

(a) Upon the occurrence of a Change of Control, each holder of Series H Preferred Stock will have the right, subject to the Special Redemption Right of the Corporation, to convert some or all of the shares of Series H Preferred Stock held by such holder (the "Change of Control Conversion Right") on the relevant Change of Control Conversion Date (as defined herein) into a number of shares of Class A Common Stock (as defined in the Charter) per share of Series H Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) $25.00, plus (y) an amount equal to any accrued and unpaid dividends (whether or not declared) to, but not including, the Change of Control Conversion Date (as defined herein), except if such Change of Control Conversion Date is after a record date for a Series H Preferred Stock dividend payment and prior to the corresponding Series H Dividend Payment Date, in which case the amount pursuant to this clause (i) (y) shall equal $0.00 in respect of such dividend payment to be made on such Series H Dividend Payment Date, by (ii) the Common Stock Price (as defined herein) (such quotient, the "Conversion Rate"), and (B) 2.8198 (the "Share Cap"), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a Class A Common Stock dividend), subdivisions or combinations (in each case, a "Share Split") with respect to Class A Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Class A Common Stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of Class A Common Stock (or equivalent Alternative Conversion Consideration (as defined herein), as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 28,198,415 shares of Class A Common Stock (or equivalent Alternative Conversion Consideration, as applicable), subject to increase to the extent the underwriters' over-allotment option to purchase additional Series H Preferred Stock in the initial public offering of Series H Preferred Stock is exercised, not to exceed 32,428,178 shares of Class A Common Stock in total (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits with respect to Class A Common Stock as follows: the adjusted Exchange Cap as the result of a Share Split will be the number of shares of Class A Common Stock that is equivalent to the product of (i) the Exchange Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Class A Common Stock outstanding immediately prior to such Share Split.

In the case of a Change of Control as a result of which holders of Class A Common Stock are entitled to receive consideration other than solely shares of Class A Common Stock, including other securities, other property or assets (including cash or any combination thereof) with respect to or in exchange for shares of Class A Common Stock (the "Alternative Form Consideration"), a holder of Series H Preferred Stock shall be entitled thereafter to convert

(subject to the Corporation's Special Redemption Right) such Series H Preferred Stock not into Class A Common Stock but solely into the kind and amount of Alternative Form Consideration which the holder of Series H Preferred Stock would have owned or been entitled to receive upon such Change of Control as if such holder of Series H Preferred Stock then held the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration," and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the "Conversion Consideration").

If the holders of Class A Common Stock have the opportunity to elect the form of consideration to be received in such Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of Class A Common Stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of Class A Common Stock that voted for such an election (if electing between more than two types of consideration), as the case may be.

As used herein, "Common Stock Price" will mean (i) if the consideration to be received in the Change of Control by holders of shares of Class A Common Stock is solely cash, the amount of cash consideration per share of Class A Common Stock, (ii) if the consideration to be received in the Change of Control by holders of Class A Common Stock is other than solely cash, the average of the closing price per share of Class A Common Stock on the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, and (iii) if there is not a readily determinable closing price for the Class A Common Stock or Alternative Form Consideration (as defined herein), the fair market value of Class A Common Stock or such Alternative Form Consideration (as determined by the Board or a committee thereof).

(b) No fractional shares of Class A Common Stock shall be issued upon the conversion of Series H Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, the Corporation shall provide to holders of Series H Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. A failure to give such notice or any defect in the notice or in its mailing shall not affect the validity of the proceedings for the conversion of any Series H Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state the following: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series H Preferred Stock may exercise their Change of Control Conversion Right, which shall be the Change of Control Conversion Date; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which will be a business day occurring within 20 to 35 days following the date of the notice; (vi) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series H Preferred Stock; (vii) the name and address of the paying agent and the conversion agent; and (viii) the procedures that the holders of Series H Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to paragraph (c) above to the holders of Series H Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of Series H Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) evidencing the shares of Series H Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the transfer agent. Such conversion notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series H Preferred Stock to be converted; and (iii) that the shares of Series H Preferred Stock are to be converted pursuant to the applicable provisions of the Series H Preferred Stock. Notwithstanding the foregoing, if the shares of Series H Preferred Stock are held in global form, such notice shall comply with applicable procedures of the Depository Trust Company ("DTC"). The "Change of Control Conversion Date" shall be a Business Day set forth in the notice of Change of Control provided in accordance with paragraph 9(c) hereof that is no less than 20 days nor more than 35 days after the date on which the Corporation gives such notice pursuant to paragraph 9(c) hereof.

(f) Holders of Series H Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series H Preferred Stock; (ii) if certificated shares of Series H Preferred Stock have been issued, the certificate numbers of the withdrawn shares of Series H Preferred Stock; and (iii) the number of shares of Series H Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series H Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable DTC procedures.

(g) Series H Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date.

(h) In connection with the exercise of any Change of Control Conversion Right, the Corporation will comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of Series H Preferred Stock into Class A Common Stock. Notwithstanding anything to the contrary contained herein, no holder of Series H Preferred Stock will be entitled to convert such Series H Preferred Stock for Class A Common Stock to the extent that receipt of such Class A Common Stock would cause such holder (or any other person) to Beneficially Own or Constructively Own, within the meaning of the Charter, Common Stock of the Corporation in excess of the Common Stock Ownership Limit, as such term is defined in the Charter.

(10) *Record Holders*. The Corporation and the transfer agent for the Series H Preferred Stock may deem and treat the record holder of any Series H Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the transfer agent shall be affected by any notice to the contrary.

COLONY NORTHSTAR, INC.

AMENDED AND RESTATED BYLAWS

Adopted as of January 10, 2017

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set in accordance with these Bylaws and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors.

Section 3. SPECIAL MEETINGS.

(a) General. Each of the chairman of the board, vice chairman of the board, chief executive officer, president and the Board of Directors may call a special meeting of stockholders. Except as provided in subsection (b)(3) of this Section 3, a special meeting of stockholders shall be held on the date and at the time and place set by the chairman of the board, vice chairman of the board, chief executive officer, president or the Board of Directors, whoever has called the meeting. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than twenty-five percent of all the votes entitled to be cast on such matter at such meeting.

(b) Stockholder-Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the “Record Date Request Notice”) by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the “Request Record Date”). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders

of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder and each matter proposed to be acted on at the meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which a Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a meeting of stockholders, one or more written requests for a special meeting (collectively, the "Special Meeting Request") signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than twenty-five percent of all of the votes entitled to be cast on such matter at such meeting (the "Special Meeting Percentage") shall be delivered to the secretary. In addition, the Special Meeting Request shall (i) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (ii) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (iii) be sent to the secretary by registered mail, return receipt requested, and (iv) be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation of the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) In the case of any special meeting called by the secretary upon the request of stockholders (a "Stockholder-Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; *provided*, however, that the date of any Stockholder-Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and *provided further* that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m., local time, on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and *provided further* that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for a Stockholder-Requested Meeting, the Board of Directors may consider such factors as it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any

request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date.

(4) If written revocations of the Special Meeting Request have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting on the matter to the secretary: (i) if the notice of meeting has not already been delivered, the secretary shall refrain from delivering the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (ii) if the notice of meeting has been delivered and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (A) the secretary may revoke the notice of the meeting at any time before ten days before the commencement of the meeting or (B) the chairman of the meeting may call the meeting to order and adjourn the meeting from time to time without acting on the matter. Any request for a special meeting received after a revocation by the secretary of a notice of meeting shall be considered a request for a new special meeting.

(5) The chairman of the board, vice chairman of the board, chief executive officer, president or the Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been received by the secretary until the earlier of (i) five Business Days after actual receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph (5) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(6) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail,

by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business, by electronic transmission or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless such stockholder objects to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice. The Corporation may postpone or cancel a meeting of stockholders by making a public announcement (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten days prior to such date and otherwise in the manner set forth in this section.

Section 5. ORGANIZATION AND CONDUCT. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment or appointed individual, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting in the following order: the vice chairman of the board, the chief executive officer, the president, the vice presidents in their order of rank and, within each rank, in their order of seniority, the secretary, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast at the meeting by stockholders present in person or by proxy. The secretary or, in the case of a vacancy in the office or absence of the secretary, an assistant secretary or an individual appointed by the Board of Directors or the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of stockholders, an assistant secretary, or, in the absence of all assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance or participation at the meeting to stockholders of record of the Corporation, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (c) limiting the time allotted to questions or comments; (d) determining when and for how long the polls should be opened and when the polls should be closed; (e) maintaining order and security at the meeting; (f) removing any stockholder or any other individual who refuses to comply

with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (g) concluding a meeting or recessing or adjourning the meeting, whether or not a quorum is present, to a later date and time and at a place announced at the meeting; and (h) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with any rules of parliamentary procedure.

Section 6. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum for the transaction of business; but this section shall not affect any requirement under any statute or the charter of the Corporation (the "Charter") for the vote necessary for the approval of any matter. If such quorum is not established at any meeting of the stockholders, the chairman of the meeting may adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting, if a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally convened.

The stockholders present either in person or by proxy at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than would be required to establish a quorum.

Section 7. VOTING. A nominee for director shall be elected as a director only if such nominee receives the affirmative vote of a majority of the total votes cast for and against such nominee at a meeting of stockholders duly called and at which a quorum is present. However, directors shall be elected by a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present for which (a) the secretary of the Corporation receives notice that a stockholder has nominated an individual for election as a director in compliance with the requirements of advance notice of stockholder nominees for director set forth in Article II, Section 11 of these Bylaws, and (b) such nomination has not been withdrawn by such stockholder on or before the close of business on the tenth day before the date of filing of the definitive proxy statement of the Corporation with the Securities and Exchange Commission, and, as a result of which, the number of nominees is greater than the number of directors to be elected at the meeting. Each share entitles the holder thereof to vote for as many individuals as there are directors to be elected and for whose election the holder is entitled to vote. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided by statute or by the Charter, each outstanding share of stock, regardless of class, entitles the holder thereof to cast one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any question or in any election may be *viva voce* unless the chairman of the meeting shall order that voting be by ballot or otherwise.

Section 8. PROXIES. A holder of record of shares of stock of the Corporation may cast votes in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by applicable law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, limited liability company, partnership, joint venture, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, managing member, manager, general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any trustee or fiduciary, in such capacity, may vote stock registered in such trustee's or fiduciary's name, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it, directly or indirectly, in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or appropriate. On receipt by the secretary of the Corporation of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. INSPECTORS. The Board of Directors or the chairman of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor to the inspector. Except as otherwise provided by the chairman of the meeting, the inspectors, if any, shall (a) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (b) receive and tabulate all votes, ballots or consents, (c) report such tabulation to the chairman of the meeting, (d) hear and determine all challenges and questions arising in connection with the right to vote, and (e) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be *prima facie* evidence thereof.

Section 11. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS.

(a) Annual Meetings of Stockholders. (1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the record date set by the Board of Directors for the purpose of determining stockholders entitled to vote at the annual meeting, at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a).

(2) For any nomination or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and any such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; *provided, however*, that in connection with the Corporation's first annual meeting or in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, in order for notice by the stockholder to be timely, such notice must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(3) Such stockholder's notice shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,

(A) the class, series and number of all shares of stock or other securities of the Corporation or any affiliate thereof (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,

(B) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person,

(C) whether and the extent to which such stockholder, Proposed Nominee or Stockholder Associated Person, directly or indirectly (through brokers, nominees or otherwise), is subject to any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (I) manage risk or benefit from changes in the price of Company Securities for such stockholder, Proposed Nominee or Stockholder Associated Person or (II) increase or decrease the voting power of such stockholder, Proposed Nominee or Stockholder Associated Person in the Corporation or any affiliate thereof disproportionately to such person's economic interest in the Company Securities; and

(D) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series; and

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this paragraph (3) of this Section 11(a) and any Proposed Nominee,

(A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee and

(B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual.

(4) Such stockholder's notice shall, with respect to any Proposed Nominee, be accompanied by a written undertaking executed by the Proposed Nominee (i) that such Proposed Nominee (a) is not, and will not become, a party to any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation and (b) will serve as a director of the Corporation if elected; and (ii) attaching a completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request by the stockholder providing the notice, and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act, or would be required pursuant to the rules of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded).

(5) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(6) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder shall mean (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors or (ii) provided that the special meeting has been called in accordance with Section 3(a) of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record at the record date set by the Board of Directors for the purpose of determining stockholders entitled to vote at the special meeting, at the time of giving of notice provided for in this Section 11 and at the time of the special meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by

paragraphs (a)(3) and (4) of this Section 11, is delivered to the secretary at the principal executive office of the Corporation not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General. (1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall notify the Corporation of any inaccuracy or change (within two Business Days of becoming aware of such inaccuracy or change) in any such information. Upon written request by the secretary or the Board of Directors, any such stockholder shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), (A) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, and (B) a written update of any information (including, if requested by the Corporation, written confirmation by such stockholder that it continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 11 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, "the date of the proxy statement" shall have the same meaning as "the date of the company's proxy statement released to shareholders" as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the Securities and Exchange Commission from time to time. "Public announcement" shall mean disclosure (A) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (B) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, any proxy statement filed by the Corporation with the Securities and Exchange Commission pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

(5) Notwithstanding anything in these Bylaws to the contrary, except as otherwise determined by the chairman of the meeting, if the stockholder giving notice as provided for in this Section 11 does not appear in person or by proxy at such annual or special meeting to present each nominee for election as a director or the proposed business, as applicable, such matter shall not be considered at the meeting.

Section 12. TELEPHONE MEETINGS. The Board of Directors or chairman of the meeting may permit one or more stockholders to participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

Section 13. CONTROL SHARE ACQUISITION ACT. Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law, or any successor statute (the "MGCL"), shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 14. STOCKHOLDERS' CONSENT IN LIEU OF MEETING. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting (a) if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceedings of the stockholders or (b) if the action is advised, and submitted to the stockholders for approval, by the Board of Directors and a consent in writing or by electronic transmission of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting of stockholders is delivered to the Corporation in accordance with the MGCL. The Corporation shall give notice of any action taken by less than unanimous consent to each stockholder not later than ten days after the effective time of such action.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

Section 2. NUMBER, TENURE AND RESIGNATION. A majority of the entire Board of Directors may establish, increase or decrease the number of directors, *provided* that the number thereof shall never be less than the minimum number required by the MGCL, which is one, nor more than 15, *provided, further*, that the tenure of office of a director shall not be affected by any

decrease in the number of directors. Any director of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board, the vice chairman of the board or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the time and place of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the vice chairman of the board, the chief executive officer, the president or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place of any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place of special meetings of the Board of Directors without other notice than such resolution.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or United States mail to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority or other percentage of a specified group of directors is required for action, a quorum must also include a majority or such other percentage of such group.

The directors present at a meeting which has been duly called and at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave fewer than required to establish a quorum.

Section 7. VOTING. The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws. If enough directors have withdrawn from a meeting to leave fewer than required to establish a quorum, but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. ORGANIZATION. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or, in the absence of the chief executive officer, the president or, in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary of the Corporation, or, in the absence of the secretary and all assistant secretaries, an individual appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. CONSENT BY DIRECTORS WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. VACANCIES. If for any reason any or all of the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. The stockholders may elect a successor to fill a vacancy on the board of directors which results from the removal of a director. Except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors, even if such majority is less than a quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority of the entire Board of Directors. Any individual so elected as director shall serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies.

Section 12. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they perform or engage in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. RELIANCE. Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 14. RATIFICATION. The Board of Directors or the stockholders may ratify any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter, and if so ratified, shall have the same force and effect as if originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders. Any action or inaction questioned in any proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and such ratification shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 15. CERTAIN RIGHTS OF DIRECTORS AND OFFICERS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 16. EMERGENCY PROVISIONS. Notwithstanding any other provision in the Charter or these Bylaws, this Section 16 shall apply during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "Emergency"). During any Emergency, unless otherwise provided by the Board of Directors, (a) a meeting of the Board of Directors or a committee thereof may be called by any director or officer by any means feasible under the circumstances; (b) notice of any meeting of the Board of Directors during such an Emergency may be given less than 24 hours prior to the meeting to as many directors and by such means as may be feasible at the time, including publication, television or radio; and (c) the number of directors necessary to constitute a quorum shall be one-third of the entire Board of Directors.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 2. POWERS. The Board of Directors may delegate to any committee appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law. Except as may be otherwise provided by the Board of Directors, any committee may delegate some or all of its power and authority to one or more subcommittees, composed of one or more directors, as the committee deems appropriate in its sole and absolute discretion.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board shall otherwise provide.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. CONSENT BY COMMITTEES WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to appoint the chair of any committee, to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chairman of the board, a vice chairman of the board, a chief executive officer, one or more vice presidents, a chief operating officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as it shall deem necessary or appropriate. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. The Board of Directors may elect, or the chief executive officer may appoint, as the case may be, one or more persons to each office. Each officer shall serve until his or her successor is duly elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president, secretary and assistant secretary or treasurer and assistant treasurer may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board, the vice chairman of the board, the chief executive officer, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHAIRMAN OF THE BOARD. The Board of Directors may designate from among its members a chairman of the board, who shall not, solely by reason of these Bylaws, be an officer of the Corporation. The Board of Directors may designate the chairman of the board as an executive or non-executive chairman. The chairman of the board shall preside over the meetings of the Board of Directors. The chairman of the board shall perform such other duties as may be assigned to him or her by these Bylaws or the Board of Directors.

Section 5. VICE CHAIRMAN OF THE BOARD. The Board of Directors may designate from among its members a vice chairman of the board, who shall not, solely by reason of these Bylaws, be an officer of the Corporation. The Board of Directors may designate the vice chairman of the board as an executive or non-executive vice chairman. The vice chairman of the board shall perform such other duties as may be assigned to him or her by these Bylaws or the Board of Directors.

Section 6. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a chief executive officer. In the absence of such designation, the chairman of the board shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 8. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 9. PRESIDENT. In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 10. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the chief executive officer, the president or the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president, senior vice president or vice president for particular areas of responsibility.

Section 11. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder

which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or the Board of Directors.

Section 12. TREASURER. The treasurer shall have custody of the funds and securities of the Corporation, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

Section 13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the chief executive officer, the president or the Board of Directors.

Section 14. COMPENSATION. The compensation of the officers shall be fixed from time to time by or under the authority of the Board of Directors and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director.

ARTICLE VI

CONTRACTS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors and executed by an authorized person.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the chief executive officer, the president, the chief financial officer, treasurer or any other officer designated by the Board of Directors may determine.

ARTICLE VII

STOCK

Section 1. CERTIFICATES. Except as may be otherwise provided by the Board of Directors or any officer of the Corporation, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in any manner permitted by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no difference in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. TRANSFERS. All transfers of shares of stock shall be recorded on the books of the Corporation, by or on behalf of the holder of the shares, in person or by his or her duly authorized agent, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender of certificates duly endorsed. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors or an officer of the Corporation that such shares shall no longer be represented by certificates. Upon the transfer of any uncertificated shares, the Corporation shall provide to the record holders of such shares, to the extent then required by the MGCL, a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; *provided*, *however*, that if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors or an officer of the Corporation has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or

mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such record date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders has been set as provided in this section, such record date shall continue to apply to the meeting if postponed or adjourned, except if the meeting is postponed or adjourned to a date more than 120 days after the record date originally fixed for the meeting, in which case a new record date for such meeting shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may authorize the Corporation to issue fractional shares of stock or authorize the issuance of scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may authorize the issuance of units consisting of different securities of the Corporation.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to applicable law and the Charter.

Section 2. CONTINGENCIES. Before payment of any dividend or other distribution, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, trustee, member, manager, employee, partner or agent of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity. The rights to indemnification and advance of expenses provided by the Charter and these Bylaws shall vest immediately upon election of a director or officer. The Corporation shall provide such indemnification and advancement for expenses to an

individual who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and may, with the approval of its Board of Directors, provide the same (or lesser) indemnification and advancement of expenses to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment or reimbursement of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, resolution, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice of such meeting, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XIV

EXCLUSIVE FORUM FOR CERTAIN LITIGATION

Unless the Corporation consents in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of any duty owed by any director or officer or other employee of the Corporation to the Corporation or to the stockholders of the Corporation, (c) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the MGCL, the Charter or these Bylaws, or (d) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation that is governed by the internal affairs doctrine.

ARTICLE XV

AMENDMENT OF BYLAWS

These Bylaws may be amended, altered, repealed or rescinded (a) by the Board of Directors or (b) by the stockholders, by the affirmative vote of a majority of all the votes entitled to be cast generally in the election of directors; provided, however, that any amendment to these Bylaws approved by the stockholders by the affirmative vote of a majority of all the votes entitled to be cast generally in the election of directors may not be amended by the Board of Directors without the affirmative vote of a majority of all the votes entitled to be cast generally in the election of directors.

Exhibit 10.1

THIRD AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

COLONY CAPITAL OPERATING COMPANY, LLC

a Delaware limited liability company

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS THE TRANSFEROR DELIVERS TO THE COMPANY AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

dated as of January 10, 2017

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[1] NSAM to provide list of NSAM Unitholders.

THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
COLONY CAPITAL OPERATING COMPANY, LLC

THIS THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF COLONY CAPITAL OPERATING COMPANY, LLC, a Delaware limited liability company (the "Company"), dated as of January 10, 2017, is entered into by and among (i) Colony NorthStar, Inc. (successor to CLNY (as defined below)) ("CLNS"), (ii) Colony Capital, LLC ("CC"), (iii) CCH Management Partners I, LLC ("CCH"), (iv) FHB Holding LLC ("FHB LLC"), (v) Richard B. Saltzman ("Saltzman"), (vi) such Persons listed as Members in the Register and (vii) each other Person who at any time after the date hereof becomes a Member of the Company in accordance with the terms of this Agreement and the Act.

RECITALS

WHEREAS, the Company was formed as a limited liability company under the Delaware Limited Liability Company Act, Title 6, Sections 18-101 et seq. (the "Act"), by the filing of a Certificate of Formation with the Secretary of State of the State of Delaware on March 25, 2011 (the "Original Certificate");

WHEREAS, on March 25, 2011, CLNY entered into a limited liability company agreement of the Company (the "Original Agreement");

WHEREAS, on January 7, 2015, the name of the Company was changed from "CFI RE Masterco, LLC" to "Colony Capital Operating Company, LLC", by the filing of a Certificate of Amendment to the Original Certificate with the Secretary of State of the State of Delaware (the "Certificate of Amendment");

WHEREAS, on April 2, 2015, CC, CCH, FHB LLC, Saltzman, CLNY and the Company, concurrently with their execution of the Second Amended Limited Liability Company Agreement of the Company (the "Prior Agreement"), consummated the transactions contemplated by that certain contribution agreement, dated as of December 23, 2014 (as amended from time to time, the "CC Contribution Agreement"), by and among CC, CCH, FHB LLC, Saltzman, CLNY, the Company and Colony Capital OP Subsidiary, LLC, pursuant to which (i) each of CC, CCH, FHB LLC and Saltzman has acquired its Membership Interests in the Company; and (ii) CLNY has acquired additional Membership Interests in the Company on the terms and conditions set forth therein;

WHEREAS, on January 10, 2017, pursuant to the terms of that certain Agreement and Plans of Merger, dated as of June 2, 2016, as amended from time to time (the "Mergers Agreement"), by and among NorthStar Realty Finance Corp. ("NRF"), CLNS, NorthStar Asset Management Group, Inc. ("NSAM"), Colony Capital, Inc. ("CLNY"), New Sirius Inc., NorthStar Realty Finance Limited Partnership, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, CLNY merged with and into CLNS, with CLNS surviving the merger (the "Mergers");

WHEREAS, pursuant to the terms of the Mergers Agreement, each share of Class A common stock, par value $0.01 per share, of CLNY was converted into 1.4663 Class A REIT Shares and each share of Class B common stock, par value $0.01 per share, of CLNY was converted into 1.4663 Class B REIT Shares;

WHEREAS, following the Mergers, CLNS has outstanding the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares, the Series F Preferred Shares, the Series G Preferred Shares and the Series H Preferred Shares;

WHEREAS, following the Mergers and pursuant to the terms of that certain plan of merger dated as of the date hereof (the "OP Merger Agreement"), NSAM LP, a Delaware limited partnership ("NSAM LP"), was merged with and into the Company (the "OP Merger"), with the Company surviving, and pursuant to the OP Merger Agreement (i) each Membership Common Unit outstanding prior to the OP Merger was converted into the right to receive 1.4663 Membership Common Units, (ii) each limited partnership interest in NSAM LP was converted into the right to receive one (1) Membership Common Unit, (iii) each LTIP Unit in the Company outstanding prior to the OP Merger was converted into the right to receive 1.4663 LTIP Units;

WHEREAS, in connection with the transactions contemplated by the Mergers Agreement and the OP Merger Agreement, CLNS was issued Membership Common Units, Series A Company Preferred Units, Series B Company Preferred Units, Series C Company Preferred Units, Series D Company Preferred Units and Series E Company Preferred Units;

WHEREAS, in connection with the transactions contemplated by the OP Merger Agreement, each Series A Company Preferred Unit was converted into a Series F Company Preferred Unit, each Series B Company Preferred Unit was converted into a Series G Company Preferred Unit and each Series C Company Preferred Unit was converted into a Series H Company Preferred Unit; and

WHEREAS, in connection with the consummation of the Mergers and the OP Merger, each of CLNS, CC, CCH, Saltzman and FHB LLC desire to amend and restate the Prior Agreement to read in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1.
DEFINED TERMS

Section 1.1 Definitions. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement:

"Act" has the meaning set forth in the Recitals.

"Actions" has the meaning set forth in Section 7.7 hereof.

"Additional Funds" means any additional funds that the Managing Member may, at any time and from time to time, determine that the Company requires for the acquisition of additional properties, for the redemption of Membership Units or for such other purposes as the Managing Member may determine.

"Additional Member" means a Person who is admitted to the Company as a Member pursuant to the Act and Section 12.2 hereof, who is shown as such on the books and records of the Company, and who has not ceased to be a Member pursuant to the Act and this Agreement.

"Adjusted Available Cash" means, as of any date of determination, the sum of Available Cash and REIT Available Cash.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) decrease such deficit by any amounts that such Member is obligated to restore pursuant to this Agreement or by operation of law upon liquidation of such Member's Membership Interest or that such Member is deemed to be obligated to restore pursuant to the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704-2 (i)(5); and

(ii) increase such deficit by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of "Adjusted Capital Account Deficit" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjustment Events" has the meaning set forth in Section 4.5.A(i) hereof.

"Adjustment Factor" means 1.0; provided, however, that in the event that:

(i) CLNS (a) declares or pays a dividend on its outstanding REIT Shares wholly or partly in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares wholly or partly in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor then in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) CLNS distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares, or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares (other than REIT Shares issuable pursuant to a Qualified DRIP), at a price per share less than the Value of a REIT Share on the record date for such distribution (each a "Distributed Right"), then the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor then in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares issued and outstanding on the record date plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights, multiplied by the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date; provided, however, that, if any such Distributed Rights expire or become no longer exercisable, then the Adjustment Factor shall be adjusted, effective retroactive to the date of distribution (or, if later, the time the Distributed Rights become exercisable) of the Distributed Rights, to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction; and

(iii) CLNS shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or its assets (including securities, but excluding cash or any dividend or distribution referred to in subsection (i) or (ii) above, or any Units), which evidences of indebtedness or assets relate to assets not received by CLNS pursuant to a pro rata distribution by the Company, then the Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Adjustment Factor then in effect by a fraction (a) the numerator of which shall be such Value of a REIT Share as of the trading day immediately preceding the ex-date for such dividend or distribution and (b) the denominator of which shall be the Value of a REIT Share as of the trading day immediately preceding the ex-date for such dividend or distribution, less the then fair market value (as determined by the Managing Member, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share.

Any adjustment to the Adjustment Factor shall become effective on the first date on which REIT Shares trade at a price that reflects such event (the "ex-date"). Notwithstanding the foregoing, if any of the events in clause (i), (ii) or (iii) above occur, no adjustments will be made to the Adjustment Factor for any class or series of Membership Interests to the extent that the Company concurrently makes or effects a correlative distribution or payment to all of the Members holding Membership Interests of such class or series, or effects a correlative split, subdivision, reverse split or combination in respect of the Membership Interests of such class or series. If CLNS effects a dividend that allows holders of REIT Shares to elect to receive cash or additional REIT Shares, the Company may effect a correlative distribution by distributing to all Members holding Membership Interests of such class or series a combination of cash and additional Membership Interests in the same ratio as the ratio of cash and REIT Shares paid by CLNS, without offering Members an opportunity to elect to receive cash or additional Membership Interests. Any adjustments to the Adjustment Factor shall become effective immediately after such event,

retroactive to the record date, if any, for such event. For illustrative purposes, examples of adjustments to the Adjustment Factor are set forth on Exhibit A attached hereto.

"Adjustment Year" has the meaning set forth in Section 6225(d)(2) of the Code or comparable provisions of state, local or non-U.S. law.

"Affiliate" means, with respect to a specified Person, any Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, the specified Person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract, as trustee or executor or otherwise. For the avoidance of doubt, (i) CC and its Subsidiaries, on the one hand, and CLNS and its Subsidiaries, on the other hand, shall not be deemed Affiliates of the other for purposes of this Agreement and (ii) no fund, investment vehicle, or investment product managed by CLNS or its Subsidiaries shall be deemed an Affiliate of CLNS. The terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliated REIT" means CLNS and any Affiliate of CLNS or the Company that has elected to be taxed as a REIT under the Code and is a Member.

"Aggregate Contingent Consideration" has the meaning set forth in Section 4.12 hereof.

"Agreement" means this Third Amended and Restated Limited Liability Company Agreement of Colony Capital Operating Company, LLC, as now or hereafter amended, restated, modified, supplemented or replaced.

"Applicable Percentage" has the meaning set forth in Section 15.1.B hereof.

"Assignee" means a Person to whom a Membership Interest has been Transferred but who has not become a Substituted Member, and who has the rights set forth in Section 11.5 hereof.

"Available Cash" means, with respect to any period for which such calculation is being made,

(i) the sum, without duplication, of:

(1) the Company's Net Income or Net Loss (as the case may be) for such period,

(2) Depreciation and all other noncash charges to the extent deducted in determining Net Income or Net Loss for such period,

(3) the amount of any reduction in reserves of the Company established by the Managing Member (including reductions resulting because the Managing Member determines such amounts are no longer necessary),

(4) the excess, if any, of the net cash proceeds from the sale, exchange, disposition, financing or refinancing of Company property for such period over the gain (or loss, as the case may be) recognized from such sale, exchange, disposition, financing or refinancing during such period, and

(5) all other cash received (including amounts previously accrued as Net Income and amounts of deferred income) or any net amounts borrowed by the Company for such period that was not included in determining Net Income or Net Loss for such period;

(ii) less the sum, without duplication, of:

(1) all principal debt payments made during such period by the Company,

(2) capital expenditures made by the Company during such period,

(3) investments in any entity (including loans made thereto) to the extent that such investments are not otherwise described in clause (ii)(1) or clause (ii)(2) above,

(4) the excess, if any, of gain (or loss, as the case may be) recognized from the sale, exchange, disposition, financing or refinancing of Company property for such period over the net cash proceeds from such sale, exchange, disposition, financing or refinancing during such period,

(5) all other expenditures and payments not deducted in determining Net Income or Net Loss for such period (including amounts paid in respect of expenses previously accrued),

(6) any amount included in determining Net Income or Net Loss for such period that was not received by the Company during such period,

(7) the amount of any increase in reserves (including working capital reserves) established by the Managing Member during such period, and

(8) any amount distributed or paid in redemption of any Member's Membership Interest or Membership Units, including any Cash Amount paid.

Notwithstanding the foregoing, Available Cash shall not include (a) any cash received or reductions in reserves, or take into account any disbursements made, or reserves established, after dissolution and the commencement of the liquidation and winding up of the Company or (b) any Capital Contributions, whenever received or any payments, expenditures or investments made with such Capital Contributions.

"Board of Directors" means the Board of Directors of CLNS.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Capital Account" means, with respect to any Member, the Capital Account maintained by the Managing Member for such Member on the Company's books and records in accordance with the following provisions:

(a) To each Member's Capital Account, there shall be added such Member's Capital Contributions, such Member's distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3 hereof, and the amount of any Company liabilities assumed by such Member or that are secured by any property distributed to such Member.

(b) From each Member's Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.3 hereof, and the amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company (except to the extent already reflected in the amount of such Member's Capital Contribution).

(c) In the event any interest in the Company is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Member's Capital Account of the transferor to the extent that it relates to the Transferred interest.

(d) In determining the amount of any liability for purposes of subsections (a) and (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(e) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations promulgated under Code Section 704, and shall be interpreted and applied in a manner consistent with such Regulations. The Managing Member may modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, provided that the Managing Member determines that such modification is not reasonably likely to have a material effect on the amounts distributable to any Member without such Person's consent. The Managing Member also may (i) make any adjustments to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2; provided, however, that the Managing Member determines that such changes are not reasonably likely to materially reduce amounts otherwise distributable to the Member as current cash distributions or as distributions on termination of the Company.

"Capital Account Limitation" has the meaning set forth in Section 4.6.B hereof.

"Capital Contribution" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Contributed Property that such Member contributes to the Company or is deemed to contribute pursuant to Article 4 hereof.

"Capital Share" means a share of any class or series of stock of CLNS now or hereafter authorized, other than a REIT Share.

"Cash Amount" means an amount of cash equal to the product of (i) the Value of a Class A REIT Share and (ii) the REIT Shares Amount determined as of the applicable Valuation Date.

"CC Contribution Agreement" has the meaning set forth in the Recitals.

"Certificate" means the Original Certificate, as amended by the Certificate of Amendment, and as may be further amended from time to time in accordance with the terms hereof and the Act.

"Charter" means the charter of CLNS, within the meaning of Section 1-101(e) of the Maryland General Corporation Law.

"Class A REIT Share" means a share of class A common stock of CLNS, par value $0.01 per share. Where relevant in this Agreement, "Class A REIT Shares" includes shares of class A common stock of CLNS, par value $0.01 per share, issued upon conversion of Preferred Shares or Class B REIT Shares.

"Class B REIT Share" means a share of class B common stock of CLNS, par value $0.01 per share.

"CLNS Equivalent Shares" means, with respect to any class or series of Membership Units, REIT Shares or Capital Shares issued by CLNS with preferences, conversion and other rights (other than voting rights), restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption that are substantially the same as (or correspond to) the preferences, conversion and other rights, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of such Membership Units as appropriate to reflect the relative rights and preferences of such Membership Units as to the other classes and series of Membership Units, but not as to matters such as voting for members of the Board of Directors that are not applicable to the Company.

"CLNS Member Loan" has the meaning set forth in Section 4.3.B hereof.

"Code" means the Internal Revenue Code of 1986.

"Company" means Colony Capital Operating Company, LLC, the limited liability company formed and continued under the Act and pursuant to this Agreement, and any successor thereto.

"Company Employee" means an employee of the Company or an employee of a Subsidiary of the Company, if any.

"Company Equivalent Units" means, with respect to any class or series of Capital Shares, Preferred Shares, New Securities or other interests in CLNS (other than REIT Shares), Membership Units with preferences, conversion and other rights (other than voting rights), restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption that are substantially the same as (or correspond to) the preferences, conversion and other rights, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of such Capital Shares, Preferred Shares, New Securities or other interests as appropriate to reflect the relative rights and preferences of such Capital Shares, Preferred Shares, New Securities or other interests as to the REIT Shares and the other classes and series of Capital Shares, Preferred Shares, New Securities or other interests as such Company Equivalent Units would have as to Membership Common Units and the other classes and series of Membership Units corresponding to the other classes of Capital Shares, Preferred Shares, New Securities or other interests but not as to matters such as voting for members of the Board of Directors that are not applicable to the Company. For the avoidance of doubt, the voting rights, redemption rights and rights to Transfer Company Equivalent Units need not be similar to the rights of the corresponding class or series of Capital Shares, Preferred Shares, New Securities or other interests, provided, however, with respect to redemption rights, the terms of Company Equivalent Units must be such so that the Company complies with Section 4.9.B of this Agreement.

"Company Junior Unit" means a fractional share of the Membership Interests of a particular class or series that the Managing Member has authorized pursuant to Section 4.2 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are inferior or junior to the Membership Common Units.

"Company Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Member Minimum Gain, as well as any net increase or decrease in Member Minimum Gain, for a Fiscal Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Company Preferred Unit" means a fractional share of the Membership Interests of a particular class or series that the Managing Member has authorized pursuant to Section 4.1 or 4.2 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the Membership Common Units, including the Series A Company Preferred Units, the Series B Company Preferred Units, the Series C Company Preferred Units, the Series D Company Preferred Units, the Series E Company Preferred Units, the Series F Company Preferred Units, the Series G Company Preferred Units and the Series H Company Preferred Units.

"Company Record Date" means the record date established by the Managing Member for the purpose of determining the Members entitled to notice of or to vote at any meeting of Members or to consent to any matter, or to receive any distribution or the allotment of any other rights, or in order to make a determination of Members for any other proper purpose, which, in the case of a record date fixed for the determination of Members entitled to receive any

distribution, shall (unless otherwise determined by the Managing Member) generally be the same as the record date established by CLNS for a distribution to its stockholders of some or all of its portion of such distribution.

"Consent" means the consent to, approval of, or vote in favor of a proposed action by a Member given in accordance with Article 14 hereof.

"Consent of the Members" means the Consent of a Majority in Interest of the Members, which Consent shall be obtained before the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by Members in their discretion.

"Consent of the Non-Managing Members" means the Consent of a Majority in Interest of the Non-Managing Members, which Consent shall be obtained before the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by Members in their discretion.

"Constituent Person" has the meaning set forth in Section 4.6.F hereof.

"Contingent Consideration Members" has the meaning set forth in Section 4.12 hereof.

"Contributed Property" means each Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Company (or deemed contributed by the Company to a "new" partnership pursuant to Code Section 708).

"Controlled Entity" means, as to any Person, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Person or such Person's Family Members or Affiliates, (b) any trust, whether or not revocable, of which such Person or such Person's Family Members or Affiliates are the sole beneficiaries, (c) any partnership of which such Person or an Affiliate of such Person is the managing partner and in which such Person or such Person's Family Members or Affiliates hold partnership interests representing at least twenty-five percent (25%) of such partnership's capital and profits and (d) any limited liability company of which such Person or an Affiliate of such Person is the manager or managing member and in which such Person or such Person's Family Members or Affiliates hold membership interests representing at least twenty-five percent (25%) of such limited liability company's capital and profits. For the avoidance of doubt, no fund, investment vehicle, or investment product managed by CLNS or its Subsidiaries shall be deemed to be a Controlled Entity of CLNS.

"Conversion Date" has the meaning set forth in Section 4.6.B hereof.

"Conversion Notice" has the meaning set forth in Section 4.6.B hereof.

"Conversion Right" has the meaning set forth in Section 4.6.A hereof.

"Credit Agreement" has the meaning set forth in Section 6.3.D hereof.

"Cut-Off Date" means the fifth (5th) Business Day after the Managing Member's receipt of a Notice of Redemption; provided, however, with respect to any Member who is not an employee of the Company, a Subsidiary of the Company or CLNS or a Former NSAM Unitholder, the "Cut-Off" date shall mean, at the election of the Managing Member, the later of (i) the fifth (5th) Business Day after the Managing Member's receipt of a Notice of Redemption and (ii) the next regularly scheduled meeting of the Board of Directors after the Managing Member's receipt of a Notice of Redemption.

"Debt" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

"Declination" has the meaning set forth in Section 15.1.A hereof.

"Depreciation" means, for each Fiscal Year or other applicable period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or period, Depreciation shall be in an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managing Member.

"Distributed Right" has the meaning set forth in the definition of "Adjustment Factor."

"Dividend Equivalent Amount" for any period as to any Member means the amount of distributions such Member would receive for that period from REIT Shares if such Member owned the number of REIT Shares equal to the product of such Member's Membership Units and the Adjustment Factor for the record date pertaining to such period; provided, however, that for purposes of determining any Member's Dividend Equivalent for any period for which CLNS pays a dividend with respect to REIT Shares in which holders of REIT Shares have an option to elect to receive such dividend in cash or additional REIT Shares (other than pursuant to a dividend reinvestment program), the amount of distributions such Member shall be deemed to have received with respect to such dividend (if such Member owned the specified number of REIT Shares) shall be equal to the product of (i) the specified number of REIT Shares deemed to be owned by such Member, and (ii) the quotient obtained by dividing (a) the aggregate amount

of cash paid by CLNS in connection with such dividend to all holders of REIT Shares, by (b) the aggregate number of REIT Shares outstanding as of the close of business on the record date for such dividend, and the Adjustment Factor shall be adjusted in connection with such dividend in the manner provided in the definition thereof.

"Economic Capital Account Balances" has the meaning set forth in Section 6.3.E hereof.

"Equity Plan" means any stock or equity purchase plan, restricted stock or equity plan or other similar equity compensation plan now or hereafter adopted by the Company or CLNS (including, for the avoidance of doubt, any stock or equity purchase plan, restricted stock or equity plan or other similar equity compensation plan of NSAM assumed by CLNS).

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Excess Units" means Tendered Units, the issuance of REIT Shares in exchange for which would result in a violation of the Ownership Limit.

"Exchange Act" means the Securities Exchange Act of 1934, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

"Excluded Property" means any asset now or hereafter held directly by CLNS or any direct or indirect wholly owned Subsidiary of CLNS or any MH REIT (other than the equity of any MH REIT, any direct or indirect wholly owned Subsidiary of CLNS and interests in the Company, as applicable), in each case, to the extent such asset has not theretofore been contributed to the Company.

"Family Members" means, as to a Person that is an individual, such Person's spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters and inter vivos or testamentary trusts of which only such Person and his spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters are beneficiaries. "Fiscal Year" means the fiscal year of the Company, which shall be the calendar year.

"Forced Redemption" has the meaning set forth in Section 4.6.C hereof.

"Forced Redemption Notice" has the meaning set forth in Section 4.6.C hereof.

"Former NSAM Unitholders" means the Persons set forth on Schedule III hereto.

"Funding Debt" means any Debt incurred by or on behalf of the Managing Member or CLNS for the purpose of providing funds to the Company.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be (1) in the case of any asset listed on Schedule II, the gross asset value of such asset as listed on Schedule II and (ii) in all other cases, the gross fair market value of such asset as determined by the Managing Member using such reasonable method of valuation as it may adopt.

(ii) The Gross Asset Values of all Company assets immediately prior to the occurrence of any event described below shall be adjusted to equal their respective gross fair market values, as determined by the Managing Member using such reasonable method of valuation as it may adopt, as of the following times:

(1) the acquisition of an additional interest in the Company (other than in connection with the execution of this Agreement but including acquisitions pursuant to Section 4.2 hereof or contributions or deemed contributions by the Managing Member pursuant to Section 4.2 hereof) by a new or existing Member in exchange for more than a de minimis Capital Contribution, if the Managing Member reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(2) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company if the Managing Member reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(3) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(4) upon the admission of a successor managing member pursuant to Section 12.1 hereof; and

(5) at such other times as the Managing Member shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(iii) The Gross Asset Value of any Company asset distributed to a Member shall be the gross fair market value of such asset on the date of distribution as determined by the Managing Member using such reasonable method of valuation as it may adopt.

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (iv) to the extent that the Managing Member reasonably determines that an adjustment pursuant to subsection (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (iv).

(v) If the Gross Asset Value of a Company asset has been determined or adjusted pursuant to subsection (i), subsection (ii) or subsection (iv) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

"Holder" means either (a) a Member or (b) an Assignee that owns a Membership Unit.

"Imputed Tax Underpayment" has the meaning set forth in Section 10.3.C hereof.

"Incapacity" or "Incapacitated" means, (i) as to any Member who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Member incompetent to manage his or her person or his or her estate; (ii) as to any Member that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any Member that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Member that is an estate, the distribution by the fiduciary of the estate's entire interest in the Company; (v) as to any trustee of a trust that is a Member, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Member, the bankruptcy of such Member. For purposes of this definition, bankruptcy of a Member shall be deemed to have occurred when (a) the Member commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Member under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Member is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Member, (c) the Member executes and delivers a general assignment for the benefit of the Member's creditors, (d) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding of the nature described in clause (b) above, (e) the Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Member or for all or any substantial part of the Member's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Member's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within ninety (90) days after the expiration of any such stay.

"Indemnitee" means (i) any Person made, or threatened to be made, a party to a proceeding by reason of its status as (A) the Managing Member or CLNS or (B) a manager, member, officer, director or employee of the Managing Member or CLNS or an employee of the Company and (ii) such other Persons (including Affiliates, employees or agents of the Managing Member, CLNS or the Company) as the Managing Member may designate from time to time (whether before or after the event giving rise to potential liability).

"IRS" means the United States Internal Revenue Service.

"IRS Adjustment" has the meaning set forth in Section 10.3.C hereof.

"Lead Tendering Party" has the meaning set forth in Section 15.1.J(3)(b) hereof.

"Liquidating Event" has the meaning set forth in Section 13.1 hereof.

"Liquidating Gains" has the meaning set forth in Section 6.3.E hereof.

"Liquidating Losses" has the meaning set forth in Section 6.3.E hereof.

"Liquidator" has the meaning set forth in Section 13.2.A hereof.

"LTIP Award" means each or any, as the context requires, an award of LTIP Units issued under any Equity Plan.

"LTIP Unit" means a Membership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges and restrictions, qualifications, and limitations set forth in Section 4.5 hereof (except as may be varied by the designations applicable to any particular class or series of LTIP Units) and elsewhere in this Agreement (including any exhibit hereto creating any new class or series of LTIP Units) or in the Equity Plan or the award, vesting, or other agreement pursuant to which an LTIP Unit is granted to the holder thereof. The allocation of LTIP Units among the Members shall be set forth in the books and records of the Company, as may be amended from time to time.

"LTIP Unitholder" means a Member that holds LTIP Units.

"LV Safe Harbor" has the meaning set forth in Section 10.2.B hereof.

"LV Safe Harbor Election" has the meaning set forth in Section 10.2.B hereof.

"LV Safe Harbor Interests" has the meaning set forth in Section 10.2.B hereof.

"Majority in Interest of the Members" means Members (including the Managing Member, CLNS and any Controlled Entity of either of them) entitled to vote on or consent to any matter holding more than fifty percent (50%) of all outstanding Membership Units held by all Members (including the Managing Member, CLNS and any Controlled Entity of either of them) entitled to vote on or consent to such matter.

"Majority in Interest of the Non-Managing Members" means Members (excluding the Managing Member, CLNS and any Controlled Entity of either of them) entitled to vote on or consent to any matter holding more than fifty percent (50%) of all outstanding Membership Units held by all Members (excluding the Managing Member, CLNS and any Controlled Entity of either of them) entitled to vote on or consent to such matter.

"Managing Member" means CLNS, or any of its successors or permitted assigns, or any subsequent successor or permitted assign, in its capacity as the managing member of the Company.

"Member(s)" means (i) CLNS, (ii) CC, (iii) CCH, (iv) FHB LLC, (v) Saltzman, (vi) such Persons listed as Members in the Register and (vii) each other Person that is, from time

to time, admitted to the Company as a member in accordance with the terms of this Agreement and the Act, and any Substituted Member or Additional Member, each shown as such in the books and records of the Company, in each case, that has not ceased to be a member of the Company pursuant to the Act and this Agreement, in such Person's capacity as a member of the Company.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Member Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(1), and the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a Fiscal Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(1).

"Membership Common Unit" means a fractional share of the Membership Interests of all Members issued pursuant to Sections 4.1 and 4.2 hereof, but does not include any Company Junior Unit, Company Preferred Unit or any other Membership Unit specified in a Membership Unit Designation as being other than a Membership Common Unit.

"Membership Common Unit Economic Balance" has the meaning set forth in Section 6.3.E hereof.

"Membership Interest" means an ownership interest in the Company held by either a Non-Managing Member or the Managing Member and includes any and all benefits to which the holder of such a Membership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes or series of Membership Interests; however, notwithstanding that the Managing Member, CLNS and any other Member may have different rights and privileges as specified in this Agreement (including differences in rights and privileges with respect to their Membership Interests), the Membership Interest held by the Managing Member, CLNS or any other Member and designated as being of a particular class or series shall not be deemed to be a separate class or series of Membership Interest from a Membership Interest having the same designation as to class and series that is held by any other Member solely because such Membership Interest is held by the Managing Member, CLNS or any other Member having different rights and privileges as specified under this Agreement. A Membership Interest may be expressed as a number of Membership Common Units, Company Preferred Units, Company Junior Unit or other Membership Units.

"Membership Unit" means a Membership Common Unit, a Company Preferred Unit, a Company Junior Unit or any other fractional share of the Membership Interests that the Managing Member has authorized pursuant to Section 4.1 or Section 4.2 hereof.

"Membership Unit Designation" has the meaning set forth in Section 4.2 hereof.

"Membership Unit Distribution" has the meaning set forth in Section 4.5.A(ii) hereof.

"MH REIT(s)" means (i) NRFC MH Holdings, LLC, (ii) NRFC MH II Holdings, LLC, (iii) MH III Holdings – T, LLC, and (iv) MH IV Holdings – T, LLC.

"Net Income" or "Net Loss" means, for each Fiscal Year of the Company, an amount equal to the Company's taxable income or loss for such year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss" shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(ii) any expenditure of the Company described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss," shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(iii) in the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (ii) or subsection (iii) of the definition of "Gross Asset Value," the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(iv) gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) in lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year;

(vi) to the extent that an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) and shall be taken into account for purposes of computing Net Income or Net Loss; and

(vii) notwithstanding any other provision of this definition of "Net Income" or "Net Loss," any item that is specially allocated pursuant to Section 6.3 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of

Company income, gain, loss or deduction available to be specially allocated pursuant to Section 6.3 hereof shall be determined by applying rules analogous to those set forth in this definition of "Net Income" or "Net Loss."

"Net Proceeds" has the meaning set forth in Section 15.1.J(2) hereof.

"New Partnership Audit Procedures" means Subchapter C of Chapter 63 of the Code, as modified by Section 1101 of the Bipartisan Budget Act of 2015, Pub. L. No. 114-74, any amended or successor version, Treasury Regulations promulgated thereunder, official interpretations thereof, related notices, or other related administrative guidance.

"New Securities" means (i) any rights, options, warrants or convertible or exchangeable securities that entitle the holder thereof to subscribe for or purchase, convert such securities into or exchange such securities for, REIT Shares, Capital Shares or Preferred Shares, excluding Preferred Shares and grants under the Stock Incentive Plans, or (ii) any Debt issued by CLNS that provides any of the rights described in clause (i).

"Non-Electing Shares" has the meaning set forth in Section 15.1.H hereof.

"Non-Managing Member(s)" means any Member other than the Managing Member.

"Non-Managing Member Ancillary Agreement" means, with respect to any Non-Managing Member, any other agreement entered into by such Non-Managing Member or any of its Affiliates or transferee thereof with CLNS, the Company or a Subsidiary of the Company relating to such Non-Managing Member's Membership Units or any REIT Shares or Capital Shares which such Non-Managing Member holds or has the rights to obtain.

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Fiscal Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Redemption" means a Notice of Redemption substantially in the form of Exhibit B attached to this Agreement.

"Offered Shares" has the meaning set forth in Section 15.1.J(1)(a) hereof.

"Offering Units" has the meaning set forth in Section 15.1.J(1)(a) hereof.

"OP Merger" has the meaning set forth in the Recitals.

"Optionee" means a Person to whom a stock option is granted under any Stock Incentive Plan.

"Original Agreement" has the meaning set forth in the Recitals.

"Original Certificate" has the meaning set forth in the Recitals.

"Outside Member" means any Member other than a REIT Member.

"Ownership Limit" means the applicable restriction or restrictions on ownership of stock of CLNS imposed under the Charter.

"Partnership Representative" has the meaning set forth in Section 10.3.A hereof.

"Percentage Interest" means, with respect to each Member, as to any class or series of Membership Interests, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Membership Units of such class or series held by such Member and the denominator of which is the total number of Membership Units of such class or series held by all Members. If not otherwise specified, "Percentage Interest" shall be deemed to refer to Membership Common Units.

"Permitted Lender Transferee" has the meaning set forth in the definition of Permitted Transferee.

"Permitted Transfer" means a Transfer by a Non-Managing Member of all or part of its Membership Interest (i) to any Family Member, Controlled Entity or controlled Affiliate of such Member, or to any trust, partnership, corporation or limited liability company established and held for the direct or indirect benefit of a Family Member, provided that any such Transfer constitutes a bona fide gift or otherwise shall not involve a disposition for value other than equity interests in any such trust, partnership, corporation or limited liability company; (ii) as required by applicable law or order; (iii) to a nominee or custodian of a person or entity to whom a disposition or Transfer would be permitted under this Agreement; (iv) that such Non-Managing Member would be expressly authorized to make as a "Permitted Transfer" pursuant to a Non-Managing Member Ancillary Agreement, disregarding any expiration or termination thereof; or (v) in the case of any Permitted Transferee that is a past or present officer or employee of (x) the Company, CLNS or their respective Subsidiaries or (y) CC, CCH or Colony Realty Partners, LLC or their respective Subsidiaries, as may be, or may have been permitted pursuant to the applicable Non-Managing Member Ancillary Agreement to which such Membership Interests were subject at the time of the issuance of such Membership Interests or to which such Permitted Transferee was party (taking into account subsequent amendments thereto), disregarding any expiration or termination of such Non-Managing Member Ancillary Agreement.

"Permitted Transferee" means (i) any lender or lenders secured by a Pledge, or agents acting on their behalf, to whom any Membership Interest is transferred pursuant to the exercise of remedies under a Pledge and any special purpose entities owned and used by such lenders or agents for the purpose of holding any such Membership Interest (each a "Permitted Lender Transferee"), (ii) any Person, including any Third-Party Pledge Transferee designated by any lender or lenders secured by a Pledge, or agents acting on their behalf, to whom a Membership Interest is transferred pursuant to the exercise of remedies under a Pledge, whether before or after one or more Permitted Lender Transferees take title to such Membership Interest

and (iii) any other Person to whom any Membership Interest is transferred pursuant to a Permitted Transfer.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

"Pledge" means a pledge by a Non-Managing Member of all or any portion of its Membership Interest to one or more banks or lending institutions, or agents acting on their behalf, which are not Affiliates of such Non-Managing Member, as collateral or security for a bona fide loan or other extension of credit.

"Preferred Share" means a share of stock of CLNS now or hereafter authorized, designated or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares, including the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares, the Series F Preferred Shares, the Series G Preferred Shares and the Series H Preferred Shares.

"Pricing Agreements" has the meaning set forth in Section 15.1.J(3)(b) hereof.

"Properties" means any assets and property of the Company and "Property" means any one such asset or property.

"Publicly Traded" means having common equity securities listed or admitted to trading on any U.S. national securities exchange.

"Qualified DRIP" means a dividend reinvestment plan of CLNS that permits participants to acquire REIT Shares using the proceeds of dividends paid by CLNS.

"Qualified Transferee" means an "accredited investor," as defined in Rule 501 promulgated under the Securities Act.

"Qualifying MHR Party" means the MH REITs, or any of the successors or permitted assigns of the MH REITs, or any subsequent successor or permitted assigns.

"Qualifying Party" means (a) a Member, (b) an Additional Member, (c) an Assignee who is the transferee of a Member's Membership Interest in a Permitted Transfer, or (d) a Person, including a lending institution as the pledgee of a Pledge, who is the transferee of a Member's Membership Interest in a Permitted Transfer; provided, however, that a Qualifying Party shall not include the Managing Member or CLNS.

"Redemption" has the meaning set forth in Section 15.1.A hereof.

"Register" has the meaning set forth in Section 4.2 hereof.

"Regulations" means the income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Regulatory Allocations" has the meaning set forth in Section 6.3.B(viii) hereof.

"REIT" means a real estate investment trust within the meaning of Code Sections 856 through 860.

"REIT Available Cash" means, as of any date of determination, all amounts held by CLNS (and not the Company and its Subsidiaries) which would be available for distribution to the holders of REIT Shares (calculated in a manner substantially similar to the manner in which the Company calculates Available Cash, but excluding any distributions from the Company to be made, or which have been made, to CLNS hereunder and without regard to any restriction on distribution imposed on CLNS by any third party).

"REIT Member" means any Member which is (a) CLNS or any Affiliate of CLNS to the extent such Person has in place an election to qualify as a REIT and (b) a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) or disregarded entity (determined for federal income tax purposes) of any such Person referred to in clause (a).

"REIT Payment" has the meaning set forth in Section 15.11 hereof.

"REIT Performance Share" means a share of performance common stock of CLNS, par value $0.01 per share.

"REIT Requirements" means the requirements for qualifying as a REIT under the Code and Regulations (the "REIT Requirements").

"REIT Share" means Class A REIT Shares, Class B REIT Shares and REIT Performance Shares.

"REIT Shares Amount" means a number of Class A REIT Shares equal to the product of (a) the number of Tendered Units and (b) the Adjustment Factor; provided, however, that, in the event that CLNS issues to all holders of Class A REIT Shares as of a specified record date rights, options, warrants or convertible or exchangeable securities entitling CLNS's stockholders to subscribe for or purchase Class A REIT Shares, or any other securities or property (collectively, the "Rights"), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of Class A REIT Shares would be entitled to receive, expressed, where relevant hereunder, as a number of Class A REIT Shares determined by the Managing Member.

"Related Party" means, with respect to any Person, any other Person to whom ownership of shares of CLNS's stock would be attributed by or from such first Person under Code Section 544 (as modified by Code Section 856(h)(1)(B)).

"Reviewed Year" means a Company taxable year to which an item being adjusted by the IRS relates, as defined in Section 6225(d)(1) of the Code or comparable provisions of state, local or non-U.S. law.

"Rights" has the meaning set forth in the definition of "REIT Shares Amount."

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, and the rules and regulations of the SEC promulgated thereunder.

"Series A Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit E hereto. It is the intention of the Managing Member that each Series A Company Preferred Unit shall be substantially the economic equivalent of one Series A Preferred Share.

"Series A Preferred Share" means a share of 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series B Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit F hereto. It is the intention of the Managing Member that each Series B Company Preferred Unit shall be substantially the economic equivalent of one Series B Preferred Share.

"Series B Preferred Share" means a share of 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series C Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit G hereto. It is the intention of the Managing Member that each Series C Company Preferred Unit shall be substantially the economic equivalent of one Series C Preferred Share.

"Series C Preferred Share" means a share of 8.875% Series C Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series D Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit H hereto. It is the intention of the Managing Member that each Series D Company Preferred Unit shall be substantially the economic equivalent of one Series D Preferred Share.

"Series D Preferred Share" means a share of 8.500% Series D Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series E Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit I hereto. It is the intention of the Managing Member that each Series E Company Preferred Unit shall be substantially the economic equivalent of one Series E Preferred Share.

"Series E Preferred Share" means a share of 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series F Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit J hereto. It is the intention of the Managing Member that each Series F Company Preferred Unit shall be substantially the economic equivalent of one Series F Preferred Share.

"Series F Preferred Share" means a share of 8.50% Series F Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series G Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit K hereto. It is the intention of the Managing Member that each Series G Company Preferred Unit shall be substantially the economic equivalent of one Series G Preferred Share.

"Series G Preferred Share" means a share of 7.50% Series G Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Series H Company Preferred Unit" means a Company Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in Exhibit L hereto. It is the intention of the Managing Member that each Series H Company Preferred Unit shall be substantially the economic equivalent of one Series H Preferred Share.

"Series H Preferred Share" means a share of 7.125% Series H Cumulative Redeemable Perpetual Preferred Stock of CLNS, par value $0.01 per share.

"Single Funding Notice" has the meaning set forth in Section 15.1.J(1)(b) hereof.

"Specified Membership Units" means with respect to each Excluded Property, the amount of Membership Common Units, Company Junior Unit and/or Company Preferred Units (as the case may be) which would have been issued to CLNS, pursuant to Section 4.2 hereof, if CLNS had contributed such Excluded Property on the date that such asset was acquired by CLNS or a wholly owned Subsidiary of CLNS, in exchange for Membership Units equal in value to the fair market value of such Excluded Property as of such date.

"Specified Redemption Date" means the soonest practicable date after the receipt by the Managing Member of a Notice of Redemption, but in any event not later than the tenth (10th) Business Day following the date of receipt; provided, however, with respect to any Member who is not an employee of the Company, a Subsidiary of the Company or CLNS or a Former NSAM Unitholder, the Specified Redemption Date shall be not later than the fifth (5th) Business Day after the Cut-Off Date; and provided, further, that, if the Managing Member and CLNS elect a Stock Offering Funding pursuant to Section 15.1.J, such Specified Redemption Date shall be deferred until the next Business Day following the date of the closing of the Stock Offering Funding (but in any event not more than one hundred fifty (150) days in the aggregate).

"Stock Incentive Plans" means any stock option plan or stock incentive plan now or hereafter adopted by the Company or CLNS.

"Stock Offering Funding" has the meaning set forth in Section 15.1.J(1)(a) hereof.

"Stock Offering Funding Amount" has the meaning set forth in Section 15.1.J(2) hereof.

"Subsidiary" means, with respect to a specified Person, any other Person in which more than 50% of the securities or other ownership interests having the power to (a) elect a majority of the other Person's board of directors or other governing body or (b) otherwise direct the business and policies of the other Person, are owned or controlled, directly or indirectly, by (x) the specified Person, (y) the specified Person and one or more Subsidiaries of the specified Person, or (z) one or more Subsidiaries of the specified Person. For the avoidance of doubt, no fund, investment vehicle, or investment product managed by CLNS or its Subsidiaries shall be deemed to be a Subsidiary of CLNS.

"Substituted Member" means a Person who is admitted as a Member to the Company pursuant to Section 11.4 hereof.

"Successor Shares Amount" has the meaning set forth in Section 11.7.C hereof.

"Surrender" has the meaning set forth in Section 15.15.A hereof.

"Surrender Date" has the meaning set forth in Section 15.15.A hereof.

"Surrendering Party" has the meaning set forth in Section 15.15.A hereof.

"Surviving Company" has the meaning set forth in Section 11.7.C hereof.

"Target Balance" has the meaning set forth in Section 6.3.E hereof.

"Tax Items" has the meaning set forth in Section 6.4.A hereof.

"Tax Matters Member" has the meaning set forth in Section 10.3.A hereof.

"Tendered Units" has the meaning set forth in Section 15.1.A hereof.

"Tendering Party" has the meaning set forth in Section 15.1.A hereof.

"Termination Transaction" means any Transfer of all or any portion of CLNS's Membership Interest or, if the Managing Member is not CLNS, its interest in the Managing Member in connection with, or the other occurrence of, (a) a merger, consolidation or other combination involving CLNS or the Managing Member, on the one hand, and any other Person, on the other (other than in connection with a change in CLNS's state of incorporation or organizational form), (b) a sale, lease, exchange or other transfer of all or substantially all of the assets of CLNS not in the ordinary course of its business, whether in a single transaction or a series of related transactions, (c) a reclassification, recapitalization or similar change of the

outstanding REIT Shares (other than a change in par value, or from par value to no par value, or as a result of a stock split, stock dividend or similar subdivision), (d) the adoption of any plan of liquidation or dissolution of CLNS or the Managing Member, or (e) a Transfer of all or any portion of CLNS's Membership Interest or, if the Managing Member is not CLNS, its interest in the Managing Member, other than a Transfer effected in accordance with Section 11.2.A.(i).

"Third-Party Pledge Transferee" means a Qualified Transferee, other than a Permitted Lender Transferee, that acquires a Membership Interest pursuant to the exercise of remedies by Permitted Lender Transferees under a Pledge and that agrees to be bound by the terms and conditions of this Agreement.

"Transaction" has the meaning set forth in Section 4.6.F hereof.

"Transaction Consideration" has the meaning set forth in Section 11.7.B hereof.

"Transfer" means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law; provided, however, that when the term is used in Article 11 hereof, unless otherwise indicated therein, "Transfer" does not include (a) any Redemption of Membership Common Units by the Company, or acquisition of Tendered Units by CLNS, pursuant to Section 15.1 hereof, or (b) any redemption of Membership Units pursuant to any Membership Unit Designation. The terms "Transferred" and "Transferring" have correlative meanings.

"Unvested LTIP Units" has the meaning set forth in Section 4.5.C(i) hereof.

"Valuation Date" means the date of receipt by the Managing Member of a Notice of Redemption pursuant to Section 15.1 herein, the date of a notice of surrender pursuant to Section 15.15 herein, or such other date as specified herein, or, if such date is not a Business Day, the immediately preceding Business Day.

"Value" means, on any date with respect to a REIT Share, the average of the daily Market Prices for the ten (10) consecutive trading days immediately preceding the Valuation Date (except that the Market Price for the trading day immediately preceding the date of exercise of a stock option under any Stock Incentive Plans shall be substituted for such average of daily market prices for purposes of Section 4.4 hereof). The term "Market Price" on any date means, with respect to either Class A REIT Shares, Class B REIT Shares or REIT Performance Shares, the last sale price for a Class A REIT Share, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for a Class A REIT Shares, in either case, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if Class A REIT Shares are not listed or admitted to trading on the New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which Class A REIT Shares are listed or admitted to trading or, if Class A REIT Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the- counter market, as reported by the principal automated quotation system

that may then be in use or, if Class A REIT Shares are not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in Class A REIT Shares selected by the Managing Member or, in the event that no trading price is available for Class A REIT Shares, the fair market value of Class A REIT Shares, as determined in good faith by the Managing Member. In the event that the REIT Shares Amount includes Rights (as defined in the definition of "REIT Shares Amount") that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the Managing Member acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

"Vested LTIP Units" has the meaning set forth in Section 4.5.C(i) hereof.

"Vesting Agreement" means each or any, as the context implies, Equity Plan or agreement contemplated under an Equity Plan entered into by an LTIP Unitholder upon acceptance of an award of LTIP Units under an Equity Plan.

"Withdrawing Member" has the meaning set forth in Section 15.1.J(3)(c) hereof.

Section 1.2 Interpretation and Usage. In this Agreement, unless there is a clear contrary intention: (A) when a reference is made to an article, a section, an exhibit or a schedule, that reference is to an article, a section, an exhibit or a schedule of or to this Agreement; (B) the singular includes the plural and vice versa; (C) reference to any agreement, document or instrument means that agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (D) reference to any statute, code, rule, or regulation means that statute, code, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any statute, code, rule or regulation means that section or provision from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of that section or provision; (E) "hereunder," "hereof," "hereto," and words of similar import will be deemed references to this Agreement as a whole and not to any particular article, section or other provision of this Agreement; (F) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (G) references to agreements, documents or instruments will be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (H) the terms "writing," "written" and words of similar import will be deemed to include communications and documents in e-mail, fax or any other similar electronic or documentary form.

ARTICLE 2.
ORGANIZATIONAL MATTERS

Section 2.1 Formation. The Company is a limited liability company previously formed, and continued pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Members and the administration and termination of the Company shall be governed by the Act. The Membership Interest of each Member shall be personal property for all purposes.

Section 2.2 Name. The name of the Company is "Colony Capital Operating Company, LLC". The Company's business may be conducted under any other name or names deemed advisable by the Managing Member, including the name of the Managing Member or any Affiliate thereof. The words "Limited Liability Company," "L.L.C.," "LLC" or similar words or letters shall be included in the Company's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The Managing Member may change the name of the Company at any time and from time to time.

Section 2.3 Principal Office and Resident Agent. The address of the principal office of the Company in the State of Delaware is located at 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808, and the name and address of the resident agent of the Company in the State of Delaware are the Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808, or such other principal office and resident agent as the Managing Member may from time to time designate. The Company may maintain offices at such other place or places within or outside the State of Delaware as the Managing Member may approve.

Section 2.4 Power of Attorney.

A. Each Member and Assignee hereby irrevocably constitutes and appoints the Managing Member, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the Managing Member or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Company as a limited liability company (or a company in which the members have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (b) all instruments that the Managing Member or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the Managing Member or the Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; (d) all conveyances and other instruments or documents that the Managing Member or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Company pursuant to the terms of this Agreement; (e) all instruments relating to the admission, acceptance, withdrawal, removal or substitution of any Member pursuant to the terms of this Agreement or the Capital Contribution of any Member; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Membership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments the Managing Member or any Liquidator determines in its sole and absolute discretion are appropriate, necessary or desirable to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Members hereunder or is consistent with the terms of this Agreement or to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the Managing Member or any Liquidator to amend this Agreement except in accordance with Section 14.2 hereof or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Members and Assignees will be relying upon the power of the Managing Member or the Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Company, and it shall survive and not be affected by the subsequent Incapacity of any Member or Assignee and the Transfer of all or any portion of such Person's Membership Units or Membership Interest (as the case may be) and shall extend to such Person's heirs, successors, assigns and personal representatives. Each such Member and Assignee hereby agrees to be bound by any representation made by the Managing Member or the Liquidator, acting in good faith pursuant to such power of attorney; and each such Member and Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the Managing Member or the Liquidator, taken in good faith under such power of attorney. Each Member and Assignee shall execute and deliver to the Managing Member or the Liquidator, within fifteen (15) days after receipt of the Managing Member's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the Managing Member or the Liquidator (as the case may be) deems necessary to effectuate this Agreement and the purposes of the Company. Notwithstanding anything else set forth in this Section 2.4.B, no Member shall incur any personal liability for any action of the Managing Member or the Liquidator taken under such power of attorney.

Section 2.5 Term. The term of the Company commenced on March 25, 2011, the date that the original Certificate was filed with the office of the Secretary of State of the State of Delaware in accordance with the Act, and shall continue indefinitely unless the Company is dissolved sooner pursuant to the provisions of Article 13 hereof or as otherwise provided by law.

ARTICLE 3.
PURPOSE

Section 3.1 Purpose and Business. The purpose and nature of the Company is to conduct any business, enterprise or activity permitted by or under the Act; provided, however, such business and arrangements and interests shall be limited to and conducted in such a manner as to permit the Managing Member, in its sole and absolute discretion, at all times to be classified as a REIT unless CLNS, in its sole and absolute discretion, has chosen to cease to qualify as a REIT or has chosen not to attempt to qualify as a REIT for any reason or for reasons whether or not related to the business conducted by the Company. Without limiting CLNS's right in its sole and absolute discretion to cease qualifying as a REIT, the Members acknowledge

that the status of CLNS as a REIT inures to the benefit of all Members and not solely to CLNS or its Affiliates. In connection with the foregoing, the Company shall have full power and authority to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue and guarantee evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien and, directly or indirectly, to acquire additional Properties necessary, useful or desirable in connection with its business.

Section 3.2 Powers.

A. The Company shall have the power to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Company; provided, however, the Company shall not take, and shall refrain from taking, any action that, in the judgment of the Managing Member, in its sole and absolute discretion, (i) could adversely affect the ability of CLNS to continue to qualify as a REIT, (ii) could cause the Company not to be treated as a partnership or disregarded entity for federal income tax purposes, (iii) could subject CLNS to any additional taxes under Code Section 857 or Code Section 4981 or any other related or successor provision of the Code or (iv) could violate any law or regulation of any governmental body or agency having jurisdiction over CLNS, its securities or the Company.

Section 3.3 Limited Authority and Liability of Members. The Company is a limited liability company formed pursuant to the Act, and this Agreement shall not be deemed to create a company, venture or partnership between or among the Members or any other Persons with respect to any activities whatsoever other than the activities specified in Section 3.1 hereof. Except as otherwise provided in this Agreement, no Member shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Company, its properties or any other Member. No Member, in its capacity as a Member under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Member, nor shall the Company be responsible or liable for any indebtedness or obligation of any Member, incurred either before or after the execution and delivery of this Agreement by such Member, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4 Representations and Warranties by the Members.

A. Each Member that is an individual (including each Additional Member or Substituted Member as a condition to becoming an Additional Member or a Substituted Member) represents and warrants to, and covenants with, the Company, the Managing Member and each other Member that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Member will not result in a breach or violation of, or a default under, any material agreement by which such Member or any of such Member's property is bound, or any statute, regulation, order or other law to which such Member is subject, (ii) except as disclosed in writing to the Managing Member, such Member is neither a "foreign person," within the meaning of Code Section 1445(f) nor a "foreign partner," within the meaning of Code Section 1446(e), (iii) to such Member's knowledge, such Member does not, and for so long as it is a Member will not, own, directly or indirectly, (a) nine percent (9%) or more of the

total combined voting power of all classes of stock entitled to vote, or nine percent (9%) or more of the total number of shares of all classes of stock, of any corporation that is a direct or indirect tenant of any of (I) CLNS, determined for purposes of Code Section 856(d)(2)(B), (II) the Company, determined for purposes of Code Section 7704(d)(3), (III) any Affiliated REIT or (IV) any partnership, corporation, or other entity of which CLNS or any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), with respect to CLNS, or the Company is a member, determined for purposes of Code Section 856(d)(2)(B) and Code Section 7704(d)(3), or (b) an interest of nine percent (9%) or more in the assets or net profits of any direct or indirect tenant of any of (I) CLNS, determined for purposes of Code Section 856(d)(2)(B), (II) the Company, determined for purposes of Code Section 7704(d)(3), (III) any Affiliated REIT or (IV) any partnership, corporation, or other entity of which CLNS or any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), with respect to CLNS, or the Company is a member, determined for purposes of Code Section 856(d)(2)(B) and Code Section 7704(d)(3); provided, however, that each Member may exceed any of the nine percent limits (9%) set forth in this clause (iii) if such Member obtains the written consent of the Managing Member prior to exceeding any such limits; provided, further, that in no event shall any Member own, directly or indirectly, more than nine point eight percent (9.8%) of the stock described in clause (iii)(a) above or more than nine point eight percent (9.8%) of the assets or net profits described in clause (iii)(b) above, and (iv) this Agreement is binding upon, and enforceable against, such Member in accordance with its terms.

B. Each Member that is not an individual (including each Additional Member or Substituted Member as a condition to becoming an Additional Member or a Substituted Member) represents and warrants to, and covenants with, the Company, the Managing Member and each other Member that (i) all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including that of its managing member(s), general partner(s), committee(s), trustee(s), beneficiaries, directors and/or stockholder(s) (as the case may be) as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its partnership or operating agreement, trust agreement, charter or bylaws (as the case may be), any material agreement by which such Member or any of such Member's properties or any of its partners, members, beneficiaries, trustees or stockholders (as the case may be) is or are bound, or any statute, regulation, order or other law to which such Member or any of its partners, members, trustees, beneficiaries or stockholders (as the case may be) is or are subject, (iii) except as disclosed in writing to the Managing Member, such Member is neither a "foreign person," within the meaning of Code Section 1445(f), nor a "foreign partner," within the meaning of Code Section 1446(e), (iv) such Member does not, and for so long as it is a Member will not, own, directly or indirectly, (a) nine percent (9%) or more of the total combined voting power of all classes of stock entitled to vote, or nine percent (9%) or more of the total number of shares of all classes of stock, of any corporation that is a direct or indirect tenant of any of (I) CLNS, determined for purposes of Code Section 856(d)(2)(B), (II) the Company, determined for purposes of Code Section 7704(d)(3), (III) any Affiliated REIT or (IV) any partnership, corporation, or other entity of which CLNS or any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), with respect to CLNS, or the Company is a member, determined for purposes of Code Section 856(d)(2)(B) and Code Section 7704(d)(3), or (b) an interest of nine percent (9%) or more in the assets or net profits of any direct or indirect tenant of any of (I) CLNS, determined for purposes of Code Section 856(d)(2)(B), (II) the Company, determined for purposes of Code Section

7704(d)(3), (III) any Affiliated REIT or (IV) any partnership, corporation, or other entity of which CLNS or any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), with respect to CLNS, or the Company is a member, determined for purposes of Code Section 856(d)(2)(B) and Code Section 7704(d)(3); provided, however, that each Member may exceed any of the nine percent limits (9%) set forth in this clause (iii) if such Member obtains the written consent of the Managing Member prior to exceeding any such limits; provided, further, that in no event shall any Member own, directly or indirectly, more than nine point eight percent (9.8%) of the stock described in clause (iii)(a) above or more than nine point eight percent (9.8%) of the assets or net profits described in clause (iii)(b) above, and (iv) this Agreement is binding upon, and enforceable against, such Member in accordance with its terms.

C. Each Member (including each Substituted Member, as a condition to becoming a Substituted Member) represents and warrants that it is an "accredited investor," as defined in Rule 501 promulgated under the Securities Act, and represents, warrants and agrees that it has acquired and continues to hold its interest in the Company for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances. Each Member further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Company in what it understands to be a highly speculative and illiquid investment. Notwithstanding the foregoing, the representations and warranties contained in the first sentence of this Section 3.4.C shall not apply to any Permitted Lender Transferee, it being understood that a Permitted Lender Transferee may be subject to a legal obligation to sell, distribute or otherwise dispose of any Membership Interest acquired pursuant to the exercise of remedies under a Pledge; provided, however, that such Permitted Lender Transferee must be a Qualified Transferee.

D. The representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C hereof shall survive the execution and delivery of this Agreement by each Member (and, in the case of an Additional Member or a Substituted Member, the admission of such Additional Member or Substituted Member as a Member in the Company) and the dissolution, liquidation and termination of the Company.

E. Each Member (including each Substituted Member as a condition to becoming a Substituted Member) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Company or the Managing Member have been made by any Member or any employee or representative or Affiliate of any Member, and that projections and any other information, including financial and descriptive information and documentation, that may have been in any manner submitted to such Member shall not constitute any representation or warranty of any kind or nature, express or implied.

F. Notwithstanding the foregoing, the Managing Member may permit the modification of any of the representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C above as applicable to any Member (including any Additional Member or Substituted Member or any transferee of either) provided that such representations and warranties, as

modified, shall be set forth in either (i) a Membership Unit Designation applicable to the Membership Units held by such Member or (ii) a separate writing addressed to the Company and the Managing Member.

ARTICLE 4.
CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Members. Each Member has previously made (or has been deemed to have made) Capital Contributions to the Company (or NSAM LP). Immediately upon execution of this Agreement, all existing limited liability company interests of the Company issued and outstanding as of immediately prior to the execution of this Agreement automatically shall be converted into (i) Membership Common Units, (ii) Series A Company Preferred Units, (iii) Series B Company Preferred Units, (iv) Series C Company Preferred Units, (v) Series D Company Preferred Units, (vi) Series E Company Preferred Units, (vii) Series F Company Preferred Units, (viii) Series G Company Preferred Units or (ix) Series H Company Preferred Units, in each case as set forth in the Register. Except as provided by law or in Section 4.2, 4.3, 10.3.C or 10.4 hereof, the Members shall have no obligation or, except with the prior written consent of the Managing Member, right to make any Capital Contributions or loans to the Company.

Section 4.2 Issuances of Additional Membership Interests. Subject to the rights of any Holder of any Membership Interest set forth in a Membership Unit Designation:

A. General. Subject to the provisions of this Agreement (including Section 4.2.B hereof), the Managing Member is hereby authorized to cause the Company to issue additional Membership Interests, in the form of Membership Units, for any Company purpose (including if the Managing Member determines that the Company requires Additional Funds), at any time or from time to time, to the Members (including the Managing Member and CLNS) or to other Persons, and to admit such Persons as Additional Members, for such consideration and on such terms and conditions as shall be established by the Managing Member, all without the approval of any Member or any other Person. Without limiting the foregoing, the Managing Member is expressly authorized to cause the Company to issue Membership Units (i) upon the conversion, redemption or exchange of any Debt, Membership Units or other securities issued by the Company, (ii) for less than fair market value, (iii) for no consideration, (iv) in connection with any merger of any other Person into the Company, or (v) upon the contribution of property or assets to the Company. Any additional Membership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption (including rights that may be senior or otherwise entitled to preference over existing Membership Interests) as shall be determined by the Managing Member, in its sole and absolute discretion and without the approval of any Non-Managing Member or any other Person, and set forth in a written document thereafter attached to and made an exhibit to this Agreement, which exhibit shall be an amendment to this Agreement and shall be incorporated herein by this reference (each, a “Membership Unit Designation”) without the approval of any Non-Managing Member or any other Person. Without limiting the generality of the foregoing, the Managing Member shall have authority to specify, in its sole and absolute discretion: (a) the allocations of items of Company income, gain, loss, deduction and

credit to each such class or series of Membership Interests; (b) the right of each such class or series of Membership Interests to share (on a pari passu, junior or preferred basis) in Membership Unit Distributions; (c) the rights of each such class or series of Membership Interests upon dissolution and liquidation of the Company; (d) the voting rights, if any, of each such class or series of Membership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Membership Interests. Except to the extent specifically set forth in any Membership Unit Designation, a Membership Interest of any class or series other than a Membership Common Unit shall not entitle the holder thereof to vote on, or consent to, any matter. Upon the issuance of any additional Membership Interest, the Managing Member shall amend the Register and the books and records of the Company as appropriate to reflect such issuance.

B. Issuances to the Managing Member or CLNS. No additional Membership Units shall be issued to CLNS unless (i) the additional Membership Units are issued to all Members holding Membership Common Units in proportion to their respective Percentage Interests in the Membership Common Units, (ii) (a) the additional Membership Units are (x) Membership Common Units issued in connection with an issuance of REIT Shares, or (y) Company Equivalent Units (other than Membership Common Units) issued in connection with an issuance of Capital Shares, Preferred Shares, New Securities or other interests in CLNS (other than REIT Shares), and (b) CLNS contributes to the Company the cash proceeds or other consideration received in connection with the issuance of such REIT Shares, Capital Shares, Preferred Shares, New Securities or other interests in CLNS, (iii) the additional Membership Units are issued upon the conversion, redemption or exchange of Debt, Membership Units or other securities issued by the Company, or (iv) the additional Membership Units are issued pursuant to Section 4.2.A, Section 4.2.D, Section 4.4, Section 4.7 or Section 4.11; provided, however, that notwithstanding any provision to the contrary contained in this Agreement but subject to the rights of any Holder of any Membership Interest set forth in a Membership Unit Designation, the Company shall not issue, and the Managing Member shall not authorize the issuance of, (x) any Membership Interests issued to CLNS that do not have CLNS Equivalent Shares that are concurrently issued by CLNS for the equivalent contribution to CLNS of cash, property or assets, which are subsequently contributed by CLNS to the Company, or (y) any Membership Interests unless approved by the Board of Directors.

C. No Preemptive Rights. Except as expressly provided in this Agreement or in any Membership Unit Designation, no Person, including any Member or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Membership Interest.

D. Issuance of Securities by CLNS. Following the issuance of Membership Units contemplated by the second sentence of Section 4.1, CLNS shall not issue any additional REIT Shares, Preferred Shares or New Securities unless CLNS contributes, substantially concurrently with the receipt thereof, the cash proceeds or other consideration received from the issuance of such additional REIT Shares, Preferred Shares or New Securities (as the case may be), and from the exercise of the rights contained in any such additional New Securities, to the Company in exchange for (x) in the case of an issuance of REIT Shares, Membership Common Units, or (y) in the case of an issuance of Preferred Shares or New Securities, Company Equivalent Units; provided, however, that notwithstanding the foregoing, CLNS may issue REIT Shares, Preferred

Shares or New Securities (a) pursuant to Section 4.4 or Section 15.1.B hereof, (b) pursuant to a dividend or distribution (including any stock split) of REIT Shares, Preferred Shares or New Securities to all holders of REIT Shares, Preferred Shares or New Securities (as the case may be), (c) upon a conversion, redemption or exchange of Preferred Shares, (d) upon a conversion, redemption, exchange or exercise of New Securities, or (e) in connection with an acquisition of Membership Units or a property or other asset to be owned, directly or indirectly, by CLNS. In the event of any issuance of additional REIT Shares, Preferred Shares or New Securities by CLNS, and the contribution to the Company, by CLNS, of the cash proceeds or other consideration received from such issuance, the Company shall pay CLNS's expenses associated with such issuance, including any underwriting discounts or commissions. In the event that CLNS issues any additional REIT Shares, Capital Shares, Preferred Shares, New Securities or other interests in CLNS and contributes the cash proceeds or other consideration received from the issuance thereof to the Company, the Company is authorized to and shall issue a number of Membership Common Units or Company Equivalent Units to CLNS equal to the number of REIT Shares, Capital Shares, Preferred Shares, New Securities or other interests so issued, divided by the Adjustment Factor then in effect, in accordance with this Section 4.2.D without any further act, approval or vote of any Member or any other Persons, provided that CLNS shall have the discretion to not divide the Capital Shares, Preferred Shares, New Securities or other interests by the Adjustment Factor for purposes of determining the number of Membership Common Units or Company Equivalent Units to be issued to CLNS if CLNS determines that to do so would not be appropriate.

E. Register. The Managing Member shall cause to be maintained in the principal business office of the Company, or such other place as may be determined by the Managing Member, the books and records of the Company, which shall include, among other things, a register containing the name, address and number of Membership Units of each Member, and such other information as the Managing Member may deem necessary or desirable (the "Register"). The Register shall not be deemed part of this Agreement. The Managing Member shall from time to time update the Register as necessary to accurately reflect the information therein, including as a result of any sales, exchanges or other Transfers, or any redemptions, issuances or similar events involving Membership Units. Any reference in this Agreement to the Register shall be deemed a reference to the Register as in effect from time to time. Subject to the terms of this Agreement, the Managing Member may take any action authorized hereunder in respect of the Register without any need to obtain the consent of any other Member. No action of any Non-Managing Member shall be required to amend or update the Register. Except as required by law, no Non-Managing Member shall be entitled to receive a copy of the information set forth in the Register relating to any Member other than itself. Schedule I hereto sets forth the respective Capital Accounts of the Members as of the date hereof.

Section 4.3 Loans to the Company.

A. Loans by Third Parties. The Managing Member, on behalf of the Company, may obtain any Additional Funds, without the approval of any Member or any other Person, by causing the Company to incur Debt to any Person (other than, except as contemplated in Section 4.3.B, the Managing Member or CLNS) upon such terms as the Managing Member determines appropriate, including making such Debt convertible, redeemable or exchangeable for Membership Units; provided, however, that the Company shall not incur any such Debt if any

Member would be personally liable for the repayment of such Debt (unless such Member otherwise agrees).

B. Loans by the Managing Member. The Managing Member, in its sole and absolute discretion on behalf of the Company, may obtain any Additional Funds by causing the Company to incur Debt to the Managing Member and/or CLNS (each, a "CLNS Member Loan") if (i) such Debt is, to the extent permitted by law, on substantially the same terms and conditions (including interest rate, repayment schedule, and conversion, redemption, repurchase and exchange rights) as Funding Debt incurred by the Managing Member or CLNS, as applicable, the net proceeds of which are loaned to the Company to provide such Additional Funds, or (ii) such Debt is on terms and conditions no less favorable to the Company than would be available to the Company from a third party; provided, however, that the Company shall not incur any such Debt if any Member would be personally liable for the repayment of such Debt (unless such Member otherwise agrees).

Section 4.4 Stock Incentive Plans.

A. Options Granted to Persons other than Company Employees. If at any time or from time to time, in connection with any Stock Incentive Plan, an option to purchase REIT Shares granted to a Person other than a Company Employee is duly exercised:

(1) CLNS, shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to the exercise price paid to CLNS by such exercising party in connection with the exercise of such stock option.

(2) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 4.4.A(1) hereof, CLNS shall be deemed to have contributed to the Company as a Capital Contribution an amount equal to the Value of a REIT Share as of the date of exercise, multiplied by the number of REIT Shares then being issued in connection with the exercise of such stock option. In exchange for such Capital Contribution, the Company shall issue a number of Membership Common Units to CLNS equal to the quotient of (a) the number of REIT Shares issued in connection with the exercise of such stock option, divided by (b) the Adjustment Factor then in effect.

B. Options Granted to Company Employees. If at any time or from time to time, in connection with any Stock Incentive Plan, an option to purchase REIT Shares granted to a Company Employee is duly exercised:

(1) CLNS shall sell to the Company, and the Company shall purchase from CLNS, the number of REIT Shares as to which such stock option is being exercised. The purchase price per REIT Share for such sale of REIT Shares to the Company shall be the Value of a REIT Share as of the date of exercise of such stock option.

(2) The Company shall sell to the Optionee (or if the Optionee is an employee of a Company Subsidiary, the Company shall sell to such Company Subsidiary, which in turn shall sell to the Optionee), for a cash price per share equal to the Value of a REIT Share at the time of the exercise, a number of REIT Shares equal to (a) the exercise price

paid to CLNS by the exercising party in connection with the exercise of such stock option, divided by (b) the Value of a REIT Share at the time of such exercise.

(3) The Company shall transfer to the Optionee (or if the Optionee is an employee of a Company Subsidiary, the Company shall transfer to such Company Subsidiary, which in turn shall transfer to the Optionee) at no additional cost, as additional compensation, a number of REIT Shares equal to the number of REIT Shares described in Section 4.4.B(1) hereof, less the number of REIT Shares described in Section 4.4.B(2) hereof.

(4) CLNS shall, as soon as practicable after such exercise, make a Capital Contribution to the Company of an amount equal to the proceeds received (excluding any payment in respect of payroll taxes or other withholdings) by CLNS pursuant to Section 4.4.B(1) in connection with the exercise of such stock option. In exchange for such Capital Contribution, the Company shall issue a number of Membership Common Units to CLNS equal to the quotient of (a) the number of REIT Shares issued in connection with the exercise of such stock option, divided by (b) the Adjustment Factor then in effect.

C. Restricted Stock Granted to Company Employees. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Incentive Plan), any REIT Shares are issued to a Company Employee (including any REIT Shares that are subject to forfeiture in the event such Company Employee terminates his employment by the Company or a Company Subsidiary) in consideration for services performed for the Company or a Company Subsidiary:

(1) CLNS shall issue such number of REIT Shares as are to be issued to the Company Employee in accordance with the Equity Plan;

(2) the following events will be deemed to have occurred: (a) CLNS shall be deemed to have sold such shares to the Company (or if the Company Employee is an employee or other service provider of a Company Subsidiary, to such Company Subsidiary) for a purchase price equal to the Value of such shares, (b) the Company (or such Company Subsidiary) shall be deemed to have delivered the shares to the Company Employee, (c) CLNS shall be deemed to have contributed the purchase price to the Company as a Capital Contribution, and (d) if the Company Employee is an employee of a Company Subsidiary, the Company shall be deemed to have contributed such amount to the capital of the Company Subsidiary; and

(3) the Company shall issue to CLNS a number of Membership Common Units equal to the number of newly issued REIT Shares, divided by the Adjustment Factor then in effect, in consideration for the deemed Capital Contribution pursuant to Section 4.4.C.(2)(c).

D. Restricted Stock Granted to Persons other than Company Employees. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Incentive Plan), any REIT shares are issued to a Person other than a Company Employee in consideration for services performed for CLNS, the Company or a Company Subsidiary:

(1) CLNS shall issue such number of REIT Shares as are to be issued to such Person in accordance with the Equity Plan; and

(2) CLNS shall be deemed to have contributed the Value of such REIT Shares to the Company as a Capital Contribution, and the Company shall issue to CLNS a number of newly issued Membership Common Units equal to the number of newly issued REIT Shares, divided by the Adjustment Factor then in effect.

E. Future Stock Incentive Plans. Nothing in this Agreement shall be construed or applied to preclude or restrain the Managing Member or CLNS from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the Managing Member, CLNS, the Company or any of their Affiliates. The Members acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the Managing Member or CLNS, amendments to this Section 4.4 may become necessary or advisable and that any approval or Consent to any such amendments requested by the Managing Member or CLNS shall be deemed granted.

F. Issuance of Membership Common Units. The Company is expressly authorized to issue Membership Common Units in the circumstances specified in this Section 4.4 without any further act, approval or vote of any Member or any other Persons.

Section 4.5 LTIP Units.

A. Issuance of LTIP Units. The Managing Member may from time to time issue LTIP Units, in one or more classes or series established in accordance with Section 4.2, to Persons who provide services to the Company, for such consideration as the Managing Member may determine to be appropriate, and admit such Persons as Members. Any provision herein relating to LTIP Units or LTIP Unitholders may be varied by the provisions applicable to an individual class or series of LTIP Units as set forth in the applicable Membership Unit Designation. Except to the extent a Capital Contribution is made with respect to an LTIP Unit, each LTIP Unit is intended to qualify as a “profits interest” in the Company within the meaning of the Code, the Regulations, and any published guidance by the IRS with respect thereto. Subject to the following provisions of this Section 4.5 and the special provisions of Sections 4.6, 5.7 and 6.3.E, LTIP Units shall be treated as Membership Common Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Members’ Percentage Interests, holders of LTIP Units shall be treated as holders of Membership Common Units and LTIP Units shall be treated as Membership Common Units. In particular, the Company shall maintain at all times a one-to-one correspondence between LTIP Units and Membership Common Units for conversion, distribution and other purposes, including complying with the following procedures:

(i) If an Adjustment Event occurs, then except as set forth in the applicable Membership Unit Designation, the Managing Member shall make a corresponding adjustment to the LTIP Units to maintain the one-to-one correspondence between Membership Common Units and LTIP Units as existed prior to such Adjustment Event. “Adjustment Events” means any of the following events (A) the Company makes a distribution on all outstanding Membership Common Units in Membership Units to the extent the LTIP Unitholder did not participate in the

distribution, (B) the Company subdivides the outstanding Membership Common Units into a greater number of units or combines the outstanding Membership Common Units into a smaller number of units, or (C) the Company issues any Membership Units in exchange for its outstanding Membership Common Units by way of a reclassification or recapitalization of its Membership Common Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Membership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Membership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Membership Units to the Managing Member in respect of a capital contribution to the Company of proceeds from the sale of securities by the Managing Member. If the Company takes an action affecting the Membership Common Units or LTIP Units other than actions specifically described above as Adjustment Events and in the opinion of the Managing Member such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the Managing Member shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by any Equity Plan, in such manner and at such time as the Managing Member, in its sole and absolute discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units as herein provided the Company shall promptly file in the books and records of the Company an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after the filing of such certificate, the Company shall mail a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment; and

(ii) Unless otherwise provided in an LTIP Award or Vesting Agreement or by the Managing Member with respect to any particular class or series of LTIP Units, the LTIP Unitholders shall, when, as and if authorized and declared by the Managing Member out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per Membership Common Unit (the "Membership Unit Distribution"), paid to holders of Membership Common Units on such Company Record Date established by the Managing Member with respect to such distribution, provided, however, that until the Economic Capital Account Balance of the LTIP Units is equal to the Target Balance, the LTIP Units shall be entitled to distributions attributable to the sale or other disposition of an asset of the Company only to the extent of any appreciation in value of such asset subsequent to the award date of such LTIP Unit, as determined by the Company. Subject to the terms of any LTIP Award or Vesting Agreement or by the Managing Member with respect to any particular class or series of LTIP Units, so long as any LTIP Units are outstanding, no distributions (whether in cash or in kind) shall be authorized, declared or paid on Membership Common Units, unless equal distributions have been or contemporaneously are authorized, declared and paid on the LTIP Units in accordance with the preceding sentence. Subject to the terms of any LTIP Award or Vesting Agreement, or by the Managing Member with respect to any particular class or series of LTIP Units, an LTIP Unitholder shall be entitled to transfer his or her Vested LTIP Units to the same extent, and subject to the same restrictions as holders of Membership Common Units are entitled to transfer their Membership Common Units pursuant to Article 11 of this Agreement.

B. Priority. Subject to the provisions of this Section 4.5 and the special provisions of Section 6.3.E, the LTIP Units shall rank pari passu with the Membership Common Units as to the payment of regular and special periodic or other distributions and, subject to Sections 13.2.A(4) and 13.2.C, distribution of assets upon liquidation, dissolution or winding up. As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Membership Units or Membership Interests which by its terms specifies that it shall rank junior to, on a parity with, or senior to the Membership Common Units shall also rank junior to, or pari passu with, or senior to, as the case may be, the LTIP Units.

C. Special Provisions. LTIP Units shall be subject to the following special provisions:

(i) Vesting Agreements. LTIP Units may, in the sole and absolute discretion of the Managing Member, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the Managing Member from time to time in its sole and absolute discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Equity Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as "Vested LTIP Units;" all other LTIP Units shall be treated as "Unvested LTIP Units."

(ii) Forfeiture. Unless otherwise specified in the Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the right of the Company or the Managing Member to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, then if the Company or the Managing Member exercises such right to repurchase or forfeiture in accordance with the applicable Vesting Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Company Record Date prior to the effective date of the forfeiture. In connection with any repurchase or forfeiture of LTIP Units, the balance of the portion of the Capital Account of the LTIP Unitholder that is attributable to all of its LTIP Units shall be reduced by the amount, if any, by which such balance exceeds the Target Balance contemplated by Section 6.3.E, calculated with respect to the LTIP Unitholder's remaining LTIP Units, if any.

(iii) Allocations. LTIP Unitholders shall be entitled to certain special allocations of gain under Section 6.3.E.

(iv) Redemption. The Redemption right provided to Members under Section 15.1 shall not apply with respect to LTIP Units unless and until they are converted to Membership Common Units as provided in clause (v) below and Section 4.6.

(v) Conversion to Membership Common Units. Vested LTIP Units are eligible to be converted into Membership Common Units under Section 4.6.

D. Voting. Unless otherwise provided in an LTIP Award or Vesting Agreement or by the Managing Member with respect to any particular class or series of LTIP Units, LTIP Unitholders shall (a) have those voting rights required from time to time by applicable law, if any, (b) have the same voting rights as a holder of Membership Common Units with respect to their LTIP Units, with the LTIP Units voting as a single class with the Membership Common Units and having one vote per LTIP Unit and (c) have the additional voting rights that are expressly set forth below. Unless otherwise provided in an LTIP Award or Vesting Agreement or by the Managing Member with respect to any particular class or series of LTIP Units, so long as any LTIP Units remain outstanding, the Company shall not, without the affirmative vote of the holders of at least a majority of the LTIP Units outstanding at the time that would be adversely affected by the proposed action, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of this Agreement applicable to LTIP Units as such so as to materially and adversely affect any right, privilege or voting power of the LTIP Units or the LTIP Unitholders as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately in all material respects the rights, privileges and voting powers of the holders of Membership Common Units; but subject, in any event, to the following provisions:

(i) With respect to any Transaction, so long as the LTIP Units are treated in accordance with Section 4.6.F hereof, the consummation of such Transaction shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such; and

(ii) Any creation or issuance of any Membership Units or of any class or series of Membership Interest, including additional Membership Common Units, LTIP Units or Company Preferred Units, whether ranking senior to, junior to, or on a parity with the LTIP Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding LTIP Units shall have been converted into Membership Common Units.

Section 4.6 Conversion of LTIP Units.

A. Unless otherwise provided in an LTIP Award or Vesting Agreement or by the Managing Member with respect to any particular class or series of LTIP Units, an LTIP Unitholder shall have the right (the “Conversion Right”), at its option, at any time to convert all or a portion of its Vested LTIP Units into Membership Common Units; provided, however, that a holder may not exercise the Conversion Right for less than 1,000 Vested LTIP Units or, if such holder holds less than 1,000 Vested LTIP Units, all of the Vested LTIP Units held by such holder. LTIP Unitholders shall not have the right to convert Unvested LTIP Units into Membership Common Units until they become Vested LTIP Units; provided, however, that when an LTIP Unitholder is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such LTIP Unitholder may give the Company a Conversion Notice conditioned upon and effective as of the time of vesting and such

Conversion Notice, unless subsequently revoked by the LTIP Unitholder, shall be accepted by the Company subject to such condition. In all cases, the conversion of any LTIP Units into Membership Common Units shall be subject to the conditions and procedures set forth in this Section 4.6.

B. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Member, to the extent attributable to its ownership of Vested LTIP Units, divided by (y) the Membership Common Unit Economic Balance, in each case as determined as of the effective date of conversion (the "Capital Account Limitation"). In order to exercise his or her Conversion Right, an LTIP Unitholder shall deliver a notice (a "Conversion Notice") in the form attached as Exhibit C to the Company (with a copy to the Managing Member) not less than 10 nor more than 60 days prior to a date (the "Conversion Date") specified in such Conversion Notice; provided, however, that if the Managing Member has not given to the LTIP Unitholders notice of a proposed or upcoming Transaction (as defined below in Section 4.6.F) at least 30 days prior to the effective date of such Transaction, then LTIP Unitholders shall have the right to deliver a Conversion Notice until the earlier of (x) the 10th day after such notice from the Managing Member of a Transaction or (y) the third business day immediately preceding the effective date of such Transaction. A Conversion Notice shall be provided in the manner provided in Section 15.2. Each LTIP Unitholder covenants and agrees with the Company that all Vested LTIP Units to be converted pursuant to this Section 4.6.B shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Notice of Redemption pursuant to Section 15.1.A of this Agreement relating to those Membership Common Units that will be issued to such holder upon conversion of such LTIP Units into Membership Common Units in advance of the Conversion Date; provided, however, that the redemption of such Membership Common Units by the Company shall in no event take place until after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put an LTIP Unitholder in a position where, if he or she so wishes, the Membership Common Units into which his or her Vested LTIP Units will be converted can be redeemed by the Company simultaneously with such conversion, with the further consequence that, if the Managing Member elects to assume the Company's redemption obligation with respect to such Membership Common Units under 15.1.B of this Agreement by delivering to such holder Class A REIT Shares rather than cash, then such holder can have such Class A REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into Membership Common Units. The Managing Member shall reasonably cooperate with an LTIP Unitholder to coordinate the timing of the different events described in the foregoing sentence.

C. The Company, at any time at the election of the Managing Member in its sole and absolute discretion, may cause any number of Vested LTIP Units held by an LTIP Unitholder to be converted (a "Forced Redemption") into an equal number of Membership Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.5; provided, however, that the Company may not cause a Forced Redemption of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to Section 4.6.B. In order to exercise its right of Forced Redemption, the Company shall deliver a notice (a "Forced Redemption Notice") in the form attached as Exhibit D to the applicable LTIP Unitholder not less than 10 nor more than 60 days prior to the Conversion Date specified in such Forced

Redemption Notice. A Forced Redemption Notice shall be provided in the manner provided in Section 15.2.

D. A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Company has given a Forced Redemption Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Company with the issuance as of the opening of business on the next day of the number of Membership Common Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Company shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the Managing Member certifying the number of Membership Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Member pursuant to Article 11 hereof may exercise the rights of such Member pursuant to this Section 4.6 and such Member shall be bound by the exercise of such rights by the Assignee.

E. For purposes of making future allocations under Section 6.3.E and applying the Capital Account Limitation, the portion of the Economic Capital Account Balance of the applicable LTIP Unitholder that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the Membership Common Unit Economic Balance.

F. If the Company or the Managing Member shall be a party to any transaction (including a merger, consolidation, unit exchange, self-tender offer for all or substantially all Membership Common Units or other business combination or reorganization, or sale of all or substantially all of the Company's assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which Membership Common Units shall be exchanged for or converted into the right, or the holders of such Membership Common Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (any of the foregoing being referred to herein as a "Transaction"), then the Managing Member shall, immediately prior to the consummation of the Transaction, exercise its right to cause a Forced Redemption with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Company were sold at the Transaction price or, if applicable, at a value determined by the Managing Member in good faith using the value attributed to the Membership Common Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction). In anticipation of such Forced Redemption and the consummation of the Transaction, the Company shall use commercially reasonable efforts to cause each LTIP Unitholder to be afforded the right to receive in connection with such Transaction in consideration for the Membership Common Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of Membership Common Units, assuming such holder of Membership Common Units is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person. In the event that holders of Membership Common Units have

the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the Managing Member shall give prompt written notice to each LTIP Unitholder of such election, and shall use commercially reasonable efforts to afford the LTIP Unitholders the right to elect, by written notice to the Managing Member, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Membership Common Units in connection with such Transaction. If an LTIP Unitholder fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of a Membership Common Unit would receive if such Membership Common Unit holder failed to make such an election. Subject to the rights of the Company and the Managing Member under any Vesting Agreement and any Equity Plan, the Company shall use commercially reasonable efforts to cause the terms of any Transaction to be consistent with the provisions of this Section 4.6.F and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unitholders whose LTIP Units will not be converted into Membership Common Units in connection with the Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Membership Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in this Agreement for the benefit of the LTIP Unitholders.

Section 4.7 Dividend Reinvestment Plan, Stock Incentive Plan or Other Plan. Except as may otherwise be provided in this Article 4, all amounts retained or deemed received by CLNS in respect of any dividend reinvestment plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by CLNS to effect open market purchases of REIT Shares, or (b) shall be contributed by CLNS to the Company in exchange for additional Membership Common Units, and upon such contribution, the Company will issue to CLNS a number of Membership Common Units equal to the number of newly issued REIT Shares, divided by the Adjustment Factor then in effect.

Section 4.8 No Interest; No Return. No Member shall be entitled to interest on its Capital Contribution or on such Member's Capital Account. Except as provided herein or by law, no Member shall have any right to demand or receive the return of its Capital Contribution from the Company.

Section 4.9 Conversion or Redemption of Preferred Shares; Redemption of REIT Shares.

A. Conversion of Preferred Shares. If, at any time, any Preferred Shares are converted into REIT Shares, in whole or in part, then an equal number of Company Equivalent Units held by CLNS that correspond to the class or series of Preferred Shares so converted shall automatically be converted into a number of Membership Common Units equal to the quotient of (i) the number of REIT Shares issued upon such conversion, divided by (ii) the Adjustment Factor then in effect.

B. Redemption of Preferred Shares. If, at any time, any Preferred Shares are redeemed, repurchased or otherwise acquired (whether by exercise of a put or call, automatically or by means of another arrangement) by CLNS for cash, then, immediately prior to such redemption of Preferred Shares, the Company shall redeem an equal number of Company Equivalent Units held by CLNS that correspond to the class or series of Preferred Shares so redeemed, repurchased or acquired upon the same terms and for the same price per Company Equivalent Unit, as such Preferred Shares are redeemed, repurchased or acquired.

C. Redemption, Repurchase or Forfeiture of REIT Shares. If, at any time, any REIT Shares are redeemed, repurchased or otherwise acquired (whether by exercise of a put or call, upon forfeiture of any award granted under any Equity Plan, automatically or by means of another arrangement, including pursuant to any Non-Managing Member Ancillary Agreement) by CLNS (other than repurchases contemplated by Section 4.7), then, immediately prior to such redemption, repurchase or acquisition of REIT Shares, the Company shall redeem (including by the redemption of Membership Common Units pursuant to Section 15.15) a number of Membership Common Units held directly or indirectly by CLNS equal to the quotient of (i) the number of REIT Shares so redeemed, repurchased or acquired, divided by (ii) the Adjustment Factor then in effect, such redemption, repurchase or acquisition to be upon the same terms and for the same price per Membership Common Unit (after giving effect to application of the Adjustment Factor) as such REIT Shares are redeemed, repurchased or acquired.

Section 4.10 Other Contribution Provisions. In the event that any Member is admitted to the Company and is given a Capital Account in exchange for services rendered to the Company, such transaction shall be treated by the Company and the affected Member as if the Company had compensated such Member in cash and such Member had contributed the cash to the capital of the Company. In addition, with the consent of the Managing Member, one or more Members (including CLNS) may enter into contribution agreements with the Company which have the effect of providing a guarantee of certain obligations of the Company.

Section 4.11 Excluded Properties. CLNS shall contribute each Excluded Property (or, if applicable, the net proceeds (after payment of all transfer taxes and other transaction costs) received by CLNS from the sale, transfer or other disposition of an Excluded Property to a Person who is not a direct or indirect wholly owned Subsidiary of CLNS) to the Company upon the earlier of (i) such time as it is commercially practicable to contribute such property to the Company without adverse tax or other economic consequence to CLNS, and (ii) any sale, transfer or other disposition of an Excluded Property to a Person who is not a direct or indirect wholly owned Subsidiary of CLNS. Upon any such contribution of an Excluded Property or the proceeds therefrom, CLNS shall receive in exchange for such contribution, notwithstanding the actual value of such Excluded Property or the amount of such proceeds (as the case may be), the Specified Membership Units applicable to such Excluded Property. The Company is expressly authorized to issue the Specified Membership Units in the numbers specified in this Section 4.11 without any further act, approval or vote of any Member or any other Persons.

Section 4.12 Contingent Consideration and Payment. In exchange for the contribution of assets to the Company pursuant to the CC Contribution Agreement, CC, CCH, FHB LLC and Saltzman (the “Contingent Consideration Members”) are collectively entitled to up to $101,144,012 of contingent consideration (based on the reference price of $22.05) to the extent

such contingent consideration is issued as Membership Common Units (the "Aggregate Contingent Consideration") as provided in Section 3.5 of the CC Contribution Agreement. The initial Gross Asset Value of the assets contributed by the Contingent Consideration Members to the Company as reflected on Schedule II includes the value of the Aggregate Contingent Consideration and the respective Capital Accounts, as reflected on Schedule I, of the Contingent Consideration Members includes such value; provided, however, if all or a portion of the Aggregate Contingent Consideration is forfeited as determined by Section 3.5 of the CC Contribution Agreement, the Gross Asset Values of the assets of the Company shall be decreased by the amount of such forfeiture of the Aggregate Contingent Consideration and the Capital Accounts of the Contingent Consideration Members shall be decreased by such decrease. In addition, if any of the Contingent Consideration Members are required to forfeit any consideration as a result of an obligation under Article X of the CC Contribution Agreement, the Gross Asset Values of the assets of the Company shall be decreased by the amount of such forfeiture and the Capital Accounts of such Contingent Consideration Members shall be decreased by such decrease. The Members acknowledge and agree that the Membership Common Units representing the Aggregate Contingent Consideration have been issued and are being held by the Company and that such Membership Common Units will be treated in the same manner as any other outstanding Membership Common Units.

ARTICLE 5.
DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions.

A. Subject to the terms of any Membership Unit Designation that provides for a class or series of Company Preferred Units with a preference with respect to the payment of distributions, the Managing Member shall cause the Company to distribute quarterly all, or such portion as the Managing Member may determine, of the Available Cash generated by the Company during such quarter to the Holders of Membership Common Units on such Company Record Date in the manner set forth in Section 5.1B below. Except as otherwise agreed by the Managing Member, distributions payable with respect to any Membership Units that were not outstanding during the entire quarterly period in respect of which any distribution is made (other than any Membership Units issued to CLNS in connection with the issuance of REIT Shares or Capital Shares by CLNS or Membership Units issued to Former NSAM Unitholders) shall be prorated based on the portion of the period that such Membership Units were outstanding. Notwithstanding the foregoing, the Managing Member, in its sole and absolute discretion, may cause the Company to distribute Available Cash to the Holders on a more or less frequent basis than quarterly. The Managing Member shall make reasonable efforts to cause the Company to distribute sufficient amounts to enable CLNS, for so long as CLNS has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the REIT Requirements, and (b) eliminate any U.S. federal income or excise tax liability of CLNS.

B. Distributions to Holders with respect to their Membership Common Units and LTIP Units for a period shall be made:

(i) to the Outside Members to the extent of the Dividend Equivalent Amount for such period; and

(ii) to the REIT Members in an aggregate amount equal to the aggregate dividends payable with respect to REIT Shares for such period.

Notwithstanding the foregoing, if any Excluded Property (or the proceeds therefrom) has not been contributed to the Company pursuant to Section 4.11, the distributions to the REIT Members provided for in clause (ii) above shall be reduced to the extent of any REIT Available Cash derived from such Excluded Property.

Section 5.2 Distributions in Kind. No Holder may demand to receive property other than cash as provided in this Agreement. The Managing Member may cause the Company to make a distribution in kind of Company assets or Membership Interests to the Holders, and such assets or Membership Interests shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 10 hereof.

Section 5.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provisions of any state or local tax law or Sections 10.3.C or 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.4 Distributions upon Liquidation. Notwithstanding the other provisions of this Article 5, upon the occurrence of a Liquidating Event, the assets of the Company shall be distributed to the Holders in accordance with Section 13.2 hereof.

Section 5.5 Distributions to Reflect Additional Membership Units. In the event that the Company issues additional Membership Units pursuant to the provisions of Article 4 hereof, subject to the rights of any Holder of any Membership Interest set forth in a Membership Unit Designation, the Managing Member is hereby authorized to make such revisions to this Article 5 and to Article 6 as it determines are necessary or desirable to reflect the issuance of such additional Membership Units, including making preferential distributions to certain classes of Membership Units.

Section 5.6 Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, neither the Company nor the Managing Member, on behalf of the Company, shall make a distribution to any Holder if such distribution would violate the Act or other applicable law.

Section 5.7 Restriction on Distributions with Respect to LTIP Units. It is the intention of the Members that distributions in respect of LTIP Units be limited to the extent necessary so that each of the LTIP Units constitutes a “profits interest” for U.S. federal income tax purposes. In furtherance of the foregoing, and notwithstanding anything to the contrary in this Agreement, the Managing Member shall, if necessary, limit distributions to the holders of LTIP Units so that such distributions do not exceed the available profits in respect of such LTIP Units. In the event that distributions in respect of LTIP Units are reduced pursuant to the preceding sentence, an amount equal to such excess distributions shall be treated as instead apportioned to the remaining Members pro rata in accordance with their Membership Common Units for the related Fiscal Year in accordance with the other provisions of this Agreement, and the Managing Member shall

make adjustments to future distributions to the holders of LTIP Units as promptly as practicable so that the holders of LTIP Units receive a distribution equal to the amount they would have received, in each case as if this Section 5.7 had not been in effect; provided, however, that any distributions pursuant to this sentence shall be further subject to the provisions of this Section 5.7. For purposes of this Agreement, "profits interest" means a right to receive distributions funded solely by profits of the Company generated after the grant in connection with the performance of services, satisfying the requirements as set forth in IRS Revenue Procedures 93-27 and 2001-43, or any future IRS guidance or other authority that supplements or supersedes the foregoing IRS Revenue Procedures.

ARTICLE 6.
ALLOCATIONS

Section 6.1 Timing and Amount of Allocations of Net Income and Net Loss. Net Income and Net Loss of the Company shall be determined and allocated with respect to each Fiscal Year as of the end of each such year. Except as otherwise provided in this Article 6, and subject to Section 11.6.C hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2 General Allocations.

A. In General. Subject to Section 11.6.C hereof, Net Income and Net Loss shall be allocated to each of the Holders as follows:

(i) Net Income will be allocated to Holders of Company Preferred Units and Company Equivalent Units in accordance with and subject to the terms of the Membership Unit Designation applicable to such Company Preferred Units and Company Equivalent Units;

(ii) remaining Net Income will be allocated to the Holders of Membership Common Units (including, for the avoidance of doubt, the LTIP Units) in accordance with their respective Percentage Interests at the end of each Fiscal Year;

(iii) subject to the terms of any Membership Unit Designation, Net Loss will be allocated to the Holders of Membership Common Units (including, for the avoidance of doubt, the LTIP Units) in accordance with their respective Percentage Interests and to the holders of Company Preferred Units and Company Equivalent Units in accordance with and subject to the terms of the Membership Unit Designation applicable to such Company Equivalent Units at the end of each Fiscal Year; and

(iv) for purposes of this Section 6.2.A, the Percentage Interests of the Holders of Membership Common Units shall be calculated based on a denominator equal to the aggregate Membership Common Units outstanding as of the date of determination.

Section 6.3 Additional Allocation Provisions. Notwithstanding the foregoing provisions of this Article 6:

A. Special Allocations Regarding Company Preferred Units. If any Company Preferred Units are redeemed pursuant to Section 4.9.B hereof (treating a full liquidation of the Managing Member's Membership Interest or of CLNS's Membership Interest for purposes of this Section 6.3.A as including a redemption of any then outstanding Company Preferred Units pursuant to Section 4.9.B hereof), for the Fiscal Year that includes such redemption (and, if necessary, for subsequent Fiscal Years) (a) gross income and gain (in such relative proportions as the Managing Member shall determine) shall be allocated to the holder(s) of such Company Preferred Units to the extent that the Redemption amounts paid or payable with respect to the Company Preferred Units so redeemed (or treated as redeemed) exceeds the aggregate Capital Account balances (net of liabilities assumed or taken subject to by the Company) per Company Preferred Unit allocable to the Company Preferred Units so redeemed (or treated as redeemed) and (b) deductions and losses (in such relative proportions as the Managing Member shall determine) shall be allocated to the holder(s) of such Company Preferred Units to the extent that the aggregate Capital Account balances (net of liabilities assumed or taken subject to by the Company) per Company Preferred Unit allocable to the Company Preferred Units so redeemed (or treated as redeemed) exceeds the Redemption amount paid or payable with respect to the Company Preferred Units so redeemed (or treated as redeemed).

B. Regulatory Allocations.

(i) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2 hereof, or any other provision of this Article 6, if there is a net decrease in Member Minimum Gain during any Fiscal Year, each Holder shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Member Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3.B(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Member Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.3.B(i) hereof, if there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, each Holder who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's respective share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2 (i)(4) and 1.704-2(j)(2). This Section 6.3.B(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain," within the meaning of Regulations Section 1.704-2(i), and shall be interpreted consistently therewith.

(iii) Nonrecourse Deductions and Member Nonrecourse Deductions. Any Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Holders in accordance with their respective Percentage Interests. Any Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) Qualified Income Offset. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible, provided that an allocation pursuant to this Section 6.3.B(iv) shall be made if and only to the extent that such Holder would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.B(iv) were not in the Agreement. It is intended that this Section 6.3.B(iv) qualify and be construed as a "qualified income offset," within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d), and shall be interpreted consistently therewith.

(v) Gross Income Allocation. If any Holder has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (1) the amount (if any) that such Holder is obligated to restore to the Company upon complete liquidation of such Holder's Membership Interest (including the Holder's interest in outstanding Company Preferred Units and other Membership Units), and (2) the amount that such Holder is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Holder shall be specially allocated items of Company income and gain in the amount of such excess to eliminate such deficit as quickly as possible, provided that an allocation pursuant to this Section 6.3.B(v) shall be made if and only to the extent that such Holder would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.B(v) and Section 6.3.B(iv) hereof were not in the Agreement.

(vi) Limitation on Allocation of Net Loss. To the extent that any allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Holder, such allocation of Net Loss shall be reallocated (x) first, among the other Holders of Membership Common Units in accordance with their respective Percentage Interests, and (y) thereafter, among the Holders of other Membership Units, as determined by the Managing Member, subject to the limitations of this Section 6.3.B(vi).

(vii) Section 754 Adjustment. To the extent that an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders of Membership Common Units in accordance with their respective Percentage Interests in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2)

applies, or to the Holder(s) to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies (or otherwise as described in Regulations Section 1.704-1(b)(2) (iv)(m)(4)).

(viii) Curative Allocations. The allocations set forth in Sections 6.3.B(i), (ii), (iii), (iv), (v), (vi) and (vii) hereof (the "Regulatory Allocations") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 6.1 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders of Membership Common Units so that, to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder of a Membership Common Unit shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

C. Special Allocations Upon Liquidation. Notwithstanding any provision in this Article 6 to the contrary, if the Company disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Company pursuant to Article 13 hereof, then any Net Income or Net Loss realized in connection with such transaction and thereafter (and, if necessary, constituent items of income, gain, loss and deduction) shall be specially allocated for such Fiscal Year (and to the extent permitted by Code Section 761 (c), for the immediately preceding Fiscal Year) among the Holders as required so as to cause liquidating distributions pursuant to Section 13.2.A(4) hereof to be made in the same amounts and proportions as would have resulted had such distributions instead been made pursuant to Article 5 hereof.

D. Allocation of Nonrecourse Liabilities. For purposes of determining a Holder's proportional share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), each Holder's respective interest in Company profits shall be equal to such Holder's Percentage Interest with respect to Membership Common Units. The Company shall maintain on a continuous basis during the five-year period beginning on the Closing Date (as defined in the CC Contribution Agreement) at least $1,050,000,000 of Nonrecourse Liabilities. For purposes of the prior sentence, Nonrecourse Liabilities shall include Nonrecourse Liabilities of the Company as well the Company's share (determined pursuant to Regulations Section 1.752-2) of Nonrecourse Liabilities of partnerships and limited liability companies in which the Company has a direct or indirect interest (through one or more tiers of entities treated as partnerships or disregarded for federal income tax purposes). The Company shall elect to allocate excess nonrecourse liabilities to CC to the maximum extent permitted under the "additional method" described in Regulations Section 1.752-3(a)(3) as regards to the amount of built-in gain allocated to a Member on section 704(c) property.

E. Special Allocations Regarding LTIP Units. Notwithstanding the provisions of Section 6.2 above, any Liquidating Gains remaining after the allocation of any such Liquidating Gains to Holders of Company Preferred Units and Company Equivalent Units pursuant to Section 6.2.A(i) shall first be allocated to the LTIP Unitholders until the Economic Capital Account Balances of such Holders, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Membership Common Unit Economic Balance, multiplied by (ii) the number of their LTIP Units (the "Target Balance") and thereafter shall be allocated in accordance with

Section 6.2.A(ii); provided, however, that, unless otherwise specified by the Managing Member in the grant of specific LTIP Units, no such Liquidating Gains will be allocated with respect to any particular LTIP Unit unless and to the extent that such Liquidating Gains, when aggregated with other Liquidating Gains realized since the issuance of such LTIP Unit, exceed Liquidating Losses realized since the issuance of such LTIP Unit. Liquidating Gains that cannot be allocated to LTIP Unitholders by reason of the proviso in the immediately preceding sentence shall be allocated to the holders of Membership Common Units. Liquidating Gains otherwise allocable to the LTIP Unitholders pursuant to the second preceding sentence shall be allocated (i) on a "first-in, first-out" basis with respect to LTIP Units issued on different dates and (ii) on an equal basis with respect to LTIP Units issued on the same date (i.e., Liquidating Gains shall be allocated first to the LTIP Units that were issued on the earliest date, and then with respect to such LTIP Units, equally among such LTIP Units). For this purpose, "Liquidating Gains" means net capital gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Company, including net capital gain realized in connection with an adjustment to the Gross Asset Value of Company assets under Code Section 704(b). "Liquidating Losses" means any net capital loss realized in connection with any such event. The "Economic Capital Account Balances" of the LTIP Unitholders will be equal to their Capital Account balances to the extent attributable to their ownership of LTIP Units, plus the amount of their allocable share of any Member Minimum Gain or Company Minimum Gain attributable to such LTIP Units. Similarly, the "Membership Common Unit Economic Balance" shall mean (i) the Capital Account balance of the Managing Member, plus the amount of the Managing Member's share of any Member Minimum Gain or Company Minimum Gain, in either case to the extent attributable to the Managing Member's ownership of Membership Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this Section 6.3.E (including any expenses of the Company reimbursed to the Managing Member pursuant to Section 7.4.B), divided by (ii) the number of the Managing Member's Membership Common Units. The parties agree that the intent of this Section 6.3.E is to make the Capital Account balance associated with each LTIP Unit to be economically equivalent to the Capital Account balance associated with the Managing Member's Membership Common Units (on a per-Membership Common Unit/LTIP Unit basis). The Managing Member shall be permitted to interpret this Section 6.3.E or to amend this Agreement to the extent necessary and consistent with this intention.

Section 6.4 Tax Allocations.

A. In General. Except as otherwise provided in this Section 6.4, for income tax purposes under the Code and the Regulations, each Company item of income, gain, loss and deduction (collectively, "Tax Items") shall be allocated among the Holders in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3 hereof.

B. Section 704(c) Allocations. Notwithstanding Section 6.4.A hereof, Tax Items with respect to Property that is contributed to the Company with a Gross Asset Value that varies from its basis in the hands of the contributing Member immediately preceding the date of contribution shall be allocated among the Holders for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Company shall account for such variation under any method approved under Code Section

704(c) and the applicable Regulations as chosen by the Managing Member; provided, however, items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company by CC, CCH, Saltzman or FHB LLC shall be allocated among the Members in accordance with Section 704(c) of the Code so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value using the "traditional method without curative allocations" as defined in Regulations Section 1.704-3(b). If the Gross Asset Value of any Company asset is adjusted pursuant to subsection (b) of the definition of "Gross Asset Value," subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Regulations and using the method chosen by the Managing Member; provided, however, any such subsequent allocations of Tax Items that are allocated to CC, CCH, Saltzman and FHB LLC shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Regulations and using the "traditional method without curative allocations" as defined in Regulations Section 1.704-3(b).

ARTICLE 7.
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management.

A. Except as otherwise expressly provided in this Agreement, including any Membership Unit Designation, all management powers over the business and affairs of the Company are and shall be exclusively vested in the Managing Member, and no Member shall have any right to participate in or exercise control or management power over the business and affairs of the Company. The Managing Member may not be removed by the Members, with or without cause, except with the consent of the Managing Member. In addition to the powers now or hereafter granted a managing member of a limited liability company under applicable law or that are granted to the Managing Member under any other provision of this Agreement, the Managing Member, subject to the other provisions hereof, including Section 7.3 and the terms of any Membership Unit Designation, shall have full and exclusive power and authority, without the consent of any Member, to conduct or authorize the conduct of the business of the Company, to exercise or direct the exercise of all powers of the Company and the Managing Member under the Act and this Agreement and to effectuate the purposes of the Company, including to cause the Company to enter into agreements or engage in transactions with Affiliates of the Company or the Managing Member, issue additional Membership Interests, make distributions, sell, pledge, lease, mortgage or otherwise dispose of its assets, form and conduct all or any portion of its business and affairs through subsidiaries or joint ventures of any form, incur or guarantee debt for any purpose and obtain and maintain casualty, liability and other insurance on the Properties and liability insurance for the Indemnitees hereunder.

B. Except as provided in Section 7.3 hereof and subject to the rights of any Holder of any Membership Interest set forth in a Membership Unit Designation, the Managing Member is authorized to execute and deliver any affidavit, agreement, certificate, consent, instrument, notice, power of attorney, waiver or other writing or document in the name and on behalf of the Company and to otherwise exercise any power of the Managing Member under this Agreement

and the Act without any further act, approval or vote of the Members or any other Persons and, in the absence of any specific action on the part of the Managing Member to the contrary, the taking of any action or the execution of any such document or writing by a manager, member, director or officer of the Managing Member, in the name and on behalf of the Managing Member, in its capacity as the managing member of the Company, shall conclusively evidence (1) the approval thereof by the Managing Member, in its capacity as the managing member of the Company, (2) the Managing Member's determination that such action, document or writing is necessary or desirable to conduct the business and affairs of the Company, exercise the powers of the Company under the Act and this Agreement or effectuate the purposes of the Company, or any other determination by the Managing Member required by this Agreement in connection with the taking of such action or execution of such document or writing, and (3) the authority of such manager, member, director or officer with respect thereto.

C. The determination as to any of the following matters, made by or at the direction of the Managing Member consistent with the Act and this Agreement, shall be final and conclusive and shall be binding upon the Company and every Member: the amount of assets at any time available for distribution or the redemption of Membership Common Units or Company Preferred Units; the amount and timing of any distribution; any determination to redeem Tendered Units; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Company; any matter relating to the acquisition, holding and disposition of any assets by the Company; or any other matter relating to the business and affairs of the Company or required or permitted by applicable law, this Agreement or otherwise to be determined by the Managing Member.

D. At all times from and after the date hereof, the Managing Member may cause the Company to establish and maintain working capital and other reserves in such amounts as the Managing Member, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

E. Notwithstanding any other provision of this Agreement or the Act, any action of the Managing Member on behalf of the Company or any decision of the Managing Member to refrain from acting on behalf of the Company, undertaken in the belief that such action or omission is necessary or advisable in order (i) to protect the ability of CLNS to continue to qualify as a REIT, (ii) for CLNS otherwise to satisfy the REIT Requirements, (iii) for CLNS to avoid incurring any taxes under Code Section 857 or Code Section 4981, (iv) to protect the ability of the Company to be treated as a partnership or disregarded entity for federal income tax purposes, or (v) for any wholly owned Subsidiary of CLNS to continue to qualify as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) or disregarded entity (determined for federal income tax purposes) thereof, is expressly authorized under this Agreement and is deemed approved by all of the Members.

Section 7.2 Certificate of Formation. To the extent that such action is determined by the Managing Member to be reasonable and necessary or appropriate, the Managing Member shall file amendments to and restatements of the Certificate and do all the things to maintain the

Company as a limited liability company (or a company in which the members have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Company may elect to do business or own property. Subject to the terms of Section 8.5.A hereof, the Managing Member shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Member. The Managing Member shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited liability company (or a company in which the members have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Company may elect to do business or own property.

Section 7.3 Restrictions on the Managing Member's Authority.

A. The Managing Member may not take any action in contravention of this Agreement, including, without limitation:

(1) any action that would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in this Agreement;

(2) admitting a Person as a Member, except as otherwise provided in this Agreement;

(3) performing any act that would subject a Member to liability, except as provided herein or under the Act;

(4) entering into any contract, mortgage, loan or other agreement that expressly prohibits or restricts (a) the Managing Member or the Company from performing its specific obligations under Section 15.1 hereof, or (b) a Member from exercising its rights under Section 15.1 hereof to effect a Redemption, except, in either case, with the written consent of such Member affected by the prohibition or restriction.

B. The Managing Member shall not, without the Consent of the Members, undertake on behalf of the Company, or enter into any transaction that would have the effect of, any of the following actions without the approval of the Board of Directors:

(1) except as provided in Section 7.3.C hereof, terminate this Agreement;

(2) except as otherwise permitted by this Agreement, or in connection with a Termination Transaction effected in accordance with Section 11.7, Transfer any portion of the Membership Interest of the Managing Member or admit into the Company any additional or successor Managing Member;

(3) except as otherwise permitted by this Agreement, or in connection with a Termination Transaction effected in accordance with Section 11.7, voluntarily withdraw as a managing member of the Company;

(4) make a general assignment for the benefit of creditors or appoint or acquiesce in the appointment of a custodian, receiver or trustee for all or any part of the assets of the Company;

(5) institute any proceeding for bankruptcy on behalf of the Company;

(6) a merger or consolidation of the Company with or into any other Person, or a conversion of the Company into any other entity, other than in connection with a Termination Transaction effected in accordance with Section 11.7; or

(7) a sale, lease, exchange or other transfer of all or substantially all of the assets of the Company not in the ordinary course of business, whether in a single transaction or a series of related transactions, other than in connection with a Termination Transaction effected in accordance with Section 11.7.

C. Notwithstanding Section 7.3.B hereof but subject to the rights of any Holder of any Membership Interest set forth in a Membership Unit Designation and Section 7.3.D, the Managing Member shall have the exclusive power, without the Consent of the Members or the consent or approval of any Non-Managing Member, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the Managing Member or surrender any right or power granted to the Managing Member or any Affiliate of the Managing Member for the benefit of the Members;

(2) to reflect the admission, substitution or withdrawal of Members, the Transfer of any Membership Interest or the termination of the Company in accordance with this Agreement, and to amend the Register in connection with such admission, substitution, withdrawal or Transfer;

(3) to reflect a change that is of an inconsequential nature or does not adversely affect the Non-Managing Members in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(4) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(5) to reflect such changes as are reasonably necessary for CLNS to maintain its status as a REIT or to satisfy the REIT Requirements;

(6) to modify either or both of the manner in which items of Net Income or Net Loss are allocated pursuant to Article 6 or the manner in which Capital Accounts are adjusted, computed or maintained (but in each case only to the extent set forth in the

definition of “Capital Account” or Section 5.5 or as contemplated by the Code or the Regulations);

(7) to reflect the issuance of additional Membership Interests in accordance with Article 4;

(8) to set forth or amend the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption of any additional Membership Units issued pursuant to Article 4;

(9) if the Company is the Surviving Company in any Termination Transaction, to modify Section 15.1 or any related definitions to provide the holders of interests in such Surviving Company rights that are consistent with Section 11.7.C;

(10) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law; and

(11) to reflect any other modification to this Agreement that is reasonably necessary for the business or operations of the Company or CLNS and that does not violate Section 7.3.D.

The Company will provide notice to the Members when any action taken under this Section 7.3.C is taken.

D. Notwithstanding Sections 7.3.B, 7.3.C and Article 14 hereof, this Agreement shall not be amended, and no action may be taken by the Managing Member (including by way of merger, consolidation or any similar transaction), without the consent of each Member, if any, adversely affected thereby, if such amendment or action would (i) convert a Non-Managing Member into a managing member of the Company (except as a result of the Non-Managing Member becoming a Managing Member pursuant to Section 12.1 or 13.1.A of this Agreement), (ii) modify the limited liability of a Member, (iii) adversely alter the rights of any Member to receive the distributions to which such Member is entitled pursuant to Article 5 or Section 13.2.A(4) hereof, or alter the allocations specified in Article 6 hereof (except, in any case, as permitted pursuant to Sections 4.2, 5.5 and 7.3.C hereof), (iv) alter or modify in a manner that adversely affects any Member the Redemption rights, Cash Amount or REIT Shares Amount as set forth in Section 15.1 hereof, or amend or modify any related definitions (except for amendments to this Agreement or other actions that provide rights consistent with Section 11.7.C), or (v) amend this Section 7.3.D; provided, however, that the consent of any individual Member adversely affected shall not be required for any amendment or action described in Section 7.3.D (iii) or (iv) that affects all Members holding the same class or series of Membership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Members of such class or series. Further, no amendment may alter the restrictions on the Managing Member’s authority set forth elsewhere in this Section 7.3 without the consent specified therein. Any such amendment or action consented to by any Member shall be effective as to that Member, notwithstanding the absence of such consent by any other Member.

Section 7.4 Reimbursement of the Managing Member and CLNS.

A. The Managing Member shall not be compensated for its services as managing member of the Company except as provided in this Agreement (including the provisions of Articles 5 and 6 hereof regarding distributions, payments and allocations to which it may be entitled in its capacity as Managing Member).

B. Subject to Section 7.4.C and Section 15.11, the Company shall be liable for, and shall advance to or reimburse the Managing Member and CLNS, as applicable, on a monthly basis, or such other basis as the Managing Member may determine, for all sums required or expended in connection with the Company's business, including (i) expenses relating to the ownership of interests in and management and operation of, or for the benefit of, the Company, (ii) compensation of officers and employees, including payments under future compensation plans of CLNS, the Managing Member, the Company, or a Subsidiary of CLNS, the Managing Member, or the Company that may provide for stock units, or phantom stock, pursuant to which employees of CLNS, the Managing Member, the Company, or any such Subsidiary will receive payments based upon dividends on or the value of REIT Shares, (iii) director fees and expenses, (iv) all costs and expenses of CLNS being a public company, including costs of filings with the SEC, reports and other distributions to its stockholders and (v) without limiting the foregoing, all amounts necessary for the timely payment of all interest, principal and any other payment obligations pursuant to CLNS's 5.00% Convertible Senior Notes due on April 15, 2023 (and any refinancing thereof), 3.875% Convertible Senior Notes due on January 15, 2021 (and any refinancing thereof), 7.25% Exchangeable Senior Notes due on June 15, 2027 (and any refinancing thereof), 5.375% Exchangeable Senior Notes due June 15, 2033 (and any refinancing thereof), Junior Subordinated Notes due March 30, 2035 (and any refinancing thereof), Junior Subordinated Notes due June 30, 2035 (and any refinancing thereof), Junior Subordinated Notes due January 30, 2036 (and any refinancing thereof), Junior Subordinated Notes due June 30, 2036 (and any refinancing thereof), Junior Subordinated Notes due September 30, 2036 (and any refinancing thereof), Junior Subordinated Notes due December 30, 2036 (and any refinancing thereof), Junior Subordinated Notes due April 30, 2037 (and any refinancing thereof), Junior Subordinated Notes due July 30, 2037 (and any refinancing thereof), and other notes and long-term debt payable or owed; provided, however, that the amount of any reimbursement shall be reduced by any interest earned by the Managing Member or CLNS with respect to bank accounts or other instruments or accounts held by it on behalf of the Company as permitted pursuant to Section 7.5. Such reimbursements shall be in addition to any reimbursement of the Managing Member and CLNS as a result of pursuant to Section 7.7 hereof.

C. To the extent practicable, Company expenses shall be billed directly to and paid by the Company. If and to the extent any reimbursements to the Managing Member pursuant to this Section 7.4 constitute gross income to the Managing Member (as opposed to the repayment of advances made on behalf of the Company), such amounts shall (unless otherwise required by the Code and the Regulations) constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Company and all Members, and shall not be treated as distributions for purposes of computing the Members' Capital Accounts.

Section 7.5 Outside Activities of the Managing Member. The Managing Member, for so long as it is the Managing Member of the Company, shall not directly or indirectly enter into

or conduct any business, other than in connection with, (a) the ownership, acquisition and disposition of Membership Interests, (b) the management of the business of the Company, (c) its operation as a reporting company with a class (or classes) of securities registered under the Exchange Act, (d) its operations as a REIT, (e) the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, (f) financing or refinancing of any type related to the Company or its assets or activities, (g) the holding, operation, acquisition or disposition of Excluded Properties in accordance with the terms of this Agreement with respect thereto and (h) such activities as are incidental thereto; provided, however, that the Managing Member may from time to time hold or acquire assets in its own name or otherwise other than through the Company so long as the Managing Member takes commercially reasonable measures to insure that the economic benefits and burdens of such Property are otherwise vested in the Company, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Company, the Members shall negotiate in good faith to amend this Agreement, including the definition of "Adjustment Factor," to reflect such activities and the direct ownership of assets by the Managing Member, as applicable. The Managing Member and all "qualified REIT subsidiaries" (within the meaning of Code Section 856(i)(2)) and disregarded entities (determined for federal income tax purposes) thereof, taken as a group, shall not own any assets or take title to assets (other than temporarily in connection with an acquisition prior to contributing such assets to the Company) other than (i) Excluded Properties, (ii) interests in "qualified REIT subsidiaries" (within the meaning of Code Section 856(i)(2)) or disregarded entities (determined for federal income tax purposes), (iii) Membership Interests as the Managing Member or CLNS, (iv) such cash and cash equivalents, bank accounts or similar instruments or accounts as such group deems reasonably necessary, taking into account Section 7.1.D hereof and the requirements necessary for CLNS to qualify as a REIT and for the Managing Member and CLNS to carry out their respective responsibilities contemplated under this Agreement and the Charter and (v) equity interests in the MH REITs. The Managing Member and any Affiliates of the Managing Member may acquire Membership Interests and shall be entitled to exercise all rights of a Member relating to such Membership Interests.

Section 7.6 Transactions with Affiliates.

A. The Company may lend or contribute funds or other assets to CLNS and its Subsidiaries or other Persons in which CLNS has an equity investment, and such Persons may borrow funds from the Company, on terms and conditions no less favorable to the Company in the aggregate than would be available from unaffiliated third parties, as determined by the Managing Member. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person. It is expressly acknowledged and agreed by each Member that CLNS may (i) borrow funds from the Company in order to redeem, at any time or from time to time, options or warrants previously or hereafter issued by CLNS, (ii) put to the Company, for cash, any rights, options, warrants or convertible or exchangeable securities that CLNS may desire or be required to purchase or redeem, or (iii) borrow funds from the Company to acquire assets that become Excluded Properties or will be contributed to the Company for Membership Units.

B. Except as provided in Section 7.5 hereof and subject to Section 3.1 hereof, the Company may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts or other business entities in which it is or thereby becomes a

participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

C. The Managing Member, CLNS and their respective Affiliates may sell, transfer or convey any property to the Company, directly or indirectly, on terms and conditions no less favorable to the Company, in the aggregate, than would be available from unaffiliated third parties, as determined by the Managing Member.

D. The Managing Member or CLNS, without the approval of the other Members or any of them or any other Persons, may propose and adopt, on behalf of the Company, employee benefit plans funded by the Company for the benefit of employees of the Managing Member, the Company, CLNS, Subsidiaries of the Company or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Managing Member, CLNS, the Company or any of the Company's Subsidiaries.

Section 7.7 Indemnification.

A. To the fullest extent permitted by applicable law, the Company shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including attorney's fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Company ("Actions"), as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; provided, however, that the Company shall not indemnify an Indemnitee (i) for any Action if it is established by a final judgment of a court of competent jurisdiction that the actions or omissions of the Indemnitee were material to the matter giving rise to the Action and were committed in bad faith, constituted fraud or were the result of active and deliberate dishonesty on the part of the Indemnitee, (ii) for an Action initiated by the Indemnitee (other than an Action to enforce such Indemnitee's rights to or advance of expenses under this Section 7.7), (iii) if the Indemnitee actually received an improper personal benefit in money, property or services, or (iv) for a criminal proceeding if the Indemnitee had reasonable cause to believe that the Indemnitee's act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Company or any Subsidiary of the Company (including any indebtedness which the Company or any Subsidiary of the Company has assumed or taken subject to), and the Managing Member is hereby authorized and empowered, on behalf of the Company, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.7.A that the Company indemnify each Indemnitee to the fullest extent permitted by law. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnity provided pursuant to this Section 7.7 shall be made only out of the assets of the

Company, and neither the Managing Member nor any other Holder shall have any obligation to contribute to the capital of the Company or otherwise provide funds to enable the Company to fund its obligations under this Section 7.7.

B. To the fullest extent permitted by law, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Company as incurred by the Indemnitee in advance of the final disposition of the Action upon receipt by the Company of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for by the Company, as authorized in Section 7.7.A, has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met, provided that such undertaking need not be secured and shall be without reference to the financial ability for repayment.

C. The indemnity provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Members, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

D. Notwithstanding any provision of this Section 7.7 to the contrary, to the fullest extent permitted by law, (i) each Indemnitee must use commercially reasonable efforts to pursue all other sources of indemnification, advancement, insurance, and contribution it has against third parties, with respect to the amounts to which it is entitled under this Section 7.7, (ii) any such third party, shall be the indemnitor of first resort and any obligation of the Company to provide payments under this Section 7.7 for amounts to which an Indemnitee is entitled are secondary, (iii) if the Company pays or causes to be paid any amounts under this Section 7.7 that should have been paid by a third party, then (x) the Company shall be fully subrogated to the rights of such Indemnitee with respect to such payment, (y) such Indemnitee shall assign to the Company all of such Indemnitee's rights to advancement, indemnification and contribution from or with respect to such third party, and (z) such Indemnitee shall cooperate with the Company (at the expense of the Company) in its efforts to recover such payments through indemnification or otherwise, including filing a claim against such third party in the name of the Indemnitee; (iv) the Indemnitee will not agree to subordinate or otherwise compromise or release indemnity from a third party, without the consent of the Managing Member (not to be unreasonably withheld or delayed), and (v) in the event the Company has previously provided separate indemnification or advancement in connection therewith, the Indemnitee shall reimburse the Company with any subsequent proceeds it receives from such third parties. The intent of this Section 7.7.D is to set forth the relative responsibilities of the Company and third parties who have overlapping indemnity, advancement or contribution obligations to an Indemnitee. Nothing in this Section 7.7.D is intended to diminish the indemnification and advancement rights given by the Company to an Indemnitee, including the right to receive prompt payment of valid indemnification and advancement claims if any third party is unwilling or unable to do so promptly.

E. The Company and/or the Managing Member may, but shall not be obligated to, purchase and maintain, at the Company's expense, insurance on behalf of any of the Indemnitees

and such other Persons as the Managing Member shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Company's activities, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement.

F. Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Company, or the Managing Member or CLNS (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.7, unless such liabilities arise as a result of the matters described in the proviso of the first sentence of Section 7.7.A.

G. In no event may an Indemnitee subject any of the Holders to personal liability by reason of the provisions set forth in this Agreement.

H. An Indemnitee shall not be denied in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the applies if the transaction was otherwise permitted by the terms of this Agreement.

I. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the Company's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

J. If and to the extent any payments to the Managing Member pursuant to this Section 7.7 constitute gross income to the Managing Member (as opposed to the repayment of advances made on behalf of the Company), such amounts shall (unless otherwise required by the Code and the Regulations) constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Company and all Members, and shall not be treated as distributions for purposes of computing the Members' Capital Accounts.

Section 7.8 Liability of the Managing Member.

A. To the maximum extent permitted under the Act, the only duties that the Managing Member owes to the Company, any Member or any other Person (including any creditor of any Member or assignee of any Membership Interest), fiduciary or otherwise, are to perform its contractual obligations as expressly set forth in this Agreement consistently with the implied contractual covenant of good faith and fair dealing. The Managing Member, in its capacity as such, shall have no other duty, fiduciary or otherwise, to the Company, any Member or any other Person (including any creditor of any Member or any assignee of Membership

Interest). The provisions of this Agreement shall create contractual obligations of the Managing Member only, and no such provisions shall be interpreted to create, expand or modify any fiduciary duties of the Managing Member.

B. The Non-Managing Members agree that: (i) the Managing Member is acting for the benefit of the Company, the Non-Managing Members and CLNS's stockholders, collectively; and (ii) in the event of a conflict between the interests of the Company or any Member, on the one hand, and the separate interests of CLNS or its stockholders, on the other hand, the Managing Member may give priority to the separate interests of CLNS and its stockholders (including with respect to the tax consequences to Non-Managing Members, Assignees or CLNS's stockholders) and, in the event of such a conflict, any action or failure to act on the part of CLNS that gives priority to the separate interests of CLNS or its stockholders that does not result in a violation of the contract rights of the Non-Managing Members under this Agreement and does not violate any duty owed by the Managing Member to the Company or the Members.

C. In exercising its authority under this Agreement, the Managing Member may, but shall be under no obligation to, take into account the tax consequences to any Member of any action taken (or not taken) by it. Except as otherwise agreed by the Company, the Managing Member and the Company shall not have liability to a Non-Managing Member under any circumstances as a result of any income tax liability incurred by such Non-Managing Member as a result of an action (or inaction) by the Managing Member or the Company pursuant to the Managing Member's authority under this Agreement.

D. Subject to its obligations and duties as managing member of the Company set forth in this Agreement and applicable law, the Managing Member may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents. The Managing Member shall not be responsible to the Company or any Member for any misconduct or negligence on the part of any such employee or agent appointed by it in good faith.

E. In performing its duties under this Agreement and the Act, the Managing Member shall be entitled to rely on the provisions of this Agreement and on any information, opinion, report or statement, including any financial statement or other financial data or the records or books of account of the Company or any Subsidiary of the Company, prepared or presented by an officer, employee or agent of the Managing Member or any agent of the Company or any such Subsidiary, or by a lawyer, certified public accountant, appraiser or other person engaged by the Company as to any matter within such person's professional or expert competence, and any act taken or omitted to be taken in reliance upon any such information, opinion, report or statement as to matters that the Managing Member reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion. The Managing Member may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

F. Notwithstanding any other provision of this Agreement or the Act, any action of the Managing Member on behalf of the Company or any decision of the Managing Member to refrain from acting on behalf of the Company, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of CLNS to continue to qualify as a REIT, (ii) for CLNS otherwise to satisfy the REIT Requirements, (iii) to avoid CLNS incurring any taxes under Code Section 857 or Code Section 4981, (iv) to protect the ability of the Company to be treated as a partnership or disregarded entity for federal income tax purposes, or (v) for any wholly owned Subsidiary of CLNS to continue to qualify as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) or disregarded entity (determined for federal income tax purposes) thereof, is expressly authorized under this Agreement, is deemed approved by all of the Non-Managing Members and does not violate any duty of the Managing Member to the Company or any other Member.

G. Notwithstanding anything herein to the contrary, except for the matters described in the proviso of the first sentence of Section 7.7.A, or pursuant to any express indemnities given to the Company by the Managing Member pursuant to any other written instrument, the Managing Member shall not have any personal liability whatsoever, to the Company or to the other Members, for any action or omission taken in its capacity as the Managing Member or for the debts or liabilities of the Company or the Company's obligations hereunder except pursuant to Section 15.1 hereof. Without limitation of the foregoing, and except for the matters described in the proviso of the first sentence of Section 7.7.A, or pursuant to Section 15.1 hereof or any such express indemnity, no property or assets of the Managing Member, other than its interest in the Company, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Member(s) and arising out of, or in connection with, this Agreement.

H. No manager, member, officer or agent of the Managing Member, and no director, officer or agent of CLNS shall have any duties directly to the Company or any Member. No manager, member, officer or agent of the Managing Member or any director, officer, or agent of CLNS shall be directly liable to the Company for money damages by reason of their service as such.

I. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Managing Member, or its managers, members, directors, officers or agents, to the Company and the Members under this Section 7.8, as in effect immediately prior to such amendment, modification or repeal, with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Title to Company Assets. Title to Company assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively with other Members or Persons, shall have any ownership interest in such Company assets or any portion thereof. Title to any or all of the Company assets may be held in the name of the Company, the Managing Member or one or more nominees, as the Managing Member may determine, including Affiliates of the Managing Member. The Managing Member hereby declares and warrants that any Company assets for

which legal title is held in the name of the Managing Member or any nominee or Affiliate of the Managing Member shall be held by the Managing Member for the use and benefit of the Company in accordance with the provisions of this Agreement. All Company assets shall be recorded as the property of the Company in its books and records, irrespective of the name in which legal title to such Company assets is held.

Section 7.10 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Company shall be entitled to assume that the Managing Member has full power and authority, without the consent or approval of any other Member, or Person, to encumber, sell or otherwise use in any manner any and all assets of the Company and to enter into any contracts on behalf of the Company, and take any and all actions on behalf of the Company, and such Person shall be entitled to deal with the Managing Member as if it were the Company's sole party in interest, both legally and beneficially. Each Member hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the Managing Member in connection with any such dealing. In no event shall any Person dealing with the Managing Member or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the Managing Member or its representatives. Each and every certificate, document or other instrument executed on behalf of the Company by the Managing Member or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Company, and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Company.

ARTICLE 8.
RIGHTS AND OBLIGATIONS OF MEMBERS

Section 8.1 Limitation of Liability. No Non-Managing Member, in its capacity as such, shall have any duties or liability under this Agreement except as expressly provided in this Agreement (including Sections 10.3.C and 10.4 hereof) or under the Act. To the maximum extent permitted by law, no Member, including CLNS, shall have any personal liability whatsoever, to the Company or to the other Members, for any action or omission taken in its capacity as a member or for the debts or liabilities of the Company or the Company's obligations hereunder except pursuant to any express indemnities given to the Company by such Member pursuant to any other written instrument and except for liabilities of the Managing Member pursuant to Section 7.8 hereof. Without limitation of the foregoing, and except pursuant to any such express indemnity (and, in the case of the Managing Member, pursuant to Section 7.8 hereof), no property or assets of a Member, other than its interest in the Company, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Member(s) and arising out of, or in connection with, this Agreement.

Section 8.2 Management of Business. No Member or Assignee (other than in its separate capacity as the Managing Member, any of its Affiliates or any officer, director,

manager, member, employee, partner, agent, representative or trustee of the Managing Member, the Company or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Company's business, transact any business in the Company's name or have the power to sign documents for or otherwise bind the Company. The transaction of any such business by the Managing Member, any of its Affiliates or any officer, director, manager, member, employee, partner, agent, representative or trustee of the Managing Member, the Company or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Members or Assignees under this Agreement.

Section 8.3 Outside Activities of Non-Managing Members. Subject to any agreements entered into pursuant to Section 7.6 hereof and any other agreements entered into by a Non-Managing Member or any of its Affiliates with the Managing Member, the Company or a Subsidiary (including any employment agreement), any Non- Managing Member and any Assignee, officer, director, employee, agent, representative, trustee, Affiliate, manager, member or stockholder of any Non-Managing Member shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Company, including business interests and activities that are in direct or indirect competition with the Company or that are enhanced by the activities of the Company. Neither the Company nor any Member shall have any rights by virtue of this Agreement in any business ventures of any Non-Managing Member or Assignee. Subject to such agreements, none of the Non-Managing Members nor any other Person shall have any rights by virtue of this Agreement or the company relationship established hereby in any business ventures of any other Person (other than CLNS, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.6 hereof and any other agreements entered into by a Non-Managing Member or its Affiliates with the Managing Member, the Company or a Subsidiary, to offer any interest in any such business ventures to the Company, any Non-Managing Member, or any such other Person, even if such opportunity is of a character that, if presented to the Company, any Non-Managing Member or such other Person, could be taken by such Person.

Section 8.4 Return of Capital. Except pursuant to Section 15.1 or any Membership Unit Designation, no Member shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon dissolution of the Company as provided herein. Except to the extent provided in Article 5 or Article 6 hereof or otherwise expressly provided in this Agreement or in any Membership Unit Designation, no Member or Assignee shall have priority over any other Member or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5 Rights of Non-Managing Members Relating to the Company.

A. In addition to other rights provided by this Agreement or by the Act, and subject to Section 8.5.C, the Managing Member shall deliver to each Non-Managing Member a copy of any information mailed to all of the common stockholders of CLNS as soon as practicable after such mailing. Except as limited by Section 8.5.C hereof, each Member shall have the right, for a purpose reasonably related to such Member's interest as a member in the Company, upon written demand with a statement of the purpose of such demand and at such Member's own expense:

(1) To obtain a copy of the most recent annual and quarterly reports filed with the SEC by the Managing Member pursuant to the Exchange Act;

(2) To obtain a copy of the Company's federal, state and local income tax returns for each Fiscal Year; and

(3) To obtain a copy of this Agreement and the Certificate and all amendments thereto (excluding all information regarding other Member, including, without limitation, such Member's identity and interests in the Company), together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed.

B. The Company shall notify any Non-Managing Member that is a Qualifying Party, on request, of the then current Adjustment Factor or any change made to the Adjustment Factor.

C. Notwithstanding any other provision of this Section 8.5, the Managing Member may keep confidential from the Non-Managing Members (or any of them), for such period of time as the Managing Member determines to be reasonable, any information that (i) the Managing Member believes to be in the nature of trade secrets or other information the disclosure of which the Managing Member in good faith believes is not in the best interests of the Company or CLNS or (ii) the Company or the Managing Member is required by law or by agreement to keep confidential.

Section 8.6 No Rights as Objecting Member. No Non-Managing Member and no Holder of a Membership Interest shall be entitled to exercise any appraisal rights in connection with a merger, consolidation or conversion of the Company.

Section 8.7 No Right to Certificate Evidencing Units; Article 8 Securities. Membership Units shall not be certificated. No Non-Managing Member shall be entitled to a certificate evidencing the Membership Units held by such Member. Any certificate evidencing Membership Units issued prior to the date hereof shall no longer evidence Membership Units. The Company shall not elect to treat any Membership Unit as a "security" governed by (x) Article 8 of the Delaware Uniform Commercial Code or (y) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction.

ARTICLE 9.
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting.

A. The Managing Member shall keep or cause to be kept at the principal business office of the Company those records and documents, if any, required to be maintained by the Act and other books and records deemed by the Managing Member to be appropriate with respect to the Company's business, including all books and records necessary to provide to the Members any information, lists and copies of documents required to be provided pursuant to Section 8.5.A, Section 9.3 or Article 13 hereof. Any records maintained by or on behalf of the Company in the regular course of its business may be kept on any information storage device, provided that the

records so maintained are convertible into clearly legible written form within a reasonable period of time.

B. The books of the Company shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the Managing Member determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Company and the Managing Member may operate with integrated or consolidated accounting records, operations and principles.

Section 9.2 Fiscal Year. The Fiscal Year of the Company shall be the calendar year.

Section 9.3 Reports.

A. As soon as practicable, but in no event later than one hundred twenty (120) days after the close of each Fiscal Year, the Managing Member shall cause to be mailed to each Non-Managing Member of record as of the close of the Fiscal Year, financial statements of the Company, or of CLNS if such statements are prepared solely on a consolidated basis with CLNS, for such Fiscal Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the Managing Member.

B. As soon as practicable, but in no event later than ninety (90) days after the close of each calendar quarter (except the last calendar quarter of each year), the Managing Member shall cause to be mailed to each Non-Managing Member of record as of the last day of the calendar quarter, a report containing unaudited financial statements of the Company, or of CLNS if such statements are prepared solely on a consolidated basis with CLNS, for such calendar quarter, and such other information as may be required by applicable law or regulation or as the Managing Member determines to be appropriate.

C. The Managing Member may satisfy its obligations under Section 9.3.A and Section 9.3.B by posting or making available the reports specified in such sections on a website maintained by CLNS or by filing reports containing the information specified in Sections 9.1.A and 9.1.B on the EDGAR system (or any successor system) of the SEC.

ARTICLE 10.
TAX MATTERS

Section 10.1 Preparation of Tax Returns. The Managing Member shall arrange for the preparation and timely filing of all returns with respect to Company income, gains, deductions, losses and other items required of the Company for federal and state income tax purposes and shall use all reasonable effort to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Non-Managing Members and for federal and state income tax and any other tax reporting purposes. The Non-Managing Members shall promptly provide the Managing Member with such information relating to the CC Contributed Assets or any other assets contributed by the Contributors (including assets contributed to the Company for income tax purposes pursuant to the CC Contribution Agreement), including tax basis and other relevant information, as may be reasonably requested by the Managing Member

from time to time. For purposes of this provision, the terms CC Contributed Assets and Contributors shall have the meaning ascribed thereto in the CC Contribution Agreement.

Section 10.2 Tax Elections.

A. Except as otherwise provided herein, the Managing Member shall determine whether to make any available election pursuant to the Code, including any election under the New Partnership Audit Procedures, the election under Code Section 754 and the election to use the "recurring item" method of accounting provided under Code Section 461(h) with respect to property taxes imposed on the Company's Properties; provided, however, that, if the "recurring item" method of accounting is elected with respect to such property taxes, the Company shall pay the applicable property taxes prior to the date provided in Code Section 461(h) for purposes of determining economic performance. The Managing Member shall have the right to seek to revoke any such election (including any election under Code Sections 461(h) and 754).

B. Without limiting the foregoing, the Members, intending to be legally bound, hereby authorize the Managing Member, on behalf of the Company, to make an election (the "LV Safe Harbor Election") to have the "liquidation value" safe harbor provided in Proposed Treasury Regulation § 1.83-3(1) and the Proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43, as such safe harbor may be modified when such proposed guidance is issued in final form or as amended by subsequently issued guidance (the "LV Safe Harbor"), apply to LTIP Units and any interest in the Company transferred to, or for the benefit of, a service provider while the LV Safe Harbor Election remains effective, to the extent such interest meets the LV Safe Harbor requirements (collectively, such interests are referred to as "LV Safe Harbor Interests"). The Tax Matters Member or Managing Member, as applicable, is authorized and directed to execute and file the LV Safe Harbor Election on behalf of the Company and the Members. The Company and the Members (including any person to whom an LTIP Unit or other interest in the Company is transferred in connection with the performance of services) hereby agree to comply with all requirements of the LV Safe Harbor (including forfeiture allocations) with respect to all LV Safe Harbor Interests and to prepare and file all U.S. federal income tax returns reporting the tax consequences of the issuance and vesting of LV Safe Harbor Interests consistent with such final LV Safe Harbor guidance. The Company is also authorized to take such actions as are necessary to achieve, under the LV Safe Harbor, the effect that the election and compliance with all requirements of the LV Safe Harbor referred to above would be intended to achieve under Proposed Treasury Regulation Section 1.83-3, including amending this Agreement.

Section 10.3 Tax Matters Member and Partnership Representative.

A. With respect to periods not governed by changes to the Code enacted by the Bipartisan Budget Act of 2015, the Managing Member is hereby designated as the tax matters partner within the meaning of Section 6231(a)(7) of the Code prior to amendment by the Bipartisan Budget Act of 2015 ("Tax Matters Member"). With respect to periods governed by the New Partnership Audit Procedures, to the extent permissible under the New Partnership Audit Procedures, the Managing Member, or such person designated by the Managing Member, shall be designated as the "partnership representative" (within the meaning of Section 6223 of the New Partnership Audit Procedures (the "Partnership Representative"). Neither the Tax

Matters Member nor the Partnership Representative shall receive compensation for its services. All third-party costs and expenses incurred by the Tax Matters Member or Partnership Representative in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Company in addition to any reimbursement pursuant to Section 7.4 hereof. Nothing herein shall be construed to restrict the Company from engaging a law, advisory, or accounting firm to assist the Tax Matters Member or Partnership Representative in discharging its duties hereunder. At the request of any Member, the Managing Member agrees to inform such Member regarding the preparation and filing of any returns and with respect to any subsequent audit or litigation relating to such returns; provided, however, that the Managing Member shall have the exclusive power to determine whether to file, and the content of, such returns.

B. The Tax Matters Member is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Company items required to be taken into account by a Member for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the Tax Matters Member may expressly state that such agreement shall bind all Members, except that such settlement agreement shall not bind any Member (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the Tax Matters Member shall not have the authority to enter into a settlement agreement on behalf of such Member (as the case may be) or (ii) who is a "notice partner" (as defined in Code Section 6231) or a member of a "notice group" (as defined in Code Section 6223(b)(2));

(2) in the event that a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes (a "final adjustment") is mailed to the Tax Matters Member, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the United States Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Company's principal place of business is located;

(3) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Members or any of them in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the Tax Matters Member and the provisions relating to of the Managing Member set forth in Section 7.7 hereof shall be fully applicable to the Tax Matters Member in its capacity as such.

C. The Partnership Representative is authorized and required to represent the Company in connection with all examinations of the Company's affairs by tax authorities, including any resulting administrative and judicial proceedings. Under Section 6225 of the New Partnership Audit Procedures, in the case of any adjustment by the IRS in the amount of any item of income, gain, loss, deduction, or credit of the Company's or any Member's distributive share thereof ("IRS Adjustment"), the Company may pay an imputed underpayment as calculated under Section 6225(b) of the New Partnership Audit Procedures with respect to the IRS Adjustment, including interest and penalties ("Imputed Tax Underpayment") in the Adjustment Year or otherwise take the IRS Adjustment into account in the Adjustment Year. Each Member does hereby agree to indemnify and hold harmless the Company, the Managing Member and the Partnership Representative from and against any liability with respect to the Member's proportionate share of any Imputed Tax Underpayment or other IRS Adjustment resulting in liability of the Company, regardless of whether such Member is a Partner in the Partnership in an Adjustment Year, with such proportionate share as reasonably determined by the Managing Member, including the Managing Member's reasonable discretion to consider (i) each Member's interest in the Company in the Reviewed Year, (ii) each Member's status under Section 6225(c) and (iii) a Member's timely provision of information necessary to reduce the amount of Imputed Tax Underpayment set forth in Section 6225(c) of the New Partnership Audit Procedures. This obligation shall survive a Member's ceasing to be a member of the Company and/or the termination, dissolution, liquidation and winding up of the Company. The Managing Member may in its sole discretion elect under Section 6226 of the New Partnership Audit Procedures to cause the Company to issue adjusted Internal Revenue Service Schedules K-1 (or such other form as applicable) reflecting a Member's shares of any IRS Adjustment for the Adjustment Year as an alternative to the Company's payment of an Imputed Tax Underpayment for any tax year.

Section 10.4 Withholding. Each Member hereby authorizes the Company to withhold from or pay on behalf of or with respect to such Member any amount of federal, state, local or foreign taxes that the Managing Member determines that the Company is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement, including any taxes required to be withheld or paid by the Company pursuant to Code Sections 1441, 1442, 1445, 1446, 1471 or 1472. Any amount paid on behalf of or with respect to a Member, including any Imputed Tax Underpayment, shall constitute an advance by the Company to such Member, which advance shall be repaid by such Member within fifteen (15) days after notice from the Managing Member that such payment must be made except to the extent that (i) the Company withholds such payment from a distribution that would otherwise be made to the Member or (ii) the Managing Member determines that such payment may be

satisfied out of the Available Cash of the Company that would, but for such payment, be distributed to the Member, and such amount actually is satisfied out of such cash. Each Member hereby unconditionally and irrevocably grants to the Company a security interest in such Member's Membership Interest to secure such Member's obligation to pay to the Company any amounts required to be paid pursuant to Section 10.3.C and this Section 10.4 and subject to the prior sentence. In the event that a Member fails to pay any amounts owed to the Company pursuant to Section 10.3.C and this Section 10.4 when due, the Managing Member may elect to make the payment to the Company on behalf of such defaulting Member, and in such event shall be deemed to have loaned such amount to such defaulting Member and shall succeed to all rights and remedies of the Company as against such defaulting Member (including the right to receive distributions). Any amounts payable (or portion thereof that remain unsatisfied) by a Member hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal, plus four (4) percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full. Each Member shall take such actions as the Company or the Managing Member shall request in order to perfect or enforce the security interest created hereunder.

Section 10.5 Organizational Expenses. The Managing Member may cause the Company to elect to deduct expenses, if any, incurred by it in organizing the Company ratably over a 180-month period as provided in Code Section 709.

ARTICLE 11.
MEMBER TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer.

A. No part of the interest of a Member shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. No Membership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11 and any applicable Non-Managing Member Ancillary Agreement. Any Transfer or purported Transfer of a Membership Interest not made in accordance with this Article 11 and any applicable Non-Managing Member Ancillary Agreement shall be null and void ab initio.

C. No Transfer of any Membership Interest may be made to a lender to the Company or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Company whose loan constitutes a Nonrecourse Liability, without the consent of the Managing Member; provided that as a condition to such consent, the Managing Member may require the lender to enter into an arrangement with the Company and the Managing Member to redeem or exchange for the REIT Shares Amount any Membership Units in which a security interest is held by such lender simultaneously with the time at which such lender would be deemed to be a member in the Company for purposes of allocating liabilities to such lender under Code Section 752.

Section 11.2 Transfer of the Managing Member's Membership Interest.

A. Subject to compliance with the other provisions of this Article 11, the Managing Member may Transfer all or any portion of its Membership Interest at any time (i) to any Person that is, at the time of such Transfer, a direct or indirect wholly owned Subsidiary of CLNS, including any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) and that immediately following such Transfer owns, directly or indirectly, all the assets of CLNS and its Subsidiaries, without the Consent of any Member, and may designate the transferee to become the new Managing Member under Section 12.1, or (ii) in connection with a Termination Transaction as permitted under Section 11.7.

B. The Managing Member may not voluntarily withdraw as a managing member of the Company without the Consent of the Non-Managing Members, except in connection with a Transfer of the Managing Member's entire Membership Interest permitted in this Article 11 (including in accordance with Section 11.7) and the admission of the Transferee as a successor managing member of the Company pursuant to the Act and this Agreement.

C. It is a condition to any Transfer of the entire Membership Interest of a sole Managing Member otherwise permitted hereunder (including in accordance with Section 11.7) that (i) coincident or prior to such Transfer, the transferee is admitted as a Managing Member pursuant to the Act and this Agreement; (ii) the transferee assumes by operation of law or express agreement all of the obligations of the transferor Managing Member under this Agreement with respect to such Transferred Membership Interest; and (iii) the transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement applicable to the Managing Member and the admission of such transferee as a Managing Member.

Section 11.3 Non-Managing Members' Rights to Transfer.

A. General. Subject to any Non-Managing Member Ancillary Agreement, each Non-Managing Member, and each transferee of such Non-Managing Member's Membership Interest or Assignee thereof pursuant to a Permitted Transfer, may not Transfer all or any portion of such Membership Interest to any Person without the consent of the Managing Member, which consent may be withheld in the Managing Member's sole and absolute discretion. Notwithstanding the foregoing, but subject to Section 11.1.C and 11.3.C, any Non-Managing Member may, at any time, without the consent of the Managing Member, Transfer all or any portion of its Membership Interest pursuant to a Permitted Transfer (including, in the case of a Non-Managing Member that is a Permitted Lender Transferee, any Transfer of a Membership Interest to a Third-Party Pledge Transferee). Any Transfer of a Membership Interest by a Non-Managing Member or an Assignee is subject to Section 11.4 and to satisfaction of the following conditions:

(1) Qualified Transferee. Any Transfer of a Membership Interest shall be made only to a single Qualified Transferee; provided, however, that, for such purposes, all Qualified Transferees that are Affiliates, or that comprise investment accounts or funds managed by a single Qualified Transferee and its Affiliates, shall be considered together to be a single Qualified Transferee.

(2) Opinion of Counsel. The Transferor shall deliver or cause to be delivered to the Managing Member an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate the registration provisions of the Securities Act and the regulations promulgated thereunder or violate any state securities laws or regulations applicable to the Company or the Membership Interests Transferred; provided, however, that the Managing Member may waive this condition upon the request of the Transferor. If, in the opinion of such counsel, such Transfer would require the filing of a registration statement under the Securities Act or would otherwise violate any federal or state securities laws or regulations applicable to the Company or the Membership Units, the Managing Member may prohibit any Transfer otherwise permitted under this Section 11.3 by a Non-Managing Member of Membership Interests.

(3) Minimum Transfer Restriction. Any Transferring Member must Transfer not less than the lesser of (i) five hundred (500) Membership Units or (ii) all of the remaining Membership Units owned by such Transferring Member; provided, however, that, for purposes of determining compliance with the foregoing restriction, all Membership Units owned by Affiliates of a Member shall be considered to be owned by such Member.

It is a condition to any Transfer otherwise permitted hereunder that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Member under this Agreement with respect to such Transferred Membership Interest, and no such Transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Member are assumed by a successor corporation by operation of law) shall relieve the transferor Member of its obligations under this Agreement without the approval of the Managing Member. Notwithstanding the foregoing, any transferee of any Transferred Membership Interest shall be subject to any and all ownership limitations (including the Ownership Limit) contained in the Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including the Ownership Limit. Any transferee, whether or not admitted as a Substituted Member, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Member, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5 hereof.

B. Incapacity. If a Non-Managing Member is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Member's estate shall have all the rights of a Non-Managing Member, but not more rights than those enjoyed by other Non-Managing Members, for the purpose of settling or managing the estate, and such power as the Incapacitated Member possessed to Transfer all or any part of its interest in the Company. The Incapacity of a Member, in and of itself, shall not dissolve or terminate the Company.

C. Adverse Tax Consequences. No Transfer by a Non-Managing Member of its Membership Interests (including any Redemption, any other acquisition of Membership Units by the Managing Member or any acquisition of Membership Units by the Company and including any Permitted Transfer) may be made to or by any Person if in the opinion of legal counsel for

the Company, (i) such Transfer would create a material risk of the Company being treated as an association taxable as a corporation, (ii) there would be a material risk that such Transfer would be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)," within the meaning of Code Section 7704 or otherwise create a material risk of the Company being treated as a "publicly traded partnership" within the meaning of Code Section 469(k)(2) or Code Section 7704, (iii) such Transfer would create a material risk that the Company cease to be classified as a partnership for federal income tax purposes (except as a result of the Redemption (or acquisition by CLNS) of all Membership Units held by all Members (other than CLNS)), or such Transfer would result in a termination of the Company under Code Section 708(b)(1)(B), or (iv) such Transfer would create a material risk that CLNS would cease to comply with the REIT Requirements or any wholly owned Subsidiary of CLNS to cease to qualify as either a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) or disregarded entity (determined for federal income tax purposes) thereof.

Section 11.4 Substituted Members.

A. A transferee of the interest of a Non-Managing Member shall be admitted as a Substituted Member only with the consent of the Managing Member, which may be withheld in its sole and absolute discretion; provided, however, that a Permitted Transferee that is a past or present employee of any of the Company, CLNY, CLNS, or any of their Subsidiaries, CC, CCH or Colony Realty Partners, LLC shall be admitted as a Substituted Member pursuant to a Permitted Transfer without the consent of the Managing Member. The failure or refusal by the Managing Member to permit a transferee of any such interests to become a Substituted Member shall not give rise to any cause of action against the Company or the Managing Member. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Member until and unless it furnishes to the Managing Member (i) evidence of acceptance, in form and substance satisfactory to CLNS, of all the terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee and (iii) such other documents and instruments as the Managing Member may require to effect such Assignee's admission as a Substituted Member.

B. Concurrently with, and as evidence of, the admission of a Substituted Member, the Managing Member shall amend the Register and the books and records of the Company to reflect the name, address and number of Membership Units of such Substituted Member and to eliminate or adjust, if necessary, the name, address and number of Membership Units of the predecessor of such Substituted Member.

C. A transferee who has been admitted as a Substituted Member in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Non-Managing Member under this Agreement.

Section 11.5 Assignees. If the Managing Member's consent is required for the admission of any transferee as a Substituted Member, as described in Section 11.4 hereof, and the Managing Member withholds such consent, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a membership interest under the Act, including the right to receive distributions from the Company

and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Company attributable to the Membership Units assigned to such transferee and the rights to Transfer the Membership Units provided in this Article 11, but shall not be deemed to be a holder of Membership Units for any other purpose under this Agreement (other than as expressly provided in Section 15.1 hereof with respect to a Qualifying Party that becomes a Tendering Party), and shall not be entitled to effect a Consent or vote with respect to such Membership Units on any matter presented to the Non-Managing Members for approval (such right to Consent or vote, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Member). In the event that any such transferee desires to make a further assignment of any such Membership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Non-Managing Member desiring to make an assignment of Membership Units.

Section 11.6 General Provisions.

A. No Non-Managing Member may withdraw from the Company other than: (i) as a result of a permitted Transfer of all of such Member's Membership Interest in accordance with this Article 11 with respect to which the transferee becomes a Substituted Member; (ii) pursuant to a redemption (or acquisition by the Managing Member or CLNS) of all of its Membership Interest pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Membership Unit Designation; or (iii) as a result of the acquisition by the Managing Member or CLNS of all of such Member's Membership Interest, whether or not pursuant to Section 15.1.B hereof.

B. Any Member who shall Transfer all of its Membership Units in a Transfer (i) permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Member, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Membership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Membership Unit Designation, or (iii) to CLNS, whether or not pursuant to Section 15.1.B hereof, shall cease to be a Member.

C. If any Membership Unit is Transferred in compliance with the provisions of this Article 11, or is redeemed by the Company, or acquired by CLNS pursuant to Section 15.1 hereof, on any day other than the first day of a Fiscal Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Membership Unit for such Fiscal Year shall be allocated to the transferor Member or the Tendering Party (as the case may be) and, in the case of a Transfer or assignment other than a Redemption, to the transferee Member, by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the Managing Member. Solely for purposes of making such allocations, each of such items for the calendar month in which a Transfer occurs shall be allocated to the transferee Member and none of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferor Member, or the Tendering Party (as the case may be) if such Transfer occurs on or before the fifteenth (15th) day of the month, otherwise such items shall be allocated to the transferor. All distributions of Available Cash attributable to such Membership Unit with respect to which the Company Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Member or the Tendering Party (as the case may be) and, in the case of a Transfer

other than a Redemption, all distributions of Available Cash thereafter attributable to such Membership Unit shall be made to the transferee Member.

D. In addition to any other restrictions on Transfer herein contained or contained in any applicable Non-Managing Member Ancillary Agreement, in no event may any Transfer or assignment of a Membership Interest by any Member (including any Redemption, any acquisition of Membership Units by CLNS or any other acquisition of Membership Units by the Company) be made without the consent of the Managing Member, which may be withheld in its sole and absolute discretion: (i) to any person or entity who lacks the legal right, power or capacity to own a Membership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Membership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Membership Interest; (iv) in the event that such Transfer would create a material risk that CLNS would cease to comply with the REIT Requirements or any wholly owned Subsidiary of CLNS to cease to qualify as either a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) or disregarded entity (determined for federal income tax purposes) thereof; (v) if such Transfer would create a material risk that the Company cease to be classified as a partnership for federal income tax purposes (except as a result of the Redemption (or acquisition by CLNS) of all Membership Units held by all Members (other than CLNS)), or such transfer would result in a termination of the Company under Code Section 708(b)(1)(B); (vi) if such Transfer would cause the Company to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in ERISA Section 3(14)) or with respect to a plan subject to Section 4975 of the Code, a "disqualified person" (as defined in Code Section 4975(c)); (vii) if such Transfer would, in the opinion of legal counsel to the Company, cause any portion of the assets of the Company to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA; (viii) if such Transfer requires the registration of such Membership Interest pursuant to any applicable federal or state securities laws; (ix) if such Transfer would create a material risk that the Company would become a "publicly traded partnership," as such term is defined in Code Section 469 (k)(2) or Code Section 7704(b) or would otherwise create a material risk that the Company would be treated as a corporation for federal income tax purposes; (x) if such Transfer would cause the Company to have more than one hundred (100) partners for tax purposes (including as partners those persons indirectly owning an interest in the Company through a partnership, limited liability company, subchapter S corporation or grantor trust); (xi) if such Transfer would cause the Company to become a reporting company under the Exchange Act; (xii) if such Transfer subjects the Company to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA.

E. Transfers by a Non-Managing Member pursuant to this Article 11 or pursuant to any applicable Non-Managing Member Ancillary Agreement but not pursuant to Article 15, other than a Permitted Transfer to a Permitted Transferee pursuant to the exercise of remedies under a Pledge, may only be made on the first day of a fiscal quarter of the Company, unless the Managing Member otherwise agrees.

Section 11.7 Restrictions on Termination Transactions. Neither CLNS nor the Managing Member shall engage in, or cause or permit, a Termination Transaction, unless the conditions in at least one of the following paragraphs is met:

A. the Consent of the Non-Managing Members is obtained;

B. in connection with any such Termination Transaction, each holder of Membership Common Units (other than CLNS and its wholly owned Subsidiaries) will receive, or will have the right to elect to receive, for each Membership Common Unit, an amount of cash, securities or other property equal to the product of the Adjustment Factor and the greatest amount of cash, securities or other property paid to a holder of one REIT Share in consideration of one REIT Share pursuant to the terms of such Termination Transaction; provided, that if, in connection with such Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of a majority of the outstanding REIT Shares, each holder of Membership Common Units (other than CLNS and its wholly owned subsidiaries) will receive, or will have the right to elect to receive, the greatest amount of cash, securities or other property which such holder of Membership Common Units would have received had it exercised its right to Redemption pursuant to Article 15 hereof and received REIT Shares in exchange for its Membership Common Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction shall have been consummated (the fair market value, at the time of the Termination Transaction, of the amount specified herein with respect to each Membership Common Unit is referred to as the "Transaction Consideration");

C. all of the following conditions are met: (i) substantially all of the assets directly or indirectly owned by the Company prior to the announcement of the Termination Transaction are, immediately after the Termination Transaction, owned directly or indirectly by the Company or another limited liability company or limited partnership which is the survivor of a merger, consolidation or combination of assets with the Company (in each case, the "Surviving Company"); (ii) the Surviving Company is classified as a partnership for U.S. federal income tax purposes; and (iii) the rights of such Members with respect to the Surviving Company include: (x) if CLNS or its successor is a REIT with a single class of Publicly Traded common equity securities, the right to redeem their interests in the Surviving Company on terms substantially comparable to those in Section 15.1 of this Agreement for either: (1) a number of such REIT's Publicly Traded common equity securities with a fair market value, as of the date of consummation of such Termination Transaction, equal to the Transaction Consideration, subject to anti-dilution adjustments substantially comparable to those set forth in the definition of "Adjustment Factor" herein (the "Successor Shares Amount"); or (2) cash in an amount equal to the fair market value of the Successor Shares Amount at the time of such redemption, determined in a manner consistent with the determination of the "Cash Amount" herein; or (y) if CLNS or its successor is not a REIT with a single class of Publicly Traded common equity securities, the right to redeem their interests in the Surviving Company on terms substantially comparable to those in Section 15.1 of this Agreement for cash in an amount equal to the Transaction Consideration; or

D. in any Termination Transaction that is a merger, consolidation or other combination with or into another Person, immediately following the consummation of such Termination Transaction, the equity holders of the surviving entity are substantially identical to the shareholders of CLNS prior to such transaction.

ARTICLE 12.
ADMISSION OF MEMBERS

Section 12.1 Admission of Successor Managing Member. A successor to all or a portion of the Managing Member's Membership Interest pursuant to Section 11.2.A hereof who the Managing Member has designated to become a successor Managing Member shall be admitted to the Company as the Managing Member, effective immediately upon the Transfer of such Membership Interest to it. Upon any such Transfer and the admission of any such transferee as a successor Managing Member in accordance with this Section 12.1, the transferor Managing Member shall be relieved of its obligations under this Agreement and shall cease to be a Managing Member without any separate Consent of the Members or the consent or approval of any Member. Any such successor shall carry on the business of the Company without dissolution. In each case, the admission shall be subject to the successor Managing Member executing and delivering to the Company an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. In the event that the Managing Member withdraws from the Company, or transfers its entire Membership Interest, in violation of this Agreement, or otherwise dissolves or terminates or ceases to be the Managing Member, a Majority in Interest of the Non-Managing Members may elect to continue the Company by selecting a successor Managing Member in accordance with Section 13.1.A hereof.

Section 12.2 Admission of Additional Members.

A. A Person (other than an existing Member) who makes a Capital Contribution to the Company in exchange for Membership Units in accordance with this Agreement shall be admitted to the Company as an Additional Member only upon furnishing to the Managing Member (i) evidence of acceptance, in form and substance satisfactory to the Managing Member, of all of the terms and conditions of this Agreement, including the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person, and (iii) such other documents or instruments as may be required by the Managing Member in order to effect such Person's admission as an Additional Member. Concurrently with, and as evidence of, the admission of an Additional Member, the Managing Member shall amend the Register and the books and records of the Company to reflect the name, address, number and type of Membership Units of such Additional Member.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Member without the consent of the Managing Member. The admission of any Person as an Additional Member shall become effective on the date upon which the name of such Person is recorded on the books and records of the Company, following the consent of the Managing Member to such admission and the satisfaction of all the conditions set forth in Section 12.2.A.

C. If any Additional Member is admitted to the Company on any day other than the first day of a Fiscal Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit allocable among Holders for such Fiscal Year shall be allocated among such Additional Member and all other Holders by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using the

“interim closing of the books” method or another permissible method selected by the Managing Member. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Member occurs shall be allocated among all the Holders including such Additional Member, in accordance with the principles described in Section 11.6.C hereof. All distributions of Available Cash with respect to which the Company Record Date is before the date of such admission shall be made solely to Members and Assignees other than the Additional Member, and all distributions of Available Cash thereafter shall be made to all the Members and Assignees including such Additional Member.

Section 12.3 Amendment of Agreement and Certificate of Formation. For the admission to the Company of any Member, the Managing Member shall take all steps necessary and appropriate under the Act to amend the Register and the books and records of the Company and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof.

Section 12.4 Limit on Number of Members. Unless otherwise permitted by the Managing Member, no Person shall be admitted to the Company as an Additional Member if the effect of such admission would be to cause the Company to have a number of Members (including as Members for this purpose those Persons indirectly owning an interest in the Company through another limited liability company, a partnership, a subchapter S corporation or a grantor trust) that would cause the Company to become a reporting company under the Exchange Act.

Section 12.5 Admission. A Person shall be admitted to the Company as a member of the Company and/or a managing member of the Company only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Company as a Non-Managing Member or a Managing Member.

ARTICLE 13.
DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 Dissolution. The Company shall not be dissolved by the admission of Substituted Members or Additional Members, or by the admission of a successor managing member in accordance with the terms of this Agreement. Upon the withdrawal of the Managing Member, any successor managing member shall continue the business of the Company without dissolution. However, the Company shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a “Liquidating Event”):

A. an event of withdrawal, as defined in the Act, with respect to a Managing Member, unless (i) at the time of the occurrence of such event, there is at least one remaining managing member of the Company who is authorized to and shall carry on the business of the Company, or (ii) within ninety (90) days after the withdrawal, a Majority in Interest of the Non-Managing Members agree in writing to continue the Company and to the appointment, effective as of the date of withdrawal, of a successor managing member;

B. an election to dissolve the Company made by the Managing Member, with or without the Consent of the other Members; or

C. entry of a decree of judicial dissolution of the Company pursuant to the provisions of the Act.

Section 13.2 Winding Up.

A. Upon the occurrence of a Liquidating Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Holders. After the occurrence of a Liquidating Event, no Holder shall take any action that is inconsistent with the winding up of the Company's business and affairs. The Managing Member (or, in the event that there is no remaining Managing Member or the Managing Member has dissolved, become bankrupt or ceased to operate, any Person elected by a Majority in Interest of the Non-Managing Members (the Managing Member or such other Person being referred to herein as the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Company and shall take full account of the Company's liabilities and property, and the Company property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the Managing Member, include shares of stock in CLNS) shall be applied and distributed in the following order:

(1) First, to the satisfaction of all of the Company's debts and liabilities to creditors (including, without limitation, the Holders) (whether by payment or the making of reasonable provision for payment thereof); and

(2) Second, the balance, if any, to the Holders in accordance with and in proportion to their positive Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

The Managing Member shall not receive any additional compensation for any services performed pursuant to this Article 13.

B. Notwithstanding the provisions of Section 13.2.A hereof that require liquidation of the assets of the Company, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Company, the Liquidator determines that an immediate sale of part or all of the Company's assets would be impractical or would cause undue loss to the Holders, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Company (including to those Holders as creditors) and/or distribute to the Holders, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A hereof, undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Holders, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall

determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. In the event that the Company is "liquidated," within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article 13 to the Holders that have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2) to the extent of, and in proportion to, positive Capital Account balances. If any Holder has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever. In the sole and absolute discretion of the Managing Member or the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Holders pursuant to this Article 13 may be:

(1) distributed to a trust established for the benefit of the Managing Member and the Holders for the purpose of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Managing Member arising out of or in connection with the Company and/or Company activities. The assets of any such trust shall be distributed to the Holders, from time to time, in the reasonable discretion of the Managing Member, in the same proportions and amounts as would otherwise have been distributed to the Holders pursuant to this Agreement; or

(2) withheld or escrowed to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld or escrowed amounts shall be distributed to the Holders in the manner and order of priority set forth in Section 13.2.A hereof as soon as practicable.

Section 13.3 Deemed Contribution and Distribution. Notwithstanding any other provision of this Article 13, in the event that the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Company's Property shall not be liquidated, the Company's liabilities shall not be paid or discharged and the Company's affairs shall not be wound up. Instead, for federal income tax purposes the Company shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and immediately thereafter, distributed Membership Units to the Members in the new partnership in accordance with their respective Capital Accounts in liquidation of the Company, and the new partnership is deemed to continue the business of the Company. Nothing in this Section 13.3 shall be deemed to have constituted any Assignee as a Substituted Member without compliance with the provisions of Section 11.4 hereof.

Section 13.4 Rights of Holders. Except as otherwise provided in this Agreement and subject to the rights of any Holder of any Membership Interest set forth in a Membership Unit Designation, (a) each Holder shall look solely to the assets of the Company for the return of its Capital Contribution, (b) no Holder shall have the right or power to demand or receive property

other than cash from the Company, and (c) no Holder shall have priority over any other Holder as to the return of its Capital Contributions, distributions or allocations.

Section 13.5 Notice of Dissolution. In the event that a Liquidating Event occurs or an event occurs that would, but for an election or objection by one or more Members pursuant to Section 13.1 hereof, result in a dissolution of the Company, CLNS or the Liquidator shall, within thirty (30) days thereafter, provide written notice thereof to each of the Holders and, in the sole and absolute discretion of CLNS or the Liquidator, or as required by the Act, to all other parties with whom the Company regularly conducts business (as determined in the sole and absolute discretion of the Managing Member or the Liquidator), and the Managing Member or the Liquidator may, or, if required by the Act, shall, publish notice thereof in a newspaper of general circulation in each place in which the Company regularly conducts business (as determined in the sole and absolute discretion of the Managing Member or the Liquidator).

Section 13.6 Cancellation of Certificate of Formation. Upon the completion of the liquidation of the Company cash and property as provided in Section 13.2 hereof, the Company shall be terminated, a certificate of cancellation shall be filed with the State of Delaware, all qualifications of the Company as a foreign limited liability company in jurisdictions other than the State of Delaware shall be cancelled, and such other actions as may be necessary to terminate the Company shall be taken.

Section 13.7 Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between and among the Members during the period of liquidation.

ARTICLE 14.
PROCEDURES FOR ACTIONS AND CONSENTS OF MEMBERS; AMENDMENTS; MEETINGS

Section 14.1 Actions and Consents of Members. The actions requiring Consent of any Member pursuant to this Agreement, including Section 7.3 hereof, or otherwise pursuant to applicable law, are subject to the procedures set forth in this Article 14.

Section 14.2 Amendments. Except as otherwise required, permitted or prohibited by this Agreement (including Section 7.3 and Section 4.4.E), amendments to this Agreement must be approved by the Consent of the Managing Member and, if the amendment substantively and adversely affects the rights of the Non-Managing Members disproportionately as compared to the Managing Member, the Consent of the Non-Managing Members holding a majority of the Membership Common Units then held by the Non-Managing Members (excluding CLNS and any Controlled Entity of CLNS), and may be proposed only by (a) the Managing Member, or (b) Non-Managing Members holding a majority of the Membership Common Units then held by Non-Managing Members (excluding CLNS and any Controlled Entity of CLNS). Following such proposal, the Managing Member shall submit to the Members any proposed amendment that, pursuant to the terms of this Agreement, requires the Consent of the Members. The Managing Member shall seek the Consent of the Members entitled to vote thereon on any such

proposed amendment in accordance with Section 14.3 hereof. Upon obtaining any such Consent, or any other Consent required by this Agreement, and without further action or execution by any other Person, including any Member, (i) any amendment to this Agreement may be implemented and reflected in a writing executed solely by the Managing Member, and (ii) the Non-Managing Members shall be deemed a party to and bound by such amendment of this Agreement. Within thirty days after the effectiveness of any amendment to this Agreement that does not receive the Consent of all Members, the Managing Member shall deliver a copy of such amendment to all Members that did not Consent to such amendment. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, this Agreement may not be amended without the Consent of the Managing Member.

Section 14.3 Procedures for Meetings and Actions of the Members.

A. Meetings of the Members may be called only by the Managing Member. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Members entitled to act at the meeting not less than ten (10) days nor more than ninety (90) days prior to the date of such meeting. Members may vote in person or by proxy at such meeting. Unless approval by a different number or proportion of the Members is required by this Agreement, or any Membership Unit Designation, the affirmative vote of a Majority in Interest of the Members shall be sufficient to approve such proposal at a meeting of the Members. Whenever the Consent of any Members is permitted or required under this Agreement, such Consent may be given at a meeting of Members or in accordance with the procedure prescribed in Section 14.3.B hereof.

B. Any action requiring the Consent of any Member or a group of Members pursuant to this Agreement, or that is required or permitted to be taken at a meeting of the Members may be taken without a meeting if a Consent in writing or by electronic transmission setting forth the action so taken or consented to is given by Members whose affirmative vote would be sufficient to approve such action or provide such Consent at a meeting of the Members. Such Consent may be in one instrument or in several instruments, and shall have the same force and effect as the affirmative vote of such Members at a meeting of the Members. Such Consent shall be filed with the Managing Member. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified. For purposes of obtaining a Consent in writing or by electronic transmission, the Managing Member may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a Consent that is consistent with the Managing Member’s recommendation with respect to the proposal; provided, however, that an action shall become effective at such time as requisite Consents are received even if prior to such specified time.

C. Each Member entitled to act at a meeting of Members may authorize any Person or Persons to act for it by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Each proxy must be signed by the Member or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Member executing it, such revocation to be effective upon the Company’s receipt

of written notice of such revocation from the Member executing such proxy, unless such proxy states that it is irrevocable and is coupled with an interest.

D. The Managing Member may set, in advance, a record date for the purpose of determining the Members (i) entitled to Consent to any action, (ii) entitled to receive notice of or vote at any meeting of the Members or (iii) in order to make a determination of Members for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a meeting of the Members, not less than ten (10) days, before the date on which the meeting is to be held. If no record date is fixed, the record date for the determination of Members entitled to notice of or to vote at a meeting of the Members shall be at the close of business on the day on which the notice of the meeting is sent, and the record date for any other determination of Members shall be the effective date of such Member action, distribution or other event. When a determination of the Members entitled to vote at any meeting of the Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

E. Each meeting of Members shall be conducted by the Managing Member or such other Person as the Managing Member may appoint pursuant to such rules for the conduct of the meeting as the Managing Member or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Members may be conducted in the same manner as meetings of CLNS's stockholders and may be held at the same time as, and as part of, the meetings of CLNS's stockholders.

ARTICLE 15.
GENERAL PROVISIONS

Section 15.1 Redemption Rights of Qualifying Parties.

A. Subject to any Non-Managing Member Ancillary Agreement, a Qualifying Party shall have the right (subject to the terms and conditions set forth herein) to require the Company to redeem all or a portion of the Membership Common Units held by such Qualifying Party (Membership Common Units that have in fact been tendered for redemption being hereafter referred to as "Tendered Units") in exchange (a "Redemption") for the Cash Amount payable on the Specified Redemption Date. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the Managing Member by the Qualifying Party when exercising the Redemption right (the "Tendering Party"). The Company's obligation to effect a Redemption, however, shall not arise or be binding against the Company (i) until and unless CLNS declines or fails to exercise its purchase rights pursuant to Section 15.1.B hereof following receipt of a Notice of Redemption (a "Declination") and (ii) unless CLNS agrees otherwise, until the Business Day following the Cut-Off Date. In the event of a Redemption, the Cash Amount shall be delivered as a certified or bank check payable to the Tendering Party or, in the Managing Member's sole and absolute discretion, in immediately available funds on or before the Specified Redemption Date.

B. Notwithstanding the provisions of Section 15.1.A hereof, on or before the close of business on the Cut-Off Date, CLNS may, in its sole and absolute discretion, elect to acquire some or all of the Tendered Units (the percentage of the Tendered Units so elected to be

acquired, the “Applicable Percentage”) from the Tendering Party in exchange for the product of the REIT Shares Amount and the Applicable Percentage. If CLNS so elects, on the Specified Redemption Date the Tendering Party shall sell such number of the Tendered Units to CLNS in exchange for a number of Class A REIT Shares equal to the product of the REIT Shares Amount and the Applicable Percentage. The Tendering Party shall submit (i) such information, certification or affidavit as CLNS may reasonably require in connection with the application of the Ownership Limit to any such acquisition and (ii) such written representations, investment letters, legal opinions or other instruments necessary, in the CLNS’s view, to effect compliance with the Securities Act. In the event of a purchase of the Tendered Units by CLNS pursuant to this Section 15.1.B, the Tendering Party shall no longer have the right to cause the Company to effect a Redemption of such Tendered Units, and, upon notice to the Tendering Party by CLNS, given on or before the close of business on the Cut-Off Date, that CLNS has elected to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the obligation of the Company to effect a Redemption of the Tendered Units as to which CLNS’s notice relates shall not accrue or arise. A number of Class A REIT Shares equal to the product of the Applicable Percentage and the REIT Shares Amount, if applicable, shall be delivered by CLNS as duly authorized, validly issued, fully paid and non-assessable Class A REIT Shares and, if applicable, Rights, free of any pledge, lien, encumbrance or restriction, other than the Ownership Limit and other restrictions provided in the Charter, the Securities Act and relevant state securities or “blue sky” laws. If the amount of Class A REIT Shares to be issued in exchange for the Tendered Units is not a whole number of Class A REIT Shares, the Tendering Party shall be paid (i) that number of Class A REIT Shares that equals the nearest whole number less than such amount plus (ii) an amount of cash that CLNS determines, in its reasonable discretion, to represent the fair value of the remaining fractional Class A REIT Share that would otherwise be payable to the Tendering Party. Neither any Tendering Party whose Tendered Units are acquired by CLNS pursuant to this Section 15.1.B, any Member, any Assignee nor any other interested Person shall have any right to require or cause CLNS to register, qualify or list any Class A REIT Shares owned or held by such Person, whether or not such Class A REIT Shares are issued pursuant to this Section 15.1.B, with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange; provided, however, that this limitation shall not be in derogation of any registration or similar rights granted pursuant to any other written agreement (including any Non-Managing Member Ancillary Agreement) between CLNS and any such Person. Notwithstanding any delay in such delivery, the Tendering Party shall be deemed the owner of such Class A REIT Shares and Rights for all purposes, including rights to vote or consent, receive dividends, and exercise rights, as of the Specified Redemption Date. Class A REIT Shares issued upon an acquisition of the Tendered Units by CLNS pursuant to this Section 15.1.B may contain such legends regarding restrictions under the Securities Act and applicable state securities laws as CLNS in good faith determines to be necessary or advisable in order to ensure compliance with such laws and CLNS’s charter.

C. Notwithstanding the provisions of Sections 15.1.A, 15.1.B and 15.1.I hereof, (i) no Person shall be entitled to effect a Redemption for cash or an exchange for Class A REIT Shares to the extent the ownership or right to acquire Class A REIT Shares pursuant to such exchange on the Specified Redemption Date could cause such Person (or any other Person) to violate the restrictions on ownership and transfer of Class A REIT Shares set forth in the Charter, after giving effect to any waivers or modifications of such restrictions by the Board of Directors, and (ii) no Person shall have any rights under this Agreement to acquire Class A REIT Shares

which would otherwise be prohibited under the Charter, after giving effect to any waivers or modifications of such restrictions by the Board of Directors.

D. In the event of a Declination:

(1) CLNS shall give notice of such Declination to the Tendering Party on or before the close of business on the Cut-Off Date. The failure of CLNS to give notice of such Declination by the close of business on the Cut-Off Date shall be deemed to be an election by CLNS to acquire the Tendered Units in exchange for REIT Shares.

(2) The Company may elect to raise funds for the payment of the Cash Amount either (a) by requiring that CLNS contribute to the Company funds from the proceeds of a registered public offering by CLNS of Class A REIT Shares sufficient to purchase the Tendered Units or (b) from any other sources (including the sale of any Property and the incurrence of additional Debt) available to the Company.

(3) If the Cash Amount is not paid on or before the Specified Redemption Date, interest shall accrue with respect to the Cash Amount from the day after the Specified Redemption Date to and including the date on which the Cash Amount is paid at a rate equal to the Applicable Federal Short-Term Rate as published monthly by the IRS.

E. Notwithstanding the provisions of Section 15.1B hereof or Section 15.1J hereof, if CLNS's acquisition of Tendered Units in exchange for the REIT Shares Amount would be prohibited under the Charter, then (i) CLNS shall not elect to acquire such Tendered Units, and (ii) the Company shall not be obligated to effect a Redemption of such Tendered Units. For the avoidance of doubt, unless CLNS's acquisition of Tendered Units in exchange for the REIT Shares Amount would be prohibited under the Charter, if Tendered Units are not exchanged for Class A REIT Shares, then the Cash Amount will be paid to the Tendering Party in accordance with the terms of Section 15.1.A hereof.

F. Each Non-Managing Member covenants and agrees that all Membership Common Units delivered for redemption shall be delivered to the Company or CLNS, as the case may be, free and clear of all liens; and, notwithstanding anything contained herein to the contrary, neither CLNS nor the Company shall be under any obligation to acquire Membership Common Units which are or may be subject to any liens. Each Non-Managing Member further agrees that, if any stamp, recording, documentary or similar tax is payable with respect to the Membership Common Units as a result of the transfer thereof to the Company or the CLNS, such Tendering Party shall assume and pay such tax.

G. Notwithstanding anything herein to the contrary (but subject to Section 15.1.C hereof), with respect to any Redemption (or any tender of Membership Common Units for Redemption if the Tendered Units are acquired by CLNS pursuant to Section 15.1.B hereof) pursuant to this Section 15.1:

(1) Without the consent of the Managing Member, no Tendering Party (who is not a Former NSAM Unitholder) may effect a Redemption for (i) less than one thousand sixty-five (1,065) Membership Common Units or (ii) any number of Membership

Common Units that is not a multiple of seventy-one (71) or, if such Tendering Party holds less than one thousand sixty-five (1,065) Membership Common Units, all of the Membership Common Units held by such Tendering Party.

(2) If (i) a Tendering Party surrenders Tendered Units during the period on or after the Company Record Date with respect to a distribution payable to Holders of Membership Common Units, and before the record date established by CLNS for a dividend to its stockholders of some or all of its portion of such Company distribution, and (ii) CLNS acquires any of such Tendered Units in exchange for Class A REIT Shares pursuant to Section 15.1.B on or after the Record Date for CLNS dividends, then such Tendering Party shall pay to CLNS on the Specified Redemption Date an amount in cash equal to the Company distribution paid or payable in respect of such Tendered Units acquired by CLNS.

(3) The consummation of such Redemption (or an acquisition of Tendered Units by CLNS pursuant to Section 15.1.B hereof, as the case may be) shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

(4) The Tendering Party shall continue to own (subject, in the case of an Assignee, to the provisions of Section 11.5 hereof) all Membership Common Units subject to any Redemption, and be treated as a Member or an Assignee, as applicable, with respect to such Membership Common Units for all purposes of this Agreement, until the Specified Redemption Date and until such Tendered Units are either paid for by the Company pursuant to Section 15.1.A hereof or transferred to CLNS and paid for, by the issuance of Class A REIT Shares, pursuant to Section 15.1.B. Until a Specified Redemption Date and an acquisition of the Tendered Units by CLNS pursuant to Section 15.1.B hereof, the Tendering Party shall have no rights as a stockholder of CLNS with respect to the REIT Shares issuable in connection with such acquisition.

H. If CLNS shall be a party to any Transaction, each Membership Common Unit that is not converted into the right to receive cash, securities or other property or any combination thereof in connection with such Transaction shall thereafter be convertible into the kind and amount of cash, securities or other property or any combination thereof receivable upon the consummation of such Transaction by a holder of that number of REIT Shares into which one Membership Common Unit was convertible immediately prior to such Transaction, assuming such holder of REIT Shares (i) is not a Constituent Person or an affiliate of a Constituent Person and (ii) failed to exercise his or her rights of the election, if any, as to the kind and amount of cash, securities or other property or any combination thereof receivable upon such Transaction; provided that if the cash, securities or other property or any combination thereof receivable upon such Transaction is not the same for each REIT Share held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised (“Non-Electing Shares”), then for purposes of this Section 15.1.H the kind and amount of cash, securities or other property or any combination thereof receivable upon such Transaction by each Non-Electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-Electing Shares. CLNS shall not be a party to any Transaction unless the terms of such Transaction are

consistent with the provisions of this Section 15.1.H. The provisions of this Section 15.1.H shall similarly apply to successive Transactions.

I. In connection with the exercise of Redemption rights pursuant to this Section 15.1, unless waived by CLNS, the Tendering Party shall submit the following to CLNS, in addition to the Notice of Redemption:

(1) A written affidavit, dated the same date as the Notice of Redemption, (a) disclosing the Beneficial and Constructive ownership (as defined in CLNS's charter), as determined for purposes of Code Sections 856(a)(6) and 856(h), of REIT Shares by (i) such Tendering Party and (ii) to the best of such Tendering Party's knowledge, any Related Party, and (b) representing that, after giving effect to an acquisition of the Tendered Units by CLNS pursuant to Section 15.1.B hereof, neither the Tendering Party nor, to the best of such Tendering Party's knowledge, any Related Party, will Beneficially or Constructively own (as defined in CLNS's charter) REIT Shares in excess of the Ownership Limit; provided, however, that the written affidavit required pursuant to this Section 15.1.I(1) shall only be required upon the reasonable request of CLNS upon the good faith determination by CLNS that such affidavit is necessary to confirm that the exercise of Redemption rights by the Tendering Party will not result in the Tendering Party's Constructive or Beneficial ownership (as defined in CLNS's charter) of REIT shares exceeding the Ownership Limit;

(2) A written representation that neither the Tendering Party nor, to the best of such Tendering Party's knowledge, any Related Party, has any intention to acquire Beneficial or Constructive ownership (as defined in CLNS's charter) of any additional REIT Shares prior to the Specified Redemption Date that would prevent the Tendering Party from making the certification set forth in Section 15.1.I(3) below;

(3) An undertaking to certify, at and as a condition to the closing of (i) the Redemption or (ii) the acquisition of the Tendered Units by CLNS pursuant to Section 15.1.B hereof on the Specified Redemption Date, that either (a) the Beneficial and Constructive ownership (as defined in CLNS's charter) of REIT Shares by the Tendering Party and, to the best of such Tendering Party's knowledge, any Related Party, remain unchanged from that disclosed in the affidavit required by Section 15.1I(1), or (b) after giving effect to the Redemption or an acquisition of the Tendered Units by CLNS pursuant to Section 15.1.B hereof, neither the Tendering Party nor, to the best of such Tendering Party's knowledge, any Related Party, shall Beneficially or Constructively own (as defined in CLNS's charter) REIT Shares in violation of the Ownership Limit; and

(4) In connection with any Redemption, CLNS shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Redemption will not cause the Company, the Managing Member or CLNS to violate any Federal or state securities laws or regulations applicable to the Redemption or the issuance and sale of REIT Shares to the Tendering Party pursuant to Section 15.1.B of this Agreement.

J. Stock Offering Funding Option.

(1) (a) Notwithstanding Sections 15.1.A or 15.1.B hereof (but subject to Sections 15.1.C and 15.1.F hereof), if (i) a Non-Managing Member has delivered to the Managing Member a Notice of Redemption that would result in Excess Units (together with any other Tendered Units that such Non-Managing Member agrees to treat as Excess Units, the "Offering Units"), and (ii) CLNS is eligible to file a registration statement under Form S-3 (or any successor form similar thereto), then CLNS may elect, in its sole and absolute discretion, to cause the Company to redeem the Offering Units with the net proceeds of an offering, whether registered under the Securities Act or exempt from such registration, underwritten, offered and sold directly to investors or through agents or other intermediaries, or otherwise distributed (a "Stock Offering Funding") of a number of Class A REIT Shares ("Offered Shares") equal to or greater than the REIT Shares Amount with respect to the Offering Units pursuant to the terms of this Section 15.1.J. CLNS must provide notice of their exercise of the election described in clause (x) above to purchase the Tendered Units through a Stock Offering Funding on or before the Cut-Off Date.

(b) If CLNS elects a Stock Offering Funding with respect to a Notice of Redemption, the Managing Member may give notice (a "Single Funding Notice") of such election to all Non-Managing Members and require that all Members elect whether or not to effect a Redemption to be funded through such Stock Offering Funding. If a Non-Managing Member elects to effect such a Redemption, it shall give notice thereof and of the number of Membership Common Units to be made subject thereto in writing to the Managing Member within 10 Business Days after receipt of the Single Funding Notice, and such Non-Managing Member shall be treated as a Tendering Party for all purposes of this Section 15.1.J.

(2) If CLNS elects a Stock Offering Funding, on the Specified Redemption Date, the Company shall redeem each Offering Unit that is still a Tendered Unit on such date for cash in immediately available funds in an amount (the "Stock Offering Funding Amount") equal to the net proceeds per Offered Share received by CLNS from the Stock Offering Funding, determined after deduction of underwriting discounts and commissions but no other expenses of CLNS or any other Non-Managing Member related thereto, including legal and accounting fees and expenses, SEC registration fees, state blue sky and securities laws fees and expenses, printing expenses, FINRA filing fees, exchange listing fees and other out of pocket expenses (the "Net Proceeds").

(3) If CLNS elects a Stock Offering Funding, the following additional terms and conditions shall apply:

(a) As soon as practicable after CLNS elects to effect a Stock Offering Funding, CLNS shall use its reasonable efforts to effect as promptly as possible a registration, qualification or compliance (including the execution of an undertaking to file post-effective amendments, appropriate qualifications under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act and any other governmental requirements or regulations) as would

permit or facilitate the sale and distribution of the Offered Shares; provided, that, if CLNS shall deliver a certificate to the Tendering Party stating that CLNS has determined in the good faith judgment of the Board of Directors that such filing, registration or qualification would require disclosure of material non-public information, the disclosure of which would have a material adverse effect on CLNS, then CLNS may delay making any filing or delay the effectiveness of any registration or qualification for the shorter of (a) the period ending on the date upon which such information is disclosed to the public or ceases to be material or (b) an aggregate period of ninety (90) days in connection with any Stock Offering Funding.

(b) CLNS shall advise each Tendering Party, regularly and promptly upon any request, of the status of the Stock Offering Funding process, including the timing of all filings, the selection of and understandings with underwriters, agents, dealers and brokers, the nature and contents of all communications with the SEC and other governmental bodies, the expenses related to the Stock Offering Funding as they are being incurred, the nature of marketing activities, and any other matters reasonably related to the timing, price and expenses relating to the Stock Offering Funding and the compliance by CLNS with its obligations with respect thereto. CLNS will have reasonable procedures whereby the Tendering Party with the largest number of Offering Units (the "Lead Tendering Party") may represent all the Tendering Parties in connection with the Stock Offering Funding by allowing it to participate in meetings with the underwriters of the Stock Offering Funding. In addition, CLNS and each Tendering Party may, but shall be under no obligation to, enter into understandings in writing ("Pricing Agreements") whereby the Tendering Party will agree in advance as to the acceptability of a Net Proceeds amount at or below a specified amount. Furthermore, CLNS shall establish pricing notification procedures with each such Tendering Party, such that the Tendering Party will have the maximum opportunity practicable to determine whether to become a Withdrawing Member pursuant to Section 15.1.J(3)(c) below.

(c) CLNS, upon notification of the price per Class A REIT Share in the Stock Offering Funding from the managing underwriter(s), in the case of a registered public offering, or lead placement agent(s), in the event of an unregistered offering, engaged by CLNS in order to sell the Offered Shares, shall immediately use its reasonable efforts to notify each Tendering Party of the price per REIT Share in the Stock Offering Funding and resulting Net Proceeds. Each Tendering Party shall have one hour from the receipt of such written notice (as such time may be extended by CLNS) to elect to withdraw its Redemption (a Tendering Party making such an election being a "Withdrawing Member"), and Membership Common Units with a REIT Shares Amount equal to such excluded Offered Shares shall be considered to be withdrawn from the related Redemption; provided, however, that CLNS shall keep each of the Tendering Parties reasonably informed as to the likely timing of delivery of its notice. If a Tendering Party, within such time period, does not notify CLNS of such Tendering Party's election not to become a Withdrawing Member, then such Tendering Party shall, except as otherwise provided in a Pricing Agreement, be deemed not to have withdrawn from the Redemption, without liability to CLNS. To the extent that CLNS is unable to notify any Tendering Party, such unnotified Tendering Party shall, except as otherwise

provided in any Pricing Agreement, be deemed not to have elected to become a Withdrawing Member. Each Tendering Party whose Redemption is being funded through the Stock Offering Funding who does not become a Withdrawing Member shall have the right, subject to the approval of the managing underwriter(s) or placement agent(s) and restrictions of any applicable securities laws, to submit for Redemption additional Membership Common Units in a number no greater than the number of Membership Common Units withdrawn. If more than one Tendering Party so elects to redeem additional Membership Common Units, then such Membership Common Units shall be redeemed on a pro rata basis, based on the number of additional Membership Common Units sought to be so redeemed.

(d) CLNS shall take all reasonable action in order to effectuate the sale of the Offered Shares including the entering into of an underwriting or placement agreement in customary form with the managing underwriter(s) or placement agent(s) selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) or placement agent(s) advises CLNS in writing that marketing factors require a limitation of the number of shares to be offered, then CLNS shall so advise all Tendering Parties and the number of Membership Common Units to be sold to CLNS pursuant to the Redemption shall be allocated among all Tendering Parties in proportion, as nearly as practicable, to the respective number of Membership Common Units as to which each Tendering Party elected to effect a Redemption. Notwithstanding anything to the contrary in this Agreement, if CLNS is also offering to sell shares for purposes other than to fund the redemption of Offering Units and to pay related expenses, then those other shares may in CLNS's sole and absolute discretion be given priority over any shares to be sold in the Stock Offering Funding, and any shares to be sold in the Stock Offering Funding shall be removed from the offering prior to removing shares the proceeds of which would be used for other purposes of CLNS. No Offered Shares excluded from the underwriting by reason of the managing underwriter's or placement agent's marketing limitation shall be included in such offering.

Section 15.2 Addresses and Notice. Any notice, demand, request or report required or permitted to be given or made to a Member or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written or electronic communication (including by telecopy, facsimile, electronic mail or commercial courier service) to the Member, or Assignee at the address for such Member set forth in the Register, or such other address of which the Member shall notify the Managing Member in accordance with this Section 15.2.

Section 15.3 Titles and Captions. All article or Section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof.

Section 15.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Waiver.

A. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

B. The restrictions, conditions and other limitations on the rights and benefits of the Members contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Members, are for the benefit of the Company and may be waived or relinquished by the Managing Member, in its sole and absolute discretion, on behalf of the Company in one or more instances from time to time and at any time; provided, however, that any such waiver or relinquishment may not be made if it would have the effect of (i) creating liability for any other Member, (ii) causing the Company to cease to qualify as a limited liability company, (iii) reducing the amount of cash otherwise distributable to the Members (other than any such reduction that affects all of the Members holding the same class or series of Membership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Non-Managing Members holding such class or series of Membership Units), (iv) resulting in the classification of the Company as an association or publicly traded partnership taxable as a corporation or (v) violating the Securities Act, the Exchange Act or any state “blue sky” or other securities laws; provided, further, that any waiver relating to compliance with the Ownership Limit or other restrictions in the Charter shall be made and shall be effective only as provided in the Charter.

Section 15.7 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.8 Applicable Law; Consent to Jurisdiction; Jury Trial.

A. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

B. Each Member hereby (i) submits to the non-exclusive jurisdiction of the Delaware Court of Chancery or, if such court does not have subject matter jurisdiction, any federal court sitting in the State of Delaware (collectively, the “Delaware Courts”), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with respect to such dispute, (ii) irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the Delaware Courts, that its property is

exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Member at such Member's last known address as set forth in the Company's books and records, and (iv) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 15.9 Entire Agreement. This Agreement contains all of the understandings and agreements between and among the Members with respect to the subject matter of this Agreement and the rights, interests and obligations of the Members with respect to the Company. Notwithstanding any provision in this Agreement or any Membership Unit Designation to the contrary, including any provisions relating to amending this Agreement, the Members hereby acknowledge and agree that the Managing Member, without the approval of any other Member, may enter into side letters or similar written agreements with Members that are not Affiliates of the Managing Member or CLNS, executed contemporaneously with the admission of such Member to the Company, which may have the effect of establishing rights under, or altering or supplementing the terms of, this Agreement or any Membership Unit Designation, as negotiated with such Member and which the Managing Member in its sole and absolute discretion deems necessary, desirable or appropriate. The parties hereto agree that any terms, conditions or provisions contained in such side letters or similar written agreements with a Member shall govern with respect to such Member notwithstanding the provisions of this Agreement.

Section 15.10 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11 Limitation to Preserve REIT Status. Notwithstanding anything else in this Agreement, with respect to any period in which CLNS has elected to be treated as a REIT for federal income tax purposes, to the extent that the amount paid, credited, distributed or reimbursed by the Company to any REIT Member or its officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a "REIT Payment"), would constitute gross income to the REIT Member (as determined for purposes of Code Section 856(c)(2) or Code Section 856(c)(3)), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the Managing Member in its discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Fiscal Year so that the REIT Payments, as so reduced, for or with respect to such REIT Member shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) four and nine-tenths percent (4.9%) of the REIT Member's total gross income (but excluding the amount of any REIT Payments) for the Fiscal Year that is described in subsections (A) through (I) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the REIT Member from sources other than those described in subsections (A) through (I) of Code Section 856(c)(2) (but not including the amount of any REIT Payments); or

(ii) an amount equal to the excess, if any, of (a) twenty-four percent (24%) of the REIT Member's total gross income (but excluding the amount of any REIT Payments) for the Fiscal Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the REIT Member from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments);

provided, however, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the Managing Member, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts should not adversely affect the REIT Member's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Fiscal Year as a consequence of the limitations set forth in this Section 15.11, such REIT Payments shall carry over and shall be treated as arising in the following Fiscal Year if such carry over does not adversely affect the REIT Member's ability to qualify as a REIT provided, however, that such amounts shall not carry over for more than five Fiscal Years, and if not paid within such five Fiscal Year period, shall expire; and provided further that (i) as REIT Payments are made, such payments shall be applied first to carry over amounts outstanding, if any, and (ii) with respect to carry over amounts for more than one Fiscal Year, such payments shall be applied to the earliest Fiscal Year first. The purpose of the limitations contained in this Section 15.11 is to prevent any REIT Member from failing to qualify as a REIT under the Code by reason of such REIT Member's share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Company, and this Section 15.11 shall be interpreted and applied to effectuate such purpose.

Section 15.12 No Partition. No Member nor any successor-in-interest to a Member shall have the right while this Agreement remains in effect to have any property of the Company partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Company partitioned, and each Member, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Members that the rights of the parties hereto and their successors-in-interest to Company property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Members and their respective successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.13 No Third-Party Rights Created Hereby. The provisions of this Agreement are solely for the purpose of defining the interests of the Holders, inter se; and no other person, firm or entity (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement. No creditor or other third party having dealings with the Company (other than as expressly set forth herein with respect to Indemnitees) shall have the right to enforce the right or obligation of any Member to make Capital Contributions or loans to the Company or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Members herein set forth to make Capital Contributions or loans to the Company shall be deemed an asset of the Company for any purpose by any creditor or other third party, nor may any such rights or obligations be sold,

Transferred or assigned by the Company or pledged or encumbered by the Company to secure any debt or other obligation of the Company or any of the Members.

Section 15.14 No Rights as Stockholders. Nothing contained in this Agreement shall be construed as conferring upon the Holders of Membership Units any rights whatsoever as stockholders of CLNS, including any right to receive dividends or other distributions made to stockholders of CLNS or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of CLNS or any other matter.

Section 15.15 Redemption Rights of the Company.

A. The Company shall have the right (subject to the terms and conditions set forth herein) to redeem all or a portion of the Membership Common Units held by any Qualifying MHR Party in exchange (a "Surrender") for the Cash Amount payable on the date specified (the "Surrender Date") in the notice of surrender provided by the Managing Member to such Qualifying MHR Party (the "Surrendering Party"). In the event of a Surrender, the Cash Amount shall be delivered as a certified or bank check payable to the Surrendering Party or, in the Managing Member's sole and absolute discretion, in immediately available funds on or before the Surrender Date.

B. Each Surrendering Party covenants and agrees that all Membership Common Units delivered by it for surrender shall be delivered to the Company free and clear of any pledge, lien, encumbrance or restriction, other than any restriction provided in this Agreement, the Securities Act and relevant state "blue sky" or other securities laws. Each Surrendering Party further agrees that, if any stamp, recording, documentary or similar tax is payable with respect to the Membership Common Units as a result of the transfer thereof to the Company, such Surrendering Party shall assume and pay such tax.

C. Notwithstanding anything herein to the contrary, with respect to any Surrender pursuant to this Section 15.15:

(1) The consummation of such Surrender shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvement Act of 1976.

(2) The Surrendering Party shall continue to own (subject, in the case of an Assignee, to the provisions of Section 11.5 hereof) all Membership Common Units subject to any Surrender, and be treated as a Member or an Assignee, as applicable, with respect to such Membership Common Units for all purposes of this Agreement, until the Surrender Date and until such Membership Common Units are paid for by the Company pursuant to Section 15.15.A hereof.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

MEMBERS:

COLONY NORTHSTAR, INC. as Managing Member and by power of attorney on behalf of the other Members

By: /s/ Mark M. Hedstrom
Name: Mark M. Hedstrom
Title: Vice President

EXHIBIT A: EXAMPLES REGARDING ADJUSTMENT FACTOR

For purposes of the following examples, it is assumed that (a) the Adjustment Factor in effect on December 31, 2017 is 1.0 and (b) on January 1, 2018 (the "Company Record Date" for purposes of these examples), prior to the events described in the examples, there are 100 REIT Shares issued and outstanding.

Example 1

On the Company Record Date, CLNS declares a dividend on its outstanding REIT Shares in REIT Shares. The amount of the dividend is one REIT Share paid in respect of each REIT Share owned. Pursuant to Paragraph (i) of the definition of "Adjustment Factor," the Adjustment Factor shall be adjusted on the Company Record Date, effective immediately after the stock dividend is declared, as follows:

1.0 * 200/100 = 2.0

Accordingly, the Adjustment Factor after the stock dividend is declared is 2.0.

Example 2

On the Company Record Date, CLNS distributes options to purchase REIT Shares to all holders of its REIT Shares. The amount of the distribution is one option to acquire one REIT Share in respect of each REIT Share owned. The strike price is $4.00 a share. The Value of a REIT Share on the Company Record Date is $5.00 per share. Pursuant to Paragraph (ii) of the definition of "Adjustment Factor," the Adjustment Factor shall be adjusted on the Company Record Date, effective immediately after the options are distributed, as follows:

1.0 * (100 + 100)/(100 + [100 * $4.00/$5.00]) = 1.1111

Accordingly, the Adjustment Factor after the options are distributed is 1.1111. If the options expire or become no longer exercisable, then the retroactive adjustment specified in Paragraph (ii) of the definition of "Adjustment Factor" shall apply.

Example 3

On the Company Record Date, CLNS distributes assets to all holders of its REIT Shares. The amount of the distribution is one asset with a fair market value (as determined by the Managing Member) of $1.00 in respect of each REIT Share owned. It is also assumed that the assets do not relate to assets received by the Managing Member pursuant to a pro rata distribution by the Company. The Value of a REIT Share on the Company Record Date is $5.00 a share. Pursuant to Paragraph (iii) of the definition of "Adjustment Factor," the Adjustment Factor shall be adjusted on the Company Record Date, effective immediately after the assets are distributed, as follows:

1.0 * $5.00/($5.00 - $1.00) = 1.25

Accordingly, the Adjustment Factor after the assets are distributed is 1.25.

EXHIBIT B: NOTICE OF REDEMPTION

Colony NorthStar, Inc.
515 S. Flower Street, 44th Floor
Los Angeles, CA 90071

The undersigned Member or Assignee hereby irrevocably tenders for Redemption Membership Common Units in Colony Capital Operating Company, LLC in accordance with the terms of the Third Amended and Restated Limited Liability Agreement of Colony Capital Operating Company, LLC, dated as of January 10, 2017, as amended (the "Agreement"), and the Redemption rights referred to therein. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement. The undersigned Member or Assignee:

(a) undertakes (i) to surrender such Membership Common Units at the closing of the Redemption and (ii) to furnish to CLNS, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 15.1.I of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the REIT Shares Amount, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that: (i) the undersigned Member or Assignee is a Qualifying Party; (ii) the undersigned Member or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such Membership Common Units, free and clear of the rights or interests of any other person or entity; (iii) the undersigned Member or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Common Units as provided herein; (iv) the undersigned Member or Assignee, and the tender and surrender of such Common Units for Redemption as provided herein complies with all conditions and requirements for redemption of Membership Common Units set forth in the Agreement; and (v) the undersigned Member or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that the undersigned will continue to own such Membership Common Units unless and until either (1) such Membership Common Units are acquired by CLNS pursuant to Section 15.1.B of the Agreement or (2) such redemption transaction closes.

Dated: _____

_____
Name of Member or Assignee:

_____
Signature of Member or Assignee

Street Address

City, State and Zip Code

Social security or identifying number

Signature Medallion Guaranteed by:

Issue Check Payable to (or shares in the name of):

EXHIBIT C: MEMBER NOTICE OF LTIP CONVERSION ELECTION

The undersigned holder of LTIP Units hereby irrevocably (i) elects to convert the number of LTIP Units in Colony Capital Operating Company, LLC (the "Company") set forth below into Membership Common Units in accordance with the terms of the Third Amended and Restated Limited Liability Agreement of the Company, as amended; and (ii) directs that any cash in lieu of Membership Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights of interests of any other person or entity other than the Company; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Holder: _____
(Please Print: Exact Name as Registered with Company)

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

_____
(Signature of Holder: Sign Exact Name as Registered with Company)

_____
(Street Address)

_____
(City) (State) (Zip Code)

EXHIBIT D: COMPANY NOTICE OF LTIP CONVERSION ELECTION

Colony Capital Operating Company, LLC (the "Company") hereby irrevocably elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Membership Common Units in accordance with the terms of the Third Amended and Restated Limited Liability Agreement of the Company, as amended.

Name of Holder: _____
(Please Print: Exact Name as Registered with Company)

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

EXHIBIT E: SERIES A COMPANY PREFERRED UNIT DESIGNATION

A. Number. As of the close of business on the date this Agreement was adopted, the total number of Series A Company Preferred Units issued and outstanding will be 2,466,689. The Managing Member may issue additional Series A Company Preferred Units from time to time in accordance with the terms of the Agreement, and in connection with any such additional issuance the Managing Member shall revise Schedule I to the Agreement to reflect the total number of Series A Company Preferred Units then issued and outstanding.

B. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series A Company Preferred Units, shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash at the rate per annum of $2.1875 per Series A Company Preferred Unit (the "Series A Annual Distribution Rate"). Such distributions with respect to each Series A Company Preferred Unit issued prior to February 15, 2017 shall be cumulative from, but excluding, the date of original issue by the Company of any Series A Company Preferred Units and with respect to Series A Company Preferred Units issued on or after February 15, 2017 shall be cumulative from the Distribution Payment Date (as defined below) with respect to distributions that were actually paid on Series A Company Preferred Units that were outstanding immediately preceding the issuance of such Series A Company Preferred Units, and shall be payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on or about February 15, 2017 (each such day being hereinafter called a "Distribution Payment Date"), when, as and if authorized and declared by the Managing Member, in arrears on each Distribution Payment Date commencing with respect to each Series A Company Preferred Unit on the first Distribution Payment Date following the issuance of such Series A Company Preferred Unit; provided that the amount per Series A Company Preferred Unit to be paid in respect of the initial distribution period, which shall commence on and include November 15, 2016 and end on and include February 14, 2017 (the "Initial Distribution Period") shall be determined in accordance with paragraph (ii) below; provided, however, that if any Distribution Payment Date falls on any day other than a Business Day, the distribution payment due on such Distribution Payment Date shall be paid on the first Business Day immediately following such Distribution Payment Date, without any adjustment to the amount of the distribution due on that Distribution Payment Date on account of such delay. Accrued and unpaid distributions for any past Distribution Periods (as defined below) may be declared and paid at any time, without reference to any regular Distribution Payment Date. If following a change of control, the Series A Preferred Share is not listed on the New York Stock Exchange or the American Stock Exchange or quoted on NASDAQ, the Series A Annual Distribution Rate will be increased to $2.4375 per share of Series A Company Preferred Unit and CLNS as the holder of the Series A Company Preferred Units shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash cumulative from, but excluding, the first date on which both the change of control has occurred and the Series A Preferred Share is not so listed or quoted at the increased Series A Annual Distribution Rate for as long as the Series A Preferred Share is not so listed or quoted.

(ii) Each quarterly distribution period shall commence on February 15, May 15, August 15 and November 15 of each year and end on and include the day preceding the first day of the next succeeding distribution period (each such period, a "Distribution Period"). The amount of distribution per Series A Company Preferred Unit accruing in each full Distribution Period shall be computed by dividing the Series A Annual Distribution Rate by four. The amount of distributions payable for the Initial Distribution Period, or any other period shorter or longer than a full Distribution Period, on the Series A Company Preferred Units shall be computed on the basis of twelve 30-day months and a 360-day year. CLNS, in its capacity as the holder of the then outstanding Series A Company Preferred Units, shall not be entitled to any distributions, whether payable in cash, property or securities, in excess of cumulative distributions, as herein provided, on the Series A Company Preferred Units. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series A Company Preferred Units that may be in arrears. For the avoidance of doubt, the amount of distribution per Series A Company Preferred Unit payable on the initial Distribution Payment Date (i.e., February 15, 2017) will be equal to the amount of the dividends payable per share of Series A Preferred Share on such Distribution Payment Date.

(iii) So long as any Series A Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any series or class or classes of Company Preferred Units whose terms specifically provide that such Company Preferred Units rank or a parity with the Series A Company Preferred Units with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Company (the "Parity Preferred Units") for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Company Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on such class or series of Parity Preferred Units. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions declared upon Series A Company Preferred Units and all distributions declared upon any other series or class or classes of Parity Preferred Units shall be declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series A Company Preferred Units and such Parity Preferred Units.

(iv) So long as any Series A Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Company Junior Units or options, warrants or rights to subscribe for or purchase Company Junior Units) shall be declared or paid or set apart for payment or other distribution declared or made upon Company Junior Units, nor shall any Company Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Company Junior Units made in respect of a redemption, purchase or other acquisition of CLNS common stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of CLNS or any subsidiary, or as permitted under the Charter), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such Company Junior Units) by the Company, directly or indirectly (except by conversion into or exchange for Company Junior Units), unless in each case (a) the full cumulative distributions on all outstanding Series A Company Preferred Units and any other Parity Preferred Units of the Company shall have been paid or set apart for payment for all past Distribution Periods with respect to the Series A

Company Preferred Units and all past distribution periods with respect to such Parity Preferred Units, and (b) sufficient funds shall have been paid or set apart for the payment of the distribution for the current Distribution Period with respect to the Series A Company Preferred Units and any Parity Preferred Units.

C. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company or CLNS, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Company Junior Units, CLNS, in its capacity as the holder of the Series A Company Preferred Units, shall be entitled to receive Twenty-Five Dollars ($25.00) per Series A Company Preferred Unit (the "Series A Liquidation Preference") plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to CLNS, in its capacity as such holder; but CLNS, in its capacity as the holder of Series A Company Preferred Units, shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company or CLNS, the assets of the Company, or proceeds thereof, distributable to CLNS, in its capacity as the holder of Series A Company Preferred Units, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Preferred Units, then such assets, or the proceeds thereof, shall be distributed among CLNS, in its capacity as the holder of such Series A Company Preferred Units, and the holders of any such other Parity Preferred Units ratably in accordance with the respective amounts that would be payable on such Series A Company Preferred Units and any such other Parity Preferred Units if all amounts payable thereon were paid in full. For the purposes of this Section C, (x) a consolidation or merger of the Company or CLNS with one or more entities, (y) a statutory share exchange by the Company or CLNS and (z) a sale or transfer of all or substantially all of the Company's or CLNS's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company or CLNS.

(ii) Subject to the rights of the holders of Membership Units of any series or class or classes of shares ranking on a parity with or prior to the Series A Company Preferred Units upon any liquidation, dissolution or winding up of CLNS or the Company, after payment shall have been made in full to CLNS, in its capacity as the holder of the Series A Company Preferred Units, as provided in this Section C, any series or class or classes of Company Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and CLNS, in its capacity as the holder of the Series A Company Preferred Units, shall not be entitled to share therein.

D. Redemption of the Series A Company Preferred Units.

(i) The Series A Company Preferred Units shall be redeemed by the Company, in whole or in part, at the option of CLNS, in its capacity as the holder of the Series A Company Preferred Units, at any time that CLNS may redeem the Series A Preferred Share, provided that CLNS shall redeem an equivalent number of Series A Preferred Share. Such redemption of Series A Company Preferred Units shall occur substantially concurrently with the redemption by CLNS of such Series A Preferred Share (the "Series A Redemption Date").

(ii) Upon redemption of Series A Company Preferred Units on the Series A Redemption Date, each Series A Company Preferred Unit so redeemed shall be converted into the right to receive Twenty-Five Dollars ($25.00) per Series A Company Preferred Unit, plus any accrued and unpaid distributions with respect to the Series A Company Preferred Units to the Series A Redemption Date (the "Series A Redemption Price").

(iii) Upon any redemption of Series A Company Preferred Units, the Company shall pay any accrued and unpaid distributions in arrears for any Distribution Period ending on or prior to the Series A Redemption Date. If the Series A Redemption Date falls after a Series A Preferred Share dividend record date ("Dividend Payment Record Date") and prior to the corresponding dividend payment date with respect to such Series A Preferred Share (the "Dividend Payment Date"), then CLNS, in its capacity as the holder of Series A Company Preferred Units, shall be entitled to distributions payable on the equivalent number of Series A Company Preferred Units as the number of the Series A Preferred Share with respect to which CLNS shall be required, pursuant to the terms of the Charter, to pay to the holders of Series A Preferred Share at the close of business on such Dividend Payment Record Date for the Series A Preferred Share who, pursuant to such Charter, are entitled to the dividend payable on such Series A Preferred Share on the corresponding Dividend Payment Date notwithstanding the redemption of such Series A Preferred Share before such Dividend Payment Date. Except as provided above, the Company shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series A Company Preferred Units called for redemption.

(iv) If full cumulative distributions on the Series A Company Preferred Units and any other series or class or classes of Parity Preferred Units have not been paid or declared and set apart for payment, except in connection with a purchase, redemption or other acquisition of Series A Preferred Share or shares of capital stock ranking on a parity with such Series A Preferred Share as permitted under the Charter, the Series A Company Preferred Units may not be redeemed in part and the Company may not purchase, redeem or otherwise acquire Series A Company Preferred Units or any Parity Preferred Units other than in exchange for Company Junior Units.

E. Conversion. The Series A Company Preferred Units are not convertible into or redeemable or exchangeable for any other property or securities of CLNS or the Company at the option of any holder of Series A Company Preferred Units, except as provided in Section D.

F. Ranking.

(i) Any class or series of Membership Units shall be deemed to rank:

(a) prior to the Series A Company Preferred Units, as to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if the holders of such class or series of preferred units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Company Preferred Units;

(b) on a parity with the Series A Company Preferred Units, as to the payment of distributions and as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per Membership Unit be different from those of the Series A Company Preferred Units, if the holders of such Membership Units of such class or series and the Series A Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per Membership Unit or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series A Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if such class or series of Membership Units shall be Membership Common Units or if the holders of Series A Company Preferred Units, shall be entitled to receipt of distribution or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Membership Units of such class or series.

(ii) As of the date hereof, 13,998,905 issued and outstanding Series B Company Preferred Units, 5,000,000 issued and outstanding Series C Company Preferred Units, 8,000,000 issued and outstanding Series D Company Preferred Units, 10,000,000 issued and outstanding Series E Company Preferred Units, 10,400,000 authorized Series F Company Preferred Units, 3,450,000 authorized Series G Company Preferred Units and 11,500,000 authorized Series H Company Preferred Units are Parity Preferred Units with respect to the Series A Company Preferred Units.

(iii) The holders of Series A Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid distributions per Membership Unit or liquidation preference, without preference or priority one over the other, except that:

(a) The Series A Company Preferred Units shall be Company Preferred Units and shall receive distributions on a basis pari passu with other Membership Units, if any, receiving distributions pursuant to Section 5.1 of the Agreement; and

(b) Distributions made pursuant to Section F(i) shall be made pro rata with other distributions made to other Membership Units as to which they rank pari passu based on the ratio of the amounts to be paid the Series A Company Preferred Units and such other Membership Units, as applicable, to the total amounts to be paid in respect of the Series A Company Preferred Units and such other Membership Units taken together on the Company Record Date.

G. Voting.

(i) Except as required by law, CLNS, in its capacity as the holder of the Series A Company Preferred Units, shall not be entitled to vote at any meeting of the Members or for any other purpose or otherwise to participate in any action taken by the Company or the Members, or to receive notice of any meeting of the Members.

(ii) So long as any Series A Company Preferred Units are outstanding, the Managing Member shall not authorize the creation of Membership Units of any new class or series or any interest in the Company convertible, exchangeable or redeemable into Membership Units of any new class or series ranking prior to the Series A Company Preferred Units in the distribution of assets on any liquidation, dissolution or winding up of CLNS or the Company or in the payment of distributions unless such Membership Units are issued to CLNS and the distribution and redemption (but not voting) rights of such Membership Units are substantially similar to the terms of securities issued by CLNS and the proceeds or other consideration from the issuance of such securities have been or are concurrently with such issuance contributed to the Company.

H. Restrictions on Ownership and Transfer. The Series A Company Preferred Units shall be owned and held solely by CLNS.

I. General.

(i) The rights of CLNS, in its capacity as the holder of the Series A Company Preferred Units, are in addition to and not in limitation on any other rights or authority of the Managing Member, in any other capacity, under the Agreement. In addition, nothing contained in this Exhibit E shall be deemed to limit or otherwise restrict any rights or authority of the Managing Member under the Agreement, other than in its capacity as the holder of the Series A Company Preferred Units.

(ii) Anything herein contained to the contrary notwithstanding, the Managing Member shall take all steps that it determines are necessary or appropriate (including modifying the foregoing terms of the Series A Company Preferred Units) to ensure that the Series A Company Preferred Units (including, without limitation the redemption and conversion terms thereof) permit CLNS to satisfy its obligations (including, without limitation, its obligations to make dividend payments on the Series A Preferred Shares) with respect to the Series A Preferred Shares, it being the intention that the terms of the Series A Company Preferred Units shall be substantially similar to the terms of the Series A Preferred Shares.

EXHIBIT F: SERIES B COMPANY PREFERRED UNIT DESIGNATION

A. Number. As of the close of business on the date this Agreement was adopted, the total number of Series B Company Preferred Units issued and outstanding will be 13,998,905. The Managing Member may issue additional Series B Company Preferred Units from time to time in accordance with the terms of the Agreement, and in connection with any such additional issuance the Managing Member shall revise Schedule I to the Agreement to reflect the total number of Series B Company Preferred Units then issued and outstanding.

B. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series B Company Preferred Units, shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash at the rate per annum of $2.0625 per Series B Company Preferred Unit (the "Series B Annual Distribution Rate"). Such distributions with respect to each Series B Company Preferred Unit issued prior to February 15, 2017 shall be cumulative from, but excluding, the date of original issue by the Company of any Series B Company Preferred Units and with respect to Series B Company Preferred Units issued on or after February 15, 2017 shall be cumulative from the Distribution Payment Date (as defined below) with respect to distributions that were actually paid on Series B Company Preferred Units that were outstanding immediately preceding the issuance of such Series B Company Preferred Units, and shall be payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on or about February 15, 2017 (each such day being hereinafter called a "Distribution Payment Date"), when, as and if authorized and declared by the Managing Member, in arrears on each Distribution Payment Date commencing with respect to each Series B Company Preferred Unit on the first Distribution Payment Date following the issuance of such Series B Company Preferred Unit; provided that the amount per Series B Company Preferred Unit to be paid in respect of the initial distribution period, which shall commence on and include November 15, 2016 and end on and include February 14, 2017 (the "Initial Distribution Period") shall be determined in accordance with paragraph (ii) below; provided, however, that if any Distribution Payment Date falls on any day other than a Business Day, the distribution payment due on such Distribution Payment Date shall be paid on the first Business Day immediately following such Distribution Payment Date, without any adjustment to the amount of the distribution due on that Distribution Payment Date on account of such delay. Accrued and unpaid distributions for any past Distribution Periods (as defined below) may be declared and paid at any time, without reference to any regular Distribution Payment Date. If following a change of control, the Series B Preferred Share is not listed on the New York Stock Exchange or the American Stock Exchange or quoted on NASDAQ, the Series B Annual Distribution Rate will be increased to $2.3125 per share of Series B Company Preferred Unit and CLNS as the holder of the Series B Company Preferred Units shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash cumulative from, but excluding, the first date on which both the change of control has occurred and the Series B Preferred Share is not so listed or quoted at the increased Series B Annual Distribution Rate for as long as the Series B Preferred Share is not so listed or quoted.

(ii) Each quarterly distribution period shall commence on February 15, May 15, August 15 and November 15 of each year and end on and include the day preceding the first

day of the next succeeding distribution period (each such period, a "Distribution Period"). The amount of distribution per Series B Company Preferred Unit accruing in each full Distribution Period shall be computed by dividing the Series B Annual Distribution Rate by four. The amount of distributions payable for the Initial Distribution Period, or any other period shorter or longer than a full Distribution Period, on the Series B Company Preferred Units shall be computed on the basis of twelve 30-day months and a 360-day year. CLNS, in its capacity as the holder of the then outstanding Series B Company Preferred Units, shall not be entitled to any distributions, whether payable in cash, property or securities, in excess of cumulative distributions, as herein provided, on the Series B Company Preferred Units. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series B Company Preferred Units that may be in arrears. For the avoidance of doubt, the amount of distribution per Series B Company Preferred Unit payable on the initial Distribution Payment Date (i.e., February 15, 2017) will be equal to the amount of the dividends payable per share of Series B Preferred Share on such Distribution Payment Date.

(iii) So long as any Series B Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any series or class or classes of Company Preferred Units whose terms specifically provide that such Company Preferred Units rank or a parity with the Series B Company Preferred Units with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Company (the "Parity Preferred Units") for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series B Company Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on such class or series of Parity Preferred Units. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions declared upon Series B Company Preferred Units and all distributions declared upon any other series or class or classes of Parity Preferred Units shall be declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series B Company Preferred Units and such Parity Preferred Units.

(iv) So long as any Series B Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Company Junior Units or options, warrants or rights to subscribe for or purchase Company Junior Units) shall be declared or paid or set apart for payment or other distribution declared or made upon Company Junior Units, nor shall any Company Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Company Junior Units made in respect of a redemption, purchase or other acquisition of CLNS common stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of CLNS or any subsidiary, or as permitted under the Charter), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such Company Junior Units) by the Company, directly or indirectly (except by conversion into or exchange for Company Junior Units), unless in each case (a) the full cumulative distributions on all outstanding Series B Company Preferred Units and any other Parity Preferred Units of the Company shall have been paid or set apart for payment for all past Distribution Periods with respect to the Series B Company Preferred Units and all past distribution periods with respect to such Parity Preferred Units, and (b) sufficient funds shall have been paid or set apart for the payment of the

distribution for the current Distribution Period with respect to the Series B Company Preferred Units and any Parity Preferred Units.

C. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company or CLNS, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Company Junior Units, CLNS, in its capacity as the holder of the Series B Company Preferred Units, shall be entitled to receive Twenty-Five Dollars ($25.00) per Series B Company Preferred Unit (the "Series B Liquidation Preference") plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to CLNS, in its capacity as such holder; but CLNS, in its capacity as the holder of Series B Company Preferred Units, shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company or CLNS, the assets of the Company, or proceeds thereof, distributable to CLNS, in its capacity as the holder of Series B Company Preferred Units, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Preferred Units, then such assets, or the proceeds thereof, shall be distributed among CLNS, in its capacity as the holder of such Series B Company Preferred Units, and the holders of any such other Parity Preferred Units ratably in accordance with the respective amounts that would be payable on such Series B Company Preferred Units and any such other Parity Preferred Units if all amounts payable thereon were paid in full. For the purposes of this Section C, (x) a consolidation or merger of the Company or CLNS with one or more entities, (y) a statutory share exchange by the Company or CLNS and (z) a sale or transfer of all or substantially all of the Company's or CLNS's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company or CLNS.

(ii) Subject to the rights of the holders of Membership Units of any series or class or classes of shares ranking on a parity with or prior to the Series B Company Preferred Units upon any liquidation, dissolution or winding up of CLNS or the Company, after payment shall have been made in full to CLNS, in its capacity as the holder of the Series B Company Preferred Units, as provided in this Section C, any series or class or classes of Company Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and CLNS, in its capacity as the holder of the Series B Company Preferred Units, shall not be entitled to share therein.

D. Redemption of the Series B Company Preferred Units.

(i) The Series B Company Preferred Units shall be redeemed by the Company, in whole or in part, at the option of CLNS, in its capacity as the holder of the Series B Company Preferred Units, at any time that CLNS may redeem the Series B Preferred Share, provided that CLNS shall redeem an equivalent number of Series B Preferred Share. Such redemption of Series B Company Preferred Units shall occur substantially concurrently with the redemption by CLNS of such Series B Preferred Share (the "Series B Redemption Date").

(ii) Upon redemption of Series B Company Preferred Units on the Series B Redemption Date, each Series B Company Preferred Unit so redeemed shall be converted into

the right to receive Twenty-Five Dollars ($25.00) per Series B Company Preferred Unit, plus any accrued and unpaid distributions with respect to the Series B Company Preferred Units to the Series B Redemption Date (the "Series B Redemption Price").

(iii) Upon any redemption of Series B Company Preferred Units, the Company shall pay any accrued and unpaid distributions in arrears for any Distribution Period ending on or prior to the Series B Redemption Date. If the Series B Redemption Date falls after a Series B Preferred Share dividend record date ("Dividend Payment Record Date") and prior to the corresponding dividend payment date with respect to such Series B Preferred Share (the "Dividend Payment Date"), then CLNS, in its capacity as the holder of Series B Company Preferred Units, shall be entitled to distributions payable on the equivalent number of Series B Company Preferred Units as the number of the Series B Preferred Share with respect to which CLNS shall be required, pursuant to the terms of the Charter, to pay to the holders of Series B Preferred Share at the close of business on such Dividend Payment Record Date for the Series B Preferred Share who, pursuant to such Charter, are entitled to the dividend payable on such Series B Preferred Share on the corresponding Dividend Payment Date notwithstanding the redemption of such Series B Preferred Share before such Dividend Payment Date. Except as provided above, the Company shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series B Company Preferred Units called for redemption.

(iv) If full cumulative distributions on the Series B Company Preferred Units and any other series or class or classes of Parity Preferred Units have not been paid or declared and set apart for payment, except in connection with a purchase, redemption or other acquisition of Series B Preferred Share or shares of capital stock ranking on a parity with such Series B Preferred Share as permitted under the Charter, the Series B Company Preferred Units may not be redeemed in part and the Company may not purchase, redeem or otherwise acquire Series B Company Preferred Units or any Parity Preferred Units other than in exchange for Company Junior Units.

E. Conversion. The Series B Company Preferred Units are not convertible into or redeemable or exchangeable for any other property or securities of CLNS or the Company at the option of any holder of Series B Company Preferred Units, except as provided in Section D.

F. Ranking.

(i) Any class or series of Membership Units shall be deemed to rank:

(a) prior to the Series B Company Preferred Units, as to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if the holders of such class or series of preferred units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series B Company Preferred Units;

(b) on a parity with the Series B Company Preferred Units, as to the payment of distributions and as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, whether or not the

distribution rates, distribution payment dates or redemption or liquidation prices per Membership Unit be different from those of the Series B Company Preferred Units, if the holders of such Membership Units of such class or series and the Series B Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per Membership Unit or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series B Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if such class or series of Membership Units shall be Membership Common Units or if the holders of Series B Company Preferred Units, shall be entitled to receipt of distribution or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Membership Units of such class or series.

(ii) As of the date hereof, 2,466,689 issued and outstanding Series A Company Preferred Units, 5,000,000 issued and outstanding Series C Company Preferred Units, 8,000,000 issued and outstanding Series D Company Preferred Units and 10,000,000 issued and outstanding Series E Company Preferred Units, 10,400,000 authorized Series F Company Preferred Units, 3,450,000 authorized Series G Company Preferred Units and 11,500,000 authorized Series H Company Preferred Units are Parity Preferred Units with respect to the Series B Company Preferred Units.

(iii) The holders of Series B Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid distributions per Membership Unit or liquidation preference, without preference or priority one over the other, except that:

(a) The Series B Company Preferred Units shall be Company Preferred Units and shall receive distributions on a basis pari passu with other Company Preferred Units, if any, receiving distributions pursuant to Section 5.1 of the Agreement; and

(b) Distributions made pursuant to Section F(i) shall be made pro rata with other distributions made to other Membership Units as to which they rank pari passu based on the ratio of the amounts to be paid the Series B Company Preferred Units and such other Membership Units, as applicable, to the total amounts to be paid in respect of the Series B Company Preferred Units and such other Membership Units taken together on the Company Record Date.

G. Voting.

(i) Except as required by law, CLNS, in its capacity as the holder of the Series B Company Preferred Units, shall not be entitled to vote at any meeting of the Members

or for any other purpose or otherwise to participate in any action taken by the Company or the Members, or to receive notice of any meeting of the Members.

(ii) So long as any Series B Company Preferred Units are outstanding, the Managing Member shall not authorize the creation of Membership Units of any new class or series or any interest in the Company convertible, exchangeable or redeemable into Membership Units of any new class or series ranking prior to the Series B Company Preferred Units in the distribution of assets on any liquidation, dissolution or winding up of CLNS or the Company or in the payment of distributions unless such Membership Units are issued to CLNS and the distribution and redemption (but not voting) rights of such Membership Units are substantially similar to the terms of securities issued by CLNS and the proceeds or other consideration from the issuance of such securities have been or are concurrently with such issuance contributed to the Company.

H. Restrictions on Ownership and Transfer. The Series B Company Preferred Units shall be owned and held solely by CLNS.

I. General.

(i) The rights of CLNS, in its capacity as the holder of the Series B Company Preferred Units, are in addition to and not in limitation on any other rights or authority of the Managing Member, in any other capacity, under the Agreement. In addition, nothing contained in this Exhibit F shall be deemed to limit or otherwise restrict any rights or authority of the Managing Member under the Agreement, other than in its capacity as the holder of the Series B Company Preferred Units.

(ii) Anything herein contained to the contrary notwithstanding, the Managing Member shall take all steps that it determines are necessary or appropriate (including modifying the foregoing terms of the Series B Company Preferred Units) to ensure that the Series B Company Preferred Units (including, without limitation the redemption and conversion terms thereof) permit CLNS to satisfy its obligations (including, without limitation, its obligations to make dividend payments on the Series B Preferred Shares) with respect to the Series B Preferred Shares, it being the intention that the terms of the Series B Company Preferred Units shall be substantially similar to the terms of the Series B Preferred Shares.

EXHIBIT G: SERIES C COMPANY PREFERRED UNIT DESIGNATION

A. Number. As of the close of business on the date this Agreement was adopted, the total number of Series C Company Preferred Units issued and outstanding will be 5,000,000. The Managing Member may issue additional Series C Company Preferred Units from time to time in accordance with the terms of the Agreement.

B. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series C Company Preferred Units, shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash at the rate per annum of $2.21875 per Series C Company Preferred Unit (the "Series C Annual Distribution Rate"). Such distributions with respect to each Series C Company Preferred Unit issued prior to February 15, 2017 shall be cumulative from, and including, the date of original issue by the Company of any Series C Company Preferred Units and with respect to Series C Company Preferred Units issued on or after February 15, 2017 shall be cumulative from, and including, the Distribution Payment Date (as defined below) with respect to distributions that were actually paid on Series C Company Preferred Units that were outstanding immediately preceding the issuance of such Series C Company Preferred Units, and shall be payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on or about February 15, 2017 ("each such day being hereinafter called a "Distribution Payment Date"), when, as and if authorized and declared by the Managing Member, in arrears on each Distribution Payment Date commencing with respect to each Series C Company Preferred Unit on the first Distribution Payment Date following the issuance of such Series C Company Preferred Unit; provided that the amount per Series C Company Preferred Unit to be paid in respect of the initial distribution period, which shall commence on and include November 15, 2016 and end on but exclude the first Distribution Payment Date (the "Initial Distribution Period") shall be determined in accordance with paragraph (ii) below; provided, however, that if any Distribution Payment Date falls on any day other than a Business Day, the distribution payment due on such Distribution Payment Date shall be paid on the first Business Day immediately following such Distribution Payment Date, without any adjustment to the amount of the distribution due on that Distribution Payment Date on account of such delay. Accrued and unpaid distributions for any past Distribution Periods (as defined below) may be declared and paid at any time, without reference to any regular Distribution Payment Date.

(ii) Each quarterly distribution period shall commence on and include a Distribution Payment Dated and end on but exclude the next succeeding Distribution Payment Date (each such period, a "Distribution Period"). The amount of distribution per Series C Company Preferred Unit accruing in each full Distribution Period shall be computed by dividing the Series C Annual Distribution Rate by four. The amount of distributions payable for the Initial Distribution Period, or any other period shorter or longer than a full Distribution Period, on the Series C Company Preferred Units shall be computed on the basis of twelve 30-day months and a 360-day year. CLNS, in its capacity as the holder of the then outstanding Series C Company Preferred Units, shall not be entitled to any distributions, whether payable in cash, property or securities, in excess of cumulative distributions, as herein provided, on the Series C Company Preferred Units. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series C Company Preferred Units that may be in

arrears. For the avoidance of doubt, the amount of distribution per Series C Company Preferred Unit payable on the initial Distribution Payment Date (i.e., February 15, 2017) will be equal to the amount of the dividends payable per share of Series C Preferred Share on such Distribution Payment Date.

(iii) So long as any Series C Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any series or class or classes of Company Preferred Units whose terms specifically provide that such Company Preferred Units rank or a parity with the Series C Company Preferred Units with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Company (the "Parity Preferred Units") for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series C Company Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on such class or series of Parity Preferred Units. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions declared upon Series C Company Preferred Units and all distributions declared upon any other series or class or classes of Parity Preferred Units shall be declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series C Company Preferred Units and such Parity Preferred Units.

(iv) So long as any Series C Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Company Junior Units or options, warrants or rights to subscribe for or purchase Company Junior Units) shall be declared or paid or set apart for payment or other distribution declared or made upon Company Junior Units, nor shall any Company Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Company Junior Units made in respect of a redemption, purchase or other acquisition of REIT Shares made for purposes of and in compliance with (i) requirements of an employee incentive or benefit plan of CLNS or any subsidiary, (ii) pursuant to Article VII of the Charter, (iii) as a result of a reclassification of such REIT Shares or any other class or series or class of stock of CLNS that is junior to the Series C Preferred Share, as to the payment of dividends or as to the distribution of assets upon liquidation for or into other REIT Shares or any other class or series of capital stock of CLNS that is junior to the Preferred Shares as to the payment of dividends or as to the distribution of assets upon liquidation ("Preferred Junior Shares"), or (iv) the purchase of fractional interests in Preferred Junior Shares pursuant to the conversion or exchange provisions of any securities convertible into or exchangeable for such Preferred Junior Shares), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such Company Junior Units) by the Company, directly or indirectly (except by conversion into or exchange for Company Junior Units), unless in each case (a) the full cumulative distributions on all outstanding Series C Company Preferred Units and any Parity Preferred Units of the Company shall have been paid or set apart for payment for all past Distribution Periods with respect to the Series C Company Preferred Units and all past distribution periods with respect to such Parity Preferred Units, and (b) sufficient funds shall have been paid or set apart for the payment of the distribution for the current Distribution Period with respect to the Series C Company Preferred Units and any Parity Preferred Units.

C. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company or CLNS, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Company Junior Units, CLNS, in its capacity as the holder of the Series C Company Preferred Units, shall be entitled to receive Twenty-Five Dollars ($25.00) per Series C Company Preferred Unit (the "Series C Liquidation Preference") plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to CLNS, in its capacity as such holder; but CLNS, in its capacity as the holder of Series C Company Preferred Units, shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company or CLNS, the assets of the Company, or proceeds thereof, distributable to CLNS, in its capacity as the holder of Series C Company Preferred Units, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other units of the Company ranking on a parity with the Series C Company Preferred Units as to such distribution, then such assets, or the proceeds thereof, shall be distributed among CLNS, in its capacity as the holder of such Series C Company Preferred Units, and the holders of any such other units ratably in accordance with the respective amounts that would be payable on such Series C Company Preferred Units and any such other units if all amounts payable thereon were paid in full. For the purposes of this Section C, (x) a consolidation or merger of the Company or CLNS with one or more entities, (y) a statutory share exchange by the Company or CLNS and (z) a sale or transfer of all or substantially all of the Company's or CLNS's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company or CLNS.

(ii) Subject to the rights of the holders of Membership Units of any series or class or classes of shares ranking on a parity with or prior to the Series C Company Preferred Units upon any liquidation, dissolution or winding up of CLNS or the Company, after payment shall have been made in full to CLNS, in its capacity as the holder of the Series C Company Preferred Units, as provided in this Section C, any series or class or classes of Company Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and CLNS, in its capacity as the holder of the Series C Company Preferred Units, shall not be entitled to share therein.

D. Redemption of the Series C Company Preferred Units.

(i) The Series C Company Preferred Units shall be redeemed by the Company, in whole or in part, at the option of CLNS, in its capacity as the holder of the Series C Company Preferred Units, at any time that CLNS may redeem the Series C Preferred Share, provided that CLNS shall redeem an equivalent number of Series C Preferred Share. Such redemption of Series C Company Preferred Units shall occur substantially concurrently with the redemption by CLNS of such Series C Preferred Share (the "Series C Redemption Date") and shall be for cash, at a redemption price of $25.00 per Series C Company Preferred Unit plus any accrued and unpaid distributions thereon with respect to the Series C Company Preferred Units to, but not including, the Redemption Date (the "Series C Redemption Price"); provided that, if the Series C Redemption Date is after a Distribution payment record date and prior to the corresponding Distribution Payment Date, no additional amount for such accrued and unpaid

distribution will be included in the Series C Redemption Price and the distributions on such Distribution Payment Date shall be made pursuant to Section B.

(ii) If CLNS elects to redeem any units of Series C Company Preferred Units as described in this Section D, the Company may use any available cash to pay the Series C Redemption Price, and the Company will not be required to pay the Series C Redemption Price only out of the proceeds from the contribution by CLNS's issuance of other equity securities or any other specific source. Upon redemption of Series C Company Preferred Units on the Series C Redemption Date, each Series C Company Preferred Unit so redeemed shall be converted into the right to receive the Series C Redemption Price.

(iii) If the Series C Redemption Date falls after a distribution payment record date and prior to the corresponding Distribution Payment Date, then CLNS, in its capacity as the holder of Series C Company Preferred Units, shall be entitled to distributions payable on the equivalent number of Series C Company Preferred Units as the number of the Series C Preferred Share with respect to which CLNS shall be required, pursuant to the terms of the Charter, to pay to the holders of Series C Preferred Share at the close of business on such Dividend Payment Record Date for the Series C Preferred Share who, pursuant to such Charter, are entitled to the dividend payable on such Series C Preferred Share on the corresponding Dividend Payment Date notwithstanding the redemption of such Series C Preferred Share before such Dividend Payment Date. Except as provided in calculating the Series C Redemption Price and in this paragraph, the Company shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series C Company Preferred Units called for redemption.

(iv) If full cumulative distributions for all past distribution periods on the Series C Company Preferred Units and any other series or class or classes of Parity Preferred Units have not been paid or declared and set apart for payment, except in connection with a purchase, redemption or other acquisition of Series C Preferred Share or shares of capital stock ranking on a parity with such Series C Preferred Share as permitted under the Charter, the Series C Company Preferred Units may not be redeemed in part and the Company may not purchase, redeem or otherwise acquire Series C Company Preferred Units or any units of the Company ranking on a parity with the Series C Company Preferred Units as to distributions or as to the distribution of assets upon liquidation, dissolution or winding up, other than in exchange for Company Junior Units.

(v) From and after the Series C Redemption Date (unless the Company shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, distributions on the Series C Company Preferred Units so called for redemption shall cease to accrue, (ii) said units shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series C Company Preferred Units of the Company shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon and to receive any distributions payable thereon).

E. Conversion.

(i) The Series C Company Preferred Units are not convertible into or redeemable or exchangeable for any other property or securities of CLNS or the Company at the

option of any holder of Series C Company Preferred Units, except as provided in Section D and this Section E.

(ii) In the event that a holder of Series C Preferred Share exercises its right to convert the Series C Preferred Share into REIT Shares pursuant to the terms of the "Change of Control Conversion Right" set forth in Exhibit C of the Charter, then, concurrently therewith, an equivalent number of Series C Company Preferred Units of the Company held by CLNS shall be automatically converted into a number of Membership Common Units of the Company equal to the number of shares of REIT Shares issued upon conversion of such shares of Series C Preferred Share; provided, however, that if a holder of Series C Preferred Share receives cash or other consideration in addition to or in lieu of REIT Shares in connection with such conversion, then CLNS, in its capacity as the holder of the Series C Company Preferred Units, shall be entitled to receive cash or such other consideration equal (in amount and form) to the cash or other consideration to be paid by CLNS to such holder of the Series C Preferred Share. Any such conversion will be effective at the same time the conversion of Series C Preferred Share into REIT Shares is effective.

(iii) No fractional units will be issued in connection with the conversion of Series C Company Preferred Units into Membership Common Units. In lieu of fractional Company Common Units, CLNS, in its capacity as holder of such Series C Company Preferred Units shall be entitled to receive a cash payment in respect of any fractional unit in an amount equal to the fractional interest multiplied by the closing price of a share of REIT Shares on the date the Series C Preferred Share are surrendered for conversion by a holder thereof.

F. Ranking.

(i) Any class or series of Membership Units shall be deemed to rank:

(a) prior to the Series C Company Preferred Units, as to the payment of distributions or as to distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if the holders of such class or series of preferred units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series C Company Preferred Units;

(b) on a parity with the Series C Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per Membership Unit be different from those of the Series C Company Preferred Units, if the holders of such Membership Units of such class or series and the Series C Company Preferred Units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid distributions per Membership Unit or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series C Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if such class or series of Membership Units shall be Membership Common Units or if the holders of Series C Company Preferred Units, shall be entitled to receipt of distribution or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Membership Units of such class or series.

(ii) As of the date hereof, 2,466,689 issued and outstanding Series A Company Preferred Units, 13,998,905 issued and outstanding Series B Company Preferred Units, 8,000,000 issued and outstanding Series D Company Preferred Units, 10,000,000 issued and outstanding Series E Company Preferred Units, 10,400,000 authorized Series F Company Preferred Units, 3,450,000 authorized Series G Company Preferred Units and 11,500,000 authorized Series H Company Preferred Units are Parity Preferred Units with respect to the Series C Company Preferred Units.

(iii) The holders of Series C Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid distributions per Membership Unit or liquidation preference, without preference or priority one over the other, except that:

(a) the Series C Company Preferred Units shall be Company Preferred Units and shall receive distributions on a basis pari passu with other Company Preferred Units, if any, receiving distributions pursuant to Section 5.1 of the Agreement; and

(b) Distributions made pursuant to Section F(i) shall be made pro rata with other distributions made to other Membership Units as to which they rank pari passu based on the ratio of the amounts to be paid the Series C Company Preferred Units and such other Membership Units, as applicable, to the total amounts to be paid in respect of the Series C Company Preferred Units and such other Membership Units taken together on the Company Record Date.

G. Voting.

(i) Except as required by law, CLNS, in its capacity as the holder of the Series C Company Preferred Units, shall not be entitled to vote at any meeting of the Partners or for any other purpose or otherwise to participate in any action taken by the Company or the Members, or to receive notice of any meeting of the Members.

(ii) So long as any Series C Company Preferred Units are outstanding, the Managing Member shall not authorize the creation of Membership Units of any new class or series or any interest in the Company convertible, exchangeable or redeemable into Membership Units of any new class or series ranking prior to the Series C Company Preferred Units in the distribution of assets on any liquidation, dissolution or winding up of CLNS or the Company or in the payment of distributions unless such Membership Units are issued to CLNS and the

distribution and redemption (but not voting) rights of such Membership Units are substantially similar to the terms of securities issued by CLNS and the proceeds or other consideration from the issuance of such securities have been or are concurrently with such issuance contributed to the Company.

H. Restrictions on Ownership and Transfer. The Series C Company Preferred Units shall be owned and held solely by CLNS.

I. General.

(i) The rights of CLNS, in its capacity as the holder of the Series C Company Preferred Units, are in addition to and not in limitation on any other rights or authority of the Managing Member, in any other capacity, under the Agreement. In addition, nothing contained in this Exhibit G shall be deemed to limit or otherwise restrict any rights or authority of the Managing Member under the Agreement, other than in its capacity as the holder of the Series C Company Preferred Units.

(ii) Anything herein contained to the contrary notwithstanding, the Managing Member shall take all steps that it determines are necessary or appropriate (including modifying the foregoing terms of the Series C Company Preferred Units) to ensure that the Series C Company Preferred Units (including, without limitation the redemption and conversion terms thereof) permit CLNS to satisfy its obligations (including, without limitation, its obligations to make dividend payments on the Series C Preferred Shares) with respect to the Series C Preferred Shares, it being the intention that the terms of the Series C Company Preferred Units shall be substantially similar to the terms of the Series C Preferred Shares.

EXHIBIT H: SERIES D COMPANY PREFERRED UNIT DESIGNATION

A. Number. As of the close of business on the date this Agreement was adopted, the total number of Series D Company Preferred Units issued and outstanding will be 8,000,000. The Managing Member may issue additional Series D Company Preferred Units from time to time in accordance with the terms of the Agreement.

B. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series D Company Preferred Units, shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash at the rate per annum of $2.125 per Series D Company Preferred Unit (the "Series D Annual Distribution Rate"). Such distributions with respect to each Series D Company Preferred Unit issued prior to February15, 2017 shall be cumulative from, and including, the date of original issue by the Company of any Series D Company Preferred Units and with respect to Series D Company Preferred Units issued on or after February 15, 2017 shall be cumulative from, and including, the Distribution Payment Date (as defined below) with respect to distributions that were actually paid on Series D Company Preferred Units that were outstanding immediately preceding the issuance of such Series D Company Preferred Units, and shall be payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on or about February 15, 2017 ("each such day being hereinafter called a "Distribution Payment Date"), when, as and if authorized and declared by the Managing Member, in arrears on each Distribution Payment Date commencing with respect to each Series D Company Preferred Unit on the first Distribution Payment Date following the issuance of such Series D Company Preferred Unit; provided that the amount per Series D Company Preferred Unit to be paid in respect of the initial distribution period, which shall commence on and include November 15, 2016 and end on but exclude the first Distribution Payment Date (the "Initial Distribution Period") shall be determined in accordance with paragraph (ii) below. Accrued and unpaid distributions for any past Distribution Periods may be declared and paid at any time, without reference to any regular Distribution Payment Date.

(ii) Each quarterly distribution period shall commence on and include a Distribution Payment Dated and end on but exclude the next succeeding Distribution Payment Date (each such period, a "Distribution Period"). The amount of distribution per Series D Company Preferred Unit accruing in each full Distribution Period shall be computed by dividing the Series D Annual Distribution Rate by four. The amount of distributions payable for the Initial Distribution Period, or any other period shorter or longer than a full Distribution Period, on the Series D Company Preferred Units shall be computed on the basis of twelve 30-day months and a 360-day year. CLNS, in its capacity as the holder of the then outstanding Series D Company Preferred Units, shall not be entitled to any distributions, whether payable in cash, property or securities, in excess of cumulative distributions, as herein provided, on the Series D Company Preferred Units. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series D Company Preferred Units that may be in arrears. For the avoidance of doubt, the amount of distribution per Series D Company Preferred Unit payable on the initial Distribution Payment Date (i.e., February 15, 2017) will be equal to the amount of the dividends payable per share of Series D Preferred Share on such Distribution Payment Date.

(iii) So long as any Series D Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any series or class or classes of Company Preferred Units whose terms specifically provide that such Company Preferred Units rank or a parity with the Series D Company Preferred Units with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Company (the "Parity Preferred Units") for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series D Company Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on such class or series of Parity Preferred Units. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions declared upon Series D Company Preferred Units and all distributions declared upon any other series or class or classes of Parity Preferred Units shall be declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series D Company Preferred Units and such Parity Preferred Units.

(iv) So long as any Series D Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Company Junior Units or options, warrants or rights to subscribe for or purchase Company Junior Units) shall be declared or paid or set apart for payment or other distribution declared or made upon Company Junior Units, nor shall any Company Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Company Junior Units made in respect of a redemption, purchase or other acquisition of REIT Shares made for purposes of and in compliance with (i) requirements of an employee incentive or benefit plan of CLNS or any subsidiary, (ii) pursuant to Article VII of the Charter, (iii) as a result of a reclassification of such REIT Shares or any other class or series or class of stock of CLNS that is junior to the Series D Preferred Share, as to the payment of dividends or as to the distribution of assets upon liquidation for or into other REIT Shares or any other class or series of capital stock of CLNS that is junior to the Preferred Shares as to the payment of dividends or as to the distribution of assets upon liquidation ("Preferred Junior Shares"), or (iv) the purchase of fractional interests in Preferred Junior Shares pursuant to the conversion or exchange provisions of any securities convertible into or exchangeable for such Preferred Junior Shares), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such Company Junior Units) by the Company, directly or indirectly (except by conversion into or exchange for Company Junior Units), unless in each case (a) the full cumulative distributions on all outstanding Series D Company Preferred Units and any Parity Preferred Units of the Company shall have been paid or set apart for payment for all past Distribution Periods with respect to the Series D Company Preferred Units and all past distribution periods with respect to such Parity Preferred Units, and (b) sufficient funds shall have been paid or set apart for the payment of the distribution for the current Distribution Period with respect to the Series D Company Preferred Units and any Parity Preferred Units.

C. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company or CLNS, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Company Junior Units, CLNS, in its

capacity as the holder of the Series D Company Preferred Units, shall be entitled to receive Twenty-Five Dollars ($25.00) per Series D Company Preferred Unit (the "Series D Liquidation Preference") plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to CLNS, in its capacity as such holder; but CLNS, in its capacity as the holder of Series D Company Preferred Units, shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company or CLNS, the assets of the Company, or proceeds thereof, distributable to CLNS, in its capacity as the holder of Series D Company Preferred Units, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other units of the Company ranking on a parity with the Series D Company Preferred Units as to such distribution, then such assets, or the proceeds thereof, shall be distributed among CLNS, in its capacity as the holder of such Series D Company Preferred Units, and the holders of any such other units ratably in accordance with the respective amounts that would be payable on such Series D Company Preferred Units and any such other units if all amounts payable thereon were paid in full. For the purposes of this Section C, (x) a consolidation or merger of the Company or CLNS with one or more entities, (y) a statutory share exchange by the Company or CLNS and (z) a sale or transfer of all or substantially all of the Company's or CLNS's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company or CLNS.

(ii) Subject to the rights of the holders of Membership Units of any series or class or classes of shares ranking on a parity with or prior to the Series D Company Preferred Units upon any liquidation, dissolution or winding up of CLNS or the Company, after payment shall have been made in full to CLNS, in its capacity as the holder of the Series D Company Preferred Units, as provided in this Section C, any series or class or classes of Company Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and CLNS, in its capacity as the holder of the Series D Company Preferred Units, shall not be entitled to share therein.

D. Redemption of the Series D Company Preferred Units.

(i) The Series D Company Preferred Units shall be redeemed by the Company, in whole or in part, at the option of CLNS, in its capacity as the holder of the Series D Company Preferred Units, at any time that CLNS may redeem the Series D Preferred Share, provided that CLNS shall redeem an equivalent number of Series D Preferred Share. Such redemption of Series D Company Preferred Units shall occur substantially concurrently with the redemption by CLNS of such Series D Preferred Share (the "Series D Redemption Date") and shall be for cash, at a redemption price of $25.00 per Series D Company Preferred Unit plus any accrued and unpaid distributions thereon with respect to the Series D Company Preferred Units to, but not including, the Redemption Date (the "Series D Redemption Price"); provided that, if the Series D Redemption Date is after a Distribution payment record date and prior to the corresponding Distribution Payment Date, no additional amount for such accrued and unpaid distribution will be included in the Series D Redemption Price and the distributions on such Distribution Payment Date shall be made pursuant to Section B.

(ii) If CLNS elects to redeem any units of Series D Company Preferred Units as described in this Section D, the Company may use any available cash to pay the Series D Redemption Price, and the Company will not be required to pay the Series D Redemption Price

only out of the proceeds from the contribution by CLNS's issuance of other equity securities or any other specific source. Upon redemption of Series D Company Preferred Units on the Series D Redemption Date, each Series D Company Preferred Unit so redeemed shall be converted into the right to receive the Series D Redemption Price.

(iii) If the Series D Redemption Date falls after a distribution payment record date and prior to the corresponding Distribution Payment Date, then CLNS, in its capacity as the holder of Series D Company Preferred Units, shall be entitled to distributions payable on the equivalent number of Series D Company Preferred Units as the number of the Series D Preferred Share with respect to which CLNS shall be required, pursuant to the terms of the Charter, to pay to the holders of Series D Preferred Share at the close of business on such Dividend Payment Record Date for the Series D Preferred Share who, pursuant to such Charter, are entitled to the dividend payable on such Series D Preferred Share on the corresponding Dividend Payment Date notwithstanding the redemption of such Series D Preferred Share before such Dividend Payment Date. Except as provided in calculating the Series D Redemption Price and in this paragraph, the Company shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series D Company Preferred Units called for redemption.

(iv) If full cumulative distributions for all past distribution periods on the Series D Company Preferred Units and any other series or class or classes of Parity Preferred Units have not been paid or declared and set apart for payment, except in connection with a purchase, redemption or other acquisition of Series D Preferred Share or shares of capital stock ranking on a parity with such Series D Preferred Share as permitted under the Charter, the Series D Company Preferred Units may not be redeemed in part and the Company may not purchase, redeem or otherwise acquire Series D Company Preferred Units or any units of the Company ranking on a parity with the Series D Company Preferred Units as to distributions or as to the distribution of assets upon liquidation, dissolution or winding up, other than in exchange for Company Junior Units.

(v) From and after the Series D Redemption Date (unless the Company shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, distributions on the Series D Company Preferred Units so called for redemption shall cease to accrue, (ii) said units shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D Company Preferred Units of the Company shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon and to receive any distributions payable thereon).

E. Conversion.

(i) The Series D Company Preferred Units are not convertible into or redeemable or exchangeable for any other property or securities of CLNS or the Company at the option of any holder of Series D Company Preferred Units, except as provided in Section D and this Section E.

(ii) In the event that a holder of Series D Preferred Share exercises its right to convert the Series D Preferred Share into REIT Shares pursuant to the terms of the "Change of Control Conversion Right" set forth in Exhibit C of the Charter, then, concurrently therewith, an

equivalent number of Series D Company Preferred Units of the Company held by CLNS shall be automatically converted into a number of Membership Common Units of the Company equal to the number of shares of REIT Shares issued upon conversion of such shares of Series D Preferred Share; provided, however, that if a holder of Series D Preferred Share receives cash or other consideration in addition to or in lieu of REIT Shares in connection with such conversion, then CLNS, in its capacity as the holder of the Series D Company Preferred Units, shall be entitled to receive cash or such other consideration equal (in amount and form) to the cash or other consideration to be paid by CLNS to such holder of the Series D Preferred Share. Any such conversion will be effective at the same time the conversion of Series D Preferred Share into REIT Shares is effective.

(iii) No fractional units will be issued in connection with the conversion of Series D Company Preferred Units into Membership Common Units. In lieu of fractional Company Common Units, CLNS, in its capacity as holder of such Series D Company Preferred Units shall be entitled to receive a cash payment in respect of any fractional unit in an amount equal to the fractional interest multiplied by the closing price of a share of REIT Shares on the date the Series D Preferred Share are surrendered for conversion by a holder thereof.

F. Ranking.

(i) Any class or series of Membership Units shall be deemed to rank:

(a) prior to the Series D Company Preferred Units, as to the payment of distributions or as to distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if the holders of such class or series of preferred units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series D Company Preferred Units;

(b) on a parity with the Series D Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per Membership Unit be different from those of the Series D Company Preferred Units, if the holders of such Membership Units of such class or series and the Series D Company Preferred Units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid distributions per Membership Unit or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series D Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if such class or series of Membership Units shall be Membership Common Units or if the holders of Series D Company Preferred Units, shall be entitled to receipt of distribution or of amounts

distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Membership Units of such class or series.

(ii) As of the date hereof, 2,466,689 issued and outstanding Series A Company Preferred Units, 13,998,905 issued and outstanding Series B Company Preferred Units, 5,000,000 issued and outstanding Series C Company Preferred Units, 10,000,000 issued and outstanding Series E Company Preferred Units, 10,400,000 authorized Series F Company Preferred Units, 3,450,000 authorized Series G Company Preferred Units and 11,500,000 authorized Series H Company Preferred Units are Parity Preferred Units with respect to the Series D Company Preferred Units.

(iii) The holders of Series D Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid distributions per Membership Unit or liquidation preference, without preference or priority one over the other, except that:

(a) the Series D Company Preferred Units shall be Company Preferred Units and shall receive distributions on a basis pari passu with other Company Preferred Units, if any, receiving distributions pursuant to Section 5.1 of the Agreement; and

(b) Distributions made pursuant to Section F(i) shall be made pro rata with other distributions made to other Membership Units as to which they rank pari passu based on the ratio of the amounts to be paid the Series D Company Preferred Units and such other Membership Units, as applicable, to the total amounts to be paid in respect of the Series D Company Preferred Units and such other Membership Units taken together on the Company Record Date.

G. Voting.

(i) Except as required by law, CLNS, in its capacity as the holder of the Series D Company Preferred Units, shall not be entitled to vote at any meeting of the Members or for any other purpose or otherwise to participate in any action taken by the Company or the Members, or to receive notice of any meeting of the Members.

(ii) So long as any Series D Company Preferred Units are outstanding, the Managing Member shall not authorize the creation of Membership Units of any new class or series or any interest in the Company convertible, exchangeable or redeemable into Membership Units of any new class or series ranking prior to the Series D Company Preferred Units in the distribution of assets on any liquidation, dissolution or winding up of CLNS or the Company or in the payment of distributions unless such Membership Units are issued to CLNS and the distribution and redemption (but not voting) rights of such Membership Units are substantially similar to the terms of securities issued by CLNS and the proceeds or other consideration from the issuance of such securities have been or are concurrently with such issuance contributed to the Company.

H. Restrictions on Ownership and Transfer. The Series D Company Preferred Units shall be owned and held solely by CLNS.

I. General.

(i) The rights of CLNS, in its capacity as the holder of the Series D Company Preferred Units, are in addition to and not in limitation on any other rights or authority of the Managing Member, in any other capacity, under the Agreement. In addition, nothing contained in this Exhibit H shall be deemed to limit or otherwise restrict any rights or authority of the Managing Member under the Agreement, other than in its capacity as the holder of the Series D Company Preferred Units.

(ii) Anything herein contained to the contrary notwithstanding, the Managing Member shall take all steps that it determines are necessary or appropriate (including modifying the foregoing terms of the Series D Company Preferred Units) to ensure that the Series D Company Preferred Units (including, without limitation the redemption and conversion terms thereof) permit CLNS to satisfy its obligations (including, without limitation, its obligations to make dividend payments on the Series D Preferred Shares) with respect to the Series D Preferred Shares, it being the intention that the terms of the Series D Company Preferred Units shall be substantially similar to the terms of the Series D Preferred Shares.

EXHIBIT I: SERIES E COMPANY PREFERRED UNIT DESIGNATION

A. Number. As of the close of business on the date this Agreement was adopted, the total number of Series E Company Preferred Units issued and outstanding will be 10,000,000. The Managing Member may issue additional Series E Company Preferred Units from time to time in accordance with the terms of the Agreement.

B. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series E Company Preferred Units, shall be entitled to receive, when, as and if declared by the Managing Member, distributions payable in cash at the rate per annum of $2.1875 per Series E Company Preferred Unit (the "Series E Annual Distribution Rate"). Such distributions with respect to each Series E Company Preferred Unit issued prior to February 15, 2017 shall be cumulative from, and including, the date of original issue by the Company of any Series E Company Preferred Units and with respect to Series E Company Preferred Units issued on or after February 15, 2017 shall be cumulative from, and including, the Distribution Payment Date (as defined below) with respect to distributions that were actually paid on Series E Company Preferred Units that were outstanding immediately preceding the issuance of such Series E Company Preferred Units, and shall be payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on or about February 15, 2017 ("each such day being hereinafter called a "Distribution Payment Date"), when, as and if authorized and declared by the Managing Member, in arrears on each Distribution Payment Date commencing with respect to each Series E Company Preferred Unit on the first Distribution Payment Date following the issuance of such Series E Company Preferred Unit; provided that the amount per Series E Company Preferred Unit to be paid in respect of the initial distribution period, which shall commence on and include November 15, 2016 and end on but exclude the first Distribution Payment Date (the "Initial Distribution Period") shall be determined in accordance with paragraph (ii) below; provided, however, that if any Distribution Payment Date falls on any day other than a Business Day, the distribution payment due on such Distribution Payment Date shall be paid on the first Business Day immediately following such Distribution Payment Date, without any adjustment to the amount of the distribution due on that Distribution Payment Date on account of such delay. Accrued and unpaid distributions for any past Distribution Periods (as defined below) may be declared and paid at any time, without reference to any regular Distribution Payment Date.

(ii) Each quarterly distribution period shall commence on and include a Distribution Payment Dated and end on but exclude the next succeeding Distribution Payment Date (each such period, a "Distribution Period"). The amount of distribution per Series E Company Preferred Unit accruing in each full Distribution Period shall be computed by dividing the Series E Annual Distribution Rate by four. The amount of distributions payable for the Initial Distribution Period, or any other period shorter or longer than a full Distribution Period, on the Series E Company Preferred Units shall be computed on the basis of twelve 30-day months and a 360-day year. CLNS, in its capacity as the holder of the then outstanding Series E Company Preferred Units, shall not be entitled to any distributions, whether payable in cash, property or securities, in excess of cumulative distributions, as herein provided, on the Series E Company Preferred Units. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series E Company Preferred Units that may be in

arrears. For the avoidance of doubt, the amount of distribution per Series E Company Preferred Unit payable on the initial Distribution Payment Date (i.e., February 15, 2017) will be equal to the amount of the dividends payable per share of Series E Preferred Share on such Distribution Payment Date.

(iii) So long as any Series E Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any series or class or classes of units Company Preferred Units whose terms specifically provide that such Company Preferred Units rank or a parity with the Series E Company Preferred Units with respect to distribution rights and rights upon liquidation, dissolution or winking up of the Company (the "Parity Preferred Units") for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series E Company Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on such class or series of Parity Preferred Units. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions declared upon Series E Company Preferred Units and all distributions declared upon any other series or class or classes of Parity Preferred Units shall be declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series E Company Preferred Units and such Parity Preferred Units.

(iv) So long as any Series E Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Company Junior Units or options, warrants or rights to subscribe for or purchase Company Junior Units) shall be declared or paid or set apart for payment or other distribution declared or made upon Company Junior Units, nor shall any Company Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Company Junior Units made in respect of a redemption, purchase or other acquisition of REIT Shares made for purposes of and in compliance with (i) requirements of an employee incentive or benefit plan of CLNS or any subsidiary, (ii) pursuant to Article VII of the Charter, (iii) as a result of a reclassification of such REIT Shares or any other class or series or class of stock of CLNS that is junior to the Series E Preferred Share, as to the payment of dividends or as to the distribution of assets upon liquidation for or into other REIT Shares or any other class or series of capital stock of CLNS that is junior to the Preferred Shares as to the payment of dividends or as to the distribution of assets upon liquidation ("Preferred Junior Shares"), or (iv) the purchase of fractional interests in Preferred Junior Shares pursuant to the conversion or exchange provisions of any securities convertible into or exchangeable for such Preferred Junior Shares), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such Company Junior Units) by the Company, directly or indirectly (except by conversion into or exchange for Company Junior Units), unless in each case (a) the full cumulative distributions on all outstanding Series E Company Preferred Units and any Parity Preferred Units of the Company shall have been paid or set apart for payment for all past Distribution Periods with respect to the Series E Company Preferred Units and all past distribution periods with respect to such Parity Preferred Units, and (b) sufficient funds shall have been paid or set apart for the payment of the distribution for the current Distribution Period with respect to the Series E Company Preferred Units and any Parity Preferred Units.

C. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company or CLNS, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Company Junior Units, CLNS, in its capacity as the holder of the Series E Company Preferred Units, shall be entitled to receive Twenty-Five Dollars ($25.00) per Series E Company Preferred Unit (the "Series E Liquidation Preference") plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to CLNS, in its capacity as such holder; but CLNS, in its capacity as the holder of Series E Company Preferred Units, shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company or CLNS, the assets of the Company, or proceeds thereof, distributable to CLNS, in its capacity as the holder of Series E Company Preferred Units, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other units of the Company ranking on a parity with the Series E Company Preferred Units as to such distribution, then such assets, or the proceeds thereof, shall be distributed among CLNS, in its capacity as the holder of such Series E Company Preferred Units, and the holders of any such other units ratably in accordance with the respective amounts that would be payable on such Series E Company Preferred Units and any such other units if all amounts payable thereon were paid in full. For the purposes of this Section C, (x) a consolidation or merger of the Company or CLNS with one or more entities, (y) a statutory share exchange by the Company or CLNS and (z) a sale or transfer of all or substantially all of the Company's or CLNS's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company or CLNS.

(ii) Subject to the rights of the holders of Membership Units of any series or class or classes of shares ranking on a parity with or prior to the Series E Company Preferred Units upon any liquidation, dissolution or winding up of CLNS or the Company, after payment shall have been made in full to CLNS, in its capacity as the holder of the Series E Company Preferred Units, as provided in this Section C, any series or class or classes of Company Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and CLNS, in its capacity as the holder of the Series E Company Preferred Units, shall not be entitled to share therein.

D. Redemption of the Series E Company Preferred Units.

(i) The Series E Company Preferred Units shall be redeemed by the Company, in whole or in part, at the option of CLNS, in its capacity as the holder of the Series E Company Preferred Units, at any time that CLNS may redeem the Series E Preferred Share, provided that CLNS shall redeem an equivalent number of Series E Preferred Share. Such redemption of Series E Company Preferred Units shall occur substantially concurrently with the redemption by CLNS of such Series E Preferred Share (the "Series E Redemption Date") and shall be for cash, at a redemption price of $25.00 per Series E Company Preferred Unit plus any accrued and unpaid distributions thereon with respect to the Series E Company Preferred Units to, but not including, the Redemption Date (the "Series D Redemption Price"); provided that, if the Series E Redemption Date is after a Distribution payment record date and prior to the corresponding Distribution Payment Date, no additional amount for such accrued and unpaid

distribution will be included in the Series D Redemption Price and the distributions on such Distribution Payment Date shall be made pursuant to Section B.

(ii) If CLNS elects to redeem any units of Series E Company Preferred Units as described in this Section D, the Company may use any available cash to pay the Series D Redemption Price, and the Company will not be required to pay the Series D Redemption Price only out of the proceeds from the contribution by CLNS's issuance of other equity securities or any other specific source. Upon redemption of Series E Company Preferred Units on the Series E Redemption Date, each Series E Company Preferred Unit so redeemed shall be converted into the right to receive the Series D Redemption Price.

(iii) If the Series E Redemption Date falls after a distribution payment record date and prior to the corresponding Distribution Payment Date, then CLNS, in its capacity as the holder of Series E Company Preferred Units, shall be entitled to distributions payable on the equivalent number of Series E Company Preferred Units as the number of the Series E Preferred Share with respect to which CLNS shall be required, pursuant to the terms of the Charter, to pay to the holders of Series E Preferred Share at the close of business on such Dividend Payment Record Date for the Series E Preferred Share who, pursuant to such Charter, are entitled to the dividend payable on such Series E Preferred Share on the corresponding Dividend Payment Date notwithstanding the redemption of such Series E Preferred Share before such Dividend Payment Date. Except as provided in calculating the Series D Redemption Price and in this paragraph, the Company shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series E Company Preferred Units called for redemption.

(iv) If full cumulative distributions for all past distribution periods on the Series E Company Preferred Units and any other series or class or classes of Parity Preferred Units have not been paid or declared and set apart for payment, except in connection with a purchase, redemption or other acquisition of Series E Preferred Share or shares of capital stock ranking on a parity with such Series E Preferred Share as permitted under the Charter, the Series E Company Preferred Units may not be redeemed in part and the Company may not purchase, redeem or otherwise acquire Series E Company Preferred Units or any units of the Company ranking on a parity with the Series E Company Preferred Units as to distributions or as to the distribution of assets upon liquidation, dissolution or winding up, other than in exchange for Company Junior Units.

(v) From and after the Series E Redemption Date (unless the Company shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, distributions on the Series E Company Preferred Units so called for redemption shall cease to accrue, (ii) said units shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series E Company Preferred Units of the Company shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon and to receive any distributions payable thereon).

E. Conversion.

(i) The Series E Company Preferred Units are not convertible into or redeemable or exchangeable for any other property or securities of CLNS or the Company at the

option of any holder of Series E Company Preferred Units, except as provided in Section D and this Section E.

(ii) In the event that a holder of Series E Preferred Share exercises its right to convert the Series E Preferred Share into REIT Shares pursuant to the terms of the "Change of Control Conversion Right" set forth in Exhibit C of the Charter, then, concurrently therewith, an equivalent number of Series E Company Preferred Units of the Company held by CLNS shall be automatically converted into a number of Membership Common Units of the Company equal to the number of shares of REIT Shares issued upon conversion of such shares of Series E Preferred Share; provided, however, that if a holder of Series E Preferred Share receives cash or other consideration in addition to or in lieu of REIT Shares in connection with such conversion, then CLNS, in its capacity as the holder of the Series E Company Preferred Units, shall be entitled to receive cash or such other consideration equal (in amount and form) to the cash or other consideration to be paid by CLNS to such holder of the Series E Preferred Share. Any such conversion will be effective at the same time the conversion of Series E Preferred Share into REIT Shares is effective.

(iii) No fractional units will be issued in connection with the conversion of Series E Company Preferred Units into Membership Common Units. In lieu of fractional Company Common Units, CLNS, in its capacity as holder of such Series E Company Preferred Units shall be entitled to receive a cash payment in respect of any fractional unit in an amount equal to the fractional interest multiplied by the closing price of a share of REIT Shares on the date the Series E Preferred Share are surrendered for conversion by a holder thereof.

F. Ranking.

(i) Any class or series of Membership Units shall be deemed to rank:

(a) prior to the Series E Company Preferred Units, as to the payment of distributions or as to distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if the holders of such class or series of preferred units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series E Company Preferred Units;

(b) on a parity with the Series E Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per Membership Unit be different from those of the Series E Company Preferred Units, if the holders of such Membership Units of such class or series and the Series E Company Preferred Units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective amounts of accrued and unpaid distributions per Membership Unit or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series E Company Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of CLNS or the Company, if such class or series of Membership Units shall be Membership Common Units or if the holders of Series E Company Preferred Units, shall be entitled to receipt of distribution or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Membership Units of such class or series.

(ii) As of the date hereof, 2,466,689 issued and outstanding Series A Company Preferred Units, 13,998,905 issued and outstanding Series B Company Preferred Units, 5,000,000 issued and outstanding Series C Company Preferred Units, 8,000,000 issued and outstanding Series D Company Preferred Units, 10,400,000 authorized Series F Company Preferred Units, 3,450,000 authorized Series G Company Preferred Units and 11,500,000 authorized Series H Company Preferred Units are Parity Preferred Units with respect to the Series E Company Preferred Units.

(iii) The holders of Series E Company Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accumulated and unpaid distributions per Membership Unit or liquidation preference, without preference or priority one over the other, except that:

(a) the Series E Company Preferred Units shall be Company Preferred Units and shall receive distributions on a basis pari passu with other Company Preferred Units, if any, receiving distributions pursuant to Section 5.1 of the Agreement; and

(b) Distributions made pursuant to Section F(i) shall be made pro rata with other distributions made to other Membership Units as to which they rank pari passu based on the ratio of the amounts to be paid the Series E Company Preferred Units and such other Membership Units, as applicable, to the total amounts to be paid in respect of the Series E Company Preferred Units and such other Membership Units taken together on the Company Record Date.

G. Voting.

(i) Except as required by law, CLNS, in its capacity as the holder of the Series E Company Preferred Units, shall not be entitled to vote at any meeting of the Members or for any other purpose or otherwise to participate in any action taken by the Company or the Members, or to receive notice of any meeting of the Members.

(ii) So long as any Series E Company Preferred Units are outstanding, the Managing Member shall not authorize the creation of Membership Units of any new class or series or any interest in the Company convertible, exchangeable or redeemable into Membership Units of any new class or series ranking prior to the Series E Company Preferred Units in the distribution of assets on any liquidation, dissolution or winding up of CLNS or the Company or in the payment of distributions unless such Membership Units are issued to CLNS and the

distribution and redemption (but not voting) rights of such Membership Units are substantially similar to the terms of securities issued by CLNS and the proceeds or other consideration from the issuance of such securities have been or are concurrently with such issuance contributed to the Company.

H. Restrictions on Ownership and Transfer. The Series E Company Preferred Units shall be owned and held solely by CLNS.

I. General.

(i) The rights of CLNS, in its capacity as the holder of the Series E Company Preferred Units, are in addition to and not in limitation on any other rights or authority of the Managing Member, in any other capacity, under the Agreement. In addition, nothing contained in this Exhibit I shall be deemed to limit or otherwise restrict any rights or authority of the Managing Member under the Agreement, other than in its capacity as the holder of the Series E Company Preferred Units.

(ii) Anything herein contained to the contrary notwithstanding, the Managing Member shall take all steps that it determines are necessary or appropriate (including modifying the foregoing terms of the Series E Company Preferred Units) to ensure that the Series E Company Preferred Units (including, without limitation the redemption and conversion terms thereof) permit CLNS to satisfy its obligations (including, without limitation, its obligations to make dividend payments on the Series E Preferred Shares) with respect to the Series E Preferred Shares, it being the intention that the terms of the Series E Company Preferred Units shall be substantially similar to the terms of the Series E Preferred Shares.

EXHIBIT J: SERIES F COMPANY PREFERRED UNIT DESIGNATION

A. Designation and Number. A series of Company Preferred Units, designated as Series F Company Preferred Units, is hereby established. The number of Series F Company Preferred Units shall be 10,400,000.

B. Rank. The Series F Company Preferred Units will, with respect to rights to receive distributions and to participate in distributions or payments upon liquidation, dissolution or winding up of the Company, rank (a) senior to the Membership Common Units and any other class of Membership Units of the Company, now or hereafter issued and outstanding, the terms of which provide that such Membership Units rank, as to distributions and upon liquidation, dissolution or winding up of the Company, junior to such Series F Company Preferred Units ("Junior Units"), (b) on a parity with the Series A Company Preferred Units, Series B Company Preferred Units, Series C Company Preferred Units, Series D Company Preferred Units, Series E Company Preferred Units, Series G Company Preferred Units and Series H Company Preferred Units, and any Membership Units the Company may authorize or issue in the future that, pursuant to the terms thereof, rank on parity with the Series F Company Preferred Units with respect to distributions or payments in the event of the liquidation, dissolution or winding up of the Company ("Parity Units"); and (c) junior to all Membership Units of the Company the terms of which specifically provide that such Membership Units rank senior to the Series F Company Preferred Units with respect to distributions or payments in the event of the liquidation, dissolution or winding up of the Company ("Senior Units"). Any authorization or issuance of Senior Units would require the affirmative vote of the holders of at least two-thirds of the outstanding Series F Company Preferred Units voting together as a single class with all other classes or series of Parity Units upon which like voting rights have been conferred and are exercisable. Any convertible or exchangeable debt securities that the Company may issue are not considered to be equity securities for these purposes.

C. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series F Company Preferred Units, shall be entitled to receive, when, as and if authorized by the Company, out of funds legally available for payment of distributions, cumulative cash distributions at the rate of 8.50% per annum of the $25.00 liquidation preference of each Series F Company Preferred Unit (equivalent to $2.125 per annum per Series F Company Preferred Unit).

(ii) Distributions on each outstanding Series F Company Preferred Unit shall be cumulative from and including October 15, 2016 and shall be payable (i) for the period from October 15, 2016 to January 14, 2017, on January 15, 2017, and (ii) for each quarterly distribution period thereafter, quarterly in equal amounts in arrears on the 15th day of each January, April, July and October, commencing on April 15, 2017 (each such day being hereinafter called a "Series F Distribution Payment Date") at the then applicable annual rate; provided, however, that if any Series F Distribution Payment Date falls on any day other than a Business Day (as defined in Exhibit F to the Restated Charter of CLNS (which contains the terms of articles supplementary establishing and fixing the rights and preferences of the Series F Preferred Shares) (the "Series F Preferred Share Terms")), the distribution that would otherwise have been payable on such Series F Distribution Payment Date may be paid on the next

succeeding Business Day with the same force and effect as if paid on such Series F Distribution Payment Date, and no interest or other sums shall accrue on the amount so payable from such Series F Distribution Payment Date to such next succeeding Business Day. Each distribution is payable to holders of record as they appear on the books and records of the Company at the close of business on the record date, not exceeding 30 days preceding the applicable Series F Distribution Payment Date, as shall be fixed by the Company. Distributions shall accumulate from October 15, 2016 or the most recent Series F Distribution Payment Date to which distributions have been paid, whether or not in any such distribution period or periods there shall be funds legally available for the payment of such distributions, whether the Company has earnings or whether such distributions are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series F Company Preferred Units that may be in arrears. Holders of the Series F Company Preferred Units shall not be entitled to any distributions, whether payable in cash, property or stock, in excess of full cumulative distributions, as herein provided, on the Series F Company Preferred Units. Distributions payable on the Series F Company Preferred Units for any period greater or less than a full distribution period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions payable on the Series F Company Preferred Units for each full distribution period will be computed by dividing the applicable annual distribution rate by four. After full cumulative distributions on the Series F Company Preferred Units have been paid, the holders of Series F Company Preferred Units will not be entitled to any further distributions with respect to that distribution period.

(iii) So long as any Series F Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Units for any period unless full cumulative distributions have been declared and paid or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series F Company Preferred Units for all prior distribution periods. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions authorized and declared upon the Series F Company Preferred Units and all distributions authorized and declared upon any other series or class or classes of Parity Units shall be authorized and declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series F Company Preferred Units and such Parity Units.

(iv) So long as any Series F Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units of, or in options, warrants or rights to subscribe for or purchase, Junior Units) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Units, nor shall any Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Membership Units made for purposes of and in compliance with requirements of an employee incentive or benefit plan of CLNS or any subsidiary, or a conversion into or exchange for Junior Units or redemptions for the purpose of preserving CLNS's qualification as a REIT (as defined in the Charter), or redemptions of Membership Units pursuant to Article 15 of the Limited Liability Company Agreement of the Company), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such units) by the Company, directly or indirectly (except by conversion into

or exchange for Junior Units), unless in each case full cumulative distributions on all outstanding shares of Series F Company Preferred Units and any Parity Units at the time such distributions are payable shall have been paid or set apart for payment for all past distribution periods with respect to the Series F Company Preferred Units and all past distribution periods with respect to such Parity Units.

(v) Any distribution payment made on the Series F Company Preferred Units shall first be credited against the earliest accrued but unpaid distribution due with respect to such Series F Company Preferred Units which remains payable.

(vi) Except as provided herein, the Series F Company Preferred Units shall not be entitled to participate in the earnings or assets of the Company.

(vii) As used herein, the term "distribution" does not include distributions payable solely in Junior Units on Junior Units, or in options, warrants or rights to holders of Junior Units to subscribe for or purchase any Junior Units.

D. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Junior Units, the holders of the Series F Company Preferred Units shall be entitled to receive $25.00 per Series F Company Preferred Unit (the "Liquidation Preference") plus an amount per Series F Company Preferred Unit equal to all accrued and unpaid distributions (whether or not earned or declared) thereon to, but not including, the date of final distribution to such holders; but such holders of the Series F Company Preferred Units shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company, the assets of the Company, or proceeds thereof, distributable among the holders of the Series F Company Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series F Company Preferred Units and any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series F Company Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full. For the purposes of this Section D, none of (i) a consolidation or merger of the Company with one or more entities, (ii) a statutory unit exchange by the Company, or (iii) a sale or transfer of all or substantially all of the Company's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

(ii) Until payment shall have been made in full to the holders of the Series F Company Preferred Units, as provided in this Section D, and to the holders of Parity Units, subject to any terms and provisions applying thereto, no payment will be made to any holder of Junior Units upon the liquidation, dissolution or winding up of the Company. Subject to the rights of the holders of Parity Units, upon any liquidation, dissolution or winding up of the Company, after payment shall have been made in full to the holders of the Series F Company Preferred Units, as provided in this Section D, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all

assets remaining to be paid or distributed, and the holders of the Series F Company Preferred Units shall not be entitled to share therein.

E. Redemption. In connection with the redemption by CLNS of any Series F Preferred Shares in accordance with the provisions of the Series F Preferred Share Terms, and at such times as CLNS is required or determines to make, deposit or set aside such payment, the Company shall provide cash to CLNS for such purpose which shall be equal to the redemption price (as set forth in the Series F Preferred Share Terms), plus any accrued and unpaid dividends on the Series F Preferred Shares (whether or not declared), to, but not including, the redemption date, and one Series F Company Preferred Unit shall be concurrently redeemed with respect to each Series F Preferred Share so redeemed by CLNS. If a redemption date for Series F Preferred Shares falls after a record date for a Series F Preferred Shares dividend payment and prior to the corresponding dividend payment date, then the Company shall provide cash to CLNS equal to the dividend payable on such Series F Preferred Shares on such dividend payment date notwithstanding the redemption of such Series F Preferred Shares and corresponding Series F Company Preferred Units prior to such dividend payment date. From and after the applicable redemption date, the Series F Company Preferred Units so redeemed shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series F Company Preferred Units shall cease. Any Series F Company Preferred Units so redeemed may be reissued to CLNS at such time as CLNS reissues a corresponding number of Series F Preferred Shares so redeemed or repurchased, in exchange for the contribution by CLNS to the Company of the proceeds from such reissuance.

F. Voting Rights. Except as required by applicable law or the Limited Liability Company Agreement of the Company, the holder of the Series F Company Preferred Units, as such, shall have no voting rights.

G. Conversion. The Series F Company Preferred Units are not convertible into or exchangeable for any other property or securities of the Company, except as provided herein.

(i) In the event of a conversion of any Series F Preferred Shares into common stock of CLNS, par value $0.01 per share (“Common Stock”), in accordance with the Series F Preferred Share Terms, upon conversion of such Series F Preferred Shares, the Company shall convert an equal whole number of the Series F Company Preferred Units into Membership Common Units as such Series F Preferred Shares are converted into shares of Common Stock. In the event of a conversion of any Series F Preferred Shares into consideration other than Common Stock in accordance with the Series F Preferred Share Terms, the Company shall retire a number of Series F Company Preferred Units equal to the number of Series F Preferred Shares converted into such other form of consideration. In the event of a conversion of the Series F Preferred Shares into Common Stock, to the extent CLNS is required to pay cash in lieu of fractional shares of Common Stock pursuant to the Series F Preferred Share Terms in connection with such conversion, the Company shall distribute an equal amount of cash to CLNS.

(ii) Following any such conversion or retirement by the Company pursuant to this Section G, the Company shall make such revisions to the Limited Liability Company Agreement of the Company as it determines are necessary to reflect such conversion.

H. Restriction on Ownership. The Series F Company Preferred Units shall be owned and held solely by CLNS.

I. Allocations. Allocations of the Company's items of income, gain, loss and deduction with respect to the Series F Company Preferred Units shall be allocated to CLNS as the sole holder of Series F Company Preferred Units in accordance with Article 6 of the Limited Liability Company Agreement of the Company.

EXHIBIT K: SERIES G COMPANY PREFERRED UNIT DESIGNATION

A. Designation and Number. A series of Company Preferred Units, designated as Series G Company Preferred Units, is hereby established. The number of Series G Company Preferred Units shall be 3,450,000.

B. Rank. The Series G Company Preferred Units will, with respect to rights to receive distributions and to participate in distributions or payments upon liquidation, dissolution or winding up of the Company, rank (a) senior to the Membership Common Units and any other class of Membership Units of the Company, now or hereafter issued and outstanding, the terms of which provide that such Membership Units rank, as to distributions and upon liquidation, dissolution or winding up of the Company, junior to such Series G Company Preferred Units ("Junior Units"), (b) on a parity with the Series A Company Preferred Units, Series B Company Preferred Units, Series C Company Preferred Units, Series D Company Preferred Units, Series E Company Preferred Units, Series F Company Preferred Units and Series H Company Preferred Units, (in each case as defined in the Limited Liability Company Agreement of the Company) and any Membership Units the Company may authorize or issue in the future that, pursuant to the terms thereof, rank on parity with the Series G Company Preferred Units with respect to distributions or payments in the event of the liquidation, dissolution or winding up of the Company ("Parity Units"); and (c) junior to all Membership Units of the Company the terms of which specifically provide that such Membership Units rank senior to the Series G Company Preferred Units with respect to distributions or payments in the event of the liquidation, dissolution or winding up of the Company ("Senior Units"). Any authorization or issuance of Senior Units would require the affirmative vote of the holders of at least two-thirds of the outstanding Series G Company Preferred Units voting together as a single class with all other classes or series of Parity Units upon which like voting rights have been conferred and are exercisable. Any convertible or exchangeable debt securities that the Company may issue are not considered to be equity securities for these purposes.

C. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series G Company Preferred Units, shall be entitled to receive, when, as and if authorized by the Company, out of funds legally available for payment of distributions, cumulative cash distributions at the rate of 7.50% per annum of the $25.00 liquidation preference of each Series G Company Preferred Unit (equivalent to $1.875 per annum per Series G Company Preferred Unit).

(ii) Distributions on each outstanding Series G Company Preferred Unit shall be cumulative from and including October 15, 2016 and shall be payable (i) for the period from October 15, 2016 to January 14, 2017, on January 15, 2017, and (ii) for each quarterly distribution period thereafter, quarterly in equal amounts in arrears on the 15th day of each January, April, July and October, commencing on April 15, 2017 (each such day being hereinafter called a "Series G Distribution Payment Date") at the then applicable annual rate; provided, however, that if any Series G Distribution Payment Date falls on any day other than a Business Day as defined in Exhibit G to the Restated Charter of CLNS (which contains the terms of articles supplementary establishing and fixing the rights and preferences of the Series G

Preferred Shares) (the "Series G Preferred Share Terms"), the distribution that would otherwise have been payable on such Series G Distribution Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Series G Distribution Payment Date, and no interest or other sums shall accrue on the amount so payable from such Series G Distribution Payment Date to such next succeeding Business Day. Each distribution is payable to holders of record as they appear on the books and records of the Company at the close of business on the record date, not exceeding 30 days preceding the applicable Series G Distribution Payment Date, as shall be fixed by the Company. Distributions shall accumulate from October 15, 2016 or the most recent Series G Distribution Payment Date to which distributions have been paid, whether or not in any such distribution period or periods there shall be funds legally available for the payment of such distributions, whether the Company has earnings or whether such distributions are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series G Company Preferred Units that may be in arrears. Holders of the Series G Company Preferred Units shall not be entitled to any distributions, whether payable in cash, property or stock, in excess of full cumulative distributions, as herein provided, on the Series G Company Preferred Units. Distributions payable on the Series G Company Preferred Units for any period greater or less than a full distribution period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions payable on the Series G Company Preferred Units for each full distribution period will be computed by dividing the applicable annual distribution rate by four. After full cumulative distributions on the Series G Company Preferred Units have been paid, the holders of Series G Company Preferred Units will not be entitled to any further distributions with respect to that distribution period.

(iii) So long as any Series G Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Units for any period unless full cumulative distributions have been declared and paid or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series G Company Preferred Units for all prior distribution periods. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions authorized and declared upon the Series G Company Preferred Units and all distributions authorized and declared upon any other series or class or classes of Parity Units shall be authorized and declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series G Company Preferred Units and such Parity Units.

(iv) So long as any Series G Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units of, or in options, warrants or rights to subscribe for or purchase, Junior Units) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Units, nor shall any Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Membership Units made for purposes of and in compliance with requirements of an employee incentive or benefit plan of CLNS or any subsidiary, or a conversion into or exchange for Junior Units or redemptions for the purpose of preserving CLNS's qualification as a REIT (as defined in the Charter), or redemptions of Membership Units pursuant to Article 15 of the Limited Liability Company Agreement of the Company), for any

consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such units) by the Company, directly or indirectly (except by conversion into or exchange for Junior Units), unless in each case full cumulative distributions on all outstanding shares of Series G Company Preferred Units and any Parity Units at the time such distributions are payable shall have been paid or set apart for payment for all past distribution periods with respect to the Series G Company Preferred Units and all past distribution periods with respect to such Parity Units.

(v) Any distribution payment made on the Series G Company Preferred Units shall first be credited against the earliest accrued but unpaid distribution due with respect to such Series G Company Preferred Units which remains payable.

(vi) Except as provided herein, the Series G Company Preferred Units shall not be entitled to participate in the earnings or assets of the Company.

(vii) As used herein, the term "distribution" does not include distributions payable solely in Junior Units on Junior Units, or in options, warrants or rights to holders of Junior Units to subscribe for or purchase any Junior Units.

D. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Junior Units, the holders of the Series G Company Preferred Units shall be entitled to receive $25.00 per Series G Company Preferred Unit (the "Liquidation Preference") plus an amount per Series G Company Preferred Unit equal to all accrued and unpaid distributions (whether or not earned or declared) thereon to, but not including, the date of final distribution to such holders; but such holders of the Series G Company Preferred Units shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company, the assets of the Company, or proceeds thereof, distributable among the holders of the Series G Company Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series G Company Preferred Units and any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series G Company Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full. For the purposes of this Section D, none of (i) a consolidation or merger of the Company with one or more entities, (ii) a statutory unit exchange by the Company, or (iii) a sale or transfer of all or substantially all of the Company's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

(ii) Until payment shall have been made in full to the holders of the Series G Company Preferred Units, as provided in this Section D, and to the holders of Parity Units, subject to any terms and provisions applying thereto, no payment will be made to any holder of Junior Units upon the liquidation, dissolution or winding up of the Company. Subject to the rights of the holders of Parity Units, upon any liquidation, dissolution or winding up of the Company, after payment shall have been made in full to the holders of the Series G Company

Preferred Units, as provided in this Section D, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series G Company Preferred Units shall not be entitled to share therein.

E. Redemption. In connection with the redemption by CLNS of any Series G Preferred Shares in accordance with the provisions of the Series G Preferred Share Terms, and at such times as CLNS is required or determines to make, deposit or set aside such payment, the Company shall provide cash to CLNS for such purpose which shall be equal to the redemption price (as set forth in the Series G Preferred Share Terms), plus any accrued and unpaid dividends on the Series G Preferred Shares (whether or not declared), to, but not including, the redemption date, and one Series G Company Preferred Unit shall be concurrently redeemed with respect to each Series G Preferred Share so redeemed by CLNS. If a redemption date for Series G Preferred Shares falls after a record date for a Series G Preferred Shares dividend payment and prior to the corresponding dividend payment date, then the Company shall provide cash to CLNS equal to the dividend payable on such Series G Preferred Shares on such dividend payment date notwithstanding the redemption of such Series G Preferred Shares and corresponding Series G Company Preferred Units prior to such dividend payment date. From and after the applicable redemption date, the Series G Company Preferred Units so redeemed shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series G Company Preferred Units shall cease. Any Series G Company Preferred Units so redeemed may be reissued to CLNS at such time as CLNS reissues a corresponding number of Series G Preferred Shares so redeemed or repurchased, in exchange for the contribution by CLNS to the Company of the proceeds from such reissuance.

F. Voting Rights. Except as required by applicable law or the Limited Liability Company Agreement of the Company, the holder of the Series G Company Preferred Units, as such, shall have no voting rights.

G. Conversion. The Series G Company Preferred Units are not convertible into or exchangeable for any other property or securities of the Company, except as provided herein.

(i) In the event of a conversion of any Series G Preferred Shares into common stock of CLNS, par value $0.01 per share (“Common Stock”), in accordance with the Series G Preferred Share Terms, upon conversion of such Series G Preferred Shares, the Company shall convert an equal whole number of the Series G Company Preferred Units into Membership Common Units as such Series G Preferred Shares are converted into shares of Common Stock. In the event of a conversion of any Series G Preferred Shares into consideration other than Common Stock in accordance with the Series G Preferred Share Terms, the Company shall retire a number of Series G Company Preferred Units equal to the number of Series G Preferred Shares converted into such other form of consideration. In the event of a conversion of the Series G Preferred Shares into Common Stock, to the extent CLNS is required to pay cash in lieu of fractional shares of Common Stock pursuant to the Series G Preferred Share Terms in connection with such conversion, the Company shall distribute an equal amount of cash to CLNS.

(ii) Following any such conversion or retirement by the Company pursuant to this Section G, the Company shall make such revisions to the Limited Liability Company Agreement of the Company as it determines are necessary to reflect such conversion.

H. Restriction on Ownership. The Series G Company Preferred Units shall be owned and held solely by CLNS.

I. Allocations. Allocations of the Company's items of income, gain, loss and deduction with respect to the Series G Company Preferred Units shall be allocated to CLNS as the sole holder of Series G Company Preferred Units in accordance with Article 6 of the Limited Liability Company Agreement of the Company.

EXHIBIT L: SERIES H COMPANY PREFERRED UNIT DESIGNATION

A. Designation and Number. A series of Company Preferred Units, designated as Series H Company Preferred Units, is hereby established. The number of Series H Company Preferred Units shall be 11,500,000.

B. Rank. The Series H Company Preferred Units will, with respect to rights to receive distributions and to participate in distributions or payments upon liquidation, dissolution or winding up of the Company, rank (a) senior to the Membership Common Units and any other class of Membership Units of the Company, now or hereafter issued and outstanding, the terms of which provide that such Membership Units rank, as to distributions and upon liquidation, dissolution or winding up of the Company, junior to such Series H Company Preferred Units ("Junior Units"), (b) on a parity with the Series A Company Preferred Units, Series B Company Preferred Units, Series C Company Preferred Units, Series D Company Preferred Units, Series E Company Preferred Units, Series F Company Preferred Units and Series G Company Preferred Units, (in each case as defined in the Limited Liability Company Agreement of the Company), and any Membership Units the Company may authorize or issue in the future that, pursuant to the terms thereof, rank on parity with the Series H Company Preferred Units with respect to distributions or payments in the event of the liquidation, dissolution or winding up of the Company ("Parity Units"); and (c) junior to all Membership Units of the Company the terms of which specifically provide that such Membership Units rank senior to the Series H Company Preferred Units with respect to distributions or payments in the event of the liquidation, dissolution or winding up of the Company ("Senior Units"). Any authorization or issuance of Senior Units would require the affirmative vote of the holders of at least two-thirds of the outstanding Series H Company Preferred Units voting together as a single class with all other classes or series of Parity Units upon which like voting rights have been conferred and are exercisable. Any convertible or exchangeable debt securities that the Company may issue are not considered to be equity securities for these purposes.

C. Distributions.

(i) CLNS, in its capacity as the holder of the then outstanding Series H Company Preferred Units, shall be entitled to receive, when, as and if authorized by the Company, out of funds legally available for payment of distributions, cumulative cash distributions at the rate of 7.125% per annum of the $25.00 liquidation preference of each Series H Company Preferred Unit (equivalent to $1.78125 per annum per Series H Company Preferred Unit).

(ii) Distributions on each outstanding Series H Company Preferred Unit shall be cumulative from and including October 15, 2016 and shall be payable (i) for the period from October 15, 2016 to January 14, 2017, on January 15, 2017, and (ii) for each quarterly distribution period thereafter, quarterly in equal amounts in arrears on the 15th day of each January, April, July and October, commencing on April 15, 2017 (each such day being hereinafter called a "Series H Distribution Payment Date") at the then applicable annual rate; provided, however, that if any Series H Distribution Payment Date falls on any day other than a Business Day (as defined in Exhibit H to the Restated Charter of CLNS (which contains the terms of articles supplementary establishing and fixing the rights and preferences of the Series F Preferred Shares) (the "Series H Preferred Share Terms")), the distribution that would otherwise have been payable on such

Series H Distribution Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Series H Distribution Payment Date, and no interest or other sums shall accrue on the amount so payable from such Series H Distribution Payment Date to such next succeeding Business Day. Each distribution is payable to holders of record as they appear on the books and records of the Company at the close of business on the record date, not exceeding 30 days preceding the applicable Series H Distribution Payment Date, as shall be fixed by the Company. Distributions shall accumulate from October 15, 2016 or the most recent Series H Distribution Payment Date to which distributions have been paid, whether or not in any such distribution period or periods there shall be funds legally available for the payment of such distributions, whether the Company has earnings or whether such distributions are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series H Company Preferred Units that may be in arrears. Holders of the Series H Company Preferred Units shall not be entitled to any distributions, whether payable in cash, property or stock, in excess of full cumulative distributions, as herein provided, on the Series H Company Preferred Units. Distributions payable on the Series H Company Preferred Units for any period greater or less than a full distribution period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions payable on the Series H Company Preferred Units for each full distribution period will be computed by dividing the applicable annual distribution rate by four. After full cumulative distributions on the Series H Company Preferred Units have been paid, the holders of Series H Company Preferred Units will not be entitled to any further distributions with respect to that distribution period.

(iii) So long as any Series H Company Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be authorized and declared or paid or set apart for payment on any series or class or classes of Parity Units for any period unless full cumulative distributions have been declared and paid or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series H Company Preferred Units for all prior distribution periods. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions authorized and declared upon the Series H Company Preferred Units and all distributions authorized and declared upon any other series or class or classes of Parity Units shall be authorized and declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series H Company Preferred Units and such Parity Units.

(iv) So long as any Series H Company Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units of, or in options, warrants or rights to subscribe for or purchase, Junior Units) shall be authorized and declared or paid or set apart for payment or other distribution authorized and declared or made upon Junior Units, nor shall any Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Membership Units made for purposes of and in compliance with requirements of an employee incentive or benefit plan of CLNS or any subsidiary, or a conversion into or exchange for Junior Units or redemptions for the purpose of preserving CLNS’s qualification as a REIT (as defined in the Charter), or redemptions of Membership Units pursuant to Article 15 of the Limited Liability Company Agreement of the Company), for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such units) by the Company, directly or indirectly (except by conversion into or exchange for Junior Units),

unless in each case full cumulative distributions on all outstanding shares of Series H Company Preferred Units and any Parity Units at the time such distributions are payable shall have been paid or set apart for payment for all past distribution periods with respect to the Series H Company Preferred Units and all past distribution periods with respect to such Parity Units.

(v) Any distribution payment made on the Series H Company Preferred Units shall first be credited against the earliest accrued but unpaid distribution due with respect to such Series H Company Preferred Units which remains payable.

(vi) Except as provided herein, the Series H Company Preferred Units shall not be entitled to participate in the earnings or assets of the Company.

(vii) As used herein, the term "distribution" does not include distributions payable solely in Junior Units on Junior Units, or in options, warrants or rights to holders of Junior Units to subscribe for or purchase any Junior Units.

D. Liquidation Preference.

(i) In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any payment or distribution of the assets of the Company shall be made to or set apart for the holders of Junior Units, the holders of the Series H Company Preferred Units shall be entitled to receive $25.00 per Series H Company Preferred Unit (the "Liquidation Preference") plus an amount per Series H Company Preferred Unit equal to all accrued and unpaid distributions (whether or not earned or declared) thereon to, but not including, the date of final distribution to such holders; but such holders of the Series H Company Preferred Units shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Company, the assets of the Company, or proceeds thereof, distributable among the holders of the Series H Company Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series H Company Preferred Units and any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series H Company Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full. For the purposes of this Section D, none of (i) a consolidation or merger of the Company with one or more entities, (ii) a statutory unit exchange by the Company, or (iii) a sale or transfer of all or substantially all of the Company's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

(ii) Until payment shall have been made in full to the holders of the Series H Company Preferred Units, as provided in this Section D, and to the holders of Parity Units, subject to any terms and provisions applying thereto, no payment will be made to any holder of Junior Units upon the liquidation, dissolution or winding up of the Company. Subject to the rights of the holders of Parity Units, upon any liquidation, dissolution or winding up of the Company, after payment shall have been made in full to the holders of the Series H Company Preferred Units, as provided in this Section D, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets

remaining to be paid or distributed, and the holders of the Series H Company Preferred Units shall not be entitled to share therein.

E. Redemption. In connection with the redemption by CLNS of any Series H Preferred Shares in accordance with the provisions of the Series H Preferred Share Terms, and at such times as CLNS is required or determines to make, deposit or set aside such payment, the Company shall provide cash to CLNS for such purpose which shall be equal to the redemption price (as set forth in the Series H Preferred Share Terms), plus any accrued and unpaid dividends on the Series H Preferred Shares (whether or not declared), to, but not including, the redemption date, and one Series H Company Preferred Unit shall be concurrently redeemed with respect to each Series H Preferred Share so redeemed by CLNS. If a redemption date for Series H Preferred Shares falls after a record date for a Series H Preferred Shares dividend payment and prior to the corresponding dividend payment date, then the Company shall provide cash to CLNS equal to the dividend payable on such Series H Preferred Shares on such dividend payment date notwithstanding the redemption of such Series H Preferred Shares and corresponding Series H Company Preferred Units prior to such dividend payment date. From and after the applicable redemption date, the Series H Company Preferred Units so redeemed shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series H Company Preferred Units shall cease. Any Series H Company Preferred Units so redeemed may be reissued to CLNS at such time as CLNS reissues a corresponding number of Series H Preferred Shares so redeemed or repurchased, in exchange for the contribution by CLNS to the Company of the proceeds from such reissuance.

F. Voting Rights. Except as required by applicable law or the Limited Liability Company Agreement of the Company, the holder of the Series H Company Preferred Units, as such, shall have no voting rights.

G. Conversion. The Series H Company Preferred Units are not convertible into or exchangeable for any other property or securities of the Company, except as provided herein.

(i) In the event of a conversion of any Series H Preferred Shares into Class A common stock of CLNS, par value $0.01 per share (“Common Stock”), in accordance with the Series H Preferred Share Terms, upon conversion of such Series H Preferred Shares, the Company shall convert an equal whole number of the Series H Company Preferred Units into Membership Common Units as such Series H Preferred Shares are converted into shares of Common Stock. In the event of a conversion of any Series H Preferred Shares into consideration other than Common Stock in accordance with the Series C Preferred Share Terms, the Company shall retire a number of Series H Company Preferred Units equal to the number of Series H Preferred Shares converted into such other form of consideration. In the event of a conversion of the Series H Preferred Shares into Common Stock, to the extent CLNS is required to pay cash in lieu of fractional shares of Common Stock pursuant to the Series H Preferred Share Terms in connection with such conversion, the Company shall distribute an equal amount of cash to CLNS.

(ii) Following any such conversion or retirement by the Company pursuant to this Section G, the Company shall make such revisions to the Limited Liability Company Agreement of the Company as it determines are necessary to reflect such conversion.

H. Restriction on Ownership. The Series H Company Preferred Units shall be owned and held solely by CLNS.

I. Allocations. Allocations of the Company's items of income, gain, loss and deduction with respect to the Series H Company Preferred Units shall be allocated to CLNS as the sole holder of Series H Company Preferred Units in accordance with Article 6 of the Limited Liability Company Agreement of the Company.

Schedule I

Members and Capital Accounts

*Schedule separately maintained by the Managing Member

Schedule II

Schedule of Gross Asset Values

*Schedule separately maintained by the Managing Member

Schedule III

Former NSAM Unitholders

*Schedule separately maintained by the Managing Member

Exhibit 10.2

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of January 10, 2017 between COLONY NORTHSTAR, INC., a Maryland corporation (the "Successor Company"), as successor by merger to COLONY CAPITAL, INC. (f/k/a COLONY FINANCIAL, INC., a Maryland corporation) (the "Issuer"), and THE BANK OF NEW YORK MELLON, as trustee under the Indenture referred to below (the "Trustee").

WITNESSETH:

WHEREAS, the Issuer and the Trustee have heretofore executed and delivered an indenture, dated as of April 10, 2013, as supplemented by that certain First Supplemental Indenture, dated as of April 10, 2013, (the "First Supplemental Indenture") between the Issuer and the Trustee, relating to the Issuer's 5.00% Convertible Senior Notes due 2023 (the "2023 Notes") and that certain Second Supplemental Indenture, dated as of January 28, 2014, (the "Second Supplemental Indenture") between the Issuer and the Trustee, relating to the Issuer's 3.875% Convertible Senior Notes due 2021 (the "2021 Notes" and together with the 2023 Notes, the "Notes") (as supplemented or modified from time to time, the "Indenture");

WHEREAS, the Issuer is a party to that certain Agreement and Plans of Merger, dated as of June 2, 2016 (as amended, the "Merger Agreement"), by and among Northstar Realty Finance Corp., a Maryland corporation, the Issuer, Northstar Asset Management Group Inc., a Delaware corporation, the Successor Company, Sirius Merger Sub-T, LLC, a Delaware limited liability company, Northstar Realty Finance Limited Partnership, a Delaware limited partnership, New Sirius Inc., a Maryland corporation and New Sirius Merger Sub, LLC, a Delaware limited liability company, pursuant to which the Issuer will merge with and into the Successor Company, with the Successor Company continuing as the Surviving Corporation (the "Merger") and subject to the terms and conditions contained in the Merger Agreement, each share of Class A Common Stock of the Issuer, par value $0.01 per share will be converted into the right to receive 1.4663 shares of Class A Common Stock of the Successor Corporation, par value $0.01 per share (the "Merger Consideration");

WHEREAS, in connection with the foregoing, Section 4.07 of each of the First Supplemental Indenture and the Second Supplemental Indenture provide that the Successor Company shall execute a supplemental indenture providing that each Note shall, without the consent of any holders of Notes, become convertible into Reference Property (as defined below);

WHEREAS, pursuant to Section 9.1(a) of the Indenture, the parties hereto are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, each party hereto has duly authorized the execution and delivery of this Supplemental Indenture and has done all things necessary to make this Supplemental Indenture a valid agreement in accordance with its terms.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Successor Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

ARTICLE I
Defined Terms

Section 1.01. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital thereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II
Effect of Merger

Section 2.01. Conversion of Notes. In accordance with Section 4.07 of each of the First Supplemental Indenture and the Second Supplemental Indenture, from and after the date of this Supplemental Indenture, the right to convert each $1,000 principal amount of the Notes shall be changed to a right to convert such principal amount of Notes into the Merger Consideration that a holder of a number of shares of Common Stock equal to the Conversion Rate in effect immediately prior to such Merger Event would have been entitled to receive in the Merger (the "Reference Property"), which Reference Property shall be in an amount of 1.4663 shares of Class A Common Stock of the Successor Corporation multiplied by the applicable Conversion Rate per $1,000 principal amount of Notes, in accordance with the Indenture, at any time from, and including, the date that the Merger becomes effective. The provisions of the Indenture, as modified herein, shall continue to apply, mutatis mutandis, to the holders' right to convert the Notes into the Reference Property.

ARTICLE III
Obligations and Agreements; Agreement to be Bound

Section 3.01. Obligations and Agreements. The Successor Company hereby succeeds the Issuer as the Company under the Indenture and as such will have all of the rights and privileges, be subject to and hereby agrees to assume all of the obligations, duties, covenants and agreements, of the Issuer under the Indenture and the Notes.

ARTICLE IV
Miscellaneous

Section 4.01. Notices. All notices and other communications to the Company under the Indenture shall be given as provided in the Indenture, at its address set forth below:

Colony NorthStar, Inc.
515 S. Flower Street
44th Floor
Los Angeles, California 90071
Attention: Director of Legal

Section 4.02. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

Section 4.03. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

Section 4.04. Jurisdiction. Each of the Trustee and the Successor Company irrevocably (i) agrees that any legal suit, action or proceeding against it arising out of or based upon this Supplemental Indenture or the transactions contemplated hereby may be instituted in any U.S. Federal or state court in the Borough of Manhattan, The City of New York court and (ii) waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such proceeding.

Section 4.05. Severability Clause. In case any one or more of the provisions in this Supplemental Indenture shall be held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

Section 4.06. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

Section 4.07. Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, all of which together shall constitute one and the same agreement.

Section 4.08. Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 4.09. Successors. All covenants and agreements in this Supplemental Indenture by the parties hereto shall bind their successors and assigns, whether so expressed or not.

Section 4.10. Trustee. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture. The recitals and statements herein are deemed to be those of the Successor Company and not of the Trustee.

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first written above.

COLONY NORTHSTAR, INC., as the Company

By: /s/ Mark M. Hedstrom
Name: Mark M. Hedstrom
Title: Chief Operating Officer

(Signature Page to Third Supplemental Indenture)

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ Francine Kincaid
Name: Francine Kincaid
Title: Vice President

(Signature Page to Third Supplemental Indenture)

Exhibit 10.3

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust Company (the "Trustee"), as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee were parties to that certain Indenture relating to the 7.25% Exchangeable Senior Notes due 2027 (the "Securities"), dated as of June 18, 2007 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture"), by and among Old NRF, the Intermediate Successor Company and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent, whose common equity interests are traded on a national securities exchange and following the completion of the First Merger, the Reorganization and such series of related transactions, the Securities will be exchangeable into cash, shares of the common equity interests of Parent or a combination of cash and shares of the common equity interests of Parent, at the Successor Company's option, in accordance with the terms of the Indenture;

WHEREAS, Sections 6.01, 6.02 and 10.01 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Parent Guarantor and Subsidiary Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Parent Guarantor and Subsidiary Guarantor, as applicable, contained in the Indenture;

WHEREAS, the board of directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the board of directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 6.01 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of and interest on all the Securities and the performance of every covenant of the Indenture as Issuer under the Indenture.

(b) Pursuant to Section 6.02 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 6.01 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of and interest on all the Securities and the performance of every covenant of the Indenture as Issuer and as Parent Guarantor and Subsidiary Guarantor under the Indenture.

(b) Pursuant to Section 6.02 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Parent Guarantor and Subsidiary Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Intermediate Successor Company and the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Intermediate Successor Company and the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the 7.25% Exchangeable Senior Notes Indenture dated June 18, 2007]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the 7.25% Exchangeable Senior Notes Indenture dated June 18, 2007]

WILMINGTON TRUST Company, as Trustee

By: /s/ W. Thomas Morris, II
Name: W. Thomas Morris, II
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the 7.25% Exchangeable Senior Notes Indenture dated June 18, 2007]

Exhibit 10.4

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust, National Association (the "Trustee"), a national banking association, as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee were parties to that certain Indenture relating to the 5.375% Exchangeable Senior Notes due 2033 (the "Securities"), dated as of June 19, 2013 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture"), by and among Old NRF, the Intermediate Successor Company and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent, whose common equity interests are traded on a national securities exchange and following the completion of the First Merger, the Reorganization and such series of related transactions, the Securities will be exchangeable into cash, shares of the common equity interests of Parent or a combination of cash and shares of the common equity interests of Parent, at the Successor Company's option, in accordance with the terms of the Indenture;

WHEREAS, Sections 6.01, 6.02 and 10.01 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Parent Guarantor and Subsidiary Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Parent Guarantor and Subsidiary Guarantor, as applicable, contained in the Indenture;

WHEREAS, the board of directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the board of directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 6.01 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of and interest on all the Securities and the performance of every covenant of the Indenture as Issuer under the Indenture.

(b) Pursuant to Section 6.02 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 6.01 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of and interest on all the Securities and the performance of every covenant of the Indenture as Issuer and as Parent Guarantor and Subsidiary Guarantor under the Indenture.

(b) Pursuant to Section 6.02 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Parent Guarantor and Subsidiary Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Intermediate Successor Company and the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Intermediate Successor Company and the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the 5.375% Exchangeable Senior Notes Indenture dated June 19, 2013]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the 5.375% Exchangeable Senior Notes Indenture dated June 19, 2013]

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: /s/ Jane Schweiger
Name: Jane Schweiger
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the 5.375% Exchangeable Senior Notes Indenture dated June 19, 2013]

Exhibit 10.5

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into NorthStar Realty Finance Corp. ("Old NRF") on June 30, 2014, and the Trustee, as successor trustee to JPMorgan Chase Bank, National Association, were parties to that certain Junior Subordinated Indenture, dated as of April 12, 2005 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee, relating to the Junior Subordinated Notes issued in connection with the NorthStar Realty Finance Trust (the "Securities");

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the assumption by any such successor of the covenants of the Predecessor Company as Issuer contained in the Indenture;

WHEREAS, the board of directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the board of directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Trustee is authorized and hereby instructed by the parties hereto to execute and deliver this Third Supplemental Indenture; and

WHEREAS, the Trustee has received an Officers' Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein including that (i) all conditions precedent provided for in the Indenture relating to the execution and delivery of the Third Supplemental Indenture, the First Merger and the Reorganization as defined therein, including Sections 8.1, 8.2 and 9.1 have been complied with, (ii) the execution and delivery of the Third Supplemental Indenture is authorized or permitted by the Indenture and (iii) the execution and delivery of the Third Supplemental Indenture, the First Merger and the Reorganization as defined therein comply with Article VIII of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of and any premium and interest (including, without limitation, any Additional Interest) on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as the Company under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Company in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of and any premium and interest (including, without limitation, any Additional Interest) on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as the Company under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Company in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture
Dated April, 12 2005]

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated April, 12 2005]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated April, 12 2005]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated April, 12 2005]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Lawrence M. Kusch
Name: Lawrence M. Kusch
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated April, 12 2005]

Exhibit 10.6

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into NorthStar Realty Finance Corp. ("Old NRF") on June 30, 2014, and the Trustee, as successor trustee to JPMorgan Chase Bank, National Association, were parties to that certain Junior Subordinated Indenture, dated as of May 25, 2005 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee, relating to the Junior Subordinated Notes issued in connection with the NorthStar Realty Finance Trust (the "Securities");

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the assumption by any such successor of the covenants of the Predecessor Company as Issuer contained in the Indenture;

WHEREAS, the board of directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the board of directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Trustee is authorized and hereby instructed by the parties hereto to execute and deliver this Third Supplemental Indenture; and

WHEREAS, the Trustee has received an Officers' Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein including that (i) all conditions precedent provided for in the Indenture relating to the execution and delivery of the Third Supplemental Indenture, the First Merger and the Reorganization as defined therein, including Sections 8.1, 8.2 and 9.1 have been complied with, (ii) the execution and delivery of the Third Supplemental Indenture is authorized or permitted by the Indenture and (iii) the execution and delivery of the Third Supplemental Indenture, the First Merger and the Reorganization as defined therein comply with Article VIII of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of and any premium and interest (including, without limitation, any Additional Interest) on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as the Company under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Company in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of and any premium and interest (including, without limitation, any Additional Interest) on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as the Company under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Company in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated May 25, 2005]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated May 25, 2005]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Lawrence M. Kusch
Name: Lawrence M. Kusch
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated May 25, 2005]

Exhibit 10.7

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into NorthStar Realty Finance Corp. ("Old NRF") on June 30, 2014, and the Trustee, as successor trustee to JPMorgan Chase Bank, National Association, were parties to that certain Junior Subordinated Indenture, dated as of November 22, 2005 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee, relating to the Junior Subordinated Notes issued in connection with the NorthStar Realty Finance Trust (the "Securities");

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the assumption by any such successor of the covenants of the Predecessor Company as Issuer contained in the Indenture;

WHEREAS, the board of directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the board of directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Trustee is authorized and hereby instructed by the parties hereto to execute and deliver this Third Supplemental Indenture; and

WHEREAS, the Trustee has received an Officers' Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein including that (i) all conditions precedent provided for in the Indenture relating to the execution and delivery of the Third Supplemental Indenture, the First Merger and the Reorganization as defined therein, including Sections 8.1, 8.2 and 9.1 have been complied with, (ii) the execution and delivery of the Third Supplemental Indenture is authorized or permitted by the Indenture and (iii) the execution and delivery of the Third Supplemental Indenture, the First Merger and the Reorganization as defined therein comply with Article VIII of the Indenture.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of and any premium and interest (including, without limitation, any Additional Interest) on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as the Company under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Company in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of and any premium and interest (including, without limitation, any Additional Interest) on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as the Company under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Company in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated November 22, 2005]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated November 22, 2005]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Lawrence M. Kusch
Name: Lawrence M. Kusch
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture Dated November 22, 2005]

Exhibit 10.8

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust Company ("Trustee"), as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, and the Trustee were parties to that certain Junior Subordinated Indenture relating to the Junior Subordinated Notes due 2036 (the "Securities"), dated as of March 10, 2006 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, contained in the Indenture;

WHEREAS, the Board of Directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Board of Directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS, the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as Issuer under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as Issuer and as Guarantor under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated March 10, 2006]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated March 10, 2006]

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ W. Thomas Morris, II
Name: W. Thomas Morris, II
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated March 10, 2006]

Exhibit 10.9

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust Company, as Trustee ("Trustee") under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, and the Trustee were parties to that certain Junior Subordinated Indenture relating to the Junior Subordinated Notes due 2036 (the "Securities"), dated as of August 1, 2006 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, contained in the Indenture;

WHEREAS, the Board of Directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Board of Directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS, the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as Issuer under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as Issuer and as Guarantor under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated August 1, 2006]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated August 1, 2006]

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ W. Thomas Morris, II
Name: W. Thomas Morris, II
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated August 1, 2006]

Exhibit 10.10

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust Company ("Trustee"), as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, and the Trustee were parties to that certain Junior Subordinated Indenture relating to the Junior Subordinated Notes due 2036 (the "Securities"), dated as of October 6, 2006 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, contained in the Indenture;

WHEREAS, the Board of Directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Board of Directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS, the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as Issuer under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as Issuer and as Guarantor under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated October 6, 2006]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated October 6, 2006]

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ W. Thomas Morris, II
Name: W. Thomas Morris, II
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated October 6, 2006]

Exhibit 10.11

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust Company ("Trustee"), as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, and the Trustee were parties to that certain Junior Subordinated Indenture relating to the Junior Subordinated Notes due 2037 (the "Securities"), dated as of March 30, 2007 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, contained in the Indenture;

WHEREAS, the Board of Directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Board of Directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS, the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as Issuer under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as Issuer and as Guarantor under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated March 30, 2007]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated March 30, 2007]

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ W. Thomas Morris, II
Name: W. Thomas Morris, II
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated March 30, 2007]

Exhibit 10.12

EXECUTION VERSION

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE dated as of January 10, 2017 (this "Third Supplemental Indenture") is by and among the Intermediate Successor Company (defined below), NRF Holdco, LLC, a Delaware limited liability company (the "Successor Company"), Colony NorthStar, Inc. ("Parent") and Wilmington Trust Company ("Trustee"), as Trustee under the Indenture referred to below.

PRELIMINARY STATEMENTS

WHEREAS, NorthStar Realty Finance Corp. ("Old NRF"), NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on December 4, 2003 and merged with and into Old NRF on June 30, 2014, and the Trustee were parties to that certain Junior Subordinated Indenture relating to the Junior Subordinated Notes due 2037 (the "Securities"), dated as of June 7, 2007 (the "Original Indenture"), as amended by that certain First Supplemental Indenture, dated as of June 30, 2014 (the "First Supplemental Indenture") by and among Old NRF, NRFC Sub-REIT Corp., a Maryland corporation that was renamed NorthStar Realty Finance Corp. (the "Intermediate Successor Company") and the Trustee, and that certain Second Supplemental Indenture, dated as of March 13, 2015 (the "Second Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture and this Third Supplemental Indenture, as supplemented and amended, the "Indenture"), by and among NorthStar Realty Finance Limited Partnership, a Delaware limited partnership organized on March 9, 2015 (the "Predecessor Company"), the Intermediate Successor Company and the Trustee;

WHEREAS, in connection with that certain Agreement and Plans of Merger dated as of June 2, 2016, among the Intermediate Successor Company, Colony Capital, Inc., NorthStar Asset Management Group Inc., New Polaris Inc. (renamed Colony NorthStar, Inc. on July 11, 2016), New Sirius Inc., the Predecessor Company, Sirius Merger Sub-T, LLC and New Sirius Merger Sub, LLC, as amended (the "Merger Agreement"), and as permitted by the terms of the Original Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture:

A. Simultaneously with the execution and delivery of this Third Supplemental Indenture, the Predecessor Company is merging with and into the Intermediate Successor Company (the "First Merger"), whereupon the separate corporate existence of the Predecessor Company will cease;

B. Following the First Merger, the Intermediate Successor Company is converting into the Successor Company, a limited liability company organized under the laws of the State of Delaware (the "Reorganization"); and

C. In a series of related transactions, the Successor Company will become a wholly owned subsidiary of Colony Capital Operating Company, LLC, a direct subsidiary of Parent;

WHEREAS, Sections 8.1, 8.2 and 9.1 of the Indenture authorize the Intermediate Successor Company and the Trustee, and the Successor Company and the Trustee, without the consent of any Holder, to enter into a supplemental indenture to evidence their succession to the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, and the assumption by any such successor of the covenants of the Predecessor Company as Issuer and the Intermediate Successor Company as Guarantor, as applicable, contained in the Indenture;

WHEREAS, the Board of Directors of the Intermediate Successor Company has authorized the Intermediate Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the sole unit holder of the Successor Company has authorized the Successor Company to enter into this Third Supplemental Indenture with the Trustee;

WHEREAS, the Board of Directors of Parent has authorized Parent to enter into this Third Supplemental Indenture with the Trustee; and

WHEREAS, the Trustee has received an Officer's Certificate and an Opinion of Counsel, each containing the statements required by the Indenture to be set forth therein.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Intermediate Successor Company, the Successor Company, Parent and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Except as provided herein or unless the context otherwise requires, capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Indenture.

ARTICLE II

AGREEMENT OF THE PARTIES

Section 2.01 Assumption of Obligations; Substitution: First Merger.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Predecessor Company as Issuer under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the First Merger, the Intermediate Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Predecessor Company under the Indenture, with the same effect as if the Intermediate Successor Company had been named as the Issuer in the Indenture.

Section 2.02 Assumption of Obligations; Substitution: Reorganization.

(a) Pursuant to, and in compliance and accordance with, Section 8.1 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company hereby expressly assumes the due and punctual payment of the principal of, and any premium and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Intermediate Successor Company as Issuer and as Guarantor under the Indenture.

(b) Pursuant to Section 8.2 of the Indenture and simultaneously with the effectiveness of the Reorganization, the Successor Company shall succeed to and be substituted for, and may exercise every right and power of, the Intermediate Successor Company under the Indenture, with the same effect as if the Successor Company had been named as the Issuer and the Guarantor in the Indenture.

ARTICLE III

AGREEMENT OF PARTIES

Section 3.01 Effectiveness of Construction. This Third Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound hereby. The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 3.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture shall remain in full force and effect.

Section 3.03 Effect of Headings. The Article and Section Headings herein are for convenience only and shall not affect the construction hereof.

Section 3.04 Benefits of the Indenture. Nothing in this Third Supplemental Indenture, express or implied, shall give to any person other than the parties hereto and their successors hereunder or the Holders of Securities any benefit or any legal or equitable right, remedy or claim under the Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, as supplemented hereby.

Section 3.05 Governing Law. THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 3.06 Binding Effect. This Third Supplemental Indenture shall be binding upon the parties hereto and their respective successors and assigns.

Section 3.07 The Trustee. The recitals in this Third Supplemental Indenture are made by the Successor Company only and not by the Trustee, and all of the provisions contained in the Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this Third Supplemental Indenture as fully and with like effect as if set forth herein in full. The Trustee makes no representations or warranties as to the correctness of the recitals contained herein, which shall be taken as statements of the Successor Company, or the validity or sufficiency of this Third Supplemental Indenture. The Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture and perform its obligations hereunder.

Section 3.08 Supplemental Indenture May Be Executed in Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first written above.

NRF HOLDCO, LLC, in its capacity as both Intermediate Successor Company and Successor Company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel & Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated June 7, 2007]

COLONY NORTHSTAR, INC.

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Secretary

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated June 7, 2007]

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ W. Thomas Morris, II
Name: W. Thomas Morris, II
Title: Vice President

[Signature Page for the Third Supplemental Indenture to the Junior Subordinated Indenture dated June 7, 2007]

Exhibit 10.13

$1,000,000,000

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

among

COLONY CAPITAL OPERATING COMPANY, LLC,

as Borrower,

The Several Lenders from Time to Time Parties Hereto,

and

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent

Dated as of January 10, 2017

JPMORGAN CHASE BANK, N.A. and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,

as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A., as Syndication Agent

TABLE OF CONTENTS

SCHEDULES:

EXHIBITS:

SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement"), dated as of January 10, 2017, among Colony Capital Operating Company, LLC, a Delaware limited liability company (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent.

WHEREAS, the Borrower, the Administrative Agent (as defined below) and certain Lenders are parties to that certain Amended and Restated Credit Agreement dated as of March 31, 2016 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Borrower has requested that the Existing Credit Agreement be amended and restated as hereinafter provided; and

WHEREAS, the Lenders and the Administrative Agent are willing to amend and restate in its entirety the Existing Credit Agreement upon and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby agree that, on the Closing Date (as defined below), the Existing Credit Agreement will be amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16th of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Eurodollar Rate on such day (or, if such day is not a Business Day, the next preceding Business Day) for a deposit in Dollars with a maturity of one month plus 1.0%. Any change in the ABR due to a change in the Prime Rate, the NYFRB Rate or such Eurodollar Rate shall be effective as of the opening of business on the day of such change in the Prime Rate, the NYFRB Rate or such Eurodollar Rate, respectively.

"ABR Loans": Loans the rate of interest applicable to which is based upon the ABR.

"Additional Convertible Notes": convertible notes that are issued by the Borrower in a transaction permitted by Section 7.2 or by the REIT Entity in a transaction that would not constitute a Default under Section 8(l).

"Adjusted Net Book Value": (i) the net book value (determined in accordance with GAAP), plus (ii) solely with respect to any Commercial Real Estate Ownership Investment and solely to the extent deducted in determining net book value, real property depreciation and amortization minus (iii) solely with respect to any Commercial Real Estate Ownership Investment and solely to the extent included in determining net book value, maintenance capital expenditures.

"Administrative Agent": JPMorgan Chase Bank, N.A., together with its affiliates, as the arranger of the Revolving Commitments and as the administrative agent for the Lenders under this Agreement and the other Loan Documents, together with any of its successors.

"Affiliate": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Affiliated Holder": a Person that (i) owns directly or indirectly an Investment Asset that constitutes a Qualified Non-Pledged Asset and (ii) is either a Subsidiary that is a Subsidiary Guarantor or a Person in which any Capital Stock is directly or indirectly owned by a Subsidiary that is a Subsidiary Guarantor.

"Affiliated Investor": a Person that (i) (x) owns directly or indirectly an Investment Asset or (y) receives any Fee-Related Earnings from any Colony Fund and (ii) is either a Pledged Affiliate or a Person in which any Capital Stock is directly or indirectly owned by a Pledged Affiliate. For the avoidance of doubt, the term Affiliated Investor shall not include (A) an Equity Investment Asset Issuer or (B) any Loan Party.

"After-Acquired Property": as defined in Section 6.10(a).

"Agents": the collective reference to the Administrative Agent and any other agent identified on the cover page of this Agreement.

"Aggregate Exposure": with respect to any Lender at any time, the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding.

"Aggregate Exposure Percentage": with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"Agreement": as defined in the preamble hereto.

"Annualized Base Management Fee EBITDA": as of any date of determination, the product of (i) the Applicable EBITDA Adjustment Percentage multiplied by (ii) the product of (a) Fee-Related Earnings of asset manager Subsidiaries of the Borrower that are received by Pledged Loan Parties or Pledged Affiliates directly or indirectly from any Colony Fund for the then most recently ended fiscal quarter of the Borrower for which financial statements have been delivered or required to be delivered pursuant to Section 6.1, multiplied by (b) 4; provided that if any Fee-Related Earnings are received by a Pledged Affiliate that is a Non Wholly-Owned Consolidated Affiliate, the amount of such Fee-Related Earnings included in clause (ii)(a) above shall be limited to the Consolidated Group Pro Rata Share of such Fee-Related Earnings; provided further that Fee-Related Earnings shall be included in Annualized Base Management Fee EBITDA only to the extent that (1) the Pledged Loan Party or Pledged Affiliate that ultimately receives such Fee-Related Earnings and each other Loan Party or Affiliated Investor that receives, or is reasonably expected to receive, such Fee-Related Earnings in the course of an indirect transfer of such Fee-Related Earnings from the applicable Colony Fund to such Pledged Loan Party or Pledged Affiliate (A) except as otherwise permitted hereunder with respect to any Colony Fund (as described in the definition of Unlevered Affiliated Investor), has no Indebtedness (other than (x) the Obligations (y) any other Indebtedness incurred by the Borrower in accordance with Section 7.2(g) and (z) any intercompany obligations owing to Borrower or any Subsidiary) outstanding at such time, (B) is Solvent at such time, (C) is not subject to any proceedings under any Debtor Relief Law at such time and

(D) other than in the case of any Pledged Loan Party, any Pledged Affiliate or any Colony Fund, is Controlled by a Pledged Affiliate and, in the case of a Colony Fund, is Controlled by an Affiliate; (2) there are no contractual or legal prohibitions on the making of dividends, distributions or other payments that, as in effect on any date of determination, are effective to prevent dividends, distributions or other payments from the applicable Colony Fund to the asset manager Subsidiary of the Borrower or from the asset manager Subsidiary of the Borrower to, directly or indirectly, a Loan Party, (3) the obligations under Section 6.14 hereof with respect to such Fee-Related Earnings are satisfied, (4) such Fee-Related Earnings are not, directly or indirectly, encumbered by any Lien (other than a Lien arising under a Loan Document) at such time and (5) such Fee-Related Earnings are not the subject of any proceedings under any Debtor Relief Law at such time.

"Anti-Corruption Laws": all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

"Applicable EBITDA Adjustment Percentage": (i) if the Non-Base Management Fee Adjustment Percentage is less than or equal to zero, 100% and (ii) if the Non-Base Management Fee Adjustment Percentage is greater than zero, a percentage equal to 100% minus the Non-Base Management Fee Adjustment Percentage.

"Applicable Margin": the rate per annum equal to (a) with respect to Eurodollar Loans, 2.25% and (b) with respect to ABR Loans, 1.25%.

"Application": with respect to an Issuing Lender, an application, in such form as such Issuing Lender may specify from time to time, requesting such Issuing Lender to open a Letter of Credit.

"Approved Fund": as defined in Section 10.6(b).

"Arrangers": the Joint Lead Arrangers and Joint Bookrunners identified on the cover page of this Agreement.

"Assignee": as defined in Section 10.6(b).

"Assignment and Assumption": an Assignment and Assumption, substantially in the form of Exhibit D.

"Assumed Facility Interest Expense": the greater of (i) actual interest expense on the Revolving Facility for the most recently ended fiscal quarter multiplied by four (4) and (ii) annual interest expense calculated by multiplying the average daily outstanding amount of the Revolving Facility during the most recently ended fiscal quarter by 7.0%.

"Available Revolving Commitment": as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding.

"Bail-In Action": the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation": with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bankruptcy Event": with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benefitted Lender": as defined in Section 10.7(a).

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": as defined in the preamble hereto.

"Borrowing Date": any Business Day specified by the Borrower as a date on which the Borrower requests the relevant Lenders to make Revolving Loans hereunder.

"Business": as defined in Section 4.17(b).

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Loans having an interest rate determined by reference to the Eurodollar Rate, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries; provided, however, that Capital Expenditures shall exclude all Capital Expenditures made with respect to any Investment Asset.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing, but excluding any debt securities convertible into any of the foregoing.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits maturing within one year from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-2 by Standard & Poor's Ratings Services ("S&P") or P-2 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within one year from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A-2 by S&P or P-2 by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; or (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"CLIP Issuer": the Pledged Loan Party or Pledged Affiliate that owns, directly or indirectly, the CLIP Portfolio.

"CLIP Portfolio": that certain Portfolio of industrial real property assets acquired by the Borrower or certain Subsidiaries of the Borrower from Cobalt Capital Partners or any affiliate thereof, and owned directly or indirectly by the CLIP Issuer.

"Closing Date": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is January 10, 2017.

"Code": the Internal Revenue Code of 1986, as amended.

"Collateral": all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Colony Capital": Colony Capital, Inc., a Maryland corporation.

"Colony Fund(s)": any investment vehicle(s), private equity fund(s) or other similar investment company(ies), including, without limitation, an externally managed real estate investment trust, in each case, that is managed by any Subsidiary of the Borrower.

"Colony Mortgage Capital Loan Parties": collectively, Colony Mortgage Capital, LLC – Series A and Colony Mortgage Capital, LLC – Series B.

"Colony Starwood Homes": Colony Starwood Homes, Inc.

"Commercial Real Estate Debt Investment": a commercial mortgage loan or other commercial real estate-related debt investment.

"Commercial Real Estate Ownership Investment": a fee simple interest in commercial real property. For purposes of the definition of "Maximum Permitted Outstanding Amount", a Portfolio consisting entirely of Commercial Real Estate Ownership Investments, as defined above, shall be deemed to be a single Commercial Real Estate Ownership Investment.

"Commitment Fee Rate": (a) at any time that the Facility Utilization is below 50%, 0.35% and (b) otherwise, 0.25%; provided that at any time that any Indebtedness described in Section 7.2(h) shall have been incurred and shall remain outstanding, the Commitment Fee Rate shall be 1.00%.

"Commitment Increase": as defined in Section 2.19(a).

"Compliance Certificate": a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

"Confidential Information Memorandum": the Confidential Information Memorandum dated December 2016 and furnished to certain Lenders.

"Consolidated Cash Interest Expense": for any period, that portion of Consolidated Interest Expense for such period that is paid or payable in cash; provided, however, that Consolidated Cash Interest Expense shall exclude (i) any interest expense recognized in such period that is paid from a prefunded interest reserve for such period to the extent the amounts in such prefunded interest reserve were included in Consolidated Cash Interest Expense in a prior period and (ii) any fees and expenses accounted for as deferred financing costs).

"Consolidated EBITDA": for any period, Core FFO plus an amount which, in the determination of Core FFO for such period, has been deducted (and not added back) for, without duplication, (i) Consolidated Interest Expense and (ii) provisions for taxes based on income of the Borrower and its Consolidated Subsidiaries (provided that Consolidated EBITDA shall, solely with respect to the Consolidated EBITDA attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount).

"Consolidated Fixed Charge Coverage Ratio": for any period, the ratio of (a) (i) Consolidated EBITDA for such period plus (ii) Consolidated Lease Expense for such period to (b) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges": for any period, the sum (without duplication) of (a) Consolidated Cash Interest Expense for such period, (b) Consolidated Lease Expense for such period that is paid or payable in cash, (c) the aggregate amount actually paid by the Borrower and its Subsidiaries during such period on account of Capital Expenditures (excluding the principal amount of Indebtedness (other than any Revolving Loans) incurred in connection with such expenditures), (d) scheduled payments made during such period on account of principal of Indebtedness of the Borrower or any of its Consolidated Subsidiaries (excluding (i) scheduled principal payments and any payment at maturity in respect of Extended Loans and (ii) scheduled principal payments made by the Borrower or a Consolidated Subsidiary that are paid solely from funds collected as principal due under another credit facility in which such Borrower or Consolidated Subsidiary, as applicable, is the lender) and (e) the amount of Restricted Payments paid or required to be paid by the Borrower in cash during such period in respect of any of its preferred Capital Stock.

"Consolidated Group Pro Rata Share": with respect to any Non Wholly-Owned Consolidated Affiliate, the percentage interest held by the Borrower and its Wholly-Owned Subsidiaries, in the aggregate, in such Non Wholly-Owned Consolidated Affiliate determined by calculating the percentage of Capital Stock of such Non Wholly-Owned Consolidated Affiliate owned by the Borrower and its Wholly-Owned Subsidiaries.

"Consolidated Interest Expense": for any period, total interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Consolidated Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Consolidated Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP); provided that Consolidated Interest Expense shall, with respect to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of the total cash interest expense (determined in accordance with GAAP) of such Non Wholly-Owned Consolidated Affiliate for such period. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, all interest expense of the REIT Entity shall be deemed to be interest expense of the Borrower for all purposes of the Loan Documents (including without limitation any financial definitions) to the extent not otherwise constituting interest expense of the Borrower.

"Consolidated Lease Expense": for any period, the aggregate amount of fixed and contingent rentals payable by the Borrower and its Consolidated Subsidiaries for such period with respect to leases of real and personal property, determined on a consolidated basis in accordance with GAAP.

"Consolidated Leverage Ratio": at any date, the ratio of (a) Consolidated Total Debt on such day to (b) Total Asset Value as of such date.

"Consolidated Subsidiaries": as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes under GAAP.

"Consolidated Tangible Net Worth": at any date, all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries under stockholders' equity at such date *plus* (i) accumulated depreciation and (ii) amortization of real estate intangibles such as in-place lease value, above and below market lease value and deferred leasing costs which are purchase price allocations determined upon the acquisition of real estate, in each case, of the Borrower and its Consolidated Subsidiaries on such date (provided that the amounts described in the foregoing clauses (i) and (ii) shall, solely with respect to any such amount attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount) *minus* the Intangible Assets of the Borrower and its Consolidated Subsidiaries on such date (provided that any such amount deducted with respect to deferred financing costs shall, solely with respect to any such amount attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount); provided, however, that there shall be excluded from the calculation of "Consolidated Tangible Net Worth" any effects resulting from the application of FASB ASC No. 715: Compensation—Retirement Benefits; provided, further, that notwithstanding anything to the contrary in this Agreement or the other Loan Documents, the amount of stockholders' equity included on the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries shall reflect (to the extent not otherwise reflected) a reduction in an amount equal to the amount of the Convertible Notes and any Additional Convertible Notes then outstanding for all purposes of the Loan Documents (including without limitation any financial definitions).

"Consolidated Total Debt": at any date, the aggregate principal amount of all Indebtedness of the Borrower and its Consolidated Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP; provided that Consolidated Total Debt shall (i) exclude any Indebtedness attributable to a Specified GAAP Reportable B Loan Transaction, (ii) exclude 50% of Permitted Warehouse Indebtedness (provided that (x) no more than $250,000,000 of Permitted Warehouse Indebtedness may be excluded pursuant to this clause (ii) and (y) solely for the purpose of this definition, Permitted Warehouse Indebtedness shall exclude any portion of Warehouse Indebtedness used to finance the purchase or origination of a Commercial Real Estate Debt Investment that continues to secure such Warehouse Indebtedness twelve months after the purchase or origination thereof), (iii) exclude all Permitted Non-Recourse CLO Indebtedness, (iv) solely with respect to the Indebtedness of any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such Indebtedness, (v) exclude the Borrower's and its Consolidated Subsidiaries' uncalled capital commitments to funds managed by an Affiliate of the Borrower, (vi) exclude Indebtedness arising under the Junior Subordinated Notes and (vii) exclude any Subscription Line Indebtedness.

"Consolidating Information": as defined in Section 6.1.

"Continuing Directors": the directors of the REIT Entity on the Closing Date, after giving effect to the transactions contemplated hereby, and each other director, if, in each case, (i) such other director's nomination for election to the board of directors of the REIT Entity is recommended by at least a majority of the then Continuing Directors in his or her election by the shareholders of the REIT Entity or (ii) such other director is approved by the board of directors of the REIT Entity as a director candidate prior to his or her election.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control": the possession, directly or indirectly, of the power to veto, direct or cause the direction of the management or fundamental policies of a Person, whether through the ability to exercise voting power, by contract or otherwise which for purposes of this definition shall include, among other things, ownership of Capital Stock having at least 50% of the voting interests of a Person or having majority control of a board of directors or equivalent governing body of a Person.

"Control Agreement": a deposit account control agreement or securities account control agreement, as applicable, executed by a Loan Party, the Administrative Agent and the applicable depository bank or securities intermediary granting the Administrative Agent control over the applicable deposit account or securities account, which agreement shall be in form and substance satisfactory to the Administrative Agent.

"Convertible Notes": collectively, (i) the 5.00% Convertible Senior Notes of the REIT Entity due on April 15, 2023 in an amount not to exceed the amount outstanding on the Closing Date, (ii) the 3.875% Convertible Senior Notes of the REIT Entity due on January 15, 2021 in an amount not to exceed the amount outstanding on the Closing Date and (iii) any refinancing, refunding or renewal or extension thereof (provided that such refinancing, refunding, renewal or extension does not increase the principal amount thereof (except an increase attributable to any accrued interest thereon and the amount of any fees and expenses incurred in connection therewith) or shorten the maturity thereof), in the case of clauses (i) and (ii), issued pursuant to the Convertible Notes Indenture.

"Convertible Notes Indenture": the Indenture, dated as of April 10, 2013, between Colony Capital and the Bank of New York Mellon, as trustee, as supplemented from time to time, including by the First Supplemental Indenture dated as of April 10, 2013 and the Second Supplemental Indenture, dated as of January 28, 2014.

"Core FFO": for any period, FFO, as adjusted to (A) exclude, without duplication, each of the following items to the extent any such item was included in the calculation of FFO: (i) stock compensation expense; (ii) effects of straight-line rent revenue and straight-line rent expense on ground leases; (iii) amortization of acquired above- and below-market lease values; (iv) amortization of deferred financing costs and debt premiums and discounts; (v) unrealized gains or losses from fair value adjustments; (vi) acquisition-related expenses, merger and integration costs; (vii) amortization and impairment of investment management intangibles; (viii) deferred tax benefits related to Core FFO adjustments described herein, (ix) gain on remeasurement of consolidated investment entities, net of deferred tax liability, and the effect of amortization thereof; (x) non-real estate depreciation and amortization; (xi) change in fair value of contingent consideration; (xii) any net gain or loss from discontinued operations; and (xiii) effects of certain non-cash CDO accounting adjustments and (B) include, to the extent excluded in the calculation of FFO, gains and losses from sales of real estate debt and depreciable real estate that are Investment Assets, not included in a single asset-class reporting segment of the Borrower (such gains or losses to be determined on a cost basis without giving effect to any previous depreciation and amortization on such Investment Asset) (provided that Core FFO shall, solely with respect to the Core FFO attributable to any Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of such attributable amount).

"Credit Party": the Administrative Agent, any Issuing Lender or any other Lender and, for the purposes of Section 10.13 only, any other Agent and the Arrangers.

"Default": any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Defaulting Lender": any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Revolving Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party or the Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Revolving Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's or the Borrower's receipt, as applicable, of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has, or has a Lender Parent that has, become the subject of a Bankruptcy Event or a Bail-In Action. Any determination by the Administrative Agent made in writing to the Borrower and each Lender that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error.

"Designated Asset Sale": the sale, lease or other Disposition of all those certain real estate assets of the Borrower, NorthStar Realty, NorthStar Asset Management or any of their Subsidiaries described in Section 6.18 of the Merger Agreement.

"Disposition": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Disqualified Capital Stock": any Capital Stock which, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Capital Stock other than Disqualified Capital Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Revolving Commitments and all outstanding Letters of Credit), (b) is redeemable at the option of the holder thereof (other than solely for Capital Stock other than Disqualified Capital Stock), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, prior to the date that is ninety-one (91) days after the Latest Termination Date.

"Distribution Account": as defined in Section 6.14(a).

"Distributions": (a) any and all dividends, distributions or other payments or amounts made, or required to be paid or made to a Loan Party by any Affiliated Investor who, directly or indirectly, owns an Investment Asset, including, without limitation, any distributions of payments to such Loan Party in respect of principal, interest or other amounts relating to such Investment Asset owned, directly or indirectly, by such Affiliated Investor, (b) any and all Fee-Related Earnings paid or payable to a Loan Party or an Affiliated Investor from any Colony Fund and (c) any and all amounts owing to such Loan Party from the disposition, dissolution or liquidation of any such Affiliated Investor referred to in clause (a) or (b) above (or any direct or indirect parent thereof) or from the issuance or sale of Capital Stock of such Affiliated Investor (or any direct or indirect parent thereof).

"Dollars" and "$": dollars in lawful currency of the United States.

"Domestic Subsidiary": any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

"EEA Financial Institution": (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country": any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority": any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Environmental Laws": any and all laws (including common law), treaties, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"Equity Investment Asset Issuer": (i) each issuer of Specified Common Stock and (ii) each issuer of a Preferred Equity Investment, in each case, including any Subsidiary thereof.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate": any entity, trade or business (whether or not incorporated) that, is under common control with a Group Member within the meaning of Section 4001(a)(14) of ERISA or, together with any Group Member, is treated as a single employer under Section 414 of the Code.

"ERISA Event": (a) the failure of any Plan to comply with any material provisions of ERISA and/or the Code (and applicable regulations under either) or with the material terms of such Plan; (b) the existence with respect to any Plan of a non-exempt Prohibited Transaction; (c) any Reportable Event; (d) the failure of any Group Member or ERISA Affiliate to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or any failure by any Pension Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Pension Plan, whether or not waived; (e) a determination that any Pension Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (f) the filing pursuant to Section 412 of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (g) the occurrence of any event or condition which might constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or the incurrence by any Group Member or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Pension Plan, including but not limited to the imposition of any Lien in favor of the PBGC or any Pension Plan; (h) the receipt by any Group Member or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan under Section 4042 of ERISA; (i) the failure by any Group Member or any of its ERISA Affiliates to make any required contribution to a Multiemployer Plan pursuant to Sections 431 or 432 of the Code; (j) the incurrence by any Group Member or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan; (k) the receipt by any Group Member or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from a Group Member or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, Insolvent, in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA), or terminated (within the meaning of Section 4041A of ERISA); or (l) the failure by any Group Member or any of its ERISA Affiliates to pay when due (after expiration of any applicable grace period) any installment payment with respect to Withdrawal Liability under Section 4201 of ERISA.

"EU Bail-In Legislation Schedule": the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to any Eurodollar Loan for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters Screen that displays such rate (or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the "Screen Rate") as of the Specified Time on the Quotation Day for such Interest Period; provided that if the Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if the Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to Dollars, then the Eurodollar Base Rate shall be the Interpolated Rate at such time (provided that if the Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement).

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula:

$$\frac{\text{Eurodollar Base Rate}}{\text{1.00 - Eurocurrency Reserve Requirements}}$$

"Eurodollar Tranche": the collective reference to Eurodollar Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Event of Default": any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Excess Specified Asset Investments": as defined in subsection (iv) of the proviso to the definition of "Maximum Permitted Outstanding Amount".

"Excluded Foreign Subsidiary": (1) any Foreign Subsidiary in respect of which either (a) the pledge of all of the Capital Stock of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations, would, in the good faith judgment of the Borrower, result in adverse tax consequences to the Borrower, (2) any Domestic Subsidiary substantially all of whose assets consist of equity interests in an Excluded Foreign Subsidiary or (3) any Domestic Subsidiary of an Excluded Foreign Subsidiary.

"Excluded Subsidiary": any Subsidiary that (i) is an Immaterial Subsidiary, (ii) has or is reasonably expected to incur secured Indebtedness within 120 days (or by such later date as the Administrative Agent may agree in its sole discretion) of becoming subject to the requirements of Section 6.10(b) hereof that (x) is owed to a Person that is not an Affiliate of the Borrower or any Subsidiary thereof and (y) by its terms does not permit such Subsidiary to guarantee the Obligations of the Borrower or (iii) is the general partner, controlling member or controlling shareholder, as applicable, of a Colony Fund.

"Excluded Swap Obligation": with respect to any Subsidiary Guarantor, any Swap Obligation, if, and to the extent that, and only for so long as, all or a portion of the guarantee of such Subsidiary Guarantor of, or the grant by such Subsidiary Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Subsidiary Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of (or grant of such security interest by, as applicable) such Subsidiary Guarantor becomes or would otherwise have become effective with respect to such Swap Obligation but for such Subsidiary Guarantor's failure to constitute an "eligible contract participant" at such time. If a Swap Obligation arises under a master agreement governing more than one Swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guarantee or security interest is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof).

"Excluded Taxes": any of the following Taxes imposed on or with respect to a Credit Party or required to be withheld or deducted from a payment to a Credit Party, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Credit Party (or any direct or indirect investor therein) being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Revolving Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Revolving Commitment (other than pursuant to an assignment request by the Borrower under Section 2.17) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in such Loan or Revolving Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Credit Party's failure to comply with Section 2.14(f), and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement": as defined in the preamble hereto.

"Existing Limited Guarantees": those certain guaranties in respect of Non-Recourse Indebtedness of Subsidiaries of Colony Capital entered into prior to March 31, 2015 by Colony Capital, in each case, solely to the extent that such guaranties (a) are limited to the matters described in clause (i) of the definition of Non-Recourse Indebtedness and (b) were permitted to be entered into by Colony Capital prior to March 31, 2015 under the Initial Credit Agreement.

"Existing NorthStar Swap Agreement": that certain 2002 ISDA Master Agreement by and between the Borrower, as Party B and Bank of America, N.A., as Party A, (including the Schedule and Credit Support Annex thereto) and the Confirmation entered into thereunder related to that certain interest rate swap Transaction with a notional amount of $2,000,000,000 and a Trade Date of June 25, 2015.

"Extended Commitments": as defined in Section 2.20.

"Extended Loans": as defined in Section 2.20.

"Extended Termination Date": as defined in Section 2.20.

"Extension Option": as defined in Section 2.20.

"Extension Date": as defined in Section 2.20.

"Facility Utilization": at any date, the amount (expressed as a percentage) equal to (a) the aggregate amount of Total Revolving Extensions of Credit divided by (b) the Total Revolving Commitments.

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"FDIC": the Federal Deposit Insurance Corporation.

"FDIC Investment": any Investment Asset consisting of (x) a Portfolio acquired from the FDIC pursuant to a joint venture with the FDIC or (y) the Capital Stock of any Affiliated Investor or Pledged Loan Party that holds, directly or indirectly, such Portfolio, in each case solely to the extent that the grant of a Lien in favor of the Administrative Agent, for the benefit of the Lenders, by the applicable Loan Party in any Capital Stock of any Affiliated Investor or Pledged Loan Party that holds, directly or indirectly, such FDIC Investment would under applicable Law not require a consent or authorization of the FDIC that has not been obtained.

"Federal Funds Effective Rate": for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate; provided that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fee Payment Date": (a) the last day of each March, June, September and December and (b) the last day of the Revolving Commitment Period.

"Fee-Related Earnings": (a) all investment management (IM) segment base management fees and other related revenues (excluding, for the avoidance of doubt, incentive fees based on gains and carried interest) plus (b) incentive fees based on yield and fees based on the consummation of an acquisition or disposition (such sum, the "Fee-Related Revenues") less (x) IM segment direct cash compensation and benefits (excluding (i) non-cash equity-based compensation consisting of equity interests in the Borrower or a direct or indirect parent of the Borrower and (ii) any such cash compensation or benefits consisting of a participation in carried interest and any variable cash compensation or benefits tied to either carried interest or fees (other than fees described in clause (b) above)) and (y) IM segment general and administrative expenses. For the avoidance of doubt, such Fee-Related Earnings shall be calculated prior to the deduction of any income taxes.

"Fee-Related Revenues": as defined in the definition of "Fee-Related Earnings".

"FFO": for any period, (a) net income (or loss) for such period of the Borrower and its Consolidated Subsidiaries calculated in accordance with GAAP, excluding without duplication (but only to the extent included in determining net income (or loss) for such period), (i) extraordinary items, as defined by GAAP and (ii) gains and losses from sales of depreciable real estate and impairment write-downs associated with depreciable real estate, plus (b) an amount which, in the determination of the foregoing clause (a) for such period, has been deducted (and not added back) for, without duplication, real estate-related depreciation and amortization. For the avoidance of doubt, FFO shall be calculated prior to the deduction of preferred dividends.

"First Priority Commercial Real Estate Debt Investments": any Commercial Real Estate Debt Investment secured by a first priority Lien on the underlying asset (which, for the avoidance of doubt, shall not include any "B-note" or "B-piece" or any other junior tranche of an investment) and with respect to which no other Indebtedness has been incurred that is prior in right of payment in any respect; provided, however, that for purposes of the definition of "Maximum Permitted Outstanding Amount" and the component definitions thereof, (i) such investment shall constitute a First Priority Commercial Real Estate Debt Investment only if held by a Pledged Loan Party or an Unlevered Affiliated Investor (it being understood that such requirement shall not apply for purposes of the definition of Qualified Levered SPV Affiliated Investor) and (ii) any Portfolio otherwise constituting a First Priority Commercial Real Estate Debt Investment in which greater than 25% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans (and any single Investment Asset otherwise constituting a First Priority Commercial Real Estate Debt Investment that is a Non-Performing Loan) shall instead be deemed to be a Junior Priority Commercial Real Estate Debt Investment (it being understood that such classification as a Junior Priority Commercial Real Estate Debt Investment pursuant to this clause (ii) shall not apply for purposes of the definition of Qualified Levered SPV Affiliated Investor). For clarity, a Portfolio consisting entirely of First Priority Commercial Real Estate Debt Investments, as defined above, shall be deemed to be a single First Priority Commercial Real Estate Debt Investment.

"First Priority Commercial Real Estate Investments": collectively, (a) any First Priority Commercial Real Estate Debt Investment and (b) any unencumbered Commercial Real Estate Ownership Investment (excluding land) that is wholly-owned by an Unlevered Affiliated Investor.

"Foreign Subsidiary": any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Foreign Benefit Arrangement": any employee benefit arrangement mandated by non-US law that is maintained or contributed to by any Group Member or any ERISA Affiliate.

"Foreign Plan": each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to US law and is maintained or contributed to by any Group Member or any ERISA Affiliate.

"Foreign Plan Event": with respect to any Foreign Benefit Arrangement or Foreign Plan, (a) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Benefit Arrangement or Foreign Plan; (b) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Benefit Arrangement or Foreign Plan required to be registered; or (c) the failure of any Foreign Benefit Arrangement or Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Benefit Arrangement or Foreign Plan.

"Funding Office": the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 4.1. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the requirements and limitations imposed by such financial covenants, standards or terms shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Group Members": the collective reference to the Borrower and its Subsidiaries.

"Guarantee and Collateral Agreement": the Amended and Restated Guarantee and Collateral Agreement dated as of March 31, 2016, among the Borrower, each Subsidiary Guarantor and the Administrative Agent, substantially in the form of Exhibit A, as reaffirmed by that certain Guarantee and Collateral Acknowledgment dated as of the Closing Date, among the Borrower and each Subsidiary Guarantor.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit) that guarantees or in effect guarantees, any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect

thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Healthcare Business": that certain portfolio of medical office buildings, senior housing, skilled nursing, hospitals and other healthcare properties acquired by NorthStar Realty or certain Subsidiaries thereof, and which are, as of the Closing Date, held directly or indirectly, wholly or in joint venture structures, by NRF Holdco, LLC.

"Hospitality Business": that certain portfolio of extended stay hotels and select service hotels acquired by NorthStar Realty or certain Subsidiaries thereof, and which are, as of the Closing Date, held directly or indirectly, wholly or in joint venture structures, by NRF Holdco, LLC.

"Immaterial Subsidiary": as of any date, a Subsidiary that, together with its Consolidated Subsidiaries, as of the last day of the most recent fiscal quarter of the Borrower for which consolidated financial statements have been delivered in accordance with Section 6.1 (x) did not have (a) assets with a value in excess of 2.0% of Total Asset Value or (b) Consolidated EBITDA representing in excess of 2.0% of Consolidated EBITDA for the four fiscal quarters ending on such last day and (y) when taken together with all other Immaterial Subsidiaries on a consolidated basis as of such date, did not have assets with a value in excess of 5.0% of the Total Asset Value as of such date or Consolidated EBITDA representing in excess of 5.0% of Consolidated EBITDA for the four fiscal quarters ending on such date, each calculated by reference to the latest consolidated financial statements delivered to the Administrative Agent in accordance with Section 6.1. Any Immaterial Subsidiary may be designated to be a Material Subsidiary for the purposes of this Agreement and the other Loan Documents by written notice to the Administrative Agent.

"Impacted Interest Period": as defined in the definition of "Eurodollar Base Rate".

"Increased Facility Activation Date": any Business Day on which any Lender shall execute and deliver to the Administrative Agents an Increased Facility Activation Notice pursuant to Section 2.19(a).

"Increased Facility Activation Notice": a notice substantially in the form of Exhibit G.

"Increased Facility Closing Date": any Business Day designated as such in an Increased Facility Activation Notice.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent

or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all mandatorily redeemable preferred Capital Stock of such Person (except for Capital Stock (x) mandatorily redeemable as a result of a change of control or asset sale so long as any rights of the holders thereof upon such occurrence shall be subject to the prior Payment in Full of the Obligations or (y) mandatorily redeemable not prior to the date that is 91 days after Payment in Full), (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) (x) in the case of the Borrower and its Subsidiaries, all obligations in respect of the Existing NorthStar Swap Agreement and (y) for the purposes of Section 8(e) only, all obligations of such Person in respect of Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, all Indebtedness of the REIT Entity shall be deemed to be Indebtedness of the Borrower for all purposes of the Loan Documents (including without limitation any financial definitions) to the extent not otherwise constituting Indebtedness of the Borrower.

"Indemnified Taxes": (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) above, Other Taxes.

"Independent Valuation Provider": as defined in Section 10.18.

"Initial Credit Agreement": that certain Credit Agreement, dated as of August 6, 2013, among the Borrower (as successor to Colony Capital (formerly known as Colony Financial, Inc.)), the Administrative Agent and certain lenders party thereto (as amended, restated, supplemented or otherwise modified prior to the date of the Existing Credit Agreement).

"Initial Revolving Termination Date": January 11, 2021.

"Insolvent": with respect to any Multiemployer Plan, the condition that such plan is insolvent within the meaning of Section 4245 of ERISA.

"Intangible Assets": assets that are considered to be intangible assets under GAAP, including customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents, franchises, licenses, unamortized deferred charges (including deferred financing costs), unamortized debt discount and capitalized research and development costs; provided, however, that Intangible Assets shall not include real estate intangibles such as in-place lease value, above and below market lease value and deferred leasing costs which are purchase price allocations determined upon the acquisition of real estate.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Coverage Ratio": for any quarter, the ratio of (i) (x) (A) the portion of Consolidated EBITDA for such quarter attributable to investments included in the Maximum Permitted Outstanding Amount at any point during such quarter (provided that the calculation of such portion of Consolidated EBITDA (I) shall exclude general corporate-level expense and (II) shall not include any add backs of interest expense other than the interest expense related to the Revolving Facility) multiplied by (B) 4 plus (y) without duplication of amounts included in clause (x), Annualized Base Management Fee EBITDA with respect to such quarter to (ii) Assumed Facility Interest Expense with respect to such quarter.

"Interest Payment Date": (a) as to any ABR Loan, the last day of each March, June, September and December (or, if an Event of Default is in existence, the last day of each calendar month) to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan (other than any Revolving Loan that is an ABR Loan), the date of any repayment or prepayment made in respect thereof.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not later than 11:00 A.M., New York City time, on the date that is three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period under the Revolving Facility that would extend beyond the Revolving Termination Date; and

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Interpolated Rate": at any time, the rate per annum (rounded to the same number of decimal places as the Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Screen Rate (for the longest period for which that Screen Rate is available in Dollars) that is shorter than the Impacted Interest Period and (b) the Screen Rate (for the shortest period for which that Screen Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, as of the Specified Time on the Quotation Day for such Interest Period. When determining the rate for a period which is less than the shortest period for which the Screen Rate is available, the Screen Rate for purposes of clause (a) above shall be deemed to be the overnight rate for Dollars determined by the Administrative Agent from such service as the Administrative Agent may select.

"Investment Asset": (i) a Commercial Real Estate Debt Investment, (ii) a Commercial Real Estate Ownership Investment, (iii) a Preferred Equity Investment, (iv) Qualified Levered SPV Capital Stock or Specified Levered SPV Capital Stock, (v) Specified Common Stock, (vi) a Specified Levered SPV Investment or (vii) any Portfolio of any of the foregoing, in each case to the extent owned by a Pledged Loan Party or any other Person in which a Loan Party, directly or indirectly, owns any Capital Stock. Subject to the limitations set forth in the definition of Maximum Permitted Outstanding Amount, the term Investment Asset shall also include any Investment Asset described in the foregoing clauses (i) through (vii) that is held by a Colony Fund in which an Affiliated Investor or a Pledged Loan Party holds a limited partnership interest, limited liability company membership interest or other similar interest in the nature of an equity investment.

"Investment Asset Review": as defined in Section 10.18.

"Investment Location": (i) with respect to a Commercial Real Estate Debt Investment, (x) to the extent such Commercial Real Estate Debt Investment is secured, the jurisdiction in which the underlying commercial real property subject to such Commercial Real Estate Debt Investment is located and (y) to the extent such Commercial Real Estate Debt Investment is unsecured, the jurisdiction of the governing law of the contract governing such Commercial Real Estate Debt Investment; (ii) with respect to a Specified GAAP Reportable B Loan Transaction, the jurisdiction of the governing law of the contracts governing such Specified GAAP Reportable B Loan Transaction; (iii) with respect to a Commercial Real Estate Ownership Investment, the jurisdiction in which such Commercial Real Estate Ownership Investment is physically located; (iv) with respect to Qualified Levered SPV Capital Stock and Specified Levered SPV Capital Stock, the jurisdiction in which the First Priority Commercial Real Estate Debt Investments held by the related Affiliated Investor are located (with such location being determined in accordance with clause (i) or, with respect to a Portfolio, clause (vi) of this definition); (v) with respect to a Preferred Equity Investment and Specified Common Stock, the jurisdiction in which the issuer of such Preferred Equity Investment or Specified Common Stock, as applicable, is organized; or (vi) with respect to a Portfolio of any of the foregoing, the Investment Location of each Investment Asset in such Portfolio (and it being agreed that if the Investment Location of any Investment Asset in such Portfolio shall be deemed to be a Non-Qualifying Location, then only such Investment Asset, and not the Portfolio as a whole, shall be deemed to have an Investment Location in a Non-Qualifying Location). Notwithstanding the foregoing, if any (a) Equity Investment Asset Issuer, (b) Affiliated Investor, (c) underlying real estate asset relating to an Investment Asset or (d) Affiliate of the Borrower that directly or indirectly owns an underlying real estate asset relating to an Investment Asset to the extent that the ownership interest attributable to such Affiliate contributes or results in a contribution to the calculation of the Maximum Permitted Outstanding Amount, in each case, is located in a Non-Qualifying Location, then the Investment Location of each Investment Asset owned directly or indirectly by such Person or to which such underlying real estate asset relates, as applicable, shall be deemed to have an Investment Location in a Non-Qualifying Location. For purposes of the foregoing sentence, each Person shall be located in the jurisdiction in which it is organized and each underlying real estate asset shall be located in the jurisdiction in which such real estate asset is physically located.

"Investments": as defined in Section 7.7.

"IRS": the United States Internal Revenue Service.

"ISP": with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuing Lender": each of JPMorgan Chase Bank, N.A. and Bank of America, N.A. (or in each case any affiliate thereof) and any other Revolving Lender approved by the Administrative Agent and the Borrower that has agreed in its sole discretion to act as an "Issuing Lender" hereunder, or any of their respective affiliates, in each case in its capacity as issuer of any Letter of Credit. Each reference herein to "the Issuing Lender" shall be deemed to be a reference to the relevant Issuing Lender.

"Junior Priority Commercial Real Estate Debt Investments": (a) all Commercial Real Estate Debt Investments that are not First Priority Commercial Real Estate Debt Investments or Specified Commercial Real Estate Debt Investments and (b) any Specified GAAP Reportable B Loan Transactions, in each case, to the extent held by (i) a Pledged Loan Party or (ii) an Unlevered Affiliated Investor. For purposes of the definition of "Maximum Permitted Outstanding Amount", a Portfolio consisting entirely of Junior Priority Commercial Real Estate Debt Investments, as defined above (and any Portfolio of First Priority Commercial Real Estate Debt Investments in which greater than 25% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans), shall be deemed to be a single Junior Priority Commercial Real Estate Debt Investment.

"Junior Priority Commercial Real Estate Investments": collectively, (a) any Junior Priority Commercial Real Estate Debt Investment and (b) any Qualified Levered SPV Capital Stock.

"Junior Subordinated Notes": means, collectively, (i) the junior subordinated notes Trust I of NRF Holdco, LLC due March 2035 (bearing an interest rate of LIBOR plus 3.25% as of the Closing Date), (ii) the junior subordinated notes Trust II of NRF Holdco, LLC due June 2035 (bearing an interest rate of LIBOR plus 3.25% as of the Closing Date), (iii) the junior subordinated notes Trust III of NRF Holdco, LLC due January 2036 (bearing an interest rate of LIBOR plus 2.83% as of the Closing Date), (iv) the junior subordinated notes Trust IV of NRF Holdco, LLC due June 2036 (bearing an interest rate of LIBOR plus 2.80% as of the Closing Date), (v) the junior subordinated notes Trust V of NRF Holdco, LLC due September 2036 (bearing an interest rate of Libor plus 2.70% as of the Closing Date), (vi) the junior subordinated notes Trust VI of NRF Holdco, LLC due December 2036 (bearing an interest rate of Libor plus 2.90% as of the Closing Date), (vii) the junior subordinated notes Trust VII of NRF Holdco, LLC due April 2037 (bearing an interest rate of Libor plus 2.50% as of the Closing Date), and (viii) the junior subordinated notes Trust VIII of NRF Holdco, LLC due July 2037 (bearing an interest rate of Libor plus 2.70% as of the Closing Date).

"L/C Cash Collateral Account": as defined in Section 3.1(c).

"L/C Commitment": as to any Issuing Lender, the obligation of such Issuing Lender to issue Letters of Credit pursuant to Section 3 in an aggregate undrawn, unexpired face amount plus the aggregate unreimbursed drawn amount thereof at any time not to exceed the amount set forth under the heading "L/C Commitment" opposite such Issuing Lender's name on Schedule 1.1A or in the Assignment and Assumption pursuant to which such Issuing Lender becomes a party thereto (its "Initial L/C Commitment"), in each case, as the same may be changed from time to time pursuant to the terms hereof; provided, that the amount of any Issuing Lender's L/C Commitment may be (i) increased subject only to the consent of such Issuing Lender and the Borrower (and notified to the Administrative Agent), (ii) decreased, but only to the extent it is not decreased below the Initial L/C Commitment of such Issuing Lender, subject only to the consent of such Issuing Lender and the Borrower (and notified to the Administrative Agent) or (iii) decreased at the option of the Borrower on a ratable basis for each Issuing Lender outstanding at the time of such reduction (and notified to the Issuing Lenders and the Administrative Agent).

"L/C Exposure": at any time, the total L/C Obligations. The L/C Exposure of any Revolving Lender at any time shall be its Revolving Percentage of the total L/C Exposure at such time.

"L/C Obligations": as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.3. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Participants": with respect to any Letter of Credit issued by an Issuing Lender, the collective reference to all the Revolving Lenders other than the Issuing Lender with respect to such Letter of Credit.

"Latest Termination Date": January 10, 2022.

"Lender Parent": with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a Subsidiary.

"Lenders": as defined in the preamble hereto.

"Letters of Credit": as defined in Section 3.1(a).

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan": any loan made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, the Security Documents, the Notes, the REIT Guaranty (if applicable) and any amendment, waiver, supplement or other modification to any of the foregoing.

"Loan Parties": each Group Member that is a party to a Loan Document.

"Material Indebtedness": Indebtedness (other than the Loans) in an aggregate principal amount in excess of $25,000,000.

"Material Subsidiary": any Subsidiary other than an Immaterial Subsidiary.

"Material Adverse Effect": a material adverse effect on (a) the business, property, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products, asbestos, polychlorinated biphenyls, urea-formaldehyde insulation, mold, radon, or any substance (whether in gas, liquid or solid form), defined, classified or regulated as hazardous or toxic or as a pollutant, contaminant, or waste (or words of similar meaning), in, or that could give rise to liability under, any Environmental Law.

"Maximum Permitted Increase Amount": the amount by which (x) 150% of the Total Revolving Commitments in effect on the Closing Date exceeds (y) the Total Revolving Commitments in effect on the Closing Date.

"Maximum Permitted Outstanding Amount": at any time, an amount that is equal to (x) during the period from and after the Closing Date and prior to the Initial Revolving Termination Date, 100% and (y) during the period from and after the Initial Revolving Termination Date when the Borrower has exercised an Extension Option, 90%, in each case, of the sum of:

(a) with respect to each First Priority Commercial Real Estate Investment, the product of 55% *multiplied* by the Adjusted Net Book Value of such First Priority Commercial Real Estate Investment, plus

(b) with respect to each Junior Priority Commercial Real Estate Investment, the product of 40% *multiplied* by the Adjusted Net Book Value of such Junior Priority Commercial Real Estate Investment, plus

(c) with respect to each Specified Asset Investment that is not an Excess Specified Asset Investment, the product of 30% *multiplied* by the Adjusted Net Book Value of such Specified Asset Investment, plus

(d) with respect to each Excess Specified Asset Investment, the product of 15% *multiplied* by the Adjusted Net Book Value of such Excess Specified Asset Investments; plus

(e) the product of 3.0 *multiplied* by the Annualized Base Management Fee EBITDA attributable to Fee-Related Earnings earned from third parties by asset manager Subsidiaries of the Borrower that constitute taxable REIT subsidiaries;

provided that notwithstanding the foregoing (it being understood that each percentage limitation set forth in clauses (iii), (iv), (v), (vi), (vii), (viii), (xvi) and (xvii) below shall be calculated prior to giving effect to any reductions resulting from the application of such percentage limitation):

(i) in no event shall any Investment Asset contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount pursuant to more than one lettered clause above;

(ii) FDIC Investments shall contribute, directly or indirectly, to the calculation of the Maximum Permitted Outstanding Amount solely to the extent that such investment is directly or indirectly subject to a first priority Lien in favor of the Administrative Agent, for the benefit of the Lenders, which Lien may be foreclosed upon (taking into account all other pledges or transfers with respect to the underlying assets or any direct or indirect holder thereof) without triggering a "change of control" (or like term) under the documentation governing such investment;

(iii) in no event shall any single Investment Asset (it being understood that the following shall be deemed to be a single Investment Asset for purposes of this clause (iii): (x) any portion of any Portfolio held by a single Person that has (or any Affiliated Investor that directly or indirectly owns such Person has) any Indebtedness outstanding and (y) any cross-collateralized assets that are deemed to be a single Investment Asset pursuant to subsection (xviii) of this proviso or any cross-guaranteed assets) contribute, directly or indirectly, in excess of 10% of the sum of clauses (a) through (e) above; provided, however, that such percentage shall be 15% in the

case of: (A) the Capital Stock of Colony Starwood Homes, (B) the Investment Asset referred to as the CLIP Issuer (which shall be treated as a single Investment Asset in accordance with this provision), (C) the Capital Stock of the Healthcare Business and (D) the Capital Stock of the Hospitality Business;

(iv) Specified Asset Investments shall not contribute more than 50% in the aggregate of the Maximum Permitted Outstanding Amount; provided that, such concentration limit may be increased by an additional 10% of the aggregate Maximum Permitted Outstanding Amount to the extent such increase is solely attributable to the Specified Asset Investments constituting the Healthcare Business and/or the CLIP Issuer (the portion of the Healthcare Business and/or the CLIP Issuer Specified Assets Investments attributable to such increased concentration limit, the "Excess Specified Asset Investments");

(v) the sum of (i) Non-Performing Loans and (ii) Preferred Equity Investment with respect to which any dividends required to be paid in cash are in arrears shall not contribute more than 10% in the aggregate of the Maximum Permitted Outstanding Amount;

(vi) the contribution of the Annualized Base Management Fee EBITDA pursuant to clause (e) above shall not exceed 25% in the aggregate of the Maximum Permitted Outstanding Amount;

(vii) not less than 80% of the Maximum Permitted Outstanding Amount shall be attributable to Investment Assets having an Investment Location in a Qualifying Location;

(viii) Qualified Non-Pledged Assets shall not contribute more than 15% in the aggregate of the Maximum Permitted Outstanding Amount;

(ix) [Reserved];

(x) no Investment Asset shall contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount if any Affiliated Investor that directly or indirectly owns such Investment Asset is in default with respect to any of its Indebtedness that is material in relation to the value of such Investment Asset;

(xi) no Investment Asset securing any Warehouse Facility shall contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount for so long as such Investment Asset secures any Warehouse Facility;

(xii) the Adjusted Net Book Value used in the calculations set forth in clauses (a) through (e) above with respect to any Investment Asset that is owned, directly or indirectly, by any Excluded Foreign Subsidiary shall be limited to 66% of the Adjusted Net Book Value of such Investment Asset;

(xiii) with respect to any Investment Asset held by a Colony Fund in which a Pledged Loan Party or an Affiliated Investor directly or indirectly owns a limited partnership, limited liability company membership or other similar equity interest, the Maximum Permitted Outstanding Amount shall include the pro rata share of the individual eligible Investment Assets held by such Colony Fund instead of such limited partner, the limited liability company membership equity interests or other similar equity interests in such Colony Fund; provided that (A) such limited partner, limited liability company equity interests or other similar equity interests in the Colony Fund are owned by a Pledged Loan Party or an Unlevered Affiliated

Investor, (B) the pro rata share of the individual eligible Investment Assets held by such Colony Fund shall be adjusted to account for any "opt-out" elections of any holders of such equity interests, (C) such pro rata share shall be reduced to the extent that any applicable Investment Asset has been funded with the proceeds of subscription debt in lieu of equity funding from the applicable Affiliated Investor, (D) such Pledged Loan Party or Affiliated Investor shall not be in default under the limited partnership agreement, limited liability company agreement or other similar organizational agreement, as applicable, of such Colony Fund or any other Organizational Document of such Colony Fund and (E) such Colony Fund shall not be in default under the documents governing any subscription debt of such Colony Fund;

(xiv) in no event shall any Investment Asset that does not satisfy the Qualifying Criteria contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount;

(xv) upon the completion of an Investment Asset Review pursuant to Section 10.18, the reference to the Adjusted Net Book Value of each asset subject to such Investment Asset Review for purposes of calculating the Maximum Permitted Outstanding Amount shall be the lesser of (x) such Adjusted Net Book Value as determined by the Borrower and (y) such appraised value as determined by the Independent Valuation Provider;

(xvi) in no event shall the aggregate amount of Investment Assets constituting Commercial Real Estate Ownership Investments in land and Commercial Real Estate Debt Investments secured by land contribute more than 15% in the aggregate of the Maximum Permitted Outstanding Amount;

(xvii) in no event shall the Maximum Permitted Outstanding Amount attributable to an Investment Asset constituting interests in securitizations (other than those certain trust certificates (assets) issued by Colony Multifamily Mortgage Trust 2014-1, a Cayman securitization vehicle, to and owned by ColFin Multifamily Mortgage 2014-1, LLC) exceed 20% of the Maximum Permitted Outstanding Amount; and

(xviii) to the extent that any Non-Recourse Indebtedness secured pursuant to Section 7.3(j) is secured by more than one Investment Asset, (i) the Investment Assets securing such Non-Recourse Indebtedness shall be treated as a single Investment Asset for purposes of calculating the Maximum Permitted Outstanding Amount and (ii) to the extent that such Investment Assets are subject to different advance rates pursuant to clauses (a) through (d) above, the lowest advance rate shall apply.

"Merger": the combination of NorthStar Realty and NorthStar Asset Management with Colony Capital contemplated by the Merger Agreement.

"Merger Agreement": that certain Agreement and Plans of Merger (together with all exhibits, schedules, attachments and disclosure letters thereto, and as may be amended, supplemented or otherwise modified from time to time prior to the date hereof), dated as of June 2, 2016, by and among Colony Capital, NorthStar Realty, New Sirius Inc., NorthStar Realty LP, Sirius Merger Sub-T, LLC, New Sirius Merger Sub, LLC, the REIT Entity, and NorthStar Asset Management.

"Merger Loan Parties": as defined in Section 6.10(d).

"Merger Party Compliance Date": as defined in Section 6.10(d).

"Multiemployer Plan": a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": (a) in connection with any Disposition of assets, the proceeds thereof in the form of cash or Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) net of deductions for proceeds allocated for REIT maintenance and corporate or excise tax minimization amounts, attorneys' fees, investment banking fees, accountants' fees, taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and the amount of any reserves established by the Borrower and its Subsidiaries to fund contingent liabilities reasonably estimated to be payable as a result thereof (provided that any determination by the Borrower that taxes estimated to be payable are not payable and any reduction at any time in the amount of any such reserves (other than as a result of payments made in respect thereof) shall be deemed to constitute the receipt by the Borrower at such time of Net Cash Proceeds in the amount of the estimated taxes not payable or such reduction of reserves, as applicable), amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Disposition (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith that are actually received by (x) a Loan Party or (y) a Subsidiary that is not a Loan Party to the extent such cash or Cash Equivalent proceeds are distributable to a Loan Party (but only as and when distributable) and (b) in connection with any issuance or sale of Capital Stock or any incurrence of Indebtedness, the cash proceeds (including Cash Equivalents) received from such issuance or incurrence (excluding, in the case of any issuance in exchange for the contribution of any Investment Asset, any incidental cash or Cash Equivalents associated with such Investment Property), net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions, taxes paid or reasonably estimated to be payable, and other customary fees and expenses actually incurred in connection therewith that are actually received by (x) a Loan Party or (y) a Subsidiary that is not a Loan Party to the extent such cash proceeds are distributable to a Loan Party (but only as and when distributable) and not otherwise required pursuant to the terms of such issuance of Capital Stock to be applied to the acquisition of any Investment Asset.

"New Lender": as defined in Section 2.19(b).

"New Lender Supplement": as defined in Section 2.19(b).

"New Subsidiaries": as defined in Section 6.10(b).

"Non-Base Management Fee Adjustment Percentage": with respect to any period, a percentage equal to (x) the Non-Base Management Fee Percentage for such period minus (y) 25%.

"Non-Base Management Fee Percentage": with respect to any period, a fraction (expressed as a percentage), the numerator of which is the portion of Fee-Related Revenues that is attributable to investment management segment fees and revenues that are not investment management segment base management fees and related revenues for such period and the denominator of which is the aggregate amount of Fee-Related Revenues for such period.

"Non-Performing Loan": as of any date of determination, any accruing Commercial Real Estate Debt Investment (x) past due by 90 or more days, (y) on non-accrual status or (z) with respect to which there is a payment default and any applicable grace period has expired.

"Non-Qualifying Location": each location that is not a Qualifying Location.

"Non-Recourse Indebtedness": Indebtedness of a Person as to which no Loan Party (a) provides any Guarantee Obligation or credit support of any kind (including any undertaking, Guarantee Obligation, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise), in each case except for (i) customary exceptions for bankruptcy filings, fraud, misrepresentation, misapplication of cash, waste, failure to pay taxes, environmental claims and liabilities, prohibited transfers, violations of single purpose entity covenants, and other circumstances customarily excluded from exculpation provisions and/or included in separate guaranty or indemnification agreements in non-recourse or tax-exempt financings of real estate and (ii) the direct parent company of the primary obligor in respect of the Indebtedness may provide a limited pledge of the equity of such obligor to secure such Indebtedness so long as the lender in respect of such Indebtedness has no other recourse (except as permitted pursuant to the immediately preceding clause (i)) to such direct parent company except for such equity pledge) (such pledge, a "Non-Recourse Pledge").

"Non-Recourse Pledge": as defined in the definition of "Non-Recourse Indebtedness".

"Non-U.S. Lender": (a) if the Borrower is a U.S. Person, a Lender, with respect to the Borrower, that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender, with respect to the Borrower, that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"Non Wholly-Owned Consolidated Affiliate": each Consolidated Subsidiary of the Borrower in which less than 100% of each class of the Capital Stock (other than directors' qualifying shares, if applicable) of such Consolidated Subsidiary are at the time owned, directly or indirectly, by the Borrower.

"NorthStar Asset Management": NorthStar Asset Management Group Inc., a Delaware corporation.

"NorthStar Realty": NorthStar Realty Finance Corp., a Maryland corporation.

"NorthStar Realty LP": NorthStar Realty Finance Limited Partnership, a Delaware limited partnership.

"Notes": the collective reference to any promissory note evidencing Loans.

"NYFRB": the Federal Reserve Bank of New York.

"NYFRB Rate": for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Obligations": (i) the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans, the Reimbursement Obligations and all other obligations and liabilities of the Borrower to the Secured Parties, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Secured Swap Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise and (ii) all indebtedness, liabilities, duties, indemnities and obligations of any Loan Party owing to JPMorgan Chase Bank, N.A. or any Affiliate of JPMorgan Chase Bank, N.A. in connection with or relating to any Distribution Account maintained by such Loan Party at JPMorgan Chase Bank, N.A. or such Affiliate, including, without limitation, those arising under all instruments, agreements or other documents executed in connection therewith or relating thereto.

"Organizational Documents": as to any Person, the Certificate of Incorporation and Bylaws or other organizational or governing documents of such Person.

"Other Connection Taxes": with respect to any Credit Party, Taxes imposed as a result of a present or former connection between such Credit Party (or any direct or indirect investor therein) and the jurisdiction imposing such Tax (other than connections arising from such Credit Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Merger Parties": NorthStar Realty and NorthStar Asset Management.

"Other Merger Party Excluded Subsidiary": any Subsidiary of an Other Merger Party (i) that is prohibited from providing a guarantee pursuant to the Loan Documents, (ii) granting security interests pursuant to the Loan Documents by Contractual Obligations existing on the Closing Date (and not entered into in contemplation hereof) (for the avoidance of doubt, other than any Subsidiary that is the owner of a Qualified Non-Pledged Asset) or (iii) with respect to which providing a guarantee or granting security interests pursuant to the Loan Documents would, in the good faith judgment of the Borrower, result in adverse tax consequences to the Borrower.

"Other Taxes": all present or future stamp, court, or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.17).

"Overnight Bank Funding Rate": for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

"Participant": as defined in Section 10.6(c).

"Participant Register": as defined in Section 10.6(c).

"Payment in Full": with respect to any Obligations, that each of the following shall have occurred: (a) the payment in full in cash of all such Obligations (other than (i) contingent indemnification obligations to the extent no claim giving rise thereto has been asserted, and (ii) Obligations of the Loan Parties under any Secured Swap Agreement that, by its terms or in accordance any consent obtained from the counterparty thereto, is not required to be terminated in connection with the termination of the Loan Documents), (b) the termination or expiration of all of the Revolving Commitments and (c) no Letters of Credit shall be outstanding.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to ERISA and any successor entity performing similar functions.

"Pension Plan": any Plan subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA.

"Permitted Non-Recourse CLO Indebtedness": Indebtedness that is (i) incurred by a Subsidiary in the form of asset-backed securities commonly referred to as "collateralized loan obligations" or "collateralized debt obligations" and (ii) is Non-Recourse Indebtedness.

"Permitted Warehouse Indebtedness": Warehouse Indebtedness incurred directly by any Subsidiary that is not a Loan Party (a "Permitted Warehouse Borrower"), and, to the extent guaranteed, is guaranteed only by a Loan Party (except that the direct parent company of a Permitted Warehouse Borrower may provide a limited pledge of the equity of such Permitted Warehouse Borrower to secure the Permitted Warehouse Indebtedness so long as the lender in respect of such Warehouse Indebtedness has no other recourse (other than the rights described in clause (b) of the definition of Non-Recourse Indebtedness) to such direct parent company except for such pledge (any such pledge, a "Permitted Warehouse Equity Pledge"); provided, however, that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Warehouse Indebtedness for which the holder thereof has contractual recourse to the Borrower or its Subsidiaries to satisfy claims with respect to such Warehouse Indebtedness over (y) the aggregate (without duplication of amounts) realizable value of the assets which secure such Warehouse Indebtedness, shall not be Permitted Warehouse Indebtedness. For purposes of this definition, "realizable value" of an asset means (i) with respect to any REO Asset, the value realizable upon the disposition of such asset as determined by the Borrower in its reasonable discretion and consistent with customary industry practice and (ii) with respect to any other asset, the lesser of (x) the face value of such asset and (y) the market value of such asset as determined in accordance with the agreement governing the applicable Warehouse Indebtedness; provided, however, that the realizable value of any asset described in clause (i) or (ii) above for which an unaffiliated third party has a binding contractual commitment to purchase from the Borrower or a Subsidiary shall be the minimum price payable to the Borrower or such Subsidiary for such asset pursuant to such contractual commitment.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": any employee benefit plan as defined in Section 3(3) of ERISA, including any employee welfare benefit plan (as defined in Section 3(1) of ERISA), any employee pension benefit plan (as defined in Section 3(2) of ERISA but excluding any Multiemployer Plan), and any plan which is both an employee welfare benefit plan and an employee pension benefit plan, and in respect of which any Group Member or any ERISA Affiliate is (or, if such Plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledged Affiliate": a corporation, limited liability company, partnership or other legal entity which is not a Loan Party in which a Loan Party directly owns all or a portion of its equity interests, in each case so long as (i) all of the equity interests owned by such Loan Party (or, in the case of an Excluded Foreign Subsidiary, 66% of the total voting equity interests owned by such Loan Party) in such Person are pledged as Collateral in favor of the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Security Documents and (ii) such Loan Party Controls such Person.

"Pledged Loan Party": each Loan Party, so long as all of the equity interests in such Loan Party are pledged as Collateral in favor of the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Security Documents.

"Portfolio": a group of Investment Assets purchased by the Borrower on the same date from the same seller in one or a series of related transactions.

"Preferred Equity Investment": a preferred equity investment held by a Pledged Loan Party or an Affiliated Investor in a Person that (x) is not (except by virtue of such investment) an Affiliate of any Loan Party, and (y) owns one or more Commercial Real Estate Debt Investments and/or Commercial Real Estate Ownership Investments, so long as the documents governing the terms of such preferred equity investment include the following provisions:

(i) (A) defined requirements for fixed, periodic cash distributions to be paid to the Pledged Loan Party or Affiliated Investor that owns such preferred equity investment in order to provide a fixed return to such Pledged Loan Party or Affiliated Investor on the then unreturned amount of its investment related thereto, with such distributions being required to be paid prior to any distribution, redemption and/or payments being made on or in respect of any other Capital Stock of the issuer of such preferred equity investment, (B) a requirement that proceeds derived from or in connection with (1) any liquidation or dissolution of the issuer of such preferred equity investment, (2) any direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the issuer of such preferred equity investment or (3) any loss, damage to or any destruction of, or any condemnation or other taking of, all or substantially all of the assets of the issuer of such preferred equity investment, including any proceeds received from insurance policies or condemnation awards in connection therewith, shall, in the case of each of subclauses (1) through (3) of this clause (B), be paid to such Pledged Loan Party or Affiliated Investor until such Pledged Loan Party or Affiliated Investor has received an amount equal to the then unreturned amount of its investment related to such preferred equity investment (plus the accrued and unpaid return due and payable thereon) prior to any distribution, redemption and/or payments being made from any such proceeds on or in respect of any other Capital Stock of the issuer of such preferred equity investment and (C) upon the failure of the issuer of such preferred equity investment to comply with the provisions described above in this clause (i) it shall be a default and such Pledged Loan Party or Affiliated Investor shall be entitled to exercise any or all of the remedies described in clauses (ii) and (iii) below;

(ii) a defined maturity date or mandatory redemption date for such preferred equity investment (excluding any maturity resulting from an optional redemption by the issuer thereof), upon which it is a default if the then unreturned amount of the investment made by such Pledged Loan Party or Affiliated Investor in respect thereof (plus the accrued and unpaid return due and payable thereon) is not immediately repaid to the applicable Pledged Loan Party or Affiliated Investor (and upon such default, in addition to the other remedies enumerated below in clause (iii), the holder of such preferred equity investment is entitled to take control of the issuer thereof and, thereafter, all dividends and distributions by such issuer shall be paid to the holders of the

preferred equity investment until the entire unreturned amount of the investment made by such Pledged Loan Party or Affiliated Investor in respect thereof plus all accrued and unpaid return due and payable thereon has been paid to the holders of the preferred equity investment and no distribution, redemption and/or payments shall be made on or in respect of any other equity interest or Capital Stock of the issuer of such preferred equity investment); and

(iii) default remedies that (A) permit the holders of the preferred equity investment to make any and all decisions formerly reserved to (1) holders of the equity interests or Capital Stock (other than such preferred equity investment), or (2) the board of directors or managers (or a similar governing body) of the issuer of such preferred equity investment, including with respect to the sale of all or any part of the Capital Stock or assets of the issuer of such preferred equity investment, and (B) provide for the elimination of all material consent, veto or similar decision making rights afforded to (1) any holders of the capital stock or Capital Stock (other than such preferred equity investment), or (2) the board of directors or managers (or a similar governing body), of such issuer, provided that such decisions (in the case of clause (A) above) and such consent, veto or similar decision making rights (in the case of clause (B) above) could reasonably be expected to restrict the ability of, compromise or delay the holders of the preferred equity investment from realizing upon and paying from the Capital Stock or the assets of the issuer of the preferred equity investment all amounts due and payable with respect to the preferred equity investment.

"Preferred Equity Issuer": a Person in which a Pledged Loan Party or an Affiliated Investor makes a Preferred Equity Investment.

"Prime Rate": the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with extensions of credit to debtors).

"Pro Forma Financial Statements": as defined in Section 5.1(c).

"Proceeding": as defined in Section 10.5.

"Prohibited Transaction": as defined in Section 406 of ERISA and Section 4975(c) of the Code.

"Projections": as defined in Section 6.2(c).

"Properties": the facilities and properties owned, leased or operated by any Group Member.

"Qualified Investment Asset": an Investment Asset which contributes to the calculation of the Maximum Permitted Outstanding Amount.

"Qualified Levered SPV Affiliated Investor": an Affiliated Investor that is not an Unlevered Affiliated Investor and directly owns only First Priority Commercial Real Estate Debt Investments or Portfolios of First Priority Commercial Real Estate Debt Investments, so long as the aggregate amount of Indebtedness (other than Indebtedness incurred pursuant to the Loan Documents) outstanding of such Affiliated Investor and all Affiliated Investors that, directly or indirectly, hold Capital Stock of such Affiliated Investor does not exceed 65% of the aggregate Adjusted Net Book Value of the Investment Assets of such Affiliated Investor; provided that, solely for purposes of this definition, a

Portfolio otherwise constituting a First Priority Commercial Real Estate Debt Investment may include Junior Priority Commercial Real Estate Debt Investments of up to 5% of the Adjusted Net Book Value of such Portfolio. An Affiliated Investor shall not be a Qualified Levered SPV Affiliated Investor if it owns any Specified Levered SPV Investments.

"Qualified Levered SPV Capital Stock": all of the Capital Stock held, directly or indirectly, by any Pledged Loan Party in any Qualified Levered SPV Affiliated Investor.

"Qualified Non-Pledged Asset": any Investment Asset that is subject to limitations that prohibit the direct and indirect pledge of equity interests in such Investment Asset, but which otherwise satisfies the Qualifying Criteria. Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document, including as set forth in the definition of Investment Asset or any component definition thereof, a Qualified Non-Pledged Asset shall be held (and shall be permitted to be held) directly by an Affiliated Holder and shall not be required to be held by a Pledged Loan Party, Pledged Affiliate or Affiliated Investor.

"Qualifying Criteria": with respect to any Investment Asset the requirements that:

(A) such Investment Asset is owned (i) with respect to any Investment Asset other than a Qualified Non-Pledged Asset, directly or indirectly by a Pledged Loan Party or a Pledged Affiliate and (ii) with respect to any Qualified Non-Pledged Asset, directly by an Affiliated Holder,

(B) with respect to any Investment Asset other than a Qualified Non-Pledged Asset, the Pledged Loan Party or Affiliated Investor that owns the Investment Asset and each other Loan Party or Affiliated Investor that directly or indirectly owns any Capital Stock in such Pledged Loan Party or Affiliated Investor shall (1) except as otherwise permitted hereunder with respect to any Colony Fund (as described in the definition of Unlevered Affiliated Investor), any encumbered Commercial Real Estate Ownership Investment (as described in the definition of Specified Asset Investments), Qualified Levered SPV Capital Stock, Specified Levered SPV Investment or Specified Levered SPV Capital Stock, have no Indebtedness (other than (x) the Obligations, (y) any other Indebtedness incurred by the Borrower in accordance with Section 7.2(g) and (z) any intercompany obligations owing to Borrower or any Subsidiary) outstanding at such time, (2) be Solvent at such time, (3) not be subject to any proceedings under any Debtor Relief Law at such time and (4) other than in the case of any Pledged Loan Party, any Pledged Affiliate or any Colony Fund, be Controlled by a Pledged Affiliate and, in the case of a Colony Fund, be Controlled by an Affiliate,

(C) with respect to any Qualified Non-Pledged Asset, each Affiliated Holder that directly or indirectly owns the Qualified Non-Pledged Asset shall (1) have no Indebtedness (other than (x) the Obligations and (y) any intercompany obligations owing to Borrower or any Subsidiary that is a Guarantor) outstanding at such time, (2) be Solvent at such time, (3) not be subject to any proceedings under any Debtor Relief Law at such time and (4) other than in the case of any Colony Fund, be Controlled by a Subsidiary that is a Subsidiary Guarantor and, in the case of a Colony Fund, be Controlled by an Affiliate,

(D) Adjusted Net Book Value with respect to such Investment Asset be included in the calculation of the Maximum Permitted Outstanding Amount only to the extent that (1) there are no contractual or legal prohibitions on the making of dividends, distributions or other payments that, as in effect on any date of determination, are effective to prevent dividends, distributions or other payments from the applicable Investment Asset to, directly or indirectly, a Loan Party (it being understood that reasonable or customary limitations associated with (i) distributions by any Colony Fund to its fund investors and (ii) the timing of distributions or requirements associated with the retention of funds by an

Affiliated Investor for the purpose of maintaining working capital, liquidity, reserves or otherwise satisfying funding needs in respect of an Investment Asset shall in any event not constitute prohibitions on dividends, distributions or other payments hereunder) and (2) the obligations under Section 6.14 hereof with respect to such Investment Asset are satisfied,

(E) except in connection with Indebtedness permitted hereunder with respect to any encumbered Commercial Real Estate Ownership Investment (as described in the definition of Specified Asset Investments), Qualified Levered SPV Capital Stock, Specified Levered SPV Investment or Specified SPV Levered Capital Stock, such Investment Asset (excluding, for the avoidance of doubt, any real estate to which such Investment Asset relates and Liens encumbering the assets of any Equity Investment Asset Issuer) shall not be, directly or indirectly, encumbered by any Lien (other than a Lien arising under a Loan Document) at such time,

(F) such Investment Asset (or the real estate to which such Investment Asset relates) is not the subject of any proceedings under any Debtor Relief Law at such time, and

(G) no Investment Asset shall contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount unless (x) each direct or indirect owner of such asset required to be a Subsidiary Guarantor pursuant to the terms of the Loan Documents shall have been made a Subsidiary Guarantor (and, for the avoidance of doubt, at least one direct or indirect owner of such asset shall have been made a Pledged Loan Party or Pledged Affiliate (or, with respect to any Qualified Non-Pledged Assets, a Subsidiary Guarantor)) and (y) except with respect to Qualified Non-Pledged Assets, each such Subsidiary Guarantor shall have granted to the Administrative Agent, for the benefit of the Lenders, a first priority perfected security interest in any assets that are required to be subject to the Lien created by any of the Security Documents, in accordance with Section 6.10 hereof and the Security Documents (including, for the avoidance of doubt (and notwithstanding anything to the contrary set forth in the Security Documents) 100% of the Capital Stock of the Affiliated Investor or Pledged Loan Party, as applicable (or, solely with respect to an Excluded Foreign Subsidiary, 66% of the Capital Stock of such Excluded Foreign Subsidiary) that holds such Investment Asset or of a direct or indirect parent thereof).

"Qualifying Location": each of the U.S., Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland and United Kingdom.

"Quotation Day": with respect to any Eurodollar Loan for any Interest Period, two Business Days prior to the commencement of such Interest Period.

"Register": as defined in Section 10.6(b).

"Regulation U": Regulation U of the Board as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse an Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit.

"REIT": a "real estate investment trust" as defined in Section 856(a) of the Code.

"REIT Entity": Colony NorthStar, Inc., a Maryland corporation.

"REIT Guaranty": a guaranty in form and substance substantially similar to the guarantee contained in Section 2 of the Guarantee and Collateral Agreement, to be entered into by the REIT Entity pursuant to which the REIT Entity shall guarantee the Obligations; provided that recourse under such guaranty shall only be available upon the occurrence of an Event of Default pursuant to Section 8(l) hereof.

"REO Asset": with respect to any Person, any real property owned by such Person and acquired as a result of the foreclosure or other enforcement of a Lien on such asset securing a loan or other mortgage-related receivable.

"Reorganization": as defined in the definition of "Transactions".

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Pension Plan, other than those events as to which notice is waived pursuant to DOL Reg. Section 4043 as in effect on the date hereof (no matter how such notice requirement may be changed in the future).

"Required Lenders": the holders of more than 50% of (x) until the Closing Date, the Revolving Commitments then in effect and (y) thereafter, the sum of the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding, subject to Section 2.18(b).

"Requirement of Law": as to any Person, any law (including common law), code, statute, ordinance, treaty, rule, regulation, decree, order or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, president, vice president, chief financial officer or treasurer of the Borrower, but in any event, with respect to financial matters, the chief financial officer or treasurer of the Borrower.

"Restricted Investment": an Investment by any Loan Party in an Investment Asset in respect of which (a) as a result of the operation of clause (iv) of the proviso to Section 3.1 of the Guarantee and Collateral Agreement, the Administrative Agent, on behalf the Lenders, does not have (or, after the making thereof, will not have), a direct or indirect pledge of Capital Stock associated with such Investment Asset (it being understood that the pledge of the Capital Stock of any Upper Tier Issuer (as defined in the Guarantee and Collateral Agreement) that indirectly owns such Investment Asset will constitute an indirect pledge for purposes of this clause (a)) and (b) at the time such Investment Asset is initially acquired, Total Revolving Extensions of Credit outstanding exceed 90% of the Maximum Permitted Outstanding Amount immediately after giving effect to the acquisition of such Investment Asset. For clarity, an Investment made in respect of an existing Investment Asset pursuant to pre-existing funding obligations shall not constitute a Restricted Investment.

"Restricted Payments": as defined in Section 7.6.

"Restrictive Provisions": means (a) any financial covenant set forth in Section 7.1, including any associated prepayment or similar obligations due to extensions of credit made on or after the Closing Date exceeding the Maximum Permitted Outstanding Amount (other than as a result of (i) a borrowing that, at the time incurred (other than on the Closing Date), exceeded the Maximum Permitted Outstanding Amount or (ii) an incurrence of Indebtedness or a sale or transfer of assets that, on a pro forma basis as of the date of such incurrence, sale or transfer, was not in compliance with Section 7.1 (each of which such matters shall be governed by the immediately following clause (b)) and (b) any other representation, covenant or event of default under the Loan Documents; provided that solely in the case of clause (b), the applicable default under such provision shall have occurred inadvertently and solely in the

case of clause (b) (and with respect to item (i) below, clause (a)), such default would not (i) impair the enforceability of the Loan Documents, (ii) materially impair the ability of the Borrower to repay the obligations under the Loan Documents when due, (iii) materially diminish the credit quality of the Loan Parties or, taken as a whole, the Borrower and its subsidiaries or (iv) materially impair the value of or benefit obtained from the Collateral from the perspective of the Lenders taken as a whole.

"Revolving Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth under the heading "Revolving Commitment" opposite such Lender's name on Schedule 1.1A or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original amount of the Total Revolving Commitments is $1,000,000,000.

"Revolving Commitment Period": the period from and including the Closing Date to the Revolving Termination Date.

"Revolving Extensions of Credit": as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding and (b) such Lender's Revolving Percentage of the L/C Obligations then outstanding.

"Revolving Facility": the Revolving Commitments and the extensions of credit made thereunder.

"Revolving Lender": each Lender that has a Revolving Commitment or that holds Revolving Loans.

"Revolving Loans": as defined in Section 2.1.

"Revolving Percentage": as to any Revolving Lender at any time, the percentage which such Lender's Revolving Commitment then constitutes of the Total Revolving Commitments or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Revolving Loans then outstanding constitutes of the aggregate principal amount of the Revolving Loans then outstanding. Notwithstanding the foregoing, in the case of Section 2.18 when a Defaulting Lender shall exist, Revolving Percentages shall be determined without regard to any Defaulting Lender's Revolving Commitment.

"Revolving Termination Date": (i) until the exercise by the Borrower of an Extension Option in accordance with and subject to the terms and conditions of Section 2.20, the Initial Revolving Termination Date and (ii) thereafter, the Extended Termination Date.

"Sanctioned Country": at any time, a country, region or territory which is itself the subject or target of any Sanctions (as of the Closing Date, the Crimea region of Ukraine, Cuba, Iran, North Korea, Republic of Sudan and Syria).

"Sanctioned Person": at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions": economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"Screen Rate": as defined in the definition of "Eurodollar Base Rate".

"SEC": the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

"Secured Parties": collectively, the Administrative Agent, the Lenders, any affiliate of the foregoing, the Swap Banks and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.2.

"Secured Swap Agreement": any Swap Agreement permitted under Section 7.11 that is entered into by and between the Borrower or any other Loan Party and any Swap Bank, to the extent (i) designated by the Borrower and such Swap Bank as a "Secured Swap Agreement" in writing to the Administrative Agent within ten (10) Business Days of the date such Swap Agreement is entered into (or such later time as may be permitted by the Administrative Agent) and (ii) the requirements described in the definition of "Swap Agreement" shall have been satisfied with respect to such Swap Agreement. The designation of any Secured Swap Agreement shall not create in favor of such Swap Bank any rights in connection with the management or release of Collateral or of the obligations of any Subsidiary Guarantor under the Loan Documents.

"Security Documents": the collective reference to the Guarantee and Collateral Agreement, any Control Agreement and all other security documents hereafter delivered to the Administrative Agent granting or perfecting (or purporting to grant or perfect) a Lien on any property of any Person to secure the obligations and liabilities of any Loan Party under any Loan Document.

"Solvent": when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) "debt" means liability on a "claim", and (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

"Specified Asset Investments": collectively, (a) any encumbered Commercial Real Estate Ownership Investment (excluding land) that is owned by an Affiliated Investor and any unencumbered Commercial Real Estate Ownership Investment in land that is owned by an Unlevered Affiliated Investor, (b) Specified Common Stock, (c) Preferred Equity Investments to the extent held by a Pledged Loan Party or an Unlevered Affiliated Investor, (d) any Specified Commercial Real Estate Debt Investment, (e) any Specified Levered SPV Investment and (f) any Specified Levered SPV Capital Stock.

"Specified Commercial Real Estate Debt Investment": any Portfolio otherwise constituting a Junior Priority Commercial Real Estate Debt Investment (for clarity, excluding any Investment Asset classified as a Junior Priority Commercial Real Estate Debt Investment pursuant to clause (ii) to the proviso to the definition of First Priority Commercial Real Estate Debt Investment) in which greater than 10% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans (and any single Investment Asset otherwise constituting a Junior Priority Commercial Real Estate Debt Investment that is a Non-Performing Loan).

"Specified Common Stock": common stock in platforms or companies listed on Schedule 1.1B, in each case, to the extent held by a Pledged Loan Party or an Unlevered Affiliated Investor.

"Specified GAAP Reportable B Loan Transaction": a transaction involving either (i) the sale by the Borrower, any Subsidiary or any Affiliated Investor of the portion of an Investment Asset consisting of an "A-Note", and the retention by the Borrower, its Subsidiaries and the Affiliated Investors of the portion of such Investment Asset consisting of a "B-Note", which transaction is required to be accounted for under GAAP as a "financing transaction" or (ii) the acquisition or retention by the Borrower, any of its Subsidiaries or any Affiliated Investor of an Investment Asset consisting of a "b-piece" in a securitization facility, which transaction under GAAP results in all of the assets of the trust that is party to the securitization facility, and all of the bonds issued by such trust under such securitization facility that are senior to the "b-piece", to be consolidated on the Borrower's consolidated balance sheet as assets and liabilities, respectively.

"Specified Levered SPV Investment": any Portfolio otherwise constituting a First Priority Commercial Real Estate Debt Investment held by an Affiliated Investor that would otherwise qualify as a Qualified Levered SPV Affiliated Investor in which greater than 25% of the Adjusted Net Book Value of such Portfolio is classified as Non-Performing Loans (and any single Investment Asset held by an Affiliated Investor that would otherwise qualify as a Qualified Levered SPV Affiliated Investor that is a Non-Performing Loan).

"Specified Levered SPV Capital Stock": all of the Capital Stock held, directly or indirectly, by any Pledged Loan Party in any Affiliated Investor that would otherwise qualify as a Qualified Levered SPV Affiliated Investor but for the fact that the aggregate amount of Indebtedness (other than Indebtedness incurred pursuant to this Agreement or any Loan Document) outstanding of such Affiliated Investor and all Affiliated Investors that, directly or indirectly, hold Capital Stock of such Affiliated Investor exceeds 65% of the aggregate Adjusted Net Book Value of the Investment Assets of such Affiliated Investor.

"Specified REITs": collectively, NRFC MH Holdings LLC, NRFC MH II Holdings LLC, MH III Holdings-T, LLC and MH IV Holdings-T, LLC.

"Specified Subsidiary": as defined in Section 10.14(d).

"Specified Time": 11:00 a.m., London time.

"Subscription Line Indebtedness": Indebtedness incurred to provide bridge financing pending receipt of capital call commitments, which Indebtedness would be either (i) Non-Recourse Indebtedness, or (ii) in the case of such Indebtedness of a Loan Party, limited in recourse to the rights of such Loan Party to provide capital commitments, make capital calls, exercise rights as the general partner or managing member of the subsidiary or affiliate obtaining such subscription line, and ancillary rights related thereto or otherwise granted in connection with such subscription facility, including, without limitation, in relation to any bank accounts into which proceeds of such capital calls are made; provided that, in each case, the amount of such Subscription Line Indebtedness shall be limited to a borrowing base that cannot exceed the amount of uncalled capital commitments of the borrower of such Subscription Line Indebtedness.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person; provided, however, that in no event shall a Colony Fund constitute a Subsidiary. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantor": (a) each Subsidiary that is party to the Guarantee and Collateral Agreement on the Closing Date and (b) each Subsidiary that becomes a party to the Guarantee and Collateral Agreement after the Closing Date pursuant to Section 6.10 or otherwise.

"Supermajority Lenders": the holders of more than 66 2/3% of (x) until the Closing Date, the Revolving Commitments then in effect and (y) thereafter, the sum of the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding, subject to Section 2.18(b).

"Suspension Fee": as defined in Section 2.3(b).

"Suspension Notice": as defined in Section 10.23.

"Suspension Period": the period of time beginning on the date specified in the Suspension Notice and ending on the earlier of (x) the 60th day after the Closing Date or (y) the date specified in the Suspension Termination Notice.

"Suspension Termination Notice": as defined in Section 10.23.

"Swap": any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swap Agreement": any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or any of its Subsidiaries shall be a "Swap Agreement".

"Swap Bank": any Person that is the Administrative Agent, a Lender, an Affiliate of the Administrative Agent or an Affiliate of a Lender at the time it enters into a Secured Swap Agreement, in its capacity as a party thereto, and (other than a Person already party hereto as the Administrative Agent or a Lender) that delivers to the Administrative Agent a letter agreement reasonably satisfactory to it (i) appointing the Administrative Agent as its agent under the applicable Loan Documents and (ii) agreeing to be bound by Sections 10.5, 10.11, 10.12, 10.16 and the Guarantee and Collateral Agreement as if it were a Lender.

"Swap Obligation": with respect to any Subsidiary Guarantor, any obligation to pay or perform under any Swap.

"Syndication Agent": the Syndication Agent identified on the cover page of this Agreement.

"Taxes": all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Total Asset Value": as of any date, the net book value of the total assets of the Borrower and its Consolidated Subsidiaries on such date as determined in accordance with GAAP plus (x) accumulated depreciation and (y) amortization of real estate intangibles; provided, that Total Asset Value shall (i) exclude the amount of all restricted cash (other than reserves for Capital Expenditures) of the Borrower and its Consolidated Subsidiaries to the extent such cash supports obligations that do not constitute Consolidated Total Debt, (ii) include the net book value of assets associated with a Specified GAAP Reportable B Loan Transaction only to the extent in excess of the amount of any Indebtedness attributable to such Specified GAAP Reportable B Loan Transaction, (iii) include the net book value of assets associated with any Permitted Non-Recourse CLO Indebtedness only to the extent (A) in excess of the amount of any associated Permitted Non-Recourse CLO Indebtedness and (B) such assets are Investment Assets that contribute, directly or indirectly, to the Maximum Permitted Outstanding Amount, (iv) solely with respect to the net book value of the total assets of a Non Wholly-Owned Consolidated Affiliate, only include the Consolidated Group Pro Rata Share of the net book value of such Non Wholly-Owned Consolidated Affiliate's total assets and (v) exclude any assets of a Colony Fund funded with Subscription Line Indebtedness.

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect.

"Total Revolving Extensions of Credit": at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"Transaction Costs": as defined in the definition of "Transactions".

"Transactions": collectively, (a) the execution and delivery of this Agreement by the Borrower, (b) the application of proceeds of the Revolving Loans received by the Borrower on the Closing Date to, directly or indirectly, refinance in full the outstanding indebtedness of each of NorthStar Realty, NorthStar Asset Management and Colony Capital and their respective Subsidiaries required to be repaid in connection with the consummation of the Transactions, as set forth in the Merger Agreement, (c) the payment by the Borrower of the fees and expenses incurred in connection with the Transactions (such fees and expenses, the "Transaction Costs") and (d) the consummation of the Merger in a manner consistent with the Merger Agreement, which will in any event result in (x) the Borrower becoming a direct subsidiary of the REIT Entity and (y) the assets of NorthStar Realty, NorthStar Asset Management, the Borrower and their respective Subsidiaries being held by the Borrower and its Subsidiaries after giving effect to the Merger, other than the Capital Stock of the Specified REITs, which shall be held directly by the REIT Entity (clauses (x) and (y) together, the "Reorganization").

"Transferee": any Assignee or Participant.

"Trigger Event": at any time with respect to any Qualified Investment Asset, any event or circumstance that occurs with respect to such Qualified Investment Asset (including, for this purpose, in respect of any direct or indirect owner thereof) that could reasonably be expected to result in a reduction in the Maximum Permitted Outstanding Amount during the then current fiscal quarter of the Borrower (including any default or restructuring in respect of such Qualified Investment Asset, any modification, waiver, termination or expiration of any applicable loan agreement, lease agreement or joint venture or other equityholder documentation relating to such Qualified Investment Asset, any bankruptcy or insolvency event relating to any real property manager, tenant or any other obligor in respect of such Qualified Investment Asset, any liabilities (environmental, tax or otherwise) incurred by any Loan Party or Affiliated Investor in respect of such Qualified Investment Asset, any casualty or condemnation event with respect to such Qualified Investment Asset); provided that either (i) immediately before or after giving effect to such event or circumstance, the Total Revolving Extensions of Credit outstanding exceeds 90% of the Maximum Permitted Outstanding Amount or (ii) (x) immediately before or after giving effect to such event or circumstance, the Total Revolving Extensions of Credit outstanding exceeds 75% of the Maximum Permitted Outstanding Amount and (y) such event or circumstance results in a reduction of the Maximum Permitted Outstanding Amount in excess of 5% thereof (to be calculated after giving effect to such reduction).

"Type": as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

"UCP" means, with respect to any Letter of Credit, the "Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("ICC") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

"Unconsolidated Subsidiary": any Subsidiary of the Borrower that is not a Consolidated Subsidiary of the Borrower.

"United States": the United States of America.

"Unlevered Affiliated Investor": any Affiliated Investor so long as (i) such Affiliated Investor has no Indebtedness outstanding, (ii) such Affiliated Investor is not an Excluded Subsidiary and (iii) no Affiliated Investor that, directly or indirectly, holds Capital Stock of such Affiliated Investor has any Indebtedness outstanding (in each case with respect to clauses (i) and (iii), other than (x) any Indebtedness incurred pursuant to the Loan Documents and (y) in the case of any Colony Fund or any Affiliated Investor in which a Colony Fund directly or indirectly holds Capital Stock, any Subscription Line Indebtedness) or is an Excluded Subsidiary.

"Unreimbursed Amounts": as defined in Section 3.4.

"Unrestricted Cash": at any time (i) the aggregate amount of cash of the Loan Parties at such time that are not subject to any Lien (excluding Liens arising under a Loan Document, Liens of the type described in Section 7.3(a), and statutory Liens in favor of any depositary bank where such cash is maintained), minus (ii) amounts included in the foregoing clause (i) that are held by a Person other than a Loan Party as a deposit or security for Contractual Obligations.

"U.S. Person": a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate": as defined in Section 2.14(f)(ii)(B)(3).

"Warehouse Facility": any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and commercial paper facilities (excluding in all cases, securitizations), with a financial institution or other lender or purchaser exclusively to finance the purchase or origination of Commercial Real Estate Debt Investments prior to securitization thereof; provided that such purchase or origination is in the ordinary course of business.

"Warehouse Indebtedness": Indebtedness in connection with a Warehouse Facility; provided that the amount of any particular Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Wholly-Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly-Owned Subsidiaries.

"Wholly-Owned Subsidiary Guarantor": any Subsidiary Guarantor that is a Wholly-Owned Subsidiary of the Borrower.

"Withdrawal Liability": any liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

"Write-Down and Conversion Powers": with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to any Group Member not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP (provided that all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof), (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) All references herein to consolidated financial statements of the Borrower and its Subsidiaries or to the determination of any amount for the Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Borrower is required to consolidated pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

(f) When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in the definition of “Interest Period”) or performance shall extend to the immediately succeeding Business Day and such extension of time shall be reflected in computing applicable interest or fees, as the case may be.

1.3 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Application related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such times.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Revolving Commitments. Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans in Dollars (“Revolving Loans”) to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender’s Revolving Percentage of the L/C Obligations then outstanding, does not exceed the amount of such Lender’s Revolving Commitment; provided, that no Lender shall make Revolving Loans to the Borrower during the Suspension Period. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.7. Notwithstanding anything to the contrary in this Agreement, in no event shall the Total Revolving Extensions of Credit exceed the Maximum Permitted Outstanding Amount.

2.2 Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period (but not during the Suspension Period) on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time, (a) three Business Days prior to the requested Borrowing Date (or, with respect to any such borrowing to be made on the Closing Date, such later date agreed to by the Administrative Agent in its sole discretion), in the case of Eurodollar Loans, or (b) on the requested Borrowing Date, in the case of ABR Loans), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested

Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor. Each borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of ABR Loans, $1,000,000 or a whole multiple thereof (or, if the then aggregate Available Revolving Commitments are less than $1,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 2:00 P.M., New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

2.3 Commitment Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the date hereof to the last day of the Revolving Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on each Fee Payment Date, commencing on the first such date to occur after the date hereof. For the avoidance of doubt, the commitment fees shall continue to accrue and be payable during a Suspension Period.

(b) Suspension Period Fee. Upon the delivery of a Suspension Notice to the Administrative Agent in accordance with Section 10.23(b), the Borrower shall pay to the Administrative Agent, for the ratable benefit of each Lender, a fee (the "Suspension Fee") in an aggregate amount equal to 0.25% of the Revolving Commitment (or, in the event no Revolving Commitments are outstanding on the delivery date of the Suspension Notice, the Revolving Extensions of Credit) of such Lender on the first day of the Suspension Period. The Suspension Fee is earned on the first day of the Suspension Period and due and payable in full on the first Business Day after the first day of the Suspension Period, if any.

(c) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in any fee agreements with the Administrative Agent and to perform any other obligations contained therein.

2.4 Termination or Reduction of Revolving Commitments. The Borrower shall have the right at any time, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Commitments. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments then in effect.

2.5 Optional Prepayments. The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent no later than 12:00 Noon, New York City time, three Business Days prior thereto, in the case of Eurodollar Loans, and no later than 12:00 Noon, New York City time, on the date of such prepayment, in the case of ABR Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is

prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.15. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are ABR Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof. Notwithstanding the foregoing, any notice of prepayment delivered in connection with any refinancing or prepayment of all of the Revolving Facility with the proceeds of Indebtedness or other transaction to be incurred or consummated substantially simultaneously with such refinancing or prepayment, may be, if expressly stated in such notice of prepayment, contingent upon the consummation of such transactions and may be revoked by the Borrower in the event the incurrence of such transaction is not consummated.

2.6 Mandatory Prepayments and Commitment Reductions. (a) If for any reason the Total Revolving Extensions of Credit exceeds the lesser of (x) the Total Revolving Commitments then in effect and (y) the Maximum Permitted Outstanding Amount, the Borrower shall immediately, prepay the applicable Loans in an aggregate amount equal to such excess.

(b) [Reserved]

(c) [Reserved]

(d) If any Indebtedness shall be incurred pursuant to Section 7.2(h), an amount equal to 100% of the Net Cash Proceeds thereof shall be immediately applied toward the prepayment of the Loans.

(e) Any reduction of the Revolving Commitments shall be accompanied by prepayment of the Revolving Loans to the extent, if any, that the Total Revolving Extensions of Credit exceed the amount of the Total Revolving Commitments as so reduced, provided that if the aggregate principal amount of Revolving Loans then outstanding is less than the amount of such excess (because L/C Obligations constitute a portion thereof), the Borrower shall, to the extent of the balance of such excess, cash collateralize on or prior to the date of such reduction (in the manner described in Section 3.9) or replace outstanding Letters of Credit. The application of any prepayment pursuant to Section 2.6 shall be made, first, to ABR Loans and, second, to Eurodollar Loans. Each prepayment of the Revolving Loans under Section 2.6 (except in the case of Revolving Loans that are ABR Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

(f) At any time during the Suspension Period and upon the occurrence of any of the following events, the Borrower shall prepay the Revolving Loans at par plus accrued and unpaid interest, in each case, on a dollar-for-dollar basis within one Business Day of receipt of such Net Cash Proceeds, in an amount equal to:

(i) 100% of the Net Cash Proceeds of (a) any Disposition of assets (other than from (I) casualty or condemnation events, (II) any intercompany transfers, provided proceeds from transfers of assets from Loan Parties to non-Loan Parties will not be so excluded, (III) other Dispositions of assets not to exceed $50,000,000 in the aggregate for all such Dispositions, (IV) dispositions of worn out, surplus or obsolete equipment in the ordinary course of business and (V) Dispositions of assets the proceeds of which are to be applied to finance the acquisition of assets in respect of which the obligation to make such acquisition was incurred prior to the commencement of the Suspension Period (and was not incurred in contemplation thereof)) by the Borrower or any of its Subsidiaries (or, in the case of any non-Wholly-Owned Subsidiary, the applicable parent's allocable share of such proceeds) and (b) any Designated Asset Sales.

(ii) 100% of the Net Cash Proceeds of incurrences of Indebtedness of the Borrower or its Subsidiaries other than (i) any intercompany Indebtedness of the Borrower or any of its Subsidiaries, (ii) any re-financing of existing Indebtedness not increasing the existing amount (or commitments, if applicable) thereof in excess of the principal amount of the Indebtedness being refinanced, plus accrued interest, fees, premiums and refinancing expenses, (iii) Subscription Line Indebtedness, (iv) Indebtedness incurred pursuant to debt facility commitments in existence prior to the commencement of the Suspension Period (and not incurred in contemplation thereof) and any replacement or refinancing thereof not increasing the amount (or amount of commitments, as applicable) thereof and (v) Indebtedness to finance the acquisition of assets in respect of which the obligation to make such acquisition was incurred prior to the commencement of the Suspension Period (and was not incurred in contemplation thereof).

(iii) 100% of the Net Cash Proceeds from the issuance of any Capital Stock by the REIT Entity (other than (A) issuances and settlements pursuant to employee stock plans or other benefit or employee incentive arrangements, (B) issuances of shares of capital stock or rights to Wholly-Owned Subsidiaries, (C) issuances of shares of Capital Stock in connection with the conversion of convertible shares or units of such party outstanding as of the date hereof or otherwise issued in compliance with Section 5.01(c) of the Merger Agreement and (D) issuances to finance the acquisition of assets in respect of which the obligation to make such acquisition was incurred prior to the commencement of the Suspension Period (and was not incurred in contemplation thereof)).

2.7 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 12:00 Noon, New York City time, on the Business Day preceding the proposed conversion date, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 12:00 Noon, New York City time, on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no ABR Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Required Lenders have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term “Interest Period” set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such continuations or (ii) if an Event of Default specified in clause (i) or (ii) of Section 8(f) with respect to the Borrower is in existence, and provided, further, that (i) if the Borrower shall fail to give any required notice as described above in this paragraph or to specify any Interest Period in any such notice, such Loans shall be continued as Eurodollar Loans with an Interest Period of one month, or (ii) if such continuation is not permitted pursuant to the preceding proviso, such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.8 Limitations on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to $5,000,000 or a whole multiple of $1,000,000 in excess thereof and (b) no more than ten Eurodollar Tranches shall be outstanding at any one time.

2.9 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to (x) in the case of Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to ABR Loans under the Revolving Facility plus 2% and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans plus 2%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.10 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.9(a).

2.11 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurodollar Base Rate or the Eurodollar Rate, as applicable, for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Base Rate or the Eurodollar Rate, as applicable, determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

2.12 Pro Rata Treatment and Payments. (a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee (other than as provided in Section 2.18(a)) and any reduction of the Revolving Commitments of the Lenders shall be made pro rata according to the respective Revolving Percentages of the relevant Lenders.

(b) Subject to Section 2.18, each payment (including each prepayment) by the Borrower on account of principal of and interest on the Loans shall be made pro rata according to the respective outstanding principal amounts of the Loans then held by the Lenders.

(c) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to each relevant Lender promptly upon receipt in like funds as received, net of any amounts owing by such Lender pursuant to Section 9.7. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(d) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender’s share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans, on demand, from the Borrower.

(e) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.12(d), 2.12(e), 2.14(e) or 9.7, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, apply any amounts thereafter received by the Administrative Agent for the account of such Lender in accordance with Section 2.18(c).

2.13 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender or other Credit Party with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Credit Party to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit (or participations therein) by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate; or

(iii) shall impose on such Lender any other condition (other than Taxes);

and the result of any of the foregoing is to increase the cost to such Lender or such other Credit Party, by an amount that such Lender or other Credit Party deems to be material, of making, converting into, continuing or maintaining Loans or issuing or participating in Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender or such other Credit Party, upon its demand and delivery to Borrower of a certificate described in clause (d) below, any additional amounts necessary to compensate such Lender or such other Credit Party for such increased cost or reduced amount receivable. If any Lender or such other Credit Party becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital or liquidity requirements or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital or liquidity requirements (whether or not having the force of law) from any

Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy or liquidity) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor in the form of a certificate described in clause (d) below, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in law, regardless of the date enacted, adopted, issued or implemented; provided that a Lender may only submit a request for compensation in connection with the changes in the Requirements in Law described in clauses (i) and (ii) above if such Lender imposes such increased costs on borrowers similarly situated to the Borrower under syndicated credit facilities comparable to the Revolving Facility.

(d) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than nine months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such nine-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.14 Taxes. (a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.14), the amounts received with respect to this agreement equal the sum which would have been received had no such deduction or withholding been made.

(b) The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.14, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment (if any), or a copy of the return reporting such payment (or other evidence of such payment reasonably satisfactory to the Administrative Agent).

(d) The Loan Parties shall jointly and severally indemnify each Credit Party, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable to such Credit Party by a Loan Party under this Section) payable or paid by such Credit Party or required to be withheld or deducted from a payment to such Credit Party and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Loan Parties to do so) and (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6(c) relating to the maintenance of a Participant Register, in either case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) (i) Each Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.14(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is fully exempt from U.S. federal backup withholding tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable (plus any other documents or other evidence to fully exempt any amount payable or paid to such Non-U.S. Lender from U.S. federal backup withholding tax):

(1) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty (if such amount is properly treated as interest thereunder and as otherwise required under U.S. federal tax law) and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Non-U.S. Lender is none of the following: a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E;

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other valid and reasonably acceptable certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax under FATCA if such Lender were to fail to comply with the applicable requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), and notwithstanding the definition thereof, "FATCA" shall include any and all amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If any party determines, in its reasonable discretion, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each party's obligations under this Section 2.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all obligations under the Loan Documents.

(i) For purposes of this Section 2.14 and the relevant defined terms used therein, (A) the term "applicable law" includes FATCA and (B) the term "Lender" includes the Issuing Lenders.

(j) For purposes of determining withholding Taxes imposed under FATCA, from and after the Closing Date, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulations Section 1.1471-2(b)(2)(i).

2.15 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.16 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.13, 2.14(a), or 2.14(d) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending offices to suffer no material economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.13, 2.14(a), or 2.14(d).

2.17 Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests (or any Participant to which such Lender sold a participation requests) reimbursement for amounts owing pursuant to Section 2.13, 2.14(a) or 2.14(d), (b) becomes a Defaulting Lender, or (c) does not consent to any proposed amendment, supplement, modification, consent or waiver of any provision of this Agreement or any other Loan Document that requires the consent of each of the Lenders or each of the Lenders affected thereby (so long as the consent of the Required Lenders (with the percentage in such definition being deemed to be 50% for this purpose) has been obtained), with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender (or Participant, as applicable) shall have taken no action under Section 2.16 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.13, 2.14(a), or 2.14(d), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender (or Participant, as applicable) on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender (or Participant, as applicable) under Section 2.15 if any Eurodollar Loan owing to such replaced Lender (or Participant, as applicable) shall be purchased other than on the last day of the Interest Period relating thereto, (vi) except in the case of a Participant, the replacement financial institution shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the

provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.13, 2.14(a), or 2.14(d), as the case may be, (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender (or Participant, as applicable), and (x) no Suspension Period is in effect at the time of such replacement. Each party hereto agrees that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee, and that the Lender (or Participant, as applicable) required to make such assignment need not be a party thereto in order for such assignment to be effective.

2.18 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender pursuant to Section 2.3(a) (it being understood, for the avoidance of doubt, that the Borrower shall have no obligation to retroactively pay such fees after such Lender ceases to be a Defaulting Lender);

(b) the Revolving Commitment and Revolving Extensions of Credit of such Defaulting Lender shall not be included in determining whether the Required Lenders or the Supermajority Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.1); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.7 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Revolving Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.18(c) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(d) if any L/C Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the L/C Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Revolving Percentages but only to the extent the sum of all non-Defaulting Lenders' Revolving Extensions of Credit plus such Defaulting Lender's L/C Exposure does not exceed the total of all non-Defaulting Lenders' Revolving Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one Business Day following notice by the Administrative Agent cash collateralize for the benefit of the Issuing Lenders only the Borrower's obligations corresponding to such Defaulting Lender's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 3.9 for so long as such L/C Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's L/C Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.3(a) with respect to such Defaulting Lender's L/C Exposure during the period such Defaulting Lender's L/C Exposure is cash collateralized;

(iv) if the L/C Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.3(a) and Section 3.3(a) shall be adjusted in accordance with such non-Defaulting Lenders' Revolving Percentages; and

(v) if all or any portion of such Defaulting Lender's L/C Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Lenders or any other Lender hereunder, all fees payable under Section 3.3(a) with respect to such Defaulting Lender's L/C Exposure shall be payable to the applicable Issuing Lenders until and to the extent that such L/C Exposure is reallocated and/or cash collateralized; and

(e) so long as such Lender is a Defaulting Lender, the Issuing Lenders shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding L/C Exposure will be 100% covered by the Revolving Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.18(d), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.18(d)(i) (and such Defaulting Lender shall not participate therein). Subject to Section 10.20, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

(f) If (i) a Bankruptcy Event or a Bail-In Action with respect to a Lender Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) an Issuing Lender has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more

other agreements in which such Lender commits to extend credit, no Issuing Lender shall be required to issue, amend or increase any Letter of Credit, unless such Issuing Lender, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to such Issuing Lender, as the case may be, to defease any risk to it in respect of such Lender hereunder.

(g) In the event that the Administrative Agent, the Borrower and the Issuing Lenders each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the L/C Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Commitment and on such date such Lender shall purchase at par such of the Revolving Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Revolving Loans in accordance with its Revolving Percentage.

2.19 Incremental Commitments. (a) The Borrower and any one or more Lenders (including New Lenders) may from time to time prior to the Initial Revolving Termination Date agree that such Lenders shall make, obtain or increase the amount of their Revolving Commitments (each, a "Commitment Increase") by executing and delivering to the Administrative Agents an Increased Facility Activation Notice specifying (i) the amount of such increase and (ii) the applicable Increased Facility Closing Date; provided that immediately prior to and after giving effect to any such increase in the Revolving Commitments (i) no Default or Event of Default shall have occurred and be continuing and (ii) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of such date as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date). Notwithstanding the foregoing, (i) without the consent of the Required Lenders, the aggregate amount of incremental Revolving Commitments obtained after the Closing Date pursuant to this paragraph shall not exceed the Maximum Permitted Increase Amount, and (ii) without the consent of the Administrative Agent, (x) each increase effected pursuant to this paragraph shall be in a minimum amount of at least $25,000,000 and (y) no more than five Increased Facility Closing Dates may be selected by the Borrower after the Closing Date. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(b) Any additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a "Lender" under this Agreement in connection with any transaction described in Section 2.19(a) shall execute a New Lender Supplement (each, a "New Lender Supplement"), substantially in the form of Exhibit H, whereupon such bank, financial institution or other entity (a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(c) Upon each Increased Facility Closing Date, the Borrower shall (A) prepay the outstanding Revolving Loans (if any) in full, (B) simultaneously borrow new Revolving Loans hereunder in an amount equal to such prepayment (in the case of Eurodollar Loans, with Eurodollar Base Rates equal to the outstanding Eurodollar Base Rate and with Interest Period(s) ending on the date(s) of any then outstanding Interest Period(s)), as applicable (as modified hereby); provided that with respect to subclauses (A) and (B), (x) the prepayment to, and borrowing from, any existing Lender shall be effected by book entry to the extent that any portion of the amount prepaid to such Lender will be subsequently borrowed from such Lender and (y) the existing Lenders (including existing Lenders providing a Commitment Increase, if applicable) and the New Lenders shall make and receive payments among themselves, in a manner acceptable to the Administrative Agent, so that, after giving effect thereto, the Revolving Loans are held ratably by such existing Lenders and New Lenders in accordance with the

respective Revolving Commitments of such Lenders (after giving effect to such Commitment Increase) and (C) pay to the Lenders the amounts, if any, payable under Section 2.15 as a result of any such prepayment. Concurrently therewith, the Lenders shall be deemed to have adjusted their participation interests in any outstanding Letters of Credit so that such interests are held ratably in accordance with their Revolving Commitments as so increased. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to this clause (c).

2.20 Revolving Termination Date Extension. Notwithstanding anything herein to the contrary, the Borrower may, at its election by written notice to the Administrative Agent (which shall promptly notify each of the Lenders) (each such election, an "Extension Option", the date of such election, the "Extension Date") extend the Revolving Commitments and Revolving Loans (such extended Revolving Commitments, the "Extended Commitments" and such extended Revolving Loans, the "Extended Loans") for additional terms of 6 months each (the "Extended Termination Date"), subject to the following terms and conditions:

(i) there shall be no more than two (2) Extension Options exercised during the term of this Agreement;

(ii) no Default or Event of Default shall have occurred or be continuing on the date of such written notice and on the Initial Revolving Termination Date or first Extended Termination Date, as applicable, or would result from the exercise of any Extension Option;

(iii) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of the date of such written notice and on and as of such Extension Date (and after giving effect to such Extension Option) as if made on and as of such dates (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date);

(iv) the Borrower shall make the request for such Extension Option not earlier than 90 days and not later than 30 days prior to the Initial Revolving Termination Date, or first Extended Termination Date, as applicable;

(v) the latest Extended Termination Date shall be no later than the Latest Termination Date; and

(vi) the Borrower shall pay or cause to be paid to each Lender on each such Extension Date a fee equal to 0.10% of the amount of the then existing Revolving Commitments of such Lender.

SECTION 3. LETTERS OF CREDIT

3.1 L/C Commitment. (a) Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the other Revolving Lenders set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower on any Business Day during the Revolving Commitment Period in such form as may be approved from time to time by such Issuing Lender; provided that no Issuing Lender shall issue any Letter of Credit during the Suspension Period (if

any), other than any renewal or extension of existing Letters of Credit without increasing the dollar amount thereof; provided further, that such Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations of such Issuing Lender would exceed the L/C Commitment of such Issuing Lender then in effect, or (ii) the aggregate amount of the Available Revolving Commitments would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars and (ii) except as provided in Section 3.1(b) below, expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) If requested by the Borrower, each Issuing Lender agrees to issue one or more Letters of Credit hereunder, with expiry dates that would occur after the fifth (5th) Business Day prior to the Revolving Termination Date, based upon the Borrower's agreement to cash collateralize the L/C Obligations in accordance with Section 3.9. If the Borrower fails to cash collateralize the outstanding L/C Obligations in accordance with the requirements of Section 3.9, each outstanding Letter of Credit shall automatically be deemed to be drawn in full on such date and the reimbursement obligations of the Borrower set forth in Section 3.5 shall be deemed to apply and shall be construed such that the reimbursement obligation is to provide cash collateral in accordance with the requirements of Section 3.9.

(c) The Borrower shall grant to the Administrative Agent for the benefit of each Issuing Lender and the Lenders, pursuant to the Guarantee and Collateral Agreement, a security interest in all cash, deposit accounts and all balances therein and all proceeds of the foregoing as required to be deposited pursuant to Section 3.1(b) or Section 3.9. Cash collateral shall be maintained in blocked, interest bearing deposit accounts at JPMorgan Chase Bank, N.A. (or any affiliate thereof) (the "L/C Cash Collateral Account"). All interest on such cash collateral shall be paid to the Borrower upon the Borrower's request, provided that such interest shall first be applied to all outstanding Obligations at such time and the balance shall be distributed to the Borrower.

(d) No Issuing Lender shall at any time be obligated to issue any Letter of Credit if (i) such issuance would conflict with, or cause such Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law, (ii) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from issuing the Letter of Credit, or any law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such Issuing Lender with respect to the Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date, which such Issuing Lender in good faith deems material to it and which is not subject to indemnification obligations of the Borrower hereunder or (iii) issuance of the Letter of Credit would violate one or more policies of such Issuing Lender applicable to letters of credit generally.

(e) Unless otherwise expressly agreed by the applicable Issuing Lender and the Borrower when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, no Issuing Lender shall be responsible to the Borrower for, and no Issuing Lender's rights and remedies against the Borrower shall be impaired by, any action or inaction of such Issuing Lender required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the law or any order of a jurisdiction where an Issuing Lender or the

beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade—International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(f) In the event of any conflict between the terms hereof and the terms of any Application, the terms hereof shall control.

3.2 Procedure for Issuance of Letter of Credit. The Borrower may from time to time request that any Issuing Lender issue a Letter of Credit by delivering to such Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender may reasonably request. Upon receipt of any Application, the relevant Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall any Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the relevant Issuing Lender and the Borrower. The relevant Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof. The relevant Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.3 Fees and Other Charges. (a) Subject to Section 2.18(d)(iii), the Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility, shared ratably among the Revolving Lenders and payable quarterly in arrears on each Fee Payment Date after the issuance date. In addition, the Borrower shall pay to the relevant Issuing Lender for its own account a fronting fee of 0.25% per annum on the undrawn and unexpired amount of each Letter of Credit issued by such Issuing Lender, payable quarterly in arrears to the relevant Issuing Lender on each Fee Payment Date after the issuance date.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse each Issuing Lender for such normal and customary costs and expenses as are incurred or charged by such Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4 L/C Participations. (a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce such Issuing Lender to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from such Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Percentage in such Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit for which such Issuing Lender is not reimbursed in full by the Borrower in accordance with the terms of this Agreement (or in the event that any reimbursement received by such Issuing Lender shall be required to be returned by it at any time) ("Unreimbursed Amounts"), such L/C Participant shall pay to such Issuing Lender upon demand at such Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Revolving Percentage of the amount that is not so reimbursed (or is so returned). Each L/C Participant's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense

or other right that such L/C Participant may have against any Issuing Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other L/C Participant or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) If any amount required to be paid by any L/C Participant to any Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by such Issuing Lender under any Letter of Credit is paid to such Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to such Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the relevant Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.4(a) is not made available to the relevant Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, such Issuing Lender shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans under the Revolving Facility. A certificate of the relevant Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after any Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.4(a), such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by such Issuing Lender), or any payment of interest on account thereof, such Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to such Issuing Lender the portion thereof previously distributed by such Issuing Lender to it.

3.5 Reimbursement Obligation of the Borrower. If any draft is paid under any Letter of Credit, the Borrower shall reimburse the relevant Issuing Lender for the amount of (a) the draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by such Issuing Lender in connection with such payment, not later than 12:00 Noon, New York City time, on (i) the Business Day that the Borrower receives notice of such draft, if such notice is received on such day prior to 10:00 A.M., New York City time, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Borrower receives such notice. Each such payment shall be made to the relevant Issuing Lender at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date of the relevant notice, Section 2.9(b) and (y) thereafter, Section 2.9(c).

3.6 Obligations Absolute. The Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against any Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with each Issuing Lender that such Issuing Lender shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any

other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Issuing Lender. The Borrower agrees that any action taken or omitted by any Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower and shall not result in any liability of such Issuing Lender to the Borrower.

3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the relevant Issuing Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of the relevant Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.8 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

3.9 Actions in Respect of Letters of Credit.

(a) Not later than the date that is ten (10) Business Days prior to the Revolving Termination Date, or at any time after the Revolving Termination Date when the aggregate funds on deposit in the L/C Cash Collateral Account shall be less than the amounts required herein, the Borrower shall pay to the Administrative Agent in immediately available funds, at the Administrative Agent's office referred to in Section 10.2, for deposit in the L/C Cash Collateral Account described in Section 3.1(c), the amount required so that, after such payment, the aggregate funds on deposit in the L/C Cash Collateral Account are not less than 105% of the sum of all outstanding L/C Obligations with an expiration date beyond the Revolving Termination Date.

(b) The Administrative Agent may, from time to time after funds are deposited in any L/C Cash Collateral Account, apply funds then held in such L/C Cash Collateral Account to the payment of any amounts, in accordance with the terms herein, as shall have become or shall become due and payable by the Borrower to the Issuing Lenders or Lenders in respect of the L/C Obligations. The Administrative Agent shall promptly give written notice of any such application; provided, however, that the failure to give such written notice shall not invalidate any such application.

3.10 Reporting. Unless otherwise requested by the Administrative Agent, each Issuing Lender shall report in writing to the Administrative Agent (i) on each Business Day, the aggregate undrawn amount of all outstanding Letters of Credit issued by it, (ii) on each Business Day on which such Issuing Lender expects to issue, amend, renew or extend any Letter of Credit, the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it on such date, and no Issuing Lender shall be permitted to issue, amend, renew or extend such Letter of Credit without first notifying the Administrative Agent as set forth herein, (iii) on each Business Day on which such Issuing Lender makes any payment pursuant to a Letter of Credit (including in respect of a time draft presented thereunder), the date of such payment and the amount of such payment and (iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request, including but not limited to prompt verification of such information as may be requested by the Administrative Agent.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, subject to Section 10.23, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Financial Condition.

(a) The audited consolidated balance sheets of Colony Capital and its Consolidated Subsidiaries as at December 31, 2013, December 31, 2014 and December 31, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Ernst & Young LLP, present fairly in all material respects the consolidated financial condition of Colony Capital and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of Colony Capital and its Consolidated Subsidiaries as at September 30, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of Colony Capital and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). The Consolidating Information for the fiscal year ending December 31, 2015 and the fiscal quarter ending September 30, 2016 presents fairly in all material respects the consolidated financial condition and the consolidated results of operations and consolidated cash flows of the Borrower and its Consolidated Subsidiaries on a standalone basis for the respective fiscal year and nine-month period, respectively, then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(b) The audited consolidated balance sheets of NorthStar Realty and its Consolidated Subsidiaries as at December 31, 2013, December 31, 2014 and December 31, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Grant Thornton LLP, present fairly in all material respects the consolidated financial condition of NorthStar Realty and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of NorthStar Realty and its Consolidated Subsidiaries as at September 30, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of NorthStar Realty and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(c) The audited consolidated balance sheets of NorthStar Asset Management and its Consolidated Subsidiaries as at December 31, 2014 and December 31, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Grant Thornton LLP, present fairly in all material respects the consolidated financial condition of NorthStar Asset Management and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective

fiscal years then ended. The unaudited consolidated balance sheet of NorthStar Asset Management and its Consolidated Subsidiaries as at September 30, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of NorthStar Asset Management and its Consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(d) The Pro Forma Financial Statements, copies of which have heretofore been furnished to each Lender, have been prepared giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income). The Pro Forma Financial Statements have been prepared based on the best information available to the Borrower as of the date of delivery thereof, and present fairly on a pro forma basis the estimated financial position of the Borrower and its Consolidated Subsidiaries as at September 30, 2016, assuming that the events specified in the preceding sentence had actually occurred at such date.

(e) As of the Closing Date, no Group Member has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in subsections (a), (b), (c) and (d) of this Section 4.1.

4.2 No Change. Since December 31, 2015, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. Each Group Member (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with its Organizational Documents and all Requirements of Law except in each case referred to in clauses (b), (c) and (d), to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) consents, authorizations, filings and notices which have been obtained or made and are in full force and effect and (ii) the filings referred to in Section 4.19. Each Loan Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any Organizational Document or Contractual Obligation of any Group Member, except where any such violation could not reasonably be expected to have a Material Adverse Effect and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6 Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against any Group Member or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7 No Default. No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each Group Member has title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien except as permitted by Section 7.3.

4.9 Intellectual Property. Each Group Member owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. Except for such claims as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, no claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any valid basis for any such claim. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the use of Intellectual Property by each Group Member does not infringe on the rights of any Person.

4.10 Taxes. Each Group Member has timely filed or caused to be filed all Federal and state income Tax returns and any other material Tax returns that have been required to be filed (taking into account extensions) and has timely paid all such Taxes and assessments payable by it which have become due (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been established); no Liens for Taxes have been filed (other than Liens for Taxes not yet due or the amount or validity of which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained in conformity with GAAP), and, to the knowledge of the Borrower, as of the date hereof, no claim is being asserted with respect to any such Tax.

4.11 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for purchasing or "carrying" any "margin stock" or to extend credit to others for the purpose of purchasing or carrying margin stock within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of Regulations T, U or X of the Board. No more than 25% of the assets of the Group Members consist of (or after applying the proceeds of the Loans will consist of) "margin stock" as so defined. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 Labor Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Group Member pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of each Group Member have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Group Member on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Group Member.

4.13 ERISA. Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (a) each Group Member and each of their respective ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans and the regulations and published interpretations thereunder; (b) no ERISA Event or Foreign Plan Event has occurred or is reasonably expected to occur; and (c) all amounts required by applicable law with respect to, or by the terms of, any retiree welfare benefit arrangement maintained by any Group Member or any ERISA Affiliate or to which any Group Member or any ERISA Affiliate has an obligation to contribute have been accrued in accordance with Accounting Standards Codification No. 715-60. Except as could not reasonably be expected to have a Material Adverse Effect, the present value of all accumulated benefit obligations under each Pension Plan did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Pension Plan allocable to such accrued benefits (determined in both cases using the applicable assumptions under Section 430 of the Code and the Treasury Regulations promulgated thereunder), and the present value of all accumulated benefit obligations of all underfunded Pension Plans did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Pension Plans (determined in both cases using the applicable assumptions under Section 430 of the Code and the Treasury Regulations promulgated thereunder).

4.14 Investment Company Act. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

4.15 Subsidiaries. As of the Closing Date, (a) except to the extent set forth on Schedule 6.16, Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party and (b) except as disclosed on Schedule 4.15, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary, except as created by the Loan Documents.

4.16 Use of Proceeds. The proceeds of the Revolving Loans and the Letters of Credit shall be used to finance (x) in part, the Transactions (except any Transaction Costs paid to an Affiliate of a Lender that is not a Subsidiary of such Lender, which shall not be paid with proceeds of the Revolving Loans) and (y) the investment activities, working capital needs and general corporate purposes of the Borrower and its Subsidiaries.

4.17 Environmental Matters. Except as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) each Group Member is in compliance with all, and has not violated any, applicable Environmental Laws;

(b) no Group Member has received any notice of violation, alleged violation, non-compliance, liability or potential liability or request for information regarding compliance with or liability under any Environmental Laws or regarding liability with respect to Materials of Environmental Concern, nor is any Group Member aware of any of the foregoing concerning any property owned, leased or operated by any Group Member;

(c) no Group Member has used, managed, stored, handled, transported, disposed of, or arranged for the disposal of, any Materials of Environmental Concern in violation of any applicable Environmental Law, or in a manner or at any location that could give rise to liability under, any applicable Environmental Law;

(d) no litigation, investigation or proceeding of or before any Governmental Authority or arbitrator is pending or, to the knowledge of the Borrower, threatened, by or against any Group Member or against or affecting any property owned, leased or operated by any Group Member, under any Environmental Law or regarding any Materials of Environmental Concern; nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding against any Group Member or against or affecting any property owned, leased or operated by any Group Member, under any Environmental Law or regarding any Materials of Environmental Concern;

(e) Materials of Environmental Concern are not present at any property owned, leased or operated by any Group Member under circumstances or conditions that could result in liability to any Group Member or interfere with the use or operation of any such property; and

(f) no Group Member has assumed or retained, by contract or operation of law, any liability under Environmental Laws or regarding Materials of Environmental Concern.

4.18 Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document, the Confidential Information Memorandum or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the date of this Agreement), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not materially misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

4.19 Security Documents. The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Lenders, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Securities (as defined in the Guarantee and Collateral Agreement) that are certificated described in the Guarantee and Collateral

Agreement, when stock certificates representing such Securities are delivered to the Administrative Agent (together with a properly completed and signed stock power or endorsement), and in the case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements and other filings specified on Schedule 4.19 in appropriate form are filed in the offices specified on Schedule 4.19 and the other actions specified on Schedule 4.19 shall have been taken, the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except Liens permitted by Section 7.3(a), (h) and (n)).

4.20 Solvency. On the Closing Date, after giving effect to the transactions contemplated hereby (including the borrowing of Revolving Loans and the issuance of Letters of Credit, if any), the Loan Parties, on a consolidated basis, are Solvent.

4.21 Senior Indebtedness. The Obligations constitute "Senior Indebtedness" of the Borrower. The obligations of each Subsidiary Guarantor under the Guarantee and Collateral Agreement constitute "Guarantor Senior Indebtedness" of such Subsidiary Guarantor.

4.22 Insurance. The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrower, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates.

4.23 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower and its Affiliates and, to the knowledge of the Borrower, their respective officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Borrower being designated as a Sanctioned Person. None of (a) the Borrower, any Affiliate or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Affiliate that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

4.24 Stock Exchange Listing. The shares of common Capital Stock of the REIT Entity are listed on the New York Stock Exchange.

4.25 REIT Status. The REIT Entity has been organized and has operated in conformity with the requirements for qualification and taxation as a REIT under the Code and all applicable regulations under the Code for each of its taxable years beginning with its taxable year ended December 31, 2009.

4.26 EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions to Initial Extension of Credit. This Agreement shall become effective on and as of the first date on which all of the following conditions precedent (except to the extent set forth on Schedule 6.16) shall have been satisfied (or waived in accordance with Section 10.1):

(a) Credit Agreement; Guarantee and Collateral Agreement. The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Administrative Agent, the Borrower and each Person listed on Schedule 1.1A and (ii) a guarantee and collateral acknowledgment in the form attached hereto as Exhibit I with respect to the guarantees and Liens created under the Loan Documents, executed and delivered by each Loan Party.

(b) Closing Date Payments and Reallocation.

(i) The Borrower shall have paid to the Administrative Agent all interest, letter of credit fees and commitment fees which are unpaid and accrued to the Closing Date under the Existing Credit Agreement; and

(ii) The payments required pursuant to Section 10.22(b) shall have been made.

(c) Financial Statements. The Lenders shall have received:

(i) (A) audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries for the 2013, 2014 and 2015 fiscal years; provided that the Borrower may satisfy its obligations with respect to financial information relating to the Borrower described above by furnishing financial information relating to Colony Capital; provided further that, with respect to the financial statements for the 2015 fiscal year, (x) the same is accompanied by Consolidating Information and (y) the Consolidating Information shall be certified by a Responsible Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries on a standalone basis; (B) audited consolidated financial statements of NorthStar Realty and its Consolidated Subsidiaries for the 2013, 2014 and 2015 fiscal years and (C) audited financial statements of NorthStar Asset Management and its Consolidated Subsidiaries for the 2014 and 2015 fiscal years;

(ii) unaudited financial statements of each of the Borrower, NorthStar Realty and NorthStar Asset Management and each of their respective Consolidated Subsidiaries, for the fiscal quarters ended March 31, 2016, June 30, 2016 and September 30, 2016; and

(iii) a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Borrower and its Subsidiaries as of and for the nine-month period ending on September 30, 2016, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income) (the "Pro Forma Financial Statements") and (ii) such other "roll forward" pro forma financial information as the Administrative Agent may reasonably request with respect to subsequent fiscal periods.

(d) Approvals. All governmental and third party approvals necessary in connection with the continuing operations of the Group Members and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the financing contemplated hereby.

(e) Lien Searches. The Administrative Agent shall have received the results of a recent Lien search with respect to each Loan Party, and such search shall reveal no Liens on any of the assets of the Loan Parties except for Liens permitted by Section 7.3 or discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Administrative Agent.

(f) Fees. The Administrative Agent shall have received all fees required to be paid to the Arrangers and the Lenders, and all expenses for which invoices have been presented (including the reasonable and documented out-of-pocket fees and expenses of legal counsel), on or before the Closing Date. Such amounts may be paid with proceeds of Revolving Loans made on the Closing Date and, if so, will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date.

(g) Closing Certificate; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments, including the certificate of incorporation or certificate of formation, as applicable, of each Loan Party certified by the relevant authority of the jurisdiction of organization of such Loan Party or confirmation that such certificate of incorporation or certificate of formation most recently delivered in connection with the Existing Credit Agreement has not been amended, modified or terminated and remains in full force and effect, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization.

(h) Legal Opinions. The Administrative Agent shall have received the legal opinion of each of (i) Hogan Lovells LLP, counsel to the Borrower and its Subsidiaries and (ii) Morris, Nichols, Arsht & Tunnell LLP, special Delaware counsel to the Colony Mortgage Capital Loan Parties. Such legal opinions shall cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(i) Pledged Stock; Stock Powers. The Administrative Agent shall have received the certificates (if any) representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(j) Filings, Registrations and Recordings. Subject to the provisions of Section 6.10(d), each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 7.3), shall be in proper form for filing, registration or recordation.

(k) Certificates.

(i) a certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required.

(ii) a Compliance Certificate executed by a Responsible Officer of the Borrower, giving pro forma effect to the effectiveness of this Agreement.

(iii) a certificate signed by a Responsible Officer of the Borrower (x) certifying (A) that the conditions specified in this Section 5 have been satisfied (other than with respect to the satisfaction of the Administrative Agent or any Lender) and (B) that, since December 31, 2015, there has been no development or event that has had or could reasonably be expected to have a

Material Adverse Effect on (1) the business, assets, financial condition or results of operations of (a) the Borrower or (b) the Borrower, its Subsidiaries and any of the entities in which they have invested directly or indirectly, taken as a whole or (2) the facts and information, taken as a whole, regarding any such entities as heretofore disclosed to the Administrative Agent and the Lenders and (y) certifying that the Borrower has delivered true and correct copies of the operating agreements, partnership agreements or other applicable organizational documents of each Affiliated Investor in which all or a portion of its Capital Stock are owned directly by a Loan Party.

(iv) a certificate signed by a Responsible Officer of the Borrower setting forth (A) a reasonably detailed pro forma calculation of the Maximum Permitted Outstanding Amount as of the Closing Date after giving effect to the Transactions and (B) a reasonably detailed pro forma calculation of the financial ratios and metrics set forth in Section 7.1 giving effect to the Transactions (but, for the avoidance of doubt with respect to this clause (B), subject to compliance with Section 5.1(n) below, there shall be no requirement that such calculations evidence compliance with any ratio or metric as a condition to the Closing Date).

(l) Solvency. The Administrative Agent shall have received a certificate from the chief financial officer or treasurer of the Borrower, in form and substance reasonably acceptable to the Administrative Agent certifying that the Borrower and its Subsidiaries, on a consolidated basis after giving effect to this Agreement, the transactions contemplated hereby (including the borrowing of Revolving Loans, if any) and the Transactions are Solvent as of the Closing Date.

(m) KYC Information. The Lenders shall have received, to the extent requested by the Administrative Agent in writing at least ten (10) days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, in each case at least five (5) days prior to the Closing Date.

(n) Representations and Warranties; No Default. The conditions set forth in Section 5.2(a) and (b) shall have been satisfied.

(o) Insurance. The Administrative Agent shall have received evidence of insurance required to be maintained pursuant to the Loan Documents.

(p) Merger. The Merger shall be consummated pursuant to the Merger Agreement (including the consummation of the Reorganization) substantially concurrently with the Closing Date.

(q) Closing Date Material Adverse Effect. (i) Since the date of the Merger Agreement, no Material Adverse Effect (as defined in the Merger Agreement) with respect to NorthStar Asset Management shall have occurred and (ii) since the date of the Merger Agreement, no Material Adverse Effect (as defined in the Merger Agreement) with respect to NorthStar Realty shall have occurred.

(r) Termination of Commitments. The commitments under that certain Commitment Letter, dated as of June 2, 2016, by and among the Borrower, JPMorgan Chase Bank, N.A., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other parties party thereto shall be terminated in full.

For the purpose of determining compliance with the conditions specified in this Section 5.1, each Lender that has signed this Agreement shall be deemed to have accepted, and to be satisfied with, each document or other matter required under this Section 5.1 unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

5.2 Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit) is subject to the satisfaction (or waiver in accordance with Section 10.1) of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of such date as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) No Bridge Loans. No Indebtedness incurred pursuant to Section 7.2(h) shall remain outstanding.

(d) No Suspension Period. No Suspension Period shall be in effect.

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 5.2 have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

Subject to Section 10.23, the Borrower hereby agrees that, until Payment in Full, the Borrower shall and shall cause each of its Subsidiaries to:

6.1 Financial Statements. Furnish to the Administrative Agent for distribution to each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit (except for any going concern exception or explanatory paragraph that is expressly solely with respect to, or expressly resulting solely from, the upcoming Revolving Termination Date occurring within one year from the time such report is delivered), by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries (subject to normal year-end audit adjustments and the lack of footnotes); and

(c) as soon as available, but in any event not later than March 31, 2017, a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Borrower and its Consolidated Subsidiaries as of and for the twelve-month period ending on the last day of the four-fiscal quarter period ended on December 31, 2016, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of the balance sheet) or at the beginning of such period (in the case of the statement of income).

All such financial statements shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein) consistently throughout the periods reflected therein and with prior periods.

Notwithstanding the foregoing, the Borrower will be permitted to satisfy its obligations with respect to financial information relating to the Borrower described in clauses (a) and (b) above by furnishing financial information relating to the REIT Entity; provided that (i) the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to the REIT Entity and its Consolidated Subsidiaries, on the one hand, and the information relating to the Borrower and its Consolidated Subsidiaries on a standalone basis, on the other hand, with respect to the consolidated balance sheet and income statement ("Consolidating Information") and (ii) the Consolidating Information shall be certified by a Responsible Officer as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries on a standalone basis.

6.2 Certificates; Other Information. Furnish to the Administrative Agent for distribution to each Lender (or, in the case of clause (g), to the relevant Lender):

(a) as soon as available, but in any event not later than 90 days after the end of each fiscal year of the Borrower, to the extent consistent with the policy of the independent certified public accountants reporting on the financial statements referred to in Section 6.1(a), a certificate of such independent certified public accountants stating that in making the examination necessary therefor no knowledge was obtained of any Event of Default pursuant to Section 7.1, except as specified in such certificate;

(b) as soon as available, but in any event not later than 90 days after the end of each fiscal year of the Borrower and 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, (i) a certificate of a Responsible Officer stating that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and (ii) (x) a Compliance Certificate containing calculations necessary for determining compliance by each Group Member with the provisions of Section 7.1 as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be and (y) to the extent not previously disclosed to the Administrative Agent, (1) a description of any change in the jurisdiction of organization of any Loan Party, (2) a list of any Capital Stock acquired by any Loan Party (or a structure chart depicting such Capital Stock), (3) a description of any Person that has become a Wholly-Owned Subsidiary that is a Domestic Subsidiary (other than an Excluded Subsidiary) (or a structure chart depicting such Persons) and (4) a description of any Person that has become an Excluded Subsidiary of the type described in clause (ii) of the definition of "Excluded Subsidiary", in each case since the date of the most recent report delivered pursuant to this clause (y) (or, in the case of the first such report so delivered, since the Closing Date);

(c) as soon as available, but in any event no later than 90 days after the end of each fiscal year of the Borrower, a detailed consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow and projected income and a description of the underlying assumptions applicable thereto) (collectively, the "Projections"), which Projections shall in each case be accompanied by a certificate of a Responsible Officer stating that such Projections are prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being recognized that such Projections are not to be viewed as facts and that actual results during the period or periods covered by any such Projections may differ from the projected results, and such differences may be material);

(d) as soon as available, but in any event no later than 90 days after the end of each fiscal year of the Borrower and 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, a certificate of a Responsible Officer setting forth a reasonably detailed calculation of the Maximum Permitted Outstanding Amount on the last date of the relevant period covered by the financial statements for such fiscal period (including (i) a list of each Investment Asset owned by any Colony Fund and the pro rata share of such Investment Asset that is attributable to the applicable Loan Party or Affiliated Investor's limited partnership interest, limited liability company membership interest or other similar equity interest in such Colony Fund as determined in accordance with clause (xiii) of the proviso to the definition of "Maximum Permitted Outstanding Amount" and (ii) operating results of the investment management segment which details the components of Fee-Related Earnings and any other information necessary to determine Fee-Related Earnings); provided that in the event that the Total Revolving Extensions of Credit outstanding at any time exceeds 90% of the Maximum Permitted Outstanding Amount at such time, the Borrower shall provide such certificates to the Administrative Agent on demand;

(e) promptly after the same are sent, copies of all financial statements and reports that the Borrower sends to the holders of any class of its debt securities or public equity securities and, promptly after the same are filed, copies of all financial statements and reports that the Borrower may make to, or file with, the SEC;

(f) promptly following receipt thereof, copies of (i) any documents described in Section 101(k) or 101(l) of ERISA that any Group Member or any ERISA Affiliate may request with respect to any Multiemployer Plan or any plan funding notice described in Section 101(f) of ERISA with respect to any Pension Plan or any Multiemployer Plan provided to or received by any Group Member or any ERISA Affiliate; provided, that if the relevant Group Members or ERISA Affiliates have not received or requested, as applicable, such documents or notices from the administrator or sponsor of the applicable Multiemployer Plans, then, upon reasonable request of the Administrative Agent, such Group Member or the ERISA Affiliate shall promptly make a request for such documents or notices from such administrator or sponsor and the Borrower shall provide copies of such documents and notices to the Administrative Agent promptly after receipt thereof; and

(g) promptly, such additional financial and other information (including, for the avoidance of doubt, asset-level data) as the Administrative Agent or any Lender may from time to time reasonably request; provided that in no event shall the Borrower or any Subsidiary be required to disclose information (x) to the extent that such disclosure to the Administrative Agent or such Lender violates any bona fide contractual confidentiality obligations by which it is bound, so long as (i) such obligations were not entered into in contemplation of this Agreement or any other Loan Document, and (ii) such obligations are owed by it to a third party, or (y) if such information is subject to attorney-client privilege and as to which the Borrower or the applicable Subsidiary has been advised by counsel that the provision of such information to the Administrative Agent or such Lender would give rise to a waiver of such attorney-client privilege.

Information required to be delivered pursuant to Section 6.1 and clause (e) of this Section 6.2 shall be deemed to have been delivered if such information, or one or more annual or quarterly reports containing such information, shall be available on the website of the Borrower or the REIT Entity or the SEC at http://www.sec.gov.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations in respect of Tax liabilities and other governmental charges, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member.

6.4 Maintenance of Existence; Compliance. (a)(i) Preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of this clause (ii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.5 Maintenance of Property; Insurance. (a) Except as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account (in which full, true and correct entries shall be made of all material financial transactions and matters involving the assets and business of the Borrower and its Subsidiaries) in a manner that permits the preparation of financial statements in conformity with GAAP and all Requirements of Law and (b) permit representatives of the Administrative Agent or any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time during normal business hours and as often as may reasonably be desired, upon reasonable advance notice to the Borrower and to discuss the business, operations, properties and financial and other condition of the Group Members with officers and employees of the Group Members and with their independent certified public accountants; provided, however, that so long as no Event of Default exists, the Administrative Agent on behalf of the Lenders shall be permitted to make only one (1) such visit per fiscal year at the expense of the Borrower.

6.7 Notices. Promptly upon a Responsible Officer becoming aware of the occurrence of any of the following events, give notice to the Administrative Agent for distribution to the Lenders:

(a) of the occurrence of any Default or Event of Default;

(b) of any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding that may exist at any time between any Group Member and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) of any litigation or proceeding affecting any Group Member (i) which could reasonably be expected to have a Material Adverse Effect and is not covered by insurance, (ii) in which injunctive or similar relief is sought or (iii) which relates to any Loan Document;

(d) of the occurrence of any ERISA Event or Foreign Plan Event that, alone or together with any other ERISA Events and/or Foreign Plan Events that have occurred, could reasonably be expected to have a Material Adverse Effect;

(e) if at any time the Total Revolving Extensions of Credit outstanding exceeds 90% of the Maximum Permitted Outstanding Amount;

(f) of any Trigger Event;

(g) of any development or event that has had or could reasonably be expected to have a Material Adverse Effect; and

(h) of any Subsidiary Guarantor being a Specified Subsidiary.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the relevant Group Member proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws to continue activities as currently conducted; and

(b) Generate, use, treat, store, release, transport, dispose of, and otherwise manage all Materials of Environmental Concern in a manner that does not result in liability to any Group Member and does not impair the use of any property owned, leased or operated by any Group Member, and take reasonable efforts to prevent any other Person from generating, using, treating, storing, releasing, transporting, disposing of, or otherwise managing Materials of Environmental Concern in a manner that could result in a liability to, or impair the use of any real property owned, leased or operated by, any Group Member;

it being understood that this Section 6.8 shall be deemed not breached by a noncompliance with any of the foregoing (a) or (b) provided that such non-compliance, in the aggregate with any other such non-compliance, could not reasonably be expected to have a Material Adverse Effect.

6.9 Maintenance of REIT Status; New York Stock Exchange Listing. The REIT Entity will at all times maintain its status as a REIT in compliance with the Code and all applicable regulations under the Code. The REIT Entity will also at all times be listed on the New York Stock Exchange.

6.10 Additional Collateral, etc. (a) With respect to any property acquired after the Closing Date by any Loan Party that is property of the type which would otherwise constitute Collateral subject to the Lien created by any of the Security Documents but is not yet so subject (including, without limitation, (x) all Capital Stock held by any Loan Party in any newly formed or acquired Subsidiary of the Borrower and (y) all Capital Stock held by any Loan Party in any Affiliated Investor) (collectively, the "After-Acquired Property"), promptly but in any event within 60 days after the end of the fiscal year during which such property was acquired (or by such later date as the Administrative Agent may agree in its sole discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or reasonably requested to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including (A) the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (B) the delivery of the certificates (if any) representing any such Capital Stock acquired (together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of the holder(s) of such Capital Stock); provided that to extent that the documents described in clause (i) of this clause (a) have not been executed and delivered or the actions described in clause (ii) of this clause (a) have not been taken, in each case, with respect to any After-Acquired Property with an aggregate value in excess of 5.0% of the Total Asset Value at any time, the Borrower shall cause the requirements set forth in clauses (i) and (ii) of this clause (a) to be met within 60 days after the end of the fiscal quarter during which such limit was exceeded to the extent necessary to eliminate such excess.

(b) With respect to any new Wholly-Owned Subsidiary that is a Domestic Subsidiary (other than an Excluded Subsidiary or an Excluded Foreign Subsidiary) created or acquired after the Closing Date by any Group Member (which, for the purposes of this paragraph (b), shall include any existing Subsidiary that ceases to be an Excluded Subsidiary or Excluded Foreign Subsidiary) (collectively, the "New Subsidiaries"), promptly but in any event within 60 days after the end of the fiscal year during which such New Subsidiary was created or acquired (or by such later date as the Administrative Agent may agree in its sole discretion), (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such New Subsidiary that is owned by any Loan Party, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such New Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and (B) to take such actions necessary or reasonably requested to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such New Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be reasonably requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such New Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent; provided that to extent that such New Subsidiaries that have not yet executed and delivered the documents and taken the actions described in clauses (i) through (iv) of this clause (b) have assets with an aggregate value in excess of 5.0% of the Total Asset Value at any time, the Borrower shall cause such New Subsidiaries to comply with clauses (i) through (iv) of this clause (b) within 60 days after the end of the fiscal quarter during which such limit was exceeded to the extent necessary to eliminate such excess.

(c) With respect to any new Excluded Foreign Subsidiary created or acquired after the Closing Date directly by any Loan Party, promptly but in any event within 60 days after the end of the fiscal year during which such New Excluded Foreign Subsidiary was created or acquired (or by such later date as the Administrative Agent may agree in its sole discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by any Loan Party (provided that in no event shall more than 66% of the total outstanding voting Capital Stock, as determined for U.S. federal income tax purposes, of any such new Subsidiary be required to be so pledged), and (ii) deliver to the Administrative Agent the certificates (if any) representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, and take such other action as may be necessary or reasonably requested by the Administrative Agent to perfect the Administrative Agent's security interest therein and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. Notwithstanding the foregoing or any other provision of the Loan Documents, the Loan Parties shall not be required to undertake such perfection actions in any jurisdictions outside the United States.

(d) Notwithstanding the foregoing, each Other Merger Party and each of their Subsidiaries that are Wholly-Owned Subsidiaries and Domestic Subsidiaries of the Borrower after giving effect to the Transactions (other than an Excluded Subsidiary, an Excluded Foreign Subsidiary or an Other Merger Party Excluded Subsidiary) (collectively, the "Merger Loan Parties") shall promptly but in any event within sixty (60) days after the Closing Date (or by such later date as the Administrative Agent may agree in its sole discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent may reasonably request to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such Merger Loan Party that is owned by any Loan Party, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such Merger Loan Party (A) to become a party to the Guarantee and Collateral Agreement and (B) to take such actions necessary or reasonably requested to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such Merger Loan Party, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be reasonably requested by the Administrative Agent; (provided, that, the Administrative Agent may agree, in its sole discretion, to permit any Merger Loan Party an additional amount of time following its joinder to the Guarantee and Collateral Agreement to comply with any Control Agreement requirements set forth therein (the date by which any such compliance shall be required, the "Merger Party Compliance Date" with respect to such Merger Loan Party) and (C) to deliver to the Administrative Agent a certificate of such Merger Loan Party, substantially in the form of Exhibit C, with appropriate insertions and attachments and (iv) deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. For the avoidance of doubt, in no event shall any Other Merger Party Excluded Subsidiary or its assets contribute to the Maximum Permitted Outstanding Amount.

(e) Notwithstanding anything set forth herein or any of the other Loan Documents, with respect to any Collateral that is not included in the calculation of the Maximum Permitted Outstanding Amount, the Loan Parties shall not be required to obtain third party acknowledgements, agreements or consents in support of the creation, perfection or enforcement of security interests in such Collateral. In

addition, the requirements of this Section 6.10 shall not apply to (i) any assets or Subsidiaries created or acquired after the Closing Date, as applicable, as to which the Administrative Agent has reasonably determined, and has advised the Borrower, that such requirements need not be satisfied because, *inter alia*, the collateral value thereof is insufficient to justify the difficulty, time and/or expense of obtaining a perfected security interest therein or (ii) require the pledge of any Qualified Non-Pledged Asset or other Investment Asset that would otherwise constitute Excluded Collateral (as defined in the Guarantee and Collateral Agreement).

6.11 Use of Proceeds. The proceeds of the Loans shall be used to finance (x) in part, the Transactions (except any Transaction Costs paid to an Affiliate of a Lender that is not a Subsidiary of such Lender, which shall not be paid with proceeds of the Revolving Loans) and (y) the investment activities, working capital needs and general corporate purposes of the Borrower and its Subsidiaries.

6.12 Information Regarding Collateral. The Borrower shall provide prompt (but in any event within ten (10) days of any such change) written notice to the Administrative Agent of any change (i) in any Loan Party's legal name, (ii) in the location of any Loan Party's chief executive office, (iii) in any Loan Party's identity or type of organization, (iv) in any Loan Party's Federal Taxpayer Identification Number (or equivalent thereof), or (v) in any Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), in each case, clearly describing such change and providing such other information in connection therewith as the Administrative Agent may reasonably request. Prior to effecting any such change, the Borrower shall have taken (or will take on a timely basis) all action required to maintain the perfection and priority of the security interest of the Administrative Agent in the Collateral, if applicable. The Borrower agrees to promptly provide the Administrative Agent with certified organization documents reflecting any of the changes described in the preceding sentence, to the extent applicable.

6.13 Organization Documents of Affiliated Investors. The Borrower shall provide the Administrative Agent with a copy of the organization documents of each Affiliated Investor promptly upon request by the Administrative Agent.

6.14 Distribution Accounts. (a) The Borrower shall irrevocably instruct each Affiliated Investor that directly or indirectly owns an Investment Asset or receives any Fee-Related Earnings, to make any and all Distributions from such Affiliated Investor that are payable to any Loan Party into one or more deposit accounts or securities accounts, as applicable, that is subject to a Control Agreement and maintained by such Loan Party at JPMorgan Chase Bank, N.A. or an Affiliate thereof or any other depositary bank or securities intermediary, as applicable, reasonably acceptable to the Administrative Agent (each such deposit account and securities account, a "Distribution Account"). In addition, the Borrower shall irrevocably instruct each Affiliated Investor that directly or indirectly receives any Fee-Related Earnings from a Colony Fund to distribute such Fee-Related Earnings to a Loan Party, which Distribution of such Fee-Related Earnings shall be deposited directly into the Distribution Account of such Loan Party in accordance with the foregoing sentence. If, despite such instructions, any Distribution is received by a Loan Party in contravention of the prior sentences, such Loan Party shall receive such Distribution in trust for the benefit of the Administrative Agent, and the Borrower shall cause such Loan Party to segregate such Distribution from all other funds of such Loan Party and shall within two (2) Business Days following receipt thereof cause such Distribution to be deposited into a Distribution Account. Notwithstanding the foregoing, the Merger Loan Parties shall have until the Merger Party Compliance Date to comply with this Section 6.14(a) (it being understood, for the avoidance of doubt, that no Fee-Related Earnings of any such Merger Loan Party shall contribute to the Maximum Permitted Outstanding Amount during such period).

(b) The Borrower and each Subsidiary Guarantor that directly or indirectly owns and holds any Investment Asset or directly or indirectly receives any Fee-Related Earnings from a Colony Fund shall promptly (and in any event within two (2) Business Days) deposit any and all payments and other amounts received by the Borrower or such Subsidiary Guarantor (i) relating to such Investment Asset or received by any Affiliated Investor that, directly or indirectly, owns such Investment Asset (including, without limitation, all payments of principal, interest, fees, indemnities or premiums in respect of such Investment Asset, and all proceeds from the sale or other disposition of, or from any exercise of any rights or remedies with respect to, such Investment Asset) or (ii) constituting Fee-Related Earnings into a Distribution Account; provided, that, the Merger Loan Parties shall have until the Merger Party Compliance Date to comply with this Section 6.14(b) (it being understood, for the avoidance of doubt, that no Fee-Related Earnings of any such Merger Loan Party shall contribute to the Maximum Permitted Outstanding Amount during such period).

(c) Notwithstanding the foregoing, the Borrower and each other Loan Party shall have the right (i) to access and make withdrawals from its Distribution Account at any time unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have blocked access to such Distribution Account and (ii) in the case that an Event of Default shall have occurred and be continuing and the Administrative Agent shall have blocked access to such Distribution Account, to access and make withdrawals from its Distribution Account as necessary to make the distributions contemplated by Section 7.6(e) so long as no Event of Default has occurred pursuant to Section 8(a) or 8(f).

6.15 Valuation. The Borrower shall determine the Adjusted Net Book Value of each Investment Asset included in the Maximum Permitted Outstanding Amount on a quarterly basis, consistent with the Borrower's valuation policy as of the Closing Date.

6.16 Post-Closing Obligations. As promptly as practicable, and in any event within the applicable time period set forth in Schedule 6.16 (or by such later date as the Administrative Agent may agree in its sole discretion), the Borrower and each other Loan Party will deliver or cause to be delivered to the Administrative Agent all documents and take all actions set forth on Schedule 6.16. For the avoidance of doubt, to the extent any Loan Document requires delivery of any such document or completion of any such action prior to the date specified with respect thereto on Schedule 6.16, such delivery may be made or such action may be taken at any time prior to the time specified on Schedule 6.16. To the extent any representation and warranty would not be true or any provision of any covenant would otherwise be breached solely due to a failure to comply with any such requirement prior to the date specified on Schedule 6.16, the respective representation and warranty shall be required to be true and correct (or the respective covenant complied with) with respect to such action only at the time such action is taken (or was required to be taken) in accordance with this Section 6.16.

SECTION 7. NEGATIVE COVENANTS

Subject to Section 7.18 and Section 10.23, the Borrower hereby agrees that, until Payment in Full, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio of the Borrower at any time to exceed 0.65 to 1.00.

(b) Minimum Interest Coverage Ratio. Permit the Interest Coverage Ratio for any quarter to be less than 3.00 to 1.00.

(c) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower to be less than 1.50 to 1.00.

(d) Consolidated Tangible Net Worth. Permit Consolidated Tangible Net Worth at any time to be less than the sum of (i) $4,550,000,000 and (ii) 50% of the Net Cash Proceeds received by the Borrower (x) from any offering by the Borrower of its common equity and (y) from any offering by the REIT Entity of its common equity to the extent such Net Cash Proceeds are contributed to the Borrower, excluding any such Net Cash Proceeds that are contributed to the Borrower within 90 days of receipt of such Net Cash Proceeds and applied to purchase, redeem or otherwise acquire Capital Stock issued by the Borrower (or any direct or indirect parent thereof).

(e) Maximum Permitted Outstanding Amount. Permit the Total Revolving Extensions of Credit at any time to exceed the Maximum Permitted Outstanding Amount at such time.

For the avoidance of doubt, on and after the Closing Date, calculations made pursuant to this Section 7.1 shall be calculated on a pro forma basis after giving effect to the Transactions; provided, that calculations to be made over an applicable test period shall be calculated as if the Transactions had occurred on the first day of the applicable test period; provided, further, that calculations to be made as of a given date shall be calculated as if the Transactions had occurred as of such date.

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except (subject to Section 7.18):

(a) Indebtedness of any Loan Party pursuant to any Loan Document;

(b) Indebtedness of (i) the Borrower to any Subsidiary, (ii) any Subsidiary Guarantor to the Borrower or any other Subsidiary and (iii) to the extent constituting an Investment permitted by Section 7.7, any Subsidiary to the Borrower or any other Subsidiary;

(c) Guarantee Obligations by the Borrower or any of its Subsidiaries of obligations of any Subsidiary to the extent constituting an Investment permitted by Section 7.7 (other than pursuant to Section 7.7(c)); provided however, that in the case of a Guarantee Obligation by an Unconsolidated Subsidiary of obligations of any person that is not an Unconsolidated Subsidiary, such Guarantee Obligation shall be included in the calculation of Consolidated Total Debt hereunder; provided further that, to the extent the primary obligations (as defined in the definition of Guarantee Obligations) in respect of such Guarantee Obligations are subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, any such Guarantee Obligations shall be subordinate to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, on terms no less favorable to the Administrative Agent and the Lenders than the subordination terms applicable to the primary obligations;

(d) Indebtedness outstanding on the date hereof and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or extensions thereof (without shortening the maturity thereof, or increasing the principal amount thereof, except by an amount up to the unpaid accrued interest and premium thereon plus other amounts owing or paid related to such existing Indebtedness, and fees and expenses incurred, in connection with such refinancing, refunding, renewal or extension); provided that, to the extent such Indebtedness listed on Schedule 7.2(d) is subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, any such refinancings, refundings, renewals or extensions shall be subordinated to the Obligations or the Guarantor Obligations (as defined in the Guarantee and Collateral Agreement), as applicable, on terms no less favorable to the Administrative Agent and the Lenders;

(e) Indebtedness (including, without limitation, Capital Lease Obligations and Indebtedness incurred to finance the acquisition, construction or development of any fixed or capital assets (except to the extent incurred with respect to any Investment Asset)) secured by Liens permitted by Section 7.3(g) in an aggregate principal amount not to exceed $50,000,000 at any one time outstanding;

(f) Non-Recourse Indebtedness (including any Subscription Line Indebtedness that constitutes Non-Recourse Indebtedness) of Subsidiaries that are not Loan Parties and any Non-Recourse Pledge; provided that after giving pro forma effect to the incurrence of such Non-Recourse Indebtedness or Non-Recourse Pledge, as applicable, the Borrower shall be in compliance with Section 7.1;

(g) unsecured Indebtedness of the Borrower or any other Loan Party; provided that (i) such unsecured Indebtedness shall mature no earlier than the date that is 91 days following the Latest Termination Date (and shall not require any payment of principal prior to such date other than any provision requiring a mandatory prepayment or an offer to purchase such Indebtedness as a result of a change of control, asset sale, casualty event or de-listing of common stock) and (ii) after giving pro forma effect to the incurrence of such unsecured Indebtedness, the Borrower shall be in compliance with Section 7.1(a);

(h) unsecured Indebtedness of the Borrower or any other Loan Party not otherwise permitted hereunder; provided that (i) at the time such Indebtedness is incurred and during the period such Indebtedness continues to remain outstanding, there are no Revolving Extensions of Credit outstanding (provided that, if there are Revolving Extensions of Credit outstanding immediately prior to the time such Indebtedness is incurred, such Loans shall be paid in full and any outstanding Letters of Credit shall have been cash collateralized in accordance with the procedures set forth in Section 8.1, in each case prior to or simultaneously with the incurrence of such Indebtedness), (ii) no Default shall have occurred or be continuing or would result therefrom and (iii) such Indebtedness shall not have a maturity date that is later than two (2) years after the initial incurrence thereof;

(i) Specified GAAP Reportable B Loan Transactions; provided that after giving pro forma effect to the incurrence of such Specified GAAP Reportable B Loan Transactions, no Default shall have occurred or be continuing or would result therefrom;

(j) Permitted Warehouse Indebtedness; provided that after giving pro forma effect to the incurrence of such Permitted Warehouse Indebtedness, no Default shall have occurred or be continuing or would result therefrom;

(k) Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, employee credit card programs and other cash management and similar arrangements in the ordinary course of business and any guarantees thereof or the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that any such Indebtedness is extinguished within 30 days;

(l) Indebtedness incurred by the Borrower or any Subsidiary (including obligations in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued or created in the ordinary course of business) owed to any Person providing workers compensation, health, disability or other employee benefits or property, casualty or liability insurance;

(m) obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees (not for borrowed money) and similar obligations provided by the Borrower or any Subsidiary in each case in the ordinary course of business or consistent with past practice;

(n) additional Indebtedness of the Borrower or any of its Subsidiaries in an aggregate principal amount (for the Borrower and all Subsidiaries) not to exceed $50,000,000 at any one time outstanding;

(o) the Convertible Notes and Guarantee Obligations of the Borrower in respect of the Convertible Notes or any Additional Convertible Notes issued by the REIT Entity; provided that, simultaneously with the effectiveness of such Guarantee Obligations in respect of the Convertible Notes or any Additional Convertible Notes, the REIT Guaranty shall become effective;

(p) Subscription Line Indebtedness; provided that after giving pro forma effect to the incurrence of such Subscription Line Indebtedness, no Default shall have occurred or be continuing or would result therefrom; and

(q) all obligations in respect of the Existing NorthStar Swap Agreement.

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except (subject to Section 7.18):

(a) Liens for Taxes not yet due or the amount or validity of which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations (other than any such obligation imposed pursuant to Section 430(k) of the Code or Sections 303(k) or 4068 of ERISA), surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) (i) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries and (ii) other Liens encumbering any Commercial Real Estate Ownership Investment that do not secure Indebtedness for borrowed money or Indebtedness constituting seller financing;

(f) Liens in existence on the date hereof listed on Schedule 7.3(f), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any additional property after the Closing Date;

(g) Liens securing Indebtedness of the Borrower or any Subsidiary incurred pursuant to Section 7.2(e) to finance the acquisition, construction or development of fixed or capital assets, provided that (i) such Liens shall be created within 270 days of the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens created pursuant to the Security Documents;

(i) any interest or title of a lessor under any lease entered into by the Borrower or any Subsidiary in the ordinary course of its business and covering only the assets so leased;

(j) Liens securing Non-Recourse Indebtedness permitted under Section 7.2(f); provided that (i) such Liens do not at any time encumber any Collateral or Fee-Related Earnings and (ii) such Liens do not encumber any assets other than assets of any non-Loan Party that incurred such Non-Recourse Indebtedness (which, for clarity, may include assets of any non-Loan Party guarantor of such Non-Recourse Indebtedness) or any Loan Party that is limited to a Non-Recourse Pledge; provided that such Liens may be extended to other assets solely in connection with (x) an increase in the amount of such financing (such as in the form of incremental extensions of credit or the consummation of a refinancing) in an amount that is reasonably proportional to the value of the additional collateral or (y) a substitution of collateral supporting such Non-Recourse Indebtedness with replacement collateral of reasonably equivalent value, in each case as determined by the Borrower in its commercially reasonable discretion giving due regard to general market conditions at the time of such increase or refinancing;

(k) Liens on cash collateral securing Swap Obligations, solely to the extent hedging assets included in the calculation of the Maximum Permitted Outstanding Amount (without giving effect to any concentration limits set forth in the definition thereof), and, for the avoidance of doubt, including Liens on cash collateral securing Swap Obligations in respect of the Existing NorthStar Swap Agreement;

(l) Liens deemed to exist pursuant to Specified GAAP Reportable B Loan Transactions permitted pursuant to Section 7.2(i) solely to the extent encumbering the assets consisting of "A-Notes" related thereto;

(m) Liens securing Permitted Warehouse Indebtedness of the Borrower or any Subsidiary incurred pursuant to Section 7.2(j), solely to the extent encumbering (i) the Commercial Real Estate Debt Investments financed thereby or (ii) Capital Stock of the Permitted Warehouse Borrower pursuant to a Permitted Warehouse Equity Pledge;

(n) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8(h);

(o) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary following the Closing Date, provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, and (ii) such Lien does not apply to any other property or assets of the Borrower or any Subsidiary;

(p) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on the items in the course of collection and (ii) in favor of a banking or other financial institution arising as a matter of law encumbering deposits or other funds maintained with a financial institution (including the right of set off) and which are within the general parameters customary in the banking industry; provided that such liens, rights or remedies are not security for or otherwise related to Indebtedness;

(q) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings;

(r) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(s) Liens solely on any cash earnest money deposits made by the Borrower or any Subsidiary in connection with any acquisition permitted hereunder;

(t) Liens not otherwise permitted by this Section so long as the aggregate outstanding principal amount of the obligations secured thereby (as to the Borrower and all Subsidiaries) does not exceed $40,000,000 at any one time;

(u) to the extent constituting a Lien, obligations restricting the sale or other transfer of assets pursuant to commercially reasonable "tax protection" (or similar) agreements entered into with limited partners or members of the Borrower or of any other Subsidiary of the REIT Entity in a so-called "DownREIT Transaction"; and

(v) Liens on the assets described in clause (ii) of the definition of Subscription Line Indebtedness securing Subscription Line Indebtedness of a Colony Fund incurred pursuant to Section 7.2(p); provided that, for the avoidance of doubt, the Liens permitted pursuant to this clause (v) shall not encumber any Collateral, any Investment Asset or any Capital Stock of a Loan Party or an Affiliated Investor.

provided that, notwithstanding the foregoing, in no event shall any Liens (other than Liens permitted pursuant to clauses (a), (h), (n) and (u) above) encumber any of the Collateral.

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that (subject to Section 7.18):

(a) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Subsidiary Guarantor (provided that in the case of any Loan Party merging with a Subsidiary that is not a Loan Party, the surviving entity shall be or become, substantially simultaneously therewith, a Loan Party);

(b) any non-Loan Party Subsidiary may be merged or consolidated with or into any other non-Loan Party Subsidiary;

(c) (i) any Subsidiary of the Borrower may Dispose of all or substantially all of its assets to the Borrower or any Loan Party (upon voluntary liquidation or otherwise), (ii) any non-Loan Party Subsidiary may Dispose of all or substantially all of its assets to another non-Loan Party Subsidiary (upon voluntary liquidation or otherwise) or (iii) Borrower or any Subsidiary of the Borrower may Dispose of all or substantially all of its assets pursuant to a Disposition permitted by Section 7.5; provided that any such Disposition by the Borrower must be to another Loan Party;

(d) any Investment permitted by Section 7.7 may be structured as a merger, consolidation or amalgamation; and

(e) any Subsidiary that has no material assets may be dissolved or liquidated.

7.5 Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary of the Borrower, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except (subject to Section 7.18):

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of inventory in the ordinary course of business;

(c) Dispositions permitted by clauses (i) and (ii) of Section 7.4(c);

(d) the sale or issuance of any Subsidiary's Capital Stock to the Borrower or any Subsidiary Guarantor; and

(e) the Disposition of other property including the sale or issuance of any Subsidiary's Capital Stock; provided that after giving pro forma effect to such Dispositions, the Total Revolving Extensions of Credit shall not exceed the Maximum Permitted Outstanding Amount.

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock, partnership interests or membership interests of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, "Restricted Payments"), except that (subject to Section 7.18):

(a) any Subsidiary may make Restricted Payments to the Borrower, any Subsidiary Guarantor and each other owner of Capital Stock of such Subsidiary, which Restricted Payments shall either be paid ratably to the owners entitled thereto or otherwise in accordance with any preferences or priorities among the owners applicable thereto;

(b) the Borrower and any Subsidiary may repurchase Capital Stock in the Borrower or any such Subsidiary deemed to occur upon exercise of stock options or warrants if such Capital Stock represents a portion of the exercise price of such options or warrants;

(c) the Borrower and any Subsidiary may make Restricted Payments to acquire the Capital Stock held by any other shareholder, member or partner in a Subsidiary that is not wholly-owned directly or indirectly by Borrower to the extent constituting an Investment permitted by Section 7.7;

(d) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may purchase (and make distributions to permit the REIT Entity to purchase) its common stock, partnership interests or membership interests, as applicable, or options with respect thereto from present or former officers or employees of any Group Member upon the death, disability or termination of employment of such officer or employee, provided, that the aggregate amount of payments under this clause (d) after the date hereof (net of any proceeds received by the Borrower after the date hereof in connection with resales of any such Capital Stock or Capital Stock options so purchased) shall not exceed $20,000,000;

(e) (i) so long as no Event of Default under Section 8(a) or (f) shall have occurred and be continuing or would result therefrom, the Borrower shall be permitted to declare and pay dividends and distributions on its Capital Stock or make distributions with respect thereto in an amount not to exceed the greater of (x) such amount as is necessary for the REIT Entity to maintain its status as a REIT under the Code and (y) such amount as is necessary for the REIT Entity to avoid income tax and, so long as no Default shall have occurred and be continuing or shall result therefrom, excise tax under the Code and (ii) the Borrower shall be permitted to declare and pay an additional amount of dividends and distributions on its Capital Stock or make distributions with respect thereto so long as (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) after giving pro forma effect to any such dividend or distribution, the Borrower shall be in compliance with Section 7.1;

(f) the Borrower may make Restricted Payments constituting purchases or redemptions by the Borrower of shares of its Capital Stock (and the Borrower may make such cash distributions as may be required to enable the REIT Entity to purchase or redeem shares of Capital Stock), but only to the extent that immediately after giving effect to each such Restricted Payment (i) no Default or Event of Default is then continuing or shall occur and (ii) the Borrower shall be in compliance with the financial covenants set forth in Section 7.1 on a pro forma basis;

(g) the Borrower and each Subsidiary thereof, in addition to distributions permitted by Section 7.6(f), may purchase, redeem or otherwise acquire Capital Stock issued by it with the proceeds received from the issuance of new shares of its common stock or other Capital Stock within ninety (90) days (or by such later date as the Administrative Agent may agree in its sole discretion) of such issuance;

(h) the Borrower, or any other Subsidiary of the REIT Entity in a so-called "DownREIT transaction", may redeem for cash limited partnership interests or membership interests in the Borrower or such Subsidiary, respectively, pursuant to customary redemption rights granted to the applicable limited partner or member, but only to the extent that, in the good faith determination of the REIT Entity, issuing shares of the REIT Entity in redemption of such partnership or membership interests reasonably could be considered to impair its ability to maintain its status as a REIT;

(i) to the extent constituting a Restricted Payment, payments by the Borrower to the REIT Entity to the extent required to fund administrative and operating expenses of the REIT Entity, including, without limitation, to fund liabilities under the Convertible Notes and other liabilities of the REIT Entity that would not result in a default under Section 8(l), to the extent attributable to any activity of or with respect to the REIT Entity that is not otherwise prohibited by this Agreement; and

(j) the Borrower and its Subsidiaries may make the Polaris Special Dividend (as such term is defined in the Merger Agreement in effect on the Closing Date).

provided that, notwithstanding the foregoing, in no event shall the Borrower make any Restricted Payments during the Suspension Period other than Restricted Payments permitted pursuant to clause (e)(i) and (j) above; provided further that, notwithstanding the foregoing, in no event shall the Borrower make any Restricted Payments during the period from and after the Initial Revolving Termination Date upon the exercise by the Borrower of any Extension Option (other than Restricted Payments permitted pursuant to clauses (b), (c), (d) and (e) above; provided that the amount of any dividend and distribution permitted pursuant to clause (e)(ii) above shall not exceed the amount of the most recent ordinary dividend that was distributed with respect to the Capital Stock of the Borrower pursuant to such clause (e)(ii) prior to the Initial Revolving Termination Date).

7.7 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "Investments"), except (subject to Section 7.18):

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2;

(d) loans and advances to employees of any Group Member (i) in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for all Group Members not to exceed $1,000,000 at any one time outstanding and (ii) in connection with such employee's purchase of Capital Stock of a Group Member in an aggregate amount for all Group Members not to exceed $10,000,000 at any one time outstanding; provided that no cash is actually advanced pursuant to this clause (d)(ii) unless immediately repaid;

(e) intercompany Investments by any Group Member in the Borrower or any Person that, prior to such investment, is a Subsidiary Guarantor;

(f) in addition to Investments otherwise permitted by this Section, Investments by the Borrower or any of its Subsidiaries that do not constitute Restricted Investments, so long as no Default shall have occurred and be continuing at the time of entering into an agreement to make such Investment or shall result therefrom; and

(g) any Investment if and to the extent that Borrower determines in good faith that the making such Investment is reasonably necessary to permit it (or the REIT Entity) to satisfy the requirements applicable to REITs under the Code, so long as no Default pursuant to Section 8(a) or (f) shall have occurred and be continuing at the time of entering into such agreement to make such Investment or shall result therefrom.

7.8 Optional Payments and Modifications of Certain Debt Instruments. (a) Make or offer to make (other than an offer conditioned upon the Payment in Full or upon the requisite consent of the Lenders) any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease or segregate funds with respect to Indebtedness in an aggregate principal amount in excess of $25,000,000 during the term of the Facility (other than, subject to Section 7.18, (A) the refinancing thereof with any Indebtedness permitted to be incurred under Section 7.2 (provided such Indebtedness does not shorten the maturity date thereof), (B) the conversion or exchange of any such Indebtedness to Capital Stock of the Borrower (other than Disqualified Capital Stock), including any issuance of such Capital Stock in respect of which the proceeds are applied to the payment of such Indebtedness, (C) repayments, redemptions, purchases, defeasances and other payments in respect of any such Indebtedness of any non-Loan Party; provided that payments referred to in this clause (C) shall only be permitted so long as after giving effect thereto, the Borrower is in pro forma compliance with Section 7.1(a) and (D) prepayments of Indebtedness in the nature of revolving loan facilities, including Permitted Warehouse Facilities and Subscription Line Indebtedness); (b) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of Material Indebtedness (other than, subject to Section 7.18, any such amendment, modification, waiver or other change that either (A) (i) would extend the maturity or reduce the amount of any payment of principal thereof or reduce the rate or extend any date for payment of interest thereon and (ii) does not involve the payment of a consent fee, or (B) taken as a whole, is not materially adverse to the Borrower and its Subsidiaries, taken as whole, or the Lenders); or (c) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of any preferred stock of the Borrower (other than, subject to Section 7.18, any such amendment, modification, waiver or other change that either (A) (i) would extend the scheduled redemption date or reduce the amount of any scheduled redemption payment or reduce the rate or extend any date for payment of dividends thereon and (ii) does not involve the payment of a consent fee or (B) taken as a whole, is not materially adverse to the Borrower and its Subsidiaries, taken as a whole, or the Lenders); provided, that, subject to Section 7.18, such actions described in clauses (a), (b) and (c) may be taken if and to the extent that Borrower determines in good faith that such action is reasonably necessary to permit it (or the REIT Entity) to satisfy the requirements applicable to REITs under the Code, so long as no Default pursuant to Section 8(a) or (f) shall have occurred and be continuing at the time of entering into such agreement to make such Investment or shall result therefrom. Notwithstanding the foregoing, this Section 7.8 shall not apply to (i) intercompany Indebtedness, (ii) Indebtedness incurred pursuant to Section 7.2(h) or (iii) obligations of any Pledged Affiliate or Group Member whose Capital Stock is owned directly or indirectly by a Pledged Affiliate.

7.9 Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Subsidiary Guarantor) unless such transaction is (a) subject to Section 7.18, otherwise permitted under this Agreement, (b) in the ordinary course of business of the relevant Group Member, and (c) upon fair and reasonable terms no less favorable to the relevant Group Member than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate; provided that the requirements of this Section 7.9 shall not apply to (A) transactions subject to the restrictions set forth in Section 7.6 or 7.7 that, subject to Section 7.18, are permitted pursuant to Sections 7.6 or 7.7, as applicable or (B) payments by the Borrower to the REIT Entity to the extent required to fund administrative and operating expenses of the REIT Entity, including, without limitation, amounts payable under the Convertible Notes or Additional Convertible Notes issued by the REIT Entity.

7.10 Accounting Changes. Make any change in accounting policies or reporting practices, except in accordance with GAAP or required by any governmental or regulatory authority; provided that the Borrower shall notify the Administrative Agent of any such change made in accordance with GAAP or required by any governmental or regulatory authority.

7.11 Swap Agreements. Enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of Capital Stock) and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

7.12 Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

7.13 Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of its property or revenues of the type intended to constitute Collateral, whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (a) this Agreement and the other Loan Documents, (b) any agreements governing any purchase money Liens or Capital Lease Obligations or other secured Indebtedness otherwise permitted hereby (in each case, which prohibition or limitation shall only be effective against the assets financed thereby which in any event shall not include Collateral), (c) provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 7.7 and applicable solely to such joint venture and its equity and (d) change of control or similar limitations applicable to the upstream ownership of any Investment Asset; provided, in the case of clauses (c) and (d) above, that no Liens securing Indebtedness are permitted to exist on such assets.

7.14 Use of Proceeds. Request any Loan or Letter of Credit, and the Borrower shall not use, and shall procure that its Affiliates and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state.

7.15 Nature of Business. Enter into any line of business, either directly or through any Subsidiary, substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.16 Margin Stock. Use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.17 Amendment, Waiver and Terminations of Certain Agreements. Directly or indirectly, consent to, approve, authorize or otherwise suffer or permit any amendment, change, cancellation, termination or waiver in any respect of the terms of any organizational document of any Loan Party, Subsidiary thereof or any Affiliated Investor (other than a waiver by Borrower of the ownership limitations in and pursuant to its organizational documents), in each case other than amendments and modifications that, taken as a whole, are not materially adverse to the Administrative Agent or the Lenders.

7.18 Suspension Period Provisions. For the avoidance of doubt, actions requiring no Default or no Event of Default to exist in order to be permitted under this Section 7 will be restricted during a Suspension Period (other than any Restricted Payment made pursuant to Section 7.6(e)(i), so long as no Event of Default under Section 8(a) or (f) shall have occurred and be continuing or would result therefrom), as will actions requiring pro forma compliance with any covenant set forth in Section 7.1 in order to be permitted under this Section 7 (to the extent such test is not met); provided, that notwithstanding any existing Default or Event of Default that may otherwise exist while a Suspension Period is in effect, (a) the incurrence of Indebtedness under Sections 7.2(f), (g), (h), (i), (j) and (p) shall be permitted so long as the Net Cash Proceeds of such Indebtedness are applied in accordance with Section 2.6(f) and (b) Dispositions under Section 7.5(e) shall be permitted so long as the Net Cash Proceeds of such Dispositions are applied in accordance with Section 2.6(f).

SECTION 8. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay (x) any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; (y) any interest on any Loan or Reimbursement Obligation or any fees payable hereunder or under any other Loan Document within three days after any such interest or fees becomes due or (z) any other amount payable hereunder or under any other Loan Document within five days after such other amount becomes due, in each case, in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made; or

(c) any Loan Party shall default in the observance or performance of any agreement contained in Section 6.2(d), Section 6.4(a)(i) (with respect to the Borrower only), Section 6.7(a), Section 6.9, Section 6.14 or Section 7 of this Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date that the Borrower gains knowledge of such default and (ii) notice to the Borrower from the Administrative Agent or the Required Lenders; or

(e) any Loan Party shall (i) default in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans and any Non-Recourse Indebtedness) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable by a Loan Party; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the aggregate outstanding principal amount of which is $50,000,000 or more; provided further, that this clause (iii) shall not apply to any Indebtedness that becomes due as a result of customary non-default mandatory prepayments resulting from asset sales, casualty or condemnation events, the incurrence of Indebtedness, equity issuances or excess cash flow or any similar concept; or

(f) (i) any Loan Party shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets; or (ii) there shall be commenced against any Loan Party any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against any Loan Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Loan Party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or (vi) or any Loan Party shall make a general assignment for the benefit of its creditors; or

(g) (i) an ERISA Event or a Foreign Plan Event shall have occurred; (ii) a trustee shall be appointed by a United States district court to administer any Pension Plan; (iii) the PBGC shall institute proceedings to terminate any Pension Plan; (iv) any Group Member or any of their respective ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such entity does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner; or (v) any other event or condition shall occur or exist with respect to a Plan, a Foreign Benefit Arrangement, or a Foreign Plan; and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to result in a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against any Loan Party involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has not denied coverage) of $50,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 45 days from the entry thereof; or

(i) any of the Loan Documents shall cease, for any reason, to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(j) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party or any Affiliate of any Loan Party shall so assert; or

(k) (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than 35% of the outstanding common stock of the REIT Entity, (ii) the board of directors of the REIT Entity shall cease to consist of a majority of Continuing Directors or (iii) the REIT Entity shall cease to be the sole managing member of the Borrower or the REIT Entity shall cease to own, directly, (1) at least a majority of the total voting power of the then outstanding voting Capital Stock of the Borrower or (2) Capital Stock of the Borrower representing at least a majority of the total economic interests of the Capital Stock of the Borrower, in each case free and clear of all Liens (other than Liens in favor of the Administrative Agent for the benefit of the Secured Parties); or

(l) the REIT Entity shall (i) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of the Borrower and the Specified REITs (provided that any such business or operations incidental to its ownership of the Capital Stock of the Specified REITs shall be limited to such business or operations in existence on the Closing Date) and the intercompany arrangements described in clause (iii) below, (ii) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (w) nonconsensual obligations imposed by operation of law, (x) obligations with respect to its Capital Stock and the intercompany arrangements described in clause (iii) below, (y) the Convertible Notes or Additional Convertible Notes and (z) the Existing Limited Guarantees and Guarantee Obligations in respect of Additional Convertible Notes; provided that, prior to or simultaneously with the effectiveness of such Guarantee Obligations in respect of Additional Convertible Notes, the REIT Guaranty shall become effective, or (iii) own, lease, manage or otherwise operate any properties or assets (including cash (other than cash received in connection with dividends made by the Borrower in accordance with Section 7.6 pending application in the manner contemplated by said Section) and cash equivalents) other than the ownership of shares of Capital Stock of the Borrower and the Specified REITs and, to the extent constituting assets, intercompany arrangements in favor of the REIT Entity in relation to providing funding for obligations of the REIT Entity, as well as other contractual intercompany arrangements of immaterial value; or

(m) the REIT Entity shall (i) default in making any payment of any principal of the Convertible Notes or Additional Convertible Notes on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on the Convertible Notes or Additional Convertible Notes beyond the period of grace, if any, provided in the Convertible Notes Indenture or the indenture governing the Additional Convertible Notes, respectively; or (iii) default in the observance or performance of any other agreement or condition relating to the Convertible Notes or Additional Convertible Notes or contained in the Convertible Notes Indenture or the indenture governing the Additional Convertible Notes, respectively, or any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of the Convertible Notes or Additional Convertible Notes (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, the Convertible Notes or Additional Convertible Notes to become due prior to their stated maturity; provided that this clause (iii) shall not apply if the Convertible Notes or Additional Convertible Notes become due as a result of mandatory prepayments resulting from asset sales, casualty events, the incurrence of Indebtedness not permitted by the Convertible Notes Indenture or the indenture governing the Additional Convertible Notes, respectively, or excess cash flow or any similar concept;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Revolving Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

SECTION 9. THE AGENTS

9.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy or email message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify each Agent and its officers, directors, partners, employees, affiliates, agents, advisors and controlling persons (each, an "Agent Indemnitee") (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Revolving Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent Indemnitee in any way relating to or arising out of, the Revolving Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent Indemnitee's gross negligence or willful misconduct. The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

9.8 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Borrower. The Required Lenders may by written notice to the Administrative Agent and the Borrower remove the Administrative Agent if it has become a Defaulting Lender. If the Administrative Agent shall resign or be removed as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent's notice of resignation or notice of removal of a removed Administrative Agent, as applicable, the retiring Administrative Agent's resignation or the removed Administrative Agent's removal shall nevertheless thereupon become effective, and the Required Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent with the consent of the Borrower as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 and of Section 10.5 shall continue to inure to its benefit.

9.10 Arrangers and Syndication Agent. Neither the Arrangers nor the Syndication Agent shall have any duties or responsibilities hereunder in their respective capacities as such.

SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. Except as specifically provided in any Loan Document, neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan of any Lender (except as provided in Section 2.20), reduce the stated rate of any interest or fee payable hereunder to any

Lender (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders) and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Commitment (except as provided in Section 2.20), in each case without the written consent of such Lender; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders or Supermajority Lenders or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, in each case without the written consent of all Lenders; (iv) except as otherwise permitted by the Loan Documents on the date hereof, release all or substantially all of the Collateral or release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantee and Collateral Agreement, in each case, without the written consent of all Lenders; (v) amend, modify or waive any provision of Section 2.12(a) or (b) without the written consent of all Lenders; provided that amendments permitting the extension of the Revolving Termination Date with respect to any or all Revolving Commitments which provide for compensation solely to extending Lenders, by increasing the Applicable Margin applicable thereto or otherwise, shall not be considered an amendment, modification or waiver of Section 2.12; (vi) amend, modify or waive any provision of Section 9 or any other provision of any Loan Document that affects the rights or duties of the Administrative Agent without the written consent of the Administrative Agent; (vii) amend, modify or waive any provision affecting the Maximum Permitted Outstanding Amount or the component definitions thereof which has the effect of increasing the Maximum Permitted Outstanding Amount (but excluding any technical amendments to the definition of Maximum Permitted Outstanding Amount or any component definition thereof) without the written consent of the Supermajority Lenders; (viii) amend, modify or waive any provision of Section 3 without the written consent of each Issuing Lender or (ix) amend Section 6.3 of the Guarantee and Collateral Agreement without the consent of each Lender directly affected thereby. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement on such terms as provided for in any such amendment, including, without limitation, for purposes of effecting an extension of the Revolving Termination Date in respect of the Revolving Commitments, held by each Lender agreeing to such extension, and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share in the benefits of this Agreement and the other Loan Documents with the Revolving Extensions of Credit and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and the Supermajority Lenders.

Furthermore, notwithstanding the foregoing, the Administrative Agent, with the consent of the Borrower, may amend, modify or supplement any Loan Document without the consent of any Lender or the Required Lenders in order to correct, amend or cure any ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Loan Document.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Borrower:	515 S. Flower Street, 44th Floor Los Angeles, CA 90071 Attention: Director – Legal Department Telecopy: 310-282-8820 Telephone: 310-282-8820 with a copy to: 712 Fifth Avenue 35th Floor New York, NY 10019 Attention: Mr. Ron Sanders Telecopy: 212.593.5433 Telephone: 212.230.3300
Administrative Agent:	500 Stanton Christiana Road, Ops 2, Floor 03 Newark, DE, 19713-2107 Attention: Joseph Burke Telecopy: 302-634-4733 Telephone: 302-634-1697 with a copy to: 383 Madison Ave, Floor 23 New York, NY 10179 Attention: Michael E. Kusner Telecopy: 212-270-5222 Telephone: 212-270-5650

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent and each Arranger for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable and documented out-of-pocket fees and disbursements of one primary counsel to the Administrative Agent and the Arrangers and, if reasonably necessary, one local counsel per necessary jurisdiction, and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, but in any event no earlier than ten (10) Business Days after receipt by Borrower of a reasonably detailed invoice therefor, (b) to pay or reimburse each Lender, each Issuing Lender and the Administrative Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the reasonable and documented out-of-pocket fees and disbursements of any counsel to any Lender and of counsel to the Administrative Agent (but in such case limited to, the reasonable and documented out-of-pocket fees and disbursements of one primary counsel to the Administrative Agent, one primary counsel to the Lenders (as selected by the Required Lenders other than the Administrative Agent) and, to the extent reasonably necessary, one local counsel in each applicable jurisdiction, and, in the case of a conflict of interest, one additional primary counsel and one additional local counsel in each applicable jurisdiction for such Persons affected by such conflict), and (c) to pay, indemnify, and hold each Lender, each Issuing Lender, each Arranger and the Administrative Agent, their respective affiliates, and their respective officers, directors, employees, agents, advisors and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and the other Loan Documents and any such other documents, including any claim, litigation, investigation or proceeding (a "Proceeding") regardless of whether any Indemnitee is a party thereto and whether or not the same are brought by the Borrower, its equity holders, affiliates or creditors or any other Person, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Group Member or any of the Properties and the reasonable and documented out-of-pocket fees and expenses of one primary legal counsel and, if reasonably necessary, one single local counsel in each relevant jurisdiction for all Indemnitees taken as a whole (and solely in the case of a conflict in interest, one additional primary counsel and one additional counsel in each relevant jurisdiction to each group of affected Indemnitees similarly situated taken as a whole) in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the

foregoing in this clause (c), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are (x) found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of, or material breach of any Loan Document by, such Indemnitee, or (y) related to any dispute solely among the Indemnitees other than any dispute involving an Indemnitee in its capacity or in fulfilling its role as the Administrative Agent or Arranger or any similar role under this Agreement unless such dispute is related to any claims arising out of or in connection with any act or omission of the Borrower or any of its Affiliates and provided, further, that this Section 10.5(c) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim and shall not duplicate any amounts paid under Section 2.13 or Section 2.15. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. No Indemnitee shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee. None of the parties hereto shall assert, and each hereby waives, any claim for any indirect, special, exemplary, punitive or consequential damages in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby (except that nothing contained in this sentence shall limit the Borrower's indemnity obligations under this Section 10.5). All amounts due under this Section 10.5 shall be payable not later than 10 Business Days after receipt of a reasonably detailed invoice therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to Director – Legal Department (Telephone No. 310-282-8820) (Telecopy No. 310-282-8808), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.5 shall survive the termination of this Agreement and the repayment of the Loans and all other amounts payable hereunder. Notwithstanding the foregoing, the Borrower shall not be liable under this Agreement for any settlement made by any Indemnitee without its prior written consent (which consent shall not be unreasonably withheld or delayed). If any settlement is consummated with the Borrower's written consent or if there is a final judgment for the plaintiff in any such Proceeding, the Borrower agrees to indemnify and hold harmless each Indemnitee from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement or judgment in accordance with the provisions hereof. The Borrower further agrees that it will not, without the prior written consent of the Indemnitee, settle or compromise or consent to the entry of any judgment in any pending or threatened Proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnitee is an actual or potential party to such Proceeding) unless such settlement, compromise or consent includes (a) an unconditional release of each Indemnitee from all liability and obligations arising therefrom in form and substance satisfactory to such Indemnitee and (b) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnitee.

10.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of any Issuing Lender that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an "Assignee"), other than a natural person, the Borrower or any Subsidiary or Affiliate of the Borrower, all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Borrower (such consent not to be unreasonably withheld or delayed), provided that no consent of the Borrower shall be required for an assignment to a Lender, an affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default under Section 8(a) or (f) has occurred and is continuing, any other Person; and provided, further, that the Borrower shall be deemed to have consented to any such assignment unless the Borrower shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof; and

(B) the Administrative Agent (such consent not to be unreasonably withheld or delayed).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Revolving Commitments or Loans, the amount of the Revolving Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 8(a) or (f) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) (1) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 and (2) the assigning Lender shall have paid in full any amounts owing by it to the Administrative Agent; and

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 10.6, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register (maintained in accordance with Treasury Regulations Sections 5f.103-1(c) and 1.871-14(c)(1)(i)) for the recordation of the names and addresses of the Lenders, and the Revolving Commitments of, and principal amount (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Issuing Lenders and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice; provided that the information contained in the Register which is shared with each Lender (other than the Administrative Agent and its affiliates) shall be limited to the entries with respect to such Lender including the Revolving Commitments of, or principal amount of and stated interest on the Loans owing to such Lender.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrower, the Administrative Agent or any Issuing Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this

Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (i) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 10.1 and (ii) directly and adversely affects such Participant. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Sections 2.16 and 2.17 with respect to any Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (i) agrees to be subject to the provisions of Sections 2.13 and 2.14, 2.15, 2.16 and 2.17 as if it were an assignee under paragraph (b) of this Section and (ii) shall not be entitled to receive any greater payment under Sections 2.13 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from an adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or direction (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7(b) as though it were a Lender, provided such Participant shall be subject to Section 10.7(a) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register (maintained in accordance with Treasury Regulations Sections 5f.103-1(c) and 1.871-14(c)(1)(i)) on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Revolving Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Revolving Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto. The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in this paragraph (d).

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement or a court order expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular facility, if any Lender (a "Benefitted Lender") shall receive any payment of all or part of the Obligations owing to it (other than in connection with an assignment made pursuant to Section 10.6), or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such

payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, if an Event of Default shall have occurred and be continuing, each Lender shall have the right, without notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to apply to the payment of any Obligations of the Borrower, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Borrower; provided that if any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of this Agreement and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders and the Lenders and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of set-off; provided further, that to the extent prohibited by applicable law as described in the definition of "Excluded Swap Obligation," no amounts received from, or set off with respect to, any Subsidiary Guarantor shall be applied to any Excluded Swap Obligations of such Subsidiary Guarantor. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such application made by such Lender, provided that the failure to give such notice shall not affect the validity of such application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 Governing Law. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

10.12 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the courts of the State of New York in the Borough of Manhattan, the courts of the United States for the Southern District of New York, and appellate courts from any thereof; provided, that nothing contained herein or in any other Loan Document will prevent any Lender or the Administrative Agent from bringing any action to enforce any award or judgment or exercise any right under the Security Documents or against any Collateral or any other property of any Loan Party in any other forum in which jurisdiction can be established;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any indirect, special, exemplary, punitive or consequential damages.

10.13 Acknowledgements. The Borrower hereby acknowledges and agrees that (a) no fiduciary, advisory or agency relationship between the Loan Parties and the Credit Parties is intended to be or has been created in respect of any of the transactions contemplated by this Agreement or the other Loan Documents, irrespective of whether the Credit Parties have advised or are advising the Loan Parties on other matters, and the relationship between the Credit Parties, on the one hand, and the Loan Parties, on the other hand, in connection herewith and therewith is solely that of creditor and debtor, (b) the Credit Parties, on the one hand, and the Loan Parties, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do the Loan Parties rely on, any fiduciary duty to the Loan Parties or their affiliates on the part of the Credit Parties, (c) the Loan Parties are capable of evaluating and understanding, and the Loan Parties understand and accept, the terms, risks and conditions of the transactions contemplated by this Agreement and the other Loan Documents, (d) the Loan Parties have been advised that the Credit Parties are engaged in a broad range of transactions that may involve interests that differ from the Loan Parties' interests and that the Credit Parties have no obligation to disclose such interests and transactions to the Loan Parties, (e) the Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent the Loan Parties have deemed appropriate in the negotiation, execution and delivery of this Agreement and the other Loan Documents, (f) each Credit Party has been, is, and will be acting solely as a principal and, except as

otherwise expressly agreed in writing by it and the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Loan Parties, any of their affiliates or any other Person, (g) none of the Credit Parties has any obligation to the Loan Parties or their affiliates with respect to the transactions contemplated by this Agreement or the other Loan Documents except those obligations expressly set forth herein or therein or in any other express writing executed and delivered by such Credit Party and the Loan Parties or any such affiliate and (h) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Credit Parties or among the Loan Parties and the Credit Parties.

10.14 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (including in its capacities as a potential secured counterparty to a Secured Swap Agreement) (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action reasonably requested by the Borrower having the effect of releasing any Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraphs (b) or (c) below.

(b) Upon Payment in Full, the Collateral shall be automatically released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Security Documents shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

(c) If any of the Collateral shall be sold, transferred or otherwise disposed of in a transaction permitted hereunder, then the Administrative Agent, at the request and sole expense of such Loan Party, shall execute and deliver to such Loan Party all releases or other documents reasonably necessary or desirable for the release of the Liens created by the Guarantee and Collateral Agreement on such Collateral; provided that no Default shall have occurred or be continuing or would result therefrom. At the request and sole expense of the Borrower, any Subsidiary Guarantor or the REIT Entity shall be released from its obligations under the Loan Documents, as applicable, in the event that (i) in the case of a Subsidiary Guarantor, all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted hereunder or if such Subsidiary Guarantor shall cease to be a Wholly-Owned Subsidiary as a result of a transaction permitted hereunder or becomes an Excluded Subsidiary pursuant to the terms of this Agreement or (ii) in the case of the REIT Entity, upon the request of the Borrower to the extent the REIT Guaranty is not required to be effective pursuant to this Agreement or any other Loan Document; provided that, in each case, no Default shall have occurred and be continuing or would result therefrom; provided further that the Borrower shall have delivered to the Administrative Agent, at least five days (or such shorter period as may be permitted by the Administrative Agent in its sole discretion) prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor or the REIT Entity (as applicable) and the associated transaction giving rise to the release request in reasonable detail, together with a certification by the Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents.

(d) Notwithstanding the foregoing, if an Excluded Subsidiary or Other Merger Party Excluded Subsidiary is at any time determined to have been incorrectly designated or joined as a Subsidiary Guarantor (each, a "Specified Subsidiary") then such Specified Subsidiary's obligations under the Loan Documents shall be automatically released in all respects with retroactive effect to the time such Specified Subsidiary was first joined as a Subsidiary Guarantor (until such time, if any, as such Specified Subsidiary ceases to be an Excluded Subsidiary or Other Merger Party Excluded Subsidiary) upon receipt

by the Administrative Agent of a certificate of a Responsible Officer of the Borrower in form and substance satisfactory to the Administrative Agent regarding the basis for designating such subsidiary as a Specified Subsidiary; provided that, after giving pro forma effect to such release of such Specified Subsidiary's guarantee (and any repayment of Revolving Loans or pledge of additional Collateral that occurs contemporaneously therewith), the Borrower shall be in compliance with Section 7.1(e).

(e) The Administrative Agent shall, at the request and sole expense of the Borrower in connection with the release of any Collateral in accordance with this Section 10.14, promptly (i) deliver to the Borrower any such Collateral in the Administrative Agent's possession and (ii) execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such release. The Administrative Agent shall, at the request and sole expense of the Borrower following the release of a Subsidiary Guarantor or the REIT Entity from its obligations under the Loan Documents, as applicable, in accordance with this Section 10.14, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such release.

10.15 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all Information (as defined below); provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such Information (a) to the Administrative Agent, any other Lender or any affiliate thereof, or to any other party to this Agreement (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Swap Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, who, in each case, are informed of the confidential nature of such information and are or have been advised by the applicable Credit Party of their obligation to keep information of this type confidential, (d) upon the request or demand of any Governmental Authority having jurisdiction over such Credit Party or its affiliates, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, with prompt advanced notice to Borrower of such disclosure, to the extent practicable and permitted by law, (f) if requested or required to do so in connection with any litigation or similar proceeding, with prompt advanced notice to Borrower of such disclosure, to the extent practicable and permitted by law, (g) that has been publicly disclosed (other than by reason of disclosure by the applicable Credit Party, its affiliates or any representatives in breach of this Section 10.15), (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document, or (j) if agreed by the Borrower in its sole discretion, to any other Person. "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Lender or any Lender on a non-confidential basis prior to disclosure by the Borrower. In addition, the Administrative Agent, the Arrangers and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry (including league table providers) and service providers to the Administrative Agent, the Arrangers and the Lenders in connection with the administration of this Agreement, the other Loan Documents, the Loans and the Revolving Commitments.

Each Lender acknowledges that information furnished to it pursuant to this Agreement or the other Loan Documents may include material non-public information concerning the Borrower and its Affiliates and their related parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All information, including requests for waivers and amendments, furnished by the Borrower or the Administrative Agent pursuant to, or in the course of administering, this Agreement or the other Loan Documents will be syndicate-level information, which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities. Accordingly, each Lender represents to the Borrower and the Administrative Agent that it has identified in its administrative questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal and state securities laws.

10.16 WAIVERS OF JURY TRIAL. **THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

10.17 USA Patriot Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

10.18 Investment Asset Reviews. The Administrative Agent, individually or at the request of the Required Lenders, may engage in its reasonable discretion, on behalf of the Lenders, an independent consultant (each, an "Independent Valuation Provider") to complete a review and verification of the accuracy and reliability of the Borrower's calculation and reporting of the Adjusted Net Book Value of any Investment Asset included in the calculation of the Maximum Permitted Outstanding Amount (each, an "Investment Asset Review") at any time, each such Investment Asset Review to be shared with the Lenders and the Borrower. The Borrower agrees to pay the Administrative Agent, not later than 10 Business Days after receipt of a reasonably detailed invoice therefor, the documented out-of-pocket cost of each such Investment Asset Review reasonably incurred by the Administrative Agent; provided that (i) the Borrower shall not be required to reimburse such costs with respect to more than one Investment Asset Review per fiscal year with respect to each such Investment Asset and (ii) the Borrower shall not be required to reimburse more than $500,000 of such costs per fiscal year; provided further that the limitations on reimbursement contained in the foregoing proviso shall not apply if an Event of Default has occurred and is continuing.

10.19 Secured Swap Agreements. Except as otherwise expressly set forth herein or in any Security Document, no Swap Bank that obtains the benefits of Section 10.14, any Guarantee Obligation or any Collateral by virtue of the provisions hereof or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Section 10.19 to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Swap Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request from the applicable Swap Bank.

10.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

10.21 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

10.22 Effect of Amendment and Restatement; Reallocation. (a) Upon the Closing Date, this Agreement shall amend, and restate as amended, the Existing Credit Agreement (including any contingent amendments thereto), but shall not constitute a novation thereof or in any way impair or otherwise affect the rights or obligations of the parties thereunder (including with respect to Loans and representations and warranties made thereunder) except as such rights or obligations are amended or modified hereby. The Existing Credit Agreement as amended and restated hereby shall be deemed to be a continuing agreement among the parties, and all documents, instruments and agreements delivered pursuant to or in connection with the Existing Credit Agreement not amended and restated in connection with the entry of the parties into this Agreement shall remain in full force and effect, each in accordance with its terms, as of the date of delivery or such other date as contemplated by such document, instrument or agreement to the same extent as if the modifications to the Existing Credit Agreement contained herein were set forth in an amendment to the Existing Credit Agreement in a customary form, unless such document, instrument or agreement has otherwise been terminated or has expired in accordance with or pursuant to the terms of this Agreement, the Existing Credit Agreement or such document, instrument or agreement or as otherwise agreed by the required parties hereto or thereto.

(b) Upon the Closing Date, the Borrower shall (A) prepay the outstanding Revolving Loans (if any) in full, (B) simultaneously borrow new Revolving Loans hereunder in an amount equal to such prepayment (in the case of Eurodollar Loans, with Eurodollar Base Rates equal to the outstanding Eurodollar Base Rate and with Interest Period(s) ending on the date(s) of any then outstanding Interest Period(s)), as applicable (as modified hereby); provided that with respect to subclauses (A) and (B), (x) the prepayment to, and borrowing from, any Lender that was a party to the Existing Credit Agreement as a "Lender" thereunder immediately prior to giving effect to this Agreement (an "Existing Lender") shall be effected by book entry to the extent that any portion of the amount prepaid to such Lender will be subsequently borrowed from such Lender and (y) the Existing Lenders and each Person that is a signatory hereto as a Lender but that was not a party to the Existing Credit Agreement immediately prior to giving effect to this Agreement (each, an "Additional Lender") shall make and receive payments among themselves, in a manner acceptable to the Administrative Agent, so that, after giving effect thereto, the Revolving Loans are held ratably by such Existing Lenders and Additional Lenders in accordance with the respective Revolving Commitments of such Lenders as set forth in Schedule 1.1A hereto and (C) pay to the Lenders the amounts, if any, payable under Section 2.15 as a result of any such prepayment. Concurrently therewith, the Lenders shall be deemed to have adjusted their participation interests in any outstanding Letters of Credit so that such interests are held ratably in accordance with their Revolving Commitments as set forth in Schedule 1.1A hereto. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to this clause (b).

10.23 Suspension of Restrictive Provisions.

(a) Notwithstanding anything contained herein to the contrary, the Borrower and each of its Subsidiaries shall not be required to comply with the terms of the Restrictive Provisions during the Suspension Period and the period prior to the Borrower delivering the Suspension Notice but following the occurrence of the Default or Event of Default giving rise to the Suspension Notice, in each case if and as applicable. For the avoidance of doubt, the Suspension Period shall not apply to any inaccuracy, breach or occurrence existing prior to December 2, 2016 of which a Responsible Officer of the Borrower or its Subsidiaries had knowledge.

(b) Notice of Suspension Period. Prior to the date that is sixty days from the Closing Date, the Borrower may elect to initiate the Suspension Period by providing prior written notice of such election to the Administrative Agent in a form reasonably acceptable to the Administrative Agent, which notice shall specify the date (on or after delivery of such notice) on which the Suspension Period is to begin (such notice, the "Suspension Notice"); provided, that such an election shall only be made by the Borrower once; provided, further, that for such Suspension Notice to be effective, the Borrower shall have notified the Administrative Agent of any Default or Event of Default giving rise to the Suspension Notice no later than one Business Day following a Responsible Officer (such Responsible Officer being limited to the chief financial officer or treasurer in the case of a breach of a Restrictive Provision described in clause (a) of the definition thereof) becoming aware of such occurrence.

(c) Termination of Suspension Period. The Borrower may elect to terminate the Suspension Period by providing written notice to the Administrative Agent in a form reasonably acceptable to the Administrative agent, which notice shall specify the date on which the Suspension Period is to end, which in no event will be later than 60 days after the Closing Date (such notice, the "Suspension Termination Notice"). Unless terminated earlier by the Borrower, any Suspension Period in effect shall automatically cease (and for the avoidance of doubt the right to elect a Suspension Period shall cease) on the date that is the 60th day after the Closing Date.

(d) Reversion of Restrictive Provisions. Upon the expiration or termination of the Suspension Period, each of the Restrictive Provisions shall be calculated and tested and the Borrower and each Subsidiary shall be required to comply with each Restrictive Provision.

[*Remainder of page intentionally left blank.*]

COLONY CAPITAL OPERATING COMPANY, LLC, as the Borrower,

By: /s/ Mark M. Hedstrom
Name: Mark M. Hedstrom
Title: Vice President

[Second Amended and Restated Credit Agreement Signature Page]

JPMORGAN CHASE BANK, N.A., as the Administrative Agent and a Lender,

By: /s/ Michael Kusner
Name: Michael Kusner
Title: Vice President

BANK OF AMERICA, N.A., as a Lender,

By: /s/ Dennis Kwan
Name: Dennis Kwan
Title: Vice President

[Second Amended and Restated Credit Agreement Signature Page]

Barclays Bank PLC, as a Lender,

By: /s/ Christopher Aitkin
Name: Christopher Aitkin
Title: Assistant Vice President

Morgan Stanley Senior Funding, Inc., as a Lender,

By: /s/ Michael King
Name: Michael King
Title: Vice President

CITIBANK, N.A., as a Lender,

By: /s/ John C. Rowland
Name: John C. Rowland
Title: Vice President

CREDIT SUISSE AG, Cayman Islands Branch, as a Lender,

By: /s/ William O'Daly
Name: William O'Daly
Title: Authorized Signatory

By: /s/ Karim Rahimtoola
Name: Karim Rahimtoola
Title: Authorized Signatory

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender,

By: /s/ Joanna Soliman
Name: Joanna Soliman
Title: Vice President

By: /s/ Murray Mackinnon
Name: Murray Mackinnon
Title: Vice President

CIT Bank, N.A., as a Lender,

By: /s/ Bryan Cavalier
Name: Bryan Cavalier
Title: Managing Director

[Second Amended and Restated Credit Agreement Signature Page]

CHANG HWA COMMERCIAL BANK, LTD., NEW YORK BRANCH, as a Lender,

By: /s/ Jane, S.C. Yang
Name: Jane, S.C. Yang
Title: V.P. & General Manager

[Second Amended and Restated Credit Agreement Signature Page]

First Commercial Bank, Ltd., A Republic of China Bank Acting Through Its Los Angeles Branch, *as a Lender*,

By: /s/ Yuan-Gan Ju
Name: Yuan-Gan Ju
Title: Senior Vice President & General Manager

[Second Amended and Restated Credit Agreement Signature Page]

Taiwan Business Bank, Los Angeles branch, as a Lender,

By: /s/ Sam Chiu
Name: Sam Chiu
Title: General Manager

[Second Amended and Restated Credit Agreement Signature Page]

UBS AG, Stamford Branch, as a Lender,

By: /s/ Craig Pearson
Name: Craig Pearson
Title: Associate Director

By: /s/ Darlene Arias
Name: Darlene Arias
Title: Director

SCHEDULE 1.1A

Commitments

LENDER	REVOLVING COMMITMENT	L/C COMMITMENT
JPMorgan Chase Bank, N.A.	$ 150,000,000	$ 37,500,000
Bank of America, N.A.	$ 150,000,000	$ 37,500,000
Barclays Bank PLC	$ 135,000,000	—
Morgan Stanley Senior Funding, Inc.	$ 115,000,000	—
Citibank, N.A.	$ 100,000,000	—
Credit Suisse AG, Cayman Islands Branch	$ 100,000,000	—
Deutsche Bank AG New York Branch	$ 100,000,000	—
UBS AG	$ 60,000,000	—
CIT Bank, N.A.	$ 40,000,000	—
Chang Hwa Commercial Bank, Ltd., New York Branch	$ 20,000,000	—
First Commercial Bank, Ltd., Los Angeles Branch	$ 20,000,000	—
Taiwan Business Bank, Co., Ltd., Los Angeles Branch	$ 10,000,000	—
Total	**$ 1,000,000,000**	**$ 75,000,000**

SCHEDULE 1.1(B)

Specified Common Stock

[On file with the Administrative Agent.]

SCHEDULE 4.15

Subsidiaries

[On file with the Administrative Agent.]

SCHEDULE 4.19

UCC Filing Jurisdictions

A. Financing Statements

	Financing Statement	Filing Office	Debtor	Secured party
1.	UCC-1	Delaware Department of State	Colony Capital Operating Company, LLC	JPMorgan Chase Bank, N.A
2.	UCC-1	Delaware Department of State	CC Holdco Corporation, LLC	JPMorgan Chase Bank, N.A
3.	UCC-1	Delaware Department of State	CC RE Holdco Corporation, LLC	JPMorgan Chase Bank, N.A
4.	UCC-1	Delaware Department of State	CDCF IV GP Holdco, LLC	JPMorgan Chase Bank, N.A
5.	UCC-1	Delaware Department of State	CDCF IV Holdco Corporation, LLC	JPMorgan Chase Bank, N.A
6.	UCC-1	Delaware Department of State	CDCF IV Investment Advisor, LLC	JPMorgan Chase Bank, N.A
7.	UCC-1	Delaware Department of State	CFI 2011 CRE Holdco, LLC	JPMorgan Chase Bank, N.A
8.	UCC-1	Delaware Department of State	CFI 2011-2 CRE Holdco, LLC	JPMorgan Chase Bank, N.A
9.	UCC-1	Delaware Department of State	CFI 2012 CRE ADC Holdco, LLC	JPMorgan Chase Bank, N.A
10.	UCC-1	Delaware Department of State	CFI 2013 CRE ADC Holdco, LLC	JPMorgan Chase Bank, N.A
11.	UCC-1	Delaware Department of State	CFI CSFR Investor, LLC	JPMorgan Chase Bank, N.A
12.	UCC-1	Delaware Department of State	CFI DB Holding, LLC	JPMorgan Chase Bank, N.A
13.	UCC-1	Delaware Department of State	CFI Frenchgate Holding, LLC	JPMorgan Chase Bank, N.A
14.	UCC-1	Delaware Department of State	CFI Inland Investor, LLC	JPMorgan Chase Bank, N.A
15.	UCC-1	Delaware Department of State	CFI Milestone North Holdco, LLC	JPMorgan Chase Bank, N.A
16.	UCC-1	Delaware Department of State	CFI NNN Holdings, LLC	JPMorgan Chase Bank, N.A
17.	UCC-1	Delaware Department of State	CFI NNN International Holdings, LLC	JPMorgan Chase Bank, N.A
18.	UCC-1	Delaware Department of State	CFI NNN Littleton, LLC	JPMorgan Chase Bank, N.A

19.	UCC-1	Delaware Department of State	CFI NNN Raiders, LLC	JPMorgan Chase Bank, N.A
20.	UCC-1	Delaware Department of State	CFI NNN RS Ventura, LLC	JPMorgan Chase Bank, N.A
21.	UCC-1	Delaware Department of State	CFI Penn Funding, LLC	JPMorgan Chase Bank, N.A
22.	UCC-1	Delaware Department of State	CFI RE Holdco, LLC	JPMorgan Chase Bank, N.A
23.	UCC-1	Delaware Department of State	CFI Safe Holdings A, LLC	JPMorgan Chase Bank, N.A
24.	UCC-1	Delaware Department of State	CFI Safe Holdings B, LLC	JPMorgan Chase Bank, N.A
25.	UCC-1	Delaware Department of State	CFI Safe Holdings C, LLC	JPMorgan Chase Bank, N.A
26.	UCC-1	Delaware Department of State	CMC DRE B, LLC	JPMorgan Chase Bank, N.A
27.	UCC-1	Delaware Department of State	ColArmonia Manager, LLC	JPMorgan Chase Bank, N.A
28.	UCC-1	Delaware Department of State	ColFin 560 Seventh Funding, LLC	JPMorgan Chase Bank, N.A
29.	UCC-1	Delaware Department of State	ColFin BAM Funding 2, LLC	JPMorgan Chase Bank, N.A
30.	UCC-1	Delaware Department of State	ColFin Cobalt GP, LLC	JPMorgan Chase Bank, N.A
31.	UCC-1	Delaware Department of State	ColFin Falcon Funding 2, LLC	JPMorgan Chase Bank, N.A
32.	UCC-1	Delaware Department of State	ColFin JIH Funding, LLC	JPMorgan Chase Bank, N.A
33.	UCC-1	Delaware Department of State	ColFin Lake Ranch Funding, LLC	JPMorgan Chase Bank, N.A
34.	UCC-1	Delaware Department of State	ColFin Lake Ranch Investor, LLC	JPMorgan Chase Bank, N.A
35.	UCC-1	Delaware Department of State	ColFin Mission Funding, LLC	JPMorgan Chase Bank, N.A
36.	UCC-1	Delaware Department of State	ColFin Multifamily Funding, LLC	JPMorgan Chase Bank, N.A
37.	UCC-1	Delaware Department of State	ColFin Multifamily Holdco 2014-1, LLC	JPMorgan Chase Bank, N.A
38.	UCC-1	Delaware Department of State	ColFin Texas Portfolio Funding, LLC	JPMorgan Chase Bank, N.A
39.	UCC-1	Delaware Department of State	ColFin USL Industrial LP2, LLC	JPMorgan Chase Bank, N.A
40.	UCC-1	Delaware Department of State	ColFin WAC Funding, LLC	JPMorgan Chase Bank, N.A
41.	UCC-1	Delaware Department of State	Colony Northstar Advisors LLC	JPMorgan Chase Bank, N.A
42.	UCC-1	Delaware Department of State	Colony Capital Acquisitions, LLC	JPMorgan Chase Bank, N.A
43.	UCC-1	Delaware Department of State	Colony Capital Credit IV Investor, LLC	JPMorgan Chase Bank, N.A

44.	UCC-1	Delaware Department of State	Colony Capital Investment Advisors, LLC	JPMorgan Chase Bank, N.A
45.	UCC-1	Delaware Department of State	Colony Capital Investment Holdco, LLC	JPMorgan Chase Bank, N.A
46.	UCC-1	Delaware Department of State	Colony Capital OP Subsidiary, LLC	JPMorgan Chase Bank, N.A
47.	UCC-1	Delaware Department of State	Colony Financial Holdings, LLC	JPMorgan Chase Bank, N.A
48.	UCC-1	Delaware Department of State	Colony Mortgage Sub B REIT, LLC	JPMorgan Chase Bank, N.A
49.	UCC-1	Delaware Department of State	Colony Mortgage Capital, LLC – Series A	JPMorgan Chase Bank, N.A.
50.	UCC-1	California Secretary of State	Colony Mortgage Capital, LLC – Series A	JPMorgan Chase Bank, N.A.
51.	UCC-1	Delaware Department of State	Colony Mortgage Capital, LLC – Series B	JPMorgan Chase Bank, N.A.
52.	UCC-1	California Secretary of State	Colony Mortgage Capital, LLC – Series B	JPMorgan Chase Bank, N.A.

B. The execution of deposit account control agreements covering the accounts in respect of which a security interest is required to be perfected pursuant to Section 6.14 of the Credit Agreement.

None.

SCHEDULE 6.16

Post-Closing Obligations

[On file with the Administrative Agent.]

SCHEDULE 7.2(d)

Existing Indebtedness

Junior Subordinated Notes in an outstanding principal amount of $280,117,000 and Guarantee Obligations of the Borrower in respect of the Junior Subordinated Notes

7.25% Exchangeable Senior Notes due 2027 of NRF Holdco, LLC, as successor to NorthStar Realty Finance Limited Partnership in an outstanding principal amount of $12,955,000

5.375% Exchangeable Senior Notes due 2033 of NRF Holdco, LLC, as successor to NorthStar Realty Finance Limited Partnership in an outstanding principal amount of $16,405,000

SCHEDULE 7.3(f)

Existing Liens

None.

FORM OF
GUARANTEE AND COLLATERAL AGREEMENT

[Attached]

AMENDED AND RESTATED GUARANTEE AND COLLATERAL AGREEMENT

made by

COLONY CAPITAL OPERATING COMPANY, LLC

and certain of its Subsidiaries

in favor of

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

Dated as of March 31, 2016

TABLE OF CONTENTS

AMENDED AND RESTATED GUARANTEE AND COLLATERAL AGREEMENT, dated as of March 31, 2016, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Amended and Restated Credit Agreement, dated as of March 31, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders and the Administrative Agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Administrative Agent for the ratable benefit of the Secured Parties;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms are used herein as defined in the New York UCC: Certificated Security, Clearing Corporation, Chattel Paper, Financial Assets, General Intangibles, Instruments, Investment Property, Securities Intermediary, Security Entitlements, Supporting Obligations and Uncertificated Security.

(b) The following terms shall have the following meanings:

"Agreement": this Amended and Restated Guarantee and Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower Obligations": the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of the Borrower (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Administrative Agent or any Lender (or, in the case of any Secured Swap Agreement, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Agreement, the other Loan Documents, any Letter of Credit, any Secured Swap Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements); provided, that for purposes of determining any Guarantor Obligations of any Guarantor under this Agreement, the definition of "Borrower Obligations" shall not create any guarantee by any Guarantor of any Excluded Swap Obligations of such Guarantor.

"Certificated Security": as defined in Section 8-102(a)(4) of the UCC.

"Collateral": as defined in Section 3.

"Collateral Account": any collateral account established by the Administrative Agent as provided in Section 6.2 and any other account established and maintained by the Administrative Agent in the name of any Grantor to which Collateral may be credited.

"Collateral Reporting Date": as defined in Section 3.2(a).

"Commodity Exchange Act": the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Enforcement Action": as defined in Section 6.6(b).

"Excluded Collateral": as defined in the last paragraph of Section 3.1.

"FDIC Investment Prohibited Foreclosure": with respect to any FDIC Investment, any sale or transfer of a Grantor's direct or indirect interest in an FDIC Private Owner that (after taking into account all other pledges or transfers with respect to the underlying assets):

(a) would cause less than 50.1% of the Capital Stock of an FDIC Private Owner to be owned, directly or indirectly, by the Borrower or an Affiliate thereof;

(b) would cause 25% or more of the equity interests of an FDIC Private Owner to be owned, directly or indirectly, by any one Person (including affiliates thereof) other than the Borrower or an Affiliate thereof; or

(c) would otherwise cause a "change in control" (or like term) under the documentation governing such FDIC Investment pursuant to terms and conditions notified by the Grantors to the Administrative Agent in writing from time to time prior to such sale or transfer;

provided, however, that in order to constitute an FDIC Investment Prohibited Foreclosure, the applicable Grantor shall have dislosed to the Administrative Agent in writing promptly following knowledge thereof any limitations on Enforcement Actions in respect of the applicable FDIC Investment, which notice shall be reasonably in advance of such sale or transfer. As of the date hereof, the applicable limitations on foreclosure with respect to the FDIC Investments included in the Collateral are set forth on Schedule F-1.

"FDIC Private Owner": with respect to any FDIC Investment, an Affiliated Investor that directly or indirectly owns an interest in such FDIC Investment.

"Guarantor Obligations": with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement (including, without limitation, Section 2) or any other Loan Document or any Secured Swap Agreement to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document).

"Guarantors": the collective reference to each Grantor other than the Borrower.

"Issuers": the collective reference to each issuer of any Securities.

"Luxembourg Issuer" shall mean any Person organized under the laws of Luxembourg that has issued Securities that constitute Collateral.

"Membership Interest": all of the issued and outstanding Capital Stock (including, for the avoidance of doubt, the entire membership interest) at any time owned directly by any Grantor in any limited liability company (each such limited liability company, a "Pledged LLC"), and all of such Grantor's right, title and interest in each Pledged LLC, including, without limitation:

(a) all the capital thereof and its interest in all profits, losses and other distributions to which such Grantor shall at any time be entitled in respect of such Membership Interests;

(b) all other payments due or to become due to such Grantor in respect of such Membership Interests, whether under any limited liability company agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(c) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any limited liability company agreement or at law or otherwise in respect of such Membership Interests;

(d) all present and future claims, if any, of such Grantor against any Pledged LLC for moneys loaned or advanced, for services rendered or otherwise;

(e) all of such Grantor's rights under any limited liability company agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Grantor relating to the Membership Interests, including any power to terminate, cancel or modify any limited liability company agreement, to execute any instruments and to take any and all other action on behalf of and in the name of such Grantor in respect of any Membership Interests and any Pledged LLC to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce or collect any of the foregoing, to enforce or execute any checks or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing; and

(f) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof.

"New York UCC": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations": (i) in the case of the Borrower, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

"Other Prohibited Foreclosure": with respect to any Investment Asset acquired after the Closing Date and included in the Collateral, any Enforcement Action with respect to a Grantor's direct or indirect interest in any applicable Other Restricted Investment Asset Owner that (after taking into account all other pledges or transfers with respect to the underlying assets) would cause a "change in control" (or like term) or other similar default or termination event under documentation governing such Other Restricted Investment Asset Owner (or any of its property); provided, however, that in order to constitute an Other Prohibited Foreclosure, the applicable Grantor shall have disclosed to the Administrative Agent in writing promptly following knowledge thereof any limitations on Enforcement Actions in respect of the applicable Investment Asset, which notice shall be reasonably in advance of any Enforcement Action in respect of the applicable Investment Asset.

"Other Restricted Asset": any Investment Asset with respect to which an Enforcement Action would constitute an "Other Prohibited Foreclosure" pursuant to documentation governing such Investment Asset or any applicable Other Restricted Investment Asset Owner.

"Other Restricted Investment Asset Owner": with respect to any applicable Investment Asset, an Affiliated Investor that directly or indirectly owns an interest in such Investment Asset.

"Partnership Interest": all of the issued and outstanding Capital Stock (including, for the avoidance of doubt, the entire partnership interest, whether general and/or limited partnership interests) at any time owned directly by any Grantor in any partnership (each such partnership, a "Pledged Partnership"), and all of such Grantor's right, title and interest in each Pledged Partnership, including, without limitation:

(a) all the capital thereof and its interest in all profits, losses and other distributions to which such Grantor shall at any time be entitled in respect of such Partnership Interests;

(b) all other payments due or to become due to such Grantor in respect of such Partnership Interests, whether under any partnership agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(c) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any partnership agreement or at law or otherwise in respect of such Partnership Interests;

(d) all present and future claims, if any, of such Grantor against any Pledged Partnership for moneys loaned or advanced, for services rendered or otherwise;

(e) all of such Grantor's rights under any partnership agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Grantor relating to the Partnership Interests, including any power to terminate, cancel or modify any partnership agreement, to execute any instruments and to take any and all other action on behalf of and in the name of such Grantor in respect of any Partnership Interests and any Pledged Partnership to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce or collect any of the foregoing, to enforce or execute any checks or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing; and

(f) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof.

"Permitted Liens": Liens on the Collateral permitted pursuant to Section 7.3 of the Credit Agreement.

"Pledge": the security interest in the Collateral arising under this Agreement.

"Pledged Accounts": collectively, all Collateral Accounts, all Distribution Accounts and all L/C Cash Collateral Accounts.

"Pledged LLC": as set forth in the definition of "Membership Interest".

"Pledged Partnership": as set forth in the definition of "Partnership Interest".

"Pledged Stock": the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options, interests or rights of any nature whatsoever in respect of the Capital Stock of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect, in each case, whether such Capital Stock is a General Intangible, Security (as defined in the New York UCC) or other Investment Property.

"Proceeds": all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include, without limitation, all dividends or other income from the Securities, collections thereon or distributions or payments with respect thereto.

"Qualified Keepwell Provider": in respect of any Swap Obligation, each Loan Party that, at the time the relevant guarantee (or grant of the relevant security interest, as applicable) becomes effective with respect to such Swap Obligation, has total assets exceeding $10,000,000 or otherwise constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" with respect to such Swap Obligation at such time by entering into a keepwell or guarantee pursuant to Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Securities": (i) collectively, all Stock, all Partnership Interests and all Membership Interests and (ii) whether or not constituting "Securities" as so defined, all Pledged Stock.

"Securities Act": the Securities Act of 1933, as amended.

"Stock": all of the issued and outstanding shares of Capital Stock at any time owned by any Grantor in any corporation.

"Uncertificated Securities": as defined in Section 8-102(a)(18) of the UCC.

1.2 Other Definitional Provisions. (a) The words "hereof," "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

SECTION 2. GUARANTEE

2.1 Guarantee. (a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations (other than, with respect to any Guarantor, any Excluded Swap Obligations of such Guarantor).

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Borrower Obligations shall have been satisfied by Payment In Full and the obligations of each Guarantor under the guarantee contained in this Section 2 (other than contingent indemnification obligations that have not yet been asserted) shall have been satisfied by payment in full, notwithstanding that from time to time during the term of the Credit Agreement the Borrower may be free from any Borrower Obligations.

(e) No payment made by the Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from the Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations (other than Payment in Full of the Borrower Obligations) shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until Payment in Full of the Borrower Obligations, no Letter of Credit shall be outstanding and the Commitments are terminated.

2.2 Right of Contribution. Each Subsidiary Guarantor hereby agrees that to the extent that a Subsidiary Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Subsidiary Guarantor shall be entitled to seek and receive contribution from and against any other Subsidiary Guarantor hereunder which has not paid its proportionate share of such payment. Each Subsidiary Guarantor’s right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Subsidiary Guarantor to the Administrative Agent and the Lenders, and each Subsidiary Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Subsidiary Guarantor hereunder.

2.3 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Administrative Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Borrower Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrower on account of the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Borrower Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Borrower Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.4 Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5 Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Borrower Obligations. Each Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Loan Document,

any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against any Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in Dollars at the Funding Office.

2.8 Keepwell. Each Qualified Keepwell Provider hereby jointly and severally absolutely, unconditionally, and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this guarantee in respect of any Swap Obligation (provided, however, that each Qualified Keepwell Provider shall only be liable under this Section 2.8 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 2.8, or otherwise under this guarantee, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified Keepwell Provider under this Section 2.8 shall remain in full force and effect until a discharge of Guarantor Obligations. Each Qualified Keepwell Provider intends that this Section 2.8 constitute, and this Section 2.8 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

SECTION 3. GRANT OF SECURITY INTEREST

3.1 Grant of Security. Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or

interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

(a) all Securities and all options and warrants to purchase Securities (and all certificates, Certificated Securities, Chattel Paper or Instruments evidencing such Securities);

(b) all Pledged Accounts; including any and all assets of whatever type or kind deposited in any such Pledged Account, whether now owned or hereafter acquired, existing or arising (including, without limitation, all Financial Assets, Investment Property, monies, checks, drafts, Instruments or interests therein of any type or nature deposited or required by the Credit Agreement or any other Loan Document to be deposited in such Pledged Account, and all investments and all certificates and other instruments (including depository receipts, if any) from time to time representing or evidencing the same, and all dividends, interest, distributions, cash and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing);

(c) all books and records pertaining to the Collateral; and

(d) to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing, all Security Entitlements owned by such Grantor in any and all of the foregoing, and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided, however, that notwithstanding any of the other provisions set forth in this Section 3, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest (i) is of more than 66% of the total voting stock of any Excluded Foreign Subsidiary, (ii) is of a general partner interest held by a Grantor in a Colony Fund, (iii) is prohibited by any Requirements of Law of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such Requirement of Law or (iv) in the case of any Collateral constituting a Security of any Pledged Affiliate, is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property or any material agreement of any such Pledged Affiliate (or any Investment Asset Issuer or Affiliated Investor in which such Pledged Affiliate owns a direct or indirect equity interest) prohibiting a grant of such security interest in such Security, including, without limitation, any applicable shareholder or similar agreement (other than any of the foregoing issued by a Grantor) or any agreements relating to Indebtedness permitted pursuant to the Credit Agreement that are either applicable to such Pledged Affiliate, any Investment Asset held directly or indirectly by such Pledged Affiliate or to any Investment Asset Issuer or any Affiliated Investor in which such Pledged Affiliate owns a direct or indirect equity interest, in each case with respect to clauses (iii) and (iv) of this paragraph, except to the extent that such Requirement of Law or the term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requirement of such consent is ineffective under applicable law (the property excluded from Collateral pursuant to this paragraph, the "Excluded Collateral"). Notwithstanding anything to the contrary set forth in this Agreement, the representations, warranties and covenants set forth herein applicable to Collateral shall not apply to Excluded Collateral.

3.2 Procedures. (a) To the extent that any Grantor at any time or from time to time owns, acquires or obtains any right, title or interest in any Collateral, such Collateral shall automatically (and without the taking of any action by such Grantor) be pledged pursuant to Section 3.1 of this Agreement and, in addition thereto, such Grantor shall, not later than 60 days (or such later date as the Administrative Agent may agree in its sole discretion) after the end of the fiscal year in which the Grantor acquired or otherwise obtained any such right, title or interest, take the following actions as set forth below with respect to any such new property constituting Collateral described below (provided that, to the extent that the actions set forth below have not been taken with respect any such new property constituting Collateral with an aggregate value in excess of 5.0% of the Total Asset Value at any time, the Borrower shall cause such actions to be taken within 60 days after the end of the fiscal quarter during which such limit was exceeded to the extent necessary to eliminate such excess) (the earlier date on which such actions are required to be taken with respect to any such Collateral, the "Collateral Reporting Date" with respect to such Collateral):

(i) with respect to a Certificated Security or a Partnership Interest or Membership Interest represented by a certificate that is a Security for purposes of the New York UCC (in each case other than any such Certificated Security, Partnership Interest or Membership Interest credited on the books of a Clearing Corporation or Securities Intermediary), such Grantor shall physically deliver such Certificated Security to the Administrative Agent, endorsed to the Administrative Agent or endorsed in blank;

(ii) with respect to (A) an Uncertificated Security or (B) a Membership Interest or Partnership Interest which is not represented by a certificate or is not a Security for purposes of the UCC (in each case other than an Uncertificated Security, Membership Interest or Partnership Interest credited on the books of a Clearing Corporation or Securities Intermediary), such Grantor shall cause the issuer thereof to duly authorize, execute, and deliver to the Administrative Agent, an acknowledgment and consent in favor of the Administrative Agent and the other Secured Parties substantially in the form of Annex 2 hereto (appropriately completed to the reasonable satisfaction of the Administrative Agent and with such modifications, if any, as shall be reasonably satisfactory to the Administrative Agent) pursuant to which such issuer agrees to be bound by the terms of this Agreement in so much as they apply to such issuer (or to any Uncertificated Security, Partnership Interests or Membership Interests issued by such issuer to such Grantor); provided, however, that the obligations set forth in this paragraph shall be limited to each such Uncertificated Security, Membership Interest or Partnership Interest issued by a Subsidiary of the Grantor that directly or indirectly owns any Investment Asset or receives any Fee-Related Earnings that are included in the calculation of the Maximum Permitted Outstanding Amount (and, to the extent that any issuer of such Uncertificated Security, Membership Interest or Partnership Interest did not have to comply with the obligations set forth in this paragraph on the Collateral Reporting Date in reliance on this proviso but thereafter becomes a Subsidiary that directly or indirectly owns any Investment Asset or receives any Fee-Related Earnings that are included in the calculation of the Maximum Permitted Outstanding Amount, the applicable Grantor shall cause such issuer to comply with the obligations set forth in this paragraph within 60 days after the end of the fiscal quarter during which such issuer

became a Subsidiary that directly or indirectly owns any Investment Asset or receives any Fee-Related Earnings that are included in the calculation of the Maximum Permitted Outstanding Amount);

(iii) with respect to any Collateral consisting of a Certificated Security, Uncertificated Security, Partnership Interest or Membership Interest credited on the books of a Clearing Corporation or Securities Intermediary (including a Federal Reserve Bank, Participants Trust Company or The Depository Trust Company), such Grantor shall notify the Administrative Agent thereof and shall take (x) all actions required (i) to comply with the applicable rules of such Clearing Corporation or Securities Intermediary and (ii) to perfect the security interest of the Administrative Agent under applicable law (including, in any event, under Sections 9-314(a), (b) and (c), 9-106 and 8-106(d) of the New York UCC) and (y) such other actions as the Administrative Agent deems necessary or desirable to effect the foregoing;

(iv) with respect to a Partnership Interest or a Membership Interest (other than a Partnership Interest or Membership Interest credited on the books of a Clearing Corporation or Securities Intermediary), (1) if such Partnership Interest or Membership Interest is represented by a certificate and is a Security for purposes of the New York UCC, the procedure set forth in Section 3.2(a)(i) hereof; and (2) if such Partnership Interest or Membership Interest is not represented by a certificate or is not a Security for purposes of the New York UCC, the procedure set forth in Section 3.2(a)(ii) hereof;

(v) with respect to any Security of any Pledged Affiliate, provide the Administrative Agent with a copy of the organization documents of such Pledged Affiliate; provided, however, that the obligations set forth in this paragraph shall not apply with respect to any Pledged Affiliate that does not, directly or indirectly, own any material assets; provided further that, if at any time organization documents of a Pledged Affiliate have not been delivered in reliance on the foregoing proviso and such Pledged Affiliate thereafter owns, directly or indirectly, any material assets, the applicable Grantor shall provide the Administrative Agent with a copy of the organization documents of such Pledged Affiliate within 60 days after the end of the fiscal quarter during which such Pledged Affiliate first owned, directly or indirectly, any material assets;

(vi) with respect to each Distribution Account of such Grantor, notify the Administrative Agent of the opening thereof (to the extent such Distribution Account is opened after the Closing Date) and deliver to the Administrative Agent a Control Agreement duly executed by each of the parties thereto; and

(vii) with respect to all Collateral of such Grantor whereby or with respect to which the Administrative Agent may obtain "control" thereof within the meaning of Section 8-106 of the New York UCC (or under any provision of the New York UCC as same may be amended or supplemented from time to time, or under the laws of any relevant State other than the State of New York), such Grantor shall take all actions as may be reasonably requested from time to time by the Administrative Agent so that "control" of such Collateral is obtained and at all times held by the Administrative Agent.

(b) In addition to the actions required to be taken pursuant to Section 3.2(a) hereof, each Grantor shall take the following additional actions with respect to the Collateral:

(i) each Grantor shall from time to time cause appropriate financing statements (on appropriate forms) under the Uniform Commercial Code as in effect in the various relevant States, covering all Collateral hereunder (with the form of such financing statements to be satisfactory to the Administrative Agent), to be filed in the relevant filing offices so that at all times the Administrative Agent's security interest in all Investment Property constituting Collateral and other Collateral which can be perfected by the filing of such financing statements (in each case to the maximum extent perfection by filing may be obtained under the laws of the relevant States, including, without limitation, Section 9-312(a) of the New York UCC) is so perfected; and

(ii) each Grantor shall cause the Pledge to be accepted by each Luxembourg Issuer, and by its signature to this Agreement, each Luxembourg Issuer existing on the date of this Agreement hereby acknowledges and expressly accepts the Pledge.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Title; No Other Liens. Except for the security interest granted to the Administrative Agent for the ratable benefit of the Secured Parties pursuant to this Agreement and the other Liens permitted to exist on the Collateral under the Credit Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens. No effective financing statement or other similar public filing with respect to all or any part of the Collateral is on file or of record in any relevant public office, except such as have been filed in favor of the Administrative Agent pursuant to this Agreement or as are permitted by the Credit Agreement and those filed in connection with the Existing Credit Agreement.

4.2 Subsidiaries. As of the Closing Date, Schedule 2 sets forth the name and jurisdiction of incorporation of each Subsidiary and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Grantor.

4.3 Jurisdiction of Organization; Chief Executive Office. On the date hereof, such Grantor's jurisdiction of organization, and the location of such Grantor's chief executive office or sole place of business or principal residence, as the case may be, are specified on Schedule 4.

4.4 Pledged Stock. (a) The shares or other interests of Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares or other interests of all classes of the Capital Stock of each Issuer owned by such Grantor, other than shares constituting Excluded Collateral.

(b) All the shares of the Pledged Stock of any Subsidiary have been duly and validly issued and, to the extent applicable, are fully paid and nonassessable.

(c) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Securities pledged by it hereunder, free of any and all Liens other than Liens permitted pursuant to the Credit Agreement.

(d) As of the date hereof, all of the Partnership Interests and Membership Interests owned by such Grantor are uncertificated.

4.5 Distribution Accounts. As of the Closing Date, such Grantor has neither opened nor maintains any Distribution Account other than those set forth in Schedule 5 hereto.

4.6 No Default. Except as could not reasonably be expected to result in a Material Adverse Effect, (a) such Grantor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any partnership agreement or limited liability company agreement to which such Grantor is a party, and such Grantor is not in violation of any other material provisions of any partnership agreement or limited liability company agreement to which such Grantor is a party, or otherwise in default or violation thereunder and (b) no Partnership Interest or Membership Interest is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person with respect thereto.

SECTION 5. COVENANTS

Each Grantor covenants and agrees with the Administrative Agent and the Lenders that, from and after the date of this Agreement until Payment in Full:

5.1 Delivery of Instruments, Certificated Securities and Chattel Paper. If any amount payable under or in connection with any of the Collateral in excess of $100,000 shall be or become evidenced by any Instrument, Certificated Security or Chattel Paper payable to or in the name of any Grantor, such Instrument, Certificated Security or Chattel Paper shall be delivered to the Administrative Agent by not later than the next following Collateral Reporting Date, duly indorsed in a manner reasonably satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement.

5.2 Payment of Obligations. Such Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all Taxes imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except to the extent not required to be paid or discharged pursuant to Section 4.10 of the Credit Agreement.

5.3 Maintenance of Perfected Security Interest; Further Documentation. (a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.19 of the Credit Agreement and shall defend such security interest against the claims and demands of all Persons whomsoever, subject to Permitted Liens and the rights of such Grantor under the Loan Documents to dispose of the Collateral.

(b) Such Grantor will furnish to the Administrative Agent and the Lenders from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as the Administrative Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Securities, Pledged Accounts and any other relevant Collateral, taking any actions consistent with the requirements of Section 3.2 and reasonably necessary to enable the Administrative Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

5.4 Changes in Name, etc. In the event that a Grantor (i) changes its jurisdiction of organization or the location of its chief executive office or sole place of business or principal residence from that referred to in Section 4.3 or (ii) changes its name, such Grantor shall promptly (but in any event within ten (10) days) provide written notice to the Administrative Agent and deliver to the Administrative Agent all additional financing statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the security interests provided for herein.

5.5 Notices. Such Grantor will advise the Administrative Agent and the Lenders promptly, in reasonable detail, of any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Administrative Agent to exercise any of its remedies hereunder.

5.6 Securities. (a) If such Grantor shall become entitled to receive or shall receive any certificate (including, without limitation, any certificate representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer of Pledged Stock, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Administrative Agent and the Lenders, hold the same in trust for the Administrative Agent and the Lenders and deliver the same to the Administrative Agent by not later than the applicable Collateral Reporting Date in the exact form received, duly indorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power covering such certificate duly executed in blank by such Grantor and with, if the Administrative Agent so requests, signature guaranteed, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Obligations.

(b) Without the prior written consent of the Administrative Agent, unless permitted pursuant to the Credit Agreement, such Grantor will not (i) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Securities or Proceeds thereof or (ii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Securities or Proceeds thereof, or any interest therein.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Securities issued by it and will comply with such terms insofar as such terms are applicable to it and (ii) the terms of Sections 6.1(c) and 6.5 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.1(c) or 6.5 with respect to the Securities issued by it.

(d) Such Grantor will not approve any action by any Pledged Partnership or Pledged LLC to convert such uncertificated interests into certificated interests.

SECTION 6. REMEDIAL PROVISIONS

6.1 Pledged Stock. (a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to Section 6.1(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Stock, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted in the Credit Agreement, and to exercise all voting and corporate or other organizational rights with respect to the Securities; provided, however, that no vote shall be cast or corporate or other organizational right exercised or other action taken which, in the Administrative Agent's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Administrative Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Securities and make application thereof to the Obligations in such order as the Administrative Agent may determine, and (ii) any or all of the Securities shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Securities at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other organizational structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Securities, and in connection therewith, the right to deposit and deliver any and all of the Securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Securities pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Securities directly to the Administrative Agent.

6.2 Proceeds to be Turned Over To Administrative Agent. If an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated

from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Administrative Agent and the Lenders) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 6.3.

6.3 Application of Proceeds. At such intervals as may be agreed upon by the Borrower and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds constituting Collateral, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2, in payment of the Obligations in the following order:

First, to pay incurred and unpaid fees and expenses of the Administrative Agent under the Loan Documents;

Second, to the Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then due and owing and remaining unpaid to the Secured Parties;

Third, to the Administrative Agent, for application by it towards prepayment of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then held by the Secured Parties; and

Fourth, any balance remaining after the Payment in Full of the Obligations, no Letters of Credit shall be outstanding and the Commitments shall have terminated shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

Notwithstanding the foregoing, no amounts received from any Guarantor shall be applied to any Excluded Swap Obligations of such Guarantor.

6.4 Code and Other Remedies. Subject to the limitations set forth in Section 6.6, if an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a

secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.4, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-615(a)(3) of the New York UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

6.5 [Reserved.]

6.6 Certain Limitations on Remedies. (a) Notwithstanding any of the other provisions set forth in this Agreement to the contrary (including, without limitation, this Section 6), the Administrative Agent hereby agrees, on behalf of itself and the other Secured Parties, that except as permitted pursuant to clause (b) below, it shall not, directly or indirectly, consummate or otherwise take any Enforcement Action (as defined below) that would reasonably be expected to result in an FDIC Investment Prohibited Foreclosure or Other Prohibited Foreclosure; provided that the Borrower shall maintain the ownership structure of it and its Affiliates in a manner that does not restrict the Administrative Agent from commencing Enforcement Actions with respect to any Collateral other than FDIC Investments and Other Restricted Assets (it being understood that, (x) no such restriction shall be deemed to exist if the Administrative Agent can take Enforcement Actions with respect to a Lower Tier Issuer that is a direct or indirect owner of such Collateral but not an Upper Tier Issuer and (y) to the extent necessary to ensure compliance with this proviso, the Borrower shall ensure that all Collateral other than FDIC Investments and Other Restricted Assets shall be held, directly or indirectly, by Pledged Affiliates with respect to which Enforcement Actions would not constitute an FDIC Investment Prohibited Foreclosure or an Other Prohibited Foreclosure).

(b) The parties hereto acknowledge and agree that the foreclosure, transfer or other similar exercise of remedies (an "Enforcement Action") by the Administrative Agent with respect to

certain Pledged Stock, may, in the case of an Enforcement Action with respect to the Pledged Stock of an Issuer (an "Upper Tier Issuer") that owns Pledged Stock of any other Issuer of Pledged Stock (each, a "Lower Tier Issuer"), result in an FDIC Prohibited Foreclosure or Other Prohibited Foreclosure in circumstances where an Investment Asset that could be the subject of an FDIC Prohibited Foreclosure or Other Prohibited Foreclosure is directly or indirectly owned by a Lower Tier Issuer. In such case, in order to permit the commencement of an Enforcement Action with respect to the Pledged Stock of any Upper Tier Issuer, each Grantor hereby agrees that, upon the occurrence and continuation of an Event of Default, following the written request of the Administrative Agent, it shall take such actions as may be reasonably requested by Administrative Agent to transfer its Pledged Stock in an FDIC Private Owner or Other Restricted Investment Asset Owner to an Affiliate of such Grantor in a manner that enables the Administrative Agent to commence an Enforcement Action with respect to the Pledged Stock of any Upper Tier Issuer without indirectly causing an FDIC Investment Prohibited Foreclosure or Other Prohibited Foreclosure. In the event that the applicable Grantor does not comply with any written transfer request of the Administrative Agent pursuant to this Section 6.6(b) within 10 days after receipt of such request, the Administrative Agent shall be released from the obligations specified in Section 6.6(a) above in connection with any Enforcement Action with respect to the Pledged Stock of an Upper Tier Issuer relating to such a transfer request.

6.7 Subordination. Each Grantor hereby agrees that, upon the occurrence and during the continuance of an Event of Default, unless otherwise agreed by the Administrative Agent, all Indebtedness owing by it to any Subsidiary of the Borrower shall be fully subordinated to the indefeasible payment in full in cash of such Grantor's Obligations.

6.8 Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent or any Lender to collect such deficiency.

SECTION 7. THE ADMINISTRATIVE AGENT

7.1 Administrative Agent's Appointment as Attorney-in-Fact, etc. (a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, upon the ocurrence and during the continuance of an Event of Default, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due with respect to any Collateral whenever payable;

(ii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iii) execute, in connection with any sale provided for in Section 6.4 or 6.5, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(iv) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; and (7) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Lenders' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The documented out-of-pocket expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any category of past due ABR Loans under the Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, any Lender nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the Lenders hereunder are solely to protect the Administrative Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender to exercise any such powers. The Administrative Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7.3 Execution of Financing Statements. Pursuant to any applicable law, each Grantor authorizes the Administrative Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Administrative Agent determines appropriate to perfect the security interests of the Administrative Agent under this Agreement. Each Grantor authorizes the Administrative Agent to file or record financing statements describing the Collateral as set forth in Section 3. Each Grantor hereby ratifies and authorizes the filing by the Administrative Agent of any financing statement with respect to the Collateral made prior to the date hereof.

7.4 Authority of Administrative Agent. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 8. MISCELLANEOUS

8.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.1 of the Credit Agreement.

8.2 Notices. All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in Section 10.2 of the Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1.

8.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 Enforcement Expenses; Indemnification. (a) Each Guarantor agrees to pay or reimburse each Lender and the Administrative Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in collecting against such Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Guarantor is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Lender and of counsel to the Administrative Agent.

(b) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to Section 10.5 of the Credit Agreement.

(d) The agreements in this Section 8.4 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

8.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

8.6 Set-Off. In addition to any rights and remedies of the Lenders provided by law, subject to any applicable limitations set forth in Section 10.7 of the Credit Agreement, each Lender shall have the right, without notice to any Grantor, any such notice being expressly waived by each Grantor to the extent permitted by applicable law, upon any Obligations becoming due and payable by any Grantor (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or

indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of such Grantor; provided that to the extent prohibited by applicable law as described in the definition of "Excluded Swap Obligation" in the Credit Agreement, no amounts received from, or set off with respect to, any Guarantor shall be applied to any Excluded Swap Obligations of such Guarantor. Each Lender agrees promptly to notify the relevant Grantor and the Administrative Agent after any such application made by such Lender, provided that the failure to give such notice shall not affect the validity of such application.

8.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

8.8 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Grantors, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

8.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.12 Submission To Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York located in the Bourough of Manhattan, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof; provided, that nothing contained herein or in any other Loan Document will prevent any Lender or the Administrative Agent from bringing any action to enforce any award or judgment or exercise any right under the Security Documents or against any Collateral or any other property of any Grantor in any other forum in which jurisdiction can be established;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 8.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

8.13 Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Grantors and the Lenders.

8.14 Additional Grantors. Each Subsidiary of the Borrower that is required to become a party to this Agreement pursuant to Section 6.10 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

8.15 Releases. (a) Upon Payment in Full of the Obligations, the Collateral shall be automatically released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Grantor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement, then the Administrative Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral; provided that no Default shall have occurred or be continuing or would result

therefrom. At the request and sole expense of the Borrower, any Subsidiary Guarantor shall be released from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement or if such Subsidiary Guarantor shall cease to be a Wholly-Owned Subsidiary as a result of a transaction permitted by the Credit Agreement or becomes an Excluded Subsidiary pursuant to the terms of the Credit Agreement; provided that, in each case, no Default shall have occurred and be continuing or would result therefrom; provided further that the Borrower shall have delivered to the Administrative Agent, at least five days (or such shorter period as may be permitted by the Administrative Agent in its sole discretion) prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor and the associated transaction giving rise to the release request in reasonable detail, together with a certification by the Borrower stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

(c) The Administrative Agent shall, at the request and sole expense of the Borrower in connection with the release of any Collateral in accordance with this Section 8.15, promptly (i) deliver to the Borrower any such Collateral in the Administrative Agent's possession and (ii) execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such release. The Administrative Agent shall, at the request and sole expense of the Borrower following the release of a Subsidiary Guarantor from its obligations under the Loan Documents, as applicable, in accordance with this Section 8.15, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such release.

8.16 **WAIVER OF JURY TRIAL. EACH GRANTOR AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

8.17 Acknowledgement and Confirmation. Each Grantor party hereto that was a "Grantor" under and as defined in the Guarantee and Collateral Agreement, dated as of August 6, 2013 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Guarantee and Collateral Agreement" and such Grantors, the "Existing Grantors"), among the Borrower and each other Grantor (as defined therein) party thereto, hereby acknowledges and consents to the Credit Agreement, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Credit Agreement and its guarantee, if any, of the obligations, liabilities and indebtedness of the other Loan Parties under the Existing Credit Agreement shall extend to and cover the obligations, liabilities and indebtedness of the other Loan Parties under the Credit Agreement, including, without limitation, the Loans and any other extensions of credit provided pursuant to the Credit Agreement and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continues in full force and effect on a continuous

basis, unimpaired, uninterrupted and undischarged, after giving effect to the Credit Agreement, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents, including, without limitation, the obligations under the Credit Agreement.

IN WITNESS WHEREOF, each of the undersigned has caused this Amended and Restated Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

[NAME OF GRANTOR]

By: _____
Title:

ENFORCEMENT RIGHT LIMITATIONS

NOTICE ADDRESSES OF GUARANTORS

Schedule 2

DESCRIPTION OF PLEDGED STOCK

Issuer	Class of Stock	Stock Certificate No.	No. of Shares

LOCATION OF JURISDICTION OF ORGANIZATION
AND CHIEF EXECUTIVE OFFICE

Grantor	Jurisdiction of Organization	Location of Chief Executive Officer

DISTRIBUTION ACCOUNTS

32

ASSUMPTION AGREEMENT, dated as of , 20 , made by (the "Additional Grantor"), in favor of JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions or entities (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H :

WHEREAS, Colony Capital Operating Company, LLC (the "Borrower"), the Lenders and the Administrative Agent have entered into the Amended and Restated Credit Agreement, dated as of March 31, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Borrower and certain of its Affiliates (other than the Additional Grantor) have entered into the Amended and Restated Guarantee and Collateral Agreement, dated as of March 31, 2016 (as amended, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement") in favor of the Administrative Agent for the ratable benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guarantee and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee and Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee and Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.14 of the Guarantee and Collateral Agreement, hereby becomes a party to the Guarantee and Collateral Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in the Schedules to the Guarantee and Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Guarantee and Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. Governing Law. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

Supplement to Schedule 1

Supplement to Schedule 2

Supplement to Schedule 4

Supplement to Schedule 5

Annex 2

ACKNOWLEDGEMENT AND CONSENT***

The undersigned hereby acknowledges receipt of a copy of the Amended and Restated Guarantee and Collateral Agreement dated as of March 31, 2016 (as amended, supplemented or otherwise modified from time to time, the "Agreement"), made by the Grantors parties thereto for the benefit of JPMorgan Chase Bank, N.A., as Administrative Agent. The undersigned agrees for the benefit of the Administrative Agent and the Lenders as follows:

1. The undersigned will be bound by the terms of the Agreement and will comply with such terms insofar as such terms are applicable to the undersigned.

2. The undersigned will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 5.6(a) of the Agreement.

3. The terms of Sections 6.1(c) and 6.5 of the Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.1(c) or 6.5 of the Agreement.

[NAME OF ISSUER]

By: _____
Name:
Title:

Address for Notices:

_____

_____

_____
Fax:

*** This consent is necessary only with respect to any Issuer which is not also a Grantor. This consent may be modified or eliminated with respect to any Issuer that is not controlled by a Grantor. If a consent is required, its execution and delivery should be included among the conditions to the initial borrowing specified in the Credit Agreement.

EXHIBIT B

FORM OF
COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to Section [5.1(k)(ii)][6.2(b)] of the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

1. I am the duly elected, qualified and acting [Chief Financial Officer] of the Borrower.

2. I have reviewed and am familiar with the contents of this Certificate.

3. I have reviewed the terms of the Credit Agreement and the Loan Documents and have made or caused to be made under my supervision, a review in reasonable detail of the transactions and condition of the Borrower during the accounting period covered by the financial statements attached hereto as Attachment 1 (the "Financial Statements"). Such review did not disclose the existence during or at the end of the accounting period covered by the Financial Statements, and I have no knowledge of the existence, as of the date of this Certificate, of any condition or event which constitutes a Default or Event of Default[, except as set forth below].

4. Attached hereto as Attachment 2 are the applicable computations and financial information showing compliance with the covenants set forth in Section 7.1 of the Credit Agreement[, giving pro forma effect to the effectiveness of the Credit Agreement].[1]

IN WITNESS WHEREOF, I have executed this Certificate this day of , 20 .

Name:
Title:

[1] To be included in the Compliance Certificate delivered pursuant to Section 5.1(k)(ii).

[Attach Financial Statements]

The information described herein is as of , , and pertains to the period from , to , .

[Set forth Covenant Calculations]

FORM OF
CLOSING CERTIFICATE

[Attached]

OMNIBUS SECRETARY'S CERTIFICATE
OF
COLONY CAPITAL OPERATING COMPANY, LLC
AND
EACH OTHER CERTIFYING LOAN PARTY

January 10, 2017

The undersigned, the duly appointed, qualified and acting Vice President and Secretary of Colony Capital Operating Company, LLC, a Delaware limited liability company (the "**Company**"), which is the direct or indirect Managing Member of each of the entities listed on Schedule 1 hereto (together with the Company, collectively, the "**Certifying Loan Parties**" and each, a "**Certifying Loan Party**"), as of the date first set forth above, certifies as follows:

1. Each Certifying Loan Party is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware.

2. Attached hereto as Exhibit "A" is a true, correct and complete copy of a written consent adopted by the Managing Member of the Company, on behalf of each Certifying Loan Party, and such written consent remains in full force and effect as of the date hereof and has not been amended, modified or repealed in any respect since the date of adoption of such written consent (the "**Consent Date**") and is the only corporate proceeding of each Certifying Loan Party now in force relating to or affecting the matters referred to therein. No other consent, license or approval is required in connection with the execution, delivery and performance by the Certifying Loan Parties of that certain Second Amended and Restated Credit Agreement dated as of January 10, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "**Agent**") and the Loan Documents (as defined in the Credit Agreement) to which they are a party or the validity against the Certifying Loan Parties of the Loan Documents to which they are a party.

3. Attached hereto as Exhibit "B" is a true, correct and complete copy of the Certificate of Formation of Colony Northstar Advisors, LLC and all amendments thereto, as in effect on the date hereof.

4. The Certificate of Formation of each Certifying Loan Party (other than Colony Northstar Advisors, LLC) has not been amended, modified or terminated since last provided to the Agent pursuant to that certain Omnibus Secretary's Certificate delivered in connection with the Amended and Restated Credit Agreement, dated as of March 31, 2016 (the "Existing Certificate"), and each is in full force and effect on the date hereof.

5. Attached hereto as Exhibit "C" is a true, correct and complete copy of the Limited Liability Company Agreement of the Company and all amendments thereto, as in effect on the date hereof.

6. The Limited Liability Company Agreement of each Certifying Loan Party (other than the Company) has not been amended, modified or terminated since last provided to the Agent pursuant to the Existing Certificate, and each is in full force and effect on the date hereof.

7. Attached hereto as Exhibit "D" is a true, correct and complete copy of the Certificate of Good Standing of each Certifying Loan Party issued by the Delaware Secretary of State.

[Certificate continues on next page.]

8. The following persons are duly appointed, qualified and acting officers of the Company and occupy the office or hold the positions set forth opposite their names, and the signatures set forth opposite their names are the true signatures of such officer, and each of such officers is duly authorized to execute and deliver on behalf of each Certifying Loan Party each of the Loan Documents to which it is a party and any certificate or other document to be delivered by such Certifying Loan Party pursuant to the Loan Documents to which it is a party:

Name	Office	Signature
Darren J. Tangen	Vice President and Treasurer	
Ronald M. Sanders	Vice President and Secretary	
Mark M. Hedstrom	Vice President	
David A. Palamé	Assistant Secretary	

[Certificate continues on next page.]

9. The following persons are duly appointed, qualified and acting officers of each Certifying Loan Party listed on Schedule 2 hereto and occupy the office or hold the positions set forth opposite their names, and the signatures set forth opposite their names are the true signatures of such officer, and each of such officers is duly authorized to execute and deliver on behalf of such Certifying Loan Party each of the Loan Documents to which it is a party and any certificate or other document to be delivered by such Certifying Loan Party pursuant to the Loan Documents to which it is a party:

Name	Office	Signature
Ronald M. Sanders	Vice President	_____
Mark M. Hedstrom	Vice President	_____
David A. Palamé	Assistant Secretary	_____

[Certificate continues on next page.]

10. The Borrower has provided a true, correct and complete copy of the operating agreement, partnership agreement or other applicable organizational document of each Affiliated Investor listed on Schedule 3 hereto in the ColonyCapital Box datasite made available to the Administrative Agent, which includes each Affiliated Investor in which all or a portion of its Capital Stock are owned directly by a Loan Party.

[Certificate continues on next page.]

IN WITNESS WHEREOF, the undersigned has executed this Omnibus Secretary's Certificate as of the day and year first above written.

CERTIFICATION

I, , the duly appointed, qualified and acting of the Company, do hereby certify and affirm that is the duly appointed, qualified and acting of the Company and that the signature set forth immediately above is his true signature.

EXHIBIT D

FORM OF
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into between the Assignor named below (the "Assignor") and the Assignee named below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1.	Assignor:	_____
2.	Assignee:	_____ [and is an Affiliate/Approved Fund of [*identify Lender*][1]]
3.	Borrower:	Colony Capital Operating Company, LLC
4.	Administrative Agent:	JPMorgan Chase Bank, N.A., as administrative agent under the Credit Agreement
5.	Credit Agreement:	The Second Amended and Restated Credit Agreement dated as of January 10, 2017 among Colony Capital Operating Company, LLC, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent

[1] Select as applicable.

6. Assigned Interest:

Facility Assigned[2]	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans[3]
	$	$	%
	$	$	%
	$	$	%

Effective Date: [, 20][4]

The Assignee agrees to deliver to the Administrative Agent a completed administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the Loan Parties and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

NAME OF ASSIGNOR

By:
Title:

ASSIGNEE

NAME OF ASSIGNEE

By:
Title:

2 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Commitment").

3 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders.

4 To be inserted by the Administrative Agent and which shall be the effective date of recordation of transfer in the Register therefor.

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By _____
Title:

[Consented to:][5]

[COLONY CAPITAL OPERATING
COMPANY, LLC]

By _____
Title:

[5] Consent of the Borrower is not required (i) for an assignment to a Lender, an affiliate of a Lender or an Approved Fund (as defined below) or (ii) if an Event of Default under Section 8(a) or (f) has occurred and is continuing.

ANNEX 1

Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent")

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by email or telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT E

FORM OF
NOTICE OF BORROWING/CONVERSION/CONTINUATION

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Ops 2, Floor 03
Newark, DE 19713-2107 , 20
Attention: Joseph Burke
Telephone: 302-634-1697
Fax: 302-634-4733

Ladies and Gentlemen:

Reference is made to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC, a Delaware limited liability company, (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The undersigned hereby irrevocably requests:

☐ A borrowing of Revolving Loans pursuant to Section 2.2 of the Credit Agreement

☐ A conversion of Loans pursuant to Section 2.7 of the Credit Agreement

☐ A continuation of Eurodollar Loans pursuant to Section 2.7 of the Credit Agreement

1. On , 201 (which is a Business Day).

2. In the amount of $.

3. Comprised of (Type of Loan requested).

4. For Eurodollar Loans: with an Interest Period of months.

The undersigned hereby represents and warrants that each of the conditions set forth in Section 5.2 of the Credit Agreement has been satisfied on and as of the date of such borrowing, conversion or continuation.

[Signature page follows]

Very truly yours,

COLONY CAPITAL OPERATING COMPANY, LLC

By _____
Title:

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE

(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 20

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 20

FORM OF
U.S. TAX COMPLIANCE CERTIFICATE

(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20

EXHIBIT G

FORM OF
INCREASED FACILITY ACTIVATION NOTICE—INCREMENTAL REVOLVING COMMITMENTS

To: JPMorgan Chase Bank, N.A., as Administrative Agent
under the Credit Agreement referred to below

Reference is made to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

This notice is an Increased Facility Activation Notice referred to in the Credit Agreement, and the Borrower and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to obtain a Revolving Commitment or increase the amount of its Revolving Commitment as set forth opposite such Lender's name on the signature pages hereof under the caption "Incremental Revolving Commitment Amount".

2. The Increased Facility Closing Date is .

3. The aggregate amount of incremental Revolving Commitments contemplated hereby is $.

4. The agreement of each Lender party hereto to obtain an incremental Revolving Commitment on the Increased Facility Closing Date is subject to the satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received this notice, executed and delivered by the Borrower and each Lender party hereto.

(b) [Insert other applicable conditions precedent, including, without limitation, delivery of a closing certificate from the Borrower and amendments to the Security Documents (to the extent necessary).]

(c) (i) Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of such date as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date) and (ii) no Default or Event of Default shall have occurred and be continuing.

[Signature page follows]

COLONY CAPITAL OPERATING COMPANY LLC

By: _____
Name:
Title:

Incremental Revolving Commitment Amount
$

[NAME OF LENDER]

By: _____
Name:
Title:

CONSENTED TO:
JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

EXHIBIT H

FORM OF
NEW LENDER SUPPLEMENT

SUPPLEMENT, dated , to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Credit Agreement provides in Section 2.19(b) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld) in connection with a transaction described in Section 2.19(a) thereof by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this Supplement is accepted by the Borrower and the Administrative Agent, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a Revolving Commitment of $.

2. The undersigned (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Supplement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to become a Lender, (iii) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (iv) if it is a Non-U.S. Lender, attached to this Supplement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the undersigned, and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

_____

_____

_____

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[NAME OF LENDER]

By: _____
Name:
Title:

Accepted this day of , 20 :

COLONY CAPITAL OPERATING COMPANY, LLC

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

EXHIBIT I

GUARANTEE AND COLLATERAL ACKNOWLEDGEMENT

January 10, 2017

Reference is made to the Amended and Restated Credit Agreement, dated as of March 31, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Colony Capital Operating Company, LLC, a Delaware limited liability company (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein are used with the meanings assigned to them in the Credit Agreement.

Each of the parties hereto hereby acknowledges and consents to the Second Amended and Restated Credit Agreement, dated as of January 10, 2017 (the "Amended Credit Agreement"), among the Borrower, the Lenders party thereto and the Administrative Agent, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Amended Credit Agreement and its guarantee, if any, of the obligations, liabilities and indebtedness of the other Loan Parties under the Credit Agreement shall extend to and cover any Loans made pursuant to the Amended Credit Agreement and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continues in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Amended Credit Agreement, as collateral security for its obligations, liabilities and indebtedness under the Amended Credit Agreement or any other Loan Document or any Secured Swap Agreement and under its guarantees, if any, in the Loan Documents, including, without limitation, the obligations under the Amended Credit Agreement.

THIS ACKNOWLEDGMENT AND CONFIRMATION AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ACKNOWLEDGMENT AND CONFIRMATION SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

This Acknowledgment and Confirmation may be executed by one or more of the parties to this Acknowledgement and Confirmation on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Acknowledgement and Confirmation by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee and Collateral Acknowledgement to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

[ ]

By: _____
Name:
Title:

[*Signature Page to Guarantee and Collateral Acknowledgment*]

Exhibit 10.14

TAX PROTECTION AGREEMENT

This TAX PROTECTION AGREEMENT (the "***Agreement***") is entered into as of January 10, 2017, by and among Colony NorthStar, Inc., a Maryland corporation ("***CNI***"), Colony Capital Operating Company, LLC, a Delaware limited liability company (the "***Operating Partnership***"), and each Protected Member identified on Schedule A, as amended from time to time (the "***Protected Members,***" and together with CNI and the Operating Partnership, the "***Parties***").

RECITALS

WHEREAS, pursuant to the terms of the Contribution and Implementation Agreement, dated as of December 23, 2014, by and among Colony Capital Holdings, LLC, Colony Capital, LLC, Colony Capital OP Subsidiary, LLC, CCH Management Partners I, LLC, FHB Holding LLC, Richard Saltzman, CFI RE Masterco, LLC and Colony Capital, Inc. (formerly known as Colony Financial, Inc.) ("***Constellation***") (the "***Contribution and Implementation Agreement***"), the Protected Members directly or indirectly contributed assets to the Operating Partnership, including the Protected Property (as defined below), in exchange for units in the Operating Partnership ("***OP Units***");

WHEREAS, the amount by which the fair market value of each Protected Property exceeded its adjusted tax basis at the time of its contribution to the Operating Partnership (the "***Original Contribution Section 704(c) Gain***") is set forth in Schedule C attached hereto;

WHEREAS, the parties to the Contribution and Implementation Agreement agreed that (i) the Operating Partnership would adhere to certain debt requirements and allocate "excess non-recourse liabilities" in the manner set forth in Section 6.3D of the Third Amended and Restated Limited Liability Company Agreement of the Operating Partnership (the "***OP Agreement***") and (ii) the Operating Partnership will use the "traditional method without curative allocations" as defined in Treasury Regulations Section 1.704-3(b) with respect to certain assets contributed to the Operating Partnership;

WHEREAS, pursuant to the terms of the Agreement and Plans of Merger, dated as of June 2, 2016 (as amended from time to time, the "***Merger Agreement***"), Constellation, NorthStar Realty Finance Corp., a Maryland corporation ("***Sirius***"), NorthStar Asset Management Group Inc., a Delaware corporation ("***Polaris***") and certain subsidiaries of each entity intend to effectuate a combination in a series of mergers (the "***Mergers***") that qualify for non-recognition treatment under the Code and the applicable Treasury Regulations, whereby CNI and the Operating Partnership are the surviving entities; and

WHEREAS, the Parties desire to enter into this Agreement to memorialize the Parties' agreement that the Protected Members be indemnified by the Operating Partnership for (i) the Protected Section 704(c) Gain (as defined below) allocated to such Protected Members during the Tax Protection Period as a result of a disposition (or deemed disposition) of the Protected Property or a transaction (including, without limitation, a merger) that causes the Protected Members to exchange their OP Units in a taxable transaction or in certain non-recognition transactions or (ii) the Operating Partnership's failure to comply with certain requirements set forth below.

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I - DEFINED TERMS

Capitalized terms employed herein and not otherwise defined shall have the meanings assigned to them in the Merger Agreement. Otherwise, for purposes of this Agreement the following definitions shall apply:

"Agreement" has the meaning set forth in the preamble.

"Assumed Tax Rate" means, with respect to a Protected Member who is entitled to receive a payment under Section 2.4, the highest combined statutory U.S. federal, state and local tax rate (including any surtaxes or Medicare taxes under Section 1411 of the Code) imposed on an individual resident of California, taking into account the character of the income or gain in the hands of such Protected Member for the taxable year in which such taxable income or gain is recognized that gave rise to such payment.

"Code" means the U.S. Internal Revenue Code of 1986, as amended (or any successor statute).

"Contribution and Implementation Agreement" has the meaning set forth in the Recitals.

"Gross Up Amount" has the meaning set forth in the definition of "Make Whole Amount."

"Guaranteed Obligations" has the meaning set forth in Section 3.15.

"Guarantor" means Colony NorthStar, Inc., a Maryland corporation.

"Make Whole Amount" means, with respect to a Protected Member that is entitled to an indemnification payment pursuant to Section 2.4 of this Agreement, *the sum of* (i) *the product of* (x) the Protected Section 704(c) Gain arising from a Tax Protection Period Transfer set forth in Section 2.1(a) or Section 2.1(b) (taking into account any adjustments under Section 743 of the Code to which such Protected Member is entitled), *plus* any income or gain recognized as a result of a Tax Protection Period Transfer set forth in Section 2.1(c), *plus* any increase in the income or gain allocated to such Protected Member arising from the Operating Partnership's failure to comply with Section 2.3(a), *plus* any income or gain recognized by such Protected Member as a result of the Operating Partnership's failure to comply with Section 2.3(b) or Section 2.3(c), *multiplied by* (y) the Assumed Tax Rate (the "***Indemnity Payment***"), *plus* (ii) an amount equal to the combined U.S. federal, state and local income taxes (including any surtaxes or Medicare taxes under Section 1411 of the Code and calculated using the Assumed Tax Rate) imposed on such Protected Member as a result of the receipt by such Protected Member of a payment under Section 2.4 (the "***Gross Up Amount***"); *provided*, *however*, that the Gross Up Amount shall be computed without regard to any losses, credit, or other tax attributes that such Protected Member might have that would reduce its actual tax liability. For purposes of this Agreement, (i) any payment made to a Protected Member pursuant to this Agreement shall be treated as (x) made to an individual resident of California and (y) a "guaranteed payment" within the meaning of Section 707(c) of the Code taxable to such Protected Member at ordinary income tax rates and (ii) in the case of a merger resulting in a taxable disposition or other taxable disposition of the OP Units, the amount of gain taken into account in determining the Indemnity Payment will be the lesser of (x) the gain recognized as a result of such merger or other taxable disposition of the OP Units or (y) the amount of Protected Section 704(c) Gain that would be recognized if the Protected Property were sold in a fully taxable transaction on such date.

"Merger Agreement" has the meaning set forth in the Recitals.

"OP Units" has the meaning set forth in the Recitals.

"OP Agreement" has the meaning set forth in the Recitals.

"Original Contribution Section 704(c) Gain" has the meaning set forth in the Recitals.

"Owner" has the meaning set forth in Section 2.2(a).

"Permitted Disposition" means a sale, exchange or other disposition of OP Units (i) by a Protected Member: (a) to such Protected Member's children, spouse or issue; (b) to a trust for such Protected Member or such Protected Member's children, spouse or issue; (c) in the case of a trust which is a Protected Member, to one or more of its beneficiaries, whether current or remainder beneficiaries; (d) to a revocable *inter vivos* trust of which such Protected Member is a trustee; (e) in the case of any partnership or limited liability company which is a Protected Member, to its partners or members; and/or (f) in the case of any corporation which is a Protected Member, to its shareholders, and (ii) by a party described in clauses (a), (b), (c), (d), (e) or (f) to a partnership, limited liability company or corporation of which the only partners, members or shareholders, as applicable, are parties described in clauses (a),

(b), (c), (d), (e) or (f); *provided*, that for purposes of the definition of Tax Protection Period, the Protected Member selling, exchanging or disposing of its OP Units pursuant to this definition shall be treated as continuing to own any OP Units which were subject to a Permitted Disposition unless and until there has been a sale, exchange or other disposition of such OP Units by a permitted transferee which is not another Permitted Disposition.

"Person" means, an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

"Protected Member" means, (i) each Person listed on Schedule A attached hereto, as amended from time to time and (ii) any Person who holds OP Units and who acquired such OP Units from another Protected Member in a Permitted Disposition.

"Protected Property" means, (i) each asset identified on Schedule B hereto that is owned by the Operating Partnership and was contributed (directly or indirectly) to the Operating Partnership by one or more Protected Members pursuant to the Contribution and Implementation Agreement; (ii) any direct or indirect interest owned by the Operating Partnership in any entity that owns an interest in any of such assets, if the disposition of that asset would result in the recognition of Protected Section 704(c) Gain by a Protected Member; and (iii) any other property that the Operating Partnership directly or indirectly receives that is in whole or in part a "substituted basis property" as defined in Section 7701(a)(42) of the Code with respect to such assets.

"Protected Section 704(c) Gain" means, the amount of income or gain that would be allocable to and recognized by a Protected Member under Section 704(c) of the Code in the event of a sale of Protected Property or any interests in such Protected Property in a fully taxable transaction, but in no event shall the Protected Section 704(c) Gain with respect to a Protected Member exceed the Original Contribution Section 704(c) amount as adjusted pursuant to the applicable Treasury Regulations under Section 704(b) and 704(c) as of the date hereof. For purposes of this definition, Protected Section 704(c) Gain shall be determined without taking into account any "reverse Section 704(c) gain" allocated to a Protected Member pursuant to Treasury Regulations Section 1.704-3(a)(6); *provided*, *however*, in the event "book-ups" or "book-downs" convert Protected Section 704(c) Gain to "reverse Section 704(c) gain" or Section 704(b) gain, then such gain shall continue to be treated as Protected Section 704(c) Gain.

"Tax Protection Period" means, the period commencing on the date the Merger Agreement was executed and expiring on the fifth (5) anniversary of the Closing;

"Tax Protection Period Transfer" has the meaning set forth in Section 2.1.

"Transfer" means, any direct or indirect sale, exchange, transfer or other disposition, whether voluntary or involuntary.

"Treasury Regulations" means, regulations promulgated by the U.S. Department of Treasury pursuant to and in respect of provisions of the Code (whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE II - TAX PROTECTIONS

Section 2.1 Taxable Transfers. Subject to Section 2.2, the Operating Partnership shall indemnify the Protected Members as set forth in Section 2.4 if any of the following events occur during the Tax Protection Period (each event, a "***Tax Protection Period Transfer***"):

(a) The Operating Partnership (or any entity in which the Operating Partnership holds a direct or indirect interest) causes or permits any Transfer of all or any portion of the Protected Property (including any interest in the Protected Property or in any entity owning, directly or indirectly, an interest in the Protected Property) that results in the recognition of Protected Section 704(c) Gain by a Protected Member;

(b) The structure of the transactions contemplated by the Merger Agreement is altered in a manner that results in the recognition of Protected Section 704(c) Gain by a Protected Member as a result of the transaction as altered; or

(c) A merger or other transaction that would convert the OP Units held by a Protected Member to cash or otherwise result in a taxable Transfer of such OP Units.

Section 2.2 Exempt Transfers. A Protected Member shall not be entitled to a Make Whole Payment pursuant to Section 2.4 with respect to a Tax Protection Period Transfer if:

(a) The counterparty to the Tax Protection Period Transfer is the Protected Member, any direct or indirect owner of the Protected Member (an "***Owner***"), any immediate family member of a Protected Member or Owner, or any entity in which the Protected Member or Owner owns, directly or indirectly under constructive ownership rules of Section 318 of the Code, ten percent (10%) or more of the voting power or value. For purposes of the preceding sentence, an immediate family member includes a spouse, child, grandchild, or parent of the Protected Member or Owner.

(b) The Tax Protection Period Transfer occurs as a result of Section 2.1(c) and such merger or other transaction provides the Protected Member (i) the ability to maintain its equity interests in a manner that does not trigger the recognition of any Protected Section 704(c) Gain or (ii) the option to roll over its investment into an equity interest regardless of whether the Protected Member chooses to maintain its equity interest as described in (i) or (ii); provided that any such merger or other transaction that maintains the Protected Member's equity interest or offers the Protected Member the opportunity to roll over its investment must be into interests that are substantially equivalent (including, without limitation, with respect to the value, profit and loss share, distribution rights and liquidity) to the equity interests exchanged in such transaction.

(c) The Tax Protection Period Transfer does not give rise to the recognition of Protected Section 704(c) Gain by a Protected Member in the year of such transfer or in a later year within the Tax Protection Period (a "***Tax-free Exchange***") by reason of such transfer qualifying as (i) a like-kind exchange under Section 1031 of the Code, (ii) an involuntary conversion under Section 1033 of the Code or (iii) any other transaction (including, but not limited to, a contribution of the Protected Property to any entity in a transaction qualifying for non-recognition of gain under Sections 721 or 351 of the Code, or a merger or consolidation of the Operating Partnership with another entity that qualifies as a partnership for U.S. federal income tax purposes); *provided*, *however*, that:

(i) In the event of a disposition under Section 1031 or Section 1033 of the Code, any property that is acquired in exchange for or as a replacement for the Protected Property shall thereafter be considered Protected Property;

(ii) in the case of a "like-kind exchange" under Section 1031 of the Code, if such exchange is with a "related party" within the meaning of Section 1031(f)(3) of the Code, any direct or indirect disposition by such related party of the Protected Property or any other transaction prior to the expiration of the two (2) year period following such exchange that would cause Section 1031(f)(1) of the Code to apply with respect to such Protected Property (including by reason of the application of Section 1031(f)(4) of the Code) shall be considered a Tax Protection Period Transfer under Section 2.1(a) of this Agreement by the Operating Partnership;

(iii) if the Protected Property is transferred to another Person in a transaction in which gain or loss is not recognized, the direct and indirect interest of the Operating Partnership in such Person received in the exchange for the Protected Property pursuant to such transaction shall thereafter be considered Protected Property, and if the acquiring Person's disposition of the Protected Property would result in the recognition of taxable income or gain by a Protected Member with respect to the Protected Property under Section 704(c) of the Code, the transferred Protected Property still shall be considered Protected Property; and

(iv) if the Operating Partnership directly or indirectly receives any property that is in whole or in part a "substituted basis property" as defined in Section 7701(a)(42) of the Code with respect to a Protected Property (including, without limitation, a Protected Property by reason of clause (iii) above), such substituted basis property shall thereafter be considered a Protected Property.

Section 2.3 Obligations of Operating Partnership. Throughout the Tax Protection Period:

(a) the Operating Partnership shall use the "traditional method" described in Treasury Regulations Section 1.704-3(b) without the use of "curative allocations" described in Treasury Regulations Section 1.704-3(c);

(b) the Operating Partnership shall maintain debt and allocate "excess non-recourse liabilities" in the manner set forth in Section 6.3D of the OP Agreement; and

(c) Section 6.3D of the OP Agreement shall not be amended without the consent of each of the Protected Members.

Section 2.4 Indemnification.

(a) Subject to Section 2.4(b), each Protected Member shall receive from the Operating Partnership an amount of cash equal to the Make Whole Amount if, during the Tax Protection Period:

(i) Subject to Section 2.2, a Tax Protection Period Transfer occurs; or

(ii) the Operating Partnership fails to comply with Section 2.3(a), Section 2.3(b) or Section 2.3(c).

(b) For the avoidance of doubt, Protected Section 704(c) Gain recognized as a result of an exchange by a Protected Member of its OP Units for shares in CNI or cash, as determined by CNI, which occurs at the election of such Protected Member shall not give rise to a payment under this Agreement.

Section 2.5 Process for Determining Damages. If any Party receives a notice pursuant to Section 2.7 hereunder, the Operating Partnership and the Protected Members agree to negotiate in good faith to resolve any disagreements regarding any Tax Protection Period Transfer or any breach or violation of any covenant set forth in Article II and the amount of damages, if any, payable to such Protected Member under Section 2.4. If any such disagreement cannot be resolved by the Operating Partnership and such Protected Member within sixty (60) days after notice is provided under Section 2.7 hereunder, then:

(a) to the extent that the disagreement relates solely to the computation of the amount of a payment due hereunder, the Operating Partnership and the Protected Members agree to jointly retain a nationally recognized independent public accounting firm (an "***Accounting Firm***") to act as an arbitrator to resolve such computational disagreement as expeditiously as possible. All computational determinations made by the Accounting Firm pursuant to this Section 2.5(a) shall be final, conclusive and binding on the Operating Partnership and the Protected Member. The fees and expenses of any Accounting Firm incurred in connection with any such determination shall be shared equally by the Operating Partnership and the Protected Member, provided that if the amount determined by the Accounting Firm to be owed by the Operating Partnership to the Protected Member is more than five percent (5%) higher than the amount proposed by the Operating Partnership to be owed to such Protected Member prior to the submission of the matter to the Accounting Firm, then all of the fees and expenses of any Accounting Firm incurred in connection with any such determination shall be paid by the Operating Partnership and if the amount determined by the Accounting Firm to be owed by the Operating Partnership to the Protected Member is more than five percent (5%) less than the amount proposed by the Operating Partnership to be owed to such Protected Member prior to the submission of the matter to the Accounting Firm, then all of the fees and expenses of any Accounting Firm incurred in connection with any such determination shall be paid by the Protected Member; and

(b) with respect to all points of disagreement, any controversy, dispute or claim under, arising out of, in connection with or in relation to this Agreement that are not addressed in Section 2.5(a), including without limitation the negotiation, execution, interpretation, construction, coverage, scope, performance, non-performance, breach, damages, computations of the amount of a payment due hereunder (provided such computation is not the sole item in dispute), termination, validity or enforceability of this Agreement ("***Dispute***"), will be finally settled, at the request of any party, by binding arbitration conducted in accordance with this Section 2.5(b) and the Commercial Arbitration Rules of the American Arbitration Association ("***AAA***") then in effect (the "***Rules***"). The arbitration shall be held in New York, New York before a panel of three neutral and impartial arbitrators, one of whom will be selected by the Operating Partnership, the second of whom will be selected by the Protected Member, within thirty (30) days of receipt by respondent(s) of the demand for arbitration. The third arbitrator, who will chair the arbitral tribunal, will be selected by the other two arbitrators within thirty (30) days of the appointment of the second arbitrator. If any party fails to timely appoint an arbitrator, or if the two party-appointed arbitrators fail to timely agree on a third arbitrator, on the request of any party such arbitrator shall be appointed by the AAA in accordance with the listing, ranking and striking procedure in the Rules. Decisions of the tribunal will be made by not less than a majority of the arbitrators comprising such tribunal. The arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The award shall be final and binding upon the parties to the maximum extent permitted by law and shall be the sole and exclusive remedy between the parties regarding any claims, counter-claims, issues or accounting submitted to the arbitral tribunal. Arbitration under this Section 2.5(b) will be conducted in accordance with the following provisions:

(i) The arbitration will be conducted in accordance with rules of procedure adopted by the arbitrators to allow the parties to the Dispute to present evidence and argument to the arbitrators;

(ii) Except as may be otherwise provided in this Agreement, the statutes of limitations of the State of New York applicable to the commencement of a lawsuit will apply to the commencement of an arbitration hereunder;

(iii) Upon the request of any party, the arbitrators shall order such discovery (including third-party discovery) as the arbitrators determine to be reasonable under the circumstances. The arbitrators will, however, impose reasonable schedules and deadlines to ensure that discovery is conducted and concluded on a timely basis and may impose sanctions on any party for abuse or delay of discovery;

(iv) The arbitrators will, in all cases, as promptly as possible hold hearings and reach a final determination with regard to the Dispute. A determination and award of damages (if any) of the majority of the arbitrators, will be conclusive and binding upon the parties to the maximum extent permitted by law. Such award shall be in writing, and shall state the findings of fact and conclusions of law on which it is based. Judgment upon any award rendered by the arbitrators shall be final and binding on the parties and may be enforced by any court having jurisdiction thereof; and

(v) By agreeing to arbitration, the parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies or order the parties to request that a court modify or vacate any temporary or preliminary relief issued by a such court, and to award damages for the failure of any party to respect the arbitral tribunal's orders to that effect.

Section 2.6 Courts. Each party unconditionally and irrevocably agrees to submit to the exclusive jurisdiction of the state and Federal courts located in the State of New York, County of New York (the "***New York Courts***"), for the purpose of any proceedings in aid of arbitration and for pre-arbitral attachment or injunction, and to the non-exclusive jurisdiction of the New York Courts for proceedings arising out of or relating to the enforcement of any award or decision of the arbitrators duly appointed under this Agreement. Each party unconditionally and irrevocably waives any objections which they may have now or in the future to such jurisdiction including without limitation objections by reason of lack of personal jurisdiction, improper venue, or inconvenient forum. Each party further agrees that any service of process or summons in connection with any such dispute, litigation, action or proceeding may be served on it by mailing a copy of such process or summons to it by registered mail return receipt requested or by receipted courier service at its address set forth and in the manner provided in Section 3.2, with such service deemed effective on proof of receipt. Each party to this Agreement irrevocably waives the right to a trial by jury in any proceeding in relation to any Dispute, and agrees to take any and all action necessary or appropriate to affect such waiver.

Section 2.7 Required Notices; Time for Payment. In the event that a Party knows or has reason to believe that there has been a Tax Protection Period Transfer or a breach or violation of any covenant set forth in Article II, such Party shall provide to the other Party notice of such Tax Protection Period Transfer or of the transaction or event giving rise to such breach or violation of such covenant not later than thirty (30) days after becoming aware of such Tax Protection Period Transfer or breach or violation of such covenant, provided that the failure to provide such notice shall not preclude a Protected Member from being entitled to indemnification pursuant to this Agreement. As soon as reasonably practicable after such notice has been provided by either Party, but in no event more than thirty (30) days after such notice has been provided, the Operating Partnership shall be obligated to provide each Protected Member with (i) a detailed calculation of the amount of such Protected Member's damage payment as determined under this Article II, and (ii) such evidence or verification as such Protected Member may reasonably require as to the items necessary to confirm the calculation of such amount. For purposes of the preceding sentence, in the event that a Protected Member provides notice to the Operating Partnership claiming that a Tax Protection Period Transfer or a breach or violation of any covenant set forth in Article II has occurred and the Operating Partnership disagrees with such claim, the Operating Partnership shall assume that the claim(s) made by such Protected Member is correct and shall timely provide each Protected Member with the information stated in (i) and (ii) of the preceding sentence based on such assumption. All payments required under this Article II to any Protected Member shall be made in immediately available funds to such Protected Member on or before April 15 of the year following the year in which the event giving rise to such payment took place; provided that, if the Protected Member is required to make estimated tax payments that would include any income or gain from such event, the Operating Partnership shall make a payment in immediately available funds to the Protected Member on or before five (5) days before the due date for such estimated tax payment and such payment from the Operating Partnership shall be in an amount that corresponds to the amount of the estimated tax being paid by such Protected Member at such time. In the event of a payment required after the date required pursuant to this Section 2.7, interest shall accrue on the aggregate amount required to be paid from such date to the date of actual payment at a rate equal to the "prime rate" of interest plus 4%, with the prime rate as published in the Wall Street Journal (or if no longer published there, as announced by Citibank) effective as of the date the payment is required to be made. In addition, if such late payment results in late tax payment penalties (excluding interest) for such Protected Member, the payment shall include reimbursement for such penalties plus an amount equal to the aggregate U.S. federal, state, and local tax on income or Medicare taxes (including Section 1411 of the Code) payable by the Protected Member as a result of the receipt of any payment under this sentence.

ARTICLE III - GENERAL PROVISIONS

Section 3.1 Assignment and Assumption of Agreement. In the event of a merger or consolidation involving the Operating Partnership (or any subsidiary), the successor partnership shall have agreed in writing for the benefit of the Protected Members that all of the restrictions of this Agreement shall continue to apply with respect to the Protected Property.

Section 3.2 Notices. All notices, demands, declarations, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms of this Agreement shall be given in the same manner as in the OP Agreement.

Section 3.3 Titles and Captions. All Article or Section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 3.4 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 3.5 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 3.6 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 3.7 Creditors. Other than as expressly set forth herein, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Operating Partnership.

Section 3.8 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any covenant, duty, agreement or condition.

Section 3.9 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 3.10 Applicable Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New York, without reference to the principles of conflicts of law.

Section 3.11 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of other remaining provisions contained herein shall not be affected thereby.

Section 3.12 Entire Agreement. This Agreement contains the entire understanding and agreement among the Parties with respect to the subject matter hereof and amends, restates and supersedes the OP Agreement and any other prior written or oral understandings or agreements among them with respect thereto.

Section 3.13 Tax Advice and Cooperation. Each party hereto acknowledges and agrees that it has not received and is not relying upon tax advice from any other party hereto, and that it has and will continue to consult its own tax advisors. Each party hereto agrees to cooperate to the extent reasonably requested by any other party in connection with the filing of any tax returns or any audit, litigation or other proceeding related to taxes associated with the matters described herein, such cooperation shall include the retention and, upon request, provision of records and information that are relevant to such matters, and making employees available on a mutually convenient basis to provide such additional information as may reasonably be requested.

Section 3.14 Guaranteed Obligations. Guarantor, jointly and severally hereby absolutely and unconditionally guarantees and agrees to be liable for the full and indefeasible payment and performance when due of the following (all of which are collectively referred to herein as the "***Guaranteed Obligations***"): (i) all obligations, liabilities and indebtedness of any kind, nature and description owed by the Operating Partnership, whether now existing or hereafter arising, under this Agreement; and (ii) all expenses (including, without limitation, attorneys' fees and legal

expenses) incurred by a Protected Member in connection with the collection, enforcement and defense of the rights of such Protected Member under this Agreement. This Section 3.14 is a guarantee of payment and performance and not of collection. Guarantor agrees that a Protected Member need not attempt to collect any Guaranteed Obligations from the Operating Partnership or any other person, but may require Guarantor to make immediate payment of all of the Guaranteed Obligations to the Protected Member when due, whether by maturity, acceleration or otherwise, or at any time thereafter. This Section 3.14 is a primary and original obligation of Guarantor, is not merely the creation of a surety relationship, and is an absolute, unconditional, and continuing Guarantee of payment and performance which shall remain in full force and effect without respect to future changes in conditions. Guarantor agrees that (i) the obligations of Guarantor hereunder are independent of the obligations of the Operating Partnership, and (ii) that a separate action may be brought against Guarantor, whether such action is brought against the Operating Partnership or whether the Operating Partnership is joined in such action. Guarantor agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by a Protected Member of whatever remedies they may have against the Operating Partnership. Guarantor agrees that any release which may be given by a Protected Member to the Operating Partnership shall not release Guarantor.

[*The remainder of this page has been intentionally left blank*]

This Tax Protection Agreement has been executed by the parties hereto as of the date first written above.

COLONY NORTHSTAR, INC.

By: /s/ Mark M. Hedstrom
Name: Mark M. Hedstrom
Title: Chief Operating Officer

COLONY CAPITAL OPERATING COMPANY, LLC

By: /s/ Mark M. Hedstrom
Name: Mark M. Hedstrom
Title: Vice President

COLONY CAPITAL, LLC

By: /s/ Mark M. Hedstrom
Name: Mark M. Hedstrom
Title: Vice President

CCH MANAGEMENT PARTNERS I, LLC
By: Colony Capital Holdings, LLC, its managing member

By: /s/ Thomas J. Barrack, Jr.
Name: Thomas J. Barrack, Jr.
Title: Managing Member

FHB HOLDING LLC

By: /s/ Henry G. Brauer
Name: Henry G. Brauer
Title: Authorized Signatory

RICHARD B. SALTZMAN

By: /s/ Richard B. Saltzman

SCHEDULE A

PROTECTED MEMBERS

1. Colony Capital LLC
2. CCH Management Partners I, LLC
3. FHB Holding LLC
4. Richard B. Saltzman

SCHEDULE B

PROTECTED PROPERTY

1. Airplane
2. Tax Goodwill
3. Going-Concern Value

SCHEDULE C

ORIGINAL CONTRIBUTION SECTION 704(c) GAIN

	Airplane	Goodwill / Going Concern Value	Total
Colony Capital LLC	30,462,875	573,335,308	603,798,183
CCH Management Partners I, LLC		24,061,601	24,061,601
FHB Holding LLC		28,337,863	28,337,863
Richard B. Saltzman		11,835,145	11,835,145

Exhibit 10.17

Execution Version

FORM OF
INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the day of , 20 , by and between Colony NorthStar, Inc. a Maryland corporation (the "Company"), and ("Indemnitee").

WHEREAS, at the request of the Company, Indemnitee currently serves as a director and/or an officer of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of his or her service; and

WHEREAS, the Company derives substantial benefit from its board of directors (the "Board of Directors") and management of the Company; and

WHEREAS, as an inducement to Indemnitee to serve or continue to serve as a director and/or an officer of the Company, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of all or substantially all of its assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election for nomination for election was previously so approved.

(b) “Corporate Status” means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without in any way limiting the circumstances in which Indemnitee may be serving at the request of the Company service by Indemnitee shall be deemed to be at the request of the Company; (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust, or other enterprise (1) of which 25% or more of the voting power or equity interest is owned directly or indirectly by the Company or (2) of which the Company, directly or indirectly, has the power to direct, manage, oversee or restrict the management, business or assets or (ii) if, as a result of Indemnitee’s service to the Company or any of its affiliated entities, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as a deemed fiduciary thereof.

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) “Effective Date” means the date set forth in the first paragraph of this Agreement.

(e) “Expenses” means any and all reasonable and out-of-pocket attorneys’ fees and costs, retainers, court costs, arbitration and mediation costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, the Bylaws of the Company or D&O insurance policy, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past two years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(g) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand, discovery request or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including without limitation any internal investigation conducted by or on behalf of the Company or by the Board of Directors of the Company or any standing or special committee thereof, including any appeal therefrom. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee. Indemnitee serves or will serve as a director and/or an officer of the Company. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee’s service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the Maryland General Corporation Law (the “MGCL”), including, without limitation, Section 2-418 of the MGCL.

Section 4. Standard for Indemnification. If, by reason of Indemnitee’s Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines, liabilities, and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with any such Proceeding unless it is established that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status;

(c) indemnification with respect to any proceeding for an accounting of profits arising from the purchase and sale by the Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act; or

(d) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of his or her Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, the Company shall indemnify Indemnitee for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each such claim, issue or matter for which Indemnitee is successful, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. The Company shall make such advance within ten days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding and may be in the form of, in the reasonable discretion of the Indemnitee (but without duplication) (a) payment of such Expenses directly to third parties on behalf of Indemnitee, (b) advance of funds to Indemnitee in an amount sufficient to pay such Expenses or (c) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred or expected to be incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by law and by this Agreement has been met and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be established that the standard of conduct has not been met by Indemnitee and which have not been successfully resolved as described in Section 7 of this Agreement. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other person, and to which Indemnitee is not a party, Indemnitee shall be advanced all reasonable Expenses incurred or expected to be incurred and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary or appropriate to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control has occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control has not occurred, (A) by a majority vote of the Disinterested Directors or, by the majority vote of a group of Disinterested Directors designated by the Disinterested Directors to make the determination, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) if so directed by a majority of the members of the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, the Company shall make payment to Indemnitee within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order or, settlement does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification, but the termination of any Proceeding or of any claim, issue or matter therein, by conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, creates a rebuttable presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 45 days (as may be extended pursuant to Section 12(b)) after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement, the charter or Bylaws of the Company, or other source of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, or in an arbitration conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, of Indemnitee's entitlement to indemnification or advance of Expenses. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce his or her rights under Section 7 of this Agreement, and, provided further that failure to commence a proceeding within such 180 time period shall not be deemed a waiver of any right of Indemnitee hereunder unless it is established in the proceeding that the Company was materially prejudiced thereby. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If the person or entity making the determination whether the Indemnitee is entitled to indemnification shall not have made a determination within forty-five (45) days after receipt by the [Indemnitor] of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to commence a proceeding to enforce Indemnitee's entitlement to indemnification, absent: (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. Such 45-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person or entity making said determination in good faith requires additional time for the obtaining or evaluating of documentation and/or information relating thereto. The foregoing provisions of this Section 12(b) shall not apply: (i) if the determination of entitlement to indemnification is to be made by the stockholders and if within fifteen (15) days after receipt by the Company of the request for such determination a majority of the entire Board of Directors resolves to submit such determination to the stockholders for consideration at an annual or special meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made at such meeting, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(b) of this Agreement. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration to compel payment pursuant to this Section 12(b) within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(b); provided further that failure to commence a proceeding within such 180 time period shall not be deemed a waiver of any right of Indemnitee hereunder unless it is established in the proceeding that the Company was materially prejudiced thereby.

(c) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the maximum extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(d) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification.

(e) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(f) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, or (iv) the proceeding seeks penalties or other relief against the Indemnitee with respect to which the Company could not provide monetary indemnification to the Indemnitee (such as injunctive relief or incarceration). Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of the charter of Bylaws of the Company, this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, including without limitation pursuant to indemnification rights provided by any entity for which Indemnitee serves as director or officer and that is a party to any investment advisory, strategic or other relationship or agreement with the Company or any affiliate thereof (as to which Indemnitee will take all reasonable steps to perfect such indemnification rights), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance.

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of his or her Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of his or her Corporate Status. In the event of a Change in Control, the Company shall maintain in force any and all directors and officers liability insurance policies that were maintained by the Company immediately prior to the Change in Control for a period of six years with the insurance carrier or carriers and through the insurance broker in place at the time of the Change in Control; provided, however, (i) if the carriers will not offer the same policy and an expiring policy needs to be replaced, a policy substantially comparable in scope and amount shall be obtained and (ii) if any replacement insurance carrier is necessary to obtain a policy substantially comparable in scope and amount, such insurance carrier shall have an AM Best rating that is the same or better than the AM Best rating of the existing insurance carrier; provided, further, however, in no event shall the Company be required to expend in the aggregate in excess of 250% of the annual premium or premiums paid by the Company for directors and officers liability insurance in effect on the date of the Change in Control. In the event that 250% of the annual premium paid by the Company for such existing directors and officers liability insurance is insufficient for such coverage, the Company shall spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise) the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Indemnitee shall cooperate with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, in respect to any Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the maximum extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding, to which Indemnitee is a party by reason of Indemnitee's Corporate Status (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The execution of this Agreement shall not affect any rights to which Indemnitee is entitled under indemnification agreements in effect immediately prior to the Effective Time with predecessors of the Company, including without limitation Colony Capital, Inc. (f/k/a Colony Financial, Inc.), NorthStar Asset Management Group Inc., and NorthStar Realty Finance Corp.

(e) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the maximum extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the maximum extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Identical Counterparts. This Agreement may be executed in one or more counterparts, (delivery of which may be by facsimile, or via e-mail as a portable document format (.pdf) or other electronic format), each of which will be deemed to be an original and it will not be necessary in making proof of this agreement or the terms of this Agreement to produce or account for more than one such counterpart. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated shall such waiver constitute a continuing waiver.

Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

Colony NorthStar, Inc.
515 S. Flower Street, 44th Floor
Los Angeles, CA 90071
Attn: Director of Legal

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

Section 26. No Assignments. No party hereto may assign his, her or its rights or delegate his, her or its obligations under this Agreement without the prior written consent of the other party. Any assignment or delegation in violation of this paragraph 26 shall be null and void.

Section 27. No Third Party Rights. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions are for the sole and exclusive benefit of the parties to this Agreement and their successors and permitted assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COLONY NORTHSTAR, INC.

By: _____
Name:
Title:

INDEMNITEE

_____
Name:
Address:

EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of Colony NorthStar, Inc.

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Indemnification Agreement dated the day of , 20 , by and between Colony NorthStar, Inc., a Maryland corporation (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as **[a director][and][an officer]** of the Company in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance of Expenses by the Company for reasonable attorneys' fees and related Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this day of , 20 .

Name: _____

Exhibit 99.1

Colony Capital, NorthStar Asset Management Group and NorthStar Realty Finance have Completed the Previously Announced Largest Real Estate Merger of 2016 to Create Colony NorthStar, Inc.

A Global, Diversified Real Estate and Investment Management Leader with $58 Billion of Assets Under Management

Los Angeles, CA and New York, NY, January 10, 2017 - Colony NorthStar, Inc. ("Colony NorthStar" or the "Company") (NYSE:CLNS) today announced the completion of the merger of Colony Capital, Inc. ("Colony") (NYSE: CLNY), NorthStar Asset Management Group Inc. ("NSAM") (NYSE: NSAM) and NorthStar Realty Finance Corp. ("NRF") (NYSE: NRF). Colony NorthStar currently has an equity market capitalization of approximately $9 billion and assets under management of $58 billion, managing capital on behalf of its stockholders, institutional and retail investors in private funds and non-traded and traded real estate investment trusts ("REIT") and 1940 Act companies. The transaction was originally announced on June 3, 2016 and approved by all three companies' stockholders at their respective special meetings held on December 20, 2016. Colony NorthStar will benefit from:

1. **World-Class Real Estate and Investment Management Platform:** Global, diversified equity REIT with $58 billion of assets under management, led by a seasoned management team with access to proprietary deal sourcing and a strong track record as a global investor, operator and investment manager.
2. **Larger, More Diversified and Stable Investment Portfolio:** Well-diversified portfolio of real estate investments with concentration in healthcare, industrial, hospitality and opportunistic equity and debt.
3. **Investment Management Leadership/Wider Access to Capital Sources:** Unmatched access and fiduciary commitment to global investors targeting real estate investment through Colony NorthStar's institutional private funds management business, retail capital platforms including non-traded REITs and publicly-traded vehicles such as NorthStar Realty Europe Corp. (NYSE: NRE).
4. **Stronger Balance Sheet and Improved Liquidity:** Approximately $24 billion balance sheet with significant excess liquidity expected from near-term asset monetizations which can be redeployed into new investments, to repurchase stock and/or to deleverage; targeting total debt-to-capitalization ratio of 50% or less with the goal of upgrading corporate credit profile and lowering overall cost of capital.
5. **Increased Scale and Market Exposure:** Colony NorthStar will trade on the NYSE under the ticker symbol "CLNS" with an equity market capitalization of approximately $9 billion and will be added to the MSCI U.S. REIT Index (RMZ) on January 12, 2017 where it will be in the top quartile by equity market capitalization.
6. **Significant Cost Savings:** Identified approximately $115 million in total annual cost synergies, consisting of approximately $80 million of cash savings and approximately $35 million of stock-based compensation savings.
7. **Best-in-Class Corporate Governance:** The ten-member Board of Directors, eight of whom are independent and all of whom stand for election annually and are elected by majority voting standards, opted out of MUTA and adopted significant additional shareholder-focused governance policies.

Thomas J. Barrack, Jr., Executive Chairman of the Board, commented, "We are delighted to complete the merger of these three great companies leading to increased scale, diversity and value creation opportunities for Colony NorthStar and its stockholders. The closing of this transformative transaction represents a milestone in our collective long-term strategy of building a leading global real estate business focused on a core set of real estate verticals in addition to a top-tier institutional and retail investment management business."

David T. Hamamoto, Executive Vice Chairman of the Board, added, "This partnership benefits Colony NorthStar's combined stockholders with an even stronger value proposition through enhanced relationships, substantial efficiencies and synergies and greater scale in established, durable real estate and investment management businesses with broad-based capital access and investment opportunities."

“We couldn’t be more excited about our future prospects as we focus on recognizing the strategic benefits from combining three companies that share a singular long-term vision,” said Richard B. Saltzman, Chief Executive Officer. “Our transition planning continues to progress well and we look forward to creating a highly competitive, world-class organization that balances a creative entrepreneurial spirit with institutional best practices and risk management. I thank the leadership teams and employees of all three companies for their past efforts and continuing dedication to this transformative merger while looking forward to the significant opportunities that lie ahead for Colony NorthStar.”

Leadership and Organization

Thomas J. Barrack Jr. is Executive Chairman of the Board of Directors, David T. Hamamoto is Executive Vice Chairman and Richard B. Saltzman is Chief Executive Officer.

The Company’s Board of Directors consists of ten directors in total, eight of whom are independent directors. In addition to Mr. Barrack and Mr. Hamamoto, the Company’s Board of Directors includes Nancy A. Curtin, George G.C. Parker, John A. Somers and John L. Steffens, all former directors of Colony; Justin E. Metz, former director of NSAM; and Charles W. Schoenherr, former director of NRF. Douglas Crocker II and Jon A. Fosheim were also elected to the Company’s Board of Directors.

Dividends

In accordance with the agreement and plans of merger among Colony, NRF and NSAM, the following dividends shall be paid as soon as reasonably practicable:

A dividend of $0.04444 per share of Colony common stock shall be paid to former Colony stockholders representing a pro rata dividend for the period from January 1, 2017 through January 10, 2017 of the quarterly dividend rate of $0.40 per Colony share.

A dividend of $0.04444 per share of NRF common stock shall be paid to former NRF stockholders representing a pro rata dividend for the period from January 1, 2017 through January 10, 2017 of the quarterly dividend rate of $0.40 per NRF share.

A one-time special dividend of $1.16 per share of NSAM common stock shall be paid to former NSAM stockholders.

Advisors

Colony was advised by BofA Merrill Lynch and received legal counsel from Willkie Farr & Gallagher LLP and Hogan Lovells LLP. Barclays, Credit Suisse, Deutsche Bank Securities, J.P. Morgan and Morgan Stanley also acted as financial advisors to Colony in connection with the transaction. NSAM was advised by Goldman Sachs and received legal counsel from Sullivan & Cromwell LLP, Goodwin Procter LLP as compensation and benefits counsel and Skadden, Arps, Slate, Meagher & Flom LLP and Hunton & Williams LLP as tax counsel. NSAM’s Special Committee was advised by Evercore and received legal counsel from Fried, Frank, Harris, Shriver & Jacobson LLP and Morris, Nichols, Arsht & Tunnell LLP. NRF’s Special Committee was advised by UBS Investment Bank and received legal counsel from Venable LLP. NRF received legal and tax counsel from Vinson & Elkins LLP.

About Colony NorthStar, Inc.

Colony NorthStar, Inc. (NYSE:CLNS) is a leading global real estate and investment management firm. The Company resulted from the January 2017 merger between Colony Capital, Inc., NorthStar Asset Management Group Inc. and NorthStar Realty Finance Corp. The Company has significant property holdings in the healthcare, industrial and hospitality sectors, opportunistic equity and debt investments and an embedded institutional and retail investment management business. The Company currently has assets under management in excess of $58 billion and manages capital on behalf of its stockholders, as well as institutional and retail investors in private funds, non-traded and traded real estate investment trusts and 1940 Act companies. In addition, the Company owns NorthStar Securities, LLC, a captive broker-dealer platform which raises capital in the retail market. The firm maintains principal offices in Los Angeles and New York with more than 500 employees in offices located across 17 cities in ten countries. The Company will elect to be taxed as a REIT for U.S. federal income tax purposes. For additional information regarding the Company and its management and business, please refer to www.clns.com beginning January 11, 2017.

Cautionary Statement Regarding Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of the federal securities laws. 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. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond our control, and may cause actual results to differ significantly from those expressed in any forward-looking statement. Among others, the following uncertainties and other factors could cause actual results to differ from those set forth in the forward looking statements: operating costs and business disruption may be greater than expected; the ability of Colony NorthStar to retain its senior executives and maintain relationships with business partners following the consummation of the merger; the ability to realize substantial efficiencies and synergies as well as anticipated strategic and financial benefits, such as increased scale, diversity and value creation for Colony NorthStar and its stockholders; whether the merger will broaden Colony NorthStar’s access to capital and result in an expansion of its relationships and investment opportunities; and the impact of legislative, regulatory and competitive changes. The foregoing list of factors is not exhaustive. Additional information about these and other factors can be found in Colony NorthStar’s and each company’s respective reports filed from time to time with the Securities and Exchange Commission.

Colony NorthStar cautions investors not to unduly rely on any forward-looking statements. The forward-looking statements speak only as of the date of this press release. Colony NorthStar is under no duty to update any of these forward-looking statements after the date of this press release, nor to conform prior statements to actual results or revised expectations, and Colony NorthStar does not intend to do so.

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Exhibit 99.2

EXPLANATORY NOTE

On January 10, 2017, NorthStar Asset Management Group Inc., a Delaware corporation ("NSAM") merged with and into Colony NorthStar, Inc., a Maryland corporation ("Colony NorthStar") in order to redomesticate NSAM into a Maryland corporation with Colony NorthStar surviving the merger, followed by a series of internal reorganization transactions with subsidiaries of NorthStar Realty Finance Corp., a Maryland corporation ("NRF") resulting in NRF becoming a wholly owned subsidiary of one such subsidiary ("New NRF Parent"), and the merger of New NRF Parent with and into Colony NorthStar, and finally the merger of Colony Capital Inc., a Maryland corporation ("Colony"), with and into Colony NorthStar, with Colony NorthStar surviving each of such merger transactions as the combined company (collectively, the "Mergers"), pursuant to the Agreement and Plans of Merger, dated as of June 2, 2016, by and among NSAM, Colony, NRF, Colony NorthStar (formerly known as New Polaris Inc.), New NRF Parent, NorthStar Realty Finance Limited Partnership, Sirius Merger Sub-T, LLC, and New Sirius Merger Sub LLC, as amended from time to time (the "Merger Agreement"). Entry into the Merger Agreement was previously announced by Colony, NSAM and NRF on each of their respective Current Reports on Forms 8-K filed with the Securities and Exchange Commission on June 7, 2016. As a result of the Mergers, Colony NorthStar became the successor to NSAM, and, pursuant to Rule 12g-3(a) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Class A common stock of Colony NorthStar, as the successor issuer to NSAM, are deemed registered under Section 12(b) of the Exchange Act. Following the Mergers, the Class A common stock of Colony NorthStar was listed on the New York Stock Exchange (the "NYSE") under the symbol "CLNS" in the same manner that shares of common stock of NSAM was listed on the NYSE.

Unless the context requires otherwise, references in this document to "Colony NorthStar," "the Company," "we," "us," "our" or "our company" are to, collectively, Colony NorthStar, Inc., a Maryland corporation and all of our subsidiaries included in our consolidated financial statements, and our predecessor, NorthStar Asset Management Group Inc., a Delaware corporation. References in this prospectus supplement to "Operating Partnership" or the "OP" are to Colony Capital Operating Company, LLC, a Delaware limited liability company.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this document constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of 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.

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. For a detailed discussion of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements, see any risk factors contained herein, and in other documents that we may file from time to time in the future with the SEC. Moreover, because we operate in a very competitive and rapidly changing environment, new risk factors are likely to emerge from time to time. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

RISK FACTORS

Risks Related to Our Business Combinations

The Colony NorthStar Merger

We may not realize the anticipated benefits of the Mergers.

If we are not able to combine successfully the businesses of NSAM, Colony and NRF in an efficient and effective manner, the anticipated benefits and cost savings of the Mergers may not be realized fully, or at all, or may take longer to realize than expected, and the value of our common stock may be adversely affected.

An inability to realize the full extent of the anticipated benefits of the Mergers and related transactions contemplated by the merger agreement, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of our company, which may adversely affect the value of our common stock.

Our management has to dedicate substantial effort to integrating the businesses of NSAM, Colony and NRF during the integration process. These efforts may divert our management's focus and resources from our business, corporate initiatives or strategic opportunities. In addition, the actual integration as a result of the Mergers may result in additional and unforeseen expenses and the anticipated benefits of the integration may not be realized. Actual growth and cost savings, if achieved, may be lower than what we expected and may take longer to achieve than anticipated. Difficulties associated with managing our larger and more complex portfolio could prevent us from realizing the anticipated benefits of the Mergers and have a material adverse effect on our business. If we are not able to address integration challenges adequately, we may be unable to integrate successfully the operations of NSAM, Colony and NRF or to realize the anticipated benefits of the integration.

In addition, the changes in senior management could negatively impact the results of operations of our company, particularly as it relates to the business associated with NSAM and NRF prior to the Mergers.

We face risks different from those previously faced by NSAM, Colony and NRF, which may affect our results of operations and the market price of our Class A common stock.

Our business differs from that of NSAM, Colony and NRF, and, accordingly, the results of operations and financial condition of our company may be affected by factors different from those that affected NSAM's, Colony's or NRF's results of operations and financial condition prior to the Mergers. Examples of differences between NSAM's, Colony's and NRF's businesses and the new or increased risks we face include:

- a large increase in the amount of assets under management and a diversification of types of assets under management, which may create risks related to scaling and combining of the platforms necessary to manage the combined assets of the companies;
- additional conflicts between and among the clients and managed vehicles of the company;
- certain investment vehicles managed by NSAM and Colony may compete for investment opportunities and may be adversely impacted to the extent such opportunities are allocated between them;
- our possible failure to successfully implement our plan to optimize our combined portfolio consisting primarily of owned real estate; and
- our larger and newly combined team of management and employees may require time to become fully effective and may not be able to achieve our anticipated synergies and higher earnings growth.

The market price of our Class A common stock may be volatile and holders of our Class A common stock could lose a significant portion of their investment due to drops in the market price of our Class A common stock.

The market price of our Class A common stock may be volatile as a result of the Mergers and stockholders may not be able to resell their common stock at or above the implied price at which they acquired such common stock pursuant to the merger agreement or otherwise due to fluctuations in the market price of our Class A common stock, including changes in market price caused by factors unrelated to the our operating performance or prospects.

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

- changes in stock market analyst recommendations or earnings estimates regarding our common stock, other companies comparable to it or companies in the industries we serve;
- actual or anticipated fluctuations in the our operating results or future prospects;
- reactions to public announcements by us;
- strategic actions taken by our company or our competitors, such as the intended business separations, acquisitions or restructurings;
- failure of our company to achieve the perceived benefits of the transactions, including financial results and anticipated synergies, as rapidly as or to the extent anticipated by financial or industry analysts;
- adverse conditions in the financial market or general U.S. or international economic conditions, including those resulting from war, incidents of terrorism and responses to such events; and
- sales of common stock by our company, members of our management team or significant stockholders.

We will be subject to business uncertainties and certain operation restrictions following the Mergers.

Uncertainty about the effect of the Mergers on employees and clients may have an adverse effect on us following the Mergers. These uncertainties could disrupt our business and impair our ability to attract, retain and motivate key personnel, and cause clients and others that deal with us to seek to change existing business relationships, cease doing business with us or cause potential new clients to delay doing business with us. Retention and motivation of certain employees may be challenging due to the uncertainty and difficulty of integration or a desire not to remain with us.

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

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

If our tax indemnification obligations are triggered under these agreements, we will be required to pay damages for the resulting tax consequences to the protected members and the calculation of damages will not be based on the time value of money or the time remaining within the restricted period. Moreover, these obligations may restrict our ability to engage in a strategic transaction. In addition, these obligations may require us to maintain more or different indebtedness than we would otherwise require for our business. Colony OP estimates that if all of its assets subject to the TPA are sold in a taxable transaction, its indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2016 and exchange values and including additional payments to compensate the protected members for additional tax liabilities resulting from the indemnification payments) would be approximately $410 million.

Tax consequences to holders of operating partnership units upon a sale or refinancing of our properties may cause the interests of certain members of our senior management team to differ from your own.

As a result of the unrealized built-in gain attributable to a property at the time of contribution, some holders of operating partnership units, including the protected members may suffer different and more adverse tax consequences than holders of common stock or other holders of operating partnership units upon the sale or refinancing of the properties owned by the operating partnership, including disproportionately greater allocations of items of taxable income and gain upon a realization event.

As those holders will not receive a correspondingly greater distribution of cash proceeds, they may have different objectives regarding the appropriate pricing, timing and other material terms of any sale or refinancing of certain properties, or whether to sell or refinance such properties at all. As a result, the effect of certain transactions on the protected members may influence their decisions affecting these properties and may cause them to attempt to delay, defer or prevent a transaction that might otherwise be in the best interests of our other stockholders. As a result of entering into the TPA described above, the protected members may have an incentive to cause us to enter into transactions from which they may personally benefit.

We expect to continue to incur significant costs in connection with the consummation of the Mergers and the integration of the companies.

We expect to incur significant costs in connection with consummating the Mergers and integrating the portfolios of NSAM, Colony and NRF our portfolio, including unanticipated costs and the assumption of known and unknown liabilities. While we assume that a certain level of transaction and integration expenses will be incurred, there are factors beyond our control that could affect the total amount or the timing of our integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Although NSAM, Colony and NRF aimed to eliminate duplicative costs, and realize other efficiencies related to the integration of the three businesses, allowing us to offset incremental expenses over time, the net benefit may not be achieved in the near term, or at all.

We cannot assure you that we will pay distributions following the Mergers equal to the levels projected by the companies in advance of the Mergers or at the levels paid by NSAM, Colony and NRF individually, prior to consummation of the Mergers.

Our common stockholders may not receive distributions to be paid following the Mergers equal to the levels projected by the companies to be paid following the Mergers or equivalent to the levels paid by NSAM, Colony or NRF prior to consummation of the Mergers for various reasons, including, but not limited to, the following:

- we may not have enough unrestricted funds to pay such distributions due to changes in our cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions are at the discretion of our board and will be dependent on then-existing conditions, including our financial condition, earnings, legal requirements, including limitations under Maryland law, restrictions our borrowing agreements that limit our ability to pay dividends to stockholders, the rights of holders of our preferred stock to receive dividends in respect of such shares prior to our being permitted to pay any dividends in respect of our common stock and other factors the our board deems relevant; and
- we may desire to retain cash to improve our credit profile or for other reasons.

In particular, we anticipate that the level of distributions to be paid by us will be lower than the level of distributions previously paid by NRF. Our common stockholders have no contractual or other legal right to distributions that have not been declared by our board.

At the closing of the Mergers, we assumed liabilities and obligations of NSAM, Colony and NRF.

Following the Mergers, we assumed the liabilities and obligations of NSAM, Colony and NRF, including NRF's obligations under its exchangeable senior notes and Colony's obligations under its convertible notes. These liabilities could have a material adverse effect on our business to the extent each of NSAM, Colony and NRF has not identified such liabilities or has underestimated the nature, amount or significance, based on amount or otherwise, of such liabilities.

We may be unable to retain necessary NSAM, Colony and/or NRF personnel.

The success of the Mergers depends on our ability to retain the key employees previously employed by NSAM, Colony and/or NRF. It is possible that these employees may decide not to remain us. If key employees terminate their employment, or if an insufficient number of employees are retained to maintain effective operations, our business activities may be adversely affected and management's attention may be diverted from successfully integrating the companies to hiring suitable replacements, all of which may cause our business to suffer. In addition, we may not be able to locate suitable replacements for any key employees or to offer employment to potential replacements on reasonable terms. Further, it is expected that certain executive officers previously of NSAM and NRF will depart after providing transition services to us, which may cause our business to be adversely affected.

General market conditions and unpredictable factors could adversely affect market prices of our preferred stock following the exchange for Colony preferred stock and NRF preferred stock in connection with the Mergers.

There can be no assurance about the market prices of our preferred stock that was exchanged for Colony preferred stock and NRF preferred stock, as applicable, in connection with the Mergers. Several factors, many of which are beyond our control, could influence the market prices of our preferred stock, including:

- whether we declare or fail to declare dividends on our preferred stock from time to time;
- real or anticipated changes in the credit ratings assigned to our securities;
- our creditworthiness and credit profile;
- interest rates;
- developments in the securities, credit and housing markets, and developments with respect to financial institutions generally;
- the market for similar securities; and
- economic, corporate, securities market, geopolitical, regulatory or judicial events that affect us, the asset management or real estate industries or the financial markets generally.

Shares of our common stock and preferred stock rank junior to all indebtedness of, and other non-equity claims on, our company with respect to assets available to satisfy such claims. The market prices of our Class A common stock and preferred stock may be affected by factors different from those currently affecting the previous market prices of Colony preferred stock, NRF common stock or NRF preferred stock.

The Colony Combination

On April 2, 2015, Colony's operating partnership acquired substantially all of the real estate and investment management businesses and operations of CCLLC, the former parent company of Colony Financial Manager, LLC (the "Manager"), Colony's manager (the "Combination"). Risks and uncertainties related to the Combination are described below.

We may not manage integration of the business Colony acquired in the Combination effectively.

We may not manage integration of the business Colony acquired in the Combination effectively. Such integration could be a time-consuming and costly process. We may encounter potential difficulties in the integration process including, among other things, the inability to successfully achieve the cost savings, operational efficiencies or other anticipated strategic and financial benefits anticipated to result from the Combination within the expected timeframe or at all. For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of our management, the disruption of our ongoing business or inconsistencies in our operations, services, standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with vendors and employees or to achieve the anticipated benefits of the Combination, or could otherwise adversely affect our business and financial results. Therefore, the failure to plan and manage the Combination effectively could have a material adverse effect on our business, financial condition and results of operations, and we may not realize the anticipated cost savings benefits.

The Townsend Acquisition

On January 29, 2016, NSAM acquired an 84% interest in Townsend Holdings, LLC ("Townsend"), a leading global provider of investment management and advisory services focused on real assets, for approximately $383 million, subject to customary post-closing adjustments. The risks and uncertainties described below are related to the Townsend acquisition.

We may not realize the anticipated benefits of the Townsend acquisition.

The acquisition of Townsend in 2016 is expected to result in certain benefits to us, including, among others, providing us the potential to grow our revenue from Townsend's base management fees, leverage our and Townsend's respective platforms to drive future growth, and achieve our expected earnings accretion. There can be no assurance, however, regarding when or the extent to which we will be able to realize these and any other benefits we expect from the transaction, which may be difficult, unpredictable and subject to delays. There may also be potential unknown or unforeseen liabilities, increased expenses, delays or regulatory conditions associated with the Townsend acquisition, all of which could have a material adverse effect on Townsend and could prevent us from realizing the benefits of the acquisition. Furthermore, the success of Townsend and our acquisition of Townsend depends, to a significant extent, upon the continued services of Townsend's key personnel, including its executive officers, to operate Townsend's day-to-day business. For instance, the extent and nature of the experience of Townsend's executive officers and the nature of the relationships they have developed with Townsend's clients are critical to the success of Townsend. Although certain of Townsend's existing management received equity interests in us, retained equity interests in Townsend and are subject to employee and non-competition agreements, there can be no assurances that Townsend's key personnel will continue employment with Townsend. The loss of key Townsend personnel could harm the Townsend business and could impact negatively, or cause us to not realize, the anticipated benefits of the transaction to us.

Risks Related to Our Business

Risks Related to Our Business Generally

Volatility, disruption or uncertainty in the financial markets may impair our ability to raise capital, obtain new financing or refinance existing obligations and fund real estate activities.

The global financial markets have experienced pervasive and fundamental disruptions. Market disruption, volatility or uncertainty could materially adversely impact our ability to raise capital, obtain new financing or refinance our existing obligations as they mature and fund real estate activities. In addition, market disruption, volatility or uncertainty may also expose us to increased litigation and shareholder activism. These conditions could materially disrupt our business, operations and ability to make distributions to stockholders. Market volatility could also lead to significant uncertainty in the valuation of our investments, which may result in a substantial decrease in the value of our properties. As a result, we may not be able to recover the carrying amount of such investments and the associated goodwill, if any, which may require us to recognize impairment charges in earnings.

The commercial real estate ("CRE") industry has been and may continue to be adversely affected by economic conditions in the U.S. and global financial markets generally.

Our business and operations are currently dependent on the commercial real estate industry generally, which in turn is dependent upon broad economic conditions in the United States, Europe, China and elsewhere. Recently, concerns over global economic conditions, energy and other commodity prices, geopolitical issues, deflation, Federal Reserve short term rate decisions, foreign exchange rates, the availability and cost of credit, the sovereign debt crisis, the Chinese economy, the U.S. mortgage market and a potentially weakening real estate market in the United States have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with volatile prices of oil and declining business and consumer confidence, may precipitate an economic slowdown, as well as cause extreme volatility in security prices. Global economic and political headwinds, along with global market instability and the risk of maturing commercial real estate debt that may have difficulties being refinanced, may continue to cause periodic volatility in the commercial real estate market for some time. Adverse conditions in the commercial real estate industry could harm our business and financial condition by, among other factors, the tightening of the credit markets, decline in the value of our real estate and the real estate of the companies that we manage and continuing credit and liquidity concerns.

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

Our investment in certain assets may decline in value if long-term interest rates increase. Declines in market value may ultimately reduce earnings or result in losses to us, which may negatively affect cash available for distribution to our stockholders. If long-term interest rates increased significantly, the market value of certain investments may decline, and the duration and weighted average life of these investments may increase. As a result, we could realize a loss if these investments were sold prior to maturity.

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

Rising interest rates may also cause our target assets that were issued prior to an interest rate increase to provide yields that are below prevailing market interest rates. If rising interest rates cause us to be unable to acquire a sufficient volume of our target assets with a yield that is above our borrowing cost, our ability to satisfy our investment objectives and to generate income and pay dividends may be materially and adversely affected. An increase in interest rates may cause a decrease in the volume of certain of our target assets, which could adversely affect our ability to acquire target assets that satisfy our investment objectives and to generate income and make distributions to our stockholders.

The relationship between short-term and longer-term interest rates is often referred to as the "yield curve." Ordinarily, short-term interest rates are lower than longer-term interest rates. If short-term interest rates rise disproportionately relative to longer-term interest rates (a flattening of the yield curve), our borrowing costs may increase more rapidly than the interest income earned on our assets. Because we expect our investments, on average, generally will bear interest based on longer-term rates than our borrowings, a flattening of the yield curve would tend to decrease our net income and the market value of our net assets. Additionally, to the extent cash flows from investments that return scheduled and unscheduled principal are reinvested, the spread between the yields on the new investments and available borrowing rates may decline, which would likely decrease our net income. It is also possible that short-term interest rates may exceed longer-term interest rates (a yield curve inversion), in which event our borrowing costs may exceed our interest income and we could incur operating losses. As a result of the foregoing, significant fluctuations in interest rates could materially and adversely affect our results of operations, financial conditions and our ability to make distributions to our stockholders.

We conduct business internationally, which may subject us to numerous political, economic, market, reputational, operational, legal and other risks that could adversely impact our business and results of operations.

We conduct business internationally and continue to grow our international operations. In addition, we and the companies that we manage have international investments. Our international operations may be affected by factors peculiar to the laws of the jurisdiction in which our business and the business of the companies that we manage is located and these laws may expose us and the companies that we manage to risks that are different from and/or in addition to those commonly found in the United States.

Fluctuations in foreign currencies, exchange controls and other restrictions on the repatriation of funds, may significantly affect our operating performance, liquidity and the value of any cash held outside the United States in local currency. In particular, repatriation of earnings generated by our foreign subsidiaries to the United States may be inefficient from a tax perspective. Although we generally use collars (consisting of puts and calls) and forwards to hedge the foreign currency exposure of our investments, we may not be able to do so successfully and may incur losses on these investments as a result of exchange rate fluctuations. In addition, changes in policies or laws of U.S. or foreign governments resulting in, among other things, higher taxation, currency conversion limitations, restrictions on fund transfers, capital raising or the expropriation of private enterprises, could reduce the anticipated benefits of our international expansion. Any actions by countries in which we conduct business to reverse policies that encourage investment could adversely affect our business. If we fail to realize the anticipated growth of our future international operations, our business and operating results could suffer.

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

We have and may continue to enter into strategic partnerships and joint ventures to support the significant growth of our business. We may also make investments in partnerships or other co-ownership arrangements or participations with third parties. In connection with our investments, our partners provide, among other things, property management, investment advisory, sub-advisory and other services to us and certain of the companies that we manage. We may not realize any of the anticipated benefits of our strategic partnerships and joint ventures. Such investments and any future strategic partnerships and/or joint ventures subject us and the companies we manage to risks and uncertainties not otherwise present with other methods of investment. In addition, to the extent our joint venture investment represents a minority interest in the joint venture, the controlling partner(s) may be able to take actions which are not in our best interests or the best interests of the companies we manage because of our lack of full control. Furthermore, to the extent that our joint venture partner provides services to the companies we manage, certain conflicts of interest will exist. Any of the above might subject us to liabilities and thus reduce our returns on our investment with that joint venture partner. In addition, disagreements or disputes between us and our joint venture partner could result in litigation, which could increase our expenses and potentially limit the time and effort our officers and directors are able to devote to our business.

Our ability to operate our business successfully would be harmed if key personnel terminate their employment with us.

Our future success depends, to a significant extent, upon the continued services of our key personnel, including our executive officers, which include our Executive Chairman, Thomas J. Barrack, Jr., our Executive Vice Chairman, David Hamamoto and our Chief Executive Officer, Richard B. Saltzman, in particular, and the services of the other members of our senior management team, including Messrs. Tangen, Sanders and Traenkle, who each entered into an employment agreement with us. For instance, the extent and nature of the experience of our executive officers and the nature of the relationships they have developed with real estate professionals and financial institutions are critical to the success of our business. We cannot assure stockholders of their continued employment with us. The loss of services of certain of our executive officers could have a material adverse effect on our business, financial condition, results of operations and ability to effectively operate our business.

Our board of directors has adopted, and will likely continue to adopt, certain incentive plans to create incentives that will allow us to retain and attract the services of key employees. These incentive plans may be tied to the performance of our Class A common stock. Additionally, competition for experienced real estate professionals could require us to pay higher wages and provide additional benefits to attract qualified employees, which could result in higher compensation expenses to us. Further, the agreements we entered into with certain members of our senior management team contain certain restrictions on these executives, including a restriction on engaging in activities that are deemed competitive to our business. Although we believe these covenants to be enforceable under current law in the states in which we do business, there can be no guarantee that if our executives were to breach

these covenants and engage in competitive activities, a court of law would fully enforce these restrictions. If our executives were to terminate their employment with us and engage in competitive activities, such activities could have a material adverse effect on our business, financial condition and results of operations.

We require additional capital to continue to operate and grow our business and portfolio of target assets, and the failure to obtain such financing would have a material adverse effect on our business, financial condition, results of operations and ability to maintain our distributions to our stockholders.

We require capital to fund acquisitions and originations of our target assets, to fund our operations, including overhead costs, to fund distributions to our stockholders and to repay principal and interest on our borrowings. We expect to meet our capital requirements using cash on hand, cash flow generated from our operations, and principal and interest payments received from our investments. However, because of distribution requirements imposed on us to qualify as a real estate investment trust ("REIT"), which generally require that we distribute to our stockholders 90% of our taxable income, our ability to finance our growth must largely be funded by external sources of capital. As a result, we will have to rely on third-party sources of capital, including public and private offerings of securities and debt financings. Financing may not be available to us when needed, on favorable terms, or at all. In the event that we are unable to obtain adequate financing to fund or grow our business, it would have a material adverse effect on our ability to acquire additional assets and make our debt service payments and our financial condition, results of operations and the ability to fund our distributions to our stockholders would be materially adversely affected.

There can be no assurance that our share repurchase program and planned deleveraging transactions will be successful or that we will repurchase stock at favorable prices or at all.

Subject to the approval of our board of directors, to our ability to continue to qualify as a REIT, and to our ability to access the necessary cash without significant adverse tax consequences, following the closing of the Mergers, we intend to initiate a share repurchase program under which we may repurchase shares of our class A common stock in the open market or otherwise, and/or engage in deleveraging transactions, including repayment of debt or repurchase of preferred stock, in an aggregate amount of up to $1.0 billion. The actual number of shares to be repurchased will depend, however, on the market price of our class A common stock at the time the share repurchase program is implemented. Assuming the entire $1.0 billion program was used to repurchase shares of our class A common stock, and using the closing price of NSAM common stock as reported on the NYSE on January 9, 2017, the program would involve the purchase of approximately 63 million shares of our class A common stock. It is expected that the program would be in effect initially for one year. There can be no assurance as to the number of shares that will be repurchased, if any, or the amount of any deleveraging transactions, and the share repurchase program and/or plans to deleverage can be discontinued at any time.

An economic slowdown, recession or decline in real estate values may cause us to experience losses related to our assets, which may adversely affect our results of operations, the availability and cost of credit and cash available for distribution to our stockholders.

The risks associated with our investments may be more acute during periods of economic slowdown or recession, especially if these periods are accompanied by declining real estate values. Our results of operations are materially affected by conditions in the mortgage market, the commercial real estate markets, the financial markets and the economy generally. In recent years, concerns about the mortgage market and a declining real estate market, as well as inflation, energy costs, geopolitical issues and the availability and cost of credit, have contributed to increased volatility and diminished expectations for the economy and markets. Furthermore, an economic slowdown may result in continued decreased demand for commercial property, forcing property owners to lower rents on properties with excess supply. To the extent that a property owner has fewer tenants or receives lower rents, such property owners will generate less cash flow on their properties, which increases significantly the likelihood that such property owners will default on their debt service obligations to us. If borrowers default, we may incur losses on our investments with them if the value of any collateral we foreclose upon is insufficient to cover the full amount of such investment, and the funds from such foreclosure may take a significant amount of time to realize. For the foregoing reasons, a weak economy also may result in the increased likelihood of re-default rates even after we have completed loan modifications. In addition, to the extent that we acquire direct interests in commercial or residential real estate, an economic slowdown could adversely impact, among other things, the ability of our tenants to pay rent on a timely basis, if at all, and could result in tenants terminating their leases, choosing not to renew their existing leases or reducing the amount of space that they rent. A deterioration of the real estate market may result in a decline

in the market value of our investments or cause us to experience losses related to our assets, which may adversely affect our results of operations, the availability and cost of credit and our ability to make distributions to our stockholders.

In addition, an economic slowdown, recession or decline in real estate values may cause lenders and institutional investors to reduce and, in some cases, cease to provide funding to borrowers, including us, which could make it more difficult for us to obtain financing on favorable terms or at all, in the event that we seek to use leverage to acquire our target assets. Our profitability may be adversely affected if we are unable to obtain cost-effective financing for our assets.

We operate in a highly competitive market for investment opportunities, and competition may limit our ability to continue to acquire attractive investments on favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive market for investment opportunities. Our profitability depends, in large part, on our ability to acquire assets, including our target assets, at attractive prices. In acquiring assets, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, commercial and investment banks, commercial finance and insurance companies and other financial institutions, many of whom are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. In recent years, several other REITs have raised, and may raise significant amounts of capital in the future, and may have investment objectives that overlap with ours, which will likely create additional competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us, such as funding from the U.S. Government, if we are not eligible to participate in programs established by the U.S. Government as well as borrowings that are governed by the FDIC. In addition, many of our competitors are not subject to the operating constraints associated with REIT tax compliance or maintenance of an exemption from the 1940 Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, competition for investments may result in an increase in the price of such assets, which may further limit our ability to generate attractive risk-adjusted returns. Moreover, as conditions in the mortgage market, the financial markets and the economy continue to improve, the availability of commercial mortgage loans that meet our investment objectives and strategies will likely decrease, which will increase competition and may limit us from making investments in our target assets. As a result of such increased competition, we cannot assure you that we will be able to identify and make additional investments that are consistent with our investment objectives, which could have a material adverse effect on our business, financial condition and results of operations.

Continuing concerns regarding European debt, market perceptions concerning the instability of the euro and volatility and price movements in the rate of exchange between the U.S. dollar and the euro could adversely affect our business, results of operations and financing.

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

In addition, market concerns about economic growth in the Eurozone relative to the United States and speculation surrounding the potential impact on the euro of theexit of a country from the Eurozone may continue to exert downward pressure on the rate of exchange between the U.S. dollar and the euro, which may adversely affect our results of operations.

Furthermore, increased uncertainty in the wake of the “Brexit” referendum in the United Kingdom in June 2016, in which the majority of voters voted in favor of an exit from the European Union, has resulted in an increase in volatility in the global financial markets. Uncertainty about global or regional economic conditions poses a risk as

consumers and businesses may postpone spending in response to tighter credit, negative financial news, and declines in income or asset values, which could adversely affect the availability of financing, our business and our results of operations.

We may experience a decline in the fair value of our assets, which could materially and adversely affect our results of operations, financial condition and our ability to make distributions to our stockholders.

A decline in the fair market value of our assets may require us to recognize an "other-than-temporary" impairment against such assets under accounting principles generally accepted in the United States of America ("GAAP") if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other-than-temporarily impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we experience a decline in the fair value of our assets, our results of operations, financial condition and our ability to make distributions to our stockholders could be materially and adversely affected.

Market conditions in recent years may make it more difficult for us to analyze potential investment opportunities or our portfolio of assets.

Our success depends, in part, on our ability to analyze effectively potential investment opportunities in order to assess the level of risk-adjusted returns that we should expect from any particular investment. To estimate the value of a particular asset, our management may use historical assumptions that may or may not be appropriate in light of the downturn in the real estate market and general economy in recent years. To the extent that our management uses historical assumptions that are inappropriate under current market conditions, we may overpay for an asset or acquire an asset that we otherwise might not acquire, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

In addition, as part of our overall portfolio risk management, we analyze interest rate changes and prepayment trends separately and collectively to assess their effects on our portfolio of assets. In conducting our analysis, we depend on certain assumptions based upon historical trends with respect to the relationship between interest rates and prepayments under normal market conditions. Dislocations in the mortgage market or other developments may change the way that prepayment trends have historically responded to interest rate changes, which may adversely affect our ability to (1) assess the market value of our portfolio of assets, (2) implement our hedging strategies and (3) implement techniques to reduce our prepayment rate volatility. If our estimates prove to be incorrect or our hedges do not adequately mitigate the impact of changes in interest rates or prepayments, we may incur losses that could materially and adversely affect our financial condition, results of operations and our ability to make distributions to our stockholders.

Any credit ratings assigned to our investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded.

Some of our investments may be rated by Moody's Investors Service, Fitch Ratings or Standard & Poor's. Any credit ratings on our investments are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower-than-expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our investments in the future, the value of these investments could significantly decline, which would adversely affect the value of our investment portfolio and could result in losses upon disposition or the failure of borrowers to satisfy their debt service obligations to us.

The price we pay for acquisitions of real property and the terms of our commercial real estate debt investments will be based on our projections of market demand, occupancy and rental income, as well as on market factors, and our return on our investment may be lower than expected if any of our projections are inaccurate.

The price we pay for real property investments and the terms of our debt investments will be based on our projections of market demand, occupancy levels, rental income, the costs of any development, redevelopment or renovation of a property, borrower expertise and other factors. In addition, increased competition in the real estate

market may drive up prices for real estate assets or make loan origination terms less favorable to us. If any of our projections are inaccurate or we ascribe a higher value to assets and their value subsequently drops or fails to rise because of market factors, returns on our investment may be lower than expected and we could experience losses. This may be particularly pronounced during periods of market dislocation.

Failure to implement effective information and cyber security policies, procedures and capabilities could disrupt our business and harm our results of operations.

We are dependent on the effectiveness of our information and cyber security policies, procedures and capabilities to protect our computer and telecommunications systems and the data that resides on or is transmitted through them. An externally caused information security incident, such as a hacker attack, virus or worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential information and could result in material financial loss, loss of competitive position, regulatory actions, breach of contracts, reputational harm or legal liability. Furthermore, as an asset manager our business is highly dependent on information technology systems, including systems provided by third parties over which we have no control. Various measures have been implemented to manage our risks related to the information technology systems, but any failure or interruption of our systems could cause delays or other problems in our activities, which could have a material adverse effect on our financial performance. Potential sources for disruption, damage or failure of our information technology systems include, without limitation, computer viruses, security breaches, human error, cyber attacks, natural disasters and defects in design.

Significant legal proceedings may adversely affect our results of operations or financial condition.

We may in the future be involved in litigation matters arising in the ordinary course of business and may potentially be involved in other legal proceedings, including securities class actions and regulatory and governmental investigations. We are unable to predict with certainty the eventual outcome of any litigation we may be involved in. Litigation could be more likely in connection with a change of control transaction or during periods of market dislocation or shareholder activism. Developments adverse to us in legal proceedings to which we may be subject in the future could have a material adverse effect on our financial condition, results of operations or our reputation.

If our portfolio management techniques and strategies are not effective, we may be exposed to material unanticipated losses.

We continue to refine our portfolio management techniques, strategies and assessment methods. However, our portfolio management techniques and strategies may not fully mitigate the risk exposure of our operations in all economic or market environments, or against all types of risk, including risks that we might fail to identify or anticipate. Any failures in our portfolio management techniques and strategies to accurately quantify such risk exposure could limit our ability to manage risks in our operations and could result in losses.

We may change our business, investment, leverage and financing strategies without stockholder consent.

As the market evolves, we may change our business, investment and financing strategies without a vote of, or notice to, our stockholders, which could result in our making investments and engaging in business activities that are different from, and possibly riskier than, our normal investments and businesses. In particular, a change in our investment strategy, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, default risk and real estate market fluctuations. In addition, we may in the future use leverage at times and in amounts deemed prudent by us, and such decision would not be subject to stockholder approval. Furthermore, as the market evolves, our board of directors may determine that markets in which we invest do not offer the potential for attractive risk-adjusted returns for an investment strategy that is consistent with our intention to elect and qualify to be taxed as a REIT and to operate in a manner to maintain our exemption from registration under the 1940 Act. For example, if our board of directors believes it would be advisable for us to be a more active seller of loans and securities, our board of directors may determine that we should conduct such business through a taxable REIT subsidiary (“TRS”), or that we should cease to maintain our REIT qualification. Changes to our strategies with regards to the foregoing could materially and adversely affect our financial condition, results of operations and our ability to make distributions to our stockholders.

Our ownership of approximately 14% of the common shares of Colony Starwood Homes subjects us to various risks, any of which could have a material adverse effect on our business and results of operations.

As a result of the merger on January 5, 2016 of Colony American Homes, Inc. with Starwood Waypoint Residential Trust ("SWAY") (renamed Colony Starwood Homes after the merger, with NYSE ticker symbol "SFR"), we own 15.12 million common shares of SFR, which, based on the closing price of the shares as of January 6, 2017, have a value of approximately $440.3 million. Although we have three representatives who are also our employees on SFR's Board of Trustees, which has a total of 12 trustees, the value of our investment is subject to the strategies and management decisions of the board of directors as a whole and SFR's management team, as well as the trading price of the SFR common shares on the NYSE. SFR owns and expects to continue to acquire interests in single-family homes for the purpose of renting the homes to tenants. The single-family home rental business is subject to various risks, including the ability of tenants to pay rent, and the failure of a significant number of its tenants to pay rent timely or at all, competition with other housing alternatives and for attractive acquisition opportunities, adverse local and national economic conditions, deterioration in rental markets in which their single-family homes are located, the illiquidity of real estate assets, costs relating to leasing or re-leasing vacant single-family homes and federal, state and local laws, regulations and ordinances and their impact on the ability to manage properties in a cost-effective manner. If any of the foregoing risks were to occur, our investment in SFR could decline in value and our results of operations could be materially and adversely affected.

Misconduct by third-party selling broker-dealers or our broker-dealer sales force could have a material adverse effect on our business.

We rely on selling broker-dealers and our broker-dealer sales force to properly offer equity in our current and future Sponsored Companies to investors in compliance with our selling agreements and with applicable regulatory requirements. While these persons are responsible for their activities as registered broker-dealers, their actions may nonetheless result in complaints or legal or regulatory action against us. These actions could also directly or indirectly harm the industry generally or our reputation specifically, which could have a material adverse effect on our business. In addition, we may have indemnification obligations under certain selling agreements and dealer agreements for misconduct by such broker-dealers.

Risks Related to Our Investments in Healthcare Assets

We have significant investments in in healthcare properties, which increases the risks related to owning healthcare real estate properties becoming more material to our business and results of operations.

A significant portion of our real estate investments is concentrated in healthcare properties. As a result of the concentration of healthcare real estate properties, our exposure to the risks inherent in investments in the healthcare sector has also increased, making us more vulnerable to a downturn or slowdown in the healthcare sector. We cannot assure you that future changes in government regulation will not adversely affect the healthcare industry, nor can we be certain that our tenants, operators and managers will achieve and maintain occupancy and rate levels that will enable them to satisfy their obligations to us. Any adverse changes in the regulation of the healthcare industry or the competitiveness of our tenants, operators and managers could have a more pronounced effect on us than if our investments were more diversified.

We do not control the operations of our healthcare properties and we are dependent on the tenants/operators/managers of our healthcare properties.

Our senior housing properties are typically operated by healthcare operators pursuant to net leases or by an independent third-party manager pursuant to management agreements. As a result, we are unable to directly implement strategic business decisions with respect to the daily operation and marketing of our healthcare properties. While we have various rights as the property owner under our leases or management agreements and monitor the tenants/operators/managers' performance, we have limited recourse under our leases or management agreements if we believe that the tenants/operators/managers are not performing adequately. Failure by tenants/operators/managers to adequately manage the risks associated with operations of healthcare properties could affect adversely our results of operations. Furthermore, if our tenants/operators/managers experience any significant financial, legal, accounting or regulatory difficulties, such difficulties could indirectly have a materially adverse effect on us.

In addition, certain of our tenants/operators/managers may operate or manage facilities for our competitors, which may cause conflicts of interests that result in actions or inaction that is detrimental to us. Furthermore, NSAM, AHI and our joint venture partners, all of whom assist in asset managing our healthcare properties, may also asset manage, or have other interests in, healthcare properties on behalf of other companies, which could result in additional conflicts of interest.

License and Certificate of Need requirements affect our current operators and may delay our ability to replace an operator.

Certain of our properties may require a license, registration and/or Certificate of Need ("CON") CON to operate. Failure to obtain a license, registration, or CON, or loss of a required license, registration or CON would prevent a facility from operating in the manner intended by the operators or tenants. These events could materially adversely affect our operators' or tenants' ability to meet their obligations to us. State and local laws also may regulate the expansion, including the addition of new beds or services or acquisition of medical equipment and the construction or renovation of healthcare facilities, by requiring a CON or other similar approval from a state agency. If we need to replace an operator, compliance with licensure and CON laws may delay the process.

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

We operate certain of our properties pursuant to management agreements with respect to healthcare properties, whereby we or our joint venture partner is the licensed operator of the property, if applicable, and we have direct exposure to resident fee income and related operating expenses. As a result, by contrast to our net lease properties, we are directly exposed to various operational risks with respect to these healthcare properties that may increase our costs or adversely affect our ability to generate revenues. These risks include: (i) fluctuations in occupancy, government and other third-party reimbursement, private pay rates; (ii) economic conditions; (iii) competition; (iv) federal, state, local and industry-regulated CON, licensure, certification and inspection laws, regulations and standards; (v) the availability and increases in cost of general and professional liability insurance coverage; (vi) state regulation and rights of residents related to entrance fees; and (vii) the availability and increases in the cost of labor (as a result of unionization or otherwise). Any one or a combination of these factors may adversely affect our revenue and operations and our ability to make distributions to stockholders.

We rely on our managers' personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our senior housing facilities efficiently and effectively. We also rely on our managers to set appropriate resident fees and to otherwise operate our senior housing facilities in compliance with the terms of our management agreements and all applicable laws and regulations. Although we have various rights under our management agreements, including various rights to terminate and exercise remedies under those agreements, our managers' failure, inability or unwillingness to satisfy its obligations under those agreements, to efficiently and effectively manage our properties or to provide timely and accurate accounting information with respect thereto could have a material adverse effect on us. In addition, significant changes in our managers' senior management or equity ownership or any adverse developments in their businesses and affairs or financial condition could have a material adverse effect on us.

The healthcare industry is highly competitive and we expect it to become more competitive.

We own and manage a diversified portfolio of healthcare properties. Our tenants, operators and managers may encounter increased competition for residents and patients, including with respect to the scope and quality of care and services provided, reputation and financial condition, physical appearance of the properties, price and location. In general, regulatory and other barriers to competitive entry in the assisted living, independent living, and medical office building segments of the healthcare industry are not substantial, although there are often regulatory barriers to the development of hospitals and skilled nursing facilities. Limited barriers to entry in the senior housing and medical office building ("MOB") industries could lead to the development of new senior housing communities or MOBs that outpaces demand. If development outpaces demand for those assets in the markets in which our properties are located, those markets may become saturated and we could experience decreased occupancy, reduced operating margins and lower profitability. Consequently, our tenants and operators may encounter increased competition which could adversely affect our revenues and earnings.

Healthcare laws and regulations are subject to frequent change and the failure of our tenants, operators or managers to comply with these laws and regulations may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

Our tenants, operators and managers are subject to numerous federal, state and local laws and regulations that are subject to frequent and substantial changes. The ultimate timing or effect of any changes in these laws and regulations cannot be predicted. Changes in these laws and regulations could negatively affect the ability of our tenants, operators or managers to satisfy their obligations to us and our ability to make distributions to stockholders. In addition, failure to comply with the laws, requirements and regulations may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

Furthermore, our operators, tenants and managers generally are subject to varying levels of federal, state, local, and industry-regulated CON, licensure, certification and inspection laws, regulations and standards. Our operators', tenants' or managers' failure to comply with any of these laws, regulations or standards could result in loss of accreditation, denial of reimbursement, imposition of fines, penalties or damages, suspension, decertification or exclusion from federal and state healthcare programs, loss of license or closure of the facility. Such actions may have an effect on our operators' or tenants' ability to make lease payments to us and, therefore, adversely impact us. Certain healthcare laws include criminal and civil penalties for violations that range from punitive sanctions, damage assessments, penalties, imprisonment, denial of Medicare and Medicaid payments and exclusion from the Medicare and Medicaid programs. Investigation by a federal or state governmental body for violation of fraud and abuse laws or imposition of penalties with respect to any of our tenants, operators or managers could result in a failure to meet its obligations to us, which may have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to stockholders.

Our tenants, operators and managers are faced with increased litigation and rising insurance costs that may affect their ability to meet their obligations to us.

In some states, advocacy groups have been created to monitor the quality of care at healthcare facilities and these groups have brought litigation against operators. Also, in several instances, private litigation by patients has succeeded in winning very large damage awards for alleged abuses. The effect of this litigation and potential litigation has been to materially increase the costs of monitoring and reporting quality of care compliance. In addition, the cost of liability and medical malpractice insurance has increased and may continue to increase so long as the present litigation environment affecting the operations of healthcare facilities continues. Continued cost increases could cause our tenants, operators and managers to be unable to meet their obligations to us, potentially decreasing our revenue and increasing our collection and litigation costs. Moreover, to the extent we are required to take back the affected facilities, our revenue from those facilities could be reduced or eliminated for an extended period of time. Furthermore, our operators who engage in business with the federal government may be sued under a federal whistleblower statute designed to combat fraud and abuse in the healthcare industry. These lawsuits can involve significant monetary damages and award bounties to private plaintiffs who successfully bring these suits. If any of these lawsuits were brought against our operators, such suits combined with increased operating costs and substantial uninsured liabilities could have a material adverse effect on our operators' liquidity, financial condition and results of operations and on their ability to satisfy their obligations under our leases, which, in turn, could have a material adverse effect on us.

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

Certain of our tenants and operators rely on reimbursement from third-party payors, including the Medicare and Medicaid programs, for substantially all of their revenues. Federal and state legislators and regulators have adopted or proposed various cost-containment measures that would limit payments to healthcare providers and budget crises and financial shortfalls have caused states to implement or consider Medicaid rate freezes or cuts. Private third-party payors also have continued their efforts to control healthcare costs. We cannot assure you that our tenants and operators who currently depend on governmental or private payor reimbursement will be adequately reimbursed for

the services they provide. Significant limits by governmental and private third-party payors on the scope of services reimbursed or on reimbursement rates and fees, whether from legislation, administrative actions or private payor efforts, could have a material adverse effect on the liquidity, financial condition and results of operations of certain of our tenants and operators, which could affect adversely their ability to comply with the terms of our leases and have a material adverse effect on us.

Economic downturns, weakness in the housing and equity markets, lowered consumer confidence and other events could adversely affect the ability of seniors to afford the entrance fees or monthly resident fees for our healthcare facilities and, in turn, materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

Costs to seniors associated with independent and assisted living services are generally not reimbursable under government reimbursement programs such as Medicare and Medicaid. Only seniors with income or assets meeting or exceeding the comparable median in the regions where our facilities are located typically will be able to afford to pay the entrance fees and monthly resident fees. Economic downturns, softness in the housing market, lower levels of consumer confidence, reductions or declining growth of government entitlement programs (such as social security benefits), stock market volatility, changes in demographics and other events could adversely affect the ability of seniors to afford the entrance fees or monthly resident fees for our healthcare facilities. If our operators are unable to retain and attract seniors with sufficient income, assets or other resources required to pay the fees associated with independent and assisted living services and other services provided by our operators at our healthcare facilities, our occupancy rates could decline, which could, in turn, materially adversely affect our business, results of operations and financial condition and our ability to make distributions to stockholders.

Because of the unique and specific improvements required for healthcare properties, we may be required to incur substantial renovation costs to make certain of our properties suitable for other operators, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

Healthcare properties are typically highly customized and may not be easily adapted to non-healthcare-related uses. The improvements generally required to conform a property to healthcare use, such as upgrading electrical, gas and plumbing infrastructure, are costly and often times operator-specific. A new or replacement operator may require different features in a property, depending on that operator’s particular operations. If a current operator is unable to pay rent and vacates a property, we may incur substantial costs to modify a property for a new operator, or for multiple operators with varying infrastructure requirements, before we are able to release the space. Consequently, our healthcare properties may not be suitable for lease to other operators or for alternative uses without significant costs or renovations, which costs may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

If our tenants, operators or managers fail to maintain a positive reputation and cultivate new or maintain existing relationships with residents in the markets in which they operate, the occupancy percentage, payor mix and resident rates may deteriorate which could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to stockholders.

The ability of our tenants, operators and managers to obtain and maintain the overall occupancy percentage, payor mix and resident rates at our healthcare facilities depends on our tenants’, operators’ and managers’ reputation in the communities they serve and their ability to successfully market our facilities to potential residents. A large part of our tenants’, operators’ and managers’ marketing and sales effort is directed towards cultivating and maintaining legally compliant relationships with key community organizations that work with seniors, physicians and other healthcare providers in the communities where our facilities are located, whose referral practices significantly affect the choices seniors make with respect to their long-term care needs. If our tenants, operators and managers are unable to successfully cultivate and maintain strong relationships with these community organizations, physicians and other healthcare providers, occupancy rates at our facilities could decline, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders. Our tenants, operators and managers may mismanage our healthcare facilities, be subjected to governmental intervention, including shutting down of the facilities and be the subject of negative public news articles and other adverse attention. In such a case, our tenants’, operators’ and managers’ ability to continue functioning would be in severe jeopardy and our ability to realize value on our underlying assets could be materially adversely affected.

Risks Related to our Industrial Investments

Our ownership of industrial properties is subject to various risks, any of which could have a material adverse effect on our business and results of operations.

Our ownership of industrial properties subjects us to various risks that could adversely affect our business and results of operations, including, among others, the following:

- an economic downturn in the industrial real estate sector;
- environmentally hazardous conditions, including the presence of or proximity to underground storage tanks for the storage of petroleum products and other hazardous toxic substances, or the failure to properly remediate these substances, and the resulting potential for release of such products and substances, which may adversely affect our ability to sell, rent or pledge such properties as collateral for future borrowings;
- restrictions imposed by environmental laws on the manner in which property may be used or businesses may be operated; and
- the risk of liabilities, including under environmental laws and regulations, arising from leasing properties to customers that engage in industrial, manufacturing, and commercial activities that involve hazardous or toxic substances.

Any of the foregoing risks could materially and adversely affect our results of operations, cash flows and ability to make distributions to our stockholders.

Risks Related to Our Hotel Assets

We have significant investments in hotels, which increases our exposure to risks affecting the lodging industry.

A significant portion of our real estate investments is concentrated in hotels. The lodging industry is subject to changes in the travel patterns of business and leisure travelers, both of which are affected by the strength of the economy, as well as other factors. The performance of the lodging industry has traditionally been closely linked with the performance of the general economy and, specifically, growth in gross domestic product. Changes in travel patterns of both business and leisure travelers, particularly during periods of economic contraction or low levels of economic growth, may create difficulties for the industry over the long-term and adversely affect our results. A significant number of our hotels are classified as upscale extended stay and select service and generally target business travelers. In periods of economic difficulties, business and leisure travelers may seek to reduce travel costs by limiting travel or seeking to reduce costs on their trips. Our results of operations and any forecast we make may be affected by, and can change based on, a variety of circumstances that affect the lodging industry, including:

- Lodging assets have different economic characteristics than many other real estate assets. A typical office property, for example, has long-term leases with third-party tenants, which provides a relatively stable long-term stream of revenue. Hotels, on the other hand, generate revenue from guests that typically stay at the hotel for only a few nights, which causes the room rate and occupancy levels to change every day, and results in earnings that can be highly volatile;
- changes in the international, national, regional and local economic climate;
- The seasonality of the lodging industry often results in significant fluctuations in occupancy, revenues and operating expenses, which could adversely affect the financial performance of the hotels;
- changes in business and leisure travel patterns;
- increases in energy prices or airline fares or terrorist incidents, which impact the propensity of people to travel and revenues from our lodging facilities because operating costs cannot be adjusted as quickly;

- supply growth in markets where we own hotels, which may adversely affect demand at our properties;
- the attractiveness of our hotels to consumers relative to competing hotels;
- the performance of the managers of our hotels (To maintain our qualification as a REIT for U.S. federal income tax purposes, we generally cannot operate or manage the hotels);
- The hotels operate under franchise agreements that require maintaining the franchisors' operating standards and satisfying other terms and conditions that could require the expenditure of significant amounts of money. Failure to maintain these standards or satisfy other terms and conditions could result in a franchise license being canceled. The loss of a franchise license could materially and adversely affect the operations or the underlying value of the hotel because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor, which could adversely affect the financial performance of the hotels;
- outbreaks of disease and the impact on travel of natural disasters and weather;
- physical damage to our hotels as a result of earthquakes, hurricanes or other natural disasters or the income lost as a result of the damage;
- changes in room rates and increases in operating costs due to inflation, labor costs and other factors;
- unionization of the labor force at our hotels;
- Restrictive covenants in certain of the hotel management and franchise agreements may limit the ability to sell or refinance a hotel without the consent of the hotel management company or franchisor, which could materially impede our ability to take actions with respect to the hotels that are in the best interests of our stockholders; and

  The performance of the hotels may be materially affected by events beyond our control, such as terrorist attacks, travel related health concerns including pandemics and epidemics, imposition of taxes or surcharges by regulatory authorities, travel-related accidents and unusual weather patterns, including natural disasters such as hurricanes and environmental disasters.

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

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

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

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

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

As of January 10, 2017, Island Hospitality Group Inc., a hospitality focused management firm ("Island") managed 110 of our hotels pursuant to management agreements. Although we have various rights as the property owner under our management agreements, we rely on Island's personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our hotel operations efficiently and effectively. Any adverse developments in Island's business and affairs or financial condition could impair its ability to manage our properties efficiently and effectively and could have a materially adverse effect on us.

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

Our third-party managers are responsible for hiring and maintaining the labor force at each of our hotels. Although we do not directly employ or manage employees at our hotels, we still are subject to many of the costs and risks generally associated with the hotel labor force, particularly at those hotels with unionized labor. From time to time, hotel operations may be disrupted as a result of strikes, lockouts, public demonstrations or other negative actions and publicity. We also may incur increased legal costs and indirect labor costs as a result of contract disputes involving our third-party managers and their labor force or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, a significant component of our hotel operating costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. As we are not the employer nor bound by any collective bargaining agreement, we do not negotiate with any labor organization, and it is the responsibility of each property's manager to enter into such labor contracts. Our ability, if any, to have any material impact on the outcome of these negotiations is restricted by and dependent on the individual management agreement covering a specific property and we may have little ability to control the outcome of these negotiations. In addition, changes in labor laws may negatively impact us. For example, increases in minimum wage laws and the U.S. Department of Labor's proposed regulations expanding the scope of non-exempt employees under the Fair Labor Standards Act to increase the entitlement to overtime pay could significantly increase the cost of labor in the workforce, which would increase the operating costs of our hotel properties and may have a material adverse effect on us.

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

In order to remain competitive, our hotels have an ongoing need for renovations and other capital improvements, including replacements, from time to time, of furniture, fixtures and equipment. These capital improvements may give rise to risks of construction cost overruns and delays, a possible shortage of liquidity to fund capital improvements and the related possibility that financing for these capital improvements may not be available to us on affordable terms, the renovation investment failing to produce the returns on investment that we expect, disruptions in the operations of the hotel as well as in demand for the hotel while capital improvements are underway and disputes with franchisors or hotel managers regarding compliance with relevant management or franchise agreements. We may have insufficient liquidity to fund capital expenditures and, consequently, we may need to rely upon the availability of debt or equity capital to fund our investments and capital improvements. These sources of funds may not be available on reasonable terms and conditions or at all.

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

The continuation of our franchise licenses is subject to specified operating standards and other terms and conditions. All of the franchisors of our hotels periodically inspect our hotels to confirm adherence to their operating standards. The failure to maintain such standards or to adhere to such other terms and conditions could result in the loss or

cancellation of the applicable franchise license. It is possible that a franchisor could condition the continuation of a franchise license on the completion of capital improvements that we determine are too expensive or otherwise not economically feasible in light of general economic conditions, the operating results or prospects of the affected hotel. In that event, we may elect to allow the franchise license to lapse or be terminated.

There can be no assurance that a franchisor will renew a franchise license at each option period. If a franchisor terminates a franchise license, we may be unable to obtain a suitable replacement franchise, or to successfully operate the hotel independent of a franchise license. The loss of a franchise license could have a material adverse effect upon the operations or the underlying value of the related hotel because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor. Our loss of a franchise license for one or more of the hotels could have a material adverse effect on our revenues and our amounts available for distribution to shareholders.

Risks Related to our Opportunistic Equity and Debt Investments and investments in Securities

We depend on tenants for revenue and, accordingly, lease terminations and/or tenant defaults, particularly by one or more large tenants, could have a material adverse effect on us.

To the extent that we acquire direct or indirect equity interests in commercial or residential real estate, including through our investment in SFR, the success of our investments will depend on the financial stability of our tenants, any of whom may experience a change in their business or economic status at any time. If economic conditions worsen, tenants occupying the commercial or residential real estate that we may acquire may delay lease commencements, decline to extend or renew their leases upon expiration, fail to make rental payments when due, or declare bankruptcy. Any of these actions could result in the termination of the tenants' leases, or expiration of existing leases without renewal, and the loss of rental income attributable to the terminated or expired leases. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment and re-letting our property. If a significant number of leases, or leases for one or more large tenants, are terminated or defaulted upon, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. In addition, significant expenditures, such as mortgage payments, real estate taxes and insurance and maintenance costs, are generally fixed and do not decrease when revenues at the related property decrease. If any of the foregoing were to occur, it could have a material adverse effect on our cash flows, results of operations and our ability to make distributions to our stockholders.

Our real estate assets are subject to risks particular to real property, any of which could reduce our return from an affected property or asset and reduce or eliminate our ability to make distributions to our stockholders.

Our real estate investments, including the real estate investments in which we hold an indirect interest through SFR, are subject to various risks, including:

- acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses;
- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- adverse changes in national and local economic and market conditions;
- changes in, and related costs of compliance with, governmental laws and regulations, fiscal policies and zoning ordinances;
- costs of remediation and liabilities associated with environmental conditions such as indoor mold; and
- the potential for uninsured or under-insured property losses.

If any of these or similar events occurs, it may reduce our return from an affected property or asset and reduce or eliminate our ability to make distributions to stockholders.

In addition, under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose

liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances may adversely affect an owner's ability to sell real estate or borrow using real estate as collateral. To the extent that an owner of a property underlying one of our debt investments becomes liable for removal costs, the ability of the owner to make payments to us may be reduced, which in turn may adversely affect the value of the asset held by us and our ability to make distributions to our stockholders. If we acquire a property through foreclosure or otherwise, the presence of hazardous substances on such property may adversely affect our ability to sell the property and we may incur substantial remediation costs, which could have a material adverse effect on our results of operations, financial condition and our ability to make distributions to our stockholders.

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

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

- local, state, national or international economic conditions;
- real estate conditions, such as an oversupply of or a reduction in demand for real estate space in an area;
- lack of liquidity inherent in the nature of the asset;
- tenant/operator mix and the success of the tenant/operator business;
- the ability and willingness of tenants/operators/managers to maintain the financial strength and liquidity to satisfy their obligations to us and to third parties;
- reliance on tenants/operators/managers to operate their business in a sufficient manner and in compliance with their contractual arrangements with us;
- ability and cost to replace a tenant/operator/manager upon default;
- property management decisions;
- property location and conditions;
- property operating costs, including insurance premiums, real estate taxes and maintenance costs;
- the perceptions of the quality, convenience, attractiveness and safety of the properties;
- branding, marketing and operational strategies;
- competition from comparable properties;
- the occupancy rate of, and the rental rates charged at, the properties;
- the ability to collect on a timely basis all rent;
- the effects of any bankruptcies or insolvencies;
- the expense of leasing, renovation or construction;
- changes in interest rates and in the availability, cost and terms of mortgage financing;
- unknown liens being placed on the properties;

- bad acts of third parties;
- the ability to refinance mortgage notes payable related to the real estate on favorable terms, if at all;
- changes in governmental rules, regulations and fiscal policies;
- tax implications;
- changes in laws, including laws that increase operating expenses or limit rents that may be charged;
- the impact of present or future environmental legislation and compliance with environmental laws, including costs of remediation and liabilities associated with environmental conditions affecting properties;
- cost of compliance with the Americans with Disabilities Act of 1990;
- adverse changes in governmental rules and fiscal policies;
- social unrest and civil disturbances;
- acts of nature, including earthquakes, hurricanes and other natural disasters;
- terrorism;
- the potential for uninsured or underinsured property losses;
- adverse changes in state and local laws, including zoning laws; and
- other factors which are beyond our control.

The value of each property is affected significantly by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenses associated with properties (such as operating expenses and capital expenses) cannot be reduced when there is a reduction in income from the properties. These factors may have a material adverse effect on the value and the return that we can realize from our assets, as well as ability of our borrowers to pay their loans and the ability of the borrowers on the underlying loans securing our securities to pay their loans.

We may obtain only limited warranties when we purchase a property, which will increase the risk that we may lose some or all of our invested capital in the property or rental income from the property which, in turn, could materially adversely affect our business, financial condition and results from operations and our ability to make distributions to stockholders.

The seller of a property often sells such property in an “as is” condition on a “where is” basis and “with all faults,” without any warranties of merchantability or fitness for a particular use or purpose. In addition, the related real estate purchase and sale agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. Despite our efforts, we may fail to uncover all material risks during our diligence process. The purchase of properties with limited warranties increases the risk that we may lose some or all of our invested capital in the property, as well as the loss of rental income from that property if an issue should arise that decreases the value of that property and is not covered by the limited warranties. If any of these results occur, it may have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to stockholders.

We may be required to indemnify purchasers of our assets against certain liabilities and obligations, which may affect our returns on dispositions.

We may be required to enter into real estate purchase and sale agreements with extensive warranties, representations and indemnifications, which may expose us to liabilities and obligations following dispositions of our assets. Despite our efforts, we may fail to identify all liabilities, which may materially impair the anticipated returns on any dispositions. Further, we may be forced to incur unexpected significant expense in connection with such liabilities and obligations, which could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to stockholders.

We are subject to risks associated with capital expenditure obligations, such as declining real estate values and operating performance.

We are required to fund capital expenditures and other significant expenses for our real estate property investments. Future funding obligations subject us to significant risks, such as a decline in value of the property, cost overruns and the tenant/operator being unable to generate enough cash flow and execute its business plan in order to pay its obligations to us. We may determine that we need to fund more money than we originally anticipated in order to maximize the value of our investment even though there is no assurance additional funding would be the best course of action. Further, future funding obligations may require us to maintain higher liquidity than we might otherwise maintain and this could reduce the overall return on our investments. We could also find ourselves in a position with insufficient liquidity to fund future obligations.

Both our tenants/operators' and borrowers' forms of entities may cause special risks or hinder our recovery.

Many of our tenants/operators in the real estate that we own, as well as the borrowers for our CRE debt investments and borrowers underlying our CRE securities, are legal entities rather than individuals. In addition, these entities are often "special purpose entities" that do not have significant assets beyond those involved in our investment and, at times, the assets of the entity may not be sufficient to recover our investment or damages. As a result, our risk of loss may be greater than for leases with or originators of loans made to individuals or special purpose entities. Unlike individuals involved in bankruptcies, these legal entities will generally not have personal assets and creditworthiness at stake. As a result, the default or bankruptcy of one of our tenants/operators or borrowers, or a general partner or managing member of that tenant or borrower, may impair our ability to enforce our rights and remedies under the terms of the lease agreement or the related mortgage, respectively.

Insurance may not cover all potential losses on CRE investments, which may impair the value of our assets.

We generally require that our tenants/operators, as well as the borrowers under our CRE debt investments, obtain comprehensive insurance covering the property, including liability, fire and extended coverage. We also generally obtain insurance directly on any property we acquire. We believe all of our properties are adequately insured. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods and hurricanes that may be uninsurable or not economically insurable. We may not obtain, or require tenants/operators or borrowers to obtain, certain types of insurance if it is deemed commercially unreasonable. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, might not be adequate to restore the economic value of the property, which might decrease the value of the property and in turn impair our investment.

The commercial real estate debt we originate and invest in and mortgage loans underlying the CRE securities we invest in are subject to risks of delinquency, taking title to collateral, loss and bankruptcy of the borrower under the loan. If the borrower defaults, it may result in losses to us.

Our CRE debt investments are secured by commercial real estate and are subject to risks of delinquency, loss, taking title to collateral and bankruptcy of the borrower. The ability of a borrower to repay a loan secured by commercial real estate is typically dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced or is not increased, depending on the borrower's business plan, the borrower's ability to repay the loan may be impaired. If a borrower defaults or declares bankruptcy and the underlying asset value is less than the loan amount,

we will suffer a loss. In this manner, real estate values could impact the value of our CRE debt and securities investments. Therefore, our CRE debt and securities will be subject to the risks typically associated with real estate. Additionally, we may suffer losses for a number of reasons, including the following, which could have a material adverse effect on our financial performance:

- the value of the assets securing our CRE debt investments may deteriorate over time due to factors beyond our control, which may result in a loss of principal or interest to the extent the assets collateralizing our CRE debt are insufficient to satisfy the loan.
- a borrower or guarantor may not comply with its financial covenants or may not have sufficient assets will be available to pay amounts owed to us under our CRE debt and related guarantees, particularly in periods of challenging economic and market conditions.
- Our due diligence may not reveal all of a borrower's liabilities and may not reveal other weaknesses in its business.
- Taking title to collateral, or otherwise liquidating defaulted CRE debt investments, can be an expensive and lengthy process that could have a negative effect on the return on our investment.
- We may need to restructure loans if our borrowers are unable to meet their obligations to us, which might include lowering interest rates, extending maturities or making other concessions that may result in the loss of some or all of our investment. Further, we may be unable to restructure loans in a manner that we believe would maximize value, particularly in situations where there are multiple creditors and/or a large lender group.

The subordinate CRE debt we originate and invest in may be subject to risks relating to the structure and terms of the related transactions, as well as subordination in bankruptcy, and there may not be sufficient funds or assets remaining to satisfy our investments, which may result in losses to us.

We originate, structure and acquire subordinate CRE debt investments secured primarily by commercial properties, which may include subordinate mortgage loans, mezzanine loans and participations in such loans and preferred equity interests in borrowers who own such properties. These investments may be subordinate to other debt on commercial property and are secured by subordinate rights to the commercial property or by equity interests in the borrower. In addition, real properties with subordinate debt may have higher loan-to-value ratios than conventional debt, resulting in less equity in the real property and increasing the risk of loss of principal and interest. If a borrower defaults or declares bankruptcy, after senior obligations are met, there may not be sufficient funds or assets remaining to satisfy our subordinate interests. Because each transaction is privately negotiated, subordinate investments can vary in their structural characteristics and lender rights. Our rights to control the default or bankruptcy process following a default will vary from transaction to transaction. The subordinate investments that we originate and invest in may not give us the right to demand taking title to collateral as a subordinate real estate debt holder. Furthermore, the presence of intercreditor agreements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies and control decisions made in bankruptcy proceedings relating to borrowers. Similarly, a majority of the participating lenders may be able to take actions to which we object, but by which we will be bound. Even if we have control, we may be unable to prevent a default or bankruptcy and we could suffer substantial losses. Certain transactions that we originated and invested in could be particularly difficult, time consuming and costly to work out because of their complicated structure and the diverging interests of all the various classes of debt in the capital structure of a given asset.

Some of our investments are carried at estimated fair value as determined by us and, as a result, there may be uncertainty as to the value of these investments.

Some of our investments are recorded at fair value but will have limited liquidity or will not be publicly traded. The fair value of these investments that have limited liquidity or are not publicly traded may not be readily determinable. We expect to estimate the fair value of these investments on a quarterly basis. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on numerous estimates and assumptions, our determinations of fair value may differ materially from the values that would have been used if a

readily available market for these securities existed. If our determination regarding the fair value of these investments are materially different than the values that we ultimately realize upon their disposal, this could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to stockholders.

Provision for loan losses are difficult to estimate, particularly in a challenging economic environment.

In a challenging economic environment, we may experience an increase in provisions for loan losses and asset impairment charges, as borrowers may be unable to remain current in payments on loans and declining property values weaken our collateral. Our determination of provision for loan losses requires us to make certain estimates and judgments, which may be difficult to determine, particularly in a challenging economic environment. Our estimates and judgments are based on a number of factors, including projected cash flow from the collateral securing our CRE debt, structure, including the availability of reserves and recourse guarantees, likelihood of repayment in full at the maturity of a loan, potential for refinancing and expected market discount rates for varying property types, all of which remain uncertain and are subjective. Our estimates and judgments may not be correct, particularly during challenging economic environments, and therefore our results of operations and financial condition could be severely impacted.

Some of the loans in our investment portfolio are in the process of being restructured or may otherwise be at risk, which could result in impairment charges and loan losses.

Some of loans in our investment portfolio are in the process of being restructured or may otherwise be under credit watch or at risk. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. If we determine that it is probable that we will not be able to collect all amounts due to us under the terms of a particular loan agreement, we could be required to recognize an impairment charge or a loss on the loan unless the loan's observable market price or the value of the collateral securing the loan exceeds the carrying value of the loan. If our assumptions regarding, among other things, the present value of expected future cash flows or the value of the collateral securing our loans are incorrect or general economic and financial conditions cause one or more borrowers to become unable to make payments under their loans, we could be required to recognize impairment charges, which could result in a material reduction in earnings in the period in which the loans are determined to be impaired and may adversely affect, perhaps materially, our financial condition, liquidity and the ability to make distributions to our stockholders.

A portion of our investments currently are, and in the future may be, in the form of non-performing and sub-performing commercial mortgage loans, or loans that may become non-performing and sub-performing, which are subject to increased risks relative to performing loans.

A portion of our investments currently are, and in the future may be, in the form of whole loan mortgages, including subprime commercial mortgage loans and non-performing and sub-performing commercial mortgage loans, which are subject to increased risks of loss. Such loans may already be, or may become, non-performing or sub-performing for a variety of reasons, including, without limitation, because the underlying property is too highly leveraged or the borrower falls upon financial distress, in either case, resulting in the borrower being unable to meet its debt service obligations to us. Such non-performing or sub-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may divert the attention of our management from other activities and entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that the borrower will not be able or willing to maintain the restructured payments or refinance the restructured mortgage upon maturity.

In addition, certain non-performing or sub-performing loans that we acquire may have been originated by financial institutions that are or may become insolvent, suffer from serious financial stress or are no longer in existence. As a result, the standards by which such loans were originated, the recourse to the selling institution, and/or the standards by which such loans are being serviced or operated may be adversely affected. Further, loans on properties operating under the close supervision of a mortgage lender are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of our investment.

In the future, it is possible that we may find it necessary or desirable to foreclose on some, if not many, of the loans we acquire, and the foreclosure process may be lengthy and expensive. Borrowers or junior lenders may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against us including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or capital structure or a favorable buy-out of the borrower's or junior lender's position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file, or a junior lender may cause the borrower to file, for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure and associated litigation may create a negative public perception of the related mortgaged property, resulting in a diminution of its value. Even if we are successful in foreclosing on a loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us, and the borrower and junior lenders may continue to challenge whether the foreclosure process was commercially reasonable, which could result in additional costs and potential liability. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property, or defending challenges brought after the completion of a foreclosure, will further reduce the proceeds and thus increase the loss. Any such reductions could materially and adversely affect the value of the commercial loans in which we invest.

Whether or not our management has participated in the negotiation of the terms of any such mortgages, there can be no assurance as to the adequacy of the protection of the terms of the loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted that might interfere with enforcement of our rights. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

Whole loan mortgages are also subject to "special hazard" risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower's mortgage debt by a bankruptcy court). In addition, claims may be assessed against us on account of our position as mortgage holder or property owner, including responsibility for tax payments, environmental hazards and other liabilities, which could have a material adverse effect on our results of operations, financial condition and our ability to make distributions to our stockholders.

The supply of commercial mortgage loans that meet our investment objectives and strategies will likely decrease as the economy improves, which may cause us to adjust our investment strategies.

We believe that there continue to be unique market opportunities to acquire commercial mortgage loans and mortgage-related assets at significant discounts to their unpaid principal balances. However, if conditions in the mortgage market, the financial markets and the economy continue to improve, the availability of commercial mortgage loans that meet our investment objective and strategies will likely decrease, which could prevent us from implementing our business strategies. At such time, we will reevaluate our investment strategies with a view of maximizing the returns from our investment portfolio and identifying other dislocations and opportunities in real estate-related assets, but there can be no assurance that any of our strategies will be successful.

The commercial mortgage loans that we acquire or originate and the mortgage loans underlying our CMBS investments are subject to the ability of the property owner to generate net income from operating the property as well as the risks of delinquency and foreclosure.

The ability of a commercial mortgage borrower to repay a loan secured by an income-producing property, such as a multi-family or commercial property, typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income producing property can be affected by, among other things, tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, the need to address any environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in

national, regional or local economic conditions or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the underlying collateral. In the event of any default under a mortgage loan held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral (or our ability to realize such value through foreclosure) and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our results of operations and cash flow from operations and limit amounts available for distribution to our stockholders. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan.

Our CMBS investments are subject to the risks of the securitization process, as well as all of the risks of the underlying mortgage loans.

CMBS are subject to several risks created through the securitization process, as well as all of the risks of the underlying mortgage loans. Subordinate CMBS are paid interest only to the extent that there are funds available to make payments. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which we invest, we may not be able to recover all of our investment in the securities we purchase. Furthermore, to the extent the collateral pool includes delinquent loans, there is a risk that interest payments on subordinate CMBS will not be fully paid.

Our investments in non-investment grade rated loans, corporate bank debt and debt securities of commercial real estate operating or finance companies will be subject to the specific risks relating to the particular company and to the general risks of investing in real estate-related loans and securities, which may result in significant losses.

Some of our investments do not conform to conventional loan standards applied by traditional lenders and either will not be rated or will be rated as non-investment grade by the rating agencies. The non-investment grade ratings for these assets typically result from the overall leverage of the loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the properties' underlying cash flow or other factors. As a result, these investments have a higher risk of default and loss than investment grade rated assets. We also may invest in corporate bank debt and debt securities of commercial real estate operating or finance companies. These investments will involve special risks relating to the particular company, including its financial condition, liquidity, results of operations, business and prospects. In particular, the debt securities are often non-collateralized and may be subordinated to its other obligations. There are no limits on the percentage of unrated or non-investment grade rated assets we may hold in our investment portfolio.

These investments will also subject us to the risks inherent with real estate-related investments, including the risks described with respect to commercial properties and similar risks, including:

- risks of delinquency and foreclosure, and risks of loss in the event thereof;
- the dependence upon the successful operation of, and net income from, real property;
- risks generally incident to interests in real property; and
- risks specific to the type and use of a particular property.

These risks may adversely affect the value of our investments in commercial real estate operating and finance companies and the ability of the issuers thereof to make principal and interest payments in a timely manner, or at all, and could result in significant losses, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

Our B-Notes may be subject to additional risks related to the privately negotiated structure and terms of the transaction, which may result in losses to us.

We currently hold B-Notes. A B-Note is a mortgage loan typically (1) secured by a first mortgage on a single large commercial property or group of related properties (and therefore reflect the risks associated with significant concentration) and (2) subordinated to an A-Note secured by the same first mortgage on the same collateral. A privately negotiated intercreditor agreement between the holders of the A- and B-Notes may restrict the rights of the B-Note holders. In particular, the intercreditor agreement may prohibit the B-Note holder from calling the loan, making modifications with respect to the loan or filing a bankruptcy petition without the consent of the A-Note holder. As a result, A-Note holder may take actions that we do not agree with and that are not in our stockholders' best interests.

In addition, because the rights of the B-Note holder are subordinated to the rights of the A-Note holder, the B-Note may be the first to incur loss if the loan does not perform and the collateral value diminishes. As a result, if a borrower defaults, there may not be sufficient funds remaining for B-Note holders after payment to the A-Note holders. If there are insufficient funds after payment to the A-Note holders, we could incur significant losses related to our B-Notes, which would result in operating losses for us and may limit our ability to make distributions to our stockholders.

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

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

We may acquire non-Agency RMBS collateralized by subprime and Alt A mortgage loans, which are subject to increased risks.

We also may acquire non-Agency RMBS, which are backed by residential real estate property but, in contrast to Agency RMBS, their principal and interest are not guaranteed by federally chartered entities such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and, in the case of the Government National Mortgage Association, the U.S. Government. We may acquire non-Agency RMBS backed by collateral pools of mortgage loans that have been originated using underwriting standards that are less restrictive than those used in underwriting "prime mortgage loans" and "Alt A mortgage loans." These lower standards include mortgage loans made to borrowers having imperfect or impaired credit histories, mortgage loans where the amount of the loan at origination is 80% or more of the value of the mortgage property, mortgage loans made to borrowers with low credit scores, mortgage loans made to borrowers who have other debt that represents a large portion of their income and mortgage loans made to borrowers whose income is not required to be disclosed or verified. Due to ongoing economic conditions, including fluctuations in interest rates and lower home prices, as well as recent historic aggressive lending practices, subprime mortgage loans have in recent periods experienced increased rates of

delinquency, foreclosure, bankruptcy and loss, and they are likely to continue to experience delinquency, foreclosure, bankruptcy and loss rates that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. Thus, because of the higher delinquency rates and losses associated with subprime mortgage loans, the performance of non-Agency RMBS backed by subprime mortgage loans that we may acquire could be adversely affected, which could materially and adversely impact our results of operations, financial condition and business.

We may invest in derivative instruments, which would subject us to increased risk of loss.

Subject to maintaining our qualification as a REIT, we may invest in derivative instruments. The prices of derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, foreign exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the value of the assets underlying them. In addition, our assets are also subject to the risk of the failure of any of the exchanges on which our positions trade or of our clearinghouses or counterparties.

We may buy or sell (write) both call options and put options, and when we write options, we may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. Our option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which we will have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions we may enter into, the principal risks involved in options trading can be described as follows: when we buy an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of our investment in the option (including commissions). We could mitigate those losses by selling short, or buying puts on, the securities for which we hold call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When we sell (write) an option, the risk can be substantially greater than when we buy an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered,” in which case we would forego the opportunity for profit on the underlying security only to the extent the market price of the security rises above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit which, in the case of a covered call, would reduce or offset any loss we might suffer as a result of owning the security. The Commodity Futures Trading Commission and certain commodity exchanges have established limits referred to as speculative position limits or position limits on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options. Limits on trading in options contracts also have been established by the various options exchanges. It is possible that the trading decisions may have to be modified and that positions held may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect our results of operations, financial condition and business.

We may invest in credit default swaps, which may subject us to an increased risk of loss.

Subject to maintaining our qualification as a REIT, we may invest in CDSs. A CDS is a contract between two parties which transfers the risk of loss if a borrower fails to pay principal or interest on time or files for bankruptcy. CDS can be used to hedge a portion of the default risk on a single corporate debt or a portfolio of loans. In addition, CDS can be used to implement our management’s view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, we may “write” credit default protection in which we receive spread income. We may also “purchase” credit default protection even in the case in which we do not own the referenced instrument if, in the judgment of our management, there is a high likelihood of credit deterioration. The CDS market in high yield securities is comparatively new and rapidly evolving compared to the

CDS market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables, including the potential loss upon default. As such, there are many factors upon which market participants may have divergent views.

The residential mortgage loans that we may originate and/or acquire, and that underlie the RMBS we may acquire, are subject to risks particular to investments secured by mortgage loans on residential property.

Residential mortgage loans are secured by single-family residential property and are subject to risks of delinquency, foreclosure and loss. The ability of a borrower to repay a loan secured by a residential property typically is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair borrowers' abilities to repay their loans. In the event of any default under a mortgage loan held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our cash flow from operations. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. In addition, if the federal or a U.S. state government imposes freezes on the ability of lenders to foreclose on residential property or requires lenders to modify loans, we may be precluded from foreclosing on, or exercising other remedies with respect to, the property underlying loans, or may be required to accept modifications not favorable to us.

To the extent that we purchase or originate residential mortgage loans, we may be subject to liability for potential violations of predatory lending laws, which could adversely impact our results of operations, financial condition and business.

Various U.S. federal, state and local laws have been enacted that are designed to discourage predatory lending practices. The federal Home Ownership and Equity Protection Act of 1994 ("HOEPA"), prohibits inclusion of certain provisions in residential mortgage loans that have mortgage rates or origination costs in excess of prescribed levels and requires that borrowers be given certain disclosures prior to origination. Some states have enacted, or may enact, similar laws or regulations, which in some cases impose restrictions and requirements greater than those in the HOEPA. In addition, under the anti-predatory lending laws of some states, the origination of certain residential mortgage loans, including loans that are not classified as "high cost" loans under applicable law, must satisfy a net tangible benefits test with respect to the related borrower. This test may be highly subjective and open to interpretation. As a result, a court may determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied.

To the extent that we originate residential mortgage loans, we would be required to comply with these laws. In addition, if we purchase residential mortgage loans from residential mortgage loan originators or servicers who failed to comply with these laws as an assignee or purchaser to the related residential mortgage loans, we could be subject to monetary penalties and the borrowers could rescind the affected residential mortgage loans. Lawsuits have been brought in various states making claims against assignees or purchasers of high cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. If any of our loans are found to have been originated in violation of predatory or abusive lending laws, we could incur losses, which could materially and adversely impact our results of operations, financial condition and business.

Prepayment rates may adversely affect the value of our portfolio of assets.

The value of our assets may be affected by prepayment rates on mortgage loans. If we acquire mortgage-related securities or a pool of mortgage securities, we anticipate that the underlying mortgages will prepay at a projected rate generating an expected yield. If we purchase assets at a premium to par value, when borrowers prepay their mortgage loans faster than expected, the corresponding prepayments on the mortgage-related securities may reduce the expected yield on such securities because we will have to amortize the related premium on an accelerated basis. Conversely, if we purchase assets at a discount to par value, when borrowers prepay their mortgage loans slower than expected, the decrease in corresponding prepayments on the mortgage-related securities may reduce the expected yield on such securities because we will not be able to accrete the related discount as quickly as originally anticipated. Prepayment rates on loans may be affected by a number of factors including, but not limited to, the availability of mortgage credit, the relative economic vitality of the area in which the related properties are located,

the servicing of the mortgage loans, possible changes in tax laws, other opportunities for investment, and other economic, social, geographic, demographic and legal factors and other factors beyond our control. Consequently, such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks. In periods of declining interest rates, prepayment rates on mortgage loans generally increase. If general interest rates decline at the same time, the proceeds of such prepayments received during such periods are likely to be reinvested by us in assets yielding less than the yields on the assets that were prepaid. In addition, as a result of the risk of prepayment, the market value of the prepaid assets may benefit less than other fixed income securities from declining interest rates.

If borrowers under our loans or purchasers of our assets pay us in the form of debt or equity securities, a decline in the value of such securities could cause the value of our investment to decrease significantly or we could incur a loss, either of which could have a material adverse effect on our results of operations.

Some of our loans may contain payment-in-kind provisions that permit the borrower to pay us principal and/or interest in the form of debt or equity securities rather than cash. In addition, in connection with the sale of our assets, we may receive debt or equity securities as payment for all or part of the purchase price. To the extent that we receive debt or equity securities as payments-in-kind under our loan agreements or as full or partial consideration for assets that we sell, a decline in the value of such securities could cause the value of our investment to decrease significantly or we could incur a loss, either of which could have a material adverse effect on our results of operations.

Risks Related to Our Embedded Institutional and Retail Investment Management Business

Because certain advisory agreements pursuant to which we earn fees are subject to termination in certain circumstances, any such termination could have a material adverse effect on our business, results of operations and financial condition.

The advisory agreements under which we provide services to the investment funds of CCLLC, the former parent company of the Manager, and the general partners of those investment funds may generally be terminated by the general partner or the applicable fund, as the case may be, with cause (subject to certain notice and cure periods) and, in certain circumstances, may be terminated without cause on limited notice. In addition, such advisory agreements terminate automatically in certain circumstances, including if the limited partners of any of the funds remove the general partner of that fund, which they generally may do with or without cause subject to certain consent thresholds and other conditions. The advisory agreements also generally terminate automatically upon dissolution of the applicable investment fund. The investment funds generally may be dissolved (i) in the case of certain funds, by limited partners if Mr. Barrack fails to adhere to certain “key man” provisions of that fund’s (and, in some cases, other funds’) organizational documents requiring him to be actively involved and devote a substantial majority of his business time and attention to such fund and its affiliated partnerships, (ii) in the case of certain funds, by the limited partners if neither Mr. Barrack nor any individual named as a CCLLC “principal” continue to control CCLLC following a change in control of CCLLC, (iii) by election of the general partner and the limited partners, and (iv) upon certain other events, such as bankruptcy and expiration of the applicable fund. Finally, we expect that advisory agreements with our future investment funds also will be terminable upon relatively short notice, with or without cause. Any termination of a material advisory agreement could have a material adverse effect on our business, results of operations and financial condition.

Our executive officers control or have equity interests in the general partner of each of CCLLC’s investment funds, which may expose us to conflicts of interest that could have a material adverse effect on our business, results of operations and financial condition.

Mr. Barrack controls the general partner of each of CCLLC’s investment funds. At the same time, Mr. Barrack serves as our Executive Chairman. As a result, Mr. Barrack directly or indirectly owes fiduciary duties both to us and to CCLLC’s investment funds that may from time to time come into conflict. In addition, our executive officers have equity interests in the general partner of each of CCLLC’s investment funds. These duties and interests may put our executive officers in a position to influence decisions or actions to be taken by CCLLC’s investment funds in a manner that may be viewed as being in the best interest of that investment fund’s general partner but not being in our best interest. In addition, if the general partner of any investment fund breaches an advisory agreement, we may choose not to enforce, or to enforce less vigorously, our rights because of our desire to maintain our ongoing relationship with our executive officers (including if they cease to be executive officers) who hold interests in that fund general partner. Should these conflicts result in decisions that are not in our best interest, it could have a material adverse effect on our business, results of operations and financial condition.

With respect to investment vehicles that we sponsor, unlike with CCLLC's investment funds, we expect to serve as general partner under our name and receive all fees and therefore do not expect our new investment vehicles to have similar conflicts to those described in the prior paragraph for CCLLC's existing investment funds, although there can be no assurance that this will be the case. We expect to receive carried interest from future investment programs (net of carried interest that we expect will be allocated to members of our management team, investment professionals and other individuals, which, consistent with market terms, we expect to be 40.0% of the carried interest earned).

Poor performance of the investment funds we manage or our future investment funds could cause a decline in our revenue, income and cash flow and could adversely affect our ability to raise capital for future investment funds.

In the event that any of the investment funds we manage or our future investment funds were to perform poorly, our revenue, income and cash flow could decline because the value of our assets under management would decrease, which, depending on the terms of the applicable fund, could result in a reduction in investment management and other fees, and our investment returns would decrease, resulting in a reduction in the carried interest and incentive fees we earn. Moreover, we could experience losses on our investments of our own principal as a result of poor investment performance by our investment funds.

Our inability to raise additional or successor investment funds (or raise successor investment funds of a comparable size as the investment funds we currently manage) could have a material adverse effect on our business, results of operations and financial condition.

The investment funds we manage generally have a finite life and a finite amount of commitments from fund investors. Once a fund nears the end of its investment period, our success depends on our ability to raise additional or successor funds in order to keep making investments and, over the long term, earning investment management and other fees. Even if we are successful in raising successor funds, to the extent we are unable to raise successor funds of a comparable size to the investment funds we currently manage or the extent that we are delayed in raising such a successor fund, our revenues may decrease as the investment period of our predecessor funds expire and associated fees decrease.

Furthermore, in order to raise capital for new strategies and funds without drawing capital away from our existing funds, we will need to seek new sources of capital. Institutional investors in funds that have suffered from decreasing returns, liquidity pressure, increased volatility or difficulty maintaining targeted asset allocations, may materially decrease their fund investments or temporarily suspend making new fund investments. Such investors may elect to reduce their overall portfolio allocations to alternative investments such as our funds, resulting in a smaller overall pool of available capital in our industry. In addition, the asset allocation rules or regulations or investment policies to which such third-party investors are subject could inhibit or restrict the ability of third-party investors to make investments in our investment funds. To the extent that the available pool of new capital is reduced or limited, we may be unable to raise successor funds, and the decrease of our revenues as the investment period of our predecessor funds expire and associated fees decrease could have a material adverse impact on our business, results of operations and financial condition.

Investors in our future funds may negotiate to pay us lower investment management and other fees and the economic terms of our future funds may be less favorable to us than those of funds we currently manage, which could have a material adverse effect on our business, results of operations and financial condition.

In connection with raising new investment funds or securing additional investments in existing funds, we will negotiate terms for such funds and investments with investors. The outcome of such negotiations could result in our agreement to terms that are materially less favorable to us than the terms of the investment funds we currently manage or funds advised by our competitors. For example such terms could restrict our ability to raise investment funds with investment objectives or strategies that compete with existing funds, reduce fee revenues we earn, reduce the percentage of profits on third-party capital in which we share, include a performance hurdle that requires us to generate a specified return on investment prior to our right to receive carried interest or add expenses and obligations for us in managing the fund or increase our potential liabilities. Furthermore, as institutional investors increasingly consolidate their relationships with investment firms and competition becomes more acute, we may

receive more of these requests to modify the terms in our new funds. Agreement to terms that are materially less favorable to us could result in a decrease in our profitability, which could have a material adverse effect on our business, results of operations and financial condition.

Third party investors in the funds we manage that have commitment-based structures may not satisfy their contractual obligations to fund capital calls when requested, which could have a material adverse effect on our business, results of operations and financial condition.

Investors in certain of the investment funds we manage make capital commitments that the funds are entitled to call from those investors at any time during prescribed periods. We will depend on fund investors fulfilling their commitments when we call capital from them in order for such funds to consummate investments and otherwise pay their obligations (for example, management fees) when due. Any fund investor that did not fund a capital call would generally be subject to several possible penalties. However, investors may in the future negotiate for lesser or reduced penalties at the outset of the fund, thereby inhibiting our ability to enforce the funding of a capital call. If our fund investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

The investment management business is intensely competitive, which could have a material adverse impact on our business.

The investment management business is highly fragmented, with our competitors in this area consisting primarily of sponsors of public and private investment funds, real estate development companies, business development companies, investment banks, commercial finance companies and operating companies acting as strategic buyers of businesses. A number of factors serve to increase our competitive risks:

- a number of our competitors in some of our businesses may have greater financial, technical, marketing and other resources and more personnel than we do, and, in the case of some asset classes, longer operating histories, more established relationships or greater experience;
- fund investors may materially decrease their allocations in new funds due to their experiences following an economic downturn, the limited availability of capital, regulatory requirements or a desire to consolidate their relationships with investment firms;
- some of our competitors may have better expertise or be regarded by fund investors as having better expertise in a specific asset class or geographic region than we do;
- some of our competitors have agreed to terms on their investment funds or products that may be more favorable to fund investors than our funds or products, such as lower management fees, greater fee sharing, or performance hurdles for carried interest, and therefore we may be forced to match or otherwise revise our terms to be less favorable to us than they have been in the past;
- some of our funds may not perform as well as competitors' funds or other available investment products;
- our competitors have raised or may raise significant amounts of capital, and many of them have similar investment objectives and strategies to our funds, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit;
- some of these competitors may also have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;
- some of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments;
- some of our competitors may be subject to less regulation or less regulatory scrutiny and accordingly may have more flexibility to undertake and execute certain businesses or investments than we do and/or bear less expense to comply with such regulations than we do;

- there are relatively few barriers to entry impeding the formation of new funds, including a relatively low cost of entering these businesses, and the successful efforts of new entrants into our various lines of business, including major commercial and investment banks and other financial institutions, have resulted in increased competition;
- some fund investors may prefer to invest with an investment manager that is not publicly traded, is smaller, or manages fewer investment products; and
- other industry participants will from time to time seek to recruit our investment professionals and other employees away from us.

In order to compete effectively, we may seek to enter into lines of business outside of commercial real estate and in which we have limited experience. For instance, we have limited experience with the lines of business pursued by NorthStar Corporate Income Fund ("NorthStar Corporate Fund") and our non-diversified, closed-end management investment company.

We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by competitors. Alternatively, we may experience decreased investment returns and increased risks of loss if we match investment prices, structures and terms offered by competitors. Moreover, as a result, if we are forced to compete with other investment firms on the basis of price, we may not be able to maintain our current fund fee, carried interest or other terms. There is a risk that fees and carried interest in the alternative investment management industry will decline, without regard to the historical performance of a manager. Fee or carried interest income reductions on existing or future funds, without corresponding decreases in our cost structure, would adversely affect our revenues and profitability. In addition, if interest rates were to rise or if market conditions for competing investment products become or are favorable and such products begin to offer rates of return superior to those achieved by our funds, the attractiveness of our funds relative to investments in other investment products could decrease. This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future funds, either of which would adversely impact our business, results of operations and cash flow.

The investments held by the investment funds we manage are subject to a number of inherent risks.

Our investment management results are highly dependent on our continued ability to generate attractive returns from fund investments. Investments made by our investment funds involve a number of significant risks inherent to private equity, credit and other investing, including, but not limited to, the following:

- real estate assets are subject to risks particular to real property, including lease terminations and/or tenant defaults, any of which could reduce its return from an affected property or asset;
- non-performing and sub-performing commercial mortgage loans, or loans that may become non-performing and sub-performing, are subject to increased risks relative to performing loans;
- the supply of commercial mortgage loans that meets fund investment objectives and strategies will probably decrease as the economy improves, which may cause it to adjust its investment strategies;
- commercial mortgage loans and the mortgage loans underlying CMBS investments are subject to the ability of the property owner to generate net income from operating the property, as well as the risks of delinquency and foreclosure;
- CMBS investments are subject to the risks of the securitization process, as well as all of the risks of the underlying mortgage loans;
- investments in non-investment grade rated loans, corporate bank debt and debt securities of commercial real estate operating or finance companies will be subject to the specific risks relating to the particular company and to the general risks of investing in real estate-related loans and securities, which may result in significant losses;

- derivative instruments, credit default swaps and construction loans would subject such investments to increased risk of loss;
- residential mortgage loans are subject to risks particular to investments secured by mortgage loans on residential property;
- investments may be concentrated and will be subject to risk of default;
- equity investments and mezzanine debt investments often rank junior to senior loans or investments made by others, which presents an increased risk of loss of the investment; and
- limited numbers of investments, or investments concentrated in certain geographic regions or asset types, could negatively affect a fund's performance to the extent those concentrated investments perform poorly.

We are subject to risks and liabilities in connection with sponsoring, investing in and managing new investment funds.

We sponsor, manage and serve as general partner of new investment funds. Investment in these funds may involve risks not otherwise present with a direct investment in the fund's target assets, including, for example:

- the possibility that investors might become bankrupt or otherwise be unable to meet their capital contribution obligations;
- that fund agreements often restrict our ability to transfer or liquidate our interest when we desire or on advantageous terms;
- that our relationships with the investors will be generally contractual in nature and may be terminated or dissolved under the terms of the agreements, or we may be removed as general partner, and in such event, we may not continue to manage or invest in the applicable fund underlying such relationships;
- that disputes between us and the investors may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the investments owned by the applicable investment fund to additional risk; and
- that we may incur liability for obligations of a partnership by reason of being its general partner.

Some of our portfolio investments will be recorded at fair value and, as a result, there will be uncertainty as to the value of these investments.

Some of our portfolio investments will be in the form of positions or securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. Depending on whether these securities and other investments are classified as available-for-sale or held-to-maturity, we will value certain of these investments quarterly at fair value, as determined in accordance with GAAP. Because such valuations are subjective, the fair value of certain of our assets may fluctuate over short periods of time and our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of our Class A Common Stock could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal.

Valuations of certain assets in which we may invest may be difficult to obtain or unreliable. In general, third-party dealers and pricing services heavily disclaim their valuations. Dealers may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability for any direct, incidental or consequential damages arising out of any inaccuracy or incompleteness in valuations, including any act of negligence or breach of any warranty. Depending on the complexity and liquidity of an asset, valuations of the

same asset can vary substantially from one dealer or pricing service to another. Therefore, conflicts of interest may exist to the extent that our management is involved in the determination of the fair value of our investments. Additionally, our results of operations for a given period could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal. During periods of market uncertainty and volatility, the valuation process may be particularly challenging and more unpredictable.

Accounting rules for certain of our investments are highly complex and involve significant judgment and assumptions, and changes in such rules, accounting interpretations or our assumptions could adversely impact our ability to timely and accurately prepare our financial statements.

Accounting rules for mortgage loan sales and securitizations, valuations of financial instruments, investment consolidations and other aspects of our anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in preparation of financial information and the delivery of this information to our stockholders. Changes in accounting rules, interpretations or our assumptions could undermine our ability to prepare timely and accurate financial statements, which could result in a lack of investor confidence in our publicly filed information and could materially and adversely affect the market price of our Class A common stock.

Because certain of the management agreements with the companies that we manage that raise capital through the retail market, referred to as our Sponsored Companies, are subject to limitation or cancellation, any such termination could have a material adverse effect on our business, results of operations and financial condition.

The agreements under which we provide management and other services to our managed companies, including NorthStar Real Estate Income Trust, Inc., NorthStar Healthcare Income, Inc., NorthStar Real Estate Income II, Inc., NorthStar/RXR New York Metro Real Estate, Inc., NorthStar Corporate Income Master Fund (and its two feeder funds) (“NorthStar Corporate Income”) and NorthStar Real Estate Capital Income Master Fund (and its two feeder funds) (“NorthStar Capital Income”) (collectively, the “Sponsored Companies”), or any other non-traded company we may sponsor in the future, are renewable upon mutual consent of the parties for an unlimited number of successive one-year periods. These agreements may generally be terminated by each Sponsored Company immediately for cause, or upon 60 days’ written notice, without cause or for good reason, and expire on an annual basis, unless otherwise renewed. Further, we anticipate that our Sponsored Companies will pursue a liquidity transaction in the future and, if successful, certain liquidity transactions could result in termination or expiration of these agreements. There can be no assurance that these agreements will not expire or be terminated. Any such termination or expiration could have a material adverse effect on our business, results of operations, financial condition and prospects.

We have significant investments in real estate private equity funds and there is no assurance these investments will achieve the returns expected upon initial execution of the respective investments.

A significant portion of our investments is invested in private equity investments (“PE Investments”). PE Investments are generally illiquid and may require the consent of each applicable portfolio fund manager as a condition to a sale. As a result, we may be unable to sell and monetize our PE Investments prior to the winding up of the underlying portfolio funds. If we do sell PE Investments before maturity, we may not achieve the anticipated returns we initially expected. We may also determine to continue to guarantee deferred purchase price in connection with any sale for a period of time or indefinitely.

The success of our PE Investments in general is subject to a variety of risks, including, without limitation, risks related to: (i) the quality of the management of the portfolio funds in which we invest and the ability of such management to successfully select investment opportunities; (ii) general economic conditions; and (iii) the ability of the portfolio funds and, if applicable, us, to liquidate investments on favorable terms or at all. Factors that could cause actual results to differ materially from our expectations include, but are not limited to, the possibility that: (a) the stated NAV does not necessarily reflect the fair value of the fund interests on such date and the current fair value could be materially different; (b) the actual amount of future capital commitments underlying all of the fund interests that will be called and funded by us could vary materially from our expectations; and (c) because, among other matters, the sponsors of the private equity funds, rather than us, will control the investments in those funds, we

could lose some or all of our investment. Furthermore, the timing in which we will realize proceeds, if any, could differ materially from expectations and our actual yield could be substantially lower than our assumed yield. There can be no assurance that the management team of a portfolio fund or any successor will be able to operate the portfolio fund in accordance with our expectations or that we will be able to recover on our investments. Furthermore, certain of our PE Investments may be co-invested with other companies we manage, which increases the likelihood that we could have conflicts of interest with that company.

We rely on unaffiliated managers to manage the assets held by the real estate private equity funds in which we invest.

The portfolio funds in which we invest are managed by professional investment managers unrelated to us. The returns we achieve depend in large part on the efforts and performance results obtained by the portfolio fund managers. We attempt to evaluate each portfolio fund based on an analysis of its investment portfolio from available information, such as the investment strategies of the portfolio fund, the existing assets in the portfolio fund and the performance history of other funds managed by its managers. Past performance may not, however, be a reliable indicator of future results, and portfolio fund managers, investment management personnel and investment strategies of any portfolio fund in which we invest may change without our consent. In addition, we are typically not in a position to exercise control or substantial influence over the portfolio funds. The actions taken by those holding a majority ownership interest in and/or control of a portfolio fund may not always be in our best interests and may have an adverse effect on our investment in such portfolio fund.

Our acquisitions of PE Investments in secondary transactions are based on available information and assumptions.

We generally will acquire PE Investments from one or more sellers who is/are existing limited partners in the portfolio funds in one or more transactions on the secondary market ("Secondary Transactions"). The overall performance of PE Investments acquired in a Secondary Transaction will depend largely on the acquisition price paid for such PE Investments, which may be negotiated based on incomplete or imperfect information, including valuations provided by the portfolio fund managers, which may be based on interim unaudited financial statements, research, market data or other information available to the manager. Such information may prove to be incomplete or imperfect, which could adversely affect the performance of the PE Investments. Additionally, in determining the acquisition price, we will be relying on certain assumptions with respect to the investments held by the portfolio funds, projected exit dates, future operating results, market conditions, the timing and manner of dispositions and other similar considerations. Actual realized returns on PE Investments will depend on various factors, including future operating results, market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs, and the timing and manner of disposition, all of which may materially differ from the assumptions on which we relied in negotiating the acquisition price.

We may agree to a deferred component of the purchase price for the acquisition of a PE Investment, which increases our leverage and may create additional risks.

We may agree with a seller for all or a portion of the purchase price for a PE Investment acquired in a Secondary Transaction to be paid by over a period of time (a "Deferred Purchase Price Acquisition"), which increases our leverage by the amount of the deferred payment obligation. In addition, the terms of any Deferred Purchase Price Acquisition may require us to pay all or a portion of cash flows received from the portfolio funds to the seller to reduce the unpaid purchase price. Therefore, there may be little or no near term cash flow available to us following the PE Investment.

Private Equity Investments acquired in Secondary Transactions may include a pool of portfolio funds that are acquired on an "all or nothing" basis.

We may have the opportunity to acquire a portfolio of portfolio funds from a seller on an "all or nothing" basis. Certain of the portfolio funds in the portfolio may be less attractive (for commercial, tax, legal or other reasons) than others, and certain of the sponsors of such portfolio funds may be more familiar to us than others, or may be more experienced or highly regarded than others. In such cases, it may not be possible for us to carve out from such purchases those investments which we consider (for commercial, tax, legal or other reasons) less attractive. In

addition, because the purchaser in a Secondary Transaction generally will step into the position of the seller, we generally will not have the ability to modify or amend a portfolio fund's constituent documents (e.g. limited partnership agreement) or otherwise negotiate the legal or economic terms of the interests being acquired. Additionally, our acquisition of portfolio funds in a Secondary Transaction will generally be subject to the consent of each portfolio fund manager and may, in some cases, be subject to rights of first refusal or similar rights by existing portfolio fund investors. In the event a portfolio fund manager withholds its consent to a transfer to us or the investors in a portfolio fund exercise any rights of first refusal to acquire all or a portion of the interests to be transferred to us, it could adversely impact the performance of the PE Investment portfolio and us.

Private Equity Investments are short-lived assets and we may not be able to reinvest capital in comparable investments.

Our PE Investments typically are short-lived assets, with a weighted average life significantly shortly than those of other kinds of investments. Because these PE Investments are short-lived, we may be unable to reinvest the distributions received from the portfolio funds in investments with similar returns, which could adversely impact our performance.

Private Equity Investments add additional layers of fees and expenses.

We and the portfolio funds each have multiple layers of expenses and management costs that will be borne, directly or indirectly, by us. Each PE Investment generally will entail the payment of certain expenses, plus management fees and carried interest to the general partner or investment manager of each portfolio fund, which are in addition to the fees and expenses incurred directly by us. Such fees and expenses reduce our returns.

The risks associated with our businesses of the companies that we manage that could adversely affect their ability to grow their assets, generate revenue and pay our asset management fee are risks to our business.

We provide asset management and other services to the companies that we manage. In connection with these services, the companies that we manage pay us periodic asset management fees as well as certain other fees, as provided for under the governing agreements. These agreements also provide for the allocation of certain general corporate and administrative expenses, employee benefits, taxes and certain other liabilities and obligations. The risks associated with each of the businesses of the companies that we manage could adversely affect their ability to carry out their respective business plans and continue operating as going concerns. As a result, the risks to their businesses could affect their ability to pay us our asset management and other fees or reimburse us for expenses that are allocated to them, which would therefore adversely affect our ability to grow our business.

The companies that we manage are currently public companies and their filings with the SEC detail the risks associated with the businesses of the companies that we manage. These risks include, but are not limited to, the following risks that could particularly impact their ability to raise capital if applicable, maintain adequate liquidity, make new investments and pay us our asset management and other fees, thereby adversely affecting our business, results of operations and financial condition:

- the companies that we manage rely on outside sources of capital that have been challenged by U.S. and global economic and market conditions;
- challenging economic and financial market conditions could significantly reduce the amount of income that the companies that we manage earn on their investments and reduce the value of their investments, harming their ability to raise funds, if applicable, maintain adequate liquidity and make new investments;
- changes in investor preferences or market conditions could limit the ability of the companies that we manage to raise funds, if applicable, or make new investments;
- changes in tax laws, regulation or accounting rules may make certain types of investments less attractive to potential sellers and lessees, which could negatively affect the ability of the companies that we manage to increase the amount of assets of those types under management;

- the companies that we manage face significant competition for attractive investment opportunities from other real estate investors, some of which have greater financial resources, including publicly-traded REITs, non-traded REITs, insurance companies, commercial and investment banking firms, private institutional funds, hedge funds, private equity funds and other investors and such competition may limit the amount of new investments that we are able to offer the companies that we manage;
- the CRE equity investments of the companies that we manage, CRE debt and mortgage loans underlying their CRE securities are subject to the risks typically associated with commercial real estate, which create risks to their businesses that may adversely affect their ability to profit from those investments and raise additional funds, if applicable;
- the companies that we manage have significant investments in certain asset classes, such as healthcare, hotels, manufactured housing communities and limited partnership interests in real estate private equity funds and the impact of adverse conditions on those specific asset classes could negatively impact their business and their ability to continue to raise capital, if applicable;
- certain of the investments of the companies that we manage may be concentrated in a geographic location and the companies that we manage have not and do not plan to establish any investment criteria to limit their exposure to risks of geographic concentration for future investments; additionally, we have limited expertise in managing investments outside the United States and we, and the companies that we manage, may incur losses as a result;
- economic conditions, both domestic and international, may impact the tenants/operators of the real property owned by the companies that we manage, as well as the borrowers of the commercial real estate debt originated and acquired by the companies that we manage and the commercial mortgage loans underlying the commercial mortgage backed securities (“CMBS”), in which the companies that we manage have invested, impacting the business of the companies that we manage and their ability to grow their business;
- certain of the investments of the companies that we manage, particularly hotels and healthcare properties, are dependent upon third-party managers for their operation;
- the companies that we manage may be required to finance renovations and capital improvements, particularly in their hotel and healthcare properties, which could result in disruptions to operations, disputes and liquidity shortages;
- the companies that we manage are exposed to environmental, building and other laws, natural disasters and other factors beyond their control as a result of their ownership of real estate;
- the companies that we manage have in the past and expect to continue to make opportunistic investments that may involve asset classes and structures with which they have less familiarity, thereby increasing their risk of loss, potentially adversely impacting their businesses and ability to raise additional capital, if applicable;
- some of the companies that we manage have pursued and plan to continue to pursue expansion opportunities outside the United States and our lack of extensive expertise in international markets to-date could expose us and them to additional operating and regulatory risks;
- the companies that we manage may be unable to complete additional securitization transactions due to, among other things, a decrease in liquidity in the commercial real estate market;
- the companies that we manage may be unable to obtain financing required to originate or acquire investments as contemplated in their business plan and refinance existing assets, which could compel the companies that we manage to restructure or abandon a particular origination or acquisition and harm their ability to expand their businesses;

- certain of the companies that we manage have portfolios that are highly leveraged, which may adversely affect the return on their investments or make it difficult to maintain liquidity and pay management fees to us, particularly during periods of market distress;
- maintenance of the Investment Company Act of 1940, as amended (the "1940 Act") exemptions of the companies that we manage imposes limits on the operations of the companies that we manage, which may adversely impact the ability of the companies that we manage to invest capital in their businesses;
- the failure of the companies that we manage to continue to qualify as REITs would subject them to federal income tax and reduce cash available for distribution to their stockholders, adversely impacting their ability to raise capital, if applicable, and operate their business; and
- complying with REIT, regulated investment company or business development company requirements may cause the companies that we manage to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

Challenging economic and financial market conditions could significantly reduce the amount of income the companies that we manage earn on their investments and further reduce the value of their investments.

Challenging economic and financial market conditions may result in delinquencies, non-performing assets and taking title to collateral and a decrease in the value of the property or other collateral which secures the investments of the companies that we manage, all of which could adversely affect their results of operations. The companies that we manage may incur substantial loan losses and need to establish significant provision for loan losses or impairment. Revenue from the properties of the companies that we manage could diminish significantly.

The companies that we manage hold a diversified portfolio of equity and debt investments. As a result of the economic and market conditions, revenue generated by the properties and other assets underlying any investments they may make could decrease, making it more difficult for borrowers and tenants/operators to meet their payment obligations to the companies that we manage. In addition, the value of collateral securing any of their debt investments could decrease below the outstanding principal amount of such investment. Each of these factors would increase the likelihood of default and taking title to collateral or transferring title of collateral to a third-party lender, which would likely have a negative impact on the value of the portfolios of the companies that we manage.

More generally, the risks arising from the current financial market and economic conditions are applicable to all of the investments the companies that we manage may make, including their debt investments, whether mortgage, subordinate or other loans or direct senior housing and other healthcare real estate investments, the performance of which depends on the performance of the operator to which the property is leased, whose business may be adversely impacted by these conditions.

These conditions, or similar conditions that may exist in the future, may materially adversely affect the business of the companies that we manage, their financial condition and results of operations, and their ability to make distributions to stockholders. If the companies that we manage perform poorly, we will have substantial difficulty growing our assets under management and attracting capital for new companies to manage.

Non-traded companies have been the subject of increased scrutiny by regulators and media outlets resulting from inquires and investigations initiated by FINRA and the SEC and could also become the subject of scrutiny and face difficulties in raising capital should negative perceptions develop regarding non-traded REITs. As a result, our non-traded Sponsored Companies may be unable to raise substantial funds which will limit the number and type of investments they may make and their ability to diversify their assets.

In March 2009, the Enforcement Division of the Financial Industry Regulatory Authority ("FINRA") commenced a review of broker-dealer sale and promotion activities of non-traded companies and in connection with the review, requested information from broker-dealers with respect to sales practices. Subsequent to that review, FINRA has announced that it filed a complaint against a broker-dealer firm, charging it with soliciting investors to purchase shares in a non-traded companies without conducting a reasonable investigation to determine whether it was suitable for those investors, and with providing misleading information on its website regarding distributions to investors.

The disciplinary proceedings were settled in October 2012. Although the broker-dealer firm neither admitted nor denied the charges, the terms of the settlement required the broker-dealer firm to, among other things, pay approximately $12 million in restitution to certain investors and, in consultation with an independent consultant, make changes to its supervisory systems and training programs relating to the marketing of non-traded companies. A principal of the broker-dealer firm was also fined and suspended from the securities industry for practices related to marketing non-traded companies.

In February 2014, Apple REIT Six, Inc., Apple REIT Seven, Inc., Apple REIT Eight, Inc. and Apple REIT Nine, Inc., each of their external advisors and the chief executive officer and the chief financial officer of each of the REITs entered into a cease and desist order with the SEC and agreed to pay approximately $1.5 million in civil fines in the aggregate. Although the respondents did not admit or deny any wrongdoing, the cease and desist order stated that the REITs made material misrepresentations regarding the valuation of the securities sold through their dividend reinvestment plans, had failed to maintain sufficient disclosure controls and procedures to meaningfully evaluate whether the value of the securities had changed, failed to disclose numerous related party transactions and failed to disclose significant compensation paid by the advisors to the REITs and by the founder to the executive officers of the REITs. The above-referenced proceedings and related matters have resulted in increased regulatory scrutiny from the SEC, FINRA and state regulators regarding non-traded companies. In addition, certain non-traded REIT sponsors have recently been the subject of Federal investigations, as widely reported in the press. The increased media attention and negative publicity surrounding these matters may adversely impact capital raising in the non-traded REIT industry. Furthermore, amendments to FINRA rules regarding customer account statements have been approved by the SEC and will be effective on April 11, 2016, which may significantly affect the manner in which non-traded companies raise capital. These amendments may cause a significant reduction in capital raised by non-traded companies. In addition, the Obama administration has also proposed additional rules imposing fiduciary and other standards on sales practices of broker-dealers and the impact of any such rules, if adopted, although uncertain, could adversely affect the distribution of securities by our Sponsored Companies.

As a result of this increased scrutiny and accompanying negative publicity and coverage by media outlets, FINRA may impose additional restrictions on sales practices in the independent broker-dealer channel for non-traded companies, and accordingly the non-traded companies we manage may face increased difficulties in raising capital in their offerings. Should these companies be unable to raise substantial funds in their offerings, the number and type of investments they may make will be curtailed, all of which could materially adversely affect the fee income generated from our broker-dealer that acts as the dealer manager of these offerings as well as the asset management and other fees we earn and the nature of the transactions undertaken by the non-traded companies we manage which would adversely affect our ability to grow our business. If we or the non-traded companies we manage become the subject of scrutiny, even if we have complied with all applicable laws and regulations, responding to such scrutiny could be expensive, harmful to our reputation and distracting to our management.

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

We are paid substantial fees for the services we and our subsidiaries provide to the companies that we manage and we are also reimbursed by the companies that we manage for costs and expenses we incur and pay on their behalf. The companies that we manage reimburse us, subject to certain limitations and exceptions, for both direct expenses as well as indirect costs, including our personnel and employment costs. The costs and expenses that we allocate to the companies that we manage can be substantial and may involve subjective judgment and discretion. There are conflicts of interest that arise when we make allocation determinations. The companies that we manage could dispute the amount of costs we allocate to them and the methodologies we use to determine those amounts. Any dispute or investigation regarding our allocation of costs and expenses could be distracting, expensive and harmful to our reputation as well as have other adverse effects on our company and future operating performance, including the potential that the companies that we manage could seek to terminate their relationship with us.

Our executive officers and professionals face competing demands relating to their time and conflicts of interests in performing services on behalf of the companies that we manage, which may cause our operations and stockholders' investment to suffer.

Our executives and other real estate and finance professionals may face conflicts of interest in allocating their time among the companies we manage. These conflicts of interest, as well as the loyalties of these individuals to other entities and investors, could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy and our reputation.

Failure of the companies that we manage to effectively perform their obligations to us and to third parties could have an adverse effect on our business and performance.

We have entered into selling agreements with certain of our Sponsored Companies and third parties pursuant to which we agreed to indemnify such third parties against certain breaches by the applicable Sponsored Company. We have and may continue to enter into similar arrangements in the future. If our Sponsored Companies fail to fulfill their obligations under these agreements, our potential liability as a result of our indemnification obligations could materially adversely affect our business and performance.

Our failure to maintain registration of NorthStar Realty Securities, LLC as a broker-dealer member in the various jurisdictions in which we will do business, comply with applicable regulatory capital requirements and other interruptions could have a material adverse effect on our business, financial condition, liquidity and results of operations.

NorthStar Securities, LLC ("NorthStar Securities") is a member of FINRA and wholesale broker-dealer that is registered in the various jurisdictions in which our Sponsored Companies do business. NorthStar Securities must comply with various regulatory guidelines to maintain its FINRA membership and continue to operate as a wholesale broker-dealer. There is no guarantee that FINRA, the SEC or the states or territories in which it is registered will not take action against NorthStar Securities to remove its membership and/or registrations. Even if NorthStar Securities has complied with applicable rules, it could still be subjected to investigation and scrutiny that could distract our management, force us to incur substantial cost and harm our brand. If NorthStar Securities has failed to comply with applicable rules, it could be subject to enforcement actions and other penalties that could disrupt our business. Accordingly, such events would delay or potentially hinder sales of our Sponsored Companies' securities.

NorthStar Securities is subject to various regulatory and capital requirements administered by the federal banking regulators. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, NorthStar Securities must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Its capital amounts and classification are also subject to qualitative judgments by the regulators about components of its capital, risk weightings of assets, off-balance sheet transactions, and other factors. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary, actions by regulators that, if undertaken, could harm either our operations and our financial condition.

There is no assurance NorthStar Securities will be able to successfully raise capital for our Sponsored Companies or any other new entities we may manage or that it will be able to enter into any additional third-party selling agreements.

NorthStar Securities may be unable to raise capital for NorthStar/RXR New York Metro, NorthStar Corporate Fund, Corporate Income, NorthStar Capital Income or NorthStar/Townsend Institutional Real Estate Fund Inc., registered closed-end interval fund currently in registration or any other new entities that we may manage or co-manage, which would restrict our growth and harm our operations. We and NorthStar Securities have entered into, and will seek to enter into, additional third-party selling agreements in order to raise capital for our Sponsored Companies. NorthStar Securities may seek to raise capital for unaffiliated third parties. There is no assurance, however, that we will be able to enter into additional third-party selling agreements on favorable terms, or at all, which would hinder or even cease our ability to raise capital for our Sponsored Companies. If our Sponsored Companies fail to fulfill their obligations

under these agreements, our potential liability as a result of our indemnification obligations could materially adversely affect our business and performance. Additionally, significant declines in asset value and reductions in distributions in our Sponsored Companies could cause us to lose third-party selling agreements and limit our ability to sign future third-party selling agreements. In addition, if the proposed DOL amendments to the definition of "fiduciary" are issued with provisions substantially similar to the proposed regulation, it could have a significant adverse effect on the marketing by NorthStar Securities of investments in shares of our Sponsored Companies to such plans or accounts. Further, recent amendments to FINRA rules regarding customer account statements could also have an adverse effect on sales of shares of our Sponsored Companies.

Our expenses may not decrease if our revenue decreases.

Many of the expenses associated with owning real estate, such as debt-service payments, payments to our asset manager, property taxes, insurance, utilities and, as applicable, employee wages and benefits, are relatively inflexible. They do not necessarily decrease in tandem with a reduction in revenue and may be subject to increases that are not tied to the performance of our assets or the increase in the rate of inflation generally. Additionally, certain costs may exceed the rate of inflation in any given period. We may be unable to offset any fixed or increased expenses. Any of our efforts to reduce operating costs also could adversely affect the future growth of our business and the value of our assets.

Risks Related to Our Financing and Hedging Activities

We may not be able to access financing sources on attractive terms, if at all, which could adversely affect our ability to execute our business plan.

We have relied and may increasingly continue to rely on outside capital to fund and grow our business in the future. We use a variety of financing sources, including mortgage notes, credit facilities, securitization financing transactions and other term borrowings, as well as preferred equity and exchangeable senior notes.

Our ability to effectively execute our financing strategy depends on various conditions in the financing markets that are beyond our control, including liquidity, health of the CMBS markets and credit spreads. While we seek non-recourse long-term financing, such financing may not be available to us on favorable terms or at all. Furthermore, even with non-recourse financing, we typically enter into guarantees for limited bad acts, environmental matters and other conditions that could impose recourse liability on us. If our strategy is not viable, we will have to find alternative forms of financing for our assets, which may include more restrictive recourse borrowings and borrowings with higher debt service that limit our ability to engage in certain transactions and reduce our cash available for distribution to stockholders. If alternative financing is not available on favorable terms, or at all, we may have to liquidate assets at unfavorable prices to pay off such financing. Our return on our investments and distributions to stockholders may be reduced to the extent that changes in market conditions cause the cost of our financing to increase relative to the earnings that we can derive from the assets we acquire or originate.

The documents that govern our credit facility restrict our ability to engage in certain activities and require mandatory prepayment in certain circumstances, either of which could materially adversely affect our growth prospects, financial condition and ability to make distributions to our stockholders.

The documents that govern our credit facility contain customary negative covenants and other financial and operating covenants that, among other things may:

- restrict our and our subsidiaries' ability to incur additional indebtedness;
- restrict our and our subsidiaries' ability to make certain investments;
- restrict our and our subsidiaries' ability to merge with another company;
- restrict our and our subsidiaries' ability to create, incur or assume liens;
- restrict our and our subsidiaries' ability to sell, transfer or restructure our assets for any reason;

- restrict our ability to make distributions to our stockholders; and
- require us to maintain certain financial coverage ratios.

In addition, during certain events of default resulting from nonpayment under the credit facility or certain bankruptcy events under the documents that govern our credit facility, we are restricted, in certain circumstances, from making any distributions in respect of our equity securities, including distributions to our stockholders necessary to maintain our qualification as a REIT, which could cause us to lose our REIT qualification and become subject to U.S. federal income tax.

Our credit facility permits us to incur significant indebtedness, which could require that we generate significant cash flow to satisfy the payment and other obligations under our credit facility.

We may incur significant indebtedness in connection with draws under our credit facility. This indebtedness may exceed our cash on hand and/or our cash flows from operating activities. Our ability to meet the payment and other obligations under our credit facility depends on our ability to generate sufficient cash flow in the future. Our ability to generate cash flow, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us, in amounts sufficient to enable us to meet our payment obligations under our credit facility. If we are not able to generate sufficient cash flow to service our credit facility and other debt obligations, we may need to refinance or restructure our debt, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under our credit facility, which could materially and adversely affect our liquidity.

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

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

We are subject to risks associated with obtaining mortgage financing on our real estate, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

We are subject to risks normally associated with obtaining mortgage financing, including the risks that our cash flow is insufficient to make timely payments of interest or principal, that we may be unable to refinance existing borrowings or support collateral obligations and that the terms of refinancing may not be as favorable as the terms of existing borrowing. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions or the sale of the underlying property, our cash flow may not be sufficient in all years to make distributions to stockholders and to repay all maturing borrowings. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to that refinanced borrowing would increase, which could reduce our profitability, result in losses and negatively impact the amount of distributions we are able to pay to stockholders. Moreover, additional financing increases the amount of our leverage, which could negatively affect our ability to obtain additional financing in the future or make us more vulnerable in a downturn in our results of operations or the economy generally.

We use short-term borrowings to finance our investments and we may need to use such borrowings for extended periods of time to the extent we are unable to access long-term financing. This may expose us to increased risks associated with decreases in the fair value of the underlying collateral, which could have an adverse impact on our results of operations.

While we expect to seek non-recourse, non-mark-to-market, long-term financing through securitization financing transactions or other structures, such financing may be unavailable to us on favorable terms or at all. Consequently, we may be dependent on short-term financing arrangements that are not matched in duration to our financial assets. Short-term borrowing through repurchase arrangements, credit facilities and other types of borrowings may put our assets and financial condition at risk. Furthermore, the cost of borrowings may increase substantially if lenders view us as having increased credit risk during periods of market distress. Any such short-term financing may also be recourse to us, which will increase the risk of our investments. In addition, the value of assets underlying any such short-term financing may be marked-to-market periodically by the lender, including on a daily basis. If the fair value of the assets subject to such financing arrangements decline, we may be required to provide additional collateral or make cash payments to maintain the loan-to-collateral value ratio. If we are unable to provide such collateral or cash repayments, we may lose our economic interest in the underlying assets. Further, such borrowings may require us to maintain a certain amount of cash reserves or to set aside unleveraged assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. These facilities may be restricted to financing certain types of assets, such as first mortgage loans, which could impact our asset allocation. In addition, such short-term borrowing facilities may limit the length of time that any given asset may be used as eligible collateral. As a result, we may not be able to leverage our assets as fully as we would choose, which could reduce our income generated on such assets. In the event that we are unable to meet the collateral obligations for our short-term financing arrangements, our financial condition could deteriorate rapidly.

We may use additional leverage to execute our business strategy, which may adversely affect the return on our assets, reduce cash available for distribution to our stockholders and increase losses when economic conditions are unfavorable.

Subject to market conditions and availability and the financial covenants imposed by our credit facility and master repurchase agreement, we may use additional leverage to finance our assets through borrowings from a number of sources, including repurchase agreements, resecuritizations, securitizations, warehouse facilities and bank credit facilities (including draws under our credit facility). We may also seek to take advantage of available borrowings, if any, provided by the FDIC in connection with the acquisition of assets from the FDIC or provided under government sponsored debt programs to acquire all types of commercial real estate loans and other real estate-related assets, to the extent such assets are eligible for funding under such programs. Although we are not required to maintain any particular assets-to-equity leverage ratio, the amount of leverage we may deploy for particular assets will depend on our available capital, our ability to access financing arrangements, our estimate of the stability of cash flows generated from the asset in our portfolio and our assessment of the risk-adjusted returns associated with those assets. The percentage of leverage will vary over time depending on our ability to enter into repurchase agreements, resecuritizations, securitizations, warehouse facilities and additional bank credit facilities (including term loans and revolving facilities), our ability to participate in and obtain funding under programs established by the U.S. government, available credit limits and financing rates, type and/or amount of collateral required to be pledged and our assessment of the appropriate amount of leverage for the particular assets we are funding. We may use leverage at times and in amounts deemed appropriate without approval of our board of directors or our stockholders.

To the extent that we use leverage to finance our assets, our financing costs will reduce cash available for distributions to stockholders. We may not be able to meet our financing obligations and, to the extent that we cannot, we risk the loss of some or all of our assets to liquidation or sale to satisfy the obligations. We may leverage certain of our assets through repurchase agreements. A decrease in the value of these assets may lead to margin calls, which may require us to sell assets at significantly depressed prices due to market conditions or otherwise, and cause us to incur losses. The satisfaction of such margin calls also may reduce cash flow available for distribution to our stockholders. Any reduction in distributions to our stockholders may cause the value of our Class A common stock to decline.

Our outstanding indebtedness and indebtedness to be incurred in the future could subject us to increased risk of loss, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

As deemed appropriate by our management in its discretion, we may incur indebtedness, which, together with our existing indebtedness, could subject us to several risks, including, among others, that:

- Our cash flow from operations may be insufficient to make required payments of principal of and interest on the debt or we may fail to comply with all of the other covenants contained in the debt, which is likely to result in:
- acceleration of such debt (and any other debt containing a cross-default or cross-acceleration provision) that we may be unable to repay from internal funds or to refinance on favorable terms, or at all;
- our inability to borrow unused amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements; and/or
- the loss of some or all of our assets to foreclosure or sale;
- our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that investment yields will increase with higher financing costs;
- we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, stockholder distributions or other purposes; and
- we may not be able to refinance debt that matures prior to the investment it was used to finance on favorable terms, or at all.

Any repurchase agreements that we use to finance our assets may require us to provide additional collateral or pay down debt.

We are a party to a $150 million master repurchase agreement, and we may enter into additional repurchase agreements in the future. Our master repurchase agreement and any future repurchase agreements involve the risk that the market value of the loans pledged or sold by us to the repurchase agreement counterparty may decline in value, in which case the counterparty may require us to provide additional collateral or to repay all or a portion of the funds advanced. We may not have the funds available to repay our debt at that time, which would likely result in defaults unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all. Posting additional collateral would reduce our liquidity and limit our ability to leverage our assets. If we cannot meet these requirements, the counterparty could accelerate our indebtedness, increase the interest rate on advanced funds and terminate our ability to borrow funds from them, which could materially and adversely affect our financial condition and ability to implement our business plan. In addition, in the event that the counterparty files for bankruptcy or becomes insolvent, our loans may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to bank credit facilities and increase our cost of capital. Counterparties to these transactions may also require us to maintain a certain amount of cash or set aside assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. As a result, we may not be able to leverage our assets as fully as we would choose which could reduce our return on assets. In the event that we are unable to meet these collateral obligations, our financial condition and prospects could deteriorate rapidly.

A failure to comply with restrictive covenants in our repurchase agreements could have a material adverse effect on us.

We are subject to various restrictive covenants contained in our existing financing arrangements, including our master repurchase agreement, and may become subject to additional covenants in connection with future financings. Our master repurchase agreement requires us to maintain compliance with various financial covenants, including a minimum tangible net worth and cash liquidity, and specified financial ratios. These covenants may limit our

flexibility to pursue certain investments or incur additional debt. If we fail to meet or satisfy any of these covenants, we would be in default under these agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral. We may also be subject to cross-default and acceleration rights and, with respect to collateralized debt, the posting of additional collateral and foreclosure rights upon default. Further, this could also make it difficult for us to satisfy the distribution requirements necessary to maintain our status as a REIT for U.S. federal income tax purposes.

Our access to private sources of financing may be limited and thus our ability to maximize our returns may be adversely affected.

Even if we choose to use leverage to finance the acquisition of our target assets, our access to such sources of financing will depend upon a number of factors over which we have little or no control, including:

- general market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our eligibility to participate in and access capital from programs established by the U.S. Government;
- our current and potential future earnings and cash distributions; and
- the market price of our Class A common stock.

Continued weaknesses in the capital and credit markets could adversely affect one or more private lenders and could cause one or more lenders to be unwilling or unable to provide us with financing or to increase the costs of such financing. In addition, several banks and other institutions that historically have been reliable sources of financing have gone out of business in recent years, which has reduced the number of lending institutions and the availability of credit. Moreover, the return on our assets and cash available for distribution to our stockholders may be reduced to the extent that market conditions prevent us from leveraging our assets or cause the cost of our financing to increase relative to the income that can be derived from the assets acquired. If we are unable to obtain financing on favorable terms or at all, we may have to curtail our investment activities, which could limit our growth prospects, and we may be forced to dispose of assets at inopportune times.

As market conditions continue to improve, structured financing alternatives have become more available, in addition to borrowings under warehouse and repurchase agreements, although these financing markets are still not functioning at normalized levels. Consequently, depending on market conditions at the relevant time, we may have to rely more heavily on additional equity issuances, which may be dilutive to our stockholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our stockholders and other purposes. We cannot assure you that we will have access to such equity or debt capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our results of operations and growth prospects.

We may seek to utilize non-recourse long-term securitizations again in the future, and such structures may expose us to risks, which could result in losses to us.

In the future, we may seek to utilize non-recourse long-term securitizations of our investments in mortgage loans again, especially loan originations, if and when they become available and to the extent consistent with the maintenance of our REIT qualification and exemption from the 1940 Act in order to generate cash for funding new investments. This would involve conveying a pool of assets to a special purpose vehicle (or the issuing entity) which would issue one or more classes of non-recourse notes pursuant to the terms of an indenture. The notes would be secured by the pool of assets. In exchange for the transfer of assets to the issuing entity, we would receive the cash proceeds on the sale of non-recourse notes and a 100% interest in the equity of the issuing entity. The securitization of our portfolio investments could magnify our exposure to losses on those portfolio investments because any equity interest we retain in the issuing entity would be subordinate to the notes issued to investors and we would, therefore, absorb all of the losses sustained with respect to a securitized pool of assets before the owners of the notes

experience any losses. Moreover, we cannot be assured that we will be able to access the securitization market, or be able to do so at favorable rates. The inability to consummate securitizations of our portfolio to finance our investments on a long-term basis could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect our performance and our ability to grow our business.

To the extent that we obtain additional debt financing, we expect that certain of our financing facilities may contain restrictive covenants relating to our operations, which could have a material adverse effect on our business, results of operations, ability to make distributions to our stockholders and the market value of our Class A common stock.

If or when we obtain additional debt financing, lenders (especially in the case of bank credit facilities) may impose restrictions on us that would affect our ability to incur additional debt, make certain investments or acquisitions, reduce liquidity below certain levels, make distributions to our stockholders, redeem debt or equity securities and impact our flexibility to determine our operating policies and investment strategies. For example, the documents that govern our credit facility and our master repurchase agreement contain customary negative covenants and other financial and operating covenants that limit, among other things, our ability to incur additional indebtedness, make certain investments, merge with another company, and make distributions to our stockholders. If or when we seek to obtain additional debt financing, we could be required to agree to similar or more burdensome restrictions on our operations. Furthermore, if we fail to meet or satisfy any of these covenants, we would be in default under these agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. We also may be subject to cross-default and acceleration rights and, with respect to collateralized debt, the posting of additional collateral and foreclosure rights upon default. Further, this could also make it difficult for us to satisfy the qualification requirements necessary to maintain our status as a REIT for U.S. federal income tax purposes. A default also could limit significantly our financing alternatives, which could cause us to curtail our investment activities and/or dispose of assets.

Any warehouse facilities that we have or may obtain in the future may limit our ability to acquire assets, and we may incur losses if the collateral is liquidated.

In the event that securitization financings become available, we may utilize, if available, warehouse facilities pursuant to which we would accumulate mortgage loans in anticipation of a securitization financing, which assets would be pledged as collateral for such facilities until the securitization transaction is consummated. In order to borrow funds to acquire assets under any future warehouse facilities, we expect that our lenders thereunder would have the right to review the potential assets for which we are seeking financing. We may be unable to obtain the consent of a lender to acquire assets that we believe would be beneficial to us and we may be unable to obtain alternate financing for such assets. In addition, no assurance can be given that a securitization structure would be consummated with respect to the assets being warehoused. If the securitization is not consummated, the lender could liquidate the warehoused collateral and we would then have to pay any amount by which the original purchase price of the collateral assets exceeds its sale price, subject to negotiated caps, if any, on our exposure. In addition, regardless of whether the securitization is consummated, if any of the warehoused collateral is sold before the consummation, we would have to bear any resulting loss on the sale.

Our ability to transfer assets purchased in structured transactions with the FDIC is restricted, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

With respect to the loan portfolios acquired in structured transactions with the FDIC, we are restricted from conducting a sale or disposition to a single buyer of two or more assets; selling or otherwise transferring any assets to any affiliate; financing the sale of any asset; selling any asset in a transaction that provides for any recourse; or making distributions until the FDIC debt obligation has been satisfied. As a result of these restrictions, we may be unable to take actions that would otherwise be in our and our stockholders' best interests, including, among other things, selling certain assets in order to maintain our REIT qualification and/or our exemption from registration under the 1940 Act, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

Hedging against interest rate and currency exchange rate exposure may adversely affect our results of operations, which could reduce our cash available for distribution to our stockholders.

Subject to maintaining our qualification as a REIT and our exemption from the 1940 Act, we may pursue various hedging strategies to seek to reduce our exposure to adverse changes in interest and foreign currency exchange rates. Our hedging activity will vary in scope based on the level and volatility of these rates, the type of assets held and other changing market conditions. Such hedging may fail to protect or could adversely affect us because, among other things:

- hedging can be expensive, particularly during periods of rising interest rates and volatility;
- available hedges may not correspond directly with the risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- the amount of income that a REIT may earn from certain hedging transactions is limited by U.S. federal tax provisions governing REITs;
- the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and
- the hedging counterparty owing money in the hedging transaction may default on its obligation to pay.

Our hedging transactions, which are intended to limit losses, may actually adversely affect our results of operations and our ability to make distributions to our stockholders. In addition, hedging instruments involve risk since they may not be traded on regulated exchanges, guaranteed by an exchange or its clearing house and may not be regulated by any U.S. or foreign governmental authorities. Consequently, the hedging counterparty may not follow appropriate practices with respect to record keeping, financial responsibility or segregation of customer funds and positions. Furthermore, the enforceability of agreements underlying hedging transactions may depend on compliance with applicable statutory and commodity and other regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. Additionally, hedging instrument transactions subject us to counterparty risk. The business failure of a hedging counterparty with whom we enter into a hedging transaction will most likely result in its default. Default by a party with whom we enter into a hedging transaction may result in the loss of unrealized profits and force us to cover our commitments, if any, at the then current market price. Although generally we will seek to reserve the right to terminate our hedging positions, it may not always be possible to dispose of or close out a hedging position without the consent of the hedging counterparty and we may not be able to enter into an offsetting contract in order to cover our risk. We cannot assure you that a liquid secondary market will exist for hedging instruments purchased or sold, and we may be required to maintain a position until exercise or expiration, which could result in losses. Hedging transactions executed through an exchange or with a counterparty with which we have a margining agreement may require us to post cash or equivalent securities to the exchange or counterparty to cover the difference between the market value of the security and the transaction price. While we anticipate the underlying position that we have hedged will materially offset any cash losses on hedges at the time of their realization, we may need to post significant amounts of margin in an interim period before the realization. We can provide no assurances, that our efforts to manage interest rate and foreign currency exchange rate volatility will successfully mitigate the risks of such volatility on our portfolio.

We may fail to qualify for, or not elect, hedge accounting treatment, which could have a material adverse effect on our results of operations.

Changes in application of relevant accounting standards could materially increase earnings volatility. We are subject to earnings volatility because of our use of derivatives and accounting for those derivatives. This earnings volatility may be caused by hedge ineffectiveness, which is the difference in the amounts recognized in our earnings for the changes in fair value of a derivative and the related hedged item, and by the changes in the fair values of derivatives that do not qualify for hedge accounting (referred to as economic hedges where the change in fair value of the derivative is not offset by any change in fair value on a hedged item). If we did not apply hedge accounting or fail to qualify for hedge accounting treatment for a number of reasons, including if we use instruments that do not meet the definition of a derivative (such as short sales), we fail to satisfy hedge documentation and hedge effectiveness assessment requirements or our instruments are not highly effective, the result could be an increase in volatility of our earnings from period to period. Furthermore, if we fail to qualify for hedge accounting treatment, the losses on the derivatives that we enter into may not be offset by a change in the fair value of the related hedged transaction, which may have a material adverse effect on our results of operations.

Risks Related to Our Organization and Structure

The stock ownership limits imposed by the Internal Revenue Code for REITs and our Articles of Amendment and Restatement (the "Charter") may restrict our business combination opportunities.

In order for us to maintain our qualification as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year following our first year. Our Charter, with certain exceptions, authorizes our board of directors to take those actions that are necessary and desirable to preserve our qualification as a REIT. In order to assist us in complying with the limitations on the concentration of ownership of REIT stock imposed by the Internal Revenue Code, our Charter generally prohibits any person (other than a person who has been granted an exemption) from actually or constructively owning more than 9.8% of the aggregate of the outstanding shares of our capital stock (as defined in our Charter) by value or 9.8% of the aggregate of the outstanding shares of our common stock (as defined in our Charter) by value or by number of shares, whichever is more restrictive. Our board of directors may, in its sole discretion, grant, and has in certain circumstances granted, an exemption to the ownership limits, subject to certain conditions and the receipt by our board of directors of certain representations and undertakings. Our Charter also prohibits any person from (a) beneficially or constructively owning, as determined by applying certain attribution rules of the Internal Revenue Code, our stock that would result in us being "closely held" under Section 856(h) of the Internal Revenue Code or that would otherwise cause us to fail to qualify as a REIT or to have not insignificant non-qualifying income from "related" parties or (b) transferring stock if such transfer would result in our stock being owned by fewer than 100 persons. The ownership limits imposed under the Internal Revenue Code are based upon direct or indirect ownership by "individuals," but only during the last half of a tax year. The ownership limits contained in our Charter key off of the ownership at any time by any "person," which term includes entities. These ownership limitations are common in REIT charters and are intended to provide added assurance of compliance with the tax law requirements, and to minimize administrative burdens. However, the ownership limit on our common stock might also delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders, and the proposed reduction in the ownership limit could further restrict such transactions that may otherwise not be so delayed or prevented.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit our stockholders' recourse in the event of actions not in your best interests.

Under Maryland law generally, a director is required to perform his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Under Maryland law, directors are presumed to have acted with this standard of care.

Our Charter obligates us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director or officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our Charter and bylaws or that might exist with other companies.

Our Charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.

Our charter provides that a director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of shares entitled to case a majority of the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our Company that is in the best interests of our stockholders.

Risks Relating to Ownership of our Class A Common Stock

Our distribution policy is subject to change.

Our board of directors determines an appropriate Class A common stock distribution based upon numerous factors, including REIT qualification requirements, the amount of cash flow generated from operations, availability of existing cash balances, borrowing capacity under existing credit agreements, access to cash in the capital markets and other financing sources, our view of our ability to realize gains in the future through appreciation in the value of our assets, general economic conditions and economic conditions that more specifically impact our business or prospects. Future distribution levels are subject to further adjustment based upon any one or more of these risk factors, as well as other factors that our board of directors may, from time-to-time, deem relevant to consider when determining an appropriate Class A common stock distribution and our distribution level could remain flat or decline.

Stockholders may experience substantial dilution.

We may undertake substantial offerings of our Class A common stock and securities that are convertible into our Class A common stock and may issue additional common stock in connection with acquisitions or joint ventures. If we engage in such transactions, our existing stockholders may experience immediate and substantial dilution in their percentage ownership of our outstanding Class A common stock. Furthermore, stockholders may experience dilution in the value of their shares depending on the terms and pricing of any new stock issuances and the value of our assets at such time.

Our management manages our portfolio pursuant to very broad investment guidelines, and our board of directors does not approve each investment and financing decision made by our management unless required by our investment guidelines.

Our management is authorized to follow very broad investment guidelines established by our board of directors. Our board of directors periodically reviews our investment guidelines and our portfolio of assets but does not, and is not be required to, review all of our proposed investments, except in limited circumstances as set forth in our investment guidelines. In addition, in conducting periodic reviews, our board of directors may rely primarily on information provided to them by our management. Furthermore, transactions entered into by us may be costly, difficult or impossible to unwind by the time they are reviewed by our board of directors. Our management has great latitude within the broad parameters of our investment guidelines in determining the types and amounts of assets in which to invest on our behalf, including making investments that may result in returns that are substantially below expectations or result in losses, which would materially and adversely affect our business and results of operations, or may otherwise not be in the best interests of our stockholders.

We may be subject to the actions of activist shareholders.

Certain of the companies that formed us in the Mergers had been the subject of increased activity by activist shareholders. Responding to shareholder activism can be costly and time-consuming, disrupt our operations and divert the attention of management and our employees from executing our business plan. Activist campaigns can create perceived uncertainties as to our future direction, strategy or leadership and may result in the loss of potential business opportunities, harm our ability to attract new investors, customers and joint venture partners and cause our stock price to experience periods of volatility or stagnation. Moreover, if individuals are elected to our board of directors with a specific agenda, our ability to effectively and timely implement our current initiatives, retain and attract experienced executives and employees and execute on our long-term strategy may be adversely affected. Furthermore, there are circumstances in which our term loan financing could accelerate and various change of control payments could arise as a result of the conclusion of a proxy fight.

If we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("Sarbanes-Oxley Act"), or our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned and our stock price may suffer.

The Sarbanes-Oxley Act requires any company subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries' internal control over financial reporting. To comply with this statute, we are required to document and test our internal control procedures, our management is required to assess and issue a report concerning our internal control over financial reporting and our independent auditors are required to issue an opinion on their audit of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act. If our management cannot favorably assess the effectiveness of our internal control over financial reporting or our auditors identify material weaknesses in our internal controls, investor confidence in our financial results may weaken and our stock price may suffer. For instance, accounting irregularities recently discovered at other companies have caused the SEC to launch an inquiry, stockholders to initiate lawsuits, executives to resign, the stock price to significantly decrease and the firm's reputation to be questioned by stockholders and the press.

Risks Related to Ownership of our Outstanding Notes

Our exchangeable senior notes, which we assumed from NRF in connection with the Mergers, are recourse obligations to us and contain cross-default provisions.

As of January 10, 2016, $29.4 million of principal amount of our exchangeable senior notes were outstanding, of which we may be required to repurchase $13.0 million, $1.0 million and $17.4 million in June 2017, June 2019 and June 2023, respectively. These amounts are full recourse obligations of our company. If we are not able to extend, refinance or repurchase these borrowings, we may not have the ability to repay these amounts when they come due. Our inability to repay any of our exchangeable senior notes could cause the acceleration of our borrowings, which would have a material adverse effect on our business. In addition, the indenture agreements governing our exchangeable senior notes contain cross-default provisions whereby a default under one agreement could result in a default and acceleration of borrowings under other agreements. If a cross-default occurred, we may not be able to pay our liabilities or access capital from external sources in order to refinance our borrowings. If some or all of our borrowings default and it causes a default under other borrowings, our business, financial condition and results of operations could be materially and adversely affected.

The holders of our exchangeable senior notes, which we assumed from NRF in connection with the Mergers, may elect to exchange those notes prior to maturity and we may be required to use common stock, cash or both to satisfy our exchange obligations.

Our exchangeable senior notes may be exchanged at any time prior to maturity at the option of the holder in accordance with the terms of the applicable indenture. In December 2013, NRF made a revocable election to satisfy its exchange obligations with shares of its common stock for the principal amount of the notes, as determined in accordance with the applicable indenture. Following the Mergers, such exchange obligations will be satisfied with shares of our Class A common stock, as determined in accordance with the applicable indenture. We may change our election at any time in accordance with the terms of the applicable indentures and elect to satisfy all exchanges with a combination of cash and Class A common stock, rather than only Class A common stock. As of 2015, NRF had exchanged an aggregate of $14 million principal amount of exchangeable senior notes and settled all such exchanges in shares of its common stock. These exchanges, as well as any additional exchanges we may effect in the future through settlement with shares of our Class A common stock, will exacerbate the dilutive effects to our stockholders. If we determine to use only cash to exchange our notes rather than stock, our liquidity could be negatively impacted. If the price of our common stock rises and our distributions continue to increase, the economic incentive to exchange our notes will likely increase.

We expect that the trading price of our Convertible Notes that we assumed from Colony in connection with the Mergers, will be significantly affected by changes in the market price of our Class A common stock, the interest rate environment and our credit quality, each of which could change substantially at any time.

We expect that the trading price of the convertible notes that we assumed from Colony in connection with the Mergers ("Convertible Notes") will depend on a variety of factors, including, without limitation, the market price of our Class A common stock, the interest rate environment and our credit quality. Each of these factors may be

volatile, and may or may not be within our control. For example, the trading price of the Convertible Notes will increase with the market price and volatility of our Class A common stock. We cannot, however, predict whether the market price of our Class A common stock will rise or fall or whether the volatility of our Class A common stock will continue at its historical level. In addition, general market conditions, including the level of, and fluctuations in, the market price of stocks generally, may affect the market price and the volatility of our Class A common stock. Moreover, we may or may not choose to take actions that could influence the volatility of our Class A common stock. Likewise, if interest rates, or expected future interest rates, rise during their term, the yield of the Convertible Notes will likely decrease, but the value of the convertibility option embedded in the notes will likely increase. Because interest rates and interest rate expectations are influenced by a wide variety of factors beyond our control, we cannot assure you that changes in interest rates or interest rate expectations will not adversely affect the trading price of the notes. Furthermore, the trading price of the Convertible Notes will likely be significantly affected by any change in our credit quality. Because our credit quality is influenced by a variety of factors, some of which are beyond our control, we cannot guarantee that we will maintain or improve our credit quality during the term of the Convertible Notes. In addition, because we may choose to take actions that adversely affect our credit quality, such as incurring additional debt, there can be no guarantee that our credit quality will not decline during the term of the Convertible Notes, which would likely negatively impact the trading price of the Convertible Notes.

The claims of holders of our Convertible Notes will be structurally subordinated to claims of creditors of our subsidiaries, because our subsidiaries will not guarantee the Convertible Notes. Our ability to repay our debt, including the Convertible Notes, depends on the performance of our subsidiaries and their ability to make distributions to us.

The Convertible Notes are not guaranteed by any of our subsidiaries. Accordingly, none of our subsidiaries is currently, and may not become, obligated to pay any amounts due pursuant to the Convertible Notes, or to make any funds available therefor. Consequently, claims of holders of the Convertible Notes will be structurally subordinated to the claims of creditors and preferred stockholders of these subsidiaries, including trade creditors. As a result, in the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, such subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us.

Our ability to service our indebtedness, including the Convertible Notes, is dependent on the earnings and the distribution of funds (whether by dividend, distribution or loan) from our subsidiaries. None of our subsidiaries is obligated to make funds available to us for payment on the Convertible Notes. We cannot assure you that the agreements governing the existing and future indebtedness of our subsidiaries will permit our subsidiaries to provide us with sufficient dividends, distributions or loans to fund payments on the notes when due. In addition, any payment of dividends, distributions or loans to us by our subsidiaries could be subject to restrictions on dividends or repatriation of earnings under applicable local law and monetary transfer restrictions in the jurisdictions in which our subsidiaries operate.

If we incur substantial additional debt, these higher levels of debt may affect our ability to pay the principal of and interest on the Convertible Notes.

We and our subsidiaries may be able to incur substantial additional debt in the future, some of which may be secured debt. Neither the base indenture nor the supplemental indentures governing our Convertible Notes restricts our ability to incur additional indebtedness or requires us to maintain financial ratios or specified levels of net worth or liquidity. If we incur substantial additional indebtedness in the future, these higher levels of indebtedness may affect our ability to pay the principal of and interest on the Convertible Notes, or any fundamental change purchase price, and our creditworthiness generally. We and our subsidiaries are, and may in the future become, parties to agreements and instruments, which, among other things, may contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests.

Servicing the Convertible Notes requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Convertible Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to

generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Recent regulatory actions may adversely affect the trading price and liquidity of the Convertible Notes.

We expect that many investors in, and potential purchasers of, the Convertible Notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the Convertible Notes. Investors would typically implement this strategy by selling short the Class A common stock underlying the Convertible Notes and dynamically adjusting their short position while they hold the Convertible Notes. Investors may also implement this strategy by entering into swaps on our Class A common stock in lieu of or in addition to short selling the Class A common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and may adopt additional rules in the future that may impact those engaging in short selling activity involving equity securities (including our Class A common stock), including Rule 201 of SEC Regulation SHO, FINRA's "Limit Up-Limit Down" program, market-wide circuit breaker systems that halt trading of securities for certain periods following specific market declines, and rules stemming from the enactment and implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Past regulatory actions, including emergency actions or regulations have had a significant impact on the trading prices and liquidity of equity-linked instruments. Any governmental action that similarly restricts the ability of investors in, or potential purchasers of, the Convertible Notes to effect short sales of our Class A common stock or enter into swaps on our Class A common stock could similarly adversely affect the trading price and the liquidity of the Convertible Notes.

In addition, if investors and potential purchasers seeking to employ a convertible arbitrage strategy are unable to borrow or enter into swaps on our Class A common stock, in each case on commercially reasonable terms, the trading price and liquidity of the Convertible Notes may be adversely affected.

We may not have the ability to raise funds necessary to purchase the Convertible Notes upon a fundamental change.

If a "fundamental change" occurs under the indenture or the supplemental indentures governing the Convertible Notes, holders of the Convertible Notes have the right, at their option, to require us to purchase for cash any or all of their Convertible Notes, or any portion of the principal amount thereof such that the principal amount that remains outstanding of each Convertible Note purchased in part equals $1,000 or an integral multiple of $1,000 in excess thereof. The fundamental change purchase price will equal 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change purchase date. However, we may not have sufficient funds at the time we are required to purchase the Convertible Notes surrendered therefor and we may not be able to arrange necessary financing on acceptable terms, if at all. In addition, our ability to purchase the Convertible Notes may be limited by law, by regulatory authority or by the agreements governing our other indebtedness outstanding at the time. If we fail to pay the fundamental change purchase price when due, we will be in default under the indenture governing the Convertible Notes. A default under the indenture or the fundamental change itself could also constitute a default under the agreements governing our other existing and future indebtedness which would further restrict our ability to make required payments under the Convertible Notes.

We may issue additional shares of our Class A common stock or instruments convertible into our Class A common stock, including in connection with conversions of Convertible Notes, and thereby materially and adversely affect the price of our Class A common stock, and, in turn, the Convertible Notes.

We are not restricted from issuing additional shares of our Class A common stock or other instruments convertible into our Class A common stock during the life of the Convertible Notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our Class A common stock. If we issue additional shares of our Class A common stock or instruments convertible into our Class A common stock, it may materially and adversely affect the price of our Class A common stock and, in turn, the price of the Convertible Notes. Furthermore, the conversion or exercise of some or all of the Convertible Notes may dilute the ownership interests of existing stockholders, and any sales in the public market of shares of our Class A common stock issuable

upon any such conversion or exercise could adversely affect prevailing market prices of our Class A common stock or the Convertible Notes. In addition, the anticipated issuance and sale of substantial amounts of Class A common stock or the anticipated conversion or exercise of securities into shares of our Class A common stock could depress the price of our Class A common stock.

Holders of Convertible Notes will not be entitled to any rights with respect to our Class A common stock, but will be subject to all changes made with respect to our Class A common stock to the extent our conversion obligations include shares of our Class A common stock.

sHolders of Convertible Notes will not be entitled to any rights with respect to our Class A common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our Class A common stock), until the time at which they become record holders of our Class A common stock upon conversion of the Convertible Notes. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date a holder of Convertible Notes is deemed to be a record holder of our Class A common stock following a conversion of the Convertible Notes, such holder generally will not be entitled to vote on the amendment, but will nevertheless be subject to any changes affecting our Class A common stock.

Certain provisions in the Convertible Notes and the related indenture could delay or prevent an otherwise beneficial takeover or takeover attempt of us and, therefore, the ability of holders to exercise their rights associated with a potential fundamental change or a make-whole fundamental change.

Certain provisions in the Convertible Notes and the related indenture could make it more difficult or more expensive for a third party to acquire us. For example, if an acquisition event constitutes a fundamental change under the indenture governing the Convertible Notes, holders of the Convertible Notes will have the right to require us to purchase their Convertible Notes in cash. In addition, if an acquisition event constitutes a “make-whole fundamental change” under the indenture governing the Convertible Notes, we may be required to increase the conversion rate for holders who convert their Convertible Notes in connection with such make-whole fundamental change. Our obligations under the Convertible Notes, the base indenture and the supplemental indentures could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

The Convertible Notes may not be rated or may receive a lower rating than anticipated.

We do not intend to seek a rating on either outstanding series of our Convertible Notes. However, if one or more rating agencies rates any series of our Convertible Notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the trading price of the Convertible Notes and the market price of our Class A common stock could be harmed. In addition, the trading price of the Convertible Notes is directly affected by market perceptions of our creditworthiness. Consequently, if a credit ratings agency rates any of our debt in the future or downgrades or withdraws any such rating, or puts us on credit watch, the trading price of the Convertible Notes is likely to decline.

Risks Related to Regulatory Matters

Maintenance of our exemption from registration under the 1940 Act imposes significant limits on our operations, which may have a material adverse effect on our ability to execute our business strategy.

We have conducted, and intend to continue to conduct, our operations so as not to become regulated as an investment company under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer’s total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis. Excluded from the term “investment securities,” among other things, are U.S. Government securities and securities issued by majority- owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. Because we are a holding company that conducts its businesses primarily through wholly-owned or majority-owned subsidiaries, the securities issued by such subsidiaries that are relying on the exception from the definition of “investment company” contained in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, together with any other investment securities we may own, may not have a combined value in excess of 40% of the value of our total assets on an unconsolidated basis. This requirement limits the types of businesses in which we may engage through our subsidiaries.

Certain of our subsidiaries rely upon the exemption from registration as an investment company under the 1940 Act pursuant to Section 3(c)(5)(C) of the 1940 Act, which is available for entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exemption generally requires that at least 55% of each such subsidiary's assets must be comprised of qualifying assets and at least 80% of each of their portfolios must be comprised of qualifying assets and real estate-related assets under the 1940 Act. Each of our subsidiaries relying on Section 3(c)(5)(C) relies on guidance published by the SEC staff or on our analyses of guidance published with respect to other types of assets to determine which assets are qualifying real estate assets and real estate-related assets. The SEC staff has not, however, published guidance with respect to the treatment of some of these assets under Section 3(c)(5)(C). To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our strategy accordingly. In addition, we may be limited in our ability to make certain investments and these limitations could result in the subsidiary holding assets we might wish to sell or selling assets we might wish to hold.

Certain of our subsidiaries may rely on the exemption provided by Section 3(c)(6) to the extent that they hold mortgage assets through majority-owned subsidiaries that rely on Section 3(c)(5)(C). The SEC staff has issued little interpretive guidance with respect to Section 3(c)(6) and any guidance published by the staff could require us to adjust our strategy accordingly.

The determination of whether an entity is a majority-owned subsidiary of our Company is made by us. The 1940 Act defines a majority-owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority-owned subsidiary of such person. The 1940 Act further defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of directors of a company. We treat companies in which we own at least 50% of the outstanding voting securities as majority-owned subsidiaries for purposes of the 40% test. We have not requested the SEC to approve our treatment of any company as a majority-owned subsidiary and the SEC has not done so. If the SEC were to disagree with our treatment of one or more companies as majority-owned subsidiaries, we would need to adjust our strategy and our assets in order to continue to pass the 40% test. Any such adjustment in our strategy could have a material adverse effect on us.

There can be no assurance that the laws and regulations governing the 1940 Act status of our Company, including the Division of Investment Management of the SEC providing more specific or different guidance regarding these exemptions, will not change in a manner that adversely affects our operations. We have limited experience managing a portfolio of assets in the manner necessary to maintain our exemption under the 1940 Act. If we or our subsidiaries fail to maintain our exemption, we could, among other things, be required either to (a) change the manner in which we conduct our operations to avoid being required to register as an investment company, (b) effect sales of our assets in a manner that, or at a time when, we would not otherwise choose to do so, or (c) register as an investment company, any of which could negatively affect the value of our Class A Common Stock, the sustainability of our business model, and our ability to make distributions which could have an adverse effect on our business and the market price for our shares of Class A Common Stock. If we were required to register as an investment company under the 1940 Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the 1940 Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters. In addition, if we were required to register as an investment company, but failed to do so, we could be subject to criminal and civil actions.

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

Although the Colony class B common stock issued in connection with the Combination and exchanged in the Mergers for shares of our Class B Common Stock was not designed to provide for disproportionate voting rights, the issuance of the Colony class B common stock and subsequent Mergers has resulted in Mr. Barrack controlling a significant number of votes in matters submitted to a vote of stockholders as a result of his beneficial ownership of our Class B Common Stock, including the election of directors. Mr. Barrack may have interests that differ from our other stockholders and may accordingly vote in ways that may not be consistent with the interests of those other stockholders.

Regulation of a subsidiary of our company under the Investment Advisers Act of 1940 subjects us to the anti-fraud provisions of the Investment Advisers Act of 1940 and to fiduciary duties derived from these provisions.

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

Certain provisions of Maryland law may limit the ability of a third party to acquire control of us, which could depress the market price of our Class A common stock.

Certain provisions of the MGCL may have the effect of inhibiting a third party from acquiring us or of impeding a change of control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our Class A common stock, including:

- *"business combination"* provisions that, subject to limitations, prohibit certain business combinations between an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding shares of voting stock or an affiliate or associate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation) or an affiliate of any interested stockholder and our company for five years after the most recent date on which the stockholder becomes an interested stockholder and thereafter imposes two super-majority stockholder voting requirements on these combinations; and
- *"control share"* provisions that provide that holders of "control shares" of our company (defined as voting shares of stock that, if aggregated with all other shares of stock owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of issued and outstanding "control shares") have no voting rights except to the extent approved by stockholders by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the matter, excluding all interested shares.

Pursuant to the Maryland Business Combination Act, our board has exempted any business combinations between us and any person, provided that any such business combination is first approved by our board (including a majority of our directors who are not affiliates or associates of such person). Consequently, the five-year prohibition and the super-majority vote requirements do not apply to business combinations between us and any of our interested stockholders (or their affiliates). As a result, such parties may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the supermajority vote requirements and the other provisions in the statute. Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of shares of our stock. There can be no assurance that these resolutions or exemptions will not be amended or eliminated at any time in the future. Additionally Title 3, Subtitle 8 of the MGCL ("Subtitle 8"), permits our board, without stockholder approval, to implement certain takeover defenses. Our charter contains a provision that prohibits our board from opting into any provision of Subtitle 8.

The DOL's proposed regulation expanding the definition of fiduciary investment advice under the Employment Retirement Income Security Act ("ERISA"), could adversely affect our financial condition and results of operations.

In 2015, the DOL, proposed to amend the definition of "fiduciary" under ERISA and the Internal Revenue Code. The proposed amendment would broaden the definition of "fiduciary" and make a number of changes to the prohibited transaction exemptions relating to investments by employee benefit plans subject to Title I of ERISA or retirement plans or accounts subject to Section 4975 of the Code (including individual retirement accounts ("IRAs")). We cannot predict whether or when the regulation may be finalized, or how any final regulation may differ from the proposed regulation. If the final regulation is issued with provisions substantially similar to the proposed regulation, it could impact our ability to raise funds through public offerings of our Sponsored Companies and our operations, which could adversely affect our financial condition and results of operations.

Extensive regulation of our business could affect our activities, result in additional burdens on our business and create the potential for significant liabilities and penalties.

Our business is subject to extensive regulation, including periodic examinations, by governmental and self-regulatory organizations in the jurisdictions in which it operates around the world. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or expulsion of a broker-dealer or investment adviser from registration or memberships or the commencement of a civil or criminal lawsuit against us or our personnel. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing clients or fail to gain new asset management or financial advisory clients.

In addition, we regularly rely on exemptions from various requirements of the Securities Act, the Exchange Act, the 1940 Act and the U.S. Employee Retirement Income Security Act of 1974, as amended, in conducting its asset management activities. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to regulatory action or third party claims and our business could be materially and adversely affected. For example, the SEC recently amended Rule 506 of Regulation D under the Securities Act to impose "bad actor" disqualification provisions which ban an issuer from offering or selling securities pursuant to the safe harbor rule in Rule 506 if the issuer, or any other "covered person," is the subject of a criminal, regulatory or court order or other "disqualifying event" under the rule which has not been waived. The definition of "covered person" under the rule includes an issuer's directors, general partners, managing members and executive officers; affiliates who are also issuing securities in the offering; beneficial owners of 20% or more of the issuer's outstanding equity securities; and promoters and persons compensated for soliciting investors in the offering. Accordingly, our ability to rely on Rule 506 to offer or sell securities would be impaired if we or any "covered person" is the subject of a disqualifying event under the rule and we are unable to obtain a waiver. The requirements imposed by our regulators are designed primarily to ensure the integrity of the financial markets and to protect investors in our investment funds and are not designed to protect us. Consequently, these regulations could serve to limit our activities and impose burdensome compliance requirements.

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

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

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

We intend to conduct our operations so that we are not required to register as an investment company under the 1940 Act. Maintenance of the applicable exemptions requires that we subject our business to certain limitations on investment and activities.

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

Rapid changes in the values of our real estate-related investments may make it more difficult for us to maintain our qualification as a REIT for U.S. federal income tax purposes or its exemption from registration under the 1940***Act.***

If the market value or income potential of our real estate-related investments declines as a result of increased interest rates, prepayment rates or other factors, we may need to increase our real estate investments and income and/or liquidate our non-qualifying assets in order to maintain our qualification as a REIT for U.S. federal income tax purposes or our exemption from registration as an investment company under the 1940Act. Given the illiquid nature of certain real estate investments, we can provide no assurances that we would be able to liquidate our non-qualifying assets at opportune times or prices, if at all, in order to maintain our qualification as a REIT or our exemption from registration under the 1940Act. Similarly, we can provide no assurances that we would have sufficient capital or access to capital at favorable prices, if at all, if we were required to increase our qualifying real estate assets in order to maintain our qualification as a REIT or our exemption from registration under the 1940Act. If the value of our assets fluctuates significantly, our ability to maintain our qualification as a REIT or our exemption from registration under the 1940Act may become particularly difficult, which may cause us to make investment decisions that it otherwise would not make absent the REIT and 1940Act considerations.

Compliance with the ADA, Fair Housing Act and fire, safety and other regulations may require us or our tenants/operators to make unanticipated expenditures which could adversely affect our business, financial condition and results of operations and our ability to make distributions to stockholders.

Our properties are required to comply with the ADA, which generally requires that buildings be made accessible to people with disabilities. We must also comply with the Fair Housing Act, which prohibits us and our tenants/operators from discriminating against individuals on certain bases in any of our practices if it would cause such individuals to face barriers in gaining residency in any of our facilities. In addition, our properties are required to operate in compliance with applicable fire and safety regulations, building codes and other land use regulations and licensing or certification requirements as they may be adopted by governmental agencies and bodies from time-to-time. We may be required to incur substantial costs to comply with those requirements. Changes in labor and other laws could also negatively impact us, our borrowers and our tenants/operators. For example, changes to labor-related statutes or regulations could significantly impact the cost of labor in the workforce, which would increase the costs faced by our borrowers and tenants/operators and increase their likelihood of default.

Regulatory changes in the United States could adversely affect our business.

As a result of highly publicized financial scandals, investors, regulators and the general public have exhibited concerns over the integrity of both the U.S. financial markets and the regulatory oversight of these markets. As a result, the business environment in which we operate is subject to heightened regulation. With respect to alternative asset management funds, in recent years, there has been debate in both U.S. and foreign governments about new rules or regulations, including increased oversight or taxation. As calls for additional regulation have increased,

there may be a related increase in regulatory oversight of the trading and other investment activities of alternative asset management funds, including our future investment funds. Such oversight may cause us to incur additional expense and may result in fines if we are deemed to have violated any regulations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") of 2010 has changed and is expected to continue changing the regulatory environment for alternative investment funds, including investment funds that we manage and our future investment funds. Dodd-Frank expanded the registration requirements for investment advisers managing such funds, as well as subjecting large funds to supervisory oversight for purposes of assessing their potential to contribute to systemic risk. Title VII of the Dodd-Frank Act provides for significantly increased regulation of and restrictions on derivatives markets and transactions that could affect our interest rate hedging or other risk management activities, including: (i) regulatory reporting for swaps; (ii) mandated clearing through central counterparties and execution through regulated exchanges or electronic facilities for certain swaps; and (iii) margin and collateral requirements. While the full impact of the Dodd-Frank Act on our interest rate hedging activities cannot be assessed until implementing rules and regulations are adopted and market practice develops, the requirements of Title VII may affect our ability to enter into hedging or other risk management transactions, may increase our costs in entering into such transactions and may result in us entering into such transactions on less favorable terms than prior to effectiveness of the Dodd-Frank Act and the rules promulgated thereunder. Although the SEC and other U.S. regulatory agencies have begun issuing rules and regulations to implement the requirements of Dodd-Frank, some provisions of Dodd-Frank still require the adoption of implementing regulations by the applicable agencies. Accordingly, it is not possible finally to assess Dodd-Frank's full impact on us, our investment funds or, in some cases, the instruments in which our investment funds may invest. As the regulatory environment evolves, compliance with any new laws or regulations could be difficult and may adversely affect the value of instruments held by our investment funds or the ability of our investment funds to pursue their investment strategies.

Although the full scope of these potential regulatory changes is not yet known, such changes could have a meaningful impact on the financial industry. We may be adversely affected if new or revised legislation or regulations are enacted, or by changes in the interpretation or enforcement of existing rules and regulations imposed by the SEC, other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets and their participants. Such changes could place limitations on the type of investor that can invest in our investment funds or on the conditions under which our investment funds may acquire investments. Further, such changes may limit the scope of investing activities we may undertake for our investment funds. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Any changes in the regulatory framework applicable to our business, including the changes described above, may impose additional costs on us, require the attention of our senior management or result in limitations on the manner in which we conduct our business. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the trading and other investment activities of alternative asset management funds, including our funds. Compliance with any new laws or regulations could make compliance more difficult and expensive, affect the manner in which we conduct our business and adversely affect our profitability.

Risks Related to Our Taxation as a REIT

Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code.

Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (the "Code"), for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Furthermore, we own direct or indirect interests in a number of entities that have elected (or intend to elect with the filing of their tax return) to be taxed as REITs under the U.S. federal income tax laws (each, a "Subsidiary REIT"). Each Subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to U.S. federal income tax, (ii) our interest in such Subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests applicable to REITs, and (iii) it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. New legislation, court decisions or

administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Certain rules applicable to REITs are particularly difficult to interpret or to apply in the case of REITs investing in real estate mortgage loans that are acquired at a discount, subject to work-outs or modifications, or reasonably expected to be in default at the time of acquisition. In addition, our ability to satisfy the distribution and other requirements to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

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

In connection with the closing of the Mergers, each of Colony and NRF received an opinion of counsel to the effect that it qualified as a REIT for U.S. federal income tax purposes under the Code through the time of the Mergers. Neither Colony nor NRF, however, requested a ruling from the Internal Revenue Service (the "IRS") that it qualified as a REIT. If, notwithstanding these opinions, Colony's or NRF's REIT status prior to the Mergers were successfully challenged, we would face serious tax consequences that would substantially reduce our core funds from operations ("Core FFO"), and cash available for distribution ("CAD"), including cash available to pay dividends to our stockholders, because:

- Colony or NRF, as applicable, would be subject to U.S. federal, state and local income tax on its net income at regular corporate rates for the years it did not qualify as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing its taxable income) and we would succeed to the liability for such taxes;
- if we were considered to be a "successor" of such entity, we would not be eligible to elect REIT status until the fifth taxable year following the year during which such entity was disqualified, unless it is entitled to relief under applicable statutory provisions;
- even if we were eligible to elect REIT status, we would be subject to tax (at the highest corporate rate in effect at the date of the sale) on the built-in gain on each asset of Colony or NRF, as applicable, existing at the time of the Mergers if we were to dispose of such asset for up to 10 years following the Mergers; and
- we would succeed to any earnings and profits accumulated by Colony or NRF, as applicable, for tax periods that such entity did not qualify as a REIT and we would have to pay a special dividend and/or employ applicable deficiency dividend procedures (including interest payments to the IRS) to eliminate such earnings and profits to maintain our REIT qualification.

As a result of these factors, Colony's or NRF's failure to qualify as a REIT prior to the Mergers could impair our ability to expand our business and raise capital and could materially adversely affect the value of our stock.

In addition, even if they qualify as REITs for the duration of their existence, if there is an adjustment to Colony's or NRF's taxable income or dividends paid deductions, we could be required to elect to use the deficiency dividend procedure to maintain Colony's or NRF's, as applicable, REIT status. That deficiency dividend procedure could require us to make significant distributions to our stockholders and to pay significant interest to the IRS.

If the Operating Partnership is treated as a corporation for U.S. federal income tax purposes, we will cease to qualify as a REIT.

We believe that the Operating Partnership qualifies as a partnership for U.S. federal income tax purposes. As such, it is not subject to U.S. federal income tax on its income. Instead, its partners, including us, generally are required to pay tax on their respective allocable share of the Operating Partnership's income. No assurance can be provided, however, that the IRS will not challenge the Operating Partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the Operating Partnership as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income and asset tests applicable to REITs and, therefore, cease to qualify as a REIT, and the Operating Partnership would become subject to U.S. federal, state and local income tax. The payment by the Operating Partnership of income tax would reduce significantly the amount of cash available to the Operating Partnership to satisfy obligations to make principal and interest payments on its debt and to make distribution to its partners, including us. In addition, any change in the status of the Operating Partnership for tax purposes might be treated as a taxable event, in which case we might incur a tax liability without any related cash distributions.

If we do not qualify as a REIT or fail to remain qualified as a REIT, we will be subject to U.S. federal income tax and potentially to additional state and local taxes which would reduce the amount of cash available for distribution to our stockholders.

We have been organized and we intend to operate in a manner that will enable us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2017. We do not intend to request a ruling from the IRS as to our REIT qualification. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis.

To qualify as a REIT, we are required to satisfy certain gross income and asset tests. Our ability to satisfy the gross income and asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis (which, based on the types of assets we own, can fluctuate rapidly, significantly and unpredictably). Moreover, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements as described below. In addition, we will be required to make estimates of or otherwise determine the value of real property that is collateral for our mortgage loan assets. In some cases, the real property will be under construction or the subject of significant improvements, making such collateral even more difficult to value. There can be no assurance that the IRS would not challenge our valuations or valuation estimates of this collateral. Accordingly, there can be no assurance that the IRS will not contend that our interests in subsidiaries or in securities of other issuers will not cause a violation of the REIT requirements.

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

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

Dividends payable by REITs generally are not eligible for the preferential tax rates on qualified dividend income. Although this does not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the preferential rates continue to apply to regular corporate qualified dividends, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our Class A Common Stock.

REIT distribution requirements could adversely affect our ability to execute our business plan.

We generally must distribute annually at least 90% of our REIT taxable income, subject to certain adjustments and excluding any net capital gain, in order for U.S. federal corporate income tax not to apply to earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. We intend to make distributions to our stockholders to comply with the REIT requirements of the Code.

From time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, we may be required to accrue income from mortgage loans,

mortgage-backed securities ("MBS"), and other types of debt securities or interests in debt securities before we receive any payments of interest or principal on such assets. We may also acquire distressed debt investments that are subsequently modified by agreement with the borrower. If the amendments to the outstanding debt are "significant modifications" under the applicable U.S. Treasury regulations, the modified debt may be considered to have been reissued to us at a gain in a debt-for-debt exchange with the borrower, with gain recognized by us to the extent that the principal amount of the modified debt exceeds our cost of purchasing it prior to modification.

As a result, we may find it difficult or impossible to meet distribution requirements in certain circumstances. In particular, where we experience differences in timing between the recognition of taxable income and the actual receipt of cash, the requirement to distribute a substantial portion of our taxable income could cause us to: (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt or (iv) make a taxable distribution of our shares of Class A Common Stock as part of a distribution in which stockholders may elect to receive shares of Class A Common Stock or (subject to a limit measured as a percentage of the total distribution) cash, in order to comply with REIT requirements. These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our Class A Common Stock.

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

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes, such as mortgage recording taxes. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. We are subject to U.S. federal and state income tax (and any applicable non-U.S. taxes) on the net income earned by our TRSs. Due to the nature of the assets in which we invest, we expect our TRSs will have a material amount of assets and net taxable income. Our TRS may have tax liability with respect to "phantom income" if it is treated as a "dealer" for U.S. federal income tax purposes which would require the TRS to mark to market its assets at the end of each taxable year. Any of these taxes would decrease cash available for distribution to our stockholders.

We may recognize substantial amounts of REIT taxable income, which we would be required to distribute to stockholders, in a year in which we are not profitable under U.S. GAAP or other economic measures.

We may recognize substantial amounts of REIT taxable income in years in which we are not profitable under U.S. GAAP or other economic measures as a result of the differences between U.S. GAAP and tax accounting methods. For example, we may recognize substantial amounts of COD income for U.S. federal income tax purposes (but not for U.S. GAAP purposes) due to discount repurchases of our liabilities, which could cause our REIT taxable income to exceed our U.S. GAAP income. Additionally, we may deduct our capital losses only to the extent of our capital gains and not against our ordinary income, in computing our REIT taxable income for a given taxable year. Finally, certain of our assets and liabilities are marked-to-market for U.S. GAAP purposes but not for tax purposes, which could result in losses for U.S. GAAP purposes that are not recognized in computing our REIT taxable income. Consequently, we could recognize substantial amounts of REIT taxable income and would be required to distribute such income to stockholders in a year in which we are not profitable under U.S. GAAP or other economic measures.

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

In order to reduce the amount of cash that we are required to distribute to shareholders, we may make taxable distributions that are payable in partly in cash and partly in common stock. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in stock as taxable distributions that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. If we made a taxable dividend payable in cash and common stock, taxable stockholders receiving such distributions will be required to include the full amount of the dividend, which is treated as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such distributions in excess of

the actual cash distributions received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount recorded in earnings with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

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

To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually and that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of MBS. The remainder of our investment in securities (other than qualified 75% asset test assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than qualified 75% asset test assets) can consist of the securities of any one issuer, and no more than 25% (20% for tax years beginning after December 31, 2017) of the value of our total assets can be represented by stock or securities of one or more TRSs. Debt instruments issued by publicly offered REITs, to the extent not secured by real property or interests in real property, qualify for the 75% asset test but the value of such debt instruments cannot exceed 25% of the value of our total assets. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio, or contribute to a TRS, otherwise attractive investments in order to maintain our qualification as a REIT. These actions could have the effect of reducing our income, increasing our income tax liability, and reducing amounts available for distribution to our stockholders. In addition, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments (or, in some cases, forego the sale of such investments) that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make, and, in certain cases, maintain ownership of certain attractive investments.

The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT.

We are party to certain financing arrangements, and may in the future enter into additional financing arrangements, that are structured as sale and repurchase agreements pursuant to which we would nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase these assets at a later date in exchange for a purchase price. Economically, these agreements are financings which are secured by the assets sold pursuant thereto. We believe that we would be treated for REIT asset and income test purposes as the owner of the assets that are the subject of any such sale and repurchase agreement notwithstanding that such agreements may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT.

We may be required to report taxable income for certain investments in excess of the economic income we ultimately realize from them.

We own certain debt instruments that were acquired in the secondary market for less than their face amount and may in the future acquire additional debt instruments in the secondary market for less than their face amount. The amount of such discount will generally be treated as “market discount” for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless we elect to include accrued market discount in income as it accrues. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If we collect less on the debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions.

Similarly, some of the MBS that we acquire may have been issued with original issue discount. We will be required to report such original issue discount based on a constant yield method and will be taxed based on the assumption that all future projected payments due on such MBS will be made. If such MBS turns out not to be fully collectible, an offsetting loss deduction will become available only in the later year that uncollectability is provable.

In the event that any debt instruments or MBS acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. Similarly, we may be required to accrue interest income with respect to subordinate MBS at its stated rate regardless of whether corresponding cash payments are received or are ultimately collectable. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter.

Finally, we or our TRSs may recognize taxable "phantom income" as a result of modifications, pursuant to agreements with borrowers, of debt instruments that we acquire if the amendments to the outstanding debt are "significant modifications" under the applicable Treasury regulations. In addition, our TRSs may be treated as a "dealer" for U.S. federal income tax purposes, in which case the TRS would be required to mark to market its assets at the end of each taxable year and recognize taxable gain or loss on those assets even though there has been no actual sale of those assets.

The "taxable mortgage pool" rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations.

Securitizations by us or our subsidiaries could result in the creation of taxable mortgage pools for U.S. federal income tax purposes. As a result, we could have "excess inclusion income." In general, dividend income that a tax-exempt entity receives from us should not constitute unrelated business taxable income ("UBTI"), as defined in Section 512 of the Code. If we realize excess inclusion income and allocate it to stockholders, however, then this income would be fully taxable as UBTI to a tax-exempt entity under Section 512 of the Code. A foreign stockholder would generally be subject to U.S. federal income tax withholding on this income without reduction pursuant to any otherwise applicable income tax treaty. U.S. stockholders would not be able to offset such income with their net operating losses.

Although the law is not entirely clear, the IRS has taken the position that we are subject to tax at the highest corporate rate on the portion of our excess inclusion income equal to the percentage of our stock held in record name by "disqualified organizations" (generally tax-exempt investors, such as certain state pension plans and charitable remainder trusts, that are not subject to the tax on unrelated business taxable income). To the extent that our stock owned by "disqualified organizations" is held in street name by a broker-dealer or other nominee, the broker-dealer or nominee would be liable for a tax at the highest corporate rate on the portion of our excess inclusion income allocable to the stock held on behalf of the "disqualified organizations." A regulated investment company or other pass-through entity owning our stock may also be subject to tax at the highest corporate tax rate on any excess inclusion income allocated to their record name owners that are "disqualified organizations."

Excess inclusion income could result if a REIT held a residual interest in a real estate mortgage investment conduit ("REMIC"). In addition, excess inclusion income also may be generated if a REIT issues liabilities with two or more maturities and the terms of the payments of these liabilities bear a relationship to the payments that the REIT received on mortgage loans or mortgage-backed securities securing those liabilities. If any portion of our dividends is attributable to excess inclusion income, then the tax liability of tax-exempt stockholders, foreign stockholders, stockholders with net operating losses, regulated investment companies and other pass-through entities whose record name owners are disqualified organizations and brokers-dealers and other nominees who hold stock on behalf of disqualified organizations will very likely increase.

The tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of securitizing mortgage loans, which would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we were to dispose of or securitize loans in a manner that was treated as a sale of the loans for U.S. federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in certain sales of loans at the REIT-level, and may limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us. We sell loans or other assets from time to time and those sales could be treated as prohibited transactions. We cannot make any assurance that we will not be subject to the prohibited transactions tax on some income we earn.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

We own certain mezzanine loans and in the future may acquire additional mezzanine loans for which the IRS has provided a safe harbor but not rules of substantive law. In Revenue Procedure 2003-65, the IRS provided a safe harbor pursuant to which a mezzanine loan, if it meets certain requirements, will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the REIT 75% gross income test. We own certain mezzanine loans and in the future may acquire mezzanine loans that do not meet all of the requirements of this safe harbor. The IRS could challenge such loan's treatment as a real estate asset for purposes of the REIT asset and gross income tests and, if such a challenge were sustained, we could fail to qualify as a REIT.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our liabilities. Under these provisions, any income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets (each such hedge, a "Borrowings Hedge"), or manages the risk of certain currency fluctuations (each such hedge, a "Currency Hedge"), and such instrument is properly identified under applicable Treasury Regulations, does not constitute "gross income" for purposes of the 75% or 95% gross income tests. This exclusion from the 95% and 75% gross income tests also applies if we previously entered into a Borrowings Hedge or a Currency Hedge, a portion of the hedged indebtedness or property is disposed of, and in connection with such extinguishment or disposition we enter into a new "clearly identified" hedging transaction to offset the prior hedging position. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we intend to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

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

The IRS, the United States Treasury Department and Congress frequently review U.S. federal income tax legislation, regulations and other guidance. We cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us and/or our investors.

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

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

Our TRS structure increases our overall tax liability.

We own interests in multiple portfolios of hotel and healthcare properties. Some of these properties are leased to our TRSs, which, in turn, engage "eligible independent contractors" to operate such properties. Such an arrangement is referred to as a "RIDEA structure." We refer to the TRS lessees in our RIDEA structures as our "TRS Lessees." Our TRS Lessees are subject to U.S. federal, state and local income tax on their taxable income, which consists of the revenues from the hotel and healthcare properties leased by our TRS Lessees, net of the operating expenses for such properties and rent payments to us. Accordingly, although our ownership of our TRS Lessees allows us to participate in the operating income from our hotel and healthcare properties in addition to receiving rent, that operating income is fully subject to income tax. The after-tax net income of our TRS Lessees is available for distribution to us.

Our ownership of TRSs is limited and our transactions with our TRSs may cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross operating income from hotels and healthcare properties that are operated by eligible independent contractors pursuant to management agreements. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of a REIT's gross assets may consist of stock or securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

Our TRSs are subject to U.S. federal, foreign, state and local income tax on their taxable income and their after-tax net income is available for distribution to us but is not required to be distributed to us. We believe that the aggregate value of the stock and securities of our TRSs is and will continue to be less than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total gross assets (including our TRS stock and securities). Furthermore, we will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations. In addition, we will scrutinize all of our transactions with our TRSs to ensure that they are entered into on arm's-length terms to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% or 20% limitations discussed above or to avoid application of the 100% excise tax discussed above.

If our leases with our TRS Lessees are not respected as true leases for U.S. federal income tax purposes, we could fail to qualify as a REIT.

To qualify as a REIT, we are required to satisfy two gross income tests, pursuant to which specified percentages of our gross income must be passive income, such as rent. For the rent paid pursuant to the hotel and healthcare property leases with our TRS Lessees to qualify for purposes of the gross income tests, the leases must be respected as true leases for U.S. federal income tax purposes and must not be treated as service contracts, joint ventures or some other type of arrangement. We have structured our leases, and intend to structure any future leases, so that the leases will be respected as true leases for U.S. federal income tax purposes, but there can be no assurance that the IRS will agree with this characterization, not challenge this treatment or that a court would not sustain such a challenge. If the leases were not respected as true leases for U.S. federal income tax purposes, we could fail to satisfy either of the two gross income tests applicable to REITs and could fail to qualify for REIT status.

If our hotel and healthcare property managers do not qualify as "eligible independent contractors," we could fail to qualify as a REIT.

Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. We lease all of our hotels and a substantial portion of our healthcare properties to our TRS Lessees. A TRS Lessee will not be treated as a "related party tenant" and will not be treated as directly operating a lodging facility to the extent the TRS Lessee leases properties from us that are managed by an "eligible independent contractor." In addition, our TRS Lessees will fail to qualify as TRSs if they lease or own a lodging or healthcare facility that is not managed by an "eligible independent contractor."

If our hotel and healthcare property managers do not qualify as "eligible independent contractors," we could fail to qualify as a REIT. Each of the hotel and healthcare management companies that enters into a management contract with our TRS Lessees must qualify as an "eligible independent contractor" under the REIT rules in order for the rent paid to us by our TRS Lessees to be qualifying income for our REIT income test requirements and for our TRS Lessees to qualify as TRSs. Among other requirements, in order to qualify as an eligible independent contractor a manager must not own more than 35% of our outstanding shares (by value) and no person or group of persons can own more than 35% of our outstanding shares and the ownership interests of the manager, taking into account only owners of more than 5% of our shares and, with respect to ownership interests in such managers that are publicly traded, only holders of more than 5% of such ownership interests. Complex ownership attribution rules apply for purposes of these 35% thresholds. Although we intend to monitor ownership of our shares by our property managers and their owners, there can be no assurance that these ownership levels will not be exceeded.

We may lose our REIT status if the IRS successfully challenges our characterization of our income from our foreign TRSs.

We have elected to treat several non-U.S. companies, including issuers in CDO transactions, as TRSs. We will likely be required to include in our income, even without the receipt of actual distributions, earnings from our investment in the foreign TRSs. Income inclusions from equity investments in foreign corporations are technically neither actual dividends nor any of the other enumerated categories of qualifying income for the 95% gross income test. However, the IRS has issued private letter rulings to other REITs holding that income inclusions from equity investments in foreign corporations would be treated as qualifying income for purposes of the 95% gross income test. Private letter rulings may be relied upon only by the taxpayers to whom they are issued and the IRS may revoke a private letter ruling. Based on those private letter rulings, we intend to treat such income inclusions as qualifying income for purposes of the 95% gross income test. Nevertheless, no assurance can be provided that the IRS would not successfully challenge our treatment of such income as qualifying income. In the event that such income was determined not to qualify for the 95% gross income test, we could be subject to a penalty tax with respect to such income to the extent it exceeds 5% of our gross income or we could fail to continue to qualify as a REIT.

If our foreign TRSs are subject to U.S. federal income tax at the entity level, it would greatly reduce the amounts those entities would have available to distribute to us and that they would have available to pay their creditors.

There is a specific exemption from U.S. federal income tax for non-U.S. corporations that restrict their activities in the United States to trading stock and securities (or any activity closely related thereto) for their own account whether such trading (or such other activity) is conducted by the corporation or its employees through a resident broker, commission agent, custodian or other agent. We intend that our foreign TRSs will rely on that exemption or otherwise operate in a manner so that they will not be subject to U.S. federal income tax on their net income at the entity level. If the IRS succeeded in challenging that tax treatment, it would greatly reduce the amount that those foreign TRSs would have available to pay to their creditors and to distribute to us.

We could fail to continue to qualify as a REIT and/or pay additional taxes if the IRS recharacterizes certain of our international investments.

We have, and intend to continue make additional, property investments in international jurisdictions. Our equity in such investments is funded through the use of instruments that we believe should be treated as equity for U.S. tax purposes. If the IRS disagreed with such characterization and was successful in recharacterizing the nature of our investments in international jurisdictions, we could fail to satisfy one or more of the asset and gross income tests applicable to REITs. Additionally, if the IRS recharacterized the nature of our investments and we were to take action to prevent such REIT test failures, the actions we would take could expose us to increased taxes both internationally and in the United States.

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

We currently receive favorable tax treatment in various international jurisdictions through tax rules, regulations, tax authority rulings, and international tax treaties.

Should changes occur to these rules, regulations, rulings or treaties, we may no longer receive such benefits, and consequently, the amount of taxes we pay with respect to our international investments may increase.

Our qualification as a REIT could be jeopardized as a result of our interest in joint ventures or investment funds.

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

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Per Share Data)

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Cash and cash equivalents	$ 725,360	$ 224,101
Restricted cash	180,068	299,288
Operating real estate, net	7,371,996	8,702,259
Real estate debt investments, net (refer to Note 4)	348,539	501,474
Real estate debt investments, held for sale (refer to Note 4)	—	224,677
Investments in private equity funds, at fair value (refer to Note 5)	484,876	1,101,650
Investments in unconsolidated ventures (refer to Note 6)	161,744	155,737
Real estate securities, available for sale (refer to Note 7)	526,966	702,110
Receivables, net of allowance of $4,323 and $4,318 as of September 30, 2016 and December 31, 2015, respectively	264,961	66,197
Receivables, related parties	1,888	2,850
Intangible assets, net	343,717	527,277
Assets of properties held for sale (refer to Note 3)	2,653,959	2,742,635
Other assets	300,815	154,146
Total assets(1)	$13,364,889	$15,404,401
Liabilities		
Mortgage and other notes payable	$ 6,922,027	$ 7,164,576
Credit facilities and term borrowings	420,409	654,060
CDO bonds payable, at fair value	257,877	307,601
Exchangeable senior notes	27,356	29,038
Junior subordinated notes, at fair value	191,175	183,893
Accounts payable and accrued expenses	132,016	170,120
Due to related party (refer to Note 9)	46,939	50,903
Derivative liabilities, at fair value	302,316	103,293
Intangible liabilities, net	113,967	149,642
Liabilities of properties held for sale (refer to Note 3)	1,502,659	2,209,689
Other liabilities	73,126	165,856
Total liabilities(1)	9,989,867	11,188,671
Commitments and contingencies		
Equity		
NorthStar Realty Finance Corp. Stockholders' Equity		
Preferred stock, $986,640 aggregate liquidation preference as of September 30, 2016 and December 31, 2015	939,118	939,118
Common stock, $0.01 par value, 500,000,000 shares authorized, 180,729,894 and 183,239,708 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	1,807	1,832
Additional paid-in capital	5,116,100	5,149,349
Retained earnings (accumulated deficit)	(2,891,153)	(2,309,564)
Accumulated other comprehensive income (loss)	(63,709)	18,485
Total NorthStar Realty Finance Corp. stockholders' equity	3,102,163	3,799,220
Non-controlling interests	272,859	416,510
Total equity	3,375,022	4,215,730
Total liabilities and equity	$13,364,889	$15,404,401

(1) Represents the consolidated assets and liabilities of NorthStar Realty Finance Limited Partnership (the "Operating Partnership"). The Operating Partnership is a consolidated variable interest entity ("VIE"), of which the Company is the sole general partner and owns approximately 99%. As of September 30, 2016, the assets and liabilities of the Operating Partnership include $10.8 billion and $7.7 billion of assets and liabilities, respectively, of certain VIEs that are consolidated by the Operating Partnership. Refer to Note 16 for further disclosure.

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016(1)	2015(1)	2016(1)	2015(1)
Property and other revenues				
Rental and escalation income	$ 165,060	$ 194,518	$ 527,252	$ 539,542
Hotel related income	220,578	219,427	636,283	594,284
Resident fee income	72,988	70,257	219,193	199,463
Other revenue	5,038	2,501	14,747	9,719
Total property and other revenues	463,664	486,703	1,397,475	1,343,008
Net interest income				
Interest income (refer to Note 9)	34,669	60,840	115,117	185,986
Interest expense on debt and securities	1,614	1,289	5,309	5,245
Net interest income on debt and securities	33,055	59,551	109,808	180,741
Expenses				
Management fee, related party (refer to Note 9)	46,771	51,285	139,955	151,260
Interest expense—mortgage and corporate borrowings	114,296	127,111	356,743	360,295
Real estate properties—operating expenses	236,992	248,983	708,934	670,480
Other expenses	6,472	7,495	20,933	22,457
Transaction costs	3,599	2,633	15,590	31,976
Impairment losses	70,433	—	75,506	—
Provision for (reversal of) loan losses, net	1,892	53	7,974	820
General and administrative expenses				
Compensation expense(2)	7,528	7,794	23,295	31,135
Other general and administrative expenses	3,585	4,885	12,708	12,863
Total general and administrative expenses	11,113	12,679	36,003	43,998
Depreciation and amortization	84,726	118,826	260,287	340,185
Total expenses	576,294	569,065	1,621,925	1,621,471
Other income (loss)				
Unrealized gain (loss) on investments and other	(26,648)	(132,251)	(269,052)	(171,238)
Realized gain (loss) on investments and other	939	614	(11,768)	13,921
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	(105,284)	(154,448)	(395,462)	(255,039)
Equity in earnings (losses) of unconsolidated ventures	26,054	60,359	101,838	171,738
Income tax benefit (expense)	(3,567)	2,142	(12,329)	(9,610)
Income (loss) from continuing operations	(82,797)	(91,947)	(305,953)	(92,911)
Income (loss) from discontinued operations (refer to Note 3)	—	(16,581)	—	(114,236)
Net income (loss)	(82,797)	(108,528)	(305,953)	(207,147)
Net (income) loss attributable to non-controlling interests	3,506	3,477	7,960	15,110
Preferred stock dividends	(21,060)	(21,060)	(63,178)	(63,178)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	$ (100,351)	$ (126,111)	$ (361,171)	$ (255,215)
Earnings (loss) per share:(3)				
Income (loss) per share from continuing operations	$ (0.56)	$ (0.60)	$ (2.00)	$ (0.82)
Income (loss) per share from discontinued operations	—	(0.09)	—	(0.67)
Basic	$ (0.56)	$ (0.69)	$ (2.00)	$ (1.49)
Diluted	$ (0.56)	$ (0.69)	$ (2.00)	$ (1.49)
Weighted average number of shares:(3)				
Basic	179,890,187	182,343,301	180,802,905	171,137,667
Diluted	181,746,499	184,187,524	182,663,677	172,475,489
Dividends per share of common stock(3)	$ 0.40	$ 0.75	$ 1.20	$ 2.35

(1) The consolidated financial statements for the three and nine months ended September 30, 2016 represent the Company's results of operations following the NRE Spin-off on October 31, 2015. The three and nine months ended September 30, 2015 include a carve-out of revenues and expenses attributable to NorthStar Europe recorded in discontinued operations.

(2) The three months ended September 30, 2016 and 2015 includes $5.9 million and $6.2 million of equity-based compensation expense, respectively. The nine months ended September 30, 2016 and 2015 includes $17.7 million and $24.7 million of equity-based compensation expense, respectively. Refer to Note 10 for further disclosure.

(3) The three and nine months ended September 30, 2015 is adjusted for the one-for-two reverse stock split completed on November 1, 2015. Refer to Note 11. "Stockholders' Equity" for additional disclosure.

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income (loss)	$(82,797)	$(108,528)	$(305,953)	$(207,147)
Other comprehensive income (loss):				
Unrealized gain (loss) on real estate securities, available for sale, net	(14,694)	(8,076)	(79,672)	(28,943)
Amortization of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 14)	223	223	669	711
Foreign currency translation adjustment, net	(1,163)	1,557	(4,726)	(912)
Total other comprehensive income (loss)	(15,634)	(6,296)	(83,729)	(29,144)
Comprehensive income (loss)	(98,431)	(114,824)	(389,682)	(236,291)
Comprehensive (income) loss attributable to non-controlling interests	3,836	3,155	9,495	15,340
Comprehensive income (loss) attributable to NorthStar Realty Finance Corp.	$(94,595)	$(111,669)	$(380,187)	$(220,951)

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars and Shares in Thousands)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total NorthStar Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of December 31, 2014	39,466	$939,118	150,842	$ 1,508	$4,828,928	$ (1,422,399)	$ 49,540	$ 4,396,695	$ 316,961	$4,713,656
Net proceeds from offering of common stock	—	—	38,000	380	1,325,860	—	—	1,326,240	—	1,326,240
Non-controlling interests—contributions	—	—	—	—	—	—	—	—	126,484	126,484
Non-controlling interests—distributions	—	—	—	—	—	—	—	—	(36,661)	(36,661)
Non-controlling interests—reallocation of interest in Operating Partnership (refer to Note 12)	—	—	—	—	(14,548)	—	—	(14,548)	14,548	—
Dividend reinvestment plan	—	—	7	—	194	—	—	194	—	194
Amortization of equity-based compensation	—	—	—	—	13,757	—	—	13,757	11,935	25,692
Conversion of exchangeable senior notes	—	—	829	8	13,582	—	—	13,590	—	13,590
Other comprehensive income (loss)	—	—	—	—	—	—	(16,713)	(16,713)	(529)	(17,242)
Conversion of Deferred LTIP Units to LTIP Units	—	—	—	—	(18,730)	—	—	(18,730)	18,730	—
Retirement of shares of common stock	—	—	(6,470)	(64)	(117,983)	—	—	(118,047)	—	(118,047)
Issuance of restricted stock, net of tax withholding	—	—	32	—	(3,602)	—	—	(3,602)	—	(3,602)
Spin-off of NorthStar Europe (refer to Note 3)	—	—	—	—	(878,109)	—	(14,342)	(892,451)	(7,450)	(899,901)
Dividends on common stock and equity-based awards (refer to Note 10)	—	—	—	—	—	(559,668)	—	(559,668)	(3,500)	(563,168)
Dividends on preferred stock	—	—	—	—	—	(84,238)	—	(84,238)	—	(84,238)
Net income (loss)	—	—	—	—	—	(243,259)	—	(243,259)	(24,008)	(267,267)
Balance as of December 31, 2015	39,466	$939,118	183,240	$ 1,832	$5,149,349	$ (2,309,564)	$ 18,485	$ 3,799,220	$ 416,510	$4,215,730
Non-controlling interests—contributions	—	—	—	—	—	—	—	—	1,642	1,642
Non-controlling interests—distributions	—	—	—	—	—	—	—	—	(28,784)	(28,784)
Non-controlling interest – sale or deconsolidation of subsidiary	—	—	—	—	—	—	—	—	(104,906)	(104,906)
Non-controlling interests—reallocation of interest in Operating Partnership (refer to Note 12)	—	—	—	—	6,031	—	—	6,031	(6,031)	—
Dividend reinvestment plan	—	—	12	—	154	—	—	154	—	154
Amortization of equity-based compensation	—	—	—	—	10,931	—	—	10,931	5,843	16,774
Conversion of exchangeable senior notes	—	—	200	2	1,869	—	—	1,871	—	1,871
Other comprehensive income (loss)	—	—	—	—	—	—	(82,194)	(82,194)	(1,535)	(83,729)
Retirement of shares of common stock	—	—	(3,890)	(39)	(49,994)	—	—	(50,033)	—	(50,033)
Issuance of stock, net of tax withholding	—	—	1,168	12	(2,240)	—	—	(2,228)	—	(2,228)
Dividends on common stock and equity-based awards (refer to Note 10)	—	—	—	—	—	(220,418)	—	(220,418)	(1,920)	(222,338)
Dividends on preferred stock	—	—	—	—	—	(63,178)	—	(63,178)	—	(63,178)
Net income (loss)	—	—	—	—	—	(297,993)	—	(297,993)	(7,960)	(305,953)
Balance as of September 30, 2016 (unaudited)	39,466	$939,118	180,730	$ 1,807	$5,116,100	$ (2,891,153)	$ (63,709)	$ 3,102,163	$ 272,859	$3,375,022

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	$ (305,953)	$ (207,147)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Equity in (earnings) losses of PE Investments	(79,248)	(155,670)
Equity in (earnings) losses of unconsolidated ventures	(22,590)	(16,068)
Depreciation and amortization	260,287	375,208
Amortization of premium/accretion of discount on investments	(42,988)	(46,498)
Interest accretion on investments	(830)	(12,904)
Amortization of deferred financing costs	41,156	37,485
Amortization of equity-based compensation	16,774	23,161
Unrealized (gain) loss on investments and other	262,084	180,428
Realized (gain) loss on investments and other	11,768	(14,607)
Impairment losses	75,506	—
Distributions from PE Investments (refer to Note 5)	76,452	155,670
Distributions from unconsolidated ventures	7,836	6,456
Distributions from equity investments	9,613	20,770
Amortization of capitalized above/below market leases	5,158	9,806
Straight line rental income, net	(21,697)	(26,842)
Deferred income taxes, net	(11,971)	(19,986)
Provision for (reversal of) loan losses, net	7,974	820
Allowance for uncollectible accounts	3,510	2,156
Other	—	804
Changes in assets and liabilities:		
Restricted cash	(22,588)	(20,566)
Receivables	5,229	26,097
Receivables, related parties	1,058	1,357
Other assets	(11,674)	11,337
Accounts payable and accrued expenses	5,555	17,377
Due to related party	(3,964)	4,593
Other liabilities	(8,647)	34,594
Net cash provided by (used in) operating activities	257,810	387,831
Cash flows from investing activities:		
Acquisition of operating real estate	—	(3,224,390)
Acquisition of manufactured homes, held for sale	(10,047)	(3,115)
Improvements of real estate	(112,457)	(82,641)
Improvements of real estate, held for sale	(10,475)	(7,869)
Proceeds from sale of real estate	368,984	19,683
Origination of or fundings for real estate debt investments	(19,015)	(68,799)
Acquisition of real estate debt investments	—	(72,950)
Proceeds from sale of real estate debt investments	312,585	—
Repayment of real estate debt investments	67,383	306,331
Investment in PE Investments (refer to Note 5)	(6,979)	(552,395)
Distributions from PE Investments (refer to Note 5)	106,958	353,129
Proceeds from sale of PE Investments (refer to Note 5)	217,970	—
Investment in unconsolidated ventures	(5,014)	(3,702)
Distributions from unconsolidated ventures	5,059	21,341
Acquisition of real estate securities, available for sale	(1,150)	(23,808)
Proceeds from sale of real estate securities, available for sale	53,886	95,664
Repayment of real estate securities, available for sale	35,878	76,243
Change in restricted cash	77,764	11,070
Payment of leasing costs	(3,131)	(4,610)
Investment deposits and pending deal costs	(2,283)	(13,226)
Other assets	(3,995)	(15,747)
Net cash provided by (used in) investing activities	1,071,921	(3,189,791)

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from financing activities:		
Borrowings from mortgage and other notes payable	$ 184,086	$2,097,089
Repayment of mortgage and other notes payable	(202,484)	(37,757)
Repayment of CDO bonds	(49,661)	(52,825)
Repurchase of CDO bonds	—	(20,491)
Repayment of securitization bonds payable	—	(41,831)
Borrowings from credit facilities	—	885,000
Repayment of credit facilities	(237,053)	(831,877)
Proceeds from senior notes	—	340,000
Payment of financing costs	(6,108)	(106,191)
Purchase of derivative instruments	(76)	(29,666)
Payment of cash collateral on derivatives	(161,215)	—
Change in restricted cash	14,075	302
Net proceeds from common stock offering	—	1,086,332
Repurchase of common stock	(52,034)	—
Proceeds from dividend reinvestment plan	154	135
Dividends	(284,984)	(479,968)
Repurchase of shares related to equity-based awards and tax withholding	(5,865)	—
Contributions from non-controlling interests	1,642	116,393
Distributions to non-controlling interests	(28,784)	(29,397)
Net cash provided by (used in) financing activities	(828,307)	2,895,248
Effect of foreign currency translation on cash and cash equivalents	(165)	(4,218)
Net increase (decrease) in cash and cash equivalents	501,259	89,070
Cash and cash equivalents—beginning of period	224,101	296,964
Cash and cash equivalents—end of period	$ 725,360	$ 386,034

Refer to accompanying notes to consolidated financial statements.

1. Business and Organization

NorthStar Realty Finance Corp. is a diversified commercial real estate company (the "Company" or "NorthStar Realty"). The Company invests in multiple asset classes across commercial real estate ("CRE") that it expects will generate attractive risk-adjusted returns and may take the form of acquiring real estate, originating or acquiring senior or subordinate loans, as well as pursuing opportunistic CRE investments. The Company is a Maryland corporation and completed its initial public offering in October 2004. The Company conducts its operations so as to continue to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes. The Company is externally managed and advised by an affiliate of NorthStar Asset Management Group Inc. (NYSE: NSAM), which together with its affiliates is referred to as NSAM.

Substantially all of the Company's assets, directly or indirectly, are held by, and the Company conducts its operations, directly or indirectly, through NorthStar Realty Finance Limited Partnership, a Delaware limited partnership and the operating partnership of the Company (the "Operating Partnership"). All references herein to the Company refer to NorthStar Realty Finance Corp. and its consolidated subsidiaries, including the Operating Partnership, collectively, unless the context otherwise requires.

Merger Agreement with NSAM and Colony Capital, Inc.

In June 2016, the Company announced that it entered into a merger agreement with NSAM and Colony Capital, Inc. ("Colony") under which the companies will combine in an all-stock merger of equals transaction to create an internally-managed, diversified real estate and investment management platform (the "Mergers"). The transaction has been approved by the Company's and NSAM's respective board of directors, including the unanimous approval by their respective Special Committees and the board of directors of Colony.

Under the terms of the merger agreement, as amended, NSAM will redomesticate to Maryland and elect to be treated as a REIT beginning in 2017 and the Company and Colony, through a series of transactions, will merge with and into the redomesticated NSAM, which will be renamed Colony NorthStar, Inc. ("Colony NorthStar"). The Company's common stockholders will receive 1.0996 shares of Colony NorthStar's common stock for each share of common stock they own. Holders of preferred stock will receive shares of preferred stock of Colony NorthStar that are substantially similar to the preferred stock held prior to the closing of the transaction. Upon completion of the transaction, NSAM stockholders will own approximately 32.85%, Colony stockholders will own approximately 33.25% and the Company's stockholders will own approximately 33.90% of the combined company on a fully diluted basis, excluding the effect of certain equity-based awards issuable in connection with the Mergers.

In October 2016, the Company amended the merger agreement and provided for, among other matters, an enhanced governance structure for Colony NorthStar, modified severance terms for NSAM's executive officers and a special cash dividend for NSAM's stockholders now totaling $228 million. In connection with the amendment to the merger agreement, NSAM entered into a voting agreement with MSD Capital L.P. ("MSD") and its affiliates, which together own approximately 10.2% of NSAM's outstanding shares, pursuant to which MSD agreed to vote in favor of the Mergers and related proposals. In addition, Colony NorthStar, a Maryland subsidiary of NSAM that will be the surviving parent company of the combined company, filed with the SEC an amended registration statement on Form S-4 that includes a joint proxy statement of the Company, Colony and NSAM and that also constitutes a prospectus of Colony NorthStar.

The transaction is expected to close in January 2017, subject to, among other things, regulatory approvals and the receipt of the Company's, Colony's and NSAM's respective stockholder approvals.

Sales Initiatives

The Company continues to execute a series of sales initiatives including: (i) sales of certain real estate assets; (ii) sales of certain of the Company's limited partnership interests in real estate private equity funds ("PE Investments"); and (iii) sales and/or accelerated repayments of the Company's CRE debt and securities investments.

2. Summary of Significant Accounting Policies

Basis of Quarterly Presentation

The accompanying unaudited consolidated financial statements and related notes of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial reporting and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and note disclosures normally included in the consolidated financial statements prepared under U.S. GAAP have been condensed or omitted. In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The operating results presented for interim periods are not

necessarily indicative of the results that may be expected for any other interim period or for the entire year. These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the United States Securities and Exchange Commission (the "SEC").

The three and nine months ended September 30, 2016 represent the Company's results of operations following the spin-off of its European real estate business (the "NRE Spin-off") into a separate publicly-traded REIT, NorthStar Realty Europe Corp. ("NorthStar Europe"). The three and nine months ended September 30, 2015 include a carve-out of revenues and expenses attributable to NorthStar Europe recorded in discontinued operations. As a result, the three and nine months ended September 30, 2016 may not be comparable to the prior periods presented. Expenses also included an allocation of indirect expenses of the Company to NorthStar Europe, including salaries and other general and administrative expenses (primarily occupancy and other cost) based on an estimate had the European real estate business been run as an independent entity. This allocation method was principally based on relative headcount and management's knowledge of the Company's operations.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, the Operating Partnership and their consolidated subsidiaries. The Company consolidates variable interest entities ("VIE") where the Company is the primary beneficiary and voting interest entities which are generally majority owned or otherwise controlled by the Company. All significant intercompany balances are eliminated in consolidation.

Variable Interest Entities

A VIE is an entity that lacks one or more of the characteristics of a voting interest entity. A VIE is defined as an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The determination of whether an entity is a VIE includes both a qualitative and quantitative analysis. The Company bases its qualitative analysis on its review of the design of the entity, its organizational structure including decision-making ability and relevant financial agreements and the quantitative analysis on the forecasted cash flow of the entity.

The Company reassesses its initial evaluation of an entity as a VIE upon the occurrence of certain reconsideration events.

A VIE must be consolidated only by its primary beneficiary, which is defined as the party who, along with its affiliates and agents has both the: (i) power to direct the activities that most significantly impact the VIE's economic performance; and (ii) obligation to absorb the losses of the VIE or the right to receive the benefits from the VIE, which could be significant to the VIE. The Company determines whether it is the primary beneficiary of a VIE by considering qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of its investment; the obligation or likelihood for the Company or other interests to provide financial support; consideration of the VIE's purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders and the similarity with and significance to the business activities of the Company and the other interests. The Company reassesses its determination of whether it is the primary beneficiary of a VIE each reporting period. Significant judgments related to these determinations include estimates about the current and future fair value and performance of investments held by these VIEs and general market conditions.

The Company evaluates its CRE debt and securities, investments in unconsolidated ventures and securitization financing transactions, such as its collateralized debt obligations ("CDOs") and its liabilities to subsidiary trusts issuing preferred securities ("junior subordinated notes") to determine whether they are a VIE. The Company analyzes new investments and financings, as well as reconsideration events for existing investments and financings, which vary depending on type of investment or financing.

Voting Interest Entities

A voting interest entity is an entity in which the total equity investment at risk is sufficient to enable it to finance its activities independently and the equity holders have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the losses of the entity and the right to receive the residual returns of the entity. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. If the Company has a majority voting interest in a voting interest entity, the entity will generally be consolidated. The Company does not consolidate a voting interest entity if there are substantive participating rights by other parties and/or kick-out rights by a single party or through a simple majority vote.

The Company performs on-going reassessments of whether entities previously evaluated under the voting interest framework have become VIEs, based on certain events, and therefore subject to the VIE consolidation framework.

Investments in Unconsolidated Ventures

A non-controlling, unconsolidated ownership interest in an entity may be accounted for using the equity method, at fair value or the cost method.

Under the equity method, the investment is adjusted each period for capital contributions and distributions and its share of the entity's net income (loss). Capital contributions, distributions and net income (loss) of such entities are recorded in accordance with the terms of the governing documents. An allocation of net income (loss) may differ from the stated ownership percentage interest in such entity as a result of a preferred return and allocation formula, if any, as described in such governing documents.

The Company may account for an investment in an unconsolidated entity at fair value by electing the fair value option. The Company elected the fair value option for its investments (directly or indirectly in joint ventures) that own PE Investments and certain investments in unconsolidated ventures (refer to Note 6). The Company records the change in fair value for its share of the projected future cash flow of such investments from one period to another in equity in earnings (losses) from unconsolidated ventures in the consolidated statements of operations. Any change in fair value attributed to market related assumptions is considered unrealized gain (loss).

The Company may account for an investment that does not qualify for equity method accounting or for which the fair value option was not elected using the cost method if the Company determines the investment in the unconsolidated entity is insignificant. Under the cost method, equity in earnings is recorded as dividends are received to the extent they are not considered a return of capital, which is recorded as a reduction of cost of the investment.

Non-controlling Interests

A non-controlling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to the Company. A non-controlling interest is required to be presented as a separate component of equity on the consolidated balance sheets and presented separately as net income (loss) and other comprehensive income (loss) ("OCI") attributable to non-controlling interests. An allocation to a non-controlling interest may differ from the stated ownership percentage interest in such entity as a result of a preferred return and allocation formula, if any, as described in such governing documents.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that could affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates and assumptions.

Reclassifications

Certain prior period amounts have been reclassified in the consolidated financial statements to conform to current period presentation including amounts related to discontinued operations (refer to Note 3).

Comprehensive Income (Loss)

The Company reports consolidated comprehensive income (loss) in separate statements following the consolidated statements of operations. Comprehensive income (loss) is defined as the change in equity resulting from net income (loss) and OCI. The components of OCI principally include: (i) unrealized gain (loss) on real estate securities available for sale for which the fair value option is not elected; (ii) the reclassification of unrealized gain (loss) on real estate securities available for sale for which the fair value option was not elected to realized gain (loss) upon sale or realized event; (iii) the reclassification of unrealized gain (loss) to interest expense on derivative instruments that are or were deemed to be effective hedges; (iv) foreign currency translation adjustment; and (v) reclassification of foreign currency translation into realized gain (loss) on investments and other upon realized event.

Restricted Cash

Restricted cash primarily consists of amounts related to operating real estate. The following table presents a summary of restricted cash as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016 (Unaudited)	December 31, 2015
Capital expenditures reserves(1)	$ 102,271	$ 196,421
Operating real estate escrow reserves(2)	69,686	82,690
CRE debt escrow deposits	26	8,815
Cash in N-Star CDOs(3)	8,085	11,362
Total	$ 180,068	$ 299,288

(1) Primarily represents capital improvements, furniture, fixtures and equipment, tenant improvements, lease renewal and replacement reserves related to operating real estate.
(2) Primarily represents insurance, real estate tax, repair and maintenance, tenant security deposits and other escrows related to operating real estate.
(3) Represents proceeds from repayments and/or sales pending distribution in consolidated N-Star CDOs.

Fair Value Option

The fair value option provides an election that allows a company to irrevocably elect to record certain financial assets and liabilities at fair value on an instrument-by-instrument basis at initial recognition. The Company may elect to apply the fair value option for certain investments due to the nature of the instrument. Any change in fair value for assets and liabilities for which the election is made is recognized in earnings.

Operating Real Estate

Operating real estate is carried at historical cost less accumulated depreciation. Ordinary repairs and maintenance are expensed as incurred. Major replacements and improvements which improve or extend the life of the asset are capitalized and depreciated over their useful life. Operating real estate is depreciated using the straight-line method over the estimated useful lives of the assets, summarized as follows:

Category:	Term:
Building (fee interest)	15 to 40 years
Building improvements	Lesser of the useful life or remaining life of the building
Building leasehold interests	Lesser of 40 years or remaining term of the lease
Land improvements	10 to 30 years
Tenant improvements	Lesser of the useful life or remaining term of the lease

The Company accounts for purchases of operating real estate that qualify as business combinations using the acquisition method, where the purchase price is allocated to tangible assets such as land, building, tenant and land improvements and other identified intangibles, such as goodwill. Costs directly related to an acquisition deemed to be a business combination are expensed and included in transaction costs in the consolidated statements of operations. The Company evaluates whether real estate acquired in connection with a foreclosure, UCC/deed in lieu of foreclosure or a consentual modification of a loan (herein collectively referred to as taking title to collateral) (“REO”) constitutes a business and whether business combination accounting is appropriate. Any excess upon taking title to collateral between the carrying value of a loan over the estimated fair value of the property is charged to provision for loan losses.

Operating real estate, including REO, which has met the criteria to be classified as held for sale, is separately presented on the consolidated balance sheets. Such operating real estate is recorded at the lower of its carrying value or its estimated fair value less the cost to sell. Once a property is determined to be held for sale, depreciation is no longer recorded. The Company records a gain (loss) on sale of real estate when title is conveyed to the buyer and the Company has no substantial economic involvement with the property. If the sales criteria for the full accrual method are not met, the Company defers some or all of the gain (loss) recognition by applying the finance, leasing, profit sharing, deposit, installment or cost recovery method, as appropriate, until the sales criteria are met.

Real Estate Debt Investments

CRE debt investments are generally intended to be held to maturity and, accordingly, are carried at cost, net of unamortized loan fees, premium and discount. CRE debt investments that are deemed to be impaired are carried at amortized cost less a loan loss reserve, if deemed appropriate, which approximates fair value. CRE debt investments where the Company does not have the intent to hold the loan for the foreseeable future or until its expected payoff are classified as held for sale and recorded at the lower of cost or estimated value.

The Company may syndicate a portion of the CRE debt investments that it originates or sell the CRE debt investments individually. When a transaction meets the criteria for sale accounting, the Company will derecognize the CRE debt investment sold and recognize gain or loss based on the difference between the sales price and the carrying value of the CRE debt investment sold.

Any related unamortized deferred origination fee, original issue discount, loan origination costs, discount or premium at the time of sale are recognized as an adjustment to the gain (loss) on sale, which is included in interest income on the consolidated statement of operations. Any fees received at the time of sale or syndication are recognized as part of interest income.

Real Estate Securities

The Company classifies its CRE securities investments as available for sale on the acquisition date, which are carried at fair value. The Company historically elected to apply the fair value option for its CRE securities investments. For those CRE securities for which the fair value option was elected, any unrealized gains (losses) from the change in fair value is recorded in unrealized gains (losses) on investments and other in the consolidated statements of operations.

The Company may decide to not elect the fair value option for certain CRE securities due to the nature of the particular instrument. For those CRE securities for which the fair value option was not elected, any unrealized gain (loss) from the change in fair value is recorded as a component of accumulated OCI in the consolidated statements of equity, to the extent impairment losses are considered temporary.

Deferred Costs

Deferred costs primarily include deferred financing costs and deferred lease costs. Deferred financing costs represent commitment fees, legal and other third-party costs associated with obtaining financing. Costs related to revolving credit facilities are recorded in other assets and are amortized to interest expense using the straight-line basis over the term of the facility. Costs related to other borrowings are recorded net against the carrying value of such borrowings and are amortized to interest expense using the effective interest method. Unamortized deferred financing costs are expensed when the associated facility is repaid before maturity. Costs incurred in seeking financing transactions, which do not close, are expensed in the period in which it is determined that the financing will not occur. Deferred lease costs consist of fees incurred to initiate and renew operating leases, which are amortized on a straight-line basis over the remaining lease term and are recorded to depreciation and amortization in the consolidated statements of operations.

Intangible Assets and Intangible Liabilities

The Company records acquired identified intangibles, which includes intangible assets (such as value of the above-market leases, in-place leases, below-market ground leases, goodwill and other intangibles) and intangible liabilities (such as the value of below-market leases), based on estimated fair value. The value allocated to the identified intangibles are amortized over the remaining lease term. Above/below-market leases are amortized into rental income, below-market ground leases are amortized into real estate properties-operating expense and in-place leases are amortized into depreciation and amortization expense.

Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination and is not amortized. The Company analyzes goodwill for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying value of goodwill may not be fully recoverable. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit, related to such goodwill, is less than the carrying amount as a basis to determine whether the two-step impairment test is necessary. The first step in the impairment test compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds fair value, the second step is required to determine the amount of the impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with the carrying amount of such goodwill. The implied fair value of goodwill is derived by performing a hypothetical purchase price allocation for the reporting unit as of the measurement date, allocating the reporting unit’s estimated fair value to its net assets and identifiable intangible assets. The residual amount represents the implied fair value of goodwill. To the extent this amount is below the carrying value of goodwill, an impairment loss is recorded in the consolidated statements of operations. For the nine months ended September 30, 2016, there were no triggering events that required a test of impairment of goodwill.

Summary

The following table presents identified intangibles as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016 (Unaudited)			December 31, 2015		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets:						
In-place leases	$167,329	$ (62,662)	$ 104,667	$289,124	$ (82,089)	$ 207,035
Above-market leases	193,503	(36,500)	157,003	268,426	(35,940)	232,486
Goodwill(1)	44,767	NA	44,767	48,635	NA	48,635
Other(2)	40,580	(3,300)	37,280	41,149	(2,028)	39,121
Total	$446,179	$ (102,462)	$ 343,717	$647,334	$ (120,057)	$ 527,277
Intangible liabilities:						
Below-market leases	$145,830	$ (34,002)	$ 111,828	$177,931	$ (30,462)	$ 147,469
Above-market ground leases	2,236	(97)	2,139	2,236	(63)	2,173
Total	$148,066	$ (34,099)	$ 113,967	$180,167	$ (30,525)	$ 149,642

(1) Represents goodwill associated with two acquisitions of healthcare portfolios that operate through the REIT Investment Diversification and Empowerment Act of 2007 ("RIDEA") structures. For the year ended December 31, 2015, the Company recorded an estimated goodwill impairment of $25.5 million related to a healthcare portfolio acquired in 2014, which was finalized during the three months ended March 31, 2016. The change in goodwill for the nine months ended September 30, 2016 relates to foreign currency translation associated with a healthcare portfolio in the United Kingdom.

(2) Primarily represents the value associated with certificates of need associated with certain healthcare properties, franchise agreements associated with certain hotel properties and other intangible assets.

Other Assets and Other Liabilities

The following tables present a summary of other assets and other liabilities as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016 (Unaudited)	December 31, 2015
Other assets:		
Cash collateral held by derivative counterparty (refer to Note 14)	$ 161,215	$ —
Unbilled rent receivable, net of allowance of $116 as of September 30, 2016 and December 31, 2015	58,335	46,262
Investment-related reserves	26,268	47,380
Prepaid expenses	19,269	22,573
Deferred tax assets, net	15,325	24,435
Investment deposits and pending deal costs	8,892	568
Deferred costs	8,744	9,461
Derivative assets (refer to Note 14)	4	116
Other	2,763	3,351
Total	$ 300,815	$ 154,146

	September 30, 2016 (Unaudited)	December 31, 2015
Other liabilities:		
Deferred tax liabilities	$ 27,263	$ 50,341
Prepaid rent and unearned revenue	19,934	24,697
Tenant security deposits	11,538	30,327
Escrow deposits payable	4,184	11,753
PE Investment XIV deferred purchase price (refer to Note 5)	3,161	44,212
Other	7,046	4,526
Total	$ 73,126	$ 165,856

Revenue Recognition

Operating Real Estate

Rental and escalation income from operating real estate is derived from leasing of space to various types of tenants and healthcare operators. Rental revenue recognition commences when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. The leases are for fixed terms of varying length and generally provide for annual rentals and expense reimbursements to be paid in monthly installments. Rental income from leases is recognized on a straight-line basis over the term of the respective leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in unbilled rent receivable in other assets on the consolidated balance sheets. The Company amortizes any tenant inducements as a reduction of revenue utilizing the straight-line method over the term of the lease. Escalation income represents revenue from tenant/operator leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes paid by the Company on behalf of the respective property. This revenue is accrued in the same period as the expenses are incurred.

The Company generates operating income from healthcare and hotel properties permitted by RIDEA. Revenue related to healthcare properties includes resident room and care charges and other resident charges. Revenue related to operating hotel properties primarily consists of room and food and beverage sales. Revenue is recognized when such services are provided, generally defined as the date upon which a resident or guest occupies a room or uses the healthcare property or hotel services and is recorded in resident fee income for healthcare properties and hotel related income for hotel properties in the consolidated statements of operations.

In a situation in which a lease(s) associated with a significant tenant have been, or are expected to be, terminated early, the Company evaluates the remaining useful life of depreciable or amortizable assets in the asset group related to the lease that will be terminated (i.e., tenant improvements, above- and below-market lease intangibles, in-place lease value and deferred leasing costs). Based upon consideration of the facts and circumstances surrounding the termination, the Company may write-off or accelerate the depreciation and amortization associated with the asset group. Such amounts are included within rental and escalation income for above-and below-market lease intangibles and depreciation and amortization in the consolidated statements of operations.

Real Estate Debt Investments

Interest income is recognized on an accrual basis and any related premium, discount, origination costs and fees are amortized over the life of the investment using the effective interest method. The amortization is reflected as an adjustment to interest income in the consolidated statements of operations. The amortization of a premium or accretion of a discount is discontinued if such loan is reclassified to held for sale.

Real Estate Securities

Interest income is recognized using the effective interest method with any premium or discount amortized or accreted through earnings based on expected cash flow through the expected maturity date of the security. Changes to expected cash flow may result in a change to the yield which is then applied retrospectively for high-credit quality securities that cannot be prepaid or otherwise settled in such a way that the holder would not recover substantially all of the investment or prospectively for all other securities to recognize interest income.

Credit Losses and Impairment on Investments

Operating Real Estate

The Company’s real estate portfolio is reviewed on a quarterly basis, or more frequently as necessary, to assess whether there are any indicators that the value of its operating real estate may be impaired or that its carrying value may not be recoverable. A property’s value is considered impaired if the Company’s estimate of the aggregate expected future undiscounted cash flow to be generated by the property is less than the carrying value of the property. In conducting this review, the Company considers U.S. and global macroeconomic factors and real estate sector conditions together with investment specific and other factors. To the extent an impairment has occurred, the loss is measured as the excess of the carrying value of the property over the estimated fair value of the property and recorded in impairment losses in the consolidated statements of operations.

An allowance for a doubtful account for a receivable is established based on a periodic review of aged receivables resulting from estimated losses due to the inability of such tenant/operator/resident/guest to make required rent and other payments contractually due. Additionally, the Company establishes, on a current basis, an allowance for future lessee credit losses on unbilled rent receivable based on an evaluation of the collectability of such amounts.

Real Estate Debt Investments

Loans are considered impaired when based on current information and events, it is probable that the Company will not be able to collect principal and interest amounts due according to the contractual terms. The Company assesses the credit quality of the portfolio and adequacy of loan loss reserves on a quarterly basis or more frequently as necessary. Significant judgment of the Company is required in this analysis. The Company considers the estimated net recoverable value of the loan as well as other factors, including but not limited to the fair value of any collateral, the amount and the status of any senior debt, the quality and financial condition of the borrower and the competitive situation of the area where the underlying collateral is located. Because this determination is based on projections of future economic events, which are inherently subjective, the amount ultimately realized may differ materially from the carrying value as of the balance sheet date. If upon completion of the assessment, the estimated fair value of the underlying collateral is less than the net carrying value of the loan, a loan loss reserve is recorded with a corresponding charge to provision for loan losses. The loan loss reserve for each loan is maintained at a level that is determined to be adequate by management to absorb probable losses.

Income recognition is suspended for a loan at the earlier of the date at which payments become 90-days past due or when, in the opinion of the Company, a full recovery of income and principal becomes doubtful. When the ultimate collectability of the principal of an impaired loan is in doubt, all payments are applied to principal under the cost recovery method. When the ultimate collectability of the principal of an impaired loan is not in doubt, contractual interest is recorded as interest income when received, under the cash basis method until an accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed. A loan is written off when it is no longer realizable and/or legally discharged.

Investments in Unconsolidated Ventures

The Company reviews its investments in unconsolidated ventures for which the Company did not elect the fair value option on a quarterly basis, or more frequently as necessary, to assess whether there are any indicators that the value may be impaired or that its carrying value may not be recoverable. An investment is considered impaired if the projected net recoverable amount over the expected holding period is less than the carrying value. In conducting this review, the Company considers U.S. and global macroeconomic factors, including real estate sector conditions, together with investment specific and other factors. To the extent an impairment has occurred and is considered to be other than temporary, the loss is measured as the excess of the carrying value of the investment over the estimated fair value and recorded in provision for loss on equity investment in the consolidated statements of operations.

Real Estate Securities

CRE securities for which the fair value option is elected are not evaluated for other-than-temporary impairment (“OTTI”) as any change in fair value is recorded in the consolidated statements of operations. Realized losses on such securities are reclassified to realized gain (loss) on investments and other as losses occur.

CRE securities for which the fair value option is not elected are evaluated for OTTI quarterly. Impairment of a security is considered to be other-than-temporary when: (i) the holder has the intent to sell the impaired security; (ii) it is more likely than not the holder will be required to sell the security; or (iii) the holder does not expect to recover the entire amortized cost of the security. When a CRE security has been deemed to be other-than-temporarily impaired due to (i) or (ii), the security is written down to its fair value and an OTTI is recognized in the consolidated statements of operations. In the case of (iii), the security is written down to its fair value and the amount of OTTI is then bifurcated into: (a) the amount related to expected credit losses; and (b) the amount related to fair value adjustments in excess of expected credit losses. The portion of OTTI related to expected credit losses is recognized in the consolidated statements of operations. The remaining OTTI related to the valuation adjustment is recognized as a component of accumulated OCI in the consolidated statements of equity. The portion of OTTI recognized through earnings is accreted back to the amortized cost basis of the security through interest income, while amounts recognized through OCI are amortized over the life of the security with no impact on earnings. CRE securities which are not high-credit quality are considered to have an OTTI if the security has an unrealized loss and there has been an adverse change in expected cash flow. The amount of OTTI is then bifurcated as discussed above.

Troubled Debt Restructuring

CRE debt investments modified in a troubled debt restructuring (“TDR”) are modifications granting a concession to a borrower experiencing financial difficulties where a lender agrees to terms that are more favorable to the borrower than is otherwise available in the current market. Management judgment is necessary to determine whether a loan modification is considered a TDR. Troubled debt that is fully satisfied via taking title to collateral, repossession or other transfers of assets is generally included in the definition of TDR. Loans acquired as a pool with deteriorated credit quality that have been modified are not considered a TDR.

Equity-Based Compensation

The Company accounts for equity-based compensation awards, including awards granted to co-employees, using the fair value method, which requires an estimate of fair value of the award. Awards may be based on a variety of measures such as time, performance, market or a combination thereof. For time-based awards, fair value is determined based on the stock price on the grant date. The Company recognizes compensation expense over the vesting period on a straight-line basis or the attribution method depending if the grant is to an employee or non-employee. For performance-based awards, fair value is determined based on the stock price at the date of grant and an estimate of the probable achievement of such measure. The Company recognizes compensation expense over the requisite service period, net of estimated forfeitures, using the accelerated attribution expense method. For market-based measures, fair value is determined using a Monte Carlo analysis under a risk-neutral premise using a risk-free interest rate. The Company recognizes compensation expense, over the requisite service period, net of estimated forfeitures, on a straight-line basis. For awards with a combination of performance or market measures, the Company estimates the fair value as if it were two separate awards. First, the Company estimates the probability of achieving the performance measure. If it is not probable the performance condition will be met, the Company records the compensation expense based on the fair value of the market measure, as described above. This expense is recorded even if the market-based measure is never met. If the performance-based measure is subsequently estimated to be achieved, the Company records compensation expense based on the performance-based measure. The Company would then record a cumulative catch-up adjustment for any additional compensation expense.

Equity-based compensation issued to non-employees is accounted for using the fair value of the award at the earlier of the performance commitment date or performance completion date. Time-based awards are remeasured every quarter based on the stock price as of the end of the reporting period until such awards vest, if any.

Foreign Currency

Assets and liabilities denominated in a foreign currency for which the functional currency is a foreign currency are translated using the currency exchange rate in effect at the end of the period presented and the results of operations for such entities are translated into U.S. dollars using the average currency exchange rate in effect during the period. The resulting foreign currency translation adjustment is recorded as a component of accumulated OCI in the consolidated statements of equity.

Assets and liabilities denominated in a foreign currency for which the functional currency is the U.S. dollar are remeasured using the currency exchange rate in effect at the end of the period presented and the results of operations for such entities are remeasured into U.S. dollars using the average currency exchange rate in effect during the period. The resulting foreign currency remeasurement adjustment is recorded in unrealized gain (loss) on investments and other in the consolidated statements of operations.

Earnings Per Share

The Company’s basic earnings per share (“EPS”) is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of common stock outstanding. Diluted EPS includes restricted stock and the potential dilution that could occur if outstanding restricted stock units (“RSUs”) or other contracts to issue common stock, assuming performance hurdles have been met, were converted to common stock (including limited partnership interests in the Operating Partnership which are structured as profits interests (“LTIP Units”) (refer to Note 10), where such exercise or conversion would result in a lower EPS. The dilutive effect of such RSUs and LTIP Units is calculated assuming all units are converted to common stock.

Discontinued Operations

Subsequent to the early adoption of the accounting standards update on the presentation of discontinued operations beginning in April 2014, the Company presents spin-offs of businesses and portfolios of properties that are sold or classified as held for sale as discontinued operations provided that the disposal represents a strategic shift that has (or will have) a major effect on the Company’s operations and financial results.

Income Taxes

The Company has elected to be taxed as a REIT and to comply with the related provisions of the Internal Revenue Code of 1986, as amended, the (“Code”). Accordingly, the Company generally will not be subject to U.S. federal income tax to the extent of its distributions to stockholders and as long as certain asset, income and share ownership tests are met. To maintain its qualification as a REIT, the Company must annually distribute at least 90% of its REIT taxable income to its stockholders and meet certain other requirements. The Company may also be subject to certain state, local and franchise taxes. Under certain circumstances, federal income and excise taxes may be due on its undistributed taxable income. If the Company were to fail to meet these requirements, it would be subject to U.S. federal income tax, which could have a material adverse impact on its results of operations and amounts available for distributions to its stockholders. The Company believes that all of the criteria to maintain the Company’s REIT qualification have been met for the applicable periods, but there can be no assurance that these criteria will continue to be met in subsequent periods.

The Company may invest through a taxable REIT subsidiary ("TRS") which can be subject to U.S. federal, state and local income taxes and foreign taxes. In general, a TRS of the Company may perform non-customary services for tenants, hold assets that the REIT cannot hold directly and may engage in real estate or non-real estate-related business. The Company has established several TRSs in jurisdictions for which no taxes are assessed on corporate earnings. The Company generally must include in earnings the income from these TRSs even if it has received no cash distributions. Additionally, the Company has invested in certain real estate assets in Europe, for which local country level taxes will be due on earnings (or other measure) and in some cases withholding taxes for the repatriation of earnings back to the REIT. The REIT will not generally be subject to any additional U.S. taxes on the repatriation of its earnings.

Current and deferred taxes are recorded on the portion of earnings (losses) recognized by the Company with respect to its interest in TRSs and taxable foreign subsidiaries. Deferred income tax assets and liabilities are calculated based on temporary differences between the Company's U.S. GAAP consolidated financial statements and the federal, state, local and foreign tax basis of assets and liabilities as of the consolidated balance sheet date. The Company evaluates the realizability of its deferred tax assets (e.g., net operating loss and capital loss carryforwards) and recognizes a valuation allowance if, based on the available evidence, it is more likely than not that some portion or all of its deferred tax assets will not be realized. When evaluating the realizability of its deferred tax assets, the Company considers estimates of expected future taxable income, existing and projected book/tax differences, tax planning strategies available and the general and industry specific economic outlook. This realizability analysis is inherently subjective, as it requires the Company to forecast its business and general economic environment in future periods. Changes in estimate of deferred tax asset realizability, if any, are included in provision for income tax expense included in income tax benefit (expense) in the consolidated statements of operations.

Other

Refer to Note 2 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for further disclosure of the Company's significant accounting policies.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting update requiring a company to recognize as revenue the amount of consideration it expects to be entitled to in connection with the transfer of promised goods or services to customers. The accounting standard update will replace most of the existing revenue recognition guidance currently promulgated by U.S. GAAP. In July 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The effective date of the new revenue standard for the Company will be January 1, 2018. The Company is evaluating the impact, if any, of the update on its consolidated financial position, results of operations and financial statement disclosures.

In February 2015, the FASB issued updated guidance that changes the rules regarding consolidation. The pronouncement eliminates specialized guidance for limited partnerships and similar legal entities and removes the indefinite deferral for certain investment funds. The new guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, with early adoption permitted. The Company adopted this guidance in the first quarter 2016 and determined the Company's Operating Partnership is considered a VIE. The Company is the primary beneficiary of the VIE, the VIE's assets can be used for purposes other than the settlement of the VIE's obligations and the Company's partnership interest is considered a majority voting interest. As such, this standard resulted in the identification of additional VIEs, however it did not have a material impact on the Company's consolidated financial position or results of operations. Refer to Note 16 for further disclosure.

In January 2016, the FASB issued an accounting update that addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is evaluating the impact, if any, that this guidance will have on its consolidated financial position, results of operations and financial statement disclosures.

In February 2016, the FASB issued an accounting update that requires lessees to present right-of-use assets and lease liabilities on the balance sheet. The new guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative period in the financial statements and is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the impact, if any, that this guidance will have on its consolidated financial position, results of operations and financial statement disclosures.

In March 2016, the FASB issued guidance clarifying that an assessment of whether an embedded contingent put or call option is clearly and closely related to a borrowing requires only an analysis of the four-step decision sequence. Additionally, entities are not required to separately assess whether the contingency itself is clearly and closely related. Entities are required to apply the guidance to existing instruments in scope using a modified retrospective transition method as of the period of adoption. The guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within those years. Early adoption is permitted. The Company is evaluating the impact, if any, that this guidance will have on its consolidated financial position, results of operations and financial statement disclosures.

In March 2016, the FASB issued guidance which eliminates the requirement for an investor to retroactively apply the equity method when its increase in ownership interest (or degree of influence) in an investee triggers equity method accounting. The update requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment become qualified for equity method accounting. The update should be applied prospectively upon their effective date to increases in the level of ownership interests or degree of influence that results in the adoption of the equity method. The guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted. The Company has concluded that this guidance will not have any impact on its consolidated financial position, results of operations and financial statement disclosures.

In March 2016, the FASB issued guidance which amends several aspects of the accounting for equity-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statements of cash flows. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. The Company is evaluating the impact, if any, that this guidance will have on its consolidated financial position, results of operations and financial statement disclosures.

In June 2016, the FASB issued guidance which changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Additionally, entities will have to disclose significantly more information, including information used to track credit quality by year of origination, for most financing receivables. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact, if any, that this guidance will have on its consolidated financial position, results of operations and financial statement disclosures.

In September 2016, the FASB issued final amendments to clarify how entities should classify certain cash receipts and cash payments in the consolidated statement of cash flows as they may have aspects of more than one class of cash flows. The guidance is effective for fiscal years and interim periods within those years, beginning after December 15, 2017. The Company is evaluating the impact, if any, that this guidance will have in its consolidated statement of cash flows.

3. Operating Real Estate

The following table presents operating real estate, net as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016 (Unaudited)	December 31, 2015
Land and improvements	$ 1,035,654	$ 1,195,915
Buildings and improvements	5,799,139	6,728,957
Building leasehold interests and improvements	723,185	723,573
Furniture, fixtures and equipment	376,525	346,628
Tenant improvements	109,078	165,539
Construction in progress	78,444	57,663
Subtotal	8,122,025	9,218,275
Less: Accumulated depreciation	(675,399)	(511,113)
Less: Operating real estate impairment	(74,630)	(4,903)
Operating real estate, net	$ 7,371,996	$ 8,702,259

Real Estate Impairment

During the quarter ended September 30, 2016, the Company identified an indicator of impairment at 18 of its hotels in one of its hotel portfolios, primarily due to decreased operating performance and continued economic weakness. As required by the impairment guidance, once an indicator of impairment is identified, the Company is required to perform a test of recoverability. This test compares the sum of the estimated future cash flow attributable to the hotel over its remaining anticipated holding period

and from its disposition to its carrying value. Assumptions used for the individual hotels were determined by management, based on discussions with NSAM's asset management group and its hotel management company. The Company determined that the estimated undiscounted future cash flow attributable to the hotels did not exceed their carrying value and impairment existed. As a result, the Company recorded a $69.7 million impairment charge in the consolidated statements of operations. Fair value was determined based on a discounted cash flow using third-party market data, considered Level 3 inputs. As the fair value of the properties impaired for the three months ended September 30, 2016 was determined in part by management estimates, a reasonable possibility exists that future changes to inputs and assumptions could affect the accuracy of management's estimates and such future changes could lead to recovery of impairment or further possible impairment in the future.

In addition, in connection with a property held for sale, the Company recognized a $0.7 million impairment charge to reduce the carrying value of such property as compared to its estimated net realizable value. The impairment charge was based upon certain disposition costs incurred in connection with such sale. These inputs are classified as Level 3 of the fair value hierarchy.

Real Estate Held for Sale

The following table summarizes the Company's operating real estate held for sale as of September 30, 2016 (dollars in thousands):

		Assets				Liabilities				
Description	Properties	Operating Real Estate, Net	Intangible Assets, Net	Other Assets	Total(1)	Mortgage and Other Notes Payable, Net	Intangible Liabilities, Net	Other Liabilities	Total	WA Ownership Interest
Manufactured housing communities(2)	135	$ 1,441,656	$ 23,983	$ 126,719	$ 1,592,358	$ 1,255,454	$ —	$ 25,983	$ 1,281,437	94%
Medical office buildings(3)	38	742,485	63,818	1,428	807,731	—	19,229	—	19,229	86%
Multifamily(4)	6	181,627	—	—	181,627	146,662	—	—	146,662	90%
Other	5	69,693	2,539	11	72,243	41,051	14,280	—	55,331	NA
Total	184	$2,435,461	$ 90,340	$128,158	$2,653,959	$1,443,167	$ 33,509	$ 25,983	$1,502,659	

(1) Represents operating real estate and intangible assets, net of depreciation and amortization of $269.0 million.

(2) In May 2016, the Company entered into an agreement to sell its manufactured housing portfolio for $2.0 billion with $1.3 billion of related mortgage financing expected to be assumed as part of the transaction. The Company expects to receive $614.8 million of net proceeds, including a $50.0 million deposit made by the buyer. The Company expects the transaction to close in the first quarter 2017. There is no assurance this transaction will close on the terms anticipated, if at all.

(3) In September 2016, the Company entered into a definitive agreement to sell a portfolio of medical office buildings within the Griffin-American Healthcare REIT II, Inc. portfolio ("Griffin-American Portfolio") for $837.9 million with $692.2 million of related mortgage financing expected to be paid off as part of the transaction. The Company expects to receive $114.8 million of net proceeds. The Company expects the transaction to close in the fourth quarter 2016. There is no assurance this transaction will close on the terms anticipated, if at all.

(4) To date through November 2016, the Company sold ten multifamily properties for $307 million with $210 million of mortgage financing assumed as part of the transaction. The Company received $85 million of net proceeds. The Company continues to explore the sale of the remaining two properties, including one multifamily property accounted for as an investment in unconsolidated venture (refer to Note 6).

In March 2016, the Company sold its 60% interest in the $898.7 million independent living facility portfolio ("Senior Housing Portfolio") for $534.5 million. The Company received $149.4 million of proceeds, net of sales costs. Refer to Note 9. Related Party Arrangements for further disclosure.

In September 2016, the Company redeemed its interests in a net lease industrial real estate portfolio ("Industrial Portfolio") for $169.6 million of net proceeds, including $3.1 million of acceleration of discount and fees.

Spin-off of European Real Estate Business

On October 31, 2015, the Company completed the NRE Spin-off into a separate publicly-traded REIT, NorthStar Europe, in the form of a taxable distribution. In connection with the NRE Spin-off, each of the Company's common stockholders received shares of NorthStar Europe's common stock on a one-for-six basis, before giving effect to a one-for-two reverse stock split of the Company's common stock (the "Reverse Split"). The Company contributed to NorthStar Europe approximately $2.6 billion of European real estate, at cost (excluding the Company's European healthcare properties), comprised of 52 properties spanning across some of Europe's top markets and $250 million of cash. In connection with the NRE Spin-off, $2.8 billion of assets were transferred and $1.9 billion of liabilities were assumed by NorthStar Europe.

For the three months ended September 30, 2015, the Company recorded a $16.6 million net loss included in discontinued operations in the Company's consolidated statements of operations associated with NorthStar Europe which represented a carve-out of revenues of $41.7 million and expenses of $58.3 million, primarily related to transaction costs. For the nine months ended September 30, 2015, the Company recorded a $114.2 million net loss included in discontinued operations in the Company's consolidated statements of operations associated with NorthStar Europe which represented a carve-out of revenues of $75.7 million and expenses of $189.9 million, primarily related to transaction costs.

4. Real Estate Debt Investments

The following table presents CRE debt investments as of September 30, 2016 (dollars in thousands):

	Number	Principal Amount	Carrying Value	Allocation by Investment Type(3)	Weighted Average			Floating Rate as % of Principal Amount(3)
					Fixed Rate	Spread Over LIBOR(4)	Yield(5)	
Asset Type:								
First mortgage loans(1)	6	$145,034	$117,927	35.8%	6.98%	8.47%	4.66%	42.7%
Mezzanine loans	6	22,566	16,940	5.6%	9.10%	3.57%	7.86%	49.6%
Subordinate interests	4	167,598	166,466	41.4%	11.83%	11.99%	8.22%	59.4%
Corporate loans	4	35,747	31,154	8.8%	12.92%	—%	14.82%	—%
Subtotal/Weighted average(2)(6)	20	370,945	332,487	91.6%	11.90%	13.85%	7.56%	46.6%
CRE debt in N-Star CDOs								
First mortgage loans	1	21,273	3,637	5.3%	—%	—%	—%	100.0%
Mezzanine loans	1	11,000	10,915	2.7%	8.00%	—%	8.06%	—%
Corporate loans	6	1,500	1,500	0.4%	6.75%	—%	6.75%	—%
Subtotal/Weighted average	8	33,773	16,052	8.4%	7.85%	—%	6.11%	63.0%
Total	28	$404,718	$348,539	100.0%	11.50%	12.33%	7.49%	47.9%

(1) Includes three loans that pursuant to certain terms and conditions which may or may not be satisfied, where the Company has an option to purchase the properties securing these loans. One of these three loans is a Sterling denominated loan of £66.7 million, of which £22.0 million is available to be funded as of September 30, 2016. This loan has various maturity dates depending upon the timing of advances; however, will be no later than March 2022.

(2) Assuming that all loans that have future fundings meet the terms to qualify for such funding, the Company's cash requirement on future fundings would be $7.9 million.

(3) Based on principal amount.

(4) $62.0 million principal amount (excluding CRE debt in N-Star CDOs) has a weighted average LIBOR floor of 0.94%.

(5) Based on initial maturity and for floating-rate debt, calculated using one-month LIBOR as of September 30, 2016 and for CRE debt with a LIBOR floor greater than LIBOR, using such floor.

(6) All CRE debt investments are unleveraged.

To date through November 2016, the Company sold or received repayment for 15 CRE debt investments and a REO with a total principal amount of $388.6 million and used $72.1 million of proceeds to pay down the Company's loan facility in full, resulting in $313.2 million of net proceeds.

The following table presents CRE debt investments as of December 31, 2015 (dollars in thousands):

	Number	Principal Amount	Carrying Value	Allocation by Investment Type(2)	Weighted Average Fixed Rate	Weighted Average Spread Over LIBOR(3)	Weighted Average Yield(4)	Floating Rate as % of Principal Amount(2)
Asset Type:								
First mortgage loans(1)	11	$286,628	$260,237	51.6%	7.09%	4.95%	3.80%	55.8%
Mezzanine loans	6	22,361	18,630	4.0%	9.04%	4.00%	7.10%	39.9%
Subordinate interests	4	171,044	169,781	30.8%	13.04%	5.65%	8.72%	59.0%
Corporate loans	4	35,215	30,681	6.3%	12.93%	—%	14.84%	—%
Subtotal/Weighted average	25	515,248	479,329	92.7%	10.51%	5.26%	6.38%	52.5%
CRE debt in N-Star CDOs								
First mortgage loans	2	26,957	9,321	4.9%	—%	1.27%	3.78%	100.0%
Mezzanine loans	1	11,000	10,675	2.0%	8.00%	—%	8.24%	—%
Corporate loans	6	2,149	2,149	0.4%	6.74%	—%	6.74%	—%
Subtotal/Weighted average	9	40,106	22,145	7.3%	7.79%	1.27%	6.22%	67.2%
Total	34	$555,354	$501,474	100.0%	10.33%	4.79%	6.37%	53.5%
Real estate debt, held for sale(5)	7	$225,037	$224,677	NA	13.65%	7.41%	10.89%	52.5%

(1) Includes three loans that pursuant to certain terms and conditions which may or may not be satisfied, where the Company has an option to purchase the properties securing these loans. One is a Sterling denominated loan of £66.7 million. This loan has various maturity dates depending upon the timing of advances; however, will be no later than March 2022.
(2) Based on principal amount.
(3) $63.9 million principal amount (excluding CRE debt in N-Star CDOs) has a weighted average LIBOR floor of 0.95%. Includes one first mortgage loan with a principal amount of $5.8 million with a spread over the prime rate.
(4) Based on initial maturity and for floating-rate debt, calculated using one-month LIBOR as of December 31, 2015 and for CRE debt with a LIBOR floor, using such floor.
(5) In the first quarter 2016, the Company sold these seven loans and used $46.9 million of proceeds to pay down the Company's loan facility, resulting in net proceeds of $178.2 million.

The following table presents maturities of CRE debt investments based on principal amount as of September 30, 2016 (dollars in thousands):

	Current Maturity	Maturity Including Extensions(1)
October 1 to December 31, 2016	$ 65,356	$ 65,356
Years ending December 31:		
2017	5,903	5,903
2018	1,343	1,343
2019	—	—
2020	—	—
Thereafter	267,819	267,819
Total(2)	$340,421	$ 340,421

(1) Assumes that all debt with extension options will qualify for extension at such maturity according to the conditions stipulated in the governing documents.
(2) Excludes four non-performing loans ("NPLs") with an aggregate principal amount of $64.3 million as of September 30, 2016 due to maturity defaults.

As of September 30, 2016, the weighted average maturity, including extensions, of CRE debt investments was 5.1 years.

Actual maturities may differ from contractual maturities as certain borrowers may have the right to prepay with or without prepayment penalty. The Company may also extend certain contractual maturities in connection with loan modifications.

The principal amount of CRE debt investments differs from the carrying value primarily due to unamortized origination fees and costs, unamortized premium and discount and loan loss reserves recorded as part of the carrying value of the investment. As of September 30, 2016, the Company had $39.5 million of net unamortized discount and $1.3 million of net unamortized origination fees and costs.

Provision for Loan Losses

The following table presents activity in loan loss reserves on CRE debt investments for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Beginning balance	$ 10,960	$ 5,799	$ 7,839	$ 5,599
Provision for (reversal of) loan losses, net(1)	1,802	—	4,923(2)	200
Ending balance	$ 12,762	$ 5,799	$ 12,762	$ 5,799

(1) Excludes $0.1 million and $0.3 million provision for loan losses for the three and nine months ended September 30, 2016, respectively, relating to manufactured housing notes receivables recorded in assets of properties held for sale as of September 30, 2016 and $0.1 million and $0.7 million for the three and nine months ended September 30, 2015, respectively, recorded in other assets as of September 30, 2015.

(2) Excludes $2.8 million of provision for loan losses primarily relating to exit fees on real estate debt, held for sale.

Credit Quality Monitoring

CRE debt investments are typically loans secured by direct senior priority liens on real estate properties or by interests in entities that directly own real estate properties, which serve as the primary source of cash for the payment of principal and interest. The Company evaluates its debt investments at least quarterly and differentiates the relative credit quality principally based on: (i) whether the borrower is currently paying contractual debt service in accordance with its contractual terms; and (ii) whether the Company believes the borrower will be able to perform under its contractual terms in the future, as well as the Company's expectations as to the ultimate recovery of principal at maturity.

The Company categorizes a debt investment for which it expects to receive full payment of contractual principal and interest payments as a "loan with no loan loss reserve." The Company categorizes a debt investment as an NPL if it is in maturity default and/or past due at least 90 days on its contractual debt service payments. The Company considers the remaining debt investments to be of weaker credit quality and categorizes such loans as "other loans with a loan loss reserve/non-accrual status." These loans are not considered NPLs because such loans are performing in accordance with contractual terms but the loans have a loan loss reserve and/or are on non-accrual status. Even if a borrower is currently paying contractual debt service or debt service is not due in accordance with its contractual terms, the Company may still determine that the borrower may not be able to perform under its contractual terms in the future and make full payment upon maturity. The Company's definition of an NPL may differ from that of other companies that track NPLs.

The following table presents the carrying value of CRE debt investments, by credit quality indicator, as of each applicable balance sheet date (dollars in thousands):

Credit Quality Indicator:	September 30, 2016	December 31, 2015
Loans with no loan loss reserve:		
First mortgage loans(1)	$ 79,365	$ 168,978
Mezzanine loans	22,232	29,305
Subordinate interests	166,466	169,781
Corporate loans	32,654	32,830
Subtotal	300,717	400,894
Other loans with a loan loss reserve/non-accrual status:		
First mortgage loans	—	4,137
Mezzanine loans(2)	5,623	—
Subtotal	5,623	4,137
Non-performing loans	42,199	96,443
Total	$ 348,539	$ 501,474

(1) Includes one first mortgage loan acquired with deteriorated credit quality with a carrying value of $3.0 million and $3.1 million as of September 30, 2016 and December 31, 2015, respectively.

(2) Includes one mezzanine loan with a 100% loan loss reserve with a principal amount of $3.8 million as of September 30, 2016 and December 31, 2015. Such loan is not considered a NPL as debt service is currently being received.

Impaired Loans

The Company considers impaired loans to generally include NPLs, loans with a loan loss reserve, loans on non-accrual status (excluding loans acquired with deteriorated credit quality) and TDRs. The following table presents impaired loans as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016				December 31, 2015			
	Number	Principal Amount(1)	Carrying Value(1)	Loan Loss Reserve	Number	Principal Amount(1)	Carrying Value(1)	Loan Loss Reserve
Class of Debt:								
First mortgage loans(2)	4	$ 64,297	$42,199	$ 7,194	5	$119,677	$100,580	$ 4,073
Mezzanine loans	2	11,190	5,623	5,568	1	3,766	—	3,766
Total	6	$ 75,487	$47,822	$ 12,762	6	$123,443	$100,580	$ 7,839

(1) Principal amount differs from carrying value primarily due to unamortized origination fees and costs, unamortized premium or discount and loan loss reserves included in the carrying value of the investment. Excludes one first mortgage loan acquired with deteriorated credit quality with a carrying value of $3.0 million and $3.1 million as of September 30, 2016 and December 31, 2015, respectively.

(2) Includes one loan with a carrying value of $33.9 million for which the Company entered into a discounted payoff agreement in the second quarter 2016. Such loan is considered a TDR as of September 30, 2016.

The following table presents average carrying value of impaired loans by type and the income recorded on such loans subsequent to them being deemed impaired for the three months ended September 30, 2016 and 2015 (dollars in thousands):

	September 30, 2016			September 30, 2015		
	Number	Average Carrying Value	Quarter Ended Income	Number	Average Carrying Value	Quarter Ended Income
Class of Debt:						
First mortgage loans	4	$60,360	$ —	3	$43,443	$ —
Mezzanine loans	2	1,874	—	1	—	—
Total/weighted average	6	$62,234	$ —	4	$43,443	$ —

The following table presents average carrying value of impaired loans by type and the income recorded on such loans subsequent to them being deemed impaired for the nine months ended September 30, 2016 and 2015 (dollars in thousands):

	September 30, 2016			September 30, 2015		
	Number	Average Carrying Value	Nine Months Ended Income	Number	Average Carrying Value	Nine Months Ended Income
Class of Debt:						
First mortgage loans	6	$70,415	$ —	3	$43,443	$ 2,453
Mezzanine loans	2	1,406	—	1	—	3
Total/weighted average	8	$71,821	$ —	4	$43,443	$ 2,456

As of September 30, 2016, the Company had four loans past due from maturity default on the principal amount, of which three loans are past due greater than 90 days. As of December 31, 2015, the Company had two loans past due greater than 90 days.

5. Investments in Private Equity Funds

The following is a description of investments in private equity funds that own PE Investments either through unconsolidated ventures ("PE Investment I" and "PE Investment II") or consolidated ventures and direct investments ("PE Investment III to XIV," collectively "Direct PE Investments") which are recorded as investments in private equity funds at fair value on the consolidated balance sheets. The Company elected the fair value option for PE Investments, of which certain are cost method investments and the remainder are equity method investments. As a result, the Company records equity in earnings (losses) based on the change in fair value for its share of the projected future cash flow from one period to another. All PE Investments are considered variable interest entities, except for PE Investment I and II (refer to Note 16). PE Investment I and II are considered voting interest entities and are not consolidated by the Company due to the substantive participating rights of the partners in joint ventures that own the interests in the real estate private equity funds. The Company does not consolidate any of the underlying real estate private equity funds owned in Direct PE Investments as it does not own a majority voting interest in any such funds or is not the primary beneficiary of such funds.

The following tables summarize the Company's PE Investments as of September 30, 2016 (dollars in millions):

		Carrying Value		Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
PE Investment	Number of Funds	September 30, 2016	December 31, 2015	Income(2)	Distributions	Contributions	Income(2)	Distributions	Contributions
PE Investment I	45	$ 98.5	$ 154.0	$ 4.9	$ 18.9	$ 0.6	$ 9.9	$ 8.8	$ 0.6
PE Investment II(4)	24	2.6	2.7	0.1	0.4	0.7	0.2	0.6	—
PE Investment III	8	27.4	26.8	2.0	4.2	—	0.4	3.1	—
PE Investment IV	1	2.3	7.6	0.4	5.1	—	0.3	0.3	—
PE Investment V	3	5.6	7.7	0.2	1.4	—	0.4	—	—
PE Investment VI	14	49.5	62.0	1.2	6.1	—	2.2	4.0	—
PE Investment VII	9	22.6	21.0	0.7	0.4	—	1.4	4.3	0.1
PE Investment IX	6	43.3	44.7	1.6	3.8	—	3.9	6.2	0.1
PE Investment X	8	49.4	68.2	1.9	11.3	0.1	3.5	9.0	—
PE Investment XII	1	2.2	2.6	—	0.4	—	0.1	0.2	—
PE Investment XIII	5	178.1	177.7	4.1	1.4	—	9.9	52.2	—
PE Investment XIV(3)	2	3.4	5.6	0.9	0.3	—	0.1	24.9	0.3
Subtotal(1)(6)	126	484.9	580.6	18.0	53.7	1.4	32.3	113.6	1.1
PE Investment Sale(4)	—	—	521.1	—	—	—	22.8	68.7	1.1
Total	126(5)	$ 484.9	$ 1,101.7	$ 18.0	$ 53.7	$ 1.4	$ 55.1	$ 182.3	$ 2.2

(1) As of September 30, 2016, the Company's expected future contributions to funds is $2 million with $6 million of remaining deferred purchase price. The actual amount of future contributions underlying the fund interests that may be called and funded by the Company could vary materially from the Company's expectations.

(2) Recorded in equity in earnings in the consolidated statements of operations.

(3) In September 2016, the Company paid $3.1 million of deferred purchase price to the original seller. PE Investment XIV will pay the remaining deferred purchase price of $3.2 million to the original seller in September 2017. Such amount is included in other liabilities on the consolidated balance sheets.

(4) In February 2016, the Company sold substantially all of its interest in PE Investment II for proceeds of $184.1 million. In September 2016, the Company sold a portfolio of PE Investments for a gross sales price of $317.6 million with $44.7 million of deferred purchase price assumed as part of the transaction, including $5.6 million of deferred purchase price which was the obligation of an unconsolidated joint venture. The Company received $33.9 million of net proceeds and will receive the remaining $204.7 million of net proceeds in the fourth quarter 2016. Refer to Note 9. Related Party Arrangements for further disclosure.

(5) The total number of funds includes 12 funds held across multiple PE Investments.

(6) As of September 30, 2016, cash flow is expected through June 30, 2022, with a weighted average expected remaining life of 1.2 years.

PE Investment	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Income(1)	Distributions	Contributions	Income(1)	Distributions	Contributions
PE Investment I(2)	$ 18.6	$ 67.2	$ 1.2	$ 36.1	$ 59.1	$ 1.8
PE Investment II	0.3	1.1	1.2	0.6	1.6	0.6
PE Investment III	6.8	6.1	—	1.6	9.5	0.1
PE Investment IV	0.9	6.2	—	0.9	0.3	—
PE Investment V	0.7	2.8	—	1.5	1.5	—
PE Investment VI	3.8	16.3	—	7.3	12.2	—
PE Investment VII	2.4	0.9	0.1	4.4	11.6	0.1
PE Investment IX	6.8	8.4	0.2	13.4	28.8	0.1
PE Investment X	8.7	27.5	0.1	11.3	29.2	0.2
PE Investment XII	0.2	0.6	—	0.3	3.8	0.1
PE Investment XIII	17.7	17.8	0.4	13.8	121.7	—
PE Investment XIV	1.5	3.4	0.2	0.1	24.9	0.3
Subtotal	68.4	158.3	3.4	91.3	304.2	3.3
PE Investment Sale(3)	10.8	28.7	0.5	64.4	193.3	46.6
Total	$ 79.2	$ 187.0	$ 3.9	$ 155.7	$ 497.5	$ 49.9

(1) Recorded in equity in earnings in the consolidated statements of operations.
(2) The Company recorded an unrealized loss of $8.2 million for the nine months ended September 30, 2016, which represented an unwind of an unrealized gain of $32.6 million recorded for the year ended December 31, 2014.
(3) The distributions received for the nine months ended September 30, 2016 excludes proceeds of $218.0 million in connection with the sales of PE Investments.

Unconsolidated PE Investments

PE Investment I

In February 2013, the Company completed the initial closing (“PE I Initial Closing”) of PE Investment I which owns a portfolio of limited partnership interests in real estate private equity funds managed by institutional-quality sponsors. Pursuant to the terms of the agreement, at the PE I Initial Closing, the full purchase price was funded, excluding future capital commitments. Accordingly, the Company funded $282.1 million and NorthStar Real Estate Income Trust, Inc. (“NorthStar Income”) (together with the Company, the “NorthStar Entities”) funded $118.0 million. The NorthStar Entities have an aggregate ownership interest in PE Investment I of 51%, of which the Company owns 70.5%. The Company assigned its rights to the remaining 29.5% to a subsidiary of NorthStar Income. Teachers Insurance and Annuity Association of America (the “Class B Partner”) contributed its interests in 49 funds subject to the transaction in exchange for all of the Class B partnership interests in PE Investment I.

PE Investment I provides for all cash distributions on a priority basis to the NorthStar Entities as follows: (i) first, 85% to the NorthStar Entities and 15% to the Class B Partner until the NorthStar Entities receive a 1.5x multiple on all of their invested capital, including amounts funded in connection with future capital commitments; (ii) second, 15% to the NorthStar Entities and 85% to the Class B Partner until the Class B Partner receives a return of its then remaining June 30, 2012 capital; and (iii) third, 51% to the NorthStar Entities and 49% to the Class B Partner. All amounts paid to and received by the NorthStar Entities are based on each partner’s proportionate interest.

The Company guaranteed all of its funding obligations that may be due and owed under PE Investment I agreements directly to PE Investment I entities. The Company and NorthStar Income each agreed to indemnify the other proportionately for any losses that may arise in connection with the funding and other obligations as set forth in the governing documents in the case of a joint default by the Company and NorthStar Income. The Company and NorthStar Income further agreed to indemnify each other for all of the losses that may arise as a result of a default that is solely caused by the Company or NorthStar Income, as the case may be.

PE Investment II

In June 2013, the Company, NorthStar Income and funds managed by Goldman Sachs Asset Management (each a “Partner”) formed joint ventures and entered into an agreement with Common Pension Fund E, a common trust fund created under New Jersey law, to acquire a portfolio of limited partnership interests in 24 real estate private equity funds managed by institutional-quality sponsors. The aggregate reported net asset value (“NAV”) acquired was $910.0 million as of September 30, 2012. In February 2016, the Company sold substantially all of its interest in PE Investment II to the other Partners for proceeds of $184.1 million. In connection with the sale, the buyers, Goldman Sachs Asset Management and NorthStar Income, each assumed substantially all of the Company’s $243 million portion of the deferred purchase price obligation of the PE Investment II joint venture.

6. Investments in Unconsolidated Ventures

The following is a description of investments in unconsolidated ventures. The investments in RXR Realty LLC ("RXR Realty"), Aerium Group ("Aerium") and SteelWave, LLC (formerly known as Legacy Partners Commercial, LLC) ("SteelWave") are accounted for at fair value due to the election of the fair value option (refer to Note 13). The investments in the NSAM Retail Companies (as defined below) were accounted for under the equity method prior to the spin-off of the Company's historical asset management business ("NSAM Spin-off") and are accounted for under the cost method subsequent to the NSAM Spin-off. All other investments in unconsolidated ventures are accounted for under the equity method.

The following table summarizes the Company's investments in unconsolidated ventures as of September 30, 2016 and December 31, 2015 and for the three and nine months ended September 30, 2016 and 2015 (dollars in millions):

		Carrying Value		Equity in Earnings (Losses)			
				Three Months Ended September 30,		Nine Months Ended September 30,	
Investment	Ownership Interest	September 30, 2016 (Unaudited)	December 31, 2015	2016	2015	2016	2015
RXR Realty(1)	27%	$ 101.1	$ 89.3	$ 6.6	$ 4.3	$ 19.0	$ 12.0
NSAM Retail Companies(2)	Various	17.8	14.0	—	—	—	0.2
Office Joint Venture(3)	10%	8.5	8.5	—	—	—	—
LandCap(4)	49%	7.5	7.7	0.5	0.5	0.7	1.1
SteelWave(5)	40%	9.1	6.8	0.8	0.5	2.3	1.3
Aerium(6)	15%	4.5	16.5	—	—	—	1.3
CS/Federal(7)	50%	5.4	5.7	(0.2)	0.1	(0.2)	0.1
Multifamily Joint Venture(8)	90%	4.1	3.5	0.3	(0.1)	0.8	—
NorthStar Realty Finance Trusts(9)	N/A	3.7	3.7	—	—	—	—
Total		$ 161.7	$ 155.7	$ 8.0	$ 5.3	$ 22.6	$ 16.0

(1) In December 2013, the Company entered into a strategic transaction with RXR Realty, a leading real estate owner, developer and investment management company focused on high-quality real estate in the New York Tri-State area. The Company's equity interest in RXR Realty is structured so that NSAM is entitled to certain fees in connection with RXR Realty's investment management business. Refer to Note 9. "Related Party Arrangements —NorthStar Asset Management Group—Management Agreement" for further disclosure.

(2) Represents the Company's investment in NSAM sponsored companies: NorthStar Income, NorthStar Healthcare Income, Inc. ("NorthStar Healthcare"), NorthStar Real Estate Income II, Inc. ("NorthStar Income II"), NorthStar Corporate Income Fund ("NorthStar Corporate Fund") and NorthStar/RXR New York Metro Real Estate, Inc. ("NorthStar/RXR New York Metro"). Affiliates of NSAM manage NorthStar Income, NorthStar Healthcare, NorthStar Income II, NorthStar Corporate Fund, NorthStar/RXR New York Metro, NorthStar Real Estate Capital Income Fund ("NorthStar Capital Fund") which, together with any new retail company sponsored by NSAM, are collectively referred to as the "NSAM Retail Companies". The Company's ownership interest in NorthStar Income and NorthStar Healthcare as of September 30, 2016 is 0.5% and 0.3%, respectively.

(3) In June 2013, in connection with the restructuring of an existing mezzanine loan, the Company acquired a 9.99% equity interest for $8.5 million in a joint venture that owns two office buildings in Chicago.

(4) In October 2007, the Company entered into a joint venture with Whitehall Street Global Real Estate Limited Partnership 2007 ("Whitehall") to form LandCap Partners and LandCap LoanCo. (collectively referred to as "LandCap"). The joint venture is managed by a third-party management group. The Company and Whitehall agreed to no longer provide additional new investment capital in the LandCap joint venture.

(5) In September 2014, the Company entered into an investment with SteelWave, a real estate investment manager, owner and operator with a portfolio of commercial assets focused in key markets in the western United States.

(6) Aerium is a pan-European real estate investment manager specializing in commercial real estate properties. The Company recorded an unrealized loss on its interest in Aerium of $9.6 million for the nine months ended September 30, 2016. The Company's equity interest in Aerium is structured so that NSAM is entitled to certain fees in connection with Aerium's asset management business. Refer to Note 9. "Related Party Arrangements—NorthStar Asset Management Group—Management Agreement" for further disclosure.

(7) CS Federal Drive, LLC ("CS/Federal") owns three adjacent class A office/flex buildings in Colorado. The properties were acquired for $54.3 million and were financed with two separate non-recourse mortgages totaling $38.0 million and the remainder in cash. The mortgages matured on February 11, 2016 and the Company is currently in negotiations with the lender.

(8) In July 2013, the Company through a joint venture with a private investor, acquired a multifamily property with 498 units, located in Philadelphia, Pennsylvania for an aggregate purchase price of $41.0 million, including all costs, escrows and reserves. The property was financed with a non-recourse mortgage note of $29.5 million and the remainder in cash. In April 2015, the property obtained additional non-recourse financing of $7.0 million. Both financings mature on July 1, 2023 and have a weighted average fixed interest rate of 3.87%. The joint venture is exploring the sale of the property.

(9) The Company owns all of the common stock of NorthStar Realty Finance Trusts I through VIII (collectively, the "Trusts"). The Trusts were formed to issue trust preferred securities. Refer to Note 16 for further disclosure.

NSAM Retail Companies

The Company committed to purchase up to $10 million in shares of each of NSAM's Retail Companies' common stock during the period from when each offering was declared effective through the end of their respective offering period, in the event that NSAM Retail Companies' distributions to its stockholders, on a quarterly basis, exceed certain measures of operating performance.

In addition, pursuant to the management agreement with NSAM, the Company committed up to $10 million to invest as distribution support consistent with past practice in each future public non-traded NSAM Retail Company, up to a total of five new companies per year. The following table summarizes the Company's total shares purchased of each NSAM Retail Company as part of its current obligation under the distribution support agreement and the remaining obligations as of September 30, 2016 (dollars in millions):

NSAM Retail Company	Term of Commitment	Ownership Interest	Amount Purchased	Remaining Commitment
NorthStar Income II	May 2013 - November 2016	0.6%	$ 5.8	$ 4.2
NorthStar/RXR New York Metro(1)	February 2015 -February 2017	38.5%	1.5	6.0
NorthStar Corporate Fund(2)	February 2016 - February 2018	50.0%	1.0	4.0
NorthStar Capital Fund(3)(4)	May 2016 - May 2018	100.0%	2.0	8.0
Total			$ 10.3	$ 22.2

(1) NorthStar/RXR New York Metro's registration statement filed with the SEC seeks to offer up to $2 billion in a public offering of multiple classes of common stock. In December 2015, the Company and RXR Realty satisfied NorthStar/RXR New York Metro's minimum offering amount as a result of the purchase of 0.2 million shares of its common stock for an aggregate $2.0 million, of which $1.5 million was invested. The Company is responsible for 75% of the distribution support commitment to NorthStar/RXR New York Metro, with RXR Realty responsible for the remaining 25%. NSAM began raising capital for NorthStar/RXR New York Metro in the second quarter 2016.

(2) NorthStar Corporate Fund's registration statement on Form N-2 filed with the SEC seeks to raise up to $3 billion in a public offering of common stock. In January 2016, the Company and an affiliate of Och-Ziff Capital Management Group ("OZ Corporate Investors") invested $2.0 million of seed capital into NorthStar Corporate Fund, of which $1.0 million was invested. The Company is responsible for 50% of the distribution support commitment to NorthStar Corporate Fund, with OZ Corporate Investors responsible for the remaining 50%. In February 2016, NorthStar Corporate Fund was declared effective by the SEC and expects to begin raising capital from third parties in the first half 2017.

(3) NorthStar Capital Fund's registration statement on Form N-2 filed with the SEC seeks to raise up to $3 billion in a public offering of common stock. In March 2016, the Company invested $2.0 million of seed capital into NorthStar Capital Fund. In May 2016, NorthStar Capital Fund was declared effective by the SEC and expects to begin raising capital from third parties in the first half 2017.

(4) The Company currently consolidates the company based on its majority voting interest in the entity.

7. Real Estate Securities, Available for Sale

The following table presents CRE securities as of September 30, 2016 (dollars in thousands):

	Number	Principal Amount(3)	Amortized Cost	Cumulative Unrealized Gains	Cumulative Unrealized (Losses)	Fair Value	Allocation by Investment Type(3)	Weighted Average Coupon	Weighted Average Yield(4)
Asset Type:									
N-Star CDO bonds(1)(8)	24	$ 371,279	$ 178,316	$ 4,410	$ (62,459)	$120,267	33.3%	2.41%	25.46%
N-Star CDO equity(5)(8)	4	61,391	61,391	855	(30,360)	31,886	5.5%	NA	4.94%
CMBS and other securities(6)	11	58,824	42,660	185	(21,034)	21,811	5.3%	0.70%	0.73%
Subtotal(2)	39	491,494	282,367	5,450	(113,853)	173,964	44.1%	2.17%	17.26%
CRE securities in N-Star CDOs(5)(7)									
CMBS	109	471,534	361,450	16,737	(91,766)	286,421	42.3%	3.50%	9.24%
Third-party CDO notes	6	49,229	48,031	—	(41,701)	6,330	4.5%	—%	—%
Agency debentures	8	87,172	32,873	12,946	—	45,819	7.8%	—%	4.32%
Unsecured REIT debt	1	8,000	8,198	565	—	8,763	0.7%	7.50%	5.88%
Trust preferred securities	2	7,225	7,225	—	(1,556)	5,669	0.6%	2.25%	2.43%
Subtotal	126	623,160	457,777	30,248	(135,023)	353,002	55.9%	2.77%	7.75%
Total	165	$ 1,114,654	$ 740,144	$ 35,698	$ (248,876)	$526,966	100.0%	2.53%	11.38%

(1) Excludes $142.0 million principal amount of N-Star CDO bonds payable that are eliminated in consolidation and includes $2.3 million of N-Star CDO bonds owned in N-Star CDO IX.

(2) All securities are unleveraged.

(3) Based on amortized cost for N-Star CDO equity and principal amount for remaining securities.

(4) Based on expected maturity and for floating-rate securities, calculated using the applicable LIBOR as of September 30, 2016.

(5) The fair value option was elected for these securities (refer to Note 13).

(6) The fair value option was elected for $16.0 million carrying value of these securities (refer to Note 13).

(7) Investments in the same securitization tranche held in separate CDO financing transactions are reported as separate investments.

(8) As of September 30, 2016, the weighted average remaining life of the N-Star CDO bonds and N-Star CDO equity is 1.3 years and 2.4 years, respectively.

The Company sponsored nine CDOs, three of which were primarily collateralized by CRE debt and six of which were primarily collateralized by CRE securities. The Company acquired equity interests of two CRE debt focused CDOs, the CSE RE 2006-A CDO ("CSE CDO") and the CapLease 2005-1 CDO ("CapLease CDO") sponsored by third parties. These CDOs are collectively referred to as the N-Star CDOs. All N-Star CDOs are considered VIEs (refer to Note 16). At the time of issuance of the sponsored CDOs, the Company retained the below investment grade bonds, which are referred to as subordinate bonds, and preferred shares and equity notes, which are referred to as equity interests. In addition, the Company repurchased CDO bonds originally issued to third parties at discounts to par. These repurchased CDO bonds and retained subordinate bonds are herein collectively referred to as N-Star CDO bonds.

As of September 30, 2016, the Company's CRE securities portfolio is comprised of N-Star CDO bonds and N-Star CDO equity and other securities which are predominantly conduit commercial mortgage-backed securities ("CMBS"), meaning each asset is a pool backed by a large number of commercial real estate loans. As a result, this portfolio is typically well-diversified by collateral type and geography. As of September 30, 2016, contractual maturities of CRE securities investments ranged from three months to 37 years, with a weighted average expected maturity of 3.2 years.

The following table presents CRE securities as of December 31, 2015 (dollars in thousands):

	Number	Principal Amount(3)	Amortized Cost	Cumulative Unrealized Gains	Cumulative Unrealized Losses	Fair Value	Allocation by Investment Type(3)	Weighted Average Coupon	Weighted Average Yield(4)
Asset Type:									
N-Star CDO bonds(1)	26	$ 401,848	$194,908	$24,332	$ (2,513)	$216,727	31.3%	1.98%	22.01%
N-Star CDO equity(5)	4	71,003	71,003	1,290	(27,388)	44,905	5.5%	NA	12.41%
CMBS and other securities(6)	15	116,681	61,520	15,340	(21,295)	55,565	9.1%	2.15%	5.52%
Subtotal(2)	45	589,532	327,431	40,962	(51,196)	317,197	45.9%	2.01%	16.83%
CRE securities in N-Star CDOs(5)(7)									
CMBS	123	538,205	398,343	31,244	(103,076)	326,511	41.9%	3.48%	10.13%
Third-party CDO notes	8	55,509	50,047	—	(43,362)	6,685	4.3%	0.01%	—%
Agency debentures	8	87,172	31,774	6,384	(842)	37,316	6.8%	—	4.57%
Unsecured REIT debt	1	8,000	8,285	691	—	8,976	0.6%	7.50%	5.88%
Trust preferred securities	2	7,225	7,225	—	(1,800)	5,425	0.5%	2.25%	2.32%
Subtotal	142	696,111	495,674	38,319	(149,080)	384,913	54.1%	2.80%	8.56%
Total	187	$1,285,643	$823,105	$79,281	$(200,276)	$702,110	100.0%	2.46%	11.85%

(1) Excludes $142.9 million principal amount of N-Star CDO bonds payable that are eliminated in consolidation.
(2) All securities are unleveraged.
(3) Based on amortized cost for N-Star CDO equity and principal amount for remaining securities.
(4) Based on expected maturity and for floating-rate securities, calculated using the applicable LIBOR as of December 31, 2015.
(5) The fair value option was elected for these securities (refer to Note 13).
(6) The fair value option was elected for $48.7 million carrying value of these securities (refer to Note 13).
(7) Investments in the same securitization tranche held in separate CDO financing transactions are reported as separate investments.

There were no sales of CRE securities for the three months ended September 30, 2016. For the nine months ended September 30, 2016, proceeds from the sale of CRE securities was $53.9 million and resulting in a net realized loss of $5.6 million. The Company recognized a $9.7 million net cash gain related to acceleration of discount in connection with these sales. For the three and nine months ended September 30, 2015, proceeds from the sale of CRE securities were $14.9 million and $95.7 million resulting in a net realized gain of $9.3 million and $22.1 million, respectively.

CRE securities investments, not held in N-Star CDOs, include 25 securities for which the fair value option was not elected. As of September 30, 2016, the aggregate carrying value of these securities was $126.1 million, representing $57.9 million of accumulated net unrealized losses included in OCI. As of September 30, 2016, the Company held 17 securities with an aggregate carrying value of $80.9 million with an unrealized loss of $62.5 million, three of which were in an unrealized loss position for a period of greater than 12 months. Based on management's quarterly evaluation, the Company recorded OTTI of $0.4 million and $12.5 million for the three and nine months ended September 30, 2016, respectively, which was recorded in realized gain (loss) on investments and other in the consolidated statements of operations. As of September 30, 2016, the Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell these securities prior to recovery of its amortized cost basis, which may be at maturity.

8. Borrowings

The following table presents borrowings as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	Recourse vs. Non-Recourse	Final Maturity	Contractual Interest Rate(1)(2)	September 30, 2016		December 31, 2015	
				Principal Amount	Carrying Value(3)	Principal Amount	Carrying Value(3)
Mortgage and other notes payable: (4)							
Healthcare							
East Arlington, TX	Non-recourse	May-17	5.89%	$ 3,058	$ 3,056	$ 3,101	$ 3,097
SLC Portfolio	Non-recourse	Jan-19	LIBOR + 3.00%	171,900	168,207	176,553	175,674
Formation Portfolio(6)(15)	Non-recourse	May-19(7)/Jan-25/Feb-26	LIBOR + 4.25% (8)/4.54%/4.59%	703,624	696,933	701,819	695,060
Minnesota Portfolio	Non-recourse	Nov-19	LIBOR + 3.50%	37,800	37,302	37,800	37,171
Griffin-American—U.K. (6)	Non-recourse	Dec-19(7)	LIBOR + 4.25%(8)	284,054	281,346	327,890	322,415
Griffin-American—U.S.—Fixed(6)(9)	Non-recourse	Dec-19(7)/ Jun-25	4.68%(8)	1,763,008	1,705,663	1,763,036	1,692,098
Griffin-American—U.S.—Floating(6)(9)	Non-recourse	Dec-19(7)	LIBOR + 3.05%(8)	854,565	826,769	854,565	820,180
Wakefield Portfolio	Non-recourse	April-20	LIBOR + 4.00%	54,042	53,666	54,694	54,228
Healthcare Preferred(10)	Non-recourse	Jul-21	LIBOR + 7.75%	75,000	75,000	75,000	75,000
Indiana Portfolio(10)	Non-recourse	Sept-21	LIBOR + 4.50%	121,130	121,130	121,130	121,130
Subtotal Healthcare/weighted average				4,068,181	3,969,072	4,115,588	3,996,053
Hotel							
Innkeepers Portfolio(6)	Non-recourse	Jun-19(7)	LIBOR + 3.39%(8)	840,000	839,975	840,000	837,137
K Partners Portfolio(6)(16)	Non-recourse	Aug-19(7)	LIBOR + 3.25%(8)	211,681	211,664	211,681	210,660
Courtyard Portfolio(6)	Non-recourse	Oct-19(7)	LIBOR + 2.90%(8)	512,000	512,000	512,000	509,554
Inland Portfolio(6)	Non-recourse	Nov-19(7)	LIBOR + 3.60%(8)	817,000	815,987	817,000	811,927
NE Portfolio(6)	Non-recourse	Jun-20(7)	LIBOR + 3.85%(8)	132,250	131,563	132,250	130,824
Miami Hotel Portfolio(6)	Non-recourse	Jul-20(7)	LIBOR + 3.90%(8)	115,500	114,613	115,500	113,833
Subtotal Hotel/weighted average				2,628,431	2,625,802	2,628,431	2,613,935
Net lease							
Indianapolis, IN	Non-recourse	Feb-17	6.06%	25,303	25,299	25,674	25,663
Milpitas, CA	Non-recourse	Mar-17	5.95%	18,331	18,325	18,827	18,807
Fort Mill, SC	Non-recourse	Apr-17	5.63%	27,700	27,691	27,700	27,675
Fort Mill, SC—Mezzanine	Non-recourse	Apr-17	6.21%	301	301	663	663
Salt Lake City, UT	Non-recourse	Sept-17	5.16%	12,228	12,177	12,646	12,555
Green Pond, NJ	Non-recourse	Jun-21	4.00%	13,260	12,998	15,486	15,481
South Portland, ME	Non-recourse	Jul-23	LIBOR + 2.15%(8)	2,964	2,922	3,241	3,190
Aurora, CO	Non-recourse	Aug-26	4.08%	32,600	32,177	30,175	30,169
DSG Portfolio(5)	Non-recourse	Nov-26	4.45%	29,980	29,941	30,481	30,428
Industrial Portfolio	—	—	—	—	—	221,125	224,635
Subtotal Net lease/weighted average				162,667	161,831	386,018	389,266
Multi-tenant Office							
SteelWave Properties(6)	Non-recourse	Nov-19/Feb-20(7)	LIBOR + 2.15%(8)	113,804	112,650	112,988	111,266
Subtotal Multi-tenant Office				113,804	112,650	112,988	111,266
Other							
Secured borrowing	Non-recourse	May-23	LIBOR + 1.60%	52,672	52,672	54,056	54,056
Subtotal Other				52,672	52,672	54,056	54,056
Subtotal Mortgage and other notes payable				7,025,755	6,922,027	7,297,081	7,164,576
Credit facilities and term borrowings:							
Corporate Revolver(11)	Recourse	Aug-17	LIBOR + 3.50%(8)	—	—	165,000	165,000
Corporate Term Borrowing	Recourse	Sept-17	4.60% / 4.55%(12)	425,000	420,409	425,000	417,039
Loan Facility	Partial Recourse(13)	Mar-18(7)	—	—	—	72,053	72,021
Subtotal Credit facilities and term borrowings				425,000	420,409	662,053	654,060
CDO bonds payable:							
N-Star I	Non-recourse	Aug-38	7.01%	9,206	9,161	10,869	10,814
N-Star IX	Non-recourse	Aug-52	LIBOR + 0.51%(8)	377,624	248,716	425,622	296,787
Subtotal CDO bonds payable				386,830	257,877	436,491	307,601

	Recourse vs. Non-Recourse	Final Maturity	Contractual Interest Rate(1)(2)	September 30, 2016 Principal Amount	September 30, 2016 Carrying Value(3)	December 31, 2015 Principal Amount	December 31, 2015 Carrying Value(3)
Exchangeable senior notes:							
7.25% Notes	Recourse	Jun-27	7.25%	12,955	12,955	12,955	12,955
5.375% Notes	Recourse	Jun-33	5.375%	16,405	14,401	17,405	15,116
8.875% Notes	—	—	—	—	—	1,000	967
Subtotal Exchangeable senior notes				29,360	27,356	31,360	29,038
Junior subordinated notes:							
Trust I	Recourse	Mar-35	LIBOR + 3.25%(8)	41,240	30,246	41,240	29,033
Trust II	Recourse	Jun-35	LIBOR + 3.25%(8)	25,780	18,910	25,780	18,152
Trust III	Recourse	Jan-36	LIBOR + 2.83%(8)	41,238	28,116	41,238	27,003
Trust IV	Recourse	Jun-36	LIBOR + 2.80%(8)	50,100	33,812	50,100	33,446
Trust V	Recourse	Sept-36	LIBOR + 2.70%(8)	30,100	19,920	30,100	18,978
Trust VI	Recourse	Dec-36	LIBOR + 2.90%(8)	25,100	17,123	25,100	16,348
Trust VII	Recourse	Apr-37	LIBOR + 2.50%(8)	31,459	19,970	31,459	18,960
Trust VIII	Recourse	Jul-37	LIBOR + 2.70%(8)	35,100	23,078	35,100	21,973
Subtotal Junior subordinated notes				280,117	191,175	280,117	183,893
Subtotal				8,147,062	7,818,844	8,707,102	8,339,168
Borrowings of properties, held for sale:(4)							
EDS Portfolio(14)	Non-recourse	Oct-15	5.37%	41,051	41,051	41,742	41,742
Manufactured Housing Communities	Non-recourse	Dec-21 - Dec-25	4.32%(8)	1,266,318	1,255,454	1,274,643	1,262,726
Multifamily	Non-recourse	Apr-23 - Jul-23	4.05%(8)	147,940	146,662	249,709	247,019
Senior Housing Portfolio	—	—	—	—	—	648,211	644,486
Subtotal Borrowings of properties held for sale				1,455,309	1,443,167	2,214,305	2,195,973
Grand Total				$9,602,371	$9,262,011	$10,921,407	$10,535,141

(1) Refer to Note 14 for further disclosure regarding derivative instruments which are used to manage interest rate exposure.
(2) For borrowings with a contractual interest rate based on LIBOR, represents three-month LIBOR for the SLC and Wakefield Portfolio and one-month LIBOR for the other borrowings.
(3) Carrying value represents fair value with respect to CDO bonds payable and junior subordinated notes due to the election of the fair value option (refer to Note 13) and amortized cost, net of deferred financing costs for the other borrowings.
(4) Mortgage and other notes payable are subject to customary non-recourse carveouts.
(5) In October 2016, the Company refinanced the DSG Portfolio borrowing. The final maturity and contractual interest rate disclosed represents the updated terms based on the refinancing.
(6) An aggregate principal amount of $6.3 billion is comprised of 21 senior mortgage notes totaling $4.9 billion and 16 mezzanine mortgage notes totaling $1.4 billion.
(7) Represents final maturity taking into consideration the Company's extension options.
(8) Contractual interest rate represents a weighted average.
(9) In connection with a definitive agreement to sell a portfolio of medical office buildings within the Griffin-American Portfolio, the Company expects to pay off $692.2 million of such borrowings, a portion of which represents a pay down above the assets aggregate allocated borrowing amount.
(10) Represents borrowings in unconsolidated N-Star CDOs.
(11) Secured by collateral relating to a borrowing base comprised primarily of unlevered CRE debt, net lease and securities investments with a carrying value of $210 million as of September 30, 2016.
(12) Represents the respective fixed rate applicable to each borrowing under the Corporate Term Borrowing.
(13) Recourse solely with respect to certain types of loans as defined in the governing documents. In April 2016, Loan Facility was repaid in full.
(14) In October 2015, the mortgage matured for the EDS Portfolio and in April 2016, the Company conveyed three properties back to the lender and expects to convey the remaining property back to the lender in the fourth quarter 2016. At such time, the Company expects to record a realized gain of $39.0 million upon extinguishment related to such borrowing.
(15) As of September 30, 2016, the borrower was not in compliance with certain operating covenants a result of the tenant's failure to satisfy the portfolio coverage covenant under the master lease. The Company expects to receive a waiver from the lenders for such default.
(16) As of September 30, 2016, as a result of a debt yield test, the Company is currently funding net operating cash of the hotel portfolio collateral related to this borrowing into a lender controlled escrow account to fund debt service. The Company may need to fund additional amounts until the test is satisfied. The Company does not believe the impact will be material.

The following table presents a reconciliation of principal amount to carrying value of the Company's mortgage and other notes payable by asset class as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016				December 31, 2015			
Asset Class:	Principal Amount	Discount (Premium), Net	Deferred Financing Costs, Net	Carrying Value	Principal Amount	Discount (Premium), Net	Deferred Financing Costs, Net	Carrying Value
Healthcare	$4,068,181	$ (44,775)	$(54,334)	$3,969,072	$4,115,588	$ (55,441)	$(64,094)	$3,996,053
Hotel	2,628,431	—	(2,629)	2,625,802	2,628,431	—	(14,496)	2,613,935
Net lease	162,667	—	(836)	161,831	386,018	4,389	(1,141)	389,266
Multi-tenant office	113,804	—	(1,154)	112,650	112,988	—	(1,722)	111,266
Other	52,672	—	—	52,672	54,056	—	—	54,056
Total	$7,025,755	$ (44,775)	$(58,953)	$6,922,027	$7,297,081	$ (51,052)	$(81,453)	$7,164,576

The following table presents scheduled principal maturities on borrowings, based on final maturity as of September 30, 2016 (dollars in thousands):

	Total	Mortgage and Other Notes Payable(2)	Credit Facilities and Term Borrowings	CDO Bonds Payable	Exchangeable Senior Notes(1)	Junior Subordinated Notes	Borrowings of Properties, Held for Sale(3)
October 1 to December 31, 2016	$ 72,157	$ 1,833	$ —	$ —	$ —	$ —	$ 70,324
Years ending December 31:							
2017	549,066	94,184	425,000	—	12,955	—	16,927
2018	316,052	295,070	—	—	—	—	20,982
2019	5,407,608	5,384,630	—	—	—	—	22,978
2020	380,039	355,785	—	—	—	—	24,254
Thereafter	2,877,449	894,253	—	386,830	16,405	280,117	1,299,844
Total	$9,602,371	$7,025,755	$ 425,000	$386,830	$ 29,360	$ 280,117	$ 1,455,309

(1) The 7.25% Notes and 5.375% Notes have a final maturity date of June 15, 2027 and June 15, 2033, respectively. The above table reflects the holders' repurchase rights which may require the Company to repurchase the 7.25% Notes and 5.375% Notes on June 15, 2017 and June 15, 2023, respectively.

(2) In connection with a definitive agreement to sell a portfolio of medical office buildings (refer to Note 3), the Company expects to pay off $692.2 million of such borrowings, a portion of which represents a pay down above the assets aggregate allocated borrowing amount.

(3) Borrowings of properties held for sale are expected to be paid off, assumed by buyers of the assets being sold or extinguished upon conveying the asset to the lender in the near term (refer to Note 3).

As of September 30, 2016, with the exception of the covenants disclosed above, the Company was in compliance with all of its financial covenants.

Credit Facilities and Term Borrowings

Corporate Borrowings

In August 2014, the Company obtained a corporate revolving credit facility (as amended, the "Corporate Revolver") with certain commercial bank lenders, with a three-year term. The Corporate Revolver is secured by collateral relating to a borrowing base and guarantees by certain subsidiaries of the Company. In May 2015, the Company amended and restated the Corporate Revolver to substitute the Operating Partnership as the borrower, with the Company becoming a guarantor. In February 2016, the Company amended the agreement and decreased the aggregate amount of the revolving commitment to $250.0 million, subject to certain conditions. In February 2016, the Corporate Revolver was repaid and there is currently no outstanding balance.

In September 2014, the Company entered into a corporate term borrowing agreement (as amended, the "Corporate Term Borrowing") with a commercial bank lender to establish term borrowings. In March 2015, the Company amended and restated the Corporate Term Borrowing to substitute the Operating Partnership as the borrower, with the Company becoming a guarantor. Borrowings may be prepaid at any time subject to customary breakage costs. In September and December 2014, the Company entered into a credit agreement providing for a term borrowing under the Corporate Term Borrowing in a principal amount of $275.0 million and $150.0 million, respectively, with a fixed interest rate of 4.60% and 4.55%, respectively, with each maturing on September 19, 2017. There is no available financing remaining under the Corporate Term Borrowing.

The Corporate Revolver and the Corporate Term Borrowing and related agreements contain representations, warranties, covenants, conditions precedent to funding, events of default and indemnities that are customary for agreements of these types.

Loan Facility

In March 2013, a subsidiary of the Company entered into a master repurchase agreement ("Loan Facility") of $200.0 million to finance first mortgage loans and senior interests secured by commercial real estate. In connection with Loan Facility, the Company entered into a guaranty agreement under which the Company guaranteed certain of the obligations under Loan Facility. Loan Facility and related agreements contain representations, warranties, covenants, conditions precedent to funding, events of default and indemnities that are customary for agreements of these types. In addition, the Company has agreed to guarantee certain customary obligations under Loan Facility if the Company or an affiliate of the Company engage in certain customary bad acts. In April 2016, Loan Facility was repaid in full.

9. Related Party Arrangements

NorthStar Asset Management Group

Management Agreement

Upon completion of the NSAM Spin-off, the Company entered into a management agreement with an affiliate of NSAM for an initial term of 20 years, which automatically renews for additional 20-year terms each anniversary thereafter unless earlier terminated. As asset manager, NSAM is responsible for the Company's day-to-day operations, subject to supervision and management of the Company's board of directors. Through its global network of subsidiaries and branch offices, NSAM performs services and engages in activities relating to, among other things, investments and financing, portfolio management and other administrative services, such as accounting and investor relations, to the Company and its subsidiaries other than the Company's CRE loan origination business. The management agreement with NSAM provides for a base management fee and incentive fee.

In connection with the NRE Spin-off, NorthStar Europe entered into a management agreement with NSAM with an initial term of 20 years on terms substantially consistent with the terms of the Company's management agreement with NSAM. The Company's management agreement with NSAM was amended and restated in connection with the NRE Spin-off to, among other things, adjust the annual base management fee and incentive fee hurdles for the NRE Spin-off. Upon completion of the Mergers, the management agreement with NSAM will cease to exist.

Base Management Fee

For the three months ended September 30, 2016 and 2015, the Company incurred $46.8 million and $49.0 million, respectively, related to the base management fee. For the nine months ended September 30, 2016 and 2015, the Company incurred $140.0 million and $142.5 million, respectively, related to the base management fee. As of September 30, 2016, $46.8 million is recorded in due to related party on the consolidated balance sheets. The base management fee to NSAM could increase subsequent to September 30, 2016 by an amount equal to 1.5% per annum of the sum of:

- cumulative net proceeds of all future common equity and preferred equity issued by the Company;
- equity issued by the Company in exchange or conversion of exchangeable notes based on the stock price at the date of issuance;
- any other issuances by the Company of common equity, preferred equity or other forms of equity, including but not limited to LTIP Units in the Company's Operating Partnership (excluding units issued to the Company and equity-based compensation, but including issuances related to an acquisition, investment, joint venture or partnership); and
- cumulative cash available for distribution ("CAD") of the Company in excess of cumulative distributions paid on common stock, LTIP units or other equity awards beginning the first full calendar quarter after the NSAM Spin-off.

Additionally, the Company's equity interest in RXR Realty and Aerium is structured so that NSAM is entitled to the portion of distributable cash flow from each investment in excess of the $10 million minimum annual base amount.

Incentive Fee

For the three and nine months ended September 30, 2016, the Company did not incur an incentive fee. For the three and nine months ended September 30, 2015, the Company incurred $2.3 million and $8.7 million related to the incentive fee, respectively. The incentive fee is calculated and payable quarterly in arrears in cash, equal to:

- the product of: (a) 15% and (b) the Company's CAD before such incentive fee, divided by the weighted average shares outstanding for the calendar quarter, of any amount in excess of $0.68 per share and up to $0.78 per share, after giving effect to the Reverse Split and the NRE Spin-off ("15% Hurdle"); plus

- the product of: (a) 25% and (b) the Company's CAD before such incentive fee, divided by the weighted average shares outstanding for the calendar quarter, of any amount in excess of $0.78 per share, after giving effect to the Reverse Split and the NRE Spin-off ("25% Hurdle");
- multiplied by the Company's weighted average shares outstanding for the calendar quarter.

In addition, NSAM may also earn an incentive fee from the Company's healthcare investments in connection with NSAM's Healthcare Strategic Partnership (refer to below).

Weighted average shares represents the number of shares of the Company's common stock, LTIP Units or other equity-based awards (with some exclusions), outstanding on a daily weighted average basis. With respect to the base management fee, all equity issuances are allocated on a daily weighted average basis during the fiscal quarter of issuance. With respect to the incentive fee, such amounts will be appropriately adjusted from time to time to take into account the effect of any stock split, reverse stock split, stock dividend, reclassification, recapitalization or other similar transaction.

Additional Management Agreement Terms

If the Company were to spin-off any asset or business in the future, such entity would be managed by NSAM on terms substantially similar to those set forth in the management agreement between the Company and NSAM. The management agreement further provides that the aggregate base management fee in place immediately after any future spin-off will not be less than the aggregate base management fee in place at the Company immediately prior to such spin-off.

The Company's management agreement with NSAM provides that in the event of a change of control of NSAM or other event that could be deemed an assignment of the management agreement, the Company will consider such assignment in good faith and not unreasonably withhold, condition or delay the Company's consent. The management agreement further provides that the Company anticipates consent would be granted for an assignment or deemed assignment to a party with expertise in commercial real estate and over $10 billion of assets under management. The management agreement also provides that, notwithstanding anything in the agreement to the contrary, to the maximum extent permitted by applicable law, rules and regulations, in connection with any merger, sale of all or substantially all of the assets, change of control, reorganization, consolidation or any similar transaction of the Company or NSAM, directly or indirectly, the surviving entity will succeed to the terms of the management agreement.

Payment of Costs and Expenses and Expense Allocation

The Company is responsible for all of its direct costs and expenses and reimburses NSAM for costs and expenses incurred by NSAM on the Company's behalf. In addition, NSAM may allocate indirect costs to the Company related to employees, occupancy and other general and administrative costs and expenses in accordance with the terms of, and subject to the limitations contained in, the Company's management agreement with NSAM (the "G&A Allocation"). The Company's management agreement with NSAM provides that the amount of the G&A Allocation will not exceed the following: (i) 20% of the combined total of: (a) the Company's and NorthStar Europe's (the "NorthStar Listed Companies") general and administrative expenses as reported in their consolidated financial statements excluding (1) equity-based compensation expense, (2) non-recurring items, (3) fees payable to NSAM under the terms of the applicable management agreement and (4) any allocation of expenses to the NorthStar Listed Companies ("NorthStar Listed Companies' G&A"); and (b) NSAM's general and administrative expenses as reported in its consolidated financial statements, excluding equity-based compensation expense and adding back any costs or expenses allocated to any managed company of NSAM; less (ii) the NorthStar Listed Companies' G&A. The G&A Allocation may include the Company's allocable share of NSAM's compensation and benefit costs associated with dedicated or partially dedicated personnel who spend all or a portion of their time managing the Company's affairs, based upon the percentage of time devoted by such personnel to the Company's affairs. The G&A Allocation may also include rental and occupancy, technology, office supplies, travel and entertainment and other general and administrative costs and expenses, which may be allocated based on various methodologies, such as weighted average employee count or the percentage of time devoted by personnel to the Company's affairs. In addition, the Company will pay directly or reimburse NSAM for an allocable portion of any severance paid pursuant to any employment, consulting or similar service agreements in effect between NSAM and any of its executives, employees or other service providers.

In connection with the NRE Spin-off and the related agreements, the NorthStar Listed Companies' obligations to reimburse NSAM for the G&A Allocation and any severance are shared among the NorthStar Listed Companies, at NSAM's discretion, and the 20% cap on the G&A Allocation, as described above, applies on an aggregate basis to the NorthStar Listed Companies. NSAM currently determined to allocate these amounts based on assets under management.

For the three months ended September 30, 2016, NSAM did not allocate any expenses to the Company. For the three months ended September 30, 2015, NSAM allocated $0.8 million to the Company. Included in the three months ended September 30, 2015 is $0.3 million recorded in discontinued operations related to NorthStar Europe. For the nine months ended September 30, 2016 and 2015, NSAM allocated $0.4 million and $3.5 million, respectively, to the Company. Included in the nine months ended September 30, 2015 is $1.4 million recorded in discontinued operations related to NorthStar Europe.

In addition, the Company, together with NorthStar Europe and any company spun-off from the Company or NorthStar Europe, will pay directly or reimburse NSAM for up to 50% of any long-term bonus or other compensation that NSAM's compensation committee determines shall be paid and/or settled in the form of equity and/or equity-based compensation to executives, employees and service providers of NSAM during any year. Subject to this limitation and limitations contained in any applicable management agreement between NSAM and NorthStar Europe or any company spun-off from the Company or NorthStar Europe, the amount paid by the Company, NorthStar Europe and any company spun-off from the Company or NorthStar Europe will be determined by NSAM in its discretion. At the discretion of NSAM's compensation committee, this compensation may be granted in shares of the Company's restricted stock, restricted stock units, LTIP Units or other forms of equity compensation or stock-based awards; provided that if at any time a sufficient number of shares of the Company's common stock are not available for issuance under the Company's equity compensation plan, such compensation shall be paid in the form of RSUs, LTIP Units or other securities that may be settled in cash. The Company's equity compensation for each year may be allocated on an individual-by-individual basis at the discretion of the NSAM compensation committee and, as long as the aggregate amount of the equity compensation for such year does not exceed the limits set forth in the management agreement, the proportion of any particular individual's equity compensation may be greater or less than 50%.

In connection with the above obligation, the Company was responsible for paying approximately 50% of the 2015 and 2014 long-term bonuses earned under the NorthStar Asset Management Group Inc. Executive Incentive Bonus Plan ("NSAM Bonus Plan"). Long-term bonuses were paid to executives in the form of equity-based awards of both the Company and NSAM, subject to performance-based and time-based vesting conditions over the four-year performance period from January 1, 2014 through December 31, 2017. The long-term bonuses paid in the form of equity-based awards of the Company were adjusted for the NRE Spin-off and Reverse Split in the same manner as all other equity-based awards of the Company.

Investment Opportunities

Under the management agreement, the Company agreed to make available to NSAM for the benefit of NSAM and its managed companies, including the Company, all investment opportunities sourced by the Company. NSAM agreed to fairly allocate such opportunities among NSAM's managed companies, including the Company and NSAM in accordance with an investment allocation policy. Pursuant to the management agreement, the Company is entitled to fair and reasonable compensation for its services in connection with any loan origination opportunities sourced by the Company, which may include first mortgage loans, subordinate mortgage interests, mezzanine loans and preferred equity interests, in each case relating to commercial real estate. For the three and nine months ended September 30, 2016, the Company earned $0.4 million and $0.8 million from NSAM, recorded in other revenue, for services in connection with loan origination opportunities.

NSAM provides services with regard to such areas as payroll, human resources and employee benefits, financial systems management, treasury and cash management, accounts payable services, telecommunications services, information technology services, property management services, legal and accounting services and various other corporate services to the Company as it relates to its loan origination business for CRE debt.

Credit Agreement

In connection with the NSAM Spin-off, the Company entered into a revolving credit agreement with NSAM pursuant to which the Company makes available to NSAM, on an "as available basis," up to $250 million of financing with a maturity of June 30, 2019 at LIBOR plus 3.50%. The revolving credit facility is unsecured. The terms of the revolving credit facility contain various representations, warranties, covenants and conditions, including the condition that the Company's obligation to advance proceeds to NSAM is dependent upon the Company and its affiliates having at least $100 million of either unrestricted cash and cash equivalents or amounts available under committed lines of credit, after taking into account the amount NSAM seeks to draw under the facility. As of September 30, 2016, the Company has not funded any amounts to NSAM in connection with this agreement.

Healthcare Strategic Joint Venture

In January 2014, NSAM entered into a long-term strategic partnership with James F. Flaherty III, former Chief Executive Officer of HCP, Inc., focused on expanding the Company's healthcare business into a preeminent healthcare platform ("Healthcare Strategic Partnership"). In connection with the partnership, Mr. Flaherty oversees both the Company's healthcare real estate portfolio and the portfolio of NorthStar Healthcare. In connection with entering into the partnership, the Company granted Mr. Flaherty certain RSUs (refer to Note 10). The Healthcare Strategic Partnership is entitled to incentive fees ranging from 20% to 25% above certain hurdles for new and existing healthcare real estate investments held by the Company. For the three and nine months ended September 30, 2016 and 2015, the Company did not incur any incentive fees related to the Healthcare Strategic Partnership.

N-Star CDOs

The Company earns certain collateral management fees from the N-Star CDOs primarily for administrative services. Such fees are recorded in other revenue in the consolidated statements of operations. For the three months ended September 30, 2016 and 2015, the Company earned $0.7 million and $1.3 million in fee income, respectively, of which $0.2 million and $0.6 million, respectively, were eliminated in consolidation. For the nine months ended September 30, 2016 and 2015, the Company earned $2.0 million and $4.1 million in fee income, respectively, of which $0.5 million and $1.8 million, respectively, were eliminated in consolidation.

Additionally, the Company earns interest income from the N-Star CDO bonds and N-Star CDO equity in deconsolidated N-Star CDOs. For the three months ended September 30, 2016 and 2015, the Company earned $12.7 million and $16.6 million, respectively, of interest income from such investments related to deconsolidated N-Star CDOs. For the nine months ended September 30, 2016 and 2015, the Company earned $35.5 million and $46.3 million, respectively, of interest income from such investments in deconsolidated N-Star CDOs. Refer to Note 7 and Note 16 for additional disclosure regarding the N-Star CDOs.

American Healthcare Investors

In December 2014, NSAM acquired a 43% interest in American Healthcare Investors LLC ("AHI") and James F. Flaherty III, a strategic partner of NSAM, acquired a 12% interest in AHI. AHI is a healthcare-focused real estate investment management firm that co-sponsored and advised Griffin-American Healthcare REIT II, Inc. until it was acquired by the Company and NorthStar Healthcare. In connection with this acquisition, AHI provides certain management and related services, including property management, to NSAM, NorthStar Healthcare and the Company in order to assist NSAM in managing the current and future healthcare assets (excluding any joint venture assets) acquired by the Company and, subject to certain conditions, other NSAM managed companies. For the three months ended September 30, 2016 and 2015, the Company incurred $0.4 million of property management fees to AHI. For the nine months ended September 30, 2016 and 2015, the Company incurred $1.3 million of property management fees to AHI. These fees are recorded in real estate properties—operating expenses in the consolidated statements of operations.

Island Hospitality Management

In January 2015, NSAM acquired a 45% interest in Island Hospitality Management Inc. ("Island"). Island is a leading, independent select service hotel management company that currently manages 164 hotel properties, representing $3.8 billion of assets, of which 110 hotel properties are owned by the Company. Island provides certain asset management, property management and other services to the Company to assist in managing the Company's hotel properties. Island receives a base management fee of 2.5% to 3.0% of the current monthly revenue of the hotel properties it manages for the Company. For the three months ended September 30, 2016 and 2015, the Company incurred $4.7 million of base property management and other fees to Island. For the nine months ended September 30, 2016 and 2015, the Company incurred $13.5 million and $11.1 million, respectively, of base property management and other fees to Island. These fees are recorded in real estate properties—operating expenses in the consolidated statements of operations. NSAM's investment in Island is expected to be sold in connection with the Mergers.

NSAM purchase of common stock

In 2015, NSAM purchased 2.7 million shares of the Company's common stock in the open market for $49.9 million.

Recent Sales or Commitments to Sell to NSAM Retail Companies

The Company sold or entered into agreements to sell certain assets to NSAM Retail Companies:

- In February 2016, the Company sold substantially all of its 70% interest in PE Investment II to the existing owners of the remaining 30% interest, one a third party which purchased approximately 80% of the interest sold and the other NorthStar Income which purchased the other approximate 20% of the interest sold. NorthStar Income paid $37.3 million for its respective interest. As part of the transaction, both buyers assumed the deferred purchase price obligation, on a pro rata basis, of the PE Investment II joint venture.

- In February 2016, the Company sold a 49% interest in one loan with a total principal amount of $40.3 million to a third party, at par, with the remaining 51% interest sold to NorthStar Income II, also at par.
- In February 2016, the Company sold one CRE security with a carrying value of $12.5 million to NorthStar Income II.
- In March 2016, the Company sold its 60% interest in the Senior Housing Portfolio to NorthStar Healthcare, which owned the remaining 40% interest, for $534.5 million. NorthStar Healthcare assumed the Company's portion of the $648.2 million of related mortgage financing and the Company received approximately $149.4 million of proceeds, net of sales costs.
- In September 2016, the Company sold a portfolio of PE Investments to NorthStar Income II for a gross sales price of $317.6 million with $44.7 million of deferred purchase price assumed as part of the transaction, including $5.6 million of deferred purchase price which was the obligation of an unconsolidated joint venture. The Company received $33.9 million of net proceeds and will receive the remaining $204.7 million of net proceeds in the fourth quarter 2016. Such amount is included in receivables, net on the consolidated balance sheets.
- In connection with the redemption of the Company's interest in the Industrial Portfolio, the third party equity obtained a preferred loan of $98.4 million from NorthStar Income II to finance the transaction.

The board of directors of each NSAM Retail Company, including all of the independent directors, approved each of the respective transactions, with the exception of the Industrial Portfolio which did not warrant board approval, after considering, among other matters, third-party pricing support.

10. Compensation Expense

Summary

The following table presents a summary of compensation expense for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Salaries and related expenses	$ 1,676	$ 1,616	$ 5,555	$ 6,422
Equity-based compensation expense	5,852	6,178	17,740	24,713
Total	$ 7,528	$ 7,794	$23,295	$31,135

Equity-Based Compensation

The Company has issued equity-based awards to directors, officers, employees, consultants and advisors pursuant to the NorthStar Realty Finance Corp. 2004 Omnibus Stock Incentive Plan (the "Stock Plan") and the NorthStar Realty Executive Incentive Bonus Plan, as amended (the "Plan" and collectively the "NorthStar Realty Equity Plans").

Prior to the NSAM Spin-off, the Company conducted substantially all of its operations and made its investments through an operating partnership which issued LTIP Units as equity-based compensation. Additionally, prior to the NSAM Spin-off, the Company completed an internal corporate reorganization whereby the Company collapsed its three tier holding company structure, including such operating partnership, into a single tier (the "Reorganization"). All of the vested and unvested equity-based awards granted by the Company prior to the NSAM Spin-off remain outstanding following the Reorganization and the NSAM Spin-off. Appropriate adjustments were made to all awards to reflect the Reorganization, the Reverse Split and the NSAM Spin-off and NRE Spin-off, collectively referred to as the Spin-offs. Pursuant to the Reorganization, such LTIP Units were converted into an equal number of shares of common stock of the Company (refer to Note 12), which are referred to as restricted stock, and holders of such shares received an equal number of shares of NSAM's common stock in connection with the NSAM Spin-off, all of which generally remain subject to the same vesting and other terms that applied prior to the NSAM Spin-off. In connection with the NSAM Spin-off, equity and equity-based awards relating to the Company's common stock, such as RSUs and Deferred LTIP Units, were adjusted to also relate to an equal number of shares of NSAM's common stock, but otherwise generally remain subject to the same vesting and other terms that applied prior to the NSAM Spin-off. Vesting conditions for outstanding awards have been adjusted to reflect the impact of NSAM in terms of employment for service based on awards and total stockholder return for performance-based awards with respect to periods after the NSAM Spin-off.

In connection with the formation of the Operating Partnership, the Operating Partnership issued LTIP Units to each holder of the Company's outstanding Deferred LTIP Units, which were equity awards representing the right to receive either LTIP units in the Company's successor operating partnership or, if such LTIP units were not available upon settlement of the award, shares of common stock of the Company, in settlement of such Deferred LTIP Units on a one for one basis in accordance with the terms of the outstanding Deferred LTIP Units. Conditioned upon minimum allocations to the capital account of the LTIP Unit for federal income tax purposes, each LTIP Unit will be convertible, at the election of the holder, into one common unit of limited partnership interest in the Operating Partnership ("OP Unit"). Each of the OP Units underlying these LTIP Units will be redeemable at the election of the OP Unit holder for: (i) cash equal to the then fair market value of one share of the Company's common stock; or (ii) at the option of the Company in its capacity as general partner of the Operating Partnership, one share of the Company's common stock. LTIP Units issued remain subject to the same vesting terms as the Deferred LTIP Units.

In connection with the NRE Spin-off, equity and equity-based awards relating to the Company's common stock, such as RSUs, were adjusted to also relate to one share of NorthStar Europe common stock for each six shares of the Company's common stock, but otherwise generally remain subject to the same vesting and other terms that applied prior to the NRE Spin-off. Appropriate adjustments were also made to all awards to reflect the Reverse Split.

Following the Spin-offs, the Company and the compensation committee of its board of directors (the "Committee") continues to administer all awards issued under the NorthStar Realty Equity Plans but NSAM and NorthStar Europe are obligated to issue shares of their common stock or other equity awards of their subsidiaries or make cash payments in lieu thereof with respect to dividend or distribution equivalent obligations to the extent required by such awards previously issued under the NorthStar Realty Equity Plans. These awards will continue to be governed by the NorthStar Realty Equity Plans, as applicable, and shares of NSAM's common stock or NorthStar Europe's common stock issued pursuant to these awards will not be issued pursuant to, or reduce availability, under the NorthStar Realty Equity Plans.

All of the adjustments made in connection with the Reorganization, the Spin-offs and the Reverse Splits were deemed to be equitable adjustments pursuant to anti-dilution provisions in accordance with the terms of the NorthStar Realty Equity Plans. As a result, there was no incremental value attributed to these adjustments and these adjustments do not impact the amount recorded for equity-based compensation expense for the three and nine months ended September 30, 2016 and 2015.

The following summarizes the equity-based compensation plans and related expenses.

All share amounts and related information disclosed below have been retrospectively adjusted to reflect the Reverse Split.

NorthStar Realty Equity Plans

Omnibus Stock Incentive Plan

In September 2004, the board of directors of the Company adopted the Stock Plan, and such plan, as amended and restated, was further adopted by the board of directors of the Company on April 27, 2016 and approved by the stockholders on June 20, 2016. The Stock Plan provides for the issuance of stock-based incentive awards, including incentive stock options, non-qualified stock options, stock appreciation rights, shares of common stock of the Company, in the form of restricted stock and other equity-based awards such as LTIP Units or any combination of the foregoing. The eligible participants in the Stock Plan include directors, officers, employees, consultants and advisors of the Company.

As of September 30, 2016, 791,552 unvested shares of restricted stock issued under the Stock Plan were outstanding and 3,400,652 shares of common stock remained available for issuance pursuant to the Stock Plan, which includes shares reserved for issuance upon settlement of outstanding LTIP Units and RSUs. Holders of shares of restricted stock or LTIP Units are entitled to receive dividends or distributions with respect to the Company's shares of restricted stock and vested and unvested LTIP Units for as long as such shares and LTIP Units remain outstanding.

Incentive Compensation Plan

In July 2009, the Committee approved the material terms of the Plan for the Company's executive officers and other employees. Pursuant to the Plan, an incentive pool was established each calendar year through 2013. The size of the incentive pool was calculated as the sum of: (a) 1.75% of the Company's "adjusted equity capital" for the year; and (b) 25% of the Company's adjusted funds from operations, as adjusted, above a 9% return hurdle on adjusted equity capital. Payout from the incentive pool is or was subject to achievement of additional performance and/or time-based goals summarized below.

The portion of the incentive pool for the executive officers was divided into the following three separate incentive compensation components: (a) an annual cash bonus, tied to annual performance of the Company and paid prior to or shortly after completion of the year-end audit ("Annual Bonus"); (b) a deferred bonus, determined based on the same year's performance, but paid 50% following the close of each of the first and second years after such incentive pool is determined, subject to the participant's continued employment through each payment date ("Deferred Bonus"); and (c) a long-term incentive in the form of RSUs, LTIP Units and/or Deferred LTIP Units. RSUs are subject to the Company achieving cumulative performance hurdles and/or total stockholder

return hurdles established by the Committee for a three- or four-year period, subject to the participant's continued employment through the payment date. Upon the conclusion of the applicable performance period, each executive officer will receive a payout, if any, equal to the value of one share of common stock at the time of such payout, including the dividends paid with respect to a share of common stock following the first year of the applicable performance period, for each RSU actually earned (the "Long-Term Amount Value"). The Long-Term Amount Value, if any, other than the portion related to dividends paid, will be paid in the form of shares of common stock of the Company or LTIP Units in the Operating Partnership, to the extent available under the NorthStar Realty Equity Plans, or in cash to the extent shares of common stock of the Company or LTIP Units in the Operating Partnership are unavailable under the NorthStar Realty Equity Plans, and, pursuant to adjustments made in connection with the NSAM Spin-off and the NRE Spin-off, shares of NSAM's common stock or LTIP Units in NSAM's operating partnership and shares of NorthStar Europe's common stock or LTIP Units in NorthStar Europe's operating partnership (the "Long-Term Amount Payout"). These performance-based RSUs were adjusted to refer to combined total stockholder return of the Company and NSAM with respect to periods after the NSAM Spin-off. These performance-based RSUs were again adjusted to refer to combined total stockholder return of the Company, NorthStar Europe and NSAM after the NRE Spin-off. Restricted stock or LTIP Units granted as a portion of the long-term incentive are subject to vesting based on continued employment during the performance period, but are not subject to performance-based vesting hurdles.

Under the Plan, for 2011, the Company issued 381,449 RSUs to executive officers which were subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ended December 31, 2014. The grant date fair value was $4.32 per RSU determined using a risk-free interest rate of 0.42%. As of December 31, 2014, the Company determined the performance hurdle was met which resulted in all of these RSUs vesting. To settle these RSUs, the Company issued 24,575 shares of common stock, net of the minimum statutory tax withholding requirements, on January 1, 2015 and the Operating Partnership issued 334,871 LTIP Units. Under the Plan, for 2011, the Company also granted 381,449 LTIP Units to executive officers which were subject to vesting in four annual installments ending on January 29, 2015, subject to the executive officer's continued employment through the applicable vesting date, and were converted into shares of restricted stock pursuant to the Reorganization. The Company also granted 151,340 shares of restricted stock (net of forfeitures occurring through September 30, 2016) to certain non-executive employees, which were subject to vesting quarterly over three years beginning April 2012, subject to continued employment through the applicable vesting date.

Under the Plan, for 2012, the Company issued 352,418 RSUs to executive officers which are subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ending December 31, 2015. The grant date fair value was $9.86 per RSU determined using a risk-free interest rate of 0.44%. As of December 31, 2015, the Company determined the performance hurdle was met which resulted in all of these RSUs vesting. To settle these RSUs, the Company issued 158,191 shares of common stock, net of the minimum statutory tax withholding requirements, on January 4, 2016. Under the Plan, for 2012, the Company also granted 352,418 LTIP Units to executive officers which were subject to vesting in four annual installments beginning on January 29, 2013, subject to the executive officer's continued employment through the applicable vesting date, and were converted into shares of restricted stock pursuant to the Reorganization. The Company also granted 144,883 LTIP Units (net of forfeitures occurring through September 30, 2016) to certain non-executive employees which are subject to vesting quarterly over three years beginning April 2013, subject to continued employment through the applicable vesting date, and were converted into shares of restricted stock pursuant to the Reorganization.

Under the Plan, for 2013, the Company issued 250,184 RSUs to executive officers which are subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ending December 31, 2016. The grant date fair value was $21.57 per RSU determined using a risk-free interest rate of 0.63%. Under the Plan, for 2013, the Company also granted 250,184 Deferred LTIP Units to executive officers which are subject to vesting in four annual installments beginning on January 29, 2014, subject to the executive officer's continued employment through the applicable vesting date and 130,787 Deferred LTIP Units which were subject to vesting based on continued employment through December 31, 2015. The Company also granted 136,262 Deferred LTIP Units (net of forfeitures occurring through September 30, 2016) to certain non-executive employees which were subject to vesting quarterly over three years beginning April 2014, subject to continued employment through the applicable vesting date. Such Deferred LTIP Units were subsequently settled as LTIP Units in the Operating Partnership or shares of restricted stock, which remain subject to the same vesting terms that applied to the Deferred LTIP Units.

NSAM Bonus Plan

In connection with the NSAM Bonus Plan, for 2014, approximately 31.65% of the long-term bonus was paid in Deferred LTIP Units and approximately 18.35% of the long-term bonus was paid by the Company by issuing RSUs. In connection with the long-term bonuses to be paid by the Company, in February 2015, the Company granted 519,115 Deferred LTIP Units to executive officers of which 25% were vested upon grant and the remainder was subject to vesting in three equal annual installments beginning on December 31, 2015, subject to the executive officer's continued employment through the applicable vesting dates. The Company

also granted 292,438 RSUs to NSAM's executive officers subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ending December 31, 2017. The grant date fair value of such RSUs was $18.64 per RSU determined using a risk-free interest rate of 1.00%. After the NRE Spin-off, these performance-based RSUs were adjusted to refer to combined total stockholder return of the Company and NorthStar Europe. In the first quarter 2015, the Company also granted 329,416 Deferred LTIP Units (net of forfeitures occurring through September 30, 2016) to certain of NSAM's non-executive employees, with substantially similar terms to the executive awards subject to time based vesting conditions. Such Deferred LTIP Units were settled as LTIP Units in the Operating Partnership or shares of restricted stock, which remain subject to the same vesting terms that applied to the Deferred LTIP Units.

In connection with the NSAM Bonus Plan, for 2015, a portion of the long-term bonus was paid in restricted shares of common stock and a portion of the long-term bonus was paid by the Company by issuing RSUs. In connection with the 2015 long-term bonuses paid by the Company, in February 2016, the Company granted 1,006,006 restricted shares of common stock to NSAM's executive officers, of which 25% were vested upon grant and the remainder is subject to vesting in equal installments on December 31, 2016, 2017 and 2018, subject to the recipient's continued employment through the applicable vesting dates. In connection with the issuance of these shares, in February 2016, the Company retired 132,654 of the vested shares of common stock to satisfy the minimum statutory withholding requirements. In addition, in February 2016, the Company granted 583,261 RSUs to NSAM's executive officers, which are subject to vesting based on the Company's absolute total stockholder return, CAD and continued employment over the four-year period ending December 31, 2018. The grant date fair value of such RSUs was $1.70 per RSU determined using a risk-free interest rate of 0.88%. Following the determination of the number of these performance-based RSUs that vest, the Company will settle the vested RSUs by issuing an equal number shares of common stock (or, if shares are not then available, paying cash in an amount equal to the value of such shares) and the NSAM executives will be entitled to receive the distributions that would have been paid with respect to a share of common stock (for each RSU that vests) on or after January 1, 2015. In February 2016, the Company also granted 513,306 restricted shares (net of forfeitures occurring through September 30, 2016) of common stock and/or RSUs to its Chief Executive Officer and certain of the Company's and NSAM's non-executive employees, with substantially similar terms to the executive awards subject to time-based vesting conditions.

Other Issuances

Healthcare Strategic Joint Venture

In connection with entering into the Healthcare Strategic Partnership, the Company granted Mr. Flaherty 250,000 RSUs on January 22, 2014 which vest on January 22, 2019, unless certain conditions are met. In connection with the Spin-offs, the RSUs granted to Mr. Flaherty were adjusted to also relate to shares of NSAM's common stock and NorthStar Europe's common stock. The RSUs are entitled to dividend equivalents prior to vesting and may be settled either in shares of common stock of the Company, NSAM and NorthStar Europe or in cash at the option of the Company.

Equity-based Compensation Summary

The following table presents a summary of equity-based awards outstanding. The balance as of September 30, 2016 represents unvested shares of restricted stock, LTIP Units and restricted stock units outstanding, whether vested or not (grants in thousands):

	Nine Months Ended September 30, 2016				
	Restricted Stock	LTIP Units	Restricted Stock Units(1)	Total Grants	Weighted Average Grant Price
December 31, 2015	81	1,868	250	2,199	$ 33.44
Granted	1,040	—	505	1,545	10.73
Converted	—	—	(81)	(81)	10.73
Forfeited	—	(12)	(13)	(25)	20.08
Vesting	(329)	—	—	(329)	11.31
September 30, 2016	792	1,856	661	3,309	$ 25.70

(1) Represents employee and non-employee grants subject to time-based vesting conditions.

As of September 30, 2016, equity-based compensation expense to be recognized over the remaining vesting period through August 2019 is $24.3 million, provided there are no forfeitures.

In connection with the Mergers, substantially all outstanding time-based equity awards issued to executives and non-executive employees will vest in accordance with their terms. In addition, all or a portion of the outstanding performance-based awards issued to executives will vest in accordance with their terms subject to forfeiture and reduction.

11. Stockholders' Equity

Reverse Split

On November 1, 2015, the Company effected a Reverse Split of its common stock with any fractional shares settled in cash. As a result of the Reverse Split, common stock was reduced by dividing the par value prior to the Reverse Split by two (including retrospective adjustment of prior periods) with a corresponding increase to additional paid-in capital. The par value per share of common stock remained unchanged.

Share and per share amounts disclosed in the Company's consolidated financial statements and the accompanying notes have been retrospectively adjusted to reflect the Reverse Split, including common stock outstanding, earnings per share and shares or units outstanding related to equity-based compensation, where applicable (refer to Note 10).

Share Repurchase

In September 2015, the Company's board of directors authorized the repurchase of up to $500.0 million of its outstanding common stock. The authorization expired in September 2016. For the nine months ended September 30, 2016, the Company repurchased 3.9 million shares of its common stock for $50.0 million. From September 2015 through September 30, 2016, the Company repurchased 10.4 million shares for $168.0 million.

Dividend Reinvestment Plan

In April 2007, as amended effective January 1, 2012, the Company implemented a Dividend Reinvestment Plan (the "DRP"), pursuant to which it registered with the SEC and reserved for issuance 3,569,962 shares of its common stock, after giving effect to the Reverse Split. Pursuant to the amended terms of the DRP, stockholders are able to automatically reinvest all or a portion of their dividends for additional shares of the Company's common stock. The Company expects to use the proceeds from the DRP for general corporate purposes. For the nine months ended September 30, 2016, the Company issued 11,808 shares of its common stock pursuant to the DRP for $0.2 million of proceeds.

Dividends

The following table presents dividends declared (on a per share basis) for the nine months ended September 30, 2016:

Common Stock		Preferred Stock					
			Dividend Per Share				
Declaration Date	Dividend Per Share	Declaration Date	Series A	Series B	Series C	Series D	Series E
February 25	$ 0.40	January 28	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
May 4	$ 0.40	April 27	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
August 2	$ 0.40	July 28	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688

Accumulated Other Comprehensive Income (Loss)

The following tables present the components of accumulated OCI for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

Three months ended September 30, 2016	Unrealized Gain (Loss) on Available for Sale Securities	Interest Rate Swap Gain (Loss)	Foreign Currency Translation	Total
Balance as of June 30, 2016 (Unaudited)	$ (43,303)	$ (326)	$ (4,776)	$ (48,405)
Unrealized gain (loss) on real estate securities, available for sale	(14,694)	—	—	(14,694)
Amortization of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 14)	—	223	—	223
Foreign currency translation adjustment	—	—	(1,163)	(1,163)
Non-controlling interests	149	(2)	183	330
Balance as of September 30, 2016 (Unaudited)	$ (57,848)	$ (105)	$ (5,756)	$ (63,709)
Nine months ended September 30, 2016				
Balance as of December 31, 2015	$ 21,016	$ (767)	$ (1,764)	$ 18,485
Unrealized gain (loss) on real estate securities, available for sale	(80,264)	—	—	(80,264)
Unrealized (gain) loss on real estate securities, available for sale recorded to realized gain (loss) on investments and other	592	—	—	592
Amortization of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 14)	—	669	—	669
Foreign currency translation adjustment	—	—	(4,726)	(4,726)
Non-controlling interests	808	(7)	734	1,535
Balance as of September 30, 2016 (Unaudited)	$ (57,848)	$ (105)	$ (5,756)	$ (63,709)

Three months ended September 30, 2015	Unrealized Gain (Loss) on Available for Sale Securities	Interest Rate Swap Gain (Loss)	Foreign Currency Translation	Total
Balance as of June 30, 2015 (Unaudited)	$ 35,228	$ (1,208)	$ (6,776)	$ 27,244
Unrealized gain (loss) on real estate securities, available for sale	(7,559)	—	—	(7,559)
Reclassification of unrealized (gain) loss on real estate securities, available for sale into realized gain (loss) on investments and other	(517)	—	—	(517)
Amortization of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 14)	—	223	—	223
Foreign currency translation adjustment	—	—	1,557	1,557
Non-controlling interests	80	(2)	(400)	(322)
Balance as of September 30, 2015 (Unaudited)	$ 27,232	$ (987)	$ (5,619)	$ 20,626
Nine months ended September 30, 2015				
Balance as of December 31, 2014	$ 56,072	$ (1,694)	$ (4,838)	$ 49,540
Unrealized gain (loss) on real estate securities, available for sale	(14,817)	—	—	(14,817)
Unrealized (gain) loss on real estate securities, available for sale recorded to realized gain (loss) on investments and other	(14,126)	—	—	(14,126)
Amortization of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 14)	—	711	—	711
Foreign currency translation adjustment	—	—	(912)	(912)
Non-controlling interests	103	(4)	131	230
Balance as of September 30, 2015 (Unaudited)	$ 27,232	$ (987)	$ (5,619)	$ 20,626

Earnings Per Share

The following table presents EPS for the three and nine months ended and September 30, 2016 and 2015 (dollars and shares in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	$(100,351)	$(126,111)	$(361,171)	$(255,215)
Net income (loss) attributable to LTIP Units non-controlling interests	(1,034)	(1,301)	(3,537)	(2,370)
Net income (loss) attributable to common stockholders and LTIP Units(1)	$(101,385)	$(127,412)	$(364,708)	$(257,585)
Denominator:(2)(3)				
Weighted average shares of common stock	179,890	182,343	180,803	171,138
Weighted average LTIP Units(1)	1,856	1,845	1,861	1,337
Weighted average shares of common stock and LTIP Units(2)	181,746	184,188	182,664	172,475
Earnings (loss) per share:(3)				
Basic	$ (0.56)	$ (0.69)	$ (2.00)	$ (1.49)
Diluted	$ (0.56)	$ (0.69)	$ (2.00)	$ (1.49)

(1) The EPS calculation takes into account LTIP Units, which receive non-forfeitable dividends from the date of grant, share equally in the Company's net income (loss) and convert on a one-for-one basis into common stock.

(2) Excludes the effect of exchangeable senior notes, restricted stock and RSUs outstanding that were not dilutive as of September 30, 2016. These instruments could potentially impact diluted EPS in future periods, depending on changes in the Company's stock price and other factors.

(3) The three and nine months ended September 30, 2015 is adjusted for the Reverse Split effected on November 1, 2015.

12. Non-controlling Interests

Operating Partnership

Non-controlling interests include the aggregate LTIP Units held by limited partners (the "Unit Holders") in the Operating Partnership. Net income (loss) attributable to this non-controlling interest is based on the weighted average Unit Holders' ownership percentage of the Operating Partnership for the respective period. The issuance of additional common stock or LTIP Units changes

the percentage ownership of both the Unit Holders and the Company. Since an LTIP Unit is generally redeemable for cash or common stock at the option of the Company, it is deemed to be equivalent to common stock. Therefore, such transactions are treated as capital transactions and result in an allocation between stockholders' equity and non-controlling interests on the accompanying consolidated balance sheets to account for the change in the ownership of the underlying equity in the Operating Partnership. On a quarterly basis, the carry value of such non-controlling interest is allocated based on the number of LTIP Units held by Unit Holders in total in proportion to the number of LTIP Units in total plus the number of shares of common stock. As of September 30, 2016, LTIP Units of 1,855,571 were outstanding representing a 1.0% ownership and non-controlling interest in the Operating Partnership. Net income (loss) attributable to the Operating Partnership non-controlling interest for the three months ended September 30, 2016 and 2015 was a net loss of $1.0 million and $1.3 million, respectively. Net income (loss) attributable to the Operating Partnership non-controlling interest for the nine months ended September 30, 2016 and 2015 was a net loss of $3.5 million and $2.4 million, respectively. In connection with the Mergers, the Operating Partnership will merge with and into NorthStar Realty and each LTIP Unit outstanding as of immediately prior to such effective time will convert into one share of common stock.

Other

Other non-controlling interests represent third-party equity interests in ventures that are consolidated with the Company's financial statements. Net income (loss) attributable to the other non-controlling interests for the three months ended September 30, 2016 and 2015 was a net loss of $2.5 million and $2.2 million, respectively. Net income (loss) attributable to the other non-controlling interests for the nine months ended September 30, 2016 and 2015 was a net loss of $4.4 million and $12.7 million, respectively.

The following table presents net income (loss) attributable to the Company's common stockholders for the three and nine months September 30, 2016 and 2015 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Income (loss) from continuing operations	$(100,351)	$(109,537)	$(361,171)	$(141,963)
Income (loss) from discontinued operations	—	(16,574)	—	(113,252)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	$(100,351)	$(126,111)	$(361,171)	$(255,215)

13. Fair Value

Fair Value Measurement

The fair value of financial instruments is categorized based on the priority of the inputs to the valuation technique and categorized into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities are recorded at fair value on the consolidated balance sheets and are categorized based on the inputs to the valuation techniques as follows:

Level 1. Quoted prices for identical assets or liabilities in an active market.

Level 2. Financial assets and liabilities whose values are based on the following:

(a) Quoted prices for similar assets or liabilities in active markets.

(b) Quoted prices for identical or similar assets or liabilities in non-active markets.

(c) Pricing models whose inputs are observable for substantially the full term of the asset or liability.

(d) Pricing models whose inputs are derived principally from or corroborated by observable market data for substantially the full term of the asset or liability.

Level 3. Prices or valuation techniques based on inputs that are both unobservable and significant to the overall fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following is a description of the valuation techniques used to measure fair value of assets and liabilities accounted for at fair value on a recurring basis and the general classification of these instruments pursuant to the fair value hierarchy.

PE Investments

The Company accounts for PE Investments at fair value which is determined based on a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying assets in the funds and discount rate. This fair value measurement is generally based on unobservable inputs and, as such, is classified as Level 3 of the fair value hierarchy. The Company is not using the NAV (practical expedient) of the underlying funds for purposes of determining fair value.

Investments in Unconsolidated Ventures

The Company accounts for certain investments in unconsolidated ventures at fair value determined based on a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying assets, discount rate and foreign currency exchange rates. Additionally, the Company accounts for a CRE debt investment made in connection with an investment in unconsolidated venture at fair value, which is determined based on comparing the current yield to the estimated yield for newly originated loans with similar credit risk. These fair value measurements are generally based on unobservable inputs and, as such, are classified as Level 3 of the fair value hierarchy.

Real Estate Securities

N-Star CDO Bonds

The fair value of N-Star CDO bonds is determined using quotations from nationally recognized financial institutions that generally acted as underwriter for the transactions. These quotations are not adjusted and are generally based on a valuation model with observable inputs such as interest rate and other unobservable inputs for assumptions related to the timing and amount of expected future cash flow, discount rate, estimated prepayments and projected losses. The fair value of subordinate N-Star CDO bonds is determined using an internal price interpolated based on third-party prices of the more senior N-Star CDO bonds of the respective CDO. All N-Star CDO bonds are classified as Level 3 of the fair value hierarchy.

N-Star CDO Equity

The fair value of N-Star CDO equity is determined based on a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying collateral of these CDOs and discount rate. This fair value measurement is generally based on unobservable inputs and, as such, is classified as Level 3 of the fair value hierarchy.

Other CRE Securities

Other CRE securities are generally valued using a third-party pricing service or broker quotations. These quotations are not adjusted and are based on observable inputs that can be validated, and as such, are classified as Level 2 of the fair value hierarchy. Certain CRE securities may be valued based on a single broker quote or an internal price which may have less observable pricing, and as such, would be classified as Level 3 of the fair value hierarchy. Management determines the prices are representative of fair value through a review of available data, including observable inputs, recent transactions as well as its knowledge of and experience in the market.

Derivative Instruments

Derivative instruments are valued using a third-party pricing service. These quotations are not adjusted and are generally based on valuation models with observable inputs such as interest rates and contractual cash flow, and as such, are classified as Level 2 of the fair value hierarchy. Derivative instruments are also assessed for credit valuation adjustments due to the risk of non-performance by the Company and derivative counterparties. If a credit valuation adjustment is applied to a derivative asset or liability, such fair value measurement is classified as Level 3 of the fair value hierarchy. For derivatives held in non-recourse CDO financing structures where, by design, the derivative contracts are senior to all the CDO bonds payable, there is no material impact of a credit valuation adjustment.

CDO Bonds Payable

CDO bonds payable are valued using quotations from nationally recognized financial institutions that generally acted as underwriter for the transactions. These quotations are not adjusted and are generally based on a valuation model with observable inputs such as interest rate and other unobservable inputs for assumptions related to the timing and amount of expected future cash flow, discount rate, estimated prepayments and projected losses. CDO bonds payable are classified as Level 3 of the fair value hierarchy.

Junior Subordinated Notes

Junior subordinated notes may be valued using quotations from nationally recognized financial institutions or an internal model. A quotation from a financial institution is not adjusted. The fair value is generally based on a valuation model with observable inputs such as interest rate and other unobservable inputs for assumptions related to the implied credit spread of the Company's other borrowings and the timing and amount of expected future cash flow. Junior subordinated notes are classified as Level 3 of the fair value hierarchy.

Financial assets and liabilities recorded at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables present financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2016 and December 31, 2015 by level within the fair value hierarchy (dollars in thousands):

	September 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
PE Investments	$ —	$ —	$484,876	$ 484,876
Investments in unconsolidated ventures(1)	—	—	122,596	122,596
Real estate securities, available for sale:				
N-Star CDO bonds	—	—	120,267	120,267
N-Star CDO equity	—	—	31,886	31,886
CMBS and other securities	—	8,603	13,208	21,811
CRE securities in N-Star CDOs				
CMBS	—	242,337	44,084	286,421
Third-party CDO notes	—	—	6,330	6,330
Agency debentures	—	45,819	—	45,819
Unsecured REIT debt	—	8,763	—	8,763
Trust preferred securities	—	—	5,669	5,669
Subtotal CRE securities in N-Star CDOs	—	296,919	56,083	353,002
Subtotal real estate securities, available for sale	—	305,522	221,444	526,966
Derivative assets	—	4	—	4
Total assets	$ —	$305,526	$828,916	$1,134,442
Liabilities:				
CDO bonds payable	$ —	$ —	$257,877	$ 257,877
Junior subordinated notes	—	—	191,175	191,175
Derivative liabilities	—	1,108	301,208(2)	302,316
Total liabilities	$ —	$ 1,108	$750,260	$ 751,368

(1) Includes a CRE debt investment made in connection with an investment in unconsolidated venture, for which the fair value option was elected.
(2) Represents an interest rate swap in the corporate segment and includes a credit valuation adjustment.

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
PE Investments	$ —	$ —	$1,101,650	$1,101,650
Investments in unconsolidated ventures(1)	—	—	120,392	120,392
Real estate securities, available for sale:				
N-Star CDO bonds	—	—	216,727	216,727
N-Star CDO equity	—	—	44,905	44,905
CMBS and other securities	—	12,318	43,247	55,565
CRE securities in N-Star CDOs				
CMBS	—	261,552	64,959	326,511
Third-party CDO notes	—	—	6,685	6,685
Agency debentures	—	37,316	—	37,316
Unsecured REIT debt	—	8,976	—	8,976
Trust preferred securities	—	—	5,425	5,425
Subtotal CRE securities in N-Star CDOs	—	307,844	77,069	384,913
Subtotal real estate securities, available for sale	—	320,162	381,948	702,110
Derivative assets	—	116	—	116
Total assets	$ —	$320,278	$1,603,990	$1,924,268
Liabilities:				
CDO bonds payable	$ —	$ —	$ 307,601	$ 307,601
Junior subordinated notes	—	—	183,893	183,893
Derivative liabilities	—	7,385	95,908(2)	103,293
Total liabilities	$ —	$ 7,385	$ 587,402	$ 594,787

(1) Includes CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.
(2) Represents an interest rate swap in the corporate segment and includes a credit valuation adjustment.

The following table presents the changes in fair value of financial assets and liabilities which are measured at fair value on a recurring basis using Level 3 inputs to determine fair value for the nine months ended September 30, 2016 (dollars in thousands):

	Assets			Liabilities(3)	
	PE Investments	Investments in Unconsolidated Ventures(1)	CRE Securities	CDO Bonds Payable	Junior Subordinated Notes
January 1, 2016	$1,101,650	$ 120,392	$381,948	$307,601	$ 183,893
Transfers into Level 3(2)	—	—	20,611	—	—
Transfers out of Level 3(2)	—	—	(11,029)	—	—
Purchases / borrowings / amortization / contributions	3,892	48	32,711	—	—
Sales	(503,593)	—	(53,886)	—	—
Paydowns / distributions	(187,039)	(10,762)	(42,217)	(49,661)	—
Gains:					
Equity in earnings of unconsolidated ventures	79,248	21,276	—	—	—
Unrealized gains included in earnings	—	—	14,110	(2,533)	—
Realized gains included in earnings	—	—	445	—	—
Unrealized gain on real estate securities, available for sale included in OCI	—	—	3,263	—	—
Losses:					
Unrealized losses included in earnings	(8,202)	(8,358)	(17,504)	2,470	7,282
Realized losses included in earnings	(1,080)	—	(23,877)	—	—
Unrealized loss on real estate securities, available for sale included in OCI	—	—	(83,131)	—	—
September 30, 2016	$ 484,876	$ 122,596	$221,444	$257,877	$ 191,175
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities still held	$ (8,202)	$ (8,358)	$ (3,394)	$ 63	$ (7,282)

(1) Includes CRE debt investments made in connection with an investment in unconsolidated venture, for which the fair value option was elected.
(2) Transfers between Level 2 and Level 3 represent a fair value measurement from a third-party pricing service or broker quotations that have become more or less observable during the period. Transfers are assumed to occur at the beginning of the year.
(3) Excludes one derivative instrument, which for the nine months ended September 30, 2016, an unrealized loss of $205.3 million was recorded. Such amount includes an unrealized loss of $10.9 million related to a credit valuation adjustment.

The following table presents the changes in fair value of financial assets and liabilities which are measured at fair value on a recurring basis using Level 3 inputs to determine fair value for the year ended December 31, 2015 (dollars in thousands):

	Assets			Liabilities(3)	
	PE Investments	Investments in Unconsolidated Ventures(1)	CRE Securities	CDO Bonds Payable	Junior Subordinated Notes
January 1, 2015	$ 962,038	$ 276,437	$ 481,576	$390,068	$ 215,172
Transfers into Level 3(2)	—	—	24,170	—	—
Transfers out of Level 3(2)	—	—	(3,052)	—	—
Purchases / borrowings / amortization / contributions	614,578	(4,053)	93,477	(25,531)	—
Sales	—	—	(77,230)	—	—
Paydowns / distributions	(639,884)	(125,285)	(124,480)	(90,070)	—
Gains:					
Equity in earnings of unconsolidated ventures	198,159	19,177	—	—	—
Unrealized gains included in earnings	—	—	81,532	—	(31,279)
Realized gains included in earnings	—	—	22,418	—	—
Unrealized gain on real estate securities, available for sale included in OCI	—	—	1,213	—	—
Losses:					
Unrealized losses included in earnings	(33,241)	(45,884)	(75,523)	29,275	—
Realized losses included in earnings	—	—	(5,886)	3,859	—
Unrealized loss on real estate securities, available for sale included in OCI	—	—	(36,267)	—	—
December 31, 2015	$1,101,650	$ 120,392	$ 381,948	$307,601	$ 183,893
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities still held	$ (33,241)	$ (45,884)	$ 6,009	$ (29,275)	$ 31,279

(1) Includes CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.
(2) Transfers between Level 2 and Level 3 represent a fair value measurement from a third-party pricing service or broker quotations that have become more or less observable during the period. Transfers are assumed to occur at the beginning of the year.
(3) Excludes one derivative instrument, which for the year ended December 31, 2015, an unrealized loss of $95.9 million was recorded. Such amount is net of an unrealized gain of $23.1 million related to a credit valuation adjustment.

There were no transfers, other than those identified in the tables above, during the periods ended September 30, 2016 and December 31, 2015.

The Company relies on the third-party pricing exception with respect to the requirement to provide quantitative disclosures about significant Level 3 inputs being used to determine fair value measurements related to CRE securities (including N-Star CDO bonds), junior subordinated notes and CDO bonds payable. The Company believes such pricing service or broker quotation for such items may be based on a market transaction of comparable securities, inputs including forecasted market rates, contractual terms, observable discount rates for similar securities and credit (such as credit support and delinquency rates).

For the nine months ended September 30, 2016, quantitative information about the Company's remaining Level 3 fair value measurements on a recurring basis are as follows (dollars in thousands):

	Fair Value	Valuation Technique	Key Unobservable Inputs(2)	Weighted Average
PE Investments	$484,876	Discounted Cash Flow Model	Discount Rate	12%
Investments in unconsolidated ventures(1)	$122,596	Discounted Cash Flow Model/Credit Spread	Discount Rate/Credit Spread	25%
N-Star CDO equity	$ 31,886	Discounted Cash Flow Model	Discount Rate	18%

(1) Includes CRE debt investments made in connection with an investment in unconsolidated venture, for which the fair value option was elected.
(2) Includes timing and amount of expected future cash flow.

Significant increases (decreases) in any one of the inputs described above in isolation may result in a significantly different fair value for the financial assets and liabilities using such Level 3 inputs.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

Non-financial assets and liabilities measured at fair value on a non-recurring basis in the consolidated financial statements consist of real estate held for sale or assets for which an impairment has been recorded, such as goodwill. Such fair value measurements are generally considered to be Level 3 within the valuation hierarchy, where applicable, based on estimated sales price, adjusted for closing costs and expenses, determined by discounted cash flow analysis, direct capitalization analyses or a sales comparison approach if no contracts had been consummated. The discounted cash flow and direct capitalization analyses include all estimated cash inflows and outflows over a specific holding period and, where applicable, any estimated debt premiums. This cash flow is comprised of unobservable inputs which included forecasted rental revenues and expenses based upon existing in-place leases, market conditions and expectations for growth. Capitalization rate and discount rate used in these analyses are based upon observable rates that the Company believes to be within a reasonable range of current market rates for the respective properties.
Valuations are prepared using internally-developed valuation models. These valuations are reviewed and approved, during each reporting period, by management, as deemed necessary, including personnel from the accounting, finance and operations and the valuations are updated as appropriate. In addition, the Company may engage third-party valuation experts to assist with the preparation of certain of its valuations. Refer to Note 3 for further disclosure regarding non-recurring fair value measurement of impairment on operating real estate.

Fair Value Option

The Company has historically elected to apply the fair value option for the following financial assets and liabilities existing at the time of adoption or at the time the Company recognizes the eligible item for the purpose of consistent accounting application: CRE securities financed in N-Star CDOs; CDO bonds payable; and junior subordinated notes. Given past market volatility the Company had observed that the impact of electing the fair value option would generally result in additional variability to the Company’s consolidated statements of operations which management believes is not a useful presentation for such financial assets and liabilities. Therefore, the Company more recently has not elected the fair value option for new investments in CRE securities and securitization financing transactions. The Company may elect the fair value option for certain of its financial assets or liabilities due to the nature of the instrument. In the case of PE Investments, certain investments in unconsolidated ventures (refer to Note 6) and N-Star CDO equity, the Company elected the fair value option because management believes it is a more useful presentation for such investments. The Company determined recording such investments based on the change in fair value of projected future cash flow from one period to another better represents the underlying economics of the respective investment.

The following table presents the fair value of financial instruments for which the fair value option was elected as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016	December 31, 2015
Assets:		
PE Investments	$ 484,876	$ 1,101,650
Investments in unconsolidated ventures(1)	122,596	120,392
Real estate securities, available for sale:(2)		
N-Star CDO equity	31,886	44,905
CMBS and other securities	15,967	48,711
CRE securities in N-Star CDOs		
CMBS	286,421	326,511
Third-party CDO notes	6,330	6,685
Agency debentures	45,819	37,316
Unsecured REIT debt	8,763	8,976
Trust preferred securities	5,669	5,425
Subtotal CRE securities in N-Star CDOs	353,002	384,913
Subtotal real estate securities, available for sale	400,855	478,529
Total assets	$ 1,008,327	$ 1,700,571
Liabilities:		
CDO bonds payable	$ 257,877	$ 307,601
Junior subordinated notes	191,175	183,893
Total liabilities	$ 449,052	$ 491,494

(1) Includes CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.
(2) September 30, 2016 excludes 25 CRE securities including $120.3 million of N-Star CDO bonds and $5.8 million of CRE securities, for which the fair value option was not elected. December 31, 2015 excludes 28 CRE securities including $216.7 million of N-Star CDO bonds and $6.9 million of CRE securities, for which the fair value option was not elected.

The Company attributes the change in the fair value of floating-rate liabilities to changes in instrument-specific credit spreads. For fixed-rate liabilities, the Company attributes the change in fair value to interest rate-related and instrument-specific credit spread changes.

Change in Fair Value Recorded in the Statements of Operations

The following table presents unrealized gains (losses) on investments and other related to the change in fair value of financial assets and liabilities in the consolidated statements of operations for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Assets:				
Real estate securities, available for sale(1)	$ (1,671)	$ (8,805)	$ (15,768)	$ 13,252
PE Investments(1)	748	(9,148)	(8,202)	(22,497)
Investments in unconsolidated ventures(1)	2,329	(30,446)	(9,568)	(39,789)
Foreign currency remeasurement(2)	(4,964)	(6,609)	(21,972)	(6,099)
Liabilities:				
CDO bonds payable(1)	(922)	(9,998)	63	(23,572)
Junior subordinated notes(1)	(6,916)	22,576	(7,282)	30,493
Subtotal unrealized gain (loss), excluding derivatives	(11,396)	(42,430)	(62,729)	(48,212)
Derivatives	(13,249)	(86,890)	(199,355)	(114,037)
Subtotal unrealized gain (loss)	(24,645)	(129,320)	(262,084)	(162,249)
Net cash payments on derivatives (refer to Note 14)	(2,003)	(2,931)	(6,968)	(8,989)
Total	$(26,648)	$(132,251)	$(269,052)	$(171,238)

(1) Represents financial assets and liabilities for which the fair value option was elected.
(2) Represents foreign currency remeasurement on investments, cash and deposits primarily denominated in British Pounds.

Fair Value of Financial Instruments

In addition to the above disclosures regarding financial assets or liabilities which are recorded at fair value, U.S. GAAP requires disclosure of fair value about all financial instruments. The following disclosure of estimated fair value of financial instruments was determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value.

The following table presents the principal amount, carrying value and fair value of certain financial assets and liabilities as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	September 30, 2016			December 31, 2015		
	Principal / Notional Amount	Carrying Value	Fair Value	Principal / Notional Amount	Carrying Value	Fair Value
Financial assets:(1)						
Real estate debt investments, net	$ 404,718	$ 348,539	$ 349,084	$ 555,354	$ 501,474	$ 594,698
Real estate debt investments, held for sale	—	—	—	225,037	224,677	224,677
Real estate securities, available for sale(2)	1,114,654	526,966	526,966	1,285,643	702,110	702,110
Derivative assets(2)(3)	4,113,600	4	4	4,173,872	116	116
Financial liabilities:(1)						
Mortgage and other notes payable	$7,025,755	$6,922,027	$6,858,807	$7,297,081	$7,164,576	$7,175,374
Credit facilities and term borrowings	425,000	420,409	420,409	662,053	654,060	654,060
CDO bonds payable(2)(4)	386,830	257,877	257,877	436,491	307,601	307,601
Exchangeable senior notes	29,360	27,356	29,441	31,360	29,038	50,121
Junior subordinated notes(2)(4)	280,117	191,175	191,175	280,117	183,893	183,893
Derivative liabilities(2)(3)	2,113,781	302,316	302,316	2,225,750	103,293	103,293
Borrowings of properties held for sale	1,455,309	1,443,167	1,447,197	2,214,305	2,195,973	2,200,686

(1) The fair value of other financial instruments not included in this table is estimated to approximate their carrying value.
(2) Refer to “Determination of Fair Value” above for disclosures of methodologies used to determine fair value.
(3) Derivative assets and liabilities exclude timing swaps with an aggregate notional amount of $28.0 million as of September 30, 2016 and December 31, 2015.
(4) The fair value option has been elected for these liabilities.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of the reporting date. Although management is not aware of any factors that would significantly affect fair value, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

Real Estate Debt Investments

For CRE debt investments, fair value was approximated by comparing the current yield to the estimated yield for newly originated loans with similar credit risk or the market yield at which a third party might expect to purchase such investment. Fair value was determined assuming fully-extended maturities regardless of structural or economic tests required to achieve such extended maturities. For any CRE debt investments that are deemed impaired, carrying value approximates fair value. The fair value of CRE debt investments held for sale is determined based on the expected sales price. Fair value measurements related to CRE debt are generally based on unobservable inputs and, as such, are classified as Level 3 of the fair value hierarchy.

Mortgage and Other Notes Payable

For mortgage and other notes payable, the Company primarily uses rates currently available with similar terms and remaining maturities to estimate fair value. These measurements are determined using comparable U.S. Treasury rates as of the end of the reporting period or market credit spreads over the rate payable on fixed rate U.S. Treasury of like maturities. These fair value measurements are based on observable inputs, and as such, are classified as Level 2 of the fair value hierarchy. For the borrowings of properties held for sale, the Company uses available market information, which includes quoted market prices or recent transactions, if available, to estimate their fair value and are, therefore, based on observable inputs, and as such, are classified as Level 2 of the fair value hierarchy.

Credit Facilities and Term Borrowings

As of the reporting date, the Company believes the carrying value of its credit facilities and term borrowings approximate fair value. These fair value measurements are based on observable inputs, and as such, are classified as Level 2 of the fair value hierarchy.

Exchangeable Senior Notes

For the exchangeable senior notes, the Company uses available market information, which includes quoted market prices or recent transactions, if available, to estimate their fair value and are, therefore, based on observable inputs, and as such, are classified as Level 2 of the fair value hierarchy.

14. Risk Management and Derivative Activities

Derivatives

The Company uses derivative instruments primarily to manage interest rate risk and such derivatives are not considered speculative. These derivative instruments are typically in the form of interest rate swap and cap agreements and the primary objective is to minimize interest rate risks associated with investment and financing activities. The counterparties of these arrangements are major financial institutions with which the Company may also have other financial relationships. The Company is exposed to credit risk in the event of non-performance by these counterparties and it monitors their financial condition; however, the Company currently does not anticipate that any of the counterparties will fail to meet their obligations.

The following tables present derivative instruments that were not designated as hedges under U.S. GAAP as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	Number	Notional Amount(1)	Fair Value Net Asset (Liability)	Range of Fixed LIBOR / Forward Rate	Range of Maturity
As of September 30, 2016:					
Interest rate caps	12	$4,113,600	$ 4	2.50% - 5.00%	October 2016 - August 2018
Interest rate swaps—N-Star CDOs	9	110,817	(997)(2)	5.02% - 5.25%	January 2017 - July 2018
Interest rate swaps—other	2	2,002,964	(301,319)	3.39% - 4.17%	December 2019 - July 2023(3)
Total	23	$6,227,381	$(302,312)		
As of December 31, 2015:					
Interest rate caps	14	$4,173,872	$ 116	2.50% - 5.00%	January 2016 - December 2017
Interest rate swaps—N-Star CDOs	9	222,510	(7,321)(2)	5.02% - 5.25%	January 2017 - July 2018
Interest rate swaps—other	2	2,003,240	(95,972)	3.39% - 4.17%	December 2019 - July 2023(3)
Total	25	$6,399,622	$(103,177)		

(1) Excludes timing swaps with a notional amount of $28.0 million as of September 30, 2016 and December 31, 2015.
(2) Interest rate swaps in consolidated N-Star CDOs are liabilities and are only subject to the credit risks of the respective CDO transaction. As the interest rate swaps are senior to all the liabilities of the respective CDO and the fair value of each of the CDO's investments exceeded the fair value of the CDO's derivative liabilities, a credit valuation adjustment was not recorded.
(3) Includes a $2.0 billion notional forward-starting interest rate swap with a maturity date of December 3, 2029, which requires a mandatory cash redemption by December 3, 2019 at fair value.

The change in number and notional amount of derivative instruments from December 31, 2015 relates to contractual notional amortization and the maturity of interest rate caps in the Company's healthcare portfolio. The Company had no derivative financial instruments that were designated as hedges in qualifying hedging relationships as of September 30, 2016 and December 31, 2015.

The following table presents the fair value of derivative instruments, as well as their classification on the consolidated balance sheets, as of September 30, 2016 and December 31, 2015 (dollars in thousands):

	Balance Sheet Location	September 30, 2016	December 31, 2015
Interest rate caps	Other assets	$ 4	$ 116
Interest rate swaps	Derivative liabilities	$ 302,316	$ 103,293

The following table presents the effect of derivative instruments in the consolidated statements of operations for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

	Statements of Operations Location	Three Months Ended September 30,		Nine Months Ended September 30,	
		2016	2015	2016	2015
Amount of gain (loss) recognized in earnings (loss):					
Adjustment to fair value of interest rate swaps and caps	Unrealized gain (loss) on investments and other	$(13,249)	$(86,890)	$(199,355)	$(114,037)
Net cash payment on derivatives	Unrealized gain (loss) on investments and other	(2,003)	(2,931)	(6,968)	(8,989)
Amount of swap gain (loss) amortization from OCI into earnings	Interest expense—mortgage and corporate borrowings	(223)	(223)	(669)	(711)

The counterparty for the corporate interest rate swap held $161.2 million of cash margin as collateral against the derivative contract as of September 30, 2016. The Company's counterparties did not hold any cash margin as collateral against the Company's derivative contracts as of December 31, 2015.

Risk Management

Concentrations of credit risk arise when a number of tenants, operators or issuers related to the Company's investments are engaged in similar business activities or located in the same geographic region to be similarly affected by changes in economic conditions. The Company monitors its portfolios to identify potential concentrations of credit risks. With respect to the Company's healthcare portfolio, for the three and nine months ended September 30, 2016, Senior Lifestyle Holding Company, LLC was the healthcare operator as it related to 74.4% of the Company's resident fee income, for each period, and 10.9% and 10.8%, respectively, of the Company's total revenue, respectively. Otherwise, the Company has no other tenant or operator that generates 10% or more of its total revenue. The Company believes the remainder of its portfolios are reasonably well diversified and do not contain any unusual concentrations of credit risks.

15. Commitments and Contingencies

The Company is involved in various litigation matters arising in the ordinary course of its business. Although the Company is unable to predict with certainty the eventual outcome of any litigation, in the opinion of management, the current legal proceedings are not expected to have a material adverse effect on the Company's financial position or results of operations.

Merger Related Arrangements and Other Costs

The Company entered into fee arrangements with service providers and advisors pursuant to which certain fees incurred by the Company in connection with the Mergers will become payable only if the Company consummates the Mergers. The Company has and will incur other professional fees related to the Mergers. There can be no assurances that the Company will complete this or any other transaction. For the three months ended September 30, 2016 and since the announcement of the Mergers through September 30, 2016, the Company recorded an aggregate of $3.4 million and $10.4 million, respectively, in transaction costs in the consolidated statements of operations. To the extent the Mergers are consummated, the Company anticipates incurring a significant amount of additional costs.

Guaranty Agreements

In connection with certain hotel acquisitions, the Company entered into guaranty agreements with various hotel franchisors, pursuant to which the Company guaranteed the franchisees' obligations, including payments of franchise fees and marketing fees, for the term of the agreements, which expires from 2029 to 2034. As of September 30, 2016, the aggregate amount under these guarantees is $2.0 million.
In connection with the NRE Spin-off, the 4.635% senior stock-settlable notes issued by NorthStar Europe and due in December 2016 are senior unsubordinated and unsecured primary obligations of NorthStar Europe and the Company continues to guarantee payments subsequent to the NRE Spin-off. Subject to certain conditions, NorthStar Europe may elect to settle all or part of the principal amount of the senior notes in its common stock in lieu of cash. As of September 30, 2016, the principal amount outstanding of such senior notes was $67.2 million.

16. Variable Interest Entities

As of September 30, 2016, the Company has identified certain consolidated and unconsolidated VIEs. Assets of each of the VIEs, other than the Operating Partnership, may only be used to settle obligations of the respective VIE. Creditors of each of the VIEs have no recourse to the general credit of the Company. The Company identified several VIEs which were originally consolidated under the voting interest model prior to changes in the consolidation rules under U.S. GAAP (refer to Note 2).

Consolidated VIEs

The Company's most significant newly identified consolidated VIEs are its Operating Partnership and certain properties that have non-controlling interests. These entities are VIEs because the non-controlling interests do not have substantive kick-out or participating rights and the Company is the primary beneficiary. The Operating Partnership consolidates certain properties that have non-controlling interests. Included in operating real estate, net on the Company's consolidated balance sheets as of September 30, 2016 is $6.2 billion related to such consolidated VIEs. Included in mortgage and other notes payable on the Company's consolidated balance sheets as of September 30, 2016 is $5.7 billion collateralized by the real estate assets of the related consolidated VIEs. Included in assets held for sale on the Company's consolidated balance sheets as of September 30, 2016 is $2.6 billion related to such consolidated VIEs. Included in liabilities related to assets held for sale on the Company's consolidated balance sheets as of September 30, 2016 is $1.4 billion collateralized by the real estate assets of the related consolidated VIEs. These balances are separate from the assets and liabilities related to the N-Star CDOs. Included in real estate securities, available for sale on the Company's consolidated balance sheets as of September 30, 2016 is $0.3 billion related to the N-Star CDOs. Included in CDO bonds payable, at fair value on the Company's consolidated balance sheets as of September 30, 2016 is $0.3 billion collateralized by the real estate securities of the related N-Star CDOs.

N-Star CDOs

As of September 30, 2016, the Company serves as collateral manager and/or special servicer for N-Star CDOs I and IX which are primarily collateralized by CRE securities. The Company consolidates these entities as the Company has the power to direct the activities that most significantly impact the economic performance of these CDOs, and therefore, continues to be the primary beneficiary.

The Company is not contractually required to provide financial support to any of the consolidated N-Star CDOs, however, the Company, in its capacity as collateral manager and/or special servicer, may in its sole discretion provide support such as protective and other advances it deems appropriate. The Company did not provide any other financial support to any of the consolidated N-Star CDOs for the nine months ended September 30, 2016 and 2015.

Unconsolidated VIEs

N-Star CDOs

The Company delegated the collateral management rights for N-Star CDOs IV, VI and VIII and the CapLease CDO on September 30, 2013 and the CSE CDO on December 31, 2013 to a third-party collateral manager/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 evaluated the fees paid to the third-party collateral manager/collateral manager delegate and concluded that such fees represented a variable interest in the deconsolidated loan CDOs and that the third party was functioning as a principal. The Company determined that the delegation of the Company's collateral management power in the CDOs was a VIE reconsideration event and concluded that these CDOs were still VIEs as the equity investors do not have the characteristics of a controlling financial interest. The Company then reconsidered if it was the primary beneficiary of such VIEs and determined that it no longer has the power to direct the activities that most significantly impact the economic performance of these CDOs, which includes but is not limited to selling collateral, and therefore is no longer the primary beneficiary of such CDOs. As a result, the Company does not consolidate the assets and liabilities for N-Star CDOs IV, VI and VIII, CSE CDO and the CapLease CDO. In September 2015, N-Star CDO IV was liquidated.

In March 2014, the Company determined it no longer had the power to direct the activities that most significantly impact the economic performance of N-Star CDO V due to the ability of a single party to remove the Company as collateral manager as a result of an existing event of default. The Company was no longer the primary beneficiary of N-Star CDO V, and as a result, in the first quarter 2014, the Company deconsolidated the assets and liabilities of this CDO.

In May 2014, the Company determined it no longer had the power to direct the activities that most significantly impact the economic performance of N-Star CDO III due to the ability of a single party to remove the Company as collateral manager as a result of an existing event of default. The Company was no longer the primary beneficiary of N-Star CDO III, and as a result, in the second quarter 2014, the Company deconsolidated the assets and liabilities of this CDO.

Similar events of default in the future, if they occur, could cause the Company to deconsolidate its remaining consolidated N-Star CDO financing transactions.

Other Unconsolidated VIEs

Based on management's analysis, the Company is not the primary beneficiary of the VIEs summarized below and as such, these VIEs are not consolidated into the Company's financial statements as of September 30, 2016. These unconsolidated VIEs are summarized as follows:

Real Estate Debt Investments

The Company identified certain CRE debt investments with a carrying value of $173.5 million as a variable interest in a VIE. The Company determined that it is not the primary beneficiary of such VIE, and as such, the VIE is not consolidated in the Company's financial statements. For all other CRE debt investments, the Company determined that these investments are not VIEs and, as such, the Company continues to account for all CRE debt investments as loans.

Real Estate Securities

The Company identified N-Star CDO bonds, equity and CMBS and other securities (excluding CRE securities in consolidated N-Star CDOs) with a fair value of $174.0 million as variable interests in VIEs. The Company determined that either it was not the controlling class of such securitization or was the controlling class and the Company determined at that time and continues to believe that it does not currently or potentially hold a significant interest in such securitizations and, therefore, is not the primary beneficiary.

NorthStar Realty Finance Trusts

The Company owns all of the common stock of the Trusts. The Trusts were formed to issue trust preferred securities. The Company determined that the holders of the trust preferred securities were the primary beneficiaries of the Trusts. As a result, the Company did not consolidate the Trusts and has accounted for the investment in the common stock of the Trusts under the equity method. As of September 30, 2016, the Company's carrying value and maximum exposure to loss related to its investment in the Trusts is $3.7 million and is recorded in investments in unconsolidated ventures on the consolidated balance sheets.

PE Investments

The Company determined all PE Investments are VIEs, with the exception of PE Investment I and II, as the non-controlling interests do not have substantive kick-out or participating rights. As of September 30, 2016, the Company's investment in these entities is $383.8 million and the amount of expected future contributions is $3.8 million.

Summary of Unconsolidated VIEs

The following table presents the classification, carrying value and maximum exposure of unconsolidated VIEs as of September 30, 2016 (dollars in thousands):

	Junior Subordinated Notes, at Fair Value	Real Estate Debt Investments, Net	Real Estate Securities, Available for Sale	PE Investments	Total	Maximum Exposure to Loss(1)
Real estate debt investments, net	$ —	$ 173,521	$ —	$ —	$173,521	$173,521
Investments in unconsolidated ventures	3,742	—	—	—	3,742	3,742
Investments in private equity funds, at fair value	—	—	—	383,848	383,848	383,848
Real estate securities, available for sale:						
N-Star CDO bonds	—	—	120,267	—	120,267	120,267
N-Star CDO equity	—	—	31,886	—	31,886	31,886
CMBS and other securities	—	—	21,811	—	21,811	21,811
Subtotal real estate securities, available for sale	—	—	173,964	—	173,964	173,964
Total assets	3,742	173,521	173,964	383,848	735,075	735,075
Junior subordinated notes, at fair value	191,175	—	—	—	191,175	NA
Total liabilities(2)	191,175	—	—	—	191,175	NA
Net	$ (187,433)	$ 173,521	$173,964	$ 383,848	$543,900	$735,075

(1) The Company's maximum exposure to loss as of September 30, 2016 would not exceed the carrying value of its investment.
(2) Excludes a secured borrowing with a carrying value of $52.7 million related to a real estate debt investment.

Other than described above as it relates to expected future fundings on PE Investments, the Company is not contractually required to provide financial support to any of its unconsolidated VIEs during the nine months ended September 30, 2016 and 2015 however, the Company, in its capacity as collateral manager/collateral manager delegate and/or special servicer of the deconsolidated N-Star CDOs, may in its sole discretion provide support such as protective and other advances it deems appropriate. As of September 30, 2016, there were no explicit arrangements or implicit variable interests that could require the Company to provide financial support to any of its unconsolidated VIEs.

17. Segment Reporting

The Company currently conducts its business through the following five segments (excluding the European real estate business which the Company spun off on October 31, 2015, which is no longer a separate operating segment), based on how management reviews and manages its business:

- *Real Estate* - The real estate business pursues various types of investments in commercial real estate located throughout the United States that includes healthcare, hotel, net lease and multi-tenant office properties. In addition, it includes certain healthcare properties located outside of the United States and PE Investments diversified by property type and geography. In addition, the Company is also invested in manufactured housing communities and multifamily properties, which the Company has recently entered into agreements to sell.
  - Healthcare - The healthcare properties are comprised of a diverse portfolio of medical office buildings, senior housing, skilled nursing and other healthcare properties. The majority of the healthcare properties are medical office buildings and properties structured under a net lease to healthcare operators. In addition, the Company owns senior operating facilities, which include healthcare properties that operate through management agreements with independent third-party operators, predominantly through structures permitted by RIDEA that permit the Company, through a TRS, to have direct exposure to resident fee income and incur customary related operating expenses. In March 2016, the Company sold its 60% interest in a $899 million Senior Housing Portfolio for $534.5 million. The buyer assumed the Company's portion of the $648.2 million of related mortgage financing and the Company received approximately $149.4 million of proceeds, net of sales costs. In September 2016, the Company entered into a definitive agreement to sell a portfolio of medical office buildings within the Griffin-American Portfolio for $837.9 million with $692.2 million of related mortgage financing expected to be paid off as part of the transaction. The Company expects to receive $114.8 million of net proceeds. The Company expects the transaction to close in the fourth quarter 2016. In November 2016, the Company entered into an agreement to sell an interest in its healthcare portfolio for net proceeds of approximately $340 million. There is no assurance these transactions will close on the terms anticipated, if at all.
  - Hotel - The hotel portfolio is a geographically diverse portfolio primarily comprised of extended stay hotels and premium branded select service hotels primarily located in major metropolitan markets with the majority affiliated with top hotel brands.
  - Manufactured Housing - The manufactured housing portfolio consists of communities that lease pad rental sites for placement of factory built homes located throughout the United States. In addition, the portfolio includes manufactured homes and receivables related to the financing of homes sold to residents. In May 2016, the Company entered into an agreement to sell its manufactured housing portfolio for $2.0 billion with $1.3 billion of related mortgage financing expected to be assumed as part of the transaction. The Company expects to receive $614.8 million of net proceeds. The Company expects the transaction to close in the first quarter 2017. There is no assurance this transaction will close on the terms anticipated, if at all. Such assets and related liabilities are classified as held for sale on the Company's consolidated balance sheet.
  - Net Lease - The net lease properties are primarily industrial, office and retail properties typically under net leases to corporate tenants. In September 2016, the Company redeemed its interests in the Industrial Portfolio for $169.6 million of net proceeds.
  - Multifamily - The multifamily portfolio primarily focuses on properties located in suburban markets that are well suited to capture the formation of new households. To date through November 2016, the Company sold ten multifamily properties for $307 million with $210 million of mortgage financing assumed as part of the transaction. The Company received $85 million of net proceeds. The Company continues to explore the sale of the remaining two properties, including one multifamily property accounted for as an investment in unconsolidated venture. Such assets and related liabilities are classified as held for sale on the Company's consolidated balance sheet.

- Multi-tenant Office - The Company pursues the acquisition of multi-tenant office properties currently focused on the western United States.
- PE Investments - The real estate business also includes investments (directly or indirectly in joint ventures) owning PE Investments managed by institutional quality sponsors and diversified by property type and geography. In February 2016, the Company sold substantially all of its interest in PE Investment II for proceeds of $184.1 million. In September 2016, the Company sold a portfolio of PE Investments for a gross sales price of $317.6 million with $44.7 million of deferred purchase price assumed as part of the transaction, including $5.6 million of deferred purchase price which was the obligation of an unconsolidated joint venture. The Company received $33.9 million of net proceeds and will receive the remaining $204.7 million of net proceeds in the fourth quarter 2016. Refer to Note 9. Related Party Arrangements for further disclosure.

- *Commercial Real Estate Debt* - The CRE debt business is focused on originating, acquiring and asset managing senior and subordinate debt investments secured primarily by commercial real estate and includes first mortgage loans, subordinate mortgage and mezzanine loans and participations in such loans and preferred equity interests. The Company may from time to time take title to collateral in connection with a CRE debt investment as REO which would be included in the CRE debt business. To date through November 2016, the Company sold or received repayment for 15 debt investments and a REO with a total principal amount of $388.6 million and used $72.1 million of proceeds to pay down the Company's loan facility in full, resulting in $313.2 million of net proceeds.
- *Commercial Real Estate Securities* - The CRE securities business is predominately comprised of N-Star CDO bonds and N-Star CDO equity of deconsolidated N-Star CDOs and includes other securities, mostly CMBS meaning each asset is a pool backed by a large number of commercial real estate loans. The Company also invests in opportunistic CRE securities such as an investment in a "B-piece" CMBS. In 2016, the Company sold certain CRE securities for $53.9 million of net proceeds.
- *N-Star CDOs* - The Company historically originated or acquired CRE debt and securities investments that were predominantly financed through permanent, non-recourse CDOs. The Company's remaining consolidated CDOs are past the reinvestment period and given the nature of these transactions, these CDOs are amortizing over time as the underlying assets pay down or are sold. The Company has been winding down its legacy CDO business and investing in a broad and diverse range of CRE assets. As a result, this distinct business is a significantly smaller portion of its business today than in the past. As of September 30, 2016, only N-Star securities CDOs I and IX continue to be consolidated. Refer to Note 16 for further disclosure regarding deconsolidated N-Star CDOs. The Company continues to receive collateral management fees related to administrative responsibilities for deconsolidated N-Star CDO financing transactions, which are recorded in other revenue and included in the N-Star CDOs segment.
- *Corporate* - The corporate segment includes NSAM management fees incurred, corporate level interest income and interest expense and general and administrative expenses.

The Company primarily generates revenue from rental income from its real estate properties, operating income from healthcare and hotel properties permitted by the RIDEA and net interest income on the CRE debt and securities portfolios. Additionally, the Company records equity in earnings of unconsolidated ventures, including from PE Investments. The Company's income is primarily derived through the difference between revenue and the cost at which the Company is able to finance its investments. The Company may also acquire investments which generate attractive returns without any leverage.

The following tables present segment reporting for the three and nine months ended September 30, 2016 and 2015 (dollars in thousands):

Statement of Operations: Three months ended September 30, 2016	Real Estate(1)	CRE Debt	CRE Securities	N-Star CDOs(2) CRE Securities	Corporate	Total
Rental and escalation income	$165,060	$ —	$ —	$ —	$ —	$ 165,060
Hotel related income	220,578	—	—	—	—	220,578
Resident fee income	72,988	—	—	—	—	72,988
Net interest income on debt and securities	3,037(3)	4,894	12,879	8,729(4)	3,516(4)	33,055
Interest expense—mortgage and corporate borrowings	104,509	—	—	—	9,787	114,296
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(33,626)(5)	2,997	12,249	1,514	(88,418)(6)	(105,284)
Equity in earnings (losses) of unconsolidated ventures	26,033	—	—	—	21	26,054
Income tax benefit (expense)	(3,408)	(159)	—	—	—	(3,567)
Income (loss) from continuing operations	(11,001)	2,838	12,249	1,514	(88,397)	(82,797)
Net income (loss)	(11,001)	2,838	12,249	1,514	(88,397)	(82,797)

(1) Includes $8.2 million of rental and escalation income and $0.5 million of net income from a portfolio of healthcare assets located in the United Kingdom.
(2) Based on CDO financing transactions that were primarily collateralized by CRE securities and may include other types of investments. $0.7 million of collateral management fees were earned from CDO financing transactions, of which $0.2 million was eliminated in consolidation.
(3) Primarily represents interest income earned from notes receivable on manufactured homes and interest income on loans in the Company's healthcare portfolio.
(4) Represents income earned from N-Star CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDOs segment.
(5) Primarily relates to depreciation and amortization of $84.5 million.
(6) Includes management fees to NSAM of $46.8 million and an unrealized loss on a derivative instrument of $13.2 million.

Statement of Operations: Three months ended September 30, 2015	Real Estate(1)	CRE Debt	CRE Securities	N-Star CDOs(2) CRE Securities	Corporate	European Real Estate(3)	Total
Rental and escalation income	$194,518	$ —	$ —	$ —	$ —	$ —	$ 194,518
Hotel related income	219,427	—	—	—	—	—	219,427
Resident fee income	70,257	—	—	—	—	—	70,257
Net interest income on debt and securities	3,103(4)	23,737	17,228	12,407(5)	3,076(5)	—	59,551
Interest expense—mortgage and corporate borrowings	113,788	—	—	—	13,323	—	127,111
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(52,137)(6)	24,871	15,465	(5,160)	(137,487)(7)	—	(154,448)
Equity in earnings (losses) of unconsolidated ventures	60,359	—	—	—	—	—	60,359
Income tax benefit (expense)	2,378	(154)	(82)	—	—	—	2,142
Income (loss) from continuing operations	10,600	24,717	15,383	(5,160)	(137,487)	—	(91,947)
Income (loss) from discontinued operations	(11)	—	—	—	—	(16,570)(8)	(16,581)
Net income (loss)	10,589	24,717	15,383	(5,160)	(137,487)	(16,570)	(108,528)

(1) Includes $9.7 million of rental and escalation income and $1.2 million of net income from a portfolio of healthcare assets located in the United Kingdom.
(2) Based on CDO financing transactions that were primarily collateralized by either CRE debt or securities and may include other types of investments. $1.3 million of collateral management fees were earned from CDO financing transactions, of which $0.6 million were eliminated in consolidation.
(3) Prior to the NRE Spin-off, the Company generated rental and escalation income from its European properties. The European real estate segment represents the consolidated results of operations and balance sheet of such European real estate business which was transferred to NorthStar Europe in connection with the NRE Spin-off. Amounts related to the European real estate business are reported in discontinued operations. Represents the consolidated statements of operations of NorthStar Europe reported in discontinued operations and includes an allocation of indirect expenses from the Company (refer to Note 3).
(4) Primarily represents interest income earned from notes receivable on manufactured homes and interest income on loans in the Company's healthcare portfolio.
(5) Represents income earned from N-Star CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDO segments.
(6) Primarily relates to transaction costs of $3.7 million and depreciation and amortization of $118.4 million.
(7) Includes management fees to NSAM of $51.3 million.
(8) Primarily relates to depreciation and amortization of $18.8 million.

Statement of Operations: Nine months ended September 30, 2016	Real Estate(1)	CRE Debt	CRE Securities	N-Star CDOs(2) CRE Securities	Corporate	Total
Rental and escalation income	$527,252	$ —	$ —	$ —	$ —	$ 527,252
Hotel related income	636,283	—	—	—	—	636,283
Resident fee income	219,193	—	—	—	—	219,193
Net interest income on debt and securities	8,703(3)	28,910	36,109	21,454(4)	14,632(4)	109,808
Interest expense—mortgage and corporate borrowings	325,189	—	—	—	31,554	356,743
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(14,491)(5)	21,124	13,164	5,250	(420,509)(6)	(395,462)
Equity in earnings (losses) of unconsolidated ventures	101,793	—	—	—	45	101,838
Income tax benefit (expense)	(11,859)	(470)	—	—	—	(12,329)
Income (loss) from continuing operations	75,443	20,654	13,164	5,250	(420,464)	(305,953)
Net income (loss)	75,443	20,654	13,164	5,250	(420,464)	(305,953)

(1) Includes $26.1 million of rental and escalation income and $1.2 million of net income from a portfolio of healthcare assets located in the United Kingdom.
(2) Based on CDO financing transactions that were primarily collateralized by CRE securities and may include other types of investments. $2.0 million of collateral management fees were earned from CDO financing transactions, of which $0.5 million was eliminated in consolidation.
(3) Primarily represents interest income earned from notes receivable on manufactured homes and interest income on loans in the Company's healthcare portfolio.
(4) Represents income earned from N-Star CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDOs segment.
(5) Primarily relates to depreciation and amortization of $259.7 million.
(6) Includes management fees to NSAM of $140.0 million and an unrealized loss on a derivative instrument of $199.4 million.

Statement of Operations: Nine months ended September 30, 2015	Real Estate(1)	CRE Debt	CRE Securities	N-Star CDOs(2) CRE Securities	Corporate	European Real Estate(3)	Total
Rental and escalation income	$ 539,240	$ —	$ —	$ 302	$ —	$ —	$ 539,542
Hotel related income	594,284	—	—	—	—	—	594,284
Resident fee income	199,463	—	—	—	—	—	199,463
Net interest income on debt and securities	8,031(4)	79,061	49,671	35,723(5)	8,255(5)	—	180,741
Interest expense—mortgage and corporate borrowings	319,341	—	—	—	40,954	—	360,295
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(103,677)(6)	80,652	87,827	(823)	(319,018)(7)	—	(255,039)
Equity in earnings (losses) of unconsolidated ventures	171,738	—	—	—	—	—	171,738
Income tax benefit (expense)	(9,109)	(382)	(119)	—	—	—	(9,610)
Income (loss) from continuing operations	58,952	80,270	87,708	(823)	(319,018)	—	(92,911)
Income (loss) from discontinued operations	(11)	—	—	—	—	(114,225)(8)	(114,236)
Net income (loss)	58,941	80,270	87,708	(823)	(319,018)	(114,225)	(207,147)

(1) Includes $28.3 million of rental and escalation income and $0.8 million of net loss from a portfolio of healthcare assets located in the United Kingdom.
(2) Based on CDO financing transactions that were primarily collateralized by CRE securities and may include other types of investments. $4.1 million of collateral management fees were earned from CDO financing transactions, of which $1.8 million were eliminated in consolidation.
(3) Prior to the NRE Spin-off, the Company generated rental and escalation income from its European properties. The European real estate segment represents the consolidated results of operations and balance sheet of such European real estate business which was transferred to NorthStar Europe in connection with the NRE Spin-off. Amounts related to the European real estate business are reported in discontinued operations. Represents the consolidated statements of operations of NorthStar Europe reported in discontinued operations and includes an allocation of indirect expenses from the Company (refer to Note 3).
(4) Primarily represents interest income earned from notes receivable on manufactured homes and interest income on loans in the Company's healthcare portfolio.
(5) Represents income earned from CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDOs segment.
(6) Primarily relates to transaction costs of $22.9 million and depreciation and amortization of $338.8 million.
(7) Includes management fees to NSAM of $151.3 million.
(8) Primarily relates to transaction costs of $110.0 million and depreciation and amortization of $35.0 million.

The following table presents total assets by segment as of September 30, 2016 and December 31, 2015 (dollars in thousands):

Total Assets	Real Estate	CRE Debt	CRE Securities	N-Star CDOs(1) CRE Securities	Corporate	Total
September 30, 2016	$11,719,541	$261,805	$175,256	$381,193	$827,094	$13,364,889
December 31, 2015	$13,871,796	$661,348	$319,937	$422,953	$128,367	$15,404,401

(1) Based on CDO financing transactions that are primarily collateralized by CRE securities and may include other types of investments.

18. Supplemental Disclosures of Non-cash Investing and Financing Activities

The following table presents non-cash investing and financing activities for the nine months ended September 30, 2016 and 2015 (dollars in thousands):

	Nine Months Ended September 30, 2016	2015
Reclassification of operating real estate, net to assets held for sale	$ 1,097,859	$ 364,435
Assignment / reduction of mortgage note payable upon sale / redemption of real estate	973,392	—
Non-cash related to PE Investments	210,010	8,008
Reclassification of intangible assets to assets held for sale	126,410	—
Non-controlling interest – sale or deconsolidation of subsidiary	104,906	—
Reclassification of other assets to assets held for sale	44,120	—
PE Investments deferred purchase price assumed upon sale	39,059	—
Reclassification of restricted cash to assets held for sale	22,941	—
Reclassification of intangible liabilities to liabilities held for sale	19,229	—
Escrow deposit payable related to CRE debt investments	8,789	42,996
Non-controlling interests—reallocation of interest in Operating Partnership	6,031	24,776
Amounts payable relating to improvements of operating real estate	4,699	—
Dividends payable related to RSUs	2,039	3,283
Conversion of exchangeable senior notes	1,871	13,590
Amounts payable relating to real estate related pending deal costs	1,741	—
Amounts payable relating to deferred leasing commissions	631	—
Reclassification of mortgage note payable to liabilities held for sale	—	273,360
Assumption of mortgage note payable upon purchase	—	273,023
Reclassification of operating real estate to intangible assets	—	216,345
Reduction of assets and liabilities held for sale via taking title	—	28,962
Reclassification of other assets to operating real estate	—	25,577
Acquired assets and liabilities in connection with European real estate	—	49,942
Conversion of Deferred LTIP Units to LTIP Units	—	18,730
Deferred purchase price for PE Investment XIV	—	47,808
Retirement of shares of common stock	—	18,183
Contribution from non-controlling interest	—	1,461

19. Subsequent Events

Dividends

On November 1, 2016, the Company declared a dividend of $0.40 per share of common stock. The common stock dividend will be paid on November 18, 2016 to stockholders of record as of the close of business on November 14, 2016. On October 27, 2016, the Company declared a dividend of $0.54688 per share of Series A preferred stock, $0.51563 per share of Series B preferred stock, $0.55469 per share of Series C preferred stock, $0.53125 per share of Series D Preferred Stock and $0.54688 per share of Series E Preferred Stock. Dividends will be paid on all series of preferred stock on November 15, 2016 to stockholders of record as of the close of business on November 7, 2016.

Colony NorthStar Registration Statement

In October 2016, the Company amended the merger agreement and provided for, among other matters, an enhanced governance structure for Colony NorthStar, modified severance terms for NSAM's executive officers and a special cash dividend for NSAM's stockholders now totaling $228 million. In connection with the amendment to the merger agreement, NSAM entered into a voting agreement with MSD and its affiliates, which together own approximately 10.2% of NSAM's outstanding shares, pursuant to which MSD agreed to vote in favor of the Mergers and related proposals. In addition, Colony NorthStar, a Maryland subsidiary of NSAM that will be the surviving parent company of the combined company, filed with the SEC an amended registration statement on Form S-4 that includes a joint proxy statement of the Company, Colony and NSAM and that also constitutes a prospectus of Colony NorthStar.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements of NorthStar Realty Finance Corp. and the notes related to the foregoing consolidated financial statements, together with the independent registered public accounting firm's reports thereon are included in this Item 8.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
NorthStar Realty Finance Corp.

We have audited the accompanying consolidated balance sheets of NorthStar Realty Finance Corp. (a Maryland corporation) and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits of the basic consolidated financial statements included the financial statement schedules listed in the index appearing under Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorthStar Realty Finance Corp. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2016 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

New York, New York
February 29, 2016

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands)

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 224,101	$ 296,964
Restricted cash	299,288	389,779
Operating real estate, net	8,702,259	10,212,004
Real estate debt investments, net (refer to Note 4)	501,474	1,067,667
Real estate debt investments, held for sale	224,677	—
Investments in private equity funds, at fair value (refer to Note 5)	1,101,650	962,038
Investments in unconsolidated ventures (refer to Note 6)	155,737	207,777
Real estate securities, available for sale (refer to Note 7)	702,110	878,514
Receivables, net of allowance of $4,318 and $2,020 as of December 31, 2015 and 2014, respectively	66,197	111,299
Receivables, related parties	2,850	2,287
Unbilled rent receivable, net of allowance of $116 and $4,037 as of December 31, 2015 and 2014, respectively	46,262	16,140
Derivative assets, at fair value	116	2,131
Intangible assets, net	527,277	659,445
Assets of properties held for sale (refer to Note 3)	2,742,635	29,012
Assets of discontinued operations (refer to Note 9)	—	158,533
Other assets	106,412	185,122
Total assets(1)	$15,403,045	$15,178,712
Liabilities		
Mortgage and other notes payable	$ 7,164,576	$ 8,327,509
Credit facilities and term borrowings	652,704	718,759
CDO bonds payable, at fair value	307,601	390,068
Securitization bonds payable	—	41,746
Exchangeable senior notes	29,038	41,008
Junior subordinated notes, at fair value	183,893	215,172
Accounts payable and accrued expenses	170,120	186,836
Due to related party (refer to Note 10)	50,903	47,430
Derivative liabilities, at fair value	103,293	17,915
Intangible liabilities, net	149,642	176,528
Liabilities of properties held for sale (refer to Note 3)	2,209,689	28,962
Liabilities of discontinued operations (refer to Note 9)	—	79,512
Other liabilities	165,856	193,611
Total liabilities(2)	11,187,315	10,465,056
Commitments and contingencies		
Equity		
NorthStar Realty Finance Corp. Stockholders' Equity		
Preferred stock, $986,640 aggregate liquidation preference as of December 31, 2015 and 2014	939,118	939,118
Common stock, $0.01 par value, 500,000,000 shares authorized, 183,239,708 and 150,842,021 shares issued and outstanding as of December 31, 2015 and 2014, respectively(3)	1,832	1,508
Additional paid-in capital	5,149,349	4,828,928
Retained earnings (accumulated deficit)	(2,309,564)	(1,422,399)
Accumulated other comprehensive income (loss)	18,485	49,540
Total NorthStar Realty Finance Corp. stockholders' equity	3,799,220	4,396,695
Non-controlling interests	416,510	316,961
Total equity	4,215,730	4,713,656
Total liabilities and equity	$15,403,045	$15,178,712
(1) Assets of consolidated VIEs included in the total assets above:		
Restricted cash	$ 11,362	$ 4,601
Operating real estate, net	—	7,137
Real estate debt investments, net	22,145	25,325
Real estate securities, available for sale	385,421	463,050
Receivables	1,577	2,304
Other assets	590	242
Total assets of consolidated VIEs	$ 421,095	$ 502,659
(2) Liabilities of consolidated VIEs included in the total liabilities above:		
CDO bonds payable, at fair value	$ 307,601	$ 390,068
Accounts payable and accrued expenses	1,255	1,761
Derivative liabilities, at fair value	7,321	17,707
Other liabilities	575	1,784
Total liabilities of consolidated VIEs	$ 316,752	$ 411,320

(3) Adjusted for the one-for-two reverse stock split completed on November 1, 2015. Refer to Note 12. "Stockholders' Equity" for additional disclosure.

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in Thousands, Except Per Share Data)

	Years Ended December 31,		
	2015(1)	2014	2013
Property and other revenues			
Rental and escalation income	$ 732,425	$ 349,951	$ 235,124
Hotel related income	784,151	237,039	—
Resident fee income	271,394	77,516	—
Other revenue	29,466	14,994	5,723
Total property and other revenues	1,817,436	679,500	240,847
Net interest income			
Interest income (refer to Note 10)	227,483	310,116	303,989
Interest expense on debt and securities	8,678	11,977	37,632
Net interest income on debt and securities	218,805	298,139	266,357
Expenses			
Management fee, related party (refer to Note 10)	198,695	82,756	—
Interest expense—mortgage and corporate borrowings	486,408	231,894	141,027
Real estate properties—operating expenses	915,701	318,477	73,668
Other expenses	26,607	8,920	4,558
Transaction costs	31,427	172,416	12,464
Impairment losses	31,951	—	—
Provision for (reversal of) loan losses, net	4,201	3,769	(8,786)
General and administrative expenses			
Salaries and related expense	13,744	22,124	26,421
Equity-based compensation expense(3)	27,693	24,885	11,784
Other general and administrative expenses	16,658	12,357	16,159
Total general and administrative expenses	58,095	59,366	54,364
Depreciation and amortization	456,916	184,689	93,470
Total expenses	2,210,001	1,062,287	370,765
Other income (loss)			
Unrealized gain (loss) on investments and other	(204,112)	(231,697)	(32,677)
Realized gain (loss) on investments and other	14,407	(77,064)	32,376
Gain (loss) from deconsolidation of N-Star CDOs (refer to Note 17)	—	(31,423)	(299,802)
Other income (loss)	—	—	38
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	(363,465)	(424,832)	(163,626)
Equity in earnings (losses) of unconsolidated ventures	219,077	165,053	91,726
Income tax benefit (expense)	(14,325)	(16,606)	(7,249)
Income (loss) from continuing operations	(158,713)	(276,385)	(79,149)
Income (loss) from discontinued operations (refer to Note 9)(2)(3)	(108,554)	(44,701)	(8,761)
Net income (loss)	(267,267)	(321,086)	(87,910)
Net (income) loss attributable to non-controlling interests	24,008	22,879	5,973
Preferred stock dividends	(84,238)	(73,300)	(55,516)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	$ (327,497)	$ (371,507)	$ (137,453)
Earnings (loss) per share:(4)			
Income (loss) per share from continuing operations	$ (1.25)	$ (3.33)	$ (2.43)
Income (loss) per share from discontinued operations	(0.62)	(0.46)	(0.17)
Basic	$ (1.87)	$ (3.79)	$ (2.60)
Diluted	$ (1.87)	$ (3.79)	$ (2.60)
Weighted average number of shares:(4)			
Basic	174,873,074	98,035,886	52,953,880
Diluted	176,345,121	98,995,229	55,244,584

(1) The consolidated financial statements for the year ended December 31, 2015 includes: (i) the Company's results of operations for the two months ended December 31, 2015 which represents the activity following the NRE Spin-off; and (ii) the Company's results of operations for the ten months ended October 31, 2015 which represents a carve-out of revenues and expenses attributable to NRE recorded in discontinued operations. As a result, the year ended December 31, 2015 may not be comparable to the prior periods presented.

(2) Refer to Note 9. "Spin-offs" for disclosure related to the Spin-offs.

(3) The six months ended June 30, 2014 and year ended December 31, 2013 includes $13.7 million and $5.2 million, respectively, of equity-based compensation recorded in discontinued operations.

(4) Adjusted for the one-for-two reverse stock split completed on November 1, 2015. Refer to Note 12. "Stockholders' Equity" for additional disclosure.

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in Thousands)

	Years Ended December 31,		
	2015	2014	2013
Net income (loss)	$(267,267)	$(321,086)	$(87,910)
Other comprehensive income (loss):			
Unrealized gain (loss) on real estate securities, available for sale, net	(35,218)	58,872	(1,483)
Reclassification of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 15)	934	915	4,885
Reclassification of swap (gain) loss into gain (loss) from deconsolidation of N-Star CDOs (refer to Note 17)	—	—	15,246
Foreign currency translation adjustment, net	17,042	(5,155)	—
Total other comprehensive income (loss)	(17,242)	54,632	18,648
Comprehensive income (loss)	(284,509)	(266,454)	(69,262)
Comprehensive (income) loss attributable to non-controlling interests	24,537	22,121	5,174
Comprehensive income (loss) attributable to NorthStar Realty Finance Corp.	$(259,972)	$(244,333)	$(64,088)

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

(Dollars and Shares in Thousands)

	Preferred Stock		Common Stock(1)		Additional Paid-in Capital(1)	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total NorthStar Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of December 31, 2012	21,466	$504,018	40,902	$ 409	$1,196,358	$ (376,685)	$ (22,179)	$ 1,301,921	$ 28,943	$1,330,864
Net proceeds from offering of common stock	—	—	33,062	331	1,305,288	—	—	1,305,619	—	1,305,619
Net proceeds from offering of preferred stock	8,000	193,334	—	—	—	—	—	193,334	—	193,334
Common stock related to transactions	—	—	—	—	17,712	—	—	17,712	—	17,712
Non-controlling interests—contributions	—	—	—	—	—	—	—	—	19,774	19,774
Non-controlling interests—distributions	—	—	—	—	—	—	—	—	(1,403)	(1,403)
Dividend reinvestment plan	—	—	7	—	249	—	—	249	—	249
Amortization of equity-based compensation	—	—	—	—	—	—	—	—	16,961	16,961
Equity component of exchangeable senior notes	—	—	—	—	45,740	—	—	45,740	—	45,740
Conversion of exchangeable senior notes	—	—	2,896	29	74,748	—	—	74,777	—	74,777
Other comprehensive income (loss)	—	—	—	—	—	—	17,845	17,845	803	18,648
Conversion of LTIP Units	—	—	335	3	10,127	—	—	10,130	(10,130)	—
Dividends on common stock and equity-based awards (refer to Note 11)	—	—	—	—	—	(171,798)	—	(171,798)	(9,588)	(181,386)
Dividends on preferred stock	—	—	—	—	—	(55,516)	—	(55,516)	—	(55,516)
Net income (loss)	—	—	—	—	—	(81,937)	—	(81,937)	(5,973)	(87,910)
Balance as of December 31, 2013	29,466	$697,352	77,202	$ 772	$2,650,222	$ (685,936)	$ (4,334)	$ 2,658,076	$ 39,387	$2,697,463
Net proceeds from offering of common stock	—	—	27,625	276	1,191,031	—	—	1,191,307	—	1,191,307
Net proceeds from offering of preferred stock	10,000	241,766	—	—	—	—	—	241,766	—	241,766
Common stock related to transactions	—	—	30,854	308	1,082,423	—	—	1,082,731	—	1,082,731
Issuance of common stock in connection with exercise of warrants	—	—	399	4	12	—	—	16	—	16
Non-controlling interests—contributions	—	—	—	—	—	—	—	—	321,455	321,455
Non-controlling interests—distributions	—	—	—	—	—	—	—	—	(13,593)	(13,593)
Dividend reinvestment plan	—	—	4	—	239	—	—	239	—	239
Amortization of equity-based compensation	—	—	—	—	21,053	—	—	21,053	16,322	37,375
Equity component of exchangeable senior notes	—	—	—	—	(296,382)	—	—	(296,382)	—	(296,382)
Conversion of exchangeable senior notes	—	—	12,454	125	320,179	—	—	320,304	—	320,304
Other comprehensive income (loss)	—	—	—	—	—	—	53,874	53,874	758	54,632
Conversion of LTIP Units	—	—	2,304	23	18,588	—	—	18,611	(18,611)	—
Spin-off of NSAM	—	—	—	—	(158,437)	—	—	(158,437)	—	(158,437)
Dividends on common stock and equity-based awards (refer to Note 11)	—	—	—	—	—	(364,956)	—	(364,956)	(5,878)	(370,834)
Dividends on preferred stock	—	—	—	—	—	(73,300)	—	(73,300)	—	(73,300)
Net income (loss)	—	—	—	—	—	(298,207)	—	(298,207)	(22,879)	(321,086)
Balance as of December 31, 2014	39,466	$939,118	150,842	$ 1,508	$4,828,928	$ (1,422,399)	$ 49,540	$ 4,396,695	$ 316,961	$4,713,656
Net proceeds from offering of common stock	—	—	38,000	380	1,325,860	—	—	1,326,240	—	1,326,240
Non-controlling interests—contributions	—	—	—	—	—	—	—	—	126,484	126,484
Non-controlling interests—distributions	—	—	—	—	—	—	—	—	(36,661)	(36,661)
Non-controlling interests—reallocation of interest in Operating Partnership (refer to Note 13)	—	—	—	—	(14,548)	—	—	(14,548)	14,548	—
Dividend reinvestment plan	—	—	7	—	194	—	—	194	—	194
Amortization of equity-based compensation	—	—	—	—	13,757	—	—	13,757	11,935	25,692
Conversion of exchangeable senior notes	—	—	829	8	13,582	—	—	13,590	—	13,590
Other comprehensive income (loss)	—	—	—	—	—	—	(16,713)	(16,713)	(529)	(17,242)
Conversion of Deferred LTIP Units to LTIP Units (refer to Note 13)	—	—	—	—	(18,730)	—	—	(18,730)	18,730	—
Retirement of shares of common stock	—	—	(6,470)	(64)	(117,983)	—	—	(118,047)	—	(118,047)
Issuance of restricted stock, net of tax withholding	—	—	32	—	(3,602)	—	—	(3,602)	—	(3,602)
Spin-off of NorthStar Europe (refer to Note 9)	—	—	—	—	(878,109)	—	(14,342)	(892,451)	(7,450)	(899,901)
Dividends on common stock and equity-based awards (refer to Note 11)	—	—	—	—	—	(559,668)	—	(559,668)	(3,500)	(563,168)
Dividends on preferred stock	—	—	—	—	—	(84,238)	—	(84,238)	—	(84,238)
Net income (loss)	—	—	—	—	—	(243,259)	—	(243,259)	(24,008)	(267,267)
Balance as of December 31, 2015	39,466	$939,118	183,240	$ 1,832	$5,149,349	$ (2,309,564)	$ 18,485	$ 3,799,220	$ 416,510	$4,215,730

(1) Adjusted for the one-for-two reverse stock split completed on November 1, 2015. Refer to Note 12. "Stockholders' Equity" for additional disclosure.

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	$ (267,267)	$ (321,086)	$ (87,910)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Equity in (earnings) losses of PE Investments	(198,159)	(150,801)	(88,842)
Equity in (earnings) losses of unconsolidated ventures	(20,918)	(14,252)	(2,884)
Depreciation and amortization	499,347	185,222	94,840
Amortization of premium/accretion of discount on investments	(51,247)	(76,040)	(58,032)
Interest accretion on investments	(13,841)	(22,064)	(1,549)
Amortization of deferred financing costs	48,411	18,400	7,393
Amortization of equity-based compensation	25,692	37,375	16,961
Unrealized (gain) loss on investments and other	202,832	214,815	(20,054)
Realized (gain) loss on investments and other	(14,407)	77,234	(31,414)
(Gain) loss on deconsolidation of N-Star CDOs	—	31,423	299,802
Impairment from discontinued operations	—	555	8,613
Impairment losses	31,951	—	—
Distributions from PE Investments (refer to Note 5)	198,159	150,801	88,842
Distributions from unconsolidated ventures	7,531	3,514	4,744
Distributions from equity investments	26,469	19,453	7,028
Amortization of capitalized above/below market leases	14,015	1,189	(1,438)
Straight line rental income, net	(34,676)	(9,263)	(2,713)
Deferred income taxes, net	(27,742)	—	—
Provision for (reversal of) loan losses, net	4,201	3,769	(8,786)
Allowance for uncollectible accounts	5,457	10,858	1,138
Other	912	502	148
Discount received	—	3,223	7,815
Changes in assets and liabilities:			
Restricted cash	(11,313)	(83,159)	(6,846)
Receivables	29,632	(34,997)	(10,912)
Receivables, related parties	(657)	6,323	(11,946)
Other assets	7,147	(37,169)	(1,041)
Accounts payable and accrued expenses	26,931	56,284	32,860
Due to related party	1,973	47,430	—
Other liabilities	30,225	25,317	4,857
Net cash provided by (used in) operating activities	520,658	144,856	240,674
Cash flows from investing activities:			
Acquisition of operating real estate	(3,367,580)	(3,466,610)	(1,624,959)
Acquisition of Griffin-American, net of cash	—	(2,947,856)	—
Improvements of operating real estate	(150,197)	(37,955)	(11,028)
Proceeds from sale of operating real estate	22,487	27,630	17,687
Deferred costs and intangible assets	(4,809)	(21,597)	(769)
Origination of or fundings for real estate debt investments	(72,596)	(282,181)	(744,209)
Acquisition of real estate debt investments	(72,950)	(997)	(56,301)
Proceeds from sale of real estate debt investments	—	28,500	106,845
Repayment on real estate debt investments	589,694	196,034	274,029
Investment in PE Investments (refer to Note 5)	(609,616)	(557,719)	(664,392)
Distributions from PE Investments (refer to Note 5)	455,207	230,598	135,607
Investment in unconsolidated ventures	(4,005)	(73,254)	(109,218)
Distributions from unconsolidated ventures	23,403	11,873	11,782
Acquisition of real estate securities, available for sale	(38,822)	(36,519)	(2,800)
Proceeds from the sale of real estate securities, available for sale	95,664	94,763	223,992
Repayment of real estate securities, available for sale	116,410	63,902	187,622
Change in restricted cash	35,849	(201,135)	(30,736)
Investment deposits and pending deal costs	(13,226)	—	—
Other assets	(11,487)	(81,704)	1,695
Net cash provided by (used in) investing activities	(3,006,574)	(7,054,227)	(2,285,153)

Refer to accompanying notes to consolidated financial statements.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Dollars in Thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash flows from financing activities:			
Borrowings from mortgage and other notes payable	$ 2,201,141	$5,932,208	$1,252,085
Repayment of mortgage and other notes payable	(56,711)	(383,018)	(21,272)
Proceeds from CDO bonds reissuance	—	—	23,725
Repayment of CDO bonds	(90,069)	(87,859)	(655,575)
Repurchase of CDO bonds	(25,531)	(15,320)	(44,222)
Repayment of securitization bonds payable	(41,831)	(40,505)	(15,794)
Borrowings from credit facilities	1,141,150	922,540	147,748
Repayment of credit facilities	(1,211,877)	(259,798)	(138,798)
Repayment of secured term loan	—	—	(105)
Proceeds from exchangeable senior notes	—	—	345,000
Repurchase and repayment of exchangeable senior notes	—	—	(36,710)
Proceeds from Senior Notes	340,000	—	—
Repayment of 2014 Senior Notes	—	(481,118)	—
Payment of financing costs	(105,445)	(139,937)	(28,280)
Purchase of derivative instruments	(29,599)	(4,159)	(9,563)
Settlement of derivative instruments	—	2,995	—
Change in restricted cash	1,781	22,843	134,504
Net proceeds from common stock offering	1,326,240	1,191,307	1,305,619
Repurchase of common stock	(116,046)	—	—
Net proceeds from preferred stock offering	—	241,766	193,334
Proceeds from dividend reinvestment plan	194	239	249
Spin-off of NSAM (refer to Note 9)	—	(118,728)	—
Spin-off of NorthStar Europe (refer to Note 9)	(360,410)	—	—
Dividends	(643,858)	(438,256)	(227,314)
Contributions from non-controlling interests	125,023	246,027	19,774
Distributions to non-controlling interests	(36,661)	(18,709)	(8,863)
Net cash provided by (used in) financing activities	2,417,491	6,572,518	2,235,542
Effect of foreign currency translation on cash and cash equivalents	(4,438)	(2,173)	—
Net increase (decrease) in cash and cash equivalents	(72,863)	(339,026)	191,063
Cash and cash equivalents—beginning of period	296,964	635,990	444,927
Cash and cash equivalents—end of period	$ 224,101	$ 296,964	$ 635,990

Refer to accompanying notes to consolidated financial statements.

1. Business and Organization

NorthStar Realty Finance Corp. is a diversified commercial real estate company (the "Company" or "NorthStar Realty"). The Company invests in multiple asset classes across commercial real estate ("CRE") that it expects will generate attractive risk-adjusted returns and may take the form of acquiring real estate, originating or acquiring senior or subordinate loans, as well as pursuing opportunistic CRE investments. The Company is a Maryland corporation and completed its initial public offering in October 2004. The Company conducts its operations so as to continue to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes.

On March 13, 2015, the Company formed NorthStar Realty Finance Limited Partnership, a Delaware limited partnership and the operating partnership of the Company (the "Operating Partnership"). The Company contributed substantially all of its assets to the Operating Partnership in exchange for all of the common and preferred limited partnership interests in the Operating Partnership and the assumption of certain of the Company's liabilities. The Operating Partnership holds, directly or indirectly, substantially all of the Company's assets and the Company conducts its operations, directly or indirectly, through the Operating Partnership.

All references herein to the Company refer to NorthStar Realty Finance Corp. and its consolidated subsidiaries, including the Operating Partnership, collectively, unless the context otherwise requires.

Spin-offs

On June 30, 2014, the Company completed the spin-off of its historical asset management business ("NSAM Spin-off") in the form of a tax-free distribution (the "NSAM Distribution"). Effective upon the NSAM Spin-off, the Company is externally managed and advised by an affiliate of NorthStar Asset Management Group Inc. (NYSE: NSAM), which together with its affiliates is referred to as NSAM.

On October 31, 2015, the Company completed the spin-off of its European real estate business (the "NRE Spin-off") into a separate publicly-traded REIT, NorthStar Realty Europe Corp. ("NorthStar Europe"), in the form of a taxable distribution (the "NRE Distribution"). In connection with the NRE Distribution, each of the Company's common stockholders received shares of NorthStar Europe's common stock on a one-for-six basis, before giving effect to a one-for-two reverse stock split of the Company's common stock (this or any such reverse stock split herein referred to as the "Reverse Split"). The Company contributed to NorthStar Europe approximately $2.6 billion of European real estate, at cost (excluding the Company's European healthcare properties), comprised of 52 properties spanning across some of Europe's top markets ("European Portfolio") and $250 million of cash. NSAM manages NorthStar Europe pursuant to a long-term management agreement, on substantially similar terms as the Company's management agreement with NSAM.

The NRE Spin-off and the NSAM Spin-off are herein collectively referred to as "Spin-offs." Refer to Note 9. "Spin-offs" for further disclosure.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements and related notes of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The year ended December 31, 2015 includes: (i) the Company's results of operations for the two months ended December 31, 2015 which represents the activity following the NRE Spin-off; and (ii) the Company's results of operations for the ten months ended October 31, 2015 which includes a carve-out of revenues and expenses attributable to NRE recorded in discontinued operations. The year ended December 31, 2014 includes: (i) the Company's results of operations for the six months ended December 31, 2014 which represents the activity following the NSAM Spin-off; and (ii) the Company's results of operations for the six months ended June 30, 2014 which includes a carve-out of revenues and expenses attributable to NSAM recorded in discontinued operations. As a result, the years ended December 31, 2015 and 2014 may not be comparable to the prior period presented.

Periods prior to June 30, 2014 and October 31, 2015 present a carve-out of revenues and expenses presented in discontinued operations associated with NSAM and NorthStar Europe, related to the Company's historical asset management and European real estate business. Expenses also included an allocation of indirect expenses of the Company to NSAM and NRE, including salaries, equity-based compensation and other general and administrative expenses (primarily occupancy and other cost) based on an estimate had the asset management and European real estate business been run as an independent entity. This allocation method was principally based on relative headcount and management's knowledge of the Company's operations.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, the Operating Partnership and their consolidated subsidiaries. The Company consolidates variable interest entities ("VIE") where the Company is the primary beneficiary and voting interest entities which are generally majority owned or otherwise controlled by the Company. All significant intercompany balances are eliminated in consolidation.

Variable Interest Entities

A VIE is an entity that lacks one or more of the characteristics of a voting interest entity. A VIE is defined as an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The determination of whether an entity is a VIE includes both a qualitative and quantitative analysis. The Company bases its qualitative analysis on its review of the design of the entity, its organizational structure including decision-making ability and relevant financial agreements and the quantitative analysis on the forecasted cash flow of the entity.

The Company reassesses its initial evaluation of an entity as a VIE upon the occurrence of certain reconsideration events.

A VIE must be consolidated only by its primary beneficiary, which is defined as the party who, along with its affiliates and agents has both the: (i) power to direct the activities that most significantly impact the VIE's economic performance; and (ii) obligation to absorb the losses of the VIE or the right to receive the benefits from the VIE, which could be significant to the VIE. The Company determines whether it is the primary beneficiary of a VIE by considering qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of its investment; the obligation or likelihood for the Company or other interests to provide financial support; consideration of the VIE's purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders and the similarity with and significance to the business activities of the Company and the other interests. The Company reassesses its determination of whether it is the primary beneficiary of a VIE each reporting period. Significant judgments related to these determinations include estimates about the current and future fair value and performance of investments held by these VIEs and general market conditions.

The Company evaluates its CRE debt and securities, investments in unconsolidated ventures and securitization financing transactions, such as its collateralized debt obligations ("CDOs") and its liabilities to subsidiary trusts issuing preferred securities ("junior subordinated notes") to determine whether they are a VIE. The Company analyzes new investments and financings, as well as reconsideration events for existing investments and financings, which vary depending on type of investment or financing.

Voting Interest Entities

A voting interest entity is an entity in which the total equity investment at risk is sufficient to enable it to finance its activities independently and the equity holders have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the losses of the entity and the right to receive the residual returns of the entity. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. If the Company has a majority voting interest in a voting interest entity, the entity will generally be consolidated. The Company does not consolidate a voting interest entity if there are substantive participating rights by other parties and/or kick-out rights by a single party or through a simple majority vote.

The Company performs on-going reassessments of whether entities previously evaluated under the voting interest framework have become VIEs, based on certain events, and therefore subject to the VIE consolidation framework.

Investments in Unconsolidated Ventures

A non-controlling, unconsolidated ownership interest in an entity may be accounted for using the equity method, at fair value or the cost method.

Under the equity method, the investment is adjusted each period for capital contributions and distributions and its share of the entity's net income (loss). Capital contributions, distributions and net income (loss) of such entities are recorded in accordance with the terms of the governing documents. An allocation of net income (loss) may differ from the stated ownership percentage interest in such entity as a result of a preferred return and allocation formula, if any, as described in such governing documents.

The Company may account for an investment in an unconsolidated entity at fair value by electing the fair value option. The Company elected the fair value option for its investments (directly or indirectly in joint ventures) that own limited partnership interests in real estate private equity funds ("PE Investments") and certain investments in unconsolidated ventures (refer to Note 6).

The Company records the change in fair value for its share of the projected future cash flow of such investments from one period to another in equity in earnings (losses) from unconsolidated ventures in the consolidated statements of operations. Any change in fair value attributed to market related assumptions is considered unrealized gain (loss).

The Company may account for an investment that does not qualify for equity method accounting or for which the fair value option was not elected using the cost method if the Company determines the investment in the unconsolidated entity is insignificant. Under the cost method, equity in earnings is recorded as dividends are received to the extent they are not considered a return of capital, which is recorded as a reduction of cost of the investment.

Non-controlling Interests

A non-controlling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to the Company. A non-controlling interest is required to be presented as a separate component of equity on the consolidated balance sheets and presented separately as net income (loss) and other comprehensive income (loss) ("OCI") attributable to controlling and non-controlling interests. An allocation to a non-controlling interest may differ from the stated ownership percentage interest in such entity as a result of a preferred return and allocation formula, if any, as described in such governing documents.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that could affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates and assumptions.

Reclassifications

Certain prior period amounts have been reclassified in the consolidated financial statements to conform to current period presentation including amounts related to certain assets held for sale (refer to Note 3) and discontinued operations (refer to Note 9).

Comprehensive Income (Loss)

The Company reports consolidated comprehensive income (loss) in separate statements following the consolidated statements of operations. Comprehensive income (loss) is defined as the change in equity resulting from net income (loss) and OCI. The components of OCI principally include: (i) unrealized gain (loss) on real estate securities available for sale for which the fair value option is not elected; (ii) the reclassification of unrealized gain (loss) on real estate securities available for sale for which the fair value option was not elected to realized gain (loss) upon sale or realized event; (iii) the reclassification of unrealized gain (loss) to interest expense on derivative instruments that are or were deemed to be effective hedges; (iv) foreign currency translation adjustment; and (v) reclassification of foreign currency translation into realized gain (loss) on investments and other upon realized event.

The following tables present the components of accumulated OCI for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

Accumulated OCI	Unrealized Gain (Loss) on Available for Sale Securities	Interest Rate Swap Gain (Loss)	Foreign Currency Translation	Total
Balance as of December 31, 2012	$ (276)	$ (21,903)	$ —	$(22,179)
Unrealized gain (loss) on real estate securities, available for sale	(557)	—	—	(557)
Reclassification of unrealized (gain) loss on real estate securities, available for sale into realized gain (loss) on investments and other	(926)	—	—	(926)
Reclassification of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 15)	—	4,885	—	4,885
Reclassification of swap (gain) loss into gain (loss) from deconsolidation of N-Star CDOs (refer to Note 17)	—	15,246	—	15,246
Non-controlling interests	23	(826)	—	(803)
Balance as of December 31, 2013	$ (1,736)	$ (2,598)	$ —	$ (4,334)
Unrealized gain (loss) on real estate securities, available for sale	60,140	—	—	60,140
Reclassification of unrealized (gain) loss on real estate securities, available for sale into realized gain (loss) on investments and other	(1,268)	—	—	(1,268)
Reclassification of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 15)	—	915	—	915
Foreign currency translation adjustment	—	—	(5,155)	(5,155)
Non-controlling interests	(1,064)	(11)	317	(758)
Balance as of December 31, 2014	$ 56,072	$ (1,694)	$ (4,838)	$ 49,540
Unrealized gain (loss) on real estate securities, available for sale	(21,091)	—	—	(21,091)
Reclassification of unrealized (gain) loss on real estate securities, available for sale into realized gain (loss) on investments and other	(14,127)	—	—	(14,127)
Reclassification of swap (gain) loss into interest expense—mortgage and corporate borrowings (refer to Note 15)	—	934	—	934
Foreign currency translation adjustment	—	—	17,042	17,042
Reclassification of foreign currency translation upon NRE Spin-off	—	—	(14,342)	(14,342)
Non-controlling interests	162	(7)	374	529
Balance as of December 31, 2015	$ 21,016	$ (767)	$ (1,764)	$ 18,485

Cash and Cash Equivalents

The Company considers all highly-liquid investments with an original maturity date of three months or less to be cash equivalents. Cash, including amounts restricted, may at times exceed the Federal Deposit Insurance Corporation deposit insurance limit of $250,000 per institution. The Company mitigates credit risk by placing cash and cash equivalents with major financial institutions. To date, the Company has not experienced any losses on cash and cash equivalents.

Restricted Cash

Restricted cash primarily consists of amounts related to operating real estate and CRE debt investments. The following table presents a summary of restricted cash as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015	December 31, 2014
Capital expenditures reserves	$171,712	$211,010
Operating real estate escrow reserves(1)	107,399	117,740
CRE debt escrow deposits	8,815	56,342
Cash in CDOs(2)	11,362	4,687
Total	$299,288	$389,779

(1) Primarily represents insurance, real estate tax, repair and maintenance, tenant security deposits and other escrows related to operating real estate.
(2) Represents proceeds from repayments and/or sales pending distribution.

Fair Value Option

The fair value option provides an election that allows a company to irrevocably elect fair value for certain financial assets and liabilities on an instrument-by-instrument basis at initial recognition. The Company may elect to apply the fair value option for certain investments due to the nature of the instrument. Any change in fair value for assets and liabilities for which the election is made is recognized in earnings.

Operating Real Estate

Operating real estate is carried at historical cost less accumulated depreciation. Ordinary repairs and maintenance are expensed as incurred. Major replacements and improvements which improve or extend the life of the asset are capitalized and depreciated over their useful life. Operating real estate is depreciated using the straight-line method over the estimated useful lives of the assets, summarized as follows:

Category:	Term:
Building (fee interest)	15 to 40 years
Building improvements	Lesser of the useful life or remaining life of the building
Building leasehold interests	Lesser of 40 years or remaining term of the lease
Land improvements	10 to 30 years
Tenant improvements	Lesser of the useful life or remaining term of the lease

The Company follows the purchase method for an acquisition of operating real estate, where the purchase price is allocated to tangible assets such as land, building, tenant and land improvements and other identified intangibles, such as goodwill. Costs directly related to an acquisition deemed to be a business combination are expensed and included in transaction costs in the consolidated statements of operations. The Company evaluates whether real estate acquired in connection with a foreclosure, UCC/deed in lieu of foreclosure or a consentual modification of a loan (herein collectively referred to as taking title to collateral) ("REO") constitutes a business and whether business combination accounting is appropriate. Any excess upon taking title to collateral between the carrying value of a loan over the estimated fair value of the property is charged to provision for loan losses.

Operating real estate, including REO, which has met the criteria to be classified as held for sale, is separately presented on the consolidated balance sheets. Such operating real estate is recorded at the lower of its carrying value or its estimated fair value less the cost to sell. Once a property is determined to be held for sale, depreciation is no longer recorded.

Minimum rental amounts due under leases are generally either subject to scheduled fixed increases or adjustments. The following table presents approximate future minimum rental income under noncancelable operating leases to be received over the next five years and thereafter as of December 31, 2015 (dollars in thousands):

Years Ending December 31:(1)	
2016	$ 372,196
2017	353,178
2018	329,957
2019	315,227
2020	304,540
Thereafter	1,669,031
Total	$3,344,129

(1) Excludes rental income from healthcare and hotel properties permitted by the REIT Investment Diversification and Empowerment Act of 2007 ("RIDEA") and manufactured housing communities, multifamily and independent living properties that are subject to short-term leases.

Real Estate Debt Investments

CRE debt investments are generally intended to be held to maturity and, accordingly, are carried at cost, net of unamortized loan fees, premium and discount. CRE debt investments that are deemed to be impaired are carried at amortized cost less a loan loss reserve, if deemed appropriate, which approximates fair value. CRE debt investments where the Company does not have the intent to hold the loan for the foreseeable future or until its expected payoff are classified as held for sale and recorded at the lower of cost or estimated value.

Real Estate Securities

The Company classifies its CRE securities investments as available for sale on the acquisition date, which are carried at fair value. The Company historically elected to apply the fair value option for its CRE securities investments. For those CRE securities for which the fair value option was elected, any unrealized gains (losses) from the change in fair value is recorded in unrealized gains (losses) on investments and other in the consolidated statements of operations.

The Company may decide to not elect the fair value option for certain CRE securities due to the nature of the particular instrument. For those CRE securities for which the fair value option was not elected, any unrealized gain (loss) from the change in fair value is recorded as a component of accumulated OCI in the consolidated statements of equity, to the extent impairment losses are considered temporary.

Intangible Assets and Intangible Liabilities

The Company records acquired identified intangibles, which includes intangible assets (such as value of the above-market leases, in-place leases, goodwill and other intangibles) and intangible liabilities (such as the value of below-market leases), based on estimated fair value. The value allocated to the above or below-market leases is amortized over the remaining lease term as a net adjustment to rental income. Other intangible assets are amortized into depreciation and amortization expense on a straight-line basis over the remaining lease term.

Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination and is not amortized. The Company analyzes goodwill for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying value of goodwill may not be fully recoverable. We first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit, related to such goodwill, is less than the carrying amount as a basis to determine whether the two-step impairment test is necessary. The first step in the impairment test compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds fair value, the second step is required to determine the amount of the impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with the carrying amount of such goodwill. The implied fair value of goodwill is derived by performing a hypothetical purchase price allocation for the reporting unit as of the measurement date, allocating the reporting unit’s estimated fair value to its net assets and identifiable intangible assets. The residual amount represents the implied fair value of goodwill. To the extent this amount is below the carrying value of goodwill, an impairment loss is recorded in the consolidated statements of operations.

Events or circumstances which could indicate a potential impairment include (but are not limited to) issues with local, state or federal governments; on-going or projected negative operating income or cash flow; a significant change in payor mix related to healthcare assets; and/or a significant change in the occupancy rate and/or rising interest rates.

A discounted cash flow model is performed based on management’s forecast of operating performance for each reporting unit to assess fair value. In addition, the Company looks at comparable companies and representative transactions to validate management’s expectations, where possible. The inputs used in the annual test is updated for current market conditions and forecasts. The two main assumptions used in measuring goodwill impairment, include the cash flow from operations from each of our reporting units and the weighted average cost of capital. The starting point for each of the reporting unit’s cash flow from operations is the detailed annual plan. The detailed planning process takes into consideration many factors including EBITDAR, EBITDAR margins, revenue growth rate and capital spending requirements, among other items which impact the individual reporting unit projections. Cash flow beyond the specific operating plans are estimated using a terminal value calculation, which incorporate historical and forecasted financial cyclical trends for each reporting unit and considered long-term earnings growth rates. The financial and credit market volatility directly impacts our fair value measurement through our weighted average cost of capital that we use to determine the discount rate. During times of volatility, significant judgment must be applied to determine whether credit changes are a short-term or long term trend. Fair value of the reporting unit is using significant unobservable inputs or Level 3 in the fair value hierarchy. These inputs are based on internal management estimates, forecasts and judgments.

The annual impairment test for the reporting units related to a healthcare portfolio acquired in 2014 was conducted as of October 1 and the remaining reporting units related to the Griffin-American Portfolio as of December 31, 2015. Management used an independent third-party valuation party specialist to assist. Based on the step one analysis performed, management determined the fair value for all of reporting units were in excess of the respective reporting unit’s carrying value, with four exceptions, related to the healthcare portfolio acquired in 2014. As a result, we estimated the impairment loss for such reporting units to be $25.5 million and recorded an estimated preliminary impairment charge for such amount in the fourth quarter 2015. Due to the timing and complexity of step two of the impairment test, which is required to determine the actual impairment, we were unable to finalize the amount of impairment prior to filing form 10-K for the year ended December 31, 2015. Step two of the impairment test will be completed in the first quarter 2016 and any such adjustment will be recorded.

Summary

The following tables presents identified intangibles as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015(1)			December 31, 2014		
	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Intangible assets:						
In-place leases	$289,124	$ (82,089)	$207,035	$316,129	$ (49,656)	$266,473
Above-market leases	268,426	(35,940)	232,486	273,522	(9,730)	263,792
Goodwill(2)	48,635	NA	48,635	75,806	NA	75,806
Other	41,149	(2,028)	39,121	53,724	(350)	53,374
Total	$647,334	$ (120,057)	$527,277	$719,181	$ (59,736)	$659,445
Intangible liabilities:						
Below-market leases	$177,931	$ (30,462)	$147,469	$184,209	$ (14,838)	$169,371
Other(3)	2,236	(63)	2,173	7,157	NA	7,157
Total	$180,167	$ (30,525)	$149,642	$191,366	$ (14,838)	$176,528

(1) As of December 31, 2015, the weighted average amortization period for above-market leases, below-market leases and in-place leases is 11.8 years, 13.8 years and 9.8 years, respectively.
(2) Represents goodwill associated with two acquisitions of healthcare portfolios that operate through RIDEA structures. The first portfolio relates to a healthcare portfolio acquired in 2014 ($25.5 million) and the second acquired with the acquisition of Griffin-American Healthcare REIT II, Inc. ("Griffin-American Portfolio") ($48.6 million). For the year ended December 31, 2015, the Company recorded a goodwill impairment of $25.5 million related to the healthcare portfolio acquired in 2014.
(3) Represents the value associated with a purchase price option associated with the Griffin-American Portfolio.

The following table presents a rollforward of goodwill for the years ended December 31, 2015 and 2014 (dollars in thousands):

Balance as of December 31, 2013	$ —
Goodwill from acquisitions	75,806
Balance as of December 31, 2014	75,806
Goodwill from acquisitions	26,046
Disposal of goodwill(1)	(26,046)
Impairment losses	(25,531)
Adjustments from foreign currency translation	(1,640)
Balance as of December 31, 2015	$ 48,635

(1) Represents goodwill associated with the European Portfolio's contributed to NorthStar Europe upon completion of the NRE Spin-off.

The Company recorded amortization of acquired above-market leases, net of acquired below-market leases of $(11.3) million, $(1.2) million and $1.4 million for the years ended December 31, 2015, 2014 and 2013, respectively. Amortization of other intangible assets was $74.1 million, $20.3 million and $15.4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The following table presents annual amortization of intangible assets and liabilities (dollars in thousands):

	Intangible Assets(1)			Intangible Liabilities(1)	
Years Ending December 31:	In-place Leases, Net	Above-market Leases, Net	Other, Net(2)	Below-market Leases, Net	Other, Net
2016	$ 53,017	$ 27,362	$ 2,925	$ 15,090	$ 50
2017	52,260	27,152	1,985	14,859	50
2018	50,725	26,957	1,698	14,091	50
2019	15,681	26,957	1,698	13,755	50
2020	5,942	26,832	1,698	13,697	50
Thereafter	29,410	97,226	14,874	75,977	1,923
Total	$207,035	$232,486	$ 24,878	$147,469	$ 2,173

(1) Identified intangibles will be amortized through periods ending December 2026.
(2) Excludes $14.2 million of intangible assets related to certain healthcare properties that are not amortized.

Other Assets and Other Liabilities

The following table presents a summary of other assets and other liabilities as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015	December 31, 2014
Other assets:		
Investment-related reserves	$ 47,380	$ 24,800
Deferred tax assets(1)	24,435	7,730
Prepaid expenses	22,573	25,326
Deferred costs	8,105	5,494
Notes receivable, net(2)	694	48,932
Due from servicer	642	64,583
Investment deposits and pending deal costs	568	4,298
Other	2,015	3,959
Total	$106,412	$185,122

	December 31, 2015	December 31, 2014
Other liabilities:		
Deferred tax liabilities	$ 50,341	$ 38,303
PE Investments deferred purchase price (refer to Note 5)	44,212	39,759
Tenant security deposits	30,327	27,604
Prepaid rent and unearned revenue	24,697	16,458
Escrow deposits payable	11,753	67,750
Other	4,526	3,737
Total	$165,856	$193,611

(1) As of December 31, 2015 and 2014, our taxable REIT subsidiaries ("TRS") had deferred tax assets related to net operating loss carryforwards of $2.3 million and $1.7 million, respectively, which is net of a valuation allowance of $24.2 million and $10.4 million as of December 31, 2015 and 2014, respectively.

(2) The change from prior year is primarily related to $57.3 million of manufactured housing notes receivables reclassified to assets of properties held for sale as of December 31, 2015.

Revenue Recognition

Operating Real Estate

Rental and escalation income from operating real estate is derived from leasing of space to various types of tenants and healthcare operators. The leases are for fixed terms of varying length and generally provide for annual rentals and expense reimbursements to be paid in monthly installments. Rental income from leases is recognized on a straight-line basis over the term of the respective leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in unbilled rent receivable on the consolidated balance sheets. Escalation income represents revenue from tenant/operator leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes paid by the Company on behalf of the respective property. This revenue is accrued in the same period as the expenses are incurred.

The Company generates operating income from healthcare and hotel properties permitted by RIDEA. Revenue related to healthcare properties includes resident room and care charges and other resident charges. Revenue related to operating hotel properties primarily consists of room and food and beverage sales. Revenue is recognized when such services are provided, generally defined as the date upon which a resident or guest occupies a room or uses the healthcare property or hotel services and is recorded in resident fee income for healthcare properties and hotel related income for hotel properties in the consolidated statements of operations.

Real Estate Debt Investments

Interest income is recognized on an accrual basis and any related premium, discount, origination costs and fees are amortized over the life of the investment using the effective interest method. The amortization is reflected as an adjustment to interest income in the consolidated statements of operations. The amortization of a premium or accretion of a discount is discontinued if such loan is reclassified to held for sale.

Real Estate Securities

Interest income is recognized using the effective interest method with any premium or discount amortized or accreted through earnings based on expected cash flow through the expected maturity date of the security. Changes to expected cash flow may result in a change to the yield which is then applied retrospectively for high-credit quality securities that cannot be prepaid or otherwise settled in such a way that the holder would not recover substantially all of the investment or prospectively for all other securities to recognize interest income.

Credit Losses and Impairment on Investments

Operating Real Estate

The Company's real estate portfolio is reviewed on a quarterly basis, or more frequently as necessary, to assess whether there are any indicators that the value of its operating real estate may be impaired or that its carrying value may not be recoverable. A property's value is considered impaired if the Company's estimate of the aggregate expected future undiscounted cash flow to be generated by the property is less than the carrying value of the property. In conducting this review, the Company considers U.S. and global macroeconomic factors and real estate sector conditions together with investment specific and other factors. To the extent an impairment has occurred, the loss is measured as the excess of the carrying value of the property over the estimated fair value of the property and recorded in impairment losses in the consolidated statements of operations.

An allowance for a doubtful account for a tenant/operator receivable is established based on a periodic review of aged receivables resulting from estimated losses due to the inability of tenant/operator to make required rent and other payments contractually due. Additionally, the Company establishes, on a current basis, an allowance for future tenant/operator/resident/guest credit losses on unbilled rent receivable based on an evaluation of the collectability of such amounts.

Real Estate Debt Investments

Loans are considered impaired when based on current information and events, it is probable that the Company will not be able to collect principal and interest amounts due according to the contractual terms. The Company assesses the credit quality of the portfolio and adequacy of loan loss reserves on a quarterly basis or more frequently as necessary. Significant judgment of the Company is required in this analysis. The Company considers the estimated net recoverable value of the loan as well as other factors, including but not limited to the fair value of any collateral, the amount and the status of any senior debt, the quality and financial condition of the borrower and the competitive situation of the area where the underlying collateral is located. Because this determination is based on projections of future economic events, which are inherently subjective, the amount ultimately realized may differ materially from the carrying value as of the balance sheet date. If upon completion of the assessment, the estimated fair value of the underlying collateral is less than the net carrying value of the loan, a loan loss reserve is recorded with a corresponding charge to provision for loan losses. The loan loss reserve for each loan is maintained at a level that is determined to be adequate by management to absorb probable losses.

Income recognition is suspended for a loan at the earlier of the date at which payments become 90-days past due or when, in the opinion of the Company, a full recovery of income and principal becomes doubtful. When the ultimate collectability of the principal of an impaired loan is in doubt, all payments are applied to principal under the cost recovery method. When the ultimate collectability of the principal of an impaired loan is not in doubt, contractual interest is recorded as interest income when received, under the cash basis method until an accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed. A loan is written off when it is no longer realizable and/or legally discharged.

Investments in Unconsolidated Ventures

The Company reviews its investments in unconsolidated ventures for which the Company did not elect the fair value option on a quarterly basis, or more frequently as necessary, to assess whether there are any indicators that the value may be impaired or that its carrying value may not be recoverable. An investment is considered impaired if the projected net recoverable amount over the expected holding period is less than the carrying value. In conducting this review, the Company considers U.S. and global macroeconomic factors, including real estate sector conditions, together with investment specific and other factors. To the extent an impairment has occurred and is considered to be other than temporary, the loss is measured as the excess of the carrying value of the investment over the estimated fair value and recorded in provision for loss on equity investment in the consolidated statements of operations.

Real Estate Securities

CRE securities for which the fair value option is elected are not evaluated for other-than-temporary impairment ("OTTI") as any change in fair value is recorded in the consolidated statements of operations. Realized losses on such securities are reclassified to realized gain (loss) on investments and other as losses occur.

CRE securities for which the fair value option is not elected are evaluated for OTTI quarterly. Impairment of a security is considered to be other-than-temporary when: (i) the holder has the intent to sell the impaired security; (ii) it is more likely than not the holder will be required to sell the security; or (iii) the holder does not expect to recover the entire amortized cost of the security. When a CRE security has been deemed to be other-than-temporarily impaired due to (i) or (ii), the security is written down to its fair value and an OTTI is recognized in the consolidated statements of operations. In the case of (iii), the security is written down to its fair value and the amount of OTTI is then bifurcated into: (a) the amount related to expected credit losses; and (b) the amount related to fair value adjustments in excess of expected credit losses. The portion of OTTI related to expected credit losses is recognized in the consolidated statements of operations. The remaining OTTI related to the valuation adjustment is recognized as a component of accumulated OCI in the consolidated statements of equity. The portion of OTTI recognized through earnings is accreted back to the amortized cost basis of the security through interest income, while amounts recognized through OCI are amortized over the life of the security with no impact on earnings. CRE securities which are not high-credit quality are considered to have an OTTI if the security has an unrealized loss and there has been an adverse change in expected cash flow. The amount of OTTI is then bifurcated as discussed above.

Troubled Debt Restructuring

CRE debt investments modified in a troubled debt restructuring ("TDR") are modifications granting a concession to a borrower experiencing financial difficulties where a lender agrees to terms that are more favorable to the borrower than is otherwise available in the current market. Management judgment is necessary to determine whether a loan modification is considered a TDR. Troubled debt that is fully satisfied via taking title to collateral, repossession or other transfers of assets is generally included in the definition of TDR. Loans acquired as a pool with deteriorated credit quality that have been modified are not considered a TDR.

Equity-Based Compensation

The Company accounts for equity-based compensation awards, including awards granted to co-employees, using the fair value method, which requires an estimate of fair value of the award. Awards may be based on a variety of measures such as time, performance, market or a combination thereof. For time-based awards, fair value is determined based on the stock price on the grant date. The Company recognizes compensation expense over the vesting period on a straight-line basis. For performance-based awards, fair value is determined based on the stock price at the date of grant and an estimate of the probable achievement of such measure. The Company recognizes compensation expense over the requisite service period, net of estimated forfeitures, using the accelerated attribution expense method. For market-based measures, fair value is determined using a Monte Carlo analysis under a risk-neutral premise using a risk-free interest rate. The Company recognizes compensation expense, over the requisite service period, net of estimated forfeitures, on a straight-line basis. For awards with a combination of performance or market measures, the Company estimates the fair value as if it were two separate awards. First, the Company estimates the probability of achieving the performance measure. If it is not probable the performance condition will be met, the Company records the compensation expense based on the fair value of the market measure, as described above. This expense is recorded even if the market-based measure is never met. If the performance-based measure is subsequently estimated to be achieved, the Company records compensation expense based on the performance-based measure. The Company would then record a cumulative catch-up adjustment for any additional compensation expense.

Equity-based compensation issued to non-employees is accounted for using the fair value of the award at the earlier of the performance commitment date or performance completion date. The awards are remeasured every quarter based on the stock price as of the end of the reporting period until such awards vest, if any.

Foreign Currency

Assets and liabilities denominated in a foreign currency for which the functional currency is a foreign currency are translated using the currency exchange rate in effect at the end of the period presented and the results of operations for such entities are translated into U.S. dollars using the average currency exchange rate in effect during the period. The resulting foreign currency translation adjustment is recorded as a component of accumulated OCI in the consolidated statements of equity.

Assets and liabilities denominated in a foreign currency for which the functional currency is the U.S. dollar are remeasured using the currency exchange rate in effect at the end of the period presented and the results of operations for such entities are remeasured into U.S. dollars using the average currency exchange rate in effect during the period. The resulting foreign currency remeasurement adjustment is recorded in unrealized gain (loss) on investments and other in the consolidated statements of operations.

Earnings Per Share

The Company's basic earnings per share ("EPS") is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of common stock outstanding. Diluted EPS includes restricted stock and the potential dilution that could occur if outstanding restricted stock units ("RSUs") or other contracts to issue common stock, assuming performance hurdles have been met, were converted to common stock (including limited partnership interests in the Operating Partnership which are structured as profits interests ("LTIP Units") (refer to Note 11), where such exercise or conversion would result in a lower EPS. The dilutive effect of such RSUs and LTIP Units is calculated assuming all units are converted to common stock.

Discontinued Operations

Subsequent to the early adoption of the accounting standards update on the presentation of discontinued operations beginning in April 2014, the Company presents spin-offs of businesses and portfolios of properties that are sold or classified as held for sale are as discontinued operations provided that the disposal represents a strategic shift that has (or will have) a major effect on our operations and financial results.

Income Taxes

The Company has elected to be taxed as a REIT and to comply with the related provisions of the Internal Revenue Code of 1986, as amended, the ("Code"). Accordingly, the Company generally will not be subject to U.S. federal income tax to the extent of its distributions to stockholders and as long as certain asset, income and share ownership tests are met. To maintain its qualification as a REIT, the Company must annually distribute at least 90% of its REIT taxable income to its stockholders and meet certain other requirements. The Company may also be subject to certain state, local and franchise taxes. Under certain circumstances, federal income and excise taxes may be due on its undistributed taxable income. If the Company were to fail to meet these requirements, it would be subject to U.S. federal income tax, which could have a material adverse impact on its results of operations and amounts available for distributions to its stockholders. The Company believes that all of the criteria to maintain the Company's REIT qualification have been met for the applicable periods, but there can be no assurance that these criteria will continue to be met in subsequent periods.

The Company maintains various TRSs which may be subject to U.S. federal, state and local income taxes and foreign taxes. In general, a TRS of the Company may perform non-customary services for tenants, hold assets that the REIT cannot hold directly and may engage in most real estate or non-real estate-related business. The Company has established several TRSs in jurisdictions for which no taxes are assessed on corporate earnings. However, the Company generally must include in earnings the income from these TRSs even if it has received no cash distributions. Additionally, the Company has invested in certain real estate assets in Europe, the majority of which were contributed to NorthStar Europe as part of the NRE Spin-off, for which local country level taxes will be due on earnings (or other measure) and in some cases withholding taxes for the repatriation of earnings back to the REIT. The REIT will not generally be subject to any additional U.S. taxes on the repatriation of its earnings.

Current and deferred taxes are recorded on the portion of earnings (losses) recognized by the Company with respect to its interest in TRSs and taxable foreign subsidiaries. Deferred income tax assets and liabilities are calculated based on temporary differences between the Company's U.S. GAAP consolidated financial statements and the federal, state, local and foreign tax basis of assets and liabilities as of the consolidated balance sheet date. The Company evaluates the realizability of its deferred tax assets (e.g., net operating loss and capital loss carryforwards) and recognizes a valuation allowance if, based on the available evidence, it is more likely than not that some portion or all of its deferred tax assets will not be realized. When evaluating the realizability of its deferred tax assets, the Company considers estimates of expected future taxable income, existing and projected book/tax differences, tax planning strategies available and the general and industry specific economic outlook. This realizability analysis is inherently subjective, as it requires the Company to forecast its business and general economic environment in future periods. Changes in estimate of deferred tax asset realizability, if any, are included in provision for income tax expense included in income tax benefit (expense) in the consolidated statements of operations.

The Company has assessed its tax positions for all open tax years, which includes 2012 to 2015 and concluded there were no material uncertainties to be recognized. The Company's accounting policy with respect to interest and penalties is to classify these amounts as a component of income tax expense, where applicable. The Company has not recognized any such amounts related to uncertain tax positions for the years ended December 31, 2015, 2014 and 2013. As of December 31, 2015, the tax years that remain subject to examination by major tax jurisdictions generally include 2012 through 2015.

The Company recorded an income tax expense of $14.3 million, $16.6 million and $7.2 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting update requiring a company to recognize as revenue the amount of consideration it expects to be entitled to in connection with the transfer of promised goods or services to customers. The accounting standard update will replace most of the existing revenue recognition guidance currently promulgated by U.S. GAAP. In July 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The effective date of the new revenue standard for the Company will be January 1, 2018. The Company is in the process of evaluating the impact, if any, of the update on its consolidated financial position, results of operations and financial statement disclosures.

In February 2015, the FASB issued updated guidance that changes the rules regarding consolidation. The pronouncement eliminates specialized guidance for limited partnerships and similar legal entities and removes the indefinite deferral for certain investment funds. The new guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, with early adoption permitted. The Company will adopt the new standard on January 1, 2016 and it is not expected to have a material impact on its consolidated financial position or results of operations.

In April 2015, the FASB issued an accounting update changing the presentation of financing costs in financial statements. Under the new guidance, an entity would present these costs in the balance sheet as a direct deduction from the related liability rather than as an asset. Amortization of the costs would continue to be reported as interest expense. The new guidance is effective for annual periods and interim periods beginning after December 15, 2015, with early adoption permitted. In the fourth quarter 2015, the Company adopted this guidance and the impact to the consolidated balance sheet from the reclassification of such costs was a reduction to both total assets and total liabilities of $91.2 million and $147.6 million as of December 31, 2015 and 2014, respectively.

In September 2015, the FASB issued updated guidance that eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Under the new guidance, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. The new guidance is effective for annual periods and interim periods beginning after December 15, 2015, with early adoption permitted. The Company adopted this guidance in the third quarter 2015 and it did not have a material impact on the Company's consolidated financial position, results of operations and financial statement disclosures.

In January 2016, the FASB issued an accounting update that addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently assessing the impact of the guidance on the Company's consolidated financial position, results of operations and financial statement disclosures.

In February 2016, the FASB issued an accounting update that requires lessees to present right-of-use assets and lease liabilities on the balance sheet. The new guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative period in the financial statements and is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the impact that this guidance will have on its consolidated financial position, results of operations and financial statement disclosures.

3. Operating Real Estate

The following table presents operating real estate, net as of December 31, 2015 and 2014 (dollars in thousands):

	December 31,	
	2015	2014
Land	$1,047,620	$ 1,472,667
Land improvements	148,295	1,070,507
Buildings and improvements	6,728,957	6,963,704
Building leasehold interests and improvements	723,573	591,626
Furniture, fixtures and equipment	346,628	286,340
Tenant improvements	165,539	159,159
Construction in progress	57,663	17,054
Subtotal	9,218,275	10,561,057
Less: Accumulated depreciation	(511,113)	(349,053)
Less: Allowance for Operating real estate impairment	(4,903)	—
Operating real estate, net(1)	$8,702,259	$10,212,004

(1) As of December 31, 2015 and 2014, operating real estate was subject to $7.3 billion and $8.5 billion of mortgage notes payable, respectively.

For the years ended December 31, 2015, 2014 and 2013, depreciation expense was $382.1 million, $164.9 million and $76.1 million, respectively.

Real Estate Acquisitions

The following table summarizes the Company's acquisitions for the year ended December 31, 2015, excluding acquisitions related to the European Portfolio that were spun off as part of the NRE Spin-off and certain real estate classified as held-for-sale (refer to below) (dollars in millions):

Acquisition Date	Type	Description	Name	Purchase Price(1)	Properties	Financing	Equity	Ownership Interest	Transaction Costs
February—March 2015	Office	Multi-tenant office	SteelWave Portfolio(2)	$ 98.1	7	$ 67.3	$28.2	95%	$ 0.7
June 2015	Healthcare	Medical office building	Griffin-American Portfolio(3)	15.6	1	11.5	4.1	86%(4)	0.1
June 2015	Hotel	Upscale extended stay and premium branded select	NE Portfolio	175.5	9	132.3	45.2	100%	2.2

		service							
July 2015	Hotel	Upscale extended stay and premium branded select and full service	Miami Hotel Portfolio	154.2	3	115.5	38.7	100%	1.5

(1) Includes escrows and reserves and excludes transaction costs.
(2) Represents an additional acquisition related to the SteelWave Portfolio.
(3) Represents an additional acquisition related to the Griffin-American Portfolio.
(4) NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”), a sponsored company of NSAM, is the non-controlling interest holder of the remaining 14% of the Griffin-American Portfolio.

The following table presents the initial allocation of the purchase price of the assets acquired and the liabilities issued or assumed upon the closing of the following acquisitions: an additional acquisition related to the Griffin-American Portfolio, NE Portfolio and Miami Hotel Portfolio that continue to be subject to refinement upon receipt of all information. The table excludes 2015 acquisitions related to the European Portfolio contributed to NorthStar Europe upon completion of the NRE Spin-off, a manufactured housing portfolio and independent living facility portfolio ("Senior Housing Portfolio") acquired, which was classified as operating real estate held for sale as of December 31, 2015 (dollars in thousands):

Assets:	
Land and improvements	$ 32,830
Buildings, leasehold interests and improvements	269,826
Acquired intangibles(1)	1,372
Other assets acquired	37,249
Total assets acquired	$341,277
Liabilities:	
Mortgage and other notes payable	$255,156
Other liabilities assumed	1,628
Total liabilities	256,784
Total NorthStar Realty Finance Corp. stockholders' equity(2)	83,894
Non-controlling interests	599
Total liabilities and equity	$341,277

(1) Acquired intangibles include in-place leases and unamortized lease origination costs.
(2) Stockholders' equity excludes transaction costs incurred in connection with the acquisitions.

For the year ended December 31, 2015, the Company recorded aggregate revenue of $42.6 million and a net loss of $0.9 million related to these acquisitions. Net loss is primarily related to transaction costs, depreciation and amortization expense.

The following table presents the final allocation of the purchase price of the assets acquired and liabilities issued and assumed upon the closing of the following portfolios (dollars in thousands):

	Griffin-American Portfolio(3)	Hotel Portfolios(4)(5)	SteelWave Portfolio(6)
Assets:			
Land and improvements	$ 377,135	$ 159,640	$ 20,718
Buildings and improvements	3,323,346	635,668	64,392
Acquired intangibles(1)	458,545	2,076	9,812
Other assets acquired	237,933	132,963	3,189
Total assets acquired	$4,396,959	$ 930,347	$ 98,111
Liabilities:			
Mortgage and other notes payable	$2,919,211	$ 713,676	$ 67,254
Other liabilities assumed(2)	240,513	4,625	1,813
Total liabilities	3,159,724	718,301	69,067
Total NorthStar Realty Finance Corp. stockholders' equity	1,049,818	210,721	27,559
Non-controlling interests	187,417	1,325	1,485
Total equity	1,237,235	212,046	29,044
Total liabilities and equity	$4,396,959	$ 930,347	$ 98,111

(1) Acquired intangibles include in-place leases, above-market leases and goodwill.
(2) Other liabilities assumed include below-market lease intangibles and deferred tax liabilities.
(3) For the year ended December 31, 2015, the Company recorded revenue and net loss related to the Griffin-American Portfolio of $392.9 million and $59.2 million, respectively. Net loss is primarily related to depreciation and amortization expense.
(4) Includes a $259.3 million hotel portfolio acquired in August 2014 and a $681.0 million hotel portfolio acquired in September 2014.
(5) For the year ended December 31, 2015, the Company recorded aggregate revenue and net income of $256.7 million and $13.2 million, respectively.
(6) For the year ended December 31, 2015, the Company recorded aggregate revenue and net loss of $20.2 million and $2.5 million, respectively.

Real Estate Held for Sale

The following table summarizes the Company's operating real estate held for sale as of December 31, 2015 (dollars in thousands):

		Assets			Liabilities			
Description	Properties	Operating Real Estate, Net(1)	Intangible Assets, Net	Total(2)	Mortgage and Other Notes Payable, Net	Intangible Liabilities, Net	Total	WA Ownership Interest
Manufactured housing communities	136	$1,490,284	$ 24,034	$1,514,318	$ 1,262,725	$ —	$1,262,725	94%
Senior Housing Portfolio(3)	32	828,233	24,816	853,049	644,486	—	644,486	60%
Multifamily(4)	11	304,172	—	304,172	247,022	—	247,022	90%
Other	8	70,416	680	71,096	41,742	13,714	55,456	NA
Total	187	$2,693,105	$ 49,530	$2,742,635	$ 2,195,975	$ 13,714	$2,209,689	

(1) Includes $57.3 million of manufactured housing notes receivables previously recorded in other assets.
(2) Represents operating real estate and intangible assets and liabilities, net of depreciation and amortization of $242.4 million.
(3) In February 2016, the Company entered into an agreement to sell its 60% interest in the $899 million Senior Housing Portfolio for $535 million, subject to proration and adjustment. The Company expects to receive $150 million of net proceeds upon completion of the sale in March 2016. Refer to Related Party Arrangements for further disclosure.
(4) In February 2016, the Company entered in and is finalizing agreements to sell up to ten multifamily properties for $311 million with $210 million of mortgage financing expected to be assumed as part of the transaction. The Company expects to receive $91 million of net proceeds and continues to explore the sale of the remaining two properties.

4. Real Estate Debt Investments

The following table presents CRE debt investments as of December 31, 2015 (dollars in thousands):

	Number	Principal Amount	Carrying Value	Allocation by Investment Type(5)	Weighted Average(6) Fixed Rate	Weighted Average(6) Spread Over LIBOR(7)	Weighted Average(6) Yield(8)	Floating Rate as % of Principal Amount(5)
Asset Type:								
First mortgage loans(1)(2)	11	$286,628	$260,237	51.6%	7.09%	4.95%	6.18%	55.8%
Mezzanine loans	6	22,361	18,630	4.0%	9.04%	4.00%	8.39%	39.9%
Subordinate interests	4	171,044	169,781	30.8%	13.04%	5.65%	8.72%	59.0%
Corporate loans	4	35,215	30,681	6.3%	12.93%	—	14.84%	—
Subtotal/Weighted average(3)(4)	25	515,248	479,329	92.7%	10.51%	5.26%	8.12%	52.5%
CRE debt in N-Star CDOs								
First mortgage loans	2	26,957	9,321	4.9%	—	1.27%	3.10%	100.0%
Mezzanine loans	1	11,000	10,675	2.0%	8.00%	—	8.24%	—
Corporate loans	6	2,149	2,149	0.4%	6.74%	—	6.74%	—
Subtotal/Weighted average	9	40,106	22,145	7.3%	7.79%	1.27%	5.70%	67.2%
Total	34	$555,354	$501,474	100.0%	10.33%	4.79%	7.98%	53.5%
Real estate debt, held for sale(9)	7	$225,037	$224,677	NA	13.65%	7.41%	10.89%	52.5%

(1) Includes a Sterling denominated loan of £66.7 million, of which £31.6 million is available to be funded as of December 31, 2015. This loan has various maturity dates depending upon the timing of advances; however, will be no later than March 2022.
(2) Includes three loans that pursuant to certain terms and conditions which may or may not be satisfied, where the Company has an option to purchase the properties securing these loans.
(3) Certain CRE debt investments serve as collateral for financing transactions including carrying value of $38.6 million for the Company's loan facility. The remainder is unleveraged. Assuming that all loans that have future fundings meet the terms to qualify for such funding, the Company's cash requirement on future fundings would be $9.3 million. Excludes $2.1 million future funding commitment associated with real estate debt, held for sale.
(4) In September 2015, the Company purchased four CRE debt investments for $72.9 million from N-Star CDO IV, at fair value. Refer to Note 7 for further disclosure.
(5) Based on principal amount.
(6) Excludes an aggregate principal amount of $130.9 million related to three CRE debt investments that were originated prior to 2008, three non-performing loans and one first mortgage loan acquired with deteriorated credit quality.
(7) $108.5 million principal amount (excluding CRE debt in N-Star CDOs) has a weighted average LIBOR floor of 0.82%. Includes one first mortgage loan with a principal amount of $5.8 million with a spread over the prime rate.
(8) Based on initial maturity and for floating-rate debt, calculated using one-month LIBOR as of December 31, 2015 and for CRE debt with a LIBOR floor, using such floor.
(9) In February 2016, the Company sold or committed to sell these seven loans at par, with $46.9 million of proceeds used to pay down the Company's loan facility, resulting in net proceeds of $178.2 million.

The following table presents CRE debt investments as of December 31, 2014 (dollars in thousands):

	Number	Principal Amount	Carrying Value	Allocation by Investment Type(7)	Weighted Average(8) Fixed Rate	Weighted Average(8) Spread Over LIBOR(9)	Weighted Average(8) Yield(10)	Floating Rate as % of Principal Amount(7)
Asset Type:								
First mortgage loans(1)(2)(6)	13	$ 434,671	$ 313,590	36.6%	9.51%	6.66%	9.34%	57.2%
Mezzanine loans	8	149,816	146,088	12.6%	13.79%	13.83%	14.05%	53.3%
Subordinate interests	8	201,564	200,237	17.0%	13.11%	12.33%	13.01%	40.7%
Corporate loans(3)(4)	8	360,343	382,427	30.3%	12.37%	—	12.99%	—
Subtotal/Weighted average(5)	37	1,146,394	1,042,342	96.5%	11.89%	9.15%	12.00%	35.6%
CRE debt in N-Star CDOs								
First mortgage loans	2	26,957	11,360	2.3%	—	1.27%	3.08%	100.0%
Mezzanine loans	1	11,000	11,000	0.9%	8.00%	—	8.00%	—
Corporate loans	6	2,965	2,965	0.3%	6.74%	—	6.74%	—
Subtotal/Weighted average	9	40,922	25,325	3.5%	7.73%	1.27%	5.64%	65.9%
Total	46	$1,187,316	$1,067,667	100.0%	11.82%	8.65%	11.85%	36.7%

(1) Includes a Sterling denominated loan of £66.7 million, of which £16.1 million is outstanding as of December 31, 2014. This loan has various maturity dates depending upon the timing of advances; however, will be no later than March 2022.
(2) Includes three loans that pursuant to certain terms and conditions which may or may not be satisfied, where the Company has an option to purchase the properties securing these loans.
(3) Includes $112.0 million of preferred equity investments for which the Company elected the fair value option.
(4) Includes four revolving loans of $156.4 million, of which $60.7 million is outstanding as of December 31, 2014.
(5) Certain CRE debt investments serve as collateral for financing transactions including carrying value of $35.8 million for Securitization 2012-1 and $140.6 million for credit facilities. The remainder is unleveraged.
(6) There are no loans on non-accrual status except for one first mortgage loan acquired with deteriorated credit quality with a carrying value of $5.7 million as of December 31, 2014. Certain loans have an accrual of interest at a specified rate that may be in addition to a current rate. Such loans represent an aggregate $3.2 million carrying value where the Company does not recognize interest income on the accrual rate but does recognize interest income based on the current rate.
(7) Based on principal amount.
(8) Excludes three CRE debt investments with an aggregate principal amount of $10.7 million that were originated prior to 2008.
(9) $357.9 million principal amount (excluding CRE debt in N-Star CDOs) has a weighted average LIBOR floor of 0.84%. Includes one first mortgage loan with a principal amount of $6.2 million with a spread over prime rate.
(10) Based on initial maturity and for floating-rate debt, calculated using one-month LIBOR as of December 31, 2014 and for CRE debt with a LIBOR floor, using such floor.

The following table presents maturities of CRE debt investments based on principal amount as of December 31, 2015 (dollars in thousands):

	Initial Maturity	Maturity Including Extensions(1)
Years ending December 31:		
2016	$293,496	$ 199,406
2017	251	50,376
2018	1,897	40,647
2019	—	—
2020	—	—
Thereafter	259,710	264,925
Total	$555,354	$ 555,354

(1) Assumes that all debt with extension options will qualify for extension at such maturity according to the conditions stipulated in the governing documents.

The Company had three non-performing loans (“NPLs”) with an aggregate principal amount of $95.9 million as of December 31, 2015 due to maturity defaults.

As of December 31, 2015, the weighted average maturity, including extensions, of CRE debt investments was 4.9 years.

Actual maturities may differ from contractual maturities as certain borrowers may have the right to prepay with or without prepayment penalty. The Company may also extend certain contractual maturities in connection with loan modifications.

The principal amount of CRE debt investments differs from the carrying value primarily due to unamortized origination fees and costs, unamortized premium and discount and loan loss reserves recorded as part of the carrying value of the investment. As of December 31, 2015, the Company had $42.1 million of net unamortized discount and $1.6 million of net unamortized origination fees and costs.

Provision for Loan Losses

The following table presents activity in loan loss reserves on CRE debt investments for the years ended December 31, 2015, 2014, and 2013 (dollars in thousands):

	Years Ended December 31,		
	2015	2014	2013
Beginning balance	$5,599	$2,880	$ 156,699
Provision for (reversal of) loan losses, net	2,240(1)(4)	2,719(1)	(8,786)(2)
Transfers to REO	—	—	(5,623)
Write-offs / payoffs	—	—	(20,210)(3)
Deconsolidation of N-Star CDOs	—	—	(119,200)
Ending balance	$7,839	$5,599	$ 2,880

(1) Excludes $0.8 million of provision for loan losses relating to manufactured housing notes receivables recorded in assets of properties held for sale as of December 31, 2015 and $1.0 million recorded in other assets as of December 31, 2014.
(2) Includes $4.0 million of reversal of previously recorded provisions for loan losses.
(3) Represents a write-off of a previously recorded loan loss reserve upon payoff of a loan.
(4) Excludes $1.2 million of provision for loan losses primarily relating to exit fees on loans held for sale.

Credit Quality Monitoring

CRE debt investments are typically loans secured by direct senior priority liens on real estate properties or by interests in entities that directly own real estate properties, which serve as the primary source of cash for the payment of principal and interest. The Company evaluates its debt investments at least quarterly and differentiates the relative credit quality principally based on: (i) whether the borrower is currently paying contractual debt service in accordance with its contractual terms; and (ii) whether the Company believes the borrower will be able to perform under its contractual terms in the future, as well as the Company's expectations as to the ultimate recovery of principal at maturity.

The Company categorizes a debt investment for which it expects to receive full payment of contractual principal and interest payments as a "loan with no loan loss reserve." The Company categorizes a debt investment as an NPL if it is in maturity default and/or past due at least 90 days on its contractual debt service payments. The Company considers the remaining debt investments to be of weaker credit quality and categorizes such loans as "other loans with a loan loss reserve/non-accrual status." These loans are not considered NPLs because such loans are performing in accordance with contractual terms but the loans have a loan loss reserve and/or are on non-accrual status. Even if a borrower is currently paying contractual debt service or debt service is not due in accordance with its contractual terms, the Company may still determine that the borrower may not be able to perform under its contractual terms in the future and make full payment upon maturity. The Company's definition of an NPL may differ from that of other companies that track NPLs.

The following table presents the carrying value of CRE debt investments, by credit quality indicator, as of each applicable balance sheet date (dollars in thousands):

	December 31,	
Credit Quality Indicator:	2015	2014
Loans with no loan loss reserve:		
First mortgage loans	$168,978	$ 324,251
Mezzanine loans	29,305	157,089
Subordinate interests	169,781	200,236
Corporate loans	32,830	385,391
Subtotal	400,894	1,066,967
Other loans with a loan loss reserve/non-accrual status:		
First mortgage loans(1)	4,137	700
Mezzanine loans(2)	—	—
Subtotal	4,137	700
Non-performing loans	96,443	—
Total	$501,474	$1,067,667

(1) Excludes one first mortgage loan acquired with deteriorated credit quality with a carrying value of $3.1 million as of December 31, 2015 and two first mortgage loans acquired with deteriorated credit quality with an aggregate carrying value of $5.7 million as of December 31, 2014 and excludes manufactured housing notes receivables recorded in other assets.
(2) Includes one mezzanine loan with a 100% loan loss reserve with a principal amount of $3.8 million as of December 31, 2015 and 2014, respectively. Such loan is not considered a NPL as debt service is currently being received.

Impaired Loans

The Company considers impaired loans to generally include NPLs, loans with a loan loss reserve, loans on non-accrual status (excluding loans acquired with deteriorated credit quality) and TDRs. The following table presents impaired loans as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015				December 31, 2014			
	Number	Principal Amount(1)	Carrying Value(1)	Loan Loss Reserve	Number	Principal Amount(1)	Carrying Value(1)	Loan Loss Reserve
Class of Debt:								
First mortgage loans	5	$119,677	$100,580	$ 4,073	1	$ 2,533	$ 700	$ 1,833
Mezzanine loans	1	3,766	—	3,766	1	3,766	—	3,766
Total	6	$123,443	$100,580	$ 7,839	2	$ 6,299	$ 700	$ 5,599

(1) Principal amount differs from carrying value primarily due to unamortized origination fees and costs, unamortized premium or discount and loan loss reserves included in the carrying value of the investment. Excludes one first mortgage loan acquired with deteriorated credit quality with a carrying value of $3.1 million as of December 31, 2015 and two first mortgage loans acquired with deteriorated credit quality with an aggregate carrying value of $5.7 million as of December 31, 2014 and excludes manufactured housing notes receivables recorded in other assets.

The following table presents average carrying value of impaired loans by type and the income recorded on such loans subsequent to them being deemed impaired for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	December 31, 2015			December 31, 2014			December 31, 2013		
	Number	Average Carrying Value	Year Ended Income	Number	Average Carrying Value	Year Ended Income	Number	Average Carrying Value	Year Ended Income
Class of Debt:									
First mortgage loans	5	$102,107	$2,707	1	$ 1,133	$ —	5	$ 67,531	$1,050
Mezzanine loans	1	—	8	1	377	6	7	100,109	416
Subordinate interests	—	—	—	—	—	—	1	—	3
Corporate loans	—	—	—	—	—	—	—	19,530	—
Total/weighted average	6	$102,107	$2,715	2	$ 1,510	$ 6	13	$187,170	$1,469

As of December 31, 2015, the Company had two loans past due greater than 90 days.

5. Investments in Private Equity Funds

The following is a description of investments in private equity funds that own PE Investments either through unconsolidated ventures (“PE Investment I” and “PE Investment II”) or consolidated ventures and direct investments (“PE Investment III to XV,” collectively “Direct PE Investments”) which are recorded as investments in private equity funds at fair value on the consolidated balance sheets. The Company elected the fair value option for PE Investments. As a result, the Company records equity in earnings (losses) based on the change in fair value for its share of the projected future cash flow from one period to another. All PE Investments are considered voting interest entities, except for two fund interests in PE Investment XIII (refer to Note 17). PE Investment I and II are not consolidated by the Company due to the substantive participating rights of the partners in joint ventures that own the interests in the real estate private equity funds. The Company does not consolidate any of the underlying real estate private equity funds owned in Direct PE Investments as it does not own a majority voting interest in any such funds or is not the primary beneficiary of such funds.

The following tables summarize the Company's PE Investments as of December 31, 2015 (dollars in millions):

PE Investment(1)	Initial Closing Date	NAV Reference Date(2)	Number of Funds	Purchase Price	Expected Future Funding(3)
PE Investment I	February 15, 2013	June 30, 2012	49	$ 282.1	$ 2
PE Investment III(4)	December 31, 2013	June 30, 2013	8	39.8	—
PE Investment IV	May 30, 2014	December 31, 2013	1	8.0	—
PE Investment V	July 1, 2014	September 30, 2013	3	12.0	—
PE Investment VI	July 30, 2014	June 30, 2014	20	90.2	1
PE Investment VII	August 15, 2014	December 31, 2013	14	54.9	—
PE Investment IX	October 2, 2014	March 31, 2014	11	217.7	2
PE Investment X	December 4, 2014	June 30, 2014	13	152.4	—
PE Investment XI	May 1, 2015	September 30, 2014	2	6.4	—
PE Investment XII	May 5, 2015	June 30, 2014	1	6.2	—
PE Investment XIII	May 22, 2015	December 31, 2014	11	441.1	3
PE Investment XIV(5)	September 9, 2015	December 31, 2014	15	50.2	50
PE Investment XV	November 12, 2015	December 31, 2014	1	60.0	—
Subtotal			149	1,421.0	$ 58
PE Investment II(6)	July 3, 2013	September 30, 2012	24	353.4	$ 243(6)
Total			173(7)	$1,774.4	

(1) On August 19, 2014, the Company, through a subsidiary, entered into a joint venture with a third party to source and invest in real estate private equity funds. For the year ended December 31, 2015, PE Investment VIII has not made any investments.
(2) Represents the net asset value ("NAV") date on which the Company agreed to acquire the respective PE Investment.
(3) Includes an estimated amount of expected future contributions to funds and any deferred purchase price as of December 31, 2015. The actual amount of future contributions underlying the fund interests that may be called and funded by the Company could vary materially from the Company's expectations.
(4) PE Investment III paid $39.8 million to the seller for all of the fund interests, or 50% of the June 30, 2013 NAV, and paid the remaining $39.8 million, or 50% of the June 30, 2013 NAV, in December 2015 to a third party.
(5) PE Investment XIV paid $50.2 million to the seller for all of the fund interests, or 50% of the December 31, 2014 NAV, and will pay the remaining $47.8 million in equal installments one year and two years after the initial closing date, respectively. Such amount is included in other liabilities on the consolidated balance sheets.
(6) In February 2016, the Company entered into an agreement to sell substantially all of its interest in PE Investment II for proceeds of $184.1 million, of which $145.1 million was received and the remaining is expected in March 2016 upon consent from the initial seller. In connection with the sale, the buyers will assume the Company's $243 million portion of the deferred purchase price obligation of the PE Investment II joint venture upon consent of the PE II Seller.
(7) The total number of funds includes 28 funds held across multiple PE Investments.

	Carrying Value		Year Ended December 31, 2015			Year Ended December 31, 2014		
PE Investment(1)(6)	December 31, 2015	December 31, 2014	Income(2)(3)	Distributions	Contributions	Income(3)	Distributions	Contributions
PE Investment I(4)	$ 154.0	$ 218.6	$ 46.4	$ 88.7	$ 2.1	$ 66.1	$ 97.2	$ 1.1
PE Investment II(4)(5)	186.2	231.6	39.8	119.4	42.9	57.7	115.9	6.0
PE Investment III	26.8	51.0	1.9	26.3	0.2	5.7	25.6	0.3
PE Investment IV	7.6	7.8	1.3	1.5	—	0.8	0.9	—
PE Investment V	7.7	8.0	1.8	2.1	—	1.1	4.9	—
PE Investment VI	75.3	86.3	11.6	23.6	1.0	5.8	10.8	1.3
PE Investment VII	30.2	42.7	8.0	20.6	0.1	3.7	15.6	0.2
PE Investment IX	129.2	174.6	30.2	76.8	0.9	8.3	55.9	4.7
PE Investment X	128.5	141.4	20.8	34.0	0.5	1.6	12.7	0.2
PE Investment XI	4.2	—	0.7	1.4	—	—	—	—
PE Investment XII	2.6	—	0.4	4.0	0.1	—	—	—
PE Investment XIII	287.4	—	30.8	193.4	8.8	—	—	—
PE Investment XIV	55.2	—	3.1	42.7	0.4	—	—	—
PE Investment XV	6.8	—	1.3	5.4	2.5	—	—	—
Total(5)	$ 1,101.7	$ 962.0	$ 198.1	$ 639.9	$ 59.5	$ 150.8	$ 339.5	$ 13.8

(1) On August 19, 2014, the Company, through a subsidiary, entered into a joint venture with a third party to source and invest in PE Investments. For the year ended December 31, 2015, PE Investment VIII has not made any investments.
(2) Income is recorded gross of a current income tax expense of $11.8 million for the year ended December 31, 2015.
(3) Recorded in equity in earnings on the consolidated statement of operations. The year ended December 31, 2014 includes a reclassification between equity in earnings and income tax expense of $16.8 million to conform with the current period presentation.
(4) The Company recorded an unrealized loss of $33.2 million for the year ended December 31, 2015, of which $24.4 million, represented a partial reversal of an unrealized gain of $32.6 million recorded for the year ended December 31, 2014.
(5) Contributions for the year ended December 31, 2015 represents a payment of our portion of the deferred purchase price for PE Investment II.

(6) As of December 31, 2015, cash flow is expected through June 30, 2024, with a weighted average expected remaining life of 1.5 years.

	Year Ended December 31, 2013		
PE Investment	Income(1)	Distributions	Contributions
PE Investment I	$ 58.3	$ 130.2	$ 20.8
PE Investment II	30.5	104.9	11.6
PE Investment III	—	9.0	0.3
Total	$ 88.8	$ 244.1	$ 32.7

(1) Recorded in equity in earnings in the consolidated statement of operations. The year ended December 31, 2013 includes a reclassification between equity in earnings and income tax expense of $6.2 million to conform with the current period presentation.

Unconsolidated PE Investments

PE Investment I

In February 2013, the Company completed the initial closing ("PE I Initial Closing") of PE Investment I which owns a portfolio of limited partnership interests in real estate private equity funds managed by institutional-quality sponsors. Pursuant to the terms of the agreement, at the PE I Initial Closing, the full purchase price was funded, excluding future capital commitments. Accordingly, the Company funded $282.1 million and NorthStar Real Estate Income Trust, Inc. ("NorthStar Income") (together with the Company, the "NorthStar Entities") funded $118.0 million. The NorthStar Entities have an aggregate ownership interest in PE Investment I of 51%, of which the Company owns 70.5%. The Company assigned its rights to the remaining 29.5% to a subsidiary of NorthStar Income. Teachers Insurance and Annuity Association of America (the "Class B Partner") contributed its interests in 49 funds subject to the transaction in exchange for all of the Class B partnership interests in PE Investment I.

PE Investment I provides for all cash distributions on a priority basis to the NorthStar Entities as follows: (i) first, 85% to the NorthStar Entities and 15% to the Class B Partner until the NorthStar Entities receive a 1.5x multiple on all of their invested capital, including amounts funded in connection with future capital commitments; (ii) second, 15% to the NorthStar Entities and 85% to the Class B Partner until the Class B Partner receives a return of its then remaining June 30, 2012 capital; and (iii) third, 51% to the NorthStar Entities and 49% to the Class B Partner. All amounts paid to and received by the NorthStar Entities are based on each partner's proportionate interest.

The Company guaranteed all of its funding obligations that may be due and owed under PE Investment I agreements directly to PE Investment I entities. The Company and NorthStar Income each agreed to indemnify the other proportionately for any losses that may arise in connection with the funding and other obligations as set forth in the governing documents in the case of a joint default by the Company and NorthStar Income. The Company and NorthStar Income further agreed to indemnify each other for all of the losses that may arise as a result of a default that is solely caused by the Company or NorthStar Income, as the case may be.

PE Investment II

In June 2013, the Company, NorthStar Income and funds managed by Goldman Sachs Asset Management ("Vintage Funds") (each a "Partner") formed joint ventures and entered into an agreement with Common Pension Fund E, a common trust fund created under New Jersey law ("PE II Seller"), to acquire a portfolio of limited partnership interests in 24 real estate private equity funds managed by institutional-quality sponsors. The aggregate reported NAV acquired was $910.0 million as of September 30, 2012. In February 2016, the Company entered in an agreement to sell substantially all of its interest in PE Investment II for proceeds of $184.1 million, of which $145.1 million was received with the remaining expected in March 2016 upon consent from PE II Seller. In connection with the sale, the buyers, including NorthStar Income, will assume the Company's $243 million portion of the deferred purchase price obligation of the PE Investment II joint venture upon receiving such consent.

6. Investments in Unconsolidated Ventures

The following is a description of investments in unconsolidated ventures. The investments in RXR Realty LLC ("RXR Realty"), Aerium Group ("Aerium") and SteelWave, LLC (formerly known as Legacy Partners Commercial, LLC) ("SteelWave") are accounted for at fair value due to the election of the fair value option (refer to Note 14). The investments in the NSAM Sponsored Companies (as defined below) were accounted for under the equity method prior to the NSAM Spin-off and are accounted for under the cost method subsequent to the NSAM Spin-off. All other investments in unconsolidated ventures are accounted for under the equity method.

The following table summarizes the Company's investments in unconsolidated ventures as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 (dollars in millions):

		Carrying Value December 31,		Equity in Earnings (Losses) Years Ended December 31,		
Investment	Ownership Interest	2015	2014	2015	2014	2013
RXR Realty(1)	27%	$ 89.3	$ 90.0	$ 16.0	$ 8.0	$ —
Aerium(2)	15%	16.5	62.8	1.3	2.5	—
LandCap(3)	49%	7.7	10.8	0.8	0.7	0.5
SteelWave(4)	40%	6.8	5.0	1.9	0.4	—
CS/Federal(5)	50%	5.7	5.7	0.3	0.1	0.3
NSAM Sponsored Companies(6)	0.3% to 0.5%	14.0	11.5	0.3	0.3	0.6
NorthStar Realty Finance Trusts(7)	N/A	3.7	3.7	—	—	—
Multifamily Joint Venture(8)	90%	3.5	9.9	0.3	(0.3)	(0.7)
Other	Various	8.5	8.4	—	2.6	2.2
Total		$155.7	$207.8	$ 20.9	$ 14.3	$ 2.9

(1) In December 2013, the Company entered into a strategic transaction with RXR Realty, a leading real estate owner, developer and investment management company focused on high-quality real estate in the New York Tri-State area. The Company's equity interest in RXR Realty is structured so

that NSAM is entitled to certain fees in connection with RXR Realty's investment management business. Refer to Note 10. "Related Party Arrangements—NorthStar Asset Management Group—Management Agreement" for further disclosure.

(2) Aerium is a pan-European real estate investment manager specializing in commercial real estate properties. The Company recorded an unrealized loss on its interest in Aerium of $40.4 million for the year ended December 31, 2015. The Company's equity interest in Aerium is structured so that NSAM is entitled to certain fees in connection with Aerium's asset management business. Refer to Note 10. "Related Party Arrangements—NorthStar Asset Management Group—Management Agreement" for further disclosure.

(3) In October 2007, the Company entered into a joint venture with Whitehall Street Global Real Estate Limited Partnership 2007 ("Whitehall") to form LandCap Partners and LandCap LoanCo. (collectively referred to as "LandCap"). The joint venture is managed by a third-party management group. The Company and Whitehall agreed to no longer provide additional new investment capital in the LandCap joint venture.

(4) In September 2014, the Company entered into an investment with SteelWave, a real estate investment manager, owner and operator with a portfolio of commercial assets focused in key markets in the western United States.

(5) CS Federal Drive, LLC ("CS/Federal") owns three adjacent class A office/flex buildings in Colorado. The properties were acquired for $54.3 million and were financed with two separate non-recourse mortgages totaling $38.0 million and the remainder in cash. The mortgages matured on February 11, 2016 and the Company is currently in negotiations with the lender. The mortgages have a fixed interest rate of 5.51% and 5.46%, respectively.

(6) Affiliates of NSAM also manage the Company's previously sponsored companies: NorthStar Income, NorthStar Healthcare and NorthStar Real Estate Income II, Inc. ("NorthStar Income II") and together with any new sponsored company (herein collectively referred to as the "NSAM Sponsored Companies").

(7) The Company owns all of the common stock of NorthStar Realty Finance Trusts I through VIII (collectively, the "Trusts"). The Trusts were formed to issue trust preferred securities. Refer to Note 17 for further disclosure.

(8) In July 2013, the Company through a joint venture with a private investor, acquired a multifamily property with 498 units, located in Philadelphia, Pennsylvania for an aggregate purchase price of $41.0 million, including all costs, escrows and reserves. The property was financed with a non-recourse mortgage note of $29.5 million and the remainder in cash. In April 2015, the property obtained additional non-recourse financing of $7.0 million. Both financings mature on July 1, 2023 and have a weighted average fixed interest rate of 3.87%. The joint venture is exploring the sale of the property.

NSAM Sponsored Companies

The Company committed to purchase up to $10 million in shares of each of NSAM's Sponsored Companies' common stock during the two year period from when each offering was declared effective through the end of their respective offering period, in the event that NSAM Sponsored Companies' distributions to its stockholders, on a quarterly basis, exceeds its modified funds from operations (as defined in accordance with the current practice guidelines issued by the Investment Program Association).

In connection with the Company's commitment to purchase shares of the NSAM Sponsored Companies, the Company acquired an aggregate of $15.2 million of shares of NorthStar Income, NorthStar Healthcare and NorthStar Income II through December 31, 2015. In addition, pursuant to the management agreement with NSAM, the Company committed up to $10 million to invest as distribution support consistent with past practice in each future public non-traded NSAM Sponsored Company, up to a total of five new companies per year.

The Company has committed to invest as distribution support in the following NSAM Sponsored Companies:

- NorthStar/RXR New York Metro Real Estate, Inc.—In October 2015, NorthStar/RXR New York Metro Real Estate, Inc. ("NorthStar/RXR New York Metro") filed an amended registration statement with the SEC, seeking to offer an additional class of common shares related to its $2 billion public offering. In December 2015, the Company and RXR Realty satisfied NorthStar/RXR New York Metro's minimum offering amount as a result of the purchase of 0.2 million shares of its common stock for an aggregate $2.0 million. NSAM began raising capital for NorthStar/RXR New York Metro in the beginning of 2016.

- NorthStar Corporate Fund—In October 2015, NorthStar Corporate Income Fund ("NorthStar Corporate Fund") filed an amended registration statement on Form N-2 with the SEC seeking to raise up to $3 billion in a public offering of common stock. Subsequent to year end, NorthStar Corporate Fund was declared effective by the SEC and expects to begin raising capital in early 2016.
- NorthStar Capital Fund—In October 2015, NorthStar Real Estate Capital Income Fund filed its registration statement on Form N-2 with the SEC seeking to raise up to $3 billion in a public offering of common stock.
- NorthStar Corporate Investment—In June 2015, NorthStar Corporate Investment, Inc. confidentially submitted an amended registration statement on Form N-2 to the SEC seeking to raise up to $1 billion in a public offering of common stock.

Summarized Financial Information

The combined balance sheets for the unconsolidated ventures, including PE Investments and excluding unconsolidated ventures accounted for under the cost method, as of December 31, 2015 and 2014 are as follows (dollars in thousands):

	As of December 31,	
	2015	2014
Assets		
Total assets	$8,821,784	$6,067,438
Liabilities and equity		
Total liabilities	$3,071,593	$3,045,171
Equity(1)	5,750,191	3,022,267
Total liabilities and equity	$8,821,784	$6,067,438

(1) Includes non-controlling interest of $749.7 million and $944.7 million as of December 31, 2015 and 2014, respectively.

The combined statements of operations for the unconsolidated ventures, including PE Investments and excluding unconsolidated ventures accounted for under the cost method, from acquisition date through the three years ended December 31, 2015 are as follows (dollars in thousands):

	Years Ended December 31,		
	2015(1)	2014	2013
Total revenues	$1,287,014	$907,519	$322,944
Net income	781,196	443,158	180,537

(1) Includes summarized financial information for PE Investments for the nine months ended September 30, 2015, which is the most recent financial information available from the underlying funds.

NSAM Sponsored Companies and certain PE Investments, for which the Company has elected the fair value option, are accounted for under the cost method. As of December 31, 2015 and 2014 the aggregate carrying value of such cost method investments was $234 million and $288 million, respectively.

7. Real Estate Securities, Available for Sale

The following table presents CRE securities as of December 31, 2015 (dollars in thousands):

	Number	Principal Amount(3)	Amortized Cost	Cumulative Unrealized Gains	Cumulative Unrealized (Losses)	Fair Value	Allocation by Investment Type(3)	Weighted Average Coupon	Weighted Average Yield(4)
Asset Type:									
N-Star CDO bonds(1)(8)	26	$ 401,848	$194,908	$24,332	$ (2,513)	$216,727	31.3%	1.98%	22.01%
N-Star CDO equity(5)(8)	4	71,003	71,003	1,290	(27,388)	44,905	5.5%	NA	12.41%
CMBS and other securities(6)	15	116,681	61,520	15,340	(21,295)	55,565	9.1%	2.15%	5.52%
Subtotal(2)	45	589,532	327,431	40,962	(51,196)	317,197	45.9%	2.01%	16.83%
CRE securities in N-Star CDOs(5)(7)									
CMBS	123	538,205	398,343	31,244	(103,076)	326,511	41.9%	3.48%	10.13%
Third-party CDO notes	8	55,509	50,047	—	(43,362)	6,685	4.4%	0.01%	—%
Agency debentures	8	87,172	31,774	6,384	(842)	37,316	6.8%	—	4.57%
Unsecured REIT debt	1	8,000	8,285	691	—	8,976	0.6%	7.50%	5.88%
Trust preferred securities	2	7,225	7,225	—	(1,800)	5,425	0.4%	2.25%	2.32%
Subtotal	142	696,111	495,674	38,319	(149,080)	384,913	54.1%	2.80%	8.56%
Total	187	$1,285,643	$823,105	$79,281	$(200,276)	$702,110	100.0%	2.46%	11.85%

(1) Excludes $142.9 million principal amount of N-Star CDO bonds payable that are eliminated in consolidation.
(2) All securities are unleveraged. Subsequent to year end, the Company sold certain N-Star CDO bonds and CRE securities for $53.9 million of net proceeds.
(3) Based on amortized cost for N-Star CDO equity and principal amount for remaining securities.
(4) Based on expected maturity and for floating-rate securities, calculated using the applicable LIBOR as of December 31, 2015.
(5) The fair value option was elected for these securities (refer to Note 14).
(6) The fair value option was elected for $48.7 million carrying value of these securities (refer to Note 14).
(7) Investments in the same securitization tranche held in separate CDO financing transactions are reported as separate investments.
(8) As of December 31, 2015, excluding the sales of N-Star CDO bonds subsequent to year end, the weighted average remaining life of the N-Star CDO bonds and N-Star CDO equity is 2.0 years and 3.2 years, respectively.

The Company sponsored nine CDOs, three of which were primarily collateralized by CRE debt and six of which were primarily collateralized by CRE securities. The Company acquired equity interests of two CRE debt focused CDOs, the CSE RE 2006-A CDO (“CSE CDO”) and the CapLease 2005-1 CDO (“CapLease CDO”) sponsored by third parties. These CDOs are collectively referred to as the N-Star CDOs and their assets are referred to as legacy investments. All N-Star CDOs are considered VIEs (refer to Note 17). At the time of issuance of the sponsored CDOs, the Company retained the below investment grade bonds, which are referred to as subordinate bonds, and preferred shares and equity notes, which are referred to as equity interests. In addition, the Company repurchased CDO bonds originally issued to third parties at discounts to par. These repurchased CDO bonds and retained subordinate bonds are herein collectively referred to as N-Star CDO bonds.

In September 2015, N-Star CDO IV was liquidated and the third-party senior bondholders of N-Star CDO IV were re-paid in full. In connection with the liquidation, the Company purchased one CMBS for $5.8 million from N-Star CDO IV at fair value. Additionally, the Company received $41.0 million from its equity interest in N-Star CDO IV, resulting in a net realized gain of $9.4 million, a portion of which related to equity distributions that would have been received had N-Star CDO IV not been liquidated.

As of December 31, 2015, the Company’s CRE securities portfolio is comprised of N-Star CDO bonds and N-Star CDO equity and other securities which are predominantly conduit commercial mortgage-backed securities (“CMBS”), meaning each asset is a pool backed by a large number of commercial real estate loans. As a result, this portfolio is typically well-diversified by collateral type and geography. As of December 31, 2015, excluding the sales of CRE securities subsequent to year end, contractual maturities of CRE securities investments ranged from five months to 37 years, with a weighted average expected maturity of 3.6 years.

The following table presents CRE securities as of December 31, 2014 (dollars in thousands):

	Number	Principal Amount(3)	Amortized Cost	Cumulative Unrealized Gains	Cumulative Unrealized Losses	Fair Value	Allocation by Investment Type(3)	Weighted Average Coupon	Weighted Average Yield(4)
Asset Type:									
N-Star CDO bonds(1)	32	$ 461,974	$205,463	$ 58,116	$ (1,270)	$262,309	30.1%	1.83%	24.13%
N-Star CDO equity(5)	5	137,143	137,143	522	(35,198)	102,467	8.9%	NA	18.21%
CMBS and other securities(6)	15	119,089	64,616	12,241	(24,934)	51,923	7.8%	2.48%	5.51%
Subtotal(2)	52	718,206	407,222	70,879	(61,402)	416,699	46.8%	1.97%	19.18%
CRE securities in N-Star CDOs(5)(7)									
CMBS	144	636,035	458,186	50,432	(125,751)	382,867	41.5%	3.69%	9.96%
Third-party CDO notes	10	76,253	68,821	—	(45,603)	23,218	5.1%	0.26%	1.32%
Agency debentures	8	87,172	30,371	10,164	(6)	40,529	5.7%	—	4.56%
Unsecured REIT debt	1	8,000	8,396	955	—	9,351	0.5%	7.50%	5.88%
Trust preferred securities	2	7,225	7,225	—	(1,373)	5,850	0.4%	2.25%	2.32%
Subtotal	165	814,685	572,999	61,551	(172,733)	461,815	53.2%	3.00%	8.48%
Total	217	$1,532,891	$980,221	$132,430	$(234,135)	$878,514	100.0%	2.57%	12.92%

(1) Excludes $108.0 million principal amount of N-Star CDO bonds payable that are eliminated in consolidation.
(2) All securities are unleveraged.
(3) Based on amortized cost for N-Star CDO equity and principal amount for remaining securities.
(4) Based on expected maturity and for floating-rate securities, calculated using the applicable LIBOR as of December 31, 2014.
(5) The fair value option was elected for these securities (refer to Note 14).
(6) The fair value option was elected for $42.6 million carrying value of these securities (refer to Note 14).
(7) Investments in the same securitization tranche held in separate CDO financing transactions are reported as separate investments.

For the year ended December 31, 2015, proceeds from the sale of CRE securities was $95.7 million resulting in a net realized gain of $14.1 million. For the year ended December 31, 2014, proceeds from the sale of CRE securities was $94.8 million resulting in a net realized gain of $22.4 million. For the year ended December 31, 2013, proceeds from the sale of CRE securities was $224.0 million resulting in a net realized gain of $35.4 million, which includes proceeds related to the liquidation of N-Star CDO II.

CRE securities investments, not held in N-Star CDOs, include 28 securities for which the fair value option was not elected. As of December 31, 2015, the aggregate carrying value of these securities was $223.7 million, representing $21.9 million of accumulated net unrealized gains included in OCI. As of December 31, 2015, the Company held 23 securities with an aggregate carrying value of $111.9 million with an unrealized loss of $2.5 million, one of which was in an unrealized loss position for a period of greater than 12 months. Based on management's quarterly evaluation, the Company recorded OTTI of $4.0 million and $1.6 million for the years ended December 31, 2015 and 2014, which was recorded in realized gain (loss) on investments and other in the consolidated statements of operations. As of December 31, 2015, the Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell these securities prior to recovery of its amortized cost basis, which may be at maturity.

8. Borrowings

The following table presents borrowings as of December 31, 2015 and 2014 (dollars in thousands):

	Recourse vs. Non-Recourse	Final Maturity	Contractual Interest Rate(1)(2)	December 31, 2015 Principal Amount	December 31, 2015 Carrying Value(3)	December 31, 2014 Principal Amount	December 31, 2014 Carrying Value(3)
Mortgage and other notes payable:(4)							
Healthcare							
East Arlington, TX	Non-recourse	May-17	5.89%	$ 3,101	$ 3,101	$ 3,157	$ 3,149
Ohio Portfolio	Non-recourse	Jan-19	LIBOR + 5.00%	19,948	18,848	20,230	19,999
Lancaster, OH	Non-recourse	Jan-19	LIBOR + 5.00%	2,261	2,261	2,442	2,396
Wilkinson Portfolio	Non-recourse	Jan-19	6.99%	147,076	147,076	150,024	149,147
Tuscola/Harrisburg, IL	Non-recourse	Jan-19	7.09%	7,268	7,268	7,412	7,342
Formation Portfolio(5)	Non-recourse	May-19(6)/ Jan-25	LIBOR + 4.25%(7)/ 4.54%	701,819	695,060	705,608	692,935
Minnesota Portfolio	Non-recourse	Nov-19	LIBOR + 3.50%	37,800	37,800	37,800	36,990
Griffin-American—U.K.(5)	Non-recourse	Dec-19(6)	LIBOR + 4.25%(7)	327,890	327,890	348,588	348,588
Griffin-American—U.S.—Fixed(5)	Non-recourse	Dec-19(6)/ Jun-25/Dec-35	4.68%	1,763,036	1,652,238	1,750,000	1,678,706
Griffin-American—U.S.—Floating(5)	Non-recourse	Dec-19(6)	LIBOR + 3.15%(7)	854,565	854,565	868,797	868,797
Wakefield Portfolio	Non-recourse	April-20	LIBOR + 4.00%	54,694	53,816	54,751	54,675
Healthcare Preferred(8)	Non-recourse	Jul-21	LIBOR + 7.75%	75,000	75,000	75,000	75,000
Indiana Portfolio(8)	Non-recourse	Sept-21	LIBOR + 4.50%	121,130	121,130	121,130	121,130
Subtotal Healthcare/weighted average			4.53%(7)	4,115,588	3,996,053	4,144,939	4,058,854
Hotel							
Innkeepers Portfolio(5)	Non-recourse	Jun-19(6)	LIBOR + 3.39%(7)	840,000	837,137	840,000	830,322
K Partners Portfolio(5)	Non-recourse	Aug-19(6)	LIBOR + 3.25%(7)	211,681	210,660	211,681	208,905
Courtyard Portfolio(5)	Non-recourse	Oct-19(6)	LIBOR + 3.05%(7)	512,000	509,554	512,000	506,292
Inland Portfolio(5)	Non-recourse	Nov-19(6)	LIBOR + 3.60%(7)	817,000	811,927	817,000	806,287
NE Portfolio(5)	Non-recourse	Jun-20(6)	LIBOR + 3.85%(7)	132,250	130,824	—	—
Miami Hotel Portfolio(5)	Non-recourse	Jul-20(6)	LIBOR + 3.90%(7)	115,500	113,833	—	—
Subtotal Hotel/weighted average			3.73%(7)	2,628,431	2,613,935	2,380,681	2,351,806
Manufactured housing communities							
Manufactured Housing Portfolio 3	—	—	—	—	—	297,428	296,856
Manufactured Housing Portfolio 1	—	—	—	—	—	236,900	233,096
Manufactured Housing Portfolio 2	—	—	—	—	—	639,909	631,874
Subtotal Manufactured housing communities				—	—	1,174,237	1,161,826
Net lease							
Fort Wayne, IN	—	—	—	—	—	2,909	2,869
Columbus, OH	—	—	—	—	—	21,934	21,910
Keene, NH	—	—	—	—	—	6,105	6,090
EDS Portfolio	—	—	—	—	—	42,738	42,675
Green Pond, NJ	Non-recourse	Apr-16	5.68%	15,486	15,481	15,799	15,778
Aurora, CO	Non-recourse	Jul-16	6.22%	30,175	30,169	30,720	30,702
DSG Portfolio	Non-recourse	Oct-16	6.17%	30,481	30,428	31,126	31,006
Indianapolis, IN	Non-recourse	Feb-17	6.06%	25,674	25,663	26,151	26,129
Milpitas, CA	Non-recourse	Mar-17	5.95%	18,827	18,807	19,459	19,420
Fort Mill, SC	Non-recourse	Apr-17	5.63%	27,700	27,675	27,700	27,655
Fort Mill, SC—Mezzanine	Non-recourse	Apr-17	6.21%	663	663	1,079	1,079
Industrial Portfolio(5)	Non-recourse	Jul-17/ Dec-17	4.21%(7)	221,125	224,635	221,131	226,746
Salt Lake City, UT	Non-recourse	Sept-17	5.16%	12,646	12,555	13,181	13,037
South Portland, ME	Non-recourse	Jul-23	LIBOR + 2.15%(7)	3,241	3,190	3,597	3,534
Subtotal Net lease/weighted average			4.91%(7)	386,018	389,266	463,629	468,630

	Recourse vs. Non-Recourse	Final Maturity	Contractual Interest Rate(1)(2)	December 31, 2015 Principal Amount	December 31, 2015 Carrying Value(3)	December 31, 2014 Principal Amount	December 31, 2014 Carrying Value(3)
Multifamily(9)							
Memphis, TN	—	—	—	—	—	39,600	39,040
Southeast Portfolio	—	—	—	—	—	158,417	156,751
Scottsdale, AZ	—	—	—	—	—	46,538	45,905
Subtotal Multifamily				—	—	244,555	241,696
Multi-tenant Office							
Legacy Properties(5)	Non-recourse	Nov-19/ Feb-20(6)	LIBOR + 2.15%(7)	112,988	111,266	45,584	44,697
Subtotal Multi-tenant Office				112,988	111,266	45,584	44,697
Other							
Secured borrowing	Non-recourse	May-23	LIBOR + 1.60%	54,056	54,056	—	—
Subtotal Other				54,056	54,056	—	—
Subtotal Mortgage and other notes payable(4)				7,297,081	7,164,576	8,453,625	8,327,509
Credit facilities and term borrowings:(10)							
Corporate Revolver(11)	Recourse	Aug-17	LIBOR + 3.50%(7)	165,000	165,000	215,000	215,000
Corporate Term Borrowing	Recourse	Sept-17	4.60% / 4.55%(12)	425,000	417,039	425,000	412,717
Loan Facility	—	—	—	—	—	14,850	14,527
Loan Facility 1	Partial Recourse(13)	Mar-18(6)	2.95%(7)	72,053	70,665	77,930	76,515
Subtotal Credit facilities and term borrowings				662,053	652,704	732,780	718,759
CDO bonds payable:							
N-Star I	Non-recourse	Aug-38	7.01%	10,869	10,814	15,020	14,504
N-Star IX	Non-recourse	Aug-52	LIBOR + 0.48%(7)	425,622	296,787	545,939	375,564
Subtotal CDO bonds payable—VIE				436,491	307,601	560,959	390,068
Securitization bonds payable:							
Securitization 2012-1	—	—	—	—	—	41,831	41,746
Subtotal Securitization financing transaction				—	—	41,831	41,746
Exchangeable senior notes:							
7.25% Notes	Recourse	Jun-27	7.25%	12,955	12,955	12,955	12,955
8.875% Notes	Recourse	Jun-32	8.875%	1,000	967	1,000	947
5.375% Notes	Recourse	Jun-33	5.375%	17,405	15,116	31,633	27,106
Subtotal Exchangeable senior notes				31,360	29,038	45,588	41,008
Junior subordinated notes:(14)							
Trust I	Recourse	Mar-35	LIBOR + 3.25%(7)	41,240	29,033	41,240	32,992
Trust II	Recourse	Jun-35	LIBOR + 3.25%(7)	25,780	18,152	25,780	20,753
Trust III	Recourse	Jan-36	7.81%	41,238	27,003	41,238	32,784
Trust IV	Recourse	Jun-36	7.95%	50,100	33,446	50,100	39,830
Trust V	Recourse	Sept-36	LIBOR + 2.70%(7)	30,100	18,978	30,100	21,823
Trust VI	Recourse	Dec-36	LIBOR + 2.90%(7)	25,100	16,348	25,100	18,700
Trust VII	Recourse	Apr-37	LIBOR + 2.50%(7)	31,459	18,960	31,459	22,492
Trust VIII	Recourse	Jul-37	LIBOR + 2.70%(7)	35,100	21,973	35,100	25,798
Subtotal Junior subordinated notes				280,117	183,893	280,117	215,172
Subtotal				8,707,102	8,337,812	10,114,900	9,734,262
Borrowings of properties, held for sale:(4)							
EDS Portfolio(9)	Non-recourse	Oct-15	5.37%	41,742	41,742	—	—
Manufactured Housing Communities(9)	Non-recourse	Dec-21—Dec-25	4.32%(7)	1,274,643	1,262,726	—	—
Multifamily(9)	Non-recourse	Apr-23—Jul-23	4.08%(7)	249,709	247,019	—	—
Senior Housing Portfolio(9)	Non-recourse	May-25	4.17%	648,211	644,486	—	—
Subtotal Borrowings of properties, held for sale				2,214,305	2,195,973	—	—
Grand Total				$10,921,407	$10,533,785	$10,114,900	$9,734,262

(1) Refer to Note 15 for further disclosure regarding derivative instruments which are used to manage interest rate exposure.

(2) For borrowings with a contractual interest rate based on LIBOR, represents three-month LIBOR for the Wakefield Portfolio and one-month LIBOR for the other borrowings.
(3) Carrying value represents fair value with respect to CDO bonds payable and junior subordinated notes due to the election of the fair value option (refer to Note 14) and amortized cost, net of deferred financing costs for the other borrowings.
(4) Mortgage and other notes payable are subject to customary non-recourse carveouts.
(5) An aggregate principal amount of $6.6 billion is comprised of 22 senior mortgage notes totaling $5.1 billion and 16 mezzanine mortgage notes totaling $1.5 billion.
(6) Represents final maturity taking into consideration the Company's extension options.
(7) Contractual interest rate represents a weighted average. For borrowings with variable interest rates, the weighted average includes the current LIBOR as of December 31, 2015.
(8) Represents borrowings in N-Star CDOs.
(9) The Company's EDS Portfolio, manufactured housing portfolios, multifamily portfolio and Senior Housing Portfolio are classified as held for sale and associated borrowings are expected to be assumed by a buyer, and therefore, classified as liabilities of assets held for sale. In October 2015, the mortgage matured for the EDS Portfolio and the Company is currently in negotiations with the lender and is expected to give the property back to the lender.
(10) The difference between principal amount and carrying value, if any, represents deferred financing costs.
(11) Secured by collateral relating to a borrowing base comprised primarily of unlevered CRE debt, net lease and securities investments with a carrying value of $666.6 million as of December 31, 2015.
(12) Represents the respective fixed rate applicable to each borrowing under the Corporate Term Borrowing.
(13) Recourse solely with respect to certain types of loans as defined in the governing documents.
(14) Junior subordinated notes Trust II had a fixed interest rate through December 31, 2015 when it changed to floating rate. Trusts III and IV have a fixed interest rate until January 30, 2016 and June 30, 2016, respectively, when the rate will change to floating and reset quarterly to three-month LIBOR plus 2.83% to 2.80%, respectively.

The following table presents a reconciliation of principal amount to carrying value of the Company's mortgage and other notes payable by asset class as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015				December 31, 2014			
Asset Class:	Principal Amount	Discount (Premium), Net	Deferred Financing Costs, Net	Carrying Value	Principal Amount	Discount (Premium), Net	Deferred Financing Costs, Net	Carrying Value
Healthcare	$4,115,588	$ 12,801	$(132,336)	$3,996,053	$4,144,939	$ (4,650)	$ (81,435)	$4,058,854
Hotel	2,628,431	—	(14,496)	2,613,935	2,380,681	—	(28,875)	2,351,806
Manufactured housing	—	—	—	—	1,174,237	2,288	(14,699)	1,161,826
Net lease	386,018	4,389	(1,141)	389,266	463,629	6,940	(1,939)	468,630
Multifamily	—	—	—	—	244,555	—	(2,859)	241,696
Multi-tenant office	112,988	—	(1,722)	111,266	45,584	—	(887)	44,697
Other	54,056	—	—	54,056	—	—	—	—
Total	$7,297,081	$ 17,190	$(149,695)	$7,164,576	$8,453,625	$ 4,578	$(130,694)	$8,327,509

The following table presents scheduled principal on borrowings, based on final maturity as of December 31, 2015 (dollars in thousands):

	Total	Mortgage and Other Notes Payable	CDO Bonds Payable	Credit Facilities and Term Borrowings	Exchangeable Senior Notes(1)	Junior Subordinated Notes	Borrowings of Properties, Held for Sale
Years ending December 31:							
2016	$ 143,155	$ 87,534	$ —	$ —	$ —	$ —	$ 55,621
2017	926,647	317,896	—	590,000	—	—	18,751
2018	124,801	11,154	—	72,053	12,955	—	28,639
2019	5,960,320	5,923,761	—	—	—	—	36,559
2020	389,906	350,510	—	—	1,000	—	38,396
Thereafter	3,376,578	606,226	436,491	—	17,405	280,117	2,036,339
Total	$10,921,407	$7,297,081	$436,491	$ 662,053	$ 31,360	$ 280,117	$2,214,305

(1) The 7.25% Notes, 8.875% Notes and 5.375% Notes have a final maturity date of June 15, 2027, June 15, 2032 and June 15, 2033, respectively. The above table reflects the holders' repurchase rights which may require the Company to repurchase the 7.25% Notes, 8.875% Notes and 5.375% Notes on June 15, 2017, June 15, 2019 and June 15, 2023, respectively.

Credit Facilities and Term Borrowings

Corporate Borrowings

In August 2014, the Company obtained a corporate revolving credit facility (as amended, the "Corporate Revolver") with certain commercial bank lenders, with a three-year term. The Corporate Revolver is secured by collateral relating to a borrowing base and guarantees by certain subsidiaries of the Company. In May 2015, the Company amended and restated the Corporate Revolver to substitute the Operating Partnership as the borrower, with the Company becoming a guarantor. The Operating Partnership must maintain at least $25.0 million of minimum liquidity based on the sum of unrestricted cash or cash equivalents and undrawn availability during the term of the Corporate Revolver. In February 2016, the Company amended the agreement and decreased the aggregate amount of the revolving commitment to $250 million, subject to certain conditions. Subsequent to year end, the Corporate Revolver was repaid and there is currently no outstanding balance.

In September 2014, the Company entered into a corporate term borrowing agreement (as amended, the "Corporate Term Borrowing") with a commercial bank lender to establish term borrowings. In March 2015, the Company amended and restated the Corporate Term Borrowing to substitute the Operating Partnership as the borrower, with the Company becoming a guarantor. Borrowings may be prepaid at any time subject to customary breakage costs. In September and December 2014, the Company entered into a credit agreement providing for a term borrowing under the Corporate Term Borrowing in a principal amount of $275.0 million and $150.0 million, respectively, with a fixed interest rate of 4.60% and 4.55%, respectively, with each maturing on September 19, 2017. There is no available financing remaining under the Corporate Term Borrowing.

The Corporate Revolver and the Corporate Term Borrowing and related agreements contain representations, warranties, covenants, conditions precedent to funding, events of default and indemnities that are customary for agreements of these types. As of December 31, 2015, the Company was in compliance with all of its financial covenants.

Loan Facility

In March 2013, a subsidiary of the Company entered into a master repurchase agreement ("Loan Facility 1") of $200.0 million to finance first mortgage loans and senior interests secured by commercial real estate. In connection with Loan Facility 1, the Company entered into a guaranty agreement under which the Company guaranteed certain of the obligations under Loan Facility 1. Loan Facility 1 and related agreements contain representations, warranties, covenants, conditions precedent to funding, events of default and indemnities that are customary for agreements of these types. More specifically, the Company must maintain at least $20.0 million in unrestricted cash or cash equivalents at all times during the term of Loan Facility 1. In addition, the Company has agreed to guarantee certain customary obligations under Loan Facility 1 if the Company or an affiliate of the Company engage in certain customary bad acts. As of December 31, 2015, the Company was in compliance with all of its financial covenants.

Currently, the Company has $38.8 million carrying value of loans financed with $25.2 million on Loan Facility 1.

During the initial term, Loan Facility 1 acts as a revolving credit facility that can be paid down as assets repay or are sold and re-drawn upon for new investments.

Senior Notes

In March 2014, $172.5 million principal amount of the 7.50% Notes were exchanged for $481.1 million principal amount of senior notes that matured on September 30, 2014 (the "2014 Senior Notes"). In connection with this exchange, the Company recorded a loss of $22.4 million in realized gain (loss) on investments and other in the consolidated statements of operations. On September 30, 2014, the Company repaid the 2014 Senior Notes in cash, including interest, in the amount of $488.3 million.

In July 2015, NorthStar Europe issued $340 million principal amount of 4.625% senior notes due December 2016 ("NRE Senior Notes"). The Company received aggregate net proceeds of $331 million, after deducting the underwriters' discount and other expenses. NorthStar Europe loaned the Company the net proceeds from the issuance of the NRE Senior Notes, which were used for general corporate purposes, including, among other things, the funding of acquisitions, including the Trianon Tower and the repayment of the Company's borrowings. The NRE Senior Notes are senior unsubordinated and unsecured obligations of NorthStar Europe and were deemed repaid upon completion of the NRE Spin-off. The Company and the Operating Partnership continue to guarantee payments on the NRE Senior Notes subsequent to the NRE Spin-off.

Exchangeable Senior Notes

In 2007, the Company issued $172.5 million of 7.25% exchangeable senior notes ("7.25% Notes") which were offered in accordance with Rule 144A under the Securities Act of 1933, as amended ("Rule 144A"), of which $13.0 million remains outstanding as of December 31, 2015. The 7.25% Notes may be exchangeable upon the occurrence of specified events, and at any time on or after June 15, 2017, and prior to the close of business on the second business day immediately preceding the maturity date, into cash or common stock of the Company, or a combination thereof, if any, at the Company's option. The exchange price as of December 31, 2015 was $24.14 per share.

In 2012, the Company issued $82.0 million of 8.875% exchangeable senior notes ("8.875% Notes") which were offered in accordance with Rule 144A, of which $1.0 million remains outstanding as of December 31, 2015. The 8.875% Notes may be exchangeable upon the occurrence of specified events, and at any time on or after June 15, 2019, and prior to the close of business on the second business day immediately preceding the maturity date, into cash or common stock of the Company, or a combination thereof, if any, at the Company's option. The exchange price as of December 31, 2015 was $8.10 per share.

In 2013, the Company issued $345.0 million of 5.375% exchangeable senior notes ("5.375% Notes") which were offered in accordance with Rule 144A, of which $17.4 million remains outstanding as of December 31, 2015. The 5.375% Notes may be exchangeable upon the occurrence of specified events, and at any time on or after June 15, 2023, and prior to the close of business on the second business day immediately preceding the maturity date, into cash or common stock of the Company, or a combination thereof, if any, at the Company's option. The exchange price as of December 31, 2015 was $13.67 per share. In 2015, $14.2 million principal amount of 5.375% Notes were exchanged for 0.8 million shares of common stock, after giving effect to the Reverse Split. In connection with these conversions, the Company recorded a loss of $1.3 million in realized gain (loss) on investments and other in the consolidated statements of operations for the year ended December 31, 2015. In January 2016, $0.6 million principal amount of the 5.375% Notes were exchanged for 0.1 million shares of common stock.

All of the Company's outstanding exchangeable senior notes contain unconditional guarantees by the Company on an unsecured and unsubordinated basis.

The following table presents the components of outstanding exchangeable senior notes as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015			December 31, 2014		
	Principal Amount	Unamortized Discount(1)	Carrying Value	Principal Amount	Unamortized Discount	Carrying Value
7.25% Notes	$12,955	$ —	$12,955	$12,955	$ —	$12,955
8.875% Notes	1,000	(33)	967	1,000	(53)	947
5.375% Notes	17,405	(2,289)	15,116	31,633	(4,527)	27,106
Total	$31,360	$ (2,322)	$29,038	$45,588	$ (4,580)	$41,008

(1) The remaining amortization period for the 8.875% Notes and 5.375% Notes is 3.5 years and 7.5 years, respectively.

As of December 31, 2015 and 2014, the aggregate carrying value of the equity components of the exchangeable senior notes is $13.5 million and $23.7 million, respectively, which is recorded as a component of additional paid-in capital. The following table presents the components of interest expense related to outstanding exchangeable senior notes for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Interest and Amortization Expense		
Years Ended	Interest Expense	Amortization Expense(1)	Total Interest Expense
2015	$ 1,998	$ 275	$ 2,273
2014	15,812	7,542	23,354
2013	32,475	8,416	40,891

(1) The effective interest rate of the 8.875% Notes and 5.375% Notes was 9.8% and 6.5% for the year ended December 31, 2015, respectively.

9. Spin-offs

Spin-off of Asset Management Business

Upon completion of the NSAM Spin-off, the asset management business of the Company is owned and operated by NSAM and the Company is externally managed by an affiliate of NSAM through a management contract with an initial term of 20 years.

Subsequent to the NSAM Spin-off, the Company continues to operate its CRE debt origination business. Most of the employees of the Company at the time of the NSAM Spin-off became employees of NSAM and executive officers, employees engaged in the Company's loan origination business at the time of the NSAM Spin-off and certain other employees became co-employees of both the Company and NSAM. In connection with the NSAM Spin-off, the advisory agreements between the Company and each of the NSAM Sponsored Companies were terminated and affiliates of NSAM entered into new advisory agreements with each of the NSAM Sponsored Companies on substantially the same terms as those in effect at the time of the NSAM Spin-off.

Spin-off of European Real Estate Business

On October 31, 2015, the Company completed the NRE Spin-off into a separate publicly-traded REIT, NorthStar Europe, in the form of the NRE Distribution. In connection with the NRE Distribution, each of the Company's common stockholders received shares of NorthStar Europe's common stock on a one-for-six basis, before giving effect to the Reverse Split. The Company contributed to NorthStar Europe approximately $2.6 billion of European real estate, at cost (excluding the Company's European healthcare properties), comprised of 52 properties spanning across some of Europe's top markets and $250 million of cash. NSAM manages NorthStar Europe pursuant to a long-term management agreement, on substantially similar terms as the Company's management agreement with NSAM.

In connection with the NRE Spin-off, $2.8 billion of assets were transferred and $1.9 billion of liabilities were assumed by NRE. Such transaction costs were expensed by NRE upon completion of the spin-off and included legal, accounting, tax and other professional services and relocation and start-up costs. As of December 31, 2014, the carrying value of the assets and liabilities classified as assets and liabilities of discontinued operations related to NorthStar Europe and consisted of the following (dollars in thousands):

Assets	
Operating real estate, net	$ 89,288
Investment related deposits	58,647
Other assets	10,598
Total assets	$158,533
Liabilities	
Mortgage and other notes payable	$ 75,562
Other liabilities	3,950
Total liabilities	79,512
Equity	
NorthStar Europe stockholders' equity	77,812
Non-controlling interests	1,209
Total equity	79,021
Total liabilities and equity	$158,533

Summary

The following table presents a carve-out of revenues and expenses associated with NSAM and NRE and included in discontinued operations in the Company's consolidated statements of operations (dollars in thousands):

	Years Ended December 31,		
NSAM	**2015(1)**	**2014(2)**	**2013(2)**
Total revenues(3)	$ —	$ 56,013	$89,938
Total expenses(4)	—	63,216	90,343
NSAM income (loss) in discontinued operations	—	(7,203)	(405)
NorthStar Europe			
Total revenues	89,600	1,647	—
Total expenses(5)(6)	205,406	38,050	—
Unrealized gain (loss) on investments and other	(10,812)	—	—
Realized gain (loss) on investments and other	5	(170)	—
Income (loss) before income tax benefit (expense) provision	(126,613)	(36,573)	—
Income tax benefit (expense)	18,070	—	—
NRE income (loss) in discontinued operations	(108,543)	(36,573)	—
Income (loss) from operating real estate in discontinued operations(6)	(11)	(925)	(8,356)
Total income (loss) from discontinued operations	$(108,554)	$(44,701)	$ (8,761)

(1) Represents ten months of total revenues and expenses of NorthStar Europe included in discontinued operations prior to the NRE Spin-off on October 31, 2015.
(2) Represents six months of total revenues and expenses of NSAM included in discontinued operations prior to the NSAM Spin-off on June 30, 2014 and a full year of activity for 2013.
(3) Includes asset management and other fee income from NSAM Sponsored Companies earned prior to the NSAM Spin-off and selling commissions and dealer manager fees earned by selling equity in the NSAM Sponsored Companies through NorthStar Securities. Additionally, revenues exclude the effect of any fees that NSAM began earning in connection with the management agreement with the Company upon completion of the NSAM Spin-off.
(4) Includes an allocation of indirect expenses of the Company to NSAM related to managing the NSAM Sponsored Companies and owning NorthStar Securities, including salaries, equity-based compensation and other general and administrative expenses (primarily occupancy and other costs) based on an estimate had the asset management business been run as an independent entity.
(5) Includes $109.5 million and $27.5 million of transaction costs related to acquisitions for the years ended December 31, 2015 and 2014, respectively.
(6) Includes $42.4 million and $0.5 million of depreciation and amortization for the years ended December 31, 2015 and 2014, respectively.
(7) Represents an asset held for sale as of December 31, 2014 which was given back to the lender in 2015.

The following table presents certain data for operating real estate of discontinued operations related to NorthStar Europe and NSAM (dollars in thousands):

	Years Ended December 31,		
	2015(1)	2014	2013
Depreciation and amortization	$ 42,431	$ 1,378	$1,390
Amortization of equity-based compensation(1)	—	13,745	5,177
Unrealized gain (loss) on investments and other	(10,812)	—	—
Realized gain (loss) on investments and other	5	(170)	—
Acquisition of operating real estate	1,873,607	94,169	—
Improvements of operating real estate	1,286	82	—

(1) Represents an allocation to NSAM prior to the NSAM Spin-off for the six months ended June 30, 2014 and a full year for 2013.

10. Related Party Arrangements

NorthStar Asset Management Group

Management Agreement

Upon completion of the NSAM Spin-off, the Company entered into a management agreement with an affiliate of NSAM for an initial term of 20 years, which automatically renew for additional 20-year terms each anniversary thereafter unless earlier terminated. As asset manager, NSAM is responsible for the Company's day-to-day operations, subject to the supervision of the Company's board of directors. Through its global network of subsidiaries and branch offices, NSAM performs services and engages in activities relating to, among other things, investments and financing, portfolio management and other administrative services, such as accounting and investor relations, to the Company and its subsidiaries other than the Company's CRE loan origination business. The management agreement with NSAM provides for a base management fee and incentive fee. The management contract with NSAM commenced on July 1, 2014, and as such, there were no management fees incurred for the six months ended June 30, 2014 and year ended December 31, 2013.

In connection with the NRE Spin-off, NorthStar Europe entered into a management agreement with NSAM with an initial term of 20 years on terms substantially consistent with the terms of the Company's management agreement with NSAM. The Company's management agreement with NSAM was amended and restated in connection with the NRE Spin-off to, among other things, adjust the annual base management fee and incentive fee hurdles for the NRE Spin-off.

Base Management Fee

For the year ended December 31, 2015, the Company incurred $190.0 million related to the base management fee. As of December 31, 2015, $47.4 million is recorded in due to related party on the consolidated balance sheets. For the six months ended December 31, 2014, the Company incurred $79.4 million related to the base management fee. The base management fee to NSAM will increase subsequent to December 31, 2015 by an amount equal to 1.5% per annum of the sum of:

- cumulative net proceeds of all future common equity and preferred equity issued by the Company;
- equity issued by the Company in exchange or conversion of exchangeable notes based on the stock price at the date of issuance;
- any other issuances by the Company of common equity, preferred equity or other forms of equity, including but not limited to LTIP Units in our Operating Partnership (excluding units issued to the Company and equity-based compensation, but including issuances related to an acquisition, investment, joint venture or partnership); and
- cumulative cash available for distribution ("CAD") of the Company in excess of cumulative distributions paid on common stock, LTIP units or other equity awards beginning the first full calendar quarter after the NSAM Spin-off.

Additionally, the Company's equity interest in RXR Realty and Aerium is structured so that NSAM is entitled to the portion of distributable cash flow from each investment in excess of the $10 million minimum annual base amount.

Incentive Fee

For the year ended December 31, 2015 and the six months ended December 31, 2014, the Company incurred $8.7 million and $3.3 million, respectively, related to the incentive fee. The incentive fee is calculated and payable quarterly in arrears in cash, equal to:

- the product of: (a) 15% and (b) the Company's CAD before such incentive fee, divided by the weighted average shares outstanding for the calendar quarter, when such amount is in excess of $0.68 per share and up to $0.78 per share, after giving effect to the Reverse Split and the NRE Spin-off ("15% Hurdle"); plus

- the product of: (a) 25% and (b) the Company's CAD before such incentive fee, divided by the weighted average shares outstanding for the calendar quarter, when such amount is in excess of $0.78 per share, after giving effect to the Reverse Split and the NRE Spin-off ("25% Hurdle");
- multiplied by the Company's weighted average shares outstanding for the calendar quarter.

In addition, NSAM may also earn an incentive fee from the Company's healthcare investments in connection with NSAM's Healthcare Strategic Partnership (refer to below).

Weighted average shares represents the number of shares of the Company's common stock, LTIP Units or other equity-based awards (with some exclusions), outstanding on a daily weighted average basis. With respect to the base management fee, all equity issuances are allocated on a daily weighted average basis during the fiscal quarter of issuance. With respect to the incentive fee, such amounts will be appropriately adjusted from time to time to take into account the effect of any stock split, reverse stock split, stock dividend, reclassification, recapitalization or other similar transaction.

Additional Management Agreement Terms

If the Company were to spin-off any asset or business in the future, such entity would be managed by NSAM on terms substantially similar to those set forth in the management agreement between the Company and NSAM. The management agreement further provides that the aggregate base management fee in place immediately after any future spin-off will not be less than the aggregate base management fee in place at the Company immediately prior to such spin-off.

The Company's management agreement with NSAM provides that in the event of a change of control of NSAM or other event that could be deemed an assignment of the management agreement, the Company will consider such assignment in good faith and not unreasonably withhold, condition or delay our consent. The management agreement further provides that the Company anticipate consent would be granted for an assignment or deemed assignment to a party with expertise in commercial real estate and $10 billion of assets under management. The management agreement also provides that, notwithstanding anything in the agreement to the contrary, to the maximum extent permitted by applicable law, rules and regulations, in connection with any merger, sale of all or substantially all of the assets, change of control, reorganization, consolidation or any similar transaction of us or NSAM, directly or indirectly, the surviving entity will succeed to the terms of the management agreement.

Payment of Costs and Expenses and Expense Allocation

The Company is responsible for all of its direct costs and expenses and will reimburse NSAM for costs and expenses incurred by NSAM on its behalf. In addition, NSAM may allocate indirect costs to the Company related to employees, occupancy and other general and administrative costs and expenses in accordance with the terms of, and subject to the limitations contained in, the Company's management agreement with NSAM (the "G&A Allocation"). The Company's management agreement with NSAM provides that the amount of the G&A Allocation will not exceed the following: (i) 20% of the combined total of: (a) the Company's and NorthStar Europe's (the "NorthStar Listed Companies") general and administrative expenses as reported in their consolidated financial statements excluding (1) equity-based compensation expense, (2) non-recurring items, (3) fees payable to NSAM under the terms of the applicable management agreement and (4) any allocation of expenses to the NorthStar Listed Companies ("NorthStar Listed Companies' G&A"); and (b) NSAM's general and administrative expenses as reported in its consolidated financial

statements, excluding equity-based compensation expense and adding back any costs or expenses allocated to any managed company of NSAM; less (ii) the NorthStar Listed Companies' G&A. The G&A Allocation may include the Company's allocable share of NSAM's compensation and benefit costs associated with dedicated or partially dedicated personnel who spend all or a portion of their time managing the Company's affairs, based upon the percentage of time devoted by such personnel to the Company's affairs. The G&A Allocation may also include rental and occupancy, technology, office supplies, travel and entertainment and other general and administrative costs and expenses also allocated based on the percentage of time devoted by personnel to the Company's affairs. In addition, the Company will pay directly or reimburse NSAM for an allocable portion of any severance paid pursuant to any employment, consulting or similar service agreements in effect between NSAM and any of its executives, employees or other service providers.

In connection with the NRE Spin-off and the related agreements, the NorthStar Listed Companies' obligations to reimburse NSAM for the G&A Allocation and any severance are shared among the NorthStar Listed Companies, at NSAM's discretion, and the 20% cap on the G&A Allocation, as described above, applies on an aggregate basis to the NorthStar Listed Companies. NSAM currently determined to allocate these amounts based on assets under management.

For the year ended December 31, 2015 and the six months ended December 31, 2014, NSAM allocated $10.0 million, of which $1.4 million is recorded in discontinued operations related to NorthStar Europe, and $5.2 million, respectively, to the Company. As of December 31, 2015, $6.5 million is recorded in due to related party on the consolidated balance sheets.

In addition, the Company, together with NorthStar Europe and any company spun-off from the Company or NorthStar Europe, will pay directly or reimburse NSAM for up to 50% of any long-term bonus or other compensation that NSAM's compensation committee determines shall be paid and/or settled in the form of equity and/or equity-based compensation to executives, employees and service providers of NSAM during any year. Subject to this limitation and limitations contained in any applicable management agreement between NSAM and NorthStar Europe or any company spun-off from the Company or NorthStar Europe, the amount paid by the Company, NorthStar Europe and any company spun-off from the Company or NorthStar Europe will be determined by NSAM in its discretion. At the discretion of NSAM's compensation committee, this compensation may be granted in shares of the Company's restricted stock, restricted stock units, LTIP Units or other forms of equity compensation or stock-based awards; provided that if at any time a sufficient number of shares of the Company's common stock are not available for issuance under the Company's equity compensation plan, such compensation shall be paid in the form of RSUs, LTIP Units or other securities that may be settled in cash. The Company's equity compensation for each year may be allocated on an individual-by-individual basis at the discretion of the NSAM compensation committee and, as long as the aggregate amount of the equity compensation for such year does not exceed the limits set forth in the management agreement, the proportion of any particular individual's equity compensation may be greater or less than 50%.

The Company was responsible for paying approximately 50% of the 2014 long-term bonuses earned under the NorthStar Asset Management Group Inc. Executive Incentive Bonus Plan ("NSAM Bonus Plan"). Long-term bonuses were paid to executives in the form of equity-based awards of both the Company and NSAM, subject to performance-based and time-based vesting conditions over the four-year performance period from January 1, 2014 through December 31, 2017. The long-term bonuses paid in the form of equity-based awards of the Company were adjusted for the NRE Spin-off and Reverse Split in the same manner as all other equity-based awards of the Company.

Investment Opportunities

Under the management agreement, the Company agreed to make available to NSAM for the benefit of NSAM and its managed companies, including the Company, all investment opportunities sourced by the Company. NSAM agreed to fairly allocate such opportunities among NSAM's managed companies, including the Company and NSAM in accordance with an investment allocation policy. Pursuant to the management agreement, the Company is entitled to fair and reasonable compensation for its services in connection with any loan origination opportunities sourced by the Company, which may include first mortgage loans, subordinate mortgage interests, mezzanine loans and preferred equity interests, in each case relating to commercial real estate. Inception to date, the Company earned $3.0 million from NSAM, recorded in other revenue, for services in connection with loan origination opportunities, which represents $1.4 million for the year ended December 31, 2015 and $1.6 million for the six months ended December 31, 2014.

NSAM provides services with regard to such areas as payroll, human resources and employee benefits, financial systems management, treasury and cash management, accounts payable services, telecommunications services, information technology services, property management services, legal and accounting services and various other corporate services to the Company as it relates to its loan origination business for CRE debt.

Credit Agreement

In connection with the NSAM Distribution, the Company entered into a revolving credit agreement with NSAM pursuant to which the Company makes available to NSAM, on an "as available basis," up to $250 million of financing with a maturity of June 30, 2019 at LIBOR plus 3.50%. The revolving credit facility is unsecured. NSAM expects to use the proceeds for general corporate purposes, including potential future acquisitions. In addition, NSAM may use the proceeds to acquire assets on behalf of its managed companies, including the Company, that it intends to allocate to such managed company but for which such managed company may not then have immediately available funds. The terms of the revolving credit facility contain various representations, warranties, covenants and conditions, including the condition that the Company's obligation to advance proceeds to NSAM is dependent upon the Company and its affiliates having at least $100 million of either unrestricted cash and cash equivalents or amounts available under committed lines of credit, after taking into account the amount NSAM seeks to draw under the facility. As of December 31, 2015, the Company has not funded any amounts to NSAM in connection with this agreement.

Healthcare Strategic Joint Venture

In January 2014, NSAM entered into a long-term strategic partnership with James F. Flaherty III, former Chief Executive Officer of HCP, Inc., focused on expanding the Company's healthcare business into a preeminent healthcare platform ("Healthcare Strategic Partnership"). In connection with the partnership, Mr. Flaherty oversees and seeks to grow both the Company's healthcare real estate portfolio and the portfolio of NorthStar Healthcare. In connection with entering into the partnership, the Company granted Mr. Flaherty certain RSUs (refer to Note 11). The Healthcare Strategic Partnership is entitled to incentive fees ranging from 20% to 25% above certain hurdles for new and existing healthcare real estate investments held by the Company. For the years ended December 31, 2015 and 2014, the Company did not incur any incentive fees related to the Healthcare Strategic Partnership.

N-Star CDOs

The Company earns certain collateral management fees from the N-Star CDOs primarily for administrative services. Such fees are recorded in other revenue in the consolidated statements of operations. For the years ended December 31, 2015, 2014 and 2013, the Company earned $5.2 million, $5.9 million and $11.1 million in fee income, respectively, of which $2.3 million, $2.6 million and $10.4 million were eliminated in consolidation. Prior to the third quarter 2013, all amounts were eliminated in consolidation as all of the N-Star CDOs were consolidated by the Company.

Additionally, the Company earns interest income from the N-Star CDO bonds and N-Star CDO equity in deconsolidated N-Star CDOs. For the years ended December 31, 2015, 2014 and 2013, the Company earned $57.5 million, $71.6 million and $11.7 million, respectively, of interest income from such investments in deconsolidated N-Star CDOs. Refer to Note 7 and Note 17 for additional disclosure regarding the N-Star CDOs.

Securitization 2012-1

The Company entered into an agreement with NorthStar Income that provided that both the Company and NorthStar Income receive the economic benefit and bear the economic risk associated with the investments each contributed into Securitization 2012-1, a securitization transaction entered into by the Company and NorthStar Income. In both cases, the respective retained equity interest of the Company and NorthStar Income is subordinate to interests of the investment-grade bondholders of Securitization 2012-1 and the investment-grade bondholders have no recourse to the general credit of the Company or NorthStar Income. In the event that either the Company or NorthStar Income suffer a complete loss of the retained equity interests in Securitization 2012-1, any additional losses would be borne by the remaining retained equity interests held by the Company or NorthStar Income, as the case may be, prior to the investment-grade bondholders. In January 2015, the securitization was repaid in full.

American Healthcare Investors

In December 2014, NSAM acquired a 43% interest in American Healthcare Investors LLC ("AHI") and James F. Flaherty III, a strategic partner of NSAM, acquired a 12% interest in AHI. AHI is a healthcare-focused real estate investment management firm that co-sponsored and advised Griffin-American Healthcare REIT II, Inc. ("Griffin-American"), until Griffin-American was acquired by the Company and NorthStar Healthcare. In connection with this acquisition, AHI provides certain management and related services, including property management, to NSAM, NorthStar Healthcare and the Company assisting NSAM in managing the current and future healthcare assets (excluding any joint venture assets) acquired by the Company and, subject to certain conditions, other NSAM managed companies. For the year ended December 31, 2015 and from acquisition date (December 8, 2014) to December 31, 2014, the Company incurred $1.7 million and $0.2 million, respectively, of property management fees to AHI, which are recorded in real estate properties—operating expenses in the consolidated statements of operations.

Island Hospitality Management

In January 2015, NSAM acquired a 45% interest in Island Hospitality Management Inc. ("Island"). Island is a leading, independent select service hotel management company that currently manages 160 hotel properties, representing $4.1 billion of assets, of which 110 hotel properties are owned by the Company. Island provides certain asset management, property management and other services to the Company to assist in managing the Company's hotel properties. Island receives a base management fee of 2.5% to 3.0% of the monthly revenue of the hotel properties it manages for the Company. For the period from NSAM's acquisition date (January 9, 2015) to December 31, 2015, the Company incurred $16.6 million of base property management and other fees to Island, which are recorded in real estate properties—operating expenses in the consolidated statements of operations.

NSAM purchase of common stock

In 2015, NSAM purchased 2.7 million shares of the Company in the open market for $49.9 million.

Recent Sales or Commitments to Sell to NSAM Sponsored Companies

Subsequent to year end, the Company sold or entered into agreements to sell certain assets to NSAM Sponsored Companies:

- In February 2016, the Company entered into an agreement to sell substantially all of its 70% interest in PE Investment II to the existing owners of the remaining 30% interest, one the Vintage Funds which purchased approximately 80% of the interest sold and the other NorthStar Income which purchased the other approximate 20% of the interest sold. NorthStar Income paid $37.3 million for its respective interest. As part of the transaction, both buyers will assume the deferred purchase price obligation, on a pro rata basis, of the PE Investment II joint venture upon receiving consent from the PE II Seller.
- In February 2016, the Company entered into an agreement to sell its 60% interest in the Senior Housing Portfolio to NorthStar Healthcare, which owns the remaining 40% interest, for $535 million, subject to proration and adjustment. NorthStar Healthcare will assume the Company's portion of the $648 million of mortgage borrowing as part of the transaction. The Company expects to receive approximately $150 million of net proceeds upon completion of the sale in March 2016.
- In February 2016, the Company sold a 49% interest in one loan with a total principal amount of $40.3 million to a third party, at par, with the remaining 51% interest sold to NorthStar Income II, also at par.
- In February 2016, the Company sold one CRE security with a carrying value of $12.5 million to NorthStar Income II.

The board of directors of each NSAM Sponsored Company, including all of the independent directors, approved each of the respective transactions after considering, among other matters, third-party pricing support.

11. Equity-Based Compensation

The Company has issued equity-based awards to directors, officers, employees, consultants and advisors pursuant to the NorthStar Realty Finance Corp. 2004 Omnibus Stock Incentive Plan (the "Stock Plan") and the NorthStar Realty Executive Incentive Bonus Plan, as amended (the "Plan" and collectively the "NorthStar Realty Equity Plans").

Prior to the NSAM Spin-off, the Company conducted substantially all of its operations and made its investments through an operating partnership which issued LTIP Units as equity-based compensation. Additionally, prior to the NSAM Spin-off, the Company completed an internal corporate reorganization whereby the Company collapsed its three tier holding company structure, including such operating partnership, into a single tier (the "Reorganization"). All of the vested and unvested equity-based awards granted by the Company prior to the NSAM Spin-off remain outstanding following the Reorganization and the NSAM Spin-off. Appropriate adjustments were made to all awards to reflect the Reorganization, the Reverse Split and the Spin-offs. Pursuant to the Reorganization, such LTIP Units were converted into an equal number of shares of common stock of the Company (refer to Note 13), which are referred to as restricted stock, and holders of such shares received an equal number of shares of NSAM's common stock in connection with the NSAM Spin-off, all of which generally remain subject to the same vesting and other terms that applied prior to the NSAM Spin-off. In connection with the NSAM Spin-off, equity and equity-based awards relating to the Company's common stock, such as RSUs and Deferred LTIP Units, were adjusted to also relate to an equal number of shares of NSAM's common stock, but otherwise generally remain subject to the same vesting and other terms that applied prior to the NSAM Spin-off. Vesting conditions for outstanding awards have been adjusted to reflect the impact of NSAM in terms of employment for service based on awards and total stockholder return for performance-based awards with respect to periods after the NSAM Spin-off.

In connection with the formation of the Operating Partnership, the Operating Partnership issued LTIP Units to each holder of the Company's outstanding Deferred LTIP Units, which were equity awards representing the right to receive either LTIP units in the

Company's successor operating partnership or, if such LTIP units were not available upon settlement of the award, shares of common stock of the Company, in settlement of such Deferred LTIP Units on a one for one basis in accordance with the terms of the outstanding Deferred LTIP Units. Conditioned upon minimum allocations to the capital account of the LTIP Unit for federal income tax purposes, each LTIP Unit will be convertible, at the election of the holder, into one common unit of limited partnership interest in the Operating Partnership ("OP Unit"). Each of the OP Units underlying these LTIP Units will be redeemable at the election of the OP Unit holder for: (i) cash equal to the then fair market value of one share of the Company's common stock; or (ii) at the option of the Company in its capacity as general partner of the Operating Partnership, one share of the Company's common stock. LTIP Units issued remain subject to the same vesting terms as the Deferred LTIP Units.

In connection with the NRE Spin-off, equity and equity-based awards relating to the Company's common stock, such as RSUs, were adjusted to also relate to one share of NorthStar Europe common stock for each six shares of the Company's common stock, but otherwise generally remain subject to the same vesting and other terms that applied prior to the NRE Spin-off. Appropriate adjustments were also made to all awards to reflect the Reverse Split.

Following the Spin-offs, the Company and the compensation committee of its board of directors (the "Committee") continues to administer all awards issued under the NorthStar Realty Equity Plans but NSAM and NorthStar Europe are obligated to issue shares of their common stock or other equity awards of their subsidiaries or make cash payments in lieu thereof with respect to dividend or distribution equivalent obligations to the extent required by such awards previously issued under the NorthStar Realty Equity Plans. These awards will continue to be governed by the NorthStar Realty Equity Plans, as applicable, and shares of NSAM's common stock or NorthStar Europe's common stock issued pursuant to these awards will not be issued pursuant to, or reduce availability, under the NorthStar Realty Equity Plans.

All of the adjustments made in connection with the Reorganization, the Spin-offs and the Reverse Splits were deemed to be equitable adjustments pursuant to anti-dilution provisions in accordance with the terms of the NorthStar Realty Equity Plans. As a result, there was no incremental value attributed to these adjustments and these adjustments do not impact the amount recorded for equity-based compensation expense for the years ended December 31, 2015, 2014 and 2013.

The following summarizes the equity-based compensation plans and related expenses.

All share amounts and related information disclosed below have been retrospectively adjusted to reflect the Reverse Split.

NorthStar Realty Equity Plans

Omnibus Stock Incentive Plan

In September 2004, the board of directors of the Company adopted the Stock Plan, and such plan, as amended and restated, was further adopted by the board of directors of the Company on April 17, 2013 and approved by the stockholders on May 29, 2013. The Stock Plan provides for the issuance of stock-based incentive awards, including incentive stock options, non-qualified stock options, stock appreciation rights, shares of common stock of the Company, in the form of restricted stock and other equity-based awards such as LTIP Units or any combination of the foregoing. The eligible participants in the Stock Plan include directors, officers, employees, consultants and advisors of the Company.

As of December 31, 2015, 81,377 unvested shares of restricted stock issued under the Stock Plan were outstanding and 1,568,645 shares of common stock remained available for issuance pursuant to the Stock Plan, which includes shares reserved for issuance upon settlement of outstanding LTIP Units and RSUs, after giving effect to the Reverse Split. Holders of shares of restricted stock or LTIP Units are entitled to receive dividends or distributions with respect to the Company's shares of restricted stock and vested and unvested LTIP Units for as long as such shares and LTIP Units remain outstanding.

Incentive Compensation Plan

In July 2009, the Committee approved the material terms of the Plan for the Company's executive officers and other employees. Pursuant to the Plan, an incentive pool was established each calendar year through 2013. The size of the incentive pool was calculated as the sum of: (a) 1.75% of the Company's "adjusted equity capital" for the year; and (b) 25% of the Company's adjusted funds from operations, as adjusted, above a 9% return hurdle on adjusted equity capital. Payout from the incentive pool is or was subject to achievement of additional performance and/or time-based goals summarized below.

The portion of the incentive pool for the executive officers was divided into the following three separate incentive compensation components: (a) an annual cash bonus, tied to annual performance of the Company and paid prior to or shortly after completion of the year-end audit ("Annual Bonus"); (b) a deferred bonus, determined based on the same year's performance, but paid 50% following the close of each of the first and second years after such incentive pool is determined, subject to the participant's continued employment through each payment date ("Deferred Bonus"); and (c) a long-term incentive in the form of RSUs, LTIP Units and/or

Deferred LTIP Units. RSUs are subject to the Company achieving cumulative performance hurdles and/or total stockholder return hurdles established by the Committee for a three- or four-year period, subject to the participant's continued employment through the payment date. Upon the conclusion of the applicable performance period, each executive officer will receive a payout, if any, equal to the value of one share of common stock at the time of such payout, including the dividends paid with respect to a share of common stock following the first year of the applicable performance period, for each RSU actually earned (the "Long-Term Amount Value"). The Long-Term Amount Value, if any, other than the portion related to dividends paid, will be paid in the form of shares of common stock of the Company or LTIP Units in the Operating Partnership, to the extent available under the NorthStar Realty Equity Plans, or in cash to the extent shares of common stock of the Company or LTIP Units in the Operating Partnership are unavailable under the NorthStar Realty Equity Plans, and, pursuant to adjustments made in connection with the NSAM Spin-off and the NRE Spin-off, shares of NSAM's common stock or LTIP Units in NSAM's operating partnership and shares of NorthStar Europe's common stock or LTIP Units in NorthStar Europe's operating partnership (the "Long Term Amount Payout"). These performance-based RSUs were adjusted to refer to combined total stockholder return of the Company and NSAM with respect to periods after the NSAM Spin-off. These performance-based RSUs were again adjusted to refer to combined total stockholder return of the Company, NorthStar Europe and NSAM after the NRE Spin-off. Restricted stock or LTIP Units granted as a portion of the long-term incentive are subject to vesting based on continued employment during the performance period, but are not subject to performance-based vesting hurdles.

Under the Plan, for 2011, the Company issued 381,449 RSUs to executive officers, after giving effect to the Reverse Split, which were subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ended December 31, 2014. The grant date fair value was $4.32 per RSU, after giving effect to the Reverse Split, determined using a risk-free interest rate of 0.42%. As of December 31, 2014, the Company determined the performance hurdle was met which resulted in all of these RSUs vesting. To settle these RSUs, the Company issued 24,575 shares of common stock, net of the minimum statutory tax withholding requirements, on January 1, 2015, after giving effect to the Reverse Split and the Operating Partnership issued 334,871 LTIP Units, after giving effect to the Reverse Split. Under the Plan, for 2011, the Company also granted 381,449 LTIP Units to executive officers, after giving effect to the Reverse Split, which were subject to vesting in four annual installments ending on January 29, 2015, subject to the executive officer's continued employment through the applicable vesting date, and were converted into shares of restricted stock pursuant to the Reorganization. The Company also granted 151,340 shares of restricted stock (net of forfeitures occurring through December 31, 2015), after giving effect to the Reverse Split, to certain non-executive employees, which were subject to vesting quarterly over three years beginning April 2012, subject to continued employment through the applicable vesting date.

Under the Plan, for 2012, the Company issued 352,418 RSUs to executive officers, after giving effect to the Reverse Split, which are subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ending December 31, 2015. The grant date fair value was $9.86 per RSU, after giving effect to the Reverse Split, determined using a risk-free interest rate of 0.44%. As of December 31, 2015, the Company determined the performance hurdle was met which resulted in all of these RSUs vesting. To settle these RSUs, the Company issued 158,191 shares of common stock, net of the minimum statutory tax withholding requirements, on January 4, 2016. Under the Plan, for 2012, the Company also granted 352,418 LTIP Units to executive officers, after giving effect to the Reverse Split, which were subject to vesting in four annual installments beginning on January 29, 2013, subject to the executive officer's continued employment through the applicable vesting date, and were converted into shares of restricted stock pursuant to the Reorganization. The Company also granted 144,883 LTIP Units (net of forfeitures occurring through December 31, 2015), after giving effect to the Reverse Split, to certain non-executive employees which are subject to vesting quarterly over three years beginning April 2013, subject to continued employment through the applicable vesting date, and were converted into shares of restricted stock pursuant to the Reorganization.

Under the Plan, for 2013, the Company issued 250,184 RSUs to executive officers, after giving effect to the Reverse Split, which are subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ending December 31, 2016. The grant date fair value was $21.57 per RSU, after giving effect to the Reverse Split, determined using a risk-free interest rate of 0.63%. Under the Plan, for 2013, the Company also granted 250,184 Deferred LTIP Units to executive officers, after giving effect to the Reverse Split, which are subject to vesting in four annual installments beginning on January 29, 2014, subject to the executive officer's continued employment through the applicable vesting date and 130,787 Deferred LTIP Units, after giving effect to the Reverse Split, which were subject to vesting based on continued employment through December 31, 2015. The Company also granted 137,330 Deferred LTIP Units (net of forfeitures occurring through December 31, 2015), after giving effect to the Reverse Split, to certain non-executive employees which were subject to vesting quarterly over three years beginning April 2014, subject to continued employment through the applicable vesting date. Such Deferred LTIP Units were subsequently settled as LTIP Units in the Operating Partnership or shares of restricted stock, which remain subject to the same vesting terms that applied to the Deferred LTIP Units.

NSAM Bonus Plan

In connection with the NSAM Bonus Plan, for 2014, approximately 31.65% of the long-term bonus was paid in Deferred LTIP Units and approximately 18.35% of the long-term bonus was paid by the Company by issuing RSUs. In connection with the long-term bonuses to be paid by the Company, in February 2015, the Company granted 519,115 Deferred LTIP Units to executive officers, after giving effect to the Reverse Split, of which 25% were vested upon grant and the remainder was subject to vesting in three equal annual installments beginning on December 31, 2015, subject to the executive officer's continued employment through the applicable vesting dates. The Company also granted 292,438 RSUs to NSAM's executive officers, after giving effect to the Reverse Split, subject to vesting based on continued employment and achieving total stockholder return hurdles for the four-year period ending December 31, 2017. The grant date fair value of such RSUs was $18.64 per RSU, after giving effect to the Reverse Split, determined using a risk-free interest rate of 1.00%. After the NRE Spin-off, these performance-based RSUs were adjusted to refer to combined total stockholder return of the Company and NorthStar Europe. In the first quarter 2015, the Company also granted 341,025 Deferred LTIP Units (net of forfeitures occurring through December 31, 2015), after giving effect to the Reverse Split, to certain of NSAM's non-executive employees, with substantially similar terms to the executive awards subject to time based vesting conditions. Such Deferred LTIP Units were settled as LTIP Units in the Operating Partnership or shares of restricted stock, which remain subject to the same vesting terms that applied to the Deferred LTIP Units.

In connection with the NSAM Bonus Plan, for 2015, a portion of the long-term bonus was paid in restricted shares of common stock and a portion of the long-term bonus was paid by the Company by issuing RSUs. In connection with the 2015 long-term bonuses paid by the Company, in February 2016, the Company granted 1,006,006 restricted shares of common stock to NSAM's executive officers, of which 25% were vested upon grant and the remainder is subject to vesting in equal installments on December 31, 2016, 2017 and 2018, subject to the recipient's continued employment through the applicable vesting dates. In connection with the issuance of these shares, in February 2016, the Company retired 132,654 of the vested shares of common stock to satisfy the minimum statutory withholding requirements. In addition, in February 2016, the Company granted 583,261 RSUs to NSAM's executive officers, which are subject to vesting based on the Company's absolute total stockholder return, CAD and continued employment over the four-year period ending December 31, 2018. Following the determination of the number of these performance-based RSUs that vest, the Company will settle the vested RSUs by issuing an equal number shares of common stock (or, if shares are not then available, paying cash in an amount equal to the value of such shares) and the NSAM executives will be entitled to receive the distributions that would have been paid with respect to a share of common stock (for each RSU that vests) on or after January 1, 2015. In February 2016, the Company also granted 517,055 shares of common stock and/or RSUs to its Chief Executive Officer and certain of the Company's and NSAM's non-executive employees, with substantially similar terms to the executive awards subject to time-based vesting conditions.

Other Issuances

Healthcare Strategic Joint Venture

In connection with entering into the Healthcare Strategic Partnership, the Company granted Mr. Flaherty 250,000 RSUs on January 22, 2014, after giving effect to the Reverse Split, which vest on January 22, 2019, unless certain conditions are met. In connection with the Spin-offs, the RSUs granted to Mr. Flaherty were adjusted to also relate to shares of NSAM's common stock and NorthStar Europe's common stock. The RSUs are entitled to dividend equivalents prior to vesting and may be settled either in shares of common stock of the Company, NSAM and NorthStar Europe or in cash at the option of the Company.

Summary

Equity-based compensation expense for the year ended December 31, 2015 represents the Company's equity-based compensation expense following the NSAM Spin-off. Equity-based compensation expense for the year ended December 31, 2014 represents: (i) the Company's expense for the six months ended December 31, 2014 following the NSAM Spin-off; and (ii) the Company's equity-based compensation expense for the six months ended June 30, 2014 after an allocation to NSAM related to our historical asset management business had it been run as an independent entity. Equity-based compensation expense for the year ended December 31, 2013 is prepared on the same basis as the six months ended June 30, 2014.

The following table presents equity-based compensation expense for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Time-Based Awards			Performance-Based Awards			Total		
	Years Ended December 31,			Years Ended December 31,			Years Ended December 31,		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
NorthStar Realty(1)	$22,000	$22,332	$ 8,940	$5,693	$2,553	$2,844	$27,693	$24,885	$11,784
Allocation to NSAM(2)	—	6,800	3,928	—	6,945	1,249	—	13,745	5,177
Total	$22,000	$29,132	$12,868	$5,693	$9,498	$4,093	$27,693	$38,630(3)	$16,961

(1) Includes equity-based compensation expense related to grants issued subsequent to the NSAM Spin-off by NorthStar Realty to employees of NorthStar Realty and NSAM in connection with NorthStar Realty's obligation under the management agreement (refer to Note 10. Related Party Arrangements). In connection with this obligation, for the year ended December 31, 2015, NorthStar Realty recorded equity-based compensation expense of $12.9 million and $2.0 million of time-based awards and performance-based awards, respectively.
(2) Recorded in discontinued operations. The allocation to NSAM for 2014 is for equity-based compensation expense for the six months ended June 30, 2014 and a full year for 2013.
(3) Represents $28.0 million related to the NorthStar Realty Equity Plans and $10.6 million related to the NSAM Stock Plan.

The following table presents a summary of restricted stock and LTIP Units. The balance as of December 31, 2015 represents unvested shares of restricted stock and LTIP Units that are outstanding, whether vested or not (grants in thousands):

	Year Ended December 31, 2015			
	Restricted Stock(2)	LTIP Units	Total Grants	Weighted Average Grant Price(2)
January 1, 2015	343	593	936	$ 37.20
Granted	7	1,289	1,296	29.71
Converted to common stock	—	(3)	(3)	24.82
Forfeited	(1)	(11)	(12)	28.26
Vesting of restricted stock	(268)	—	(268)	11.45
December 31, 2015(1)	81	1,868	1,949	$ 35.83

(1) Includes 81,377 shares of restricted stock and 1,868,251 LTIP Units as of December 31, 2015, after giving effect to the Reverse Split.
(2) Amounts have been retrospectively adjusted to reflect the Reverse Split.

As of December 31, 2015, equity-based compensation expense to be recognized over the remaining vesting period through August 2019 is $24.7 million, provided there are no forfeitures.

12. Stockholders' Equity

Reverse Split

On November 1, 2015, the Company effected a Reverse Split of its common stock with any fractional shares settled in cash. As a result of the Reverse Split, common stock was reduced by dividing the par value prior to the Reverse Split by two (including retrospective adjustment of prior periods) with a corresponding increase to additional paid-in capital. The par value per share of common stock remained unchanged.

Share and per share amounts disclosed in the Company's consolidated financial statements and the accompanying notes have been retrospectively adjusted to reflect the Reverse Split, including common stock outstanding, earnings per share and shares or units outstanding related to equity-based compensation, where applicable (refer to Note 11).

Common Stock

In February 2015, the Company issued the remaining 3.5 million shares of common stock, after giving effect to the Reverse Split, under the forward sale agreement entered into in 2014, for net proceeds of $122.2 million.

In March 2015, the Company issued 6.0 million shares of its common stock at a public offering price of $37.30 per share, after giving effect to the Reverse Split, and received net proceeds of $217.1 million. In connection with this offering, the Company entered into a forward sale agreement with a financial institution to issue an aggregate of 28.5 million shares of its common stock, after giving effect to the Reverse Split, subject to certain conditions. As of December 31, 2015, the Company issued 28.5 million shares of common stock under this forward sale agreement, after giving effect to the Reverse Split, for net proceeds of $986.9 million.

Preferred Stock

The following table presents classes of cumulative redeemable preferred stock issued in a public offering and outstanding as of December 31, 2015 (dollars in thousands):

	Number of Shares	Amount(1)
Series A 8.75%	2,466,689	$ 59,453
Series B 8.25%	13,998,905	323,757
Series C 8.875%(2)	5,000,000	120,808
Series D 8.50%(2)	8,000,000	193,334
Series E 8.75%(2)	10,000,000	241,766
Total	39,465,594	$939,118

(1) 250 million shares have been authorized and all shares have a $0.01 par value. All preferred shares have a $25 per share liquidation preference.
(2) The Series C, D and E shares are currently not callable.

Share Repurchase

In September 2015, the Company's board of directors authorized the repurchase of up to $500 million of its outstanding common stock. The authorization expires in September 2016, unless otherwise extended by the Company's board of directors. As of December 31, 2015, the Company repurchased 6.5 million shares of its common stock, after giving effect to the Reverse Split, for approximately $118.0 million, with $382.0 million remaining under the stock repurchase plan.

Dividend Reinvestment Plan

In April 2007, as amended effective January 1, 2012, the Company implemented a Dividend Reinvestment Plan (the "DRP"), pursuant to which it registered with the SEC and reserved for issuance 3,569,962 shares of its common stock, after giving effect to the Reverse Split. Pursuant to the amended terms of the DRP, stockholders are able to automatically reinvest all or a portion of their dividends for additional shares of the Company's common stock. The Company expects to use the proceeds from the DRP for general corporate purposes. For the year ended December 31, 2015, the Company issued 7,146 shares of its common stock, after giving effect to the Reverse Split, pursuant to the DRP for gross proceeds of $0.2 million.

Dividends

The following table presents dividends declared (on a per share basis) for the years ended December 31, 2015, 2014 and 2013:

Common Stock(1)		Preferred Stock					
			Dividend Per Share				
Declaration Date	Dividend Per Share(2)	Declaration Date	Series A	Series B	Series C	Series D	Series E
2015							
February 25(2)	$ 0.80	January 30	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
May 5(2)	$ 0.80	May 5	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
August 4	$ 0.80	August 4	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
November 3	$ 0.75(3)	October 28	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
2014							
February 26	$ 1.00	January 29	$0.54688	$0.51563	$0.55469	$0.53125	N/A
May 7	$ 1.00	May 7	$0.54688	$0.51563	$0.55469	$0.53125	N/A
August 6	$ 1.00	August 6	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
October 29	$ 0.80(3)	October 29	$0.54688	$0.51563	$0.55469	$0.53125	$0.54688
2013							
February 13	$ 0.72	February 1	$0.54688	$0.51563	$0.76424	N/A	N/A
May 1	$ 0.76	May 1	$0.54688	$0.51563	$0.55469	$0.20660	N/A
July 31	$ 0.80	July 31	$0.54688	$0.51563	$0.55469	$0.53125	N/A
October 30	$ 0.84	October 30	$0.54688	$0.51563	$0.55469	$0.53125	N/A

(1) For the year ended December 31, 2015, 99% of distributions paid were a return of capital and 1% of distributions paid were ordinary income. For the year ended December 31, 2014, approximately 17% of distributions paid were ordinary income and 83% was a return of capital. For the year ended December 31, 2013, 100% of distributions paid were a return of capital.
(2) Adjusted for the Reverse Split effected on November 1, 2015.
(3) Represents the first dividend subsequent to the NRE Spin-off.

Earnings Per Share

The following table presents EPS for the years ended December 31, 2015, 2014 and 2013 (dollars and shares in thousands, except per share data):

	Years Ended December 31,		
	2015	2014	2013
Numerator:			
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	$(327,497)	$(371,507)	$(137,453)
Net income (loss) attributable to LTIP Units non-controlling interest	(3,206)	(5,296)	(5,571)
Net income (loss) attributable to common stockholders and LTIP Units(1)	$(330,703)	$(376,803)	$(143,024)
Denominator:(2)(3)			
Weighted average shares of common stock	174,873	98,036	52,954
Weighted average LTIP Units(1)	1,472	959	2,291
Weighted average shares of common stock and LTIP Units(2)	176,345	98,995	55,245
Earnings (loss) per share:(3)			
Basic	$ (1.87)	$ (3.79)	$ (2.60)
Diluted	$ (1.87)	$ (3.79)	$ (2.60)

(1) The EPS calculation takes into account LTIP Units, which receive non-forfeitable dividends from the date of grant, share equally in the Company's net income (loss) and convert on a one-for-one basis into common stock.
(2) Excludes the effect of exchangeable senior notes, shares under the forward sale agreement, restricted stock and RSUs outstanding that were not dilutive as of December 31, 2015. These instruments could potentially impact diluted EPS in future periods, depending on changes in the Company's stock price and other factors.
(3) Adjusted for the Reverse Split effected on November 1, 2015.

13. Non-controlling Interests

Operating Partnership

Non-controlling interests include the aggregate LTIP Units held by limited partners (the "Unit Holders") in the Operating Partnership and the Company's former operating partnership prior to the NSAM Spin-off. Net income (loss) attributable to this non-controlling interest is based on the weighted average Unit Holders' ownership percentage of the Operating Partnership for the respective period. The issuance of additional common stock or LTIP Units changes the percentage ownership of both the Unit Holders and the Company. Since an LTIP Unit is generally redeemable for cash or common stock at the option of the Company, it is deemed to be equivalent to common stock. Therefore, such transactions are treated as capital transactions and result in an allocation between stockholders' equity and non-controlling interests on the accompanying consolidated balance sheets to account for the change in the ownership of the underlying equity in the Operating Partnership. On a quarterly basis, the carry value of such non-controlling interest is allocated based on the number of LTIP Units held by Unit Holders in total in proportion to the number of LTIP Units in total plus the number of shares of common stock. In connection with the formation of the Operating Partnership in March 2015, the Company recorded a non-controlling interest of $18.7 million related to LTIP Units. As of December 31, 2015, LTIP Units of 1,868,251 were outstanding, after giving effect to the Reverse Split, representing a 1.0% ownership and non-controlling interest in the Operating Partnership. Net income (loss) attributable to the Operating Partnership non-controlling interest for the year ended December 31, 2015 was a net loss of $3.2 million. Net income (loss) attributable to the Company's former operating partnership non-controlling interest for the six months ended June 30, 2014 was a loss of $5.3 million. Since the Operating Partnership was not formed until March 2015, there was no allocation of net income (loss) attributable to the Operating Partnership non-controlling interest for the six months ended December 31, 2014. Net income (loss) attributable to the Operating Partnership non-controlling interest for the year ended December 31, 2013 was a net loss of $5.6 million.

Other

Other non-controlling interests represent third-party equity interests in ventures that are consolidated with the Company's financial statements. Net income (loss) attributable to the other non-controlling interests for the years ended December 31, 2015, 2014 and 2013 was a net loss of $20.8 million, $17.6 million and $0.4 million, respectively.

The following table presents net income (loss) attributable to the Company's common stockholders for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Years Ended December 31,		
	2015	2014	2013
Income (loss) from continuing operations	$(219,780)	$(327,051)	$(129,394)
Income (loss) from discontinued operations	(107,717)	(44,456)	(8,059)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	$(327,497)	$(371,507)	$(137,453)

14. Fair Value

Fair Value Measurement

The fair value of financial instruments is categorized based on the priority of the inputs to the valuation technique and categorized into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities are recorded at fair value on the consolidated balance sheets and are categorized based on the inputs to the valuation techniques as follows:

Level 1. Quoted prices for identical assets or liabilities in an active market.

Level 2. Financial assets and liabilities whose values are based on the following:

(a) Quoted prices for similar assets or liabilities in active markets.

(b) Quoted prices for identical or similar assets or liabilities in non-active markets.

(c) Pricing models whose inputs are observable for substantially the full term of the asset or liability.

(d) Pricing models whose inputs are derived principally from or corroborated by observable market data for substantially the full term of the asset or liability.

Level 3. Prices or valuation techniques based on inputs that are both unobservable and significant to the overall fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following is a description of the valuation techniques used to measure fair value of assets and liabilities accounted for at fair value on a recurring basis and the general classification of these instruments pursuant to the fair value hierarchy.

PE Investments

The Company accounts for PE Investments at fair value which is determined based on a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying assets in the funds and discount rate. This fair value measurement is generally based on unobservable inputs and, as such, is classified as Level 3 of the fair value hierarchy. The Company is not using the NAV (practical expedient) of the underlying funds for purposes of determining fair value.

Investments in Unconsolidated Ventures

The Company accounts for certain investments in unconsolidated ventures at fair value determined based on a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying assets, discount rate and foreign currency exchange rates. Additionally, the Company accounts for certain CRE debt investments made in connection with certain investments in unconsolidated ventures at fair value, which is determined based on comparing the current yield to the estimated yield for newly originated loans with similar credit risk. These fair value measurements are generally based on unobservable inputs and, as such, are classified as Level 3 of the fair value hierarchy.

Real Estate Securities

N-Star CDO Bonds

The fair value of N-Star CDO bonds is determined using quotations from nationally recognized financial institutions that generally acted as underwriter for the transactions. These quotations are not adjusted and are generally based on a valuation model with observable inputs such as interest rate and other unobservable inputs for assumptions related to the timing and amount of expected future cash flow, discount rate, estimated prepayments and projected losses. The fair value of subordinate N-Star CDO bonds is determined using an internal price interpolated based on third-party prices of the more senior N-Star CDO bonds of the respective CDO. All N-Star CDO bonds are classified as Level 3 of the fair value hierarchy.

N-Star CDO Equity

The fair value of N-Star CDO equity is determined based on a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying collateral of these CDOs and discount rate. This fair value measurement is generally based on unobservable inputs and, as such, is classified as Level 3 of the fair value hierarchy.

Other CRE Securities

Other CRE securities are generally valued using a third-party pricing service or broker quotations. These quotations are not adjusted and are based on observable inputs that can be validated, and as such, are classified as Level 2 of the fair value hierarchy. Certain CRE securities may be valued based on a single broker quote or an internal price which may have less observable pricing, and as such, would be classified as Level 3 of the fair value hierarchy. Management determines the prices are representative of fair value through a review of available data, including observable inputs, recent transactions as well as its knowledge of and experience in the market.

Derivative Instruments

Derivative instruments are valued using a third-party pricing service. These quotations are not adjusted and are generally based on valuation models with observable inputs such as interest rates and contractual cash flow, and as such, are classified as Level 2 of the fair value hierarchy. Derivative instruments are also assessed for credit valuation adjustments due to the risk of non-performance by the Company and derivative counterparties. Derivatives held in non-recourse CDO financing structures where, by design, the derivative contracts are senior to all the CDO bonds payable, there is no material impact of a credit valuation adjustment.

CDO Bonds Payable

CDO bonds payable are valued using quotations from nationally recognized financial institutions that generally acted as underwriter for the transactions. These quotations are not adjusted and are generally based on a valuation model with observable inputs such as interest rate and other unobservable inputs for assumptions related to the timing and amount of expected future cash flow, discount rate, estimated prepayments and projected losses. CDO bonds payable are classified as Level 3 of the fair value hierarchy.

Junior Subordinated Notes

Junior subordinated notes may be valued using quotations from nationally recognized financial institutions or an internal model. A quotation from a financial institution is not adjusted. The fair value is generally based on a valuation model with observable inputs such as interest rate and other unobservable inputs for assumptions related to the implied credit spread of the Company’s other borrowings and the timing and amount of expected future cash flow. Junior subordinated notes are classified as Level 3 of the fair value hierarchy.

Financial assets and liabilities recorded at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables present financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2015 and 2014 by level within the fair value hierarchy (dollars in thousands):

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
PE Investments	$ —	$ —	$1,101,650	$1,101,650
Investments in unconsolidated ventures(1)	—	—	120,392	120,392
Real estate securities, available for sale:				
N-Star CDO bonds	—	—	216,727	216,727
N-Star CDO equity	—	—	44,905	44,905
CMBS and other securities	—	12,318	43,247	55,565
CRE securities in N-Star CDOs				
CMBS	—	261,552	64,959	326,511
Third-party CDO notes	—	—	6,685	6,685
Agency debentures	—	37,316	—	37,316
Unsecured REIT debt	—	8,976	—	8,976
Trust preferred securities	—	—	5,425	5,425
Subtotal CRE securities in N-Star CDOs	—	307,844	77,069	384,913
Subtotal real estate securities, available for sale	—	320,162	381,948	702,110
Derivative assets	—	116	—	116
Total assets	$ —	$320,278	$1,603,990	$1,924,268
Liabilities:				
CDO bonds payable	$ —	$ —	$ 307,601	$ 307,601
Junior subordinated notes	—	—	183,893	183,893
Derivative liabilities	—	7,385	95,908(2)	103,293
Total liabilities	$ —	$ 7,385	$ 587,402	$ 594,787

(1) Includes certain CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.

(2) Represents an interest rate swap entered into in the corporate segment in 2015 and includes a credit valuation adjustment.

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
PE Investments	$ —	$ —	$ 962,038	$ 962,038
Investments in unconsolidated ventures(1)	—	—	276,437	276,437
Real estate securities, available for sale:				
N-Star CDO bonds	—	—	262,309	262,309
N-Star CDO equity	—	—	102,467	102,467
CMBS and other securities	—	17,243	34,680	51,923
CRE securities in N-Star CDOs				
CMBS	—	329,815	53,052	382,867
Third-party CDO notes	—	—	23,218	23,218
Agency debentures	—	40,529	—	40,529
Unsecured REIT debt	—	9,351	—	9,351
Trust preferred securities	—	—	5,850	5,850
Subtotal CRE securities in N-Star CDOs	—	379,695	82,120	461,815
Subtotal real estate securities, available for sale	—	396,938	481,576	878,514
Derivative assets	—	3,247	—	3,247
Total assets	$ —	$400,185	$1,720,051	$2,120,236
Liabilities:				
CDO bonds payable	$ —	$ —	$ 390,068	$ 390,068
Junior subordinated notes	—	—	215,172	215,172
Derivative liabilities	—	17,915	—	17,915
Total liabilities	$ —	$ 17,915	$ 605,240	$ 623,155

(1) Includes certain CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.

The following table presents the changes in fair value of financial assets and liabilities which are measured at fair value on a recurring basis using Level 3 inputs to determine fair value for the year ended December 31, 2015 (dollars in thousands):

	Year Ended December 31, 2015				
	PE Investments	Investments in Unconsolidated Ventures(1)	Real Estate Securities	CDO Bonds Payable	Junior Subordinated Notes
January 1, 2015	$ 962,038	$ 276,437	$ 481,576	$ 390,068	$ 215,172
Transfers into Level 3(2)	—	—	24,170	—	—
Transfers out of Level 3(2)	—	—	(3,052)	—	—
Purchases / borrowings / amortization / contributions	614,578	(4,053)	93,477	(25,531)	—
Sales	—	—	(77,230)	—	—
Pay downs / distributions	(639,884)	(125,285)	(124,480)	(90,070)	—
Gains:					
Equity in earnings of unconsolidated ventures	198,159	19,177	—	—	—
Unrealized gains included in earnings	—	—	81,532	—	(31,279)
Realized gains included in earnings	—	—	22,418	—	—
Unrealized gain on real estate securities, available for sale included in OCI	—	—	1,213	—	—
Losses:					
Unrealized gains (losses) included in earnings	(33,241)	(45,884)	(75,523)	29,275	—
Realized gains (losses) included in earnings	—	—	(5,886)	3,859	—
Unrealized losses on real estate securities, available for sale included in OCI	—	—	(36,267)	—	—
December 31, 2015	$1,101,650	$ 120,392	$ 381,948	$ 307,601	$ 183,893
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities still held.	$ (33,241)	$ (45,884)	$ 6,009	$ (29,275)	$ 31,279

(1) Includes certain CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.

(2) Transfers between Level 2 and Level 3 represent a fair value measurement from a third-party pricing service or broker quotations that have become more or less observable during the period. Transfers are assumed to occur at the beginning of the year.

The following table presents the changes in fair value of financial assets and liabilities which are measured at fair value on a recurring basis using Level 3 inputs to determine fair value for the year ended December 31, 2014 (dollars in thousands):

	Year Ended December 31, 2014				
	PE Investments	Investments in Unconsolidated Ventures(1)	Real Estate Securities	CDO Bonds Payable	Junior Subordinated Notes
January 1, 2014	$ 586,018	$ 192,419	$ 484,840	$ 384,183	$ 201,203
Transfers into Level 3(2)	—	—	17,513	—	—
Transfers out of Level 3(2)	—	—	—	—	—
Purchases / borrowings / amortization / contributions	548,961	84,206	64,104	(15,320)	—
Sales	—	—	(65,504)	—	—
Pay downs / distributions	(339,598)	(2,507)	(48,511)	(87,859)	—
Gains:					
Equity in earnings of unconsolidated ventures	134,036(4)	10,494	—	—	—
Unrealized gains included in earnings	32,621	—	44,308	—	—
Realized gains included in earnings	—	—	15,626	—	—
Unrealized gain on real estate securities, available for sale included in OCI	—	—	61,045	—	—
Deconsolidation of N-Star CDOs(3)	—	—	873	(122,486)	—
Losses:					
Unrealized gains (losses) included in earnings	—	(8,175)	(64,977)	217,608	13,969
Realized gains (losses) included in earnings	—	—	(3,152)	13,942	—
Unrealized losses on real estate securities, available for sale included in OCI	—	—	(3,519)	—	—
Deconsolidation of N-Star CDOs(3)	—	—	(21,070)	—	—
December 31, 2014	$ 962,038	$ 276,437	$ 481,576	$ 390,068	$ 215,172
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities still held.	$ 32,621	$ (8,175)	$ (37,487)	$(217,608)	$ (13,969)

(1) Includes certain CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.
(2) Transfers between Level 2 and Level 3 represent a fair value measurement from a third-party pricing service or broker quotations that have become more or less observable during the period. Transfers are assumed to occur at the beginning of the year.
(3) Represents amounts recorded as a result of the deconsolidation of certain N-Star CDOs. Refer to Note 17 for further disclosure.
(4) The amount for the year ended December 31, 2014 excludes a reclassification between equity in earnings and income tax expense of $16.8 million to conform with the current period presentation.

There were no transfers, other than those identified in the tables above, during the periods ended December 31, 2015 and 2014.

The Company relies on the third-party pricing exception with respect to the requirement to provide quantitative disclosures about significant Level 3 inputs being used to determine fair value measurements related to CRE securities (including N-Star CDO bonds), junior subordinated notes and CDO bonds payable. The Company believes such pricing service or broker quotation for such items may be based on a market transaction of comparable securities, inputs including forecasted market rates, contractual terms, observable discount rates for similar securities and credit (such as credit support and delinquency rates).

For the year ended December 31, 2015, quantitative information about the Company's remaining Level 3 fair value measurements on a recurring basis are as follows (dollars in thousands):

	Fair Value	Valuation Technique	Key Unobservable Inputs(2)	Weighted Average
PE Investments	$1,101,650	Discounted Cash Flow Model	Discount Rate	17%
Investments in unconsolidated ventures(1)	$ 120,392	Discounted Cash Flow Model/Credit Spread	Discount Rate/Credit Spread	20%
N-Star CDO equity	$ 44,905	Discounted Cash Flow Model	Discount Rate	18%

(1) Includes certain CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.
(2) Includes timing and amount of expected future cash flow.

Significant increases (decreases) in any one of the inputs described above in isolation may result in a significantly different fair value for the financial assets and liabilities using such Level 3 inputs.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

Non-financial assets and liabilities measured at fair value in the consolidated financial statements consist of real estate held for sale, which are measured on a non-recurring basis, have been determined to be Level 3 within the valuation hierarchy, where applicable, based on estimated sales price, adjusted for closing costs and expenses, determined by discounted cash flow analysis, direct capitalization analyses or a sales comparison approach if no contracts had been consummated. The discounted cash flow and direct capitalization analyses include all estimated cash inflows and outflows over a specific holding period and, where applicable, any estimated debt premiums. This cash flow is comprised of unobservable inputs which included forecasted rental revenues and expenses based upon existing in-place leases, market conditions and expectations for growth. Capitalization rate and discount rate used in these analyses were based upon observable rates that the Company believed to be within a reasonable range of current market rates for the respective properties.

Valuations were prepared using internally-developed valuation models. These valuations are reviewed and approved, during each reporting period, by management, as deemed necessary, including personnel from the accounting, finance and operations and the valuations are updated as appropriate. In addition, the Company may engage third-party valuation experts to assist with the preparation of certain of its valuations.

All other non-financial assets and liabilities measured at fair value in the financial statements on a non-recurring basis are subject to fair value measurement and disclosure. Non-financial assets and liabilities included on the consolidated balance sheets and measured on a nonrecurring basis consist of goodwill and long-lived assets, including other acquired intangibles.

Fair Value Option

The Company has historically elected to apply the fair value option for the following financial assets and liabilities existing at the time of adoption or at the time the Company recognizes the eligible item for the purpose of consistent accounting application: CRE securities financed in N-Star CDOs; CDO bonds payable; and junior subordinated notes. Given past market volatility the Company had observed that the impact of electing the fair value option would generally result in additional variability to the Company’s consolidated statements of operations which management believes is not a useful presentation for such financial assets and liabilities. Therefore, the Company more recently has not elected the fair value option for new investments in CRE securities and securitization financing transactions. The Company may elect the fair value option for certain of its financial assets or liabilities due to the nature of the instrument. In the case of PE Investments, certain investments in unconsolidated ventures (refer to Note 6) and N-Star CDO equity, the Company elected the fair value option because management believes it is a more useful presentation for such investments. The Company determined recording such investments based on the change in fair value of projected future cash flow from one period to another better represents the underlying economics of the respective investment.

The following table presents the fair value of financial instruments for which the fair value option was elected as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015	December 31, 2014
Assets:		
PE Investments	$1,101,650	$ 962,038
Investments in unconsolidated ventures(1)	120,392	276,437
Real estate securities, available for sale:(2)		
N-Star CDO equity	44,905	102,467
CMBS and other securities	48,711	42,613
CRE securities in N-Star CDOs		
CMBS	326,511	382,867
Third-party CDO notes	6,685	23,218
Agency debentures	37,316	40,529
Unsecured REIT debt	8,976	9,351
Trust preferred securities	5,425	5,850
Subtotal CRE securities in N-Star CDOs	384,913	461,815
Subtotal real estate securities, available for sale	478,529	606,895
Total assets	$1,700,571	$1,845,370
Liabilities:		
CDO bonds payable	$ 307,601	$ 390,068
Junior subordinated notes	183,893	215,172
Total liabilities	$ 491,494	$ 605,240

(1) Includes certain CRE debt investments made in connection with certain investments in unconsolidated ventures, for which the fair value option was elected.

(2) December 31, 2015 excludes 28 CRE securities including $216.7 million of N-Star CDO bonds and $6.9 million of CRE securities, for which the fair value option was not elected. December 31, 2014 excludes 34 CRE securities including $262.3 million of N-Star CDO bonds and $9.3 million of CRE securities, for which the fair value option was not elected.

The Company attributes the change in the fair value of floating-rate liabilities to changes in instrument-specific credit spreads. For fixed-rate liabilities, the Company attributes the change in fair value to interest rate-related and instrument-specific credit spread changes.

Change in Fair Value Recorded in the Statements of Operations

The following table presents unrealized gains (losses) on investments and other related to the change in fair value of financial assets and liabilities in the consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Years Ended December 31, 2015	2014	2013
Assets:			
Real estate securities, available for sale(1)	$ (14,810)	$ (12,324)	$ 94,676
PE Investments(1)	(33,241)	32,621	—
Investments in unconsolidated ventures(1)	(40,437)	—	—
Foreign currency remeasurement(2)	(18,275)	(11,719)	2,300
Liabilities:			
CDO bonds payable(1)	(29,275)	(217,608)	(106,622)
Junior subordinated notes(1)	31,279	(13,969)	(4,030)
Subtotal unrealized gain (loss), excluding derivatives	(104,759)	(222,999)	(13,676)
Derivatives	(87,475)	8,184	33,730
Subtotal unrealized gain (loss)	(192,234)	(214,815)	20,054
Net cash payments on derivatives (refer to Note 15)	(11,878)	(16,882)	(52,731)
Total	$(204,112)	$(231,697)	$ (32,677)

(1) Represents financial assets and liabilities for which the fair value option was elected.

(2) Represents foreign currency remeasurement on investments, cash and deposits primarily denominated in Euros.

Fair Value of Financial Instruments

In addition to the above disclosures regarding financial assets or liabilities which are recorded at fair value, U.S. GAAP requires disclosure of fair value about all financial instruments. The following disclosure of estimated fair value of financial instruments was determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value.

The following table presents the principal amount, carrying value and fair value of certain financial assets and liabilities as of December 31, 2015 and 2014 (dollars in thousands):

	December 31, 2015			December 31, 2014		
	Principal / Notional Amount	Carrying Value	Fair Value	Principal / Notional Amount	Carrying Value	Fair Value
Financial assets:(1)						
Real estate debt investments, net	$ 555,354	$ 501,474	$ 594,698	$1,187,316	$1,067,667	$1,066,911
Real estate debt investments, held for sale	225,037	224,677	224,677	—	—	—
Real estate securities, available for sale(2)	1,285,643	702,110	702,110	1,532,891	878,514	878,514
Derivative assets(2)(3)	4,173,872	116	116	3,848,859	3,247	3,247
Financial liabilities:(1)						
Mortgage and other notes payable	$7,297,081	$7,164,576	$7,175,374	$8,453,625	$8,327,509	$8,331,170
Credit facilities	662,053	652,704	652,704	732,780	718,759	718,759
CDO bonds payable(2)(4)	436,491	307,601	307,601	560,959	390,068	390,068
Securitization bonds payable	—	—	—	41,831	41,746	41,929
Exchangeable senior notes	31,360	29,038	50,121	45,588	41,008	82,443
Junior subordinated notes(2)(4)	280,117	183,893	183,893	280,117	215,172	215,172
Derivative liabilities(2)(3)	2,225,750	103,293	103,293	318,726	17,915	17,915
Borrowings of properties held for sale	2,214,305	2,195,975	2,200,686	N/A	N/A	N/A

(1) The fair value of other financial instruments not included in this table is estimated to approximate their carrying value.
(2) Refer to “Determination of Fair Value” above for disclosures of methodologies used to determine fair value.
(3) Derivative assets and liabilities exclude timing swaps with an aggregate notional amount of $28.0 million as of December 31, 2015 and 2014.
(4) The fair value option has been elected for these liabilities.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of the reporting date. Although management is not aware of any factors that would significantly affect fair value, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

Real Estate Debt Investments

For CRE debt investments, fair value was approximated by comparing the current yield to the estimated yield for newly originated loans with similar credit risk or the market yield at which a third party might expect to purchase such investment. Fair value was determined assuming fully-extended maturities regardless of structural or economic tests required to achieve such extended maturities. For any CRE debt investments that are deemed impaired, carrying value approximates fair value. The fair value of CRE debt investments held for sale is determined based on the expected sales price. These fair value measurements of CRE debt are generally based on unobservable inputs and, as such, are classified as Level 3 of the fair value hierarchy.

Mortgage and Other Notes Payable

For mortgage and other notes payable, the Company primarily uses rates currently available with similar terms and remaining maturities to estimate fair value. These measurements are determined using comparable U.S. Treasury rates as of the end of the reporting period or market credit spreads over the rate payable on fixed rate U.S. Treasury of like maturities. These fair value measurements are based on observable inputs, and as such, are classified as Level 3 of the fair value hierarchy. For the borrowings of properties held for sale, the Company uses available market information, which includes quoted market prices or recent transactions, if available, to estimate their fair value and are, therefore, based on observable inputs, and as such, are classified as Level 3 of the fair value hierarchy.

Securitization Bonds Payable

Securitization bonds payable are valued using quotations from nationally recognized financial institutions that generally acted as underwriter for the transactions. These quotations are not adjusted and are generally based on observable inputs that can be validated, and as such, are classified as Level 2 of the fair value hierarchy.

Credit Facilities

As of the reporting date, the Company believes the carrying value of its credit facilities approximates fair value. These fair value measurements are based on observable inputs, and as such, are classified as Level 2 of the fair value hierarchy.

Exchangeable Senior Notes

For the exchangeable senior notes, the Company uses available market information, which includes quoted market prices or recent transactions, if available, to estimate their fair value and are, therefore, based on observable inputs, and as such, are classified as Level 2 of the fair value hierarchy.

15. Risk Management and Derivative Activities

Derivatives

The Company uses derivative instruments primarily to manage interest rate risk and such derivatives are not considered speculative. These derivative instruments are typically in the form of interest rate swap, cap and foreign currency forward agreements and the primary objective is to minimize interest rate risks associated with investment and financing activities. The counterparties of these arrangements are major financial institutions with which the Company may also have other financial relationships. The Company is exposed to credit risk in the event of non-performance by these counterparties and it monitors their financial condition; however, the Company currently does not anticipate that any of the counterparties will fail to meet their obligations.

The following tables present derivative instruments that were not designated as hedges under U.S. GAAP as of December 31, 2015 and 2014 (dollars in thousands):

	Number	Notional Amount(1)	Fair Value Net Asset (Liability)	Range of Fixed LIBOR / Forward Rate	Range of Maturity
As of December 31, 2015:					
Interest rate caps	14	$4,173,872	$ 116	2.50%—5.00%	January 2016—December 2017
Interest rate swaps—N-Star CDOs	9	222,510	(7,321)(2)	5.02%—5.25%	January 2017—July 2018
Interest rate swaps—other	2	2,003,240	(95,972)	3.39%—4.17%	July 2023—December 2029
Total	25	$6,399,622	$(103,177)		
As of December 31, 2014:					
Interest rate caps	21	$3,808,234	$ 2,131	2.50%—5.00%	January 2015—December 2017
Interest rate swaps—N-Star CDOs	10	235,929	(17,707)(2)	5.00%—5.25%	June 2015—July 2018
Interest rate swaps—other	2	82,797	(208)	0.62%—5.00%	January 2016—July 2023
Total	33	$4,126,960	$ (15,784)		

(1) Excludes timing swaps with a notional amount of $28.0 million as of December 31, 2015 and 2014.
(2) Interest rate swaps in consolidated N-Star CDOs are liabilities and are only subject to the credit risks of the respective CDO transaction. As the interest rate swaps are senior to all the liabilities of the respective CDO and the fair value of each of the CDO's investments exceeded the fair value of the CDO's derivative liabilities, a credit valuation adjustment was not recorded.

The change in number and notional amount of derivative instruments from December 31, 2014 relates to derivatives entered into at the corporate level and in connection with new acquisitions, offset by contractual notional amortization and the maturity of a corporate interest rate cap and floor. The Company had no derivative financial instruments that were designated as hedges in qualifying hedging relationships as of December 31, 2015 and 2014.

The following table presents the fair value of derivative instruments, as well as their classification on the consolidated balance sheets, as of December 31, 2015 and 2014 (dollars in thousands):

	Balance Sheet Location	December 31, 2015	December 31, 2014
Interest rate caps	Derivative assets	$ 116	$ 2,131
Interest rate swaps/foreign currency forwards	Derivative liabilities	$103,293	$17,915

The following table presents the effect of derivative instruments in the consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Statements of Operations Location	Years Ended December 31, 2015	2014	2013
Amount of gain (loss) recognized in earnings (loss):				
Adjustment to fair value of interest rate swaps and caps	Unrealized gain (loss) on	$(87,475)	$ 8,184	$ 33,730

	investments and other			
Net cash payment on derivatives	Unrealized gain (loss) on investments and other	$(11,878)	$(16,882)	$(52,731)
Amount of swap gain (loss) reclassified from OCI into earnings	Interest expense—mortgage and corporate borrowings	$ (934)	$ (915)	$ (4,885)
Reclassification of swap gain (loss) into gain (loss) from deconsolidation of N-Star CDOs (refer to Note 17)	Gain (loss) from deconsolidation of N-Star CDOs	$ —	$ —	$(15,246)
NorthStar Europe				
Amount of gain (loss) recognized in earnings (loss):				
Adjustment to fair value of interest rate swaps and caps	Income (loss) from discontinued operations	$ (8,659)	$ —	$ —
Adjustments to fair value of foreign currency forwards	Income (loss) from discontinued operations	$ (1,933)	$ —	$ —
Net cash payment on derivatives	Income (loss) from discontinued operations	$ (214)	$ —	$ —

The Company's counterparties held no cash margin as collateral against the Company's derivative contracts as of December 31, 2015 and 2014. However, subsequent to year end, the Company posted $74.0 million of collateral related to an interest rate swap.

Risk Management

Concentrations of credit risk arise when a number of tenants, operators or issuers related to the Company's investments are engaged in similar business activities or located in the same geographic region to be similarly affected by changes in economic conditions. The Company monitors its portfolios to identify potential concentrations of credit risks. With respect to the Company's hotel portfolio, for the year ended December 31, 2015, Island and Marriott Hotel Services, Inc. accounted for 72.5% and 27.5%, respectively, of the Company's hotel related income and 27.8% and 10.6%, respectively, of the Company's total revenue. In addition, with respect to the Company's healthcare portfolio, for the year ended December 31, 2015, Senior Lifestyle Holding Company, LLC was the healthcare operator as it related to 73.2% of the Company's resident fee income and 9.7% of the Company's total revenue. Otherwise, the Company has no other tenant or operator that generates 10% or more of its total revenue. The Company believes the remainder of its portfolios are reasonably well diversified and do not contain any unusual concentrations of credit risks.

16. Commitments and Contingencies

The Company is involved in various litigation matters arising in the ordinary course of its business. Although the Company is unable to predict with certainty the eventual outcome of any litigation, in the opinion of management, the current legal proceedings are not expected to have a material adverse effect on the Company's financial position or results of operations.

Guaranty Agreements

In connection with certain hotel acquisitions, the Company entered into guaranty agreements with various hotel franchisors, pursuant to which the Company guaranteed the franchisees' obligations, including payments of franchise fees and marketing fees, for the term of the agreements, which expires from 2029 to 2034. As of December 31, 2015, the aggregate amount remaining under these guarantees is $5.5 million.

In connection with the NRE Spin-off, the NRE Senior Notes are senior unsubordinated and unsecured primary obligations of NorthStar Europe and the Company continues to guarantee payments subsequent to the NRE Spin-off.

Other

Effective January 1, 2005, the Company adopted the NorthStar Realty Limited Partnership 401(k) Retirement Plan (the "401(k) Plan") for its employees. Eligible employees under the 401(k) Plan may begin participation on the first day of the month after they have completed 30 days of employment. The Company's matching contribution is calculated as 100% of the first 3% and 50% of the next 2% of participant's eligible earnings contributed (utilizing earnings that are not in excess of the amount established by the Internal Revenue Service). The Company's aggregate matching contribution for the years ended December 31, 2015, 2014 and 2013 was $0.1 million, $1.0 million and $0.8 million, respectively. The decrease from prior years is due to most of the Company's existing employees at the time of the NSAM Spin-off becoming employees of NSAM.

Obligations Under Ground Leases

The following table presents minimum future rental payments under the Company's contractual ground lease obligations for certain building leaseholds as of December 31, 2015 (dollars in thousands):

Years Ending December 31:	Total(1)
2016	$ 4,984
2017	5,034
2018	5,149
2019	5,086
2020	5,139
Thereafter	122,690
Total minimum lease payments	$148,082

(1) Represents 55 ground leases of which 20 leases ground rent are paid directly by the tenants/operators.

17. Variable Interest Entities

As of December 31, 2015, the Company has identified certain consolidated and unconsolidated VIEs. Assets of each of the VIEs may only be used to settle obligations of the respective VIE. Creditors of each of the VIEs have no recourse to the general credit of the Company.

Consolidated VIEs

N-Star CDOs

As of December 31, 2015, the Company serves as collateral manager and/or special servicer for N-Star CDOs I and IX which are primarily collateralized by CRE securities. The Company consolidates these entities as the Company has the power to direct the activities that most significantly impact the economic performance of these CDOs, and therefore, continues to be the primary beneficiary.

The Company is not contractually required to provide financial support to any of these consolidated VIEs, however, the Company, in its capacity as collateral manager and/or special servicer, may in its sole discretion provide support such as protective and other advances it deems appropriate. The Company did not provide any other financial support to any of its consolidated VIEs for the years ended December 31, 2015, 2014 and 2013.

Unconsolidated VIEs

N-Star CDOs

The Company delegated the collateral management rights for N-Star CDOs IV, VI and VIII and the CapLease CDO on September 30, 2013 and the CSE CDO on December 31, 2013 to a third-party collateral manager/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 evaluated the fees paid to the third-party collateral manager/collateral manager delegate and concluded that such fees represented a variable interest

in the deconsolidated loan CDOs and that the third party was functioning as a principal. The Company determined that the delegation of the Company's collateral management power in the CDOs was a VIE reconsideration event and concluded that these CDOs were still VIEs as the equity investors do not have the characteristics of a controlling financial interest. The Company then reconsidered if it was the primary beneficiary of such VIEs and determined that it no longer has the power to direct the activities that most significantly impact the economic performance of these CDOs, which includes but is not limited to selling collateral, and therefore is no longer the primary beneficiary of such CDOs. As a result, the Company does not consolidate the assets and liabilities for N-Star CDOs IV, VI and VIII, CSE CDO and the CapLease CDO. In September 2015, N-Star CDO IV was liquidated.

In March 2014, the Company determined it no longer had the power to direct the activities that most significantly impact the economic performance of N-Star CDO V due to the ability of a single party to remove the Company as collateral manager as a result of an existing event of default. The Company was no longer the primary beneficiary of N-Star CDO V, and as a result, in the first quarter 2014, the Company deconsolidated the assets and liabilities of this CDO.

In May 2014, the Company determined it no longer had the power to direct the activities that most significantly impact the economic performance of N-Star CDO III due to the ability of a single party to remove the Company as collateral manager as a result of an existing event of default. The Company was no longer the primary beneficiary of N-Star CDO III, and as a result, in the second quarter 2014, the Company deconsolidated the assets and liabilities of this CDO.

Similar events of default in the future, if they occur, could cause the Company to deconsolidate additional CDO financing transactions.

For the year ended December 31, 2014, the deconsolidation of N-Star CDOs III and V resulted in an aggregate non-cash realized loss on deconsolidation of $31.4 million recorded in the consolidated statement of operations, which was the result of the deconsolidation of an aggregate $192.5 million of assets, $149.0 million of liabilities, net of $8.8 million of fair value of N-Star CDO bonds recorded that no longer eliminated in consolidation and the reclassification of $3.3 million of unrealized gain to loss from deconsolidation.

For the year ended December 31, 2013, the deconsolidation of N-Star CDOs IV, VI, VIII and CapLease CDO resulted in an aggregate non-cash realized loss on deconsolidation of $299.8 million recorded in the consolidated statement of operations, which was the result of the deconsolidation of an aggregate $1.8 billion of assets, $1.4 billion of liabilities, net of $223.7 million of fair value of N-Star CDO bonds and equity recorded that no longer eliminated in consolidation and the reclassification of $3.3 million of unrealized gain and $15.2 million of OCI swap loss to loss from deconsolidation.

Other Unconsolidated VIEs

Based on management's analysis, the Company is not the primary beneficiary of the VIEs summarized below and as such, these VIEs are not consolidated into the Company's financial statements as of December 31, 2015. These unconsolidated VIEs are summarized as follows:

Real Estate Debt Investments

The Company identified three CRE debt investments with an aggregate carrying value of $60.4 million as variable interests in a VIE. The Company determined that it is not the primary beneficiary of such VIEs, and as such, the VIEs are not consolidated in the Company's financial statements. For all other CRE debt investments, the Company determined that these investments are not VIEs and, as such, the Company continues to account for all CRE debt investments as loans.

Real Estate Securities

The Company identified two CRE securities, other than investments in N-Star CDOs, with an aggregate fair value of $46.1 million as variable interests in VIEs. In connection with certain CMBS investments, the Company became the controlling class and/or was named directing certificate holder of a securitization it did not sponsor. For one of these securitizations, an affiliate of NSAM was appointed as special servicer. The special servicing business for certain securitizations was transferred to NSAM in connection with the NSAM Spin-off. The Company determined each securitization was a VIE. However, the Company determined at that time and continues to believe that it does not currently or potentially hold a significant interest in any of these securitizations and, therefore, is not the primary beneficiary.

NorthStar Realty Finance Trusts

The Company owns all of the common stock of the Trusts. The Trusts were formed to issue trust preferred securities. The Company determined that the holders of the trust preferred securities were the primary beneficiaries of the Trusts. As a result, the Company did not consolidate the Trusts and has accounted for the investment in the common stock of the Trusts under the equity method. As of December 31, 2015, the Company's carrying value and maximum exposure to loss related to its investment in the Trusts is $3.7 million and is recorded in investments in unconsolidated ventures on the consolidated balance sheets.

PE Investments

In May 2015, in connection with the Company's investment in PE Investment XIII, the Company determined that two of the underlying funds are VIEs. The Company determined that the funds are a VIE as there is insufficient equity at risk in each limited partnership and the general partner in each fund has the power to direct the activities that most significantly impact the funds' economic performance as the general partner performs such activities. As of December 31, 2015, the Company's investment in both funds is $32.2 million. As of December 31, 2015, the amount of expected future contributions to both funds is $2.5 million.

Summary of Unconsolidated VIEs

The following table presents the classification, carrying value and maximum exposure of unconsolidated VIEs as of December 31, 2015 (dollars in thousands):

	Junior Subordinated Notes, at Fair Value	Real Estate Debt Investments, Net	Real Estate Securities, Available for Sale	PE Investments	Total	Maximum Exposure to Loss(1)
Real estate debt investments, net	$ —	$ 60,443	$ —	$ —	$ 60,443	$ 60,443
Investments in unconsolidated ventures	3,742	—	—	—	3,742	3,742
Investments in private equity funds, at fair value	—	—	—	32,249	32,249	32,249
Real estate securities, available for sale:						
N-Star CDO bonds	—	—	216,727	—	216,727	216,727
N-Star CDO equity	—	—	44,905	—	44,905	44,905
CMBS	—	—	46,074	—	46,074	46,074
Subtotal real estate securities, available for sale	—	—	307,706	—	307,706	307,706
Total assets	3,742	60,443	307,706	32,249	404,140	404,140
Junior subordinated notes, at fair value	183,893	—	—	—	183,893	NA
Total liabilities	183,893	—	—	—	183,893	NA
Net	$ (180,151)	$ 60,443	$307,706	$ 32,249	$220,247	$ 404,140

(1) The Company's maximum exposure to loss as of December 31, 2015 would not exceed the carrying value of its investment.

The Company is not contractually required to provide financial support to any of its unconsolidated VIEs during the years ended December 31, 2015, 2014 and 2013 however, the Company, in its capacity as collateral manager/collateral manager delegate and/or special servicer of the deconsolidated N-Star CDOs, may in its sole discretion provide support such as protective and other advances it deems appropriate. As of December 31, 2015, there were no explicit arrangements or implicit variable interests that could require the Company to provide financial support to any of its unconsolidated VIEs.

18. Quarterly Financial Information (Unaudited)

The following tables presents selected quarterly information, which reflects prior period reclassifications related to discontinued operations, for the years ended December 31, 2015 and 2014 (dollars in thousands):

	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Property and other revenues	$ 474,355	$ 486,776	$455,728	$400,577
Net interest income on debt and securities	38,511	59,105	57,529	63,660
Expenses	594,327	570,040	545,566	500,068
Equity in earnings (losses) of unconsolidated ventures	47,339	60,359	57,736	53,643
Income (loss) from continuing operations	(65,778)	(91,947)	211	(1,199)
Income (loss) from discontinued operations	5,756	(16,760)	(84,464)	(13,086)
Net income (loss)	(60,022)	(108,616)	(84,342)	(14,287)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	(72,282)	(126,111)	(97,502)	(31,602)
Earnings (loss) per share:(1)(2)				
Basic	$ (0.39)	$ (0.69)	$ (0.56)	$ (0.20)(2)
Diluted	$ (0.39)	$ (0.69)	$ (0.56)	$ (0.20)(2)

(1) The total for the year may differ from the sum of the quarters as a result of weighting.
(2) Adjusted for the Reverse Split effected on November 1, 2015.

	Three Months Ended			
	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Property and other revenues	$ 295,085	$ 194,149	$119,357	$ 70,909
Net interest income on debt and securities	72,046	77,936	72,761	75,396
Expenses	463,494	296,515	191,711	110,567
Equity in earnings (losses) of unconsolidated ventures	55,423	41,694	33,958	33,978
Income (loss) from continuing operations	(81,991)	(17,511)	(59,916)	(116,967)
Income (loss) from discontinued operations	(28,890)	(9,100)	(572)	(6,139)
Net income (loss)	(110,881)	(26,609)	(60,488)	(123,108)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	(116,453)	(46,527)	(73,566)	(134,961)
Earnings (loss) per share:(1)(2)				
Basic	$ (0.93)	$ (0.46)	$ (0.84)	$ (1.68)
Diluted	$ (0.93)	$ (0.46)	$ (0.84)	$ (1.68)

(1) The total for the year may differ from the sum of the quarters as a result of weighting.
(2) Adjusted for the Reverse Split effected on November 1, 2015.

19. Segment Reporting

The Company currently conducts its business through the following five segments (excluding the asset management business and the European real estate business which the Company spun off on June 30, 2014 and October 31, 2015, respectively, which are no longer separate operating segments), based on how management reviews and manages its business:

- Real Estate—The real estate business concentrates on various types of investments in commercial real estate located throughout the United States that includes healthcare, hotel, manufactured housing communities, net lease, multifamily and multi-tenant office properties. In addition, it includes certain healthcare properties located outside of the United States and PE Investments diversified by property type and geography.
  - Healthcare—The healthcare properties are comprised of a diverse portfolio of medical office buildings, senior housing, skilled nursing and other healthcare properties. The majority of the healthcare properties are medical office buildings and properties structured under a net lease to healthcare operators. In addition, the Company owns senior operating facilities which include independent living facilities and healthcare properties that operate through management agreements with independent third-party operators, predominantly through RIDEA structures that permit the Company, through a TRS, to have direct exposure to resident fee income and incur customary related operating expenses. In February 2016, the Company entered into an agreement to sell its 60% interest in a $899 million Senior Housing Portfolio for $535 million, subject to proration and adjustment. The Company expects the buyer to assume its portion of the $648 million of related mortgage financing. The Company expects to receive $150 million of net proceeds upon completion of the sale in March 2016. Such asset and related liability is classified as held for sale on the Company's consolidated balance sheet.
  - Hotel—The hotel portfolio is a geographically diverse portfolio primarily comprised of extended stay hotels and premium branded select service hotels primarily located in major metropolitan markets with the majority affiliated with top hotel brands.
  - Manufactured Housing—The manufactured housing portfolio consists of communities that lease pad rental sites for placement of factory built homes located throughout the United States. In addition, the portfolio includes manufactured homes and receivables related to the financing of homes sold to residents. Currently, the Company is exploring the sale of its manufactured housing portfolio and such assets and related liabilities are classified as held for sale on the Company's consolidated balance sheet.
  - Net Lease—The net lease properties are primarily industrial, office and retail properties typically under net leases to corporate tenants.
  - Multifamily—The multifamily portfolio primarily focuses on properties located in suburban markets that are well suited to capture the formation of new households. Currently, the Company is exploring the sale of its multifamily portfolio and in February 2016, the Company entered in and is finalizing agreements to sell up to ten multifamily properties for $311 million with $210 million of related mortgage financing expected to be assumed as part of the transaction. The Company expects to receive $91 million of net proceeds and

continue to explore the sale of the remaining two properties. Such assets and related liabilities are classified as held for sale on the Company's consolidated balance sheet.

- Multi-tenant Office—The Company pursues the acquisition of multi-tenant office properties currently focused on the western United States.
- PE Investments—The real estate business also includes investments (directly or indirectly in joint ventures) owning PE Investments managed by institutional quality sponsors and diversified by property type and geography. In February 2016, the Company entered into an agreement to sell substantially all of its interest in PE Investment II for $184.1 million of proceeds and is exploring the sale of its remaining PE Investments.

- *Commercial Real Estate Debt*—The CRE debt business is focused on originating, acquiring and asset managing senior and subordinate debt investments secured primarily by commercial real estate and includes first mortgage loans, subordinate mortgage and mezzanine loans and participations in such loans and preferred equity interests. The Company may from time to time take title to collateral in connection with a CRE debt investment as REO which would be included in the CRE debt business. In February 2016, the Company sold or committed to sell seven loans with a total principal amount of $225.0 million at par, with $46.9 million of proceeds used to pay down the Company's loan facility, resulting in $178.2 million of net proceeds.
- *Commercial Real Estate Securities*—The CRE securities business is predominately comprised of N-Star CDO bonds and N-Star CDO equity of deconsolidated N-Star CDOs and includes other securities, mostly CMBS meaning each asset is a pool backed by a large number of commercial real estate loans. The Company also invests in opportunistic CRE securities such as an investment in a "B-piece" CMBS. In February 2016, the Company sold certain CRE securities for $53.9 million of net proceeds.
- *N-Star CDOs*—The Company historically originated or acquired CRE debt and securities investments that were predominantly financed through permanent, non-recourse CDOs. The Company's remaining consolidated CDOs are past the reinvestment period and given the nature of these transactions, these CDOs are amortizing over time as the underlying assets pay down or are sold. The Company has been winding down its legacy CDO business and investing in a broad and diverse range of CRE assets. As a result, this distinct business is a significantly smaller portion of its business today than

in the past. As of December 31, 2015, only N-Star securities CDOs I and IX continue to be consolidated. Refer to Note 17 for further disclosure regarding deconsolidated N-Star CDOs. The Company continues to receive collateral management fees related to administrative responsibilities for deconsolidated N-Star CDO financing transactions, which are recorded in other revenue and included in the N-Star CDOs segment.

- *Corporate*—The corporate segment includes NSAM management fees incurred, corporate level interest income and interest expense and general and administrative expenses.

The Company primarily generates revenue from rental income from its real estate properties, operating income from healthcare and hotel properties permitted by the RIDEA and net interest income on the CRE debt and securities portfolios. Additionally, the Company records equity in earnings of unconsolidated ventures, including from PE Investments. The Company's income is primarily derived through the difference between revenue and the cost at which the Company is able to finance its investments. The Company may also acquire investments which generate attractive returns without any leverage.

Prior to the NSAM Spin-off, the Company generated fee income from asset management activities. The asset management segment represents the consolidated results of operations and balance sheet of such asset management business which was transferred to NSAM in connection with the NSAM Spin-off. Amounts related to the asset management business are reported in discontinued operations and include an allocation of indirect expenses related to managing the NSAM Sponsored Companies and owning NorthStar Securities, including salaries, equity-based compensation and other general and administrative expenses (primarily occupancy and other costs) based on an estimate had the asset management business been run as an independent entity.

Prior to the NRE Spin-off, the Company generated rental and escalation income from its European properties. The European real estate segment represents the consolidated results of operations and balance sheet of such European real estate business which was transferred to NRE in connection with the NRE Spin-off. Amounts related to the European real estate business are reported in discontinued operations.

The following tables present segment reporting for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

Statement of Operations:				**N-Star CDOs(2)**			
Year Ended December 31, 2015	**Real Estate(1)**	**CRE Debt**	**CRE Securities**	**CRE Securities**	**Corporate**	**European Real Estate(3)**	**Consolidated Total**
Rental and escalation income	$ 732,123	$ —	$ —	$ 302	$ —	$ —	$ 732,425
Hotel related income	784,151	—	—	—	—	—	784,151
Resident fee income	271,394	—	—	—	—	—	271,394
Net interest income on debt and securities	10,546(4)	88,893	62,235	44,393	12,738(5)	—	218,805
Interest expense—mortgage and corporate borrowings	433,023	—	—	—	53,385	—	486,408
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(163,974)(6)	86,476	85,618	(15,612)	(355,973)(7)	—	(363,465)
Equity in earnings (losses) of unconsolidated ventures	218,766	—	—	—	311	—	219,077
Income tax benefit (expense)	(13,776)	(555)	6	—	—	—	(14,325)
Income (loss) from continuing operations	41,016	85,921	85,624	(15,612)	(355,662)	—	(158,713)
Income (loss) from discontinued operations	(11)	—	—	—	—	(108,543)(8)	(108,554)
Net income (loss)	41,005	85,921	85,624	(15,612)	(355,662)	(108,543)(8)	(267,267)
Balance Sheet:							
December 31, 2015:							
Investments in private equity funds, at fair value	1,101,650	—	—	—	—	—	1,101,650
Investments in unconsolidated ventures	129,457	8,526	—	—	17,754	—	155,737
Total Assets	13,871,796	66,527	913,402	422,953	128,367	—	15,403,045

(1) Includes $37.6 million of rental and escalation income and $2.3 million of net income from a portfolio of healthcare assets located in the United Kingdom.
(2) Based on CDO financing transactions that were primarily collateralized by CRE securities and may include other types of investments. $5.2 million of collateral management fees were earned from CDO financing transactions for the year ended December 31, 2015, of which $2.3 million was eliminated in consolidation. The eliminated amounts are recorded as other revenue in the Corporate segment and as an expense in the N-Star CDO segment.
(3) Represents the consolidated statements of operations of NRE reported in discontinued operations and includes an allocation of indirect expenses from the Company (refer to Note 9).
(4) Primarily represents interest income earned from notes receivable on manufactured homes and interest income on loans in the Griffin-American portfolio.
(5) Represents income earned from CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDOs segment.
(6) Primarily relates to depreciation and amortization of $454.8 million.
(7) Includes management fees to NSAM of $198.7 million.
(8) Primarily relates to transaction costs of $109.5 million and depreciation and amortization of $42.4 million.

Statement of Operations:				N-Star CDOs(1)				
Year Ended December 31, 2014	Real Estate	CRE Debt	CRE Securities	CRE Securities	Corporate	Asset Management(2)	European Real Estate(3)	Consolidated Total
Rental and escalation income	$ 348,666	$ —	$ —	$ 1,285	$ —	$ —	$ —	$ 349,951
Hotel related income	237,039	—	—	—	—	—	—	237,039
Resident fee income	77,516	—	—	—	—	—	—	77,516
Net interest income on debt and securities	5,951(4)	145,159	82,246	63,216	1,567(5)	—	—	298,139
Interest expense—mortgage and corporate borrowings	183,042	—	—	—	48,852	—	—	231,894
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(170,495)(6)	139,581	101,691	(185,730)	(309,879)	—	—	(424,832)
Equity in earnings (losses) of unconsolidated ventures	162,126	2,644	—	—	283	—	—	165,053
Income tax benefit (expense)	(15,904)	(70)	(205)	(352)	(75)	—	—	(16,606)
Income (loss) from continuing operations	(24,273)	142,155	101,486	(186,082)	(309,671)	—	—	(276,385)
Income (loss) from discontinued operations	(925)	—	—	—	—	(7,203)	(36,573)(7)	(44,701)
Net income (loss)	(25,198)	142,155	101,486	(186,082)	(309,671)	(7,203)	(36,573)(7)	(321,086)
Balance Sheet:								
December 31, 2014:								
Investments in private equity funds, at fair value	$ 962,038	$ —	$ —	$ —	$ —	$ —	$ —	$ 962,038
Investments in unconsolidated ventures	184,026	8,526	—	—	15,225	—	—	207,777
Total Assets	12,771,368	1,158,947	417,884	506,616	163,264	—	160,633	15,178,712

(1) Based on CDO financing transactions that were primarily collateralized by CRE securities and may include other types of investments. $5.9 million of collateral management fees were earned from CDO financing transactions for the year ended December 31, 2014, of which $2.6 million was eliminated in consolidation. The eliminated amounts are recorded as other revenue in the Corporate segment and as an expense in the N-Star CDO segment.

(2) Represents the consolidated statements of operations of NSAM reported in discontinued operations and includes an allocation of indirect expenses from the Company (refer to Note 9).

(3) Represents the consolidated statements of operations of NRE reported in discontinued operations and includes an allocation of indirect expenses from the Company (refer to Note 9).

(4) Primarily represents interest income earned from notes receivable on manufactured homes.

(5) Represents income earned from CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDOs segment.

(6) Includes depreciation and amortization of $182.1 million.

(7) Primarily relates to transaction costs of $27.5 million.

Statement of Operations:				N-Star CDOs(1)				
Year Ended December 31, 2013	Real Estate	CRE Debt	CRE Securities	CRE Debt	CRE Securities	Corporate	Asset Management(2)	Consolidated Total
Rental and escalation income	$ 202,765	$ 260	$ —	$ 30,947	$ 1,152	$ —	$ —	$ 235,124
Net interest income on debt and securities	833(2)	48,594	38,160	50,669	84,600	43,501(4)	—	266,357
Interest expense—mortgage and corporate borrowings	76,388	—	—	9,876	—	54,763	—	141,027
Income (loss) before equity in earnings (losses) and income tax benefit (expense)	(5,186)(5)	50,632	85,236	(312,148)	96,380	(78,540)	—	(163,626)
Equity in earnings (losses) of unconsolidated ventures	88,949	3,594	—	(817)	—	—	—	91,726
Income tax benefit (expense)	(7,249)	—	—	—	—	—	—	(7,249)
Income (loss) from continuing operations	76,514	54,226	85,236	(312,965)	96,380	(78,540)	—	(79,149)
Income (loss) from discontinued operations	(8,356)	—	—	—	—	—	(405)	(8,761)
Net income (loss)	68,158	54,226	85,236	(312,965)	96,380	(78,540)	(405)	(87,910)
Balance Sheet:								
December 31, 2013:								
Investments in private equity funds, at fair value	$ 586,018	$ —	$ —	$ —	$ —	$ —	$ —	$ 586,018
Investments in unconsolidated ventures	113,735	14,222	—	—	—	14,383	—	142,340
Total Assets	3,343,402	1,211,079	413,184	—	733,528	627,148	31,709	6,360,050

(1) Based on CDO financing transactions that were primarily collateralized by CRE securities and may include other types of investments. $11.1 million of collateral management fees were earned from CDO financing transactions for the year ended December 31, 2013, of which $10.4 million was eliminated in consolidation. The eliminated amounts are recorded as other revenue in the Corporate segment and as an expense in the N-Star CDO segment.

(2) Represents the consolidated statements of operations of NSAM reported in discontinued operations and includes an allocation of indirect expenses from the Company (refer to Note 9).

(3) Primarily represents interest income earned from notes receivable on manufactured homes and interest income on loans in the Griffin-American portfolio.

(4) Represents income earned from CDO bonds repurchased at a discount, recognized using the effective interest method, that is eliminated in consolidation. The corresponding interest expense is recorded in net interest income in the N-Star CDOs segment.

(5) Includes depreciation and amortization of $75.8 million.

20. Supplemental Disclosures of Non-cash Investing and Financing Activities

The following table presents non-cash investing and financing activities for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Years Ended December 31,		
	2015	2014	2013
Reclassification of operating real estate, net to asset held for sale	$2,627,551	$ 22,323	$ 30,063
Reclassification of mortgage note payable to liabilities held for sale	2,195,975	—	28,962
Net assets distributed in spin-off of European real estate business (refer to Note 9)	539,491	—	—
Assumption of mortgage notes payable upon acquisition of operating real estate	273,023	870,871	—
Reclassification of operating real estate to intangible assets	247,602	160,511	25,497
Reclassification of CRE debt investment to held for sale	224,677	15,223	—
Reclassification of other assets to asset held for sale	57,323	—	—
Reclassification of CRE debt investment and secured borrowing (refer to Note 10)	54,056	—	—
Acquired assets and liabilities in connection with European real estate acquisitions	49,942	—	—
Reclassification of intangible assets to asset held for sale	49,530	—	—
Reclassification of deferred financing costs to mortgage notes and other payables	49,050	—	—
Deferred purchase price for PE Investment XIV (refer to Note 5)	47,808	—	—
Escrow deposit payable related to CRE debt investments	47,303	34,521	57,226
Reclassification of other liabilities to intangible liabilities	37,836	—	—
Reduction of assets and liabilities held for sale via taking title	28,962	—	—
Reclassification of other assets to operating real estate	25,577	—	—
Conversion of Deferred LTIP Units to LTIP Units (refer to Note 13)	18,730	—	—
Reclassification of escrow deposit payable to other liabilities	17,377	—	—
Non-controlling interests—reallocation of interest in Operating Partnership (refer to Note 13)	14,548	—	—
Conversion of exchangeable senior notes	13,590	320,304	74,778
Reclassification of deferred financing costs to credit facilities	9,525	—	—
Dividends payable related to RSUs	3,548	—	2,128
Retirement of shares of common stock	2,001	—	—
Contribution from non-controlling interest	1,461	75,428	—
Reclassification of deferred financing costs to exchangeable senior notes	384	—	—
Non-cash related to PE Investments	218	15,581	17,473
Issuance of common stock in connection with the merger of Griffin-American	—	1,075,930	—
Acquired assets in connection with the merger of Griffin-American	—	503,784	—
Exchangeable senior notes exchanged for Senior Notes (refer to Note 8)	—	296,382	—
Acquired liabilities in connection with the merger of Griffin-American	—	229,015	—
Reclassification of operating real estate to other assets	—	67,655	89,219
CRE debt investment payoff due from servicer	—	64,092	—
Net assets distributed in spin-off of asset management business (refer to Note 9)	—	39,709	—
Conversion of Old LTIP Units (refer to Note 11)	—	18,611	10,129
Common stock related to transactions	—	6,801	17,712
Real estate acquisition(1)	—	—	135,361
Reduction of CRE debt investments(1)	—	—	135,361
Assignment of mortgage note payable via sale	—	—	7,813
Increase in restricted cash(1)	—	—	2,730
Deferred purchase price for PE Investment III (refer to Note 5)	—	—	39,759
Reclassification of real estate debt investment to other assets	—	—	8,952
Equity component of exchangeable senior notes	—	—	45,740

(1) Non-cash activity occurred in connection with taking title to collateral.

Cash Paid for Interest and Income Taxes

For the years ended December 31, 2015, 2014, and 2013, cash paid for interest on outstanding borrowings was $429.0 million, $223.0 million and $158.9 million, respectively. The difference between interest expense on the consolidated statements of operations and cash paid for interest is primarily due to reclassification of losses related to derivative instruments from OCI into earnings and non-cash interest expense recorded on amortization of deferred financing costs related to borrowings. For the years ended December 31, 2015 and 2014, cash paid for income taxes was $26.5 million and $3.4 million, respectively. There was an immaterial amount of cash paid for income taxes for the year ended December 31, 2013.

21. Subsequent Events

Dividends

On February 25, 2016, the Company declared a dividend of $0.40 per share of common stock, after giving effect to the Reverse Split. The common stock dividend will be paid on March 11, 2016 to stockholders of record as of the close of business on March 7, 2016. On January 28, 2016, the Company declared a dividend of $0.54688 per share of Series A preferred stock, $0.51563 per share of Series B preferred stock, $0.55469 per share of Series C preferred stock, $0.53125 per share of Series D Preferred Stock and $0.54688 per share of Series E Preferred Stock. Dividends were paid on all series of preferred stock on February 16, 2016 to stockholders of record as of the close of business on February 8, 2016.

Strategic Initiatives

On February 25, 2016, the Company announced that its board of directors formed a special committee and the special committee retained UBS Investment Bank as its financial advisor to explore a potential recombination transaction with NSAM. The special committee will be comprised solely of independent directors that are not on the board of directors of NSAM, including the new independent director appointed to the board of directors effective March 1, 2016. There can be no assurance that the exploration of corporate strategic initiatives will result in the identification or consummation of any strategic transaction or initiative.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(Dollars in Thousands)

	Beginning Balance	Charged to Costs and Expenses	Other Charges	Deductions	Ending Balance
For the Year Ended December 31, 2015					
Loan loss reserves	$ 5,599	2,240(1)(2)	—	—	$ 7,839
Allowance for doubtful accounts	2,020	6,678	—	(4,380)	4,318
Allowance for unbilled rent receivable	4,037	—	—	(3,921)	116
	$ 11,656	$ 8,918	$ —	$ (8,301)	$12,273
For the Year Ended December 31, 2014					
Loan loss reserves	$ 2,880	$ 2,719(1)	$ —	$ —	$ 5,599
Allowance for doubtful accounts	1,151	3,220	—	(2,351)	2,020
Allowance for unbilled rent receivable	307	7,638	—	(3,908)	4,037
	$ 4,338	$ 13,577	$ —	$ (6,259)	$11,656
For the Year Ended December 31, 2013					
Loan loss reserves	$156,699	$ (8,786)	$ —	$(145,033)	$ 2,880
Allowance for doubtful accounts	1,526	784	—	(1,159)	1,151
Allowance for unbilled rent receivable	—	354	—	(47)	307
	$158,225	$ (7,648)	$ —	$(146,239)	$ 4,338

(1) Excludes $0.8 million of provision for loan losses relating to manufactured housing notes receivables recorded in assets of properties held for sale for the year ended December 31, 2015 and $1.0 million recorded in other assets for the year ended December 31, 2014, respectively.

(2) Includes $1.2 million of provision for loan losses relating to loans held for sale for the year ended December 31, 2015.

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2015
(Dollars in Thousands)

Column A	Column B	Column C Initial Cost		Column D Capitalized Subsequent to Acquisition	Column E Gross Amount Carried at Close of Period			Column F		Column G	Column H
Location City, State	Encumbrances	Land	Building & Improvements	Land, Buildings & Improvements	Land	Building & Improvements	Total(5)(6)	Accumulated Depreciation	Total	Date Acquired	Life on Which Depreciation is Computed
Healthcare											
Medical Office Building											
Abilene, TX	$ 11,430	$ 986	$ 18,279	$ 57	$ 986	$ 18,336	$ 19,322	$ 635	$18,687	Dec-14	39 years
Alice, TX(3)	6,199	—	6,847	21	—	6,868	6,868	324	6,544	Dec-14	39 years
Amarillo, TX	17,435	2,867	10,462	34	2,867	10,496	13,363	474	12,889	Dec-14	39 years
Austell, GA	7,362	2,464	10,346	53	2,464	10,399	12,863	435	12,428	Dec-14	39 years
Avon, IN	5,231	704	7,123	67	704	7,190	7,894	185	7,709	Dec-14	39 years
Batavia, OH(3)	9,589	—	19,664	61	—	19,725	19,725	763	18,962	Dec-14	39 years
Beachwood, OH	12,108	2,384	23,035	549	2,384	23,584	25,968	1,047	24,921	Dec-14	39 years
Benton, AR(3)	9,378	—	20,150	251	—	20,401	20,401	712	19,689	Dec-14	39 years
Bessemer, AL(3)	25,208	—	49,025	169	—	49,194	49,194	1,736	47,458	Dec-14	39 years
Bloomington, IN	5,812	634	8,310	258	634	8,568	9,202	377	8,825	Dec-14	39 years
Boynton Beach, FL(3)	—	—	10,326	288	—	10,614	10,614	402	10,212	Dec-14	39 years
Bradenton, FL(3)	12,723	—	16,855	2,391	—	19,246	19,246	636	18,610	Dec-14	39 years
Brentwood, CA	16,292	2,273	20,262	63	2,273	20,325	22,598	807	21,791	Dec-14	39 years
Brownsburg, IN	17,629	1,358	15,981	73	1,358	16,054	17,412	573	16,839	Dec-14	39 years
Bryant, AR	5,570	573	8,977	28	573	9,005	9,578	311	9,267	Dec-14	39 years
Carlsbad, NM(3)	6,800	—	7,156	22	—	7,178	7,178	328	6,850	Dec-14	39 years
Carmel, IN	22,472	1,106	42,707	275	1,106	42,982	44,088	1,473	42,615	Dec-14	39 years
Carson City, NV	19,179	1,277	26,454	118	1,277	26,572	27,849	1,085	26,764	Dec-14	39 years
Champaign, IL	4,688	1,106	7,203	22	1,106	7,225	8,331	362	7,969	Dec-14	39 years
Chillicothe, OH	—	955	24,895	78	955	24,973	25,928	1,070	24,858	Dec-14	39 years
Chula Vista, CA	22,543	5,179	27,263	971	5,179	28,234	33,413	1,011	32,402	Dec-14	39 years
Cleveland, OH	6,635	1,740	13,336	218	1,740	13,554	15,294	516	14,778	Dec-14	39 years
Columbia, SC	3,874	744	10,679	160	744	10,839	11,583	407	11,176	Dec-14	39 years
Decatur, GA	14,231	2,963	21,538	110	2,963	21,648	24,611	970	23,641	Dec-14/Jan-15	39 years
Des Plaines, IL	9,880	1,840	9,039	136	1,840	9,175	11,015	405	10,610	Dec-14	39 years
DeSoto, TX	9,414	976	9,216	29	976	9,245	10,221	406	9,815	Dec-14	39 years
East Arlington, TX	3,102	3,619	901	63	3,619	964	4,583	196	4,387	May-07	40 years
El Paso, TX(3)	9,996	—	18,462	69	—	18,531	18,531	748	17,783	Dec-14	39 years
Ennis, TX	7,265	573	7,850	25	573	7,875	8,448	258	8,190	Dec-14	39 years
Escanaba, MI(3)	13,437	—	12,462	39	—	12,501	12,501	437	12,064	Dec-14	39 years
Evansville, IN(3)	34,515	—	34,450	108	—	34,558	34,558	1,358	33,200	Dec-14	39 years
Frisco, TX	16,902	2,645	11,225	40	2,645	11,265	13,910	472	13,438	Dec-14	39 years
Greeley, CO	36,636	8,005	40,791	290	8,005	41,081	49,086	1,782	47,304	Dec-14	39 years
Hendersonville, TN	7,846	1,488	9,000	28	1,488	9,028	10,516	434	10,082	Dec-14	39 years

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2015
(Dollars in Thousands)

Column A	Column B	Column C Initial Cost		Column D Capitalized Subsequent to Acquisition	Column E Gross Amount Carried at Close of Period			Column F		Column G	Column H
Location City, State	Encumbrances	Land	Building & Improvements	Land, Buildings & Improvements	Land	Building & Improvements	Total(5)(6)	Accumulated Depreciation	Total	Date Acquired	Life on Which Depreciation is Computed
Highlands Ranch, CO	$ 8,495	$2,062	$ 4,890	$ 484	$2,062	$ 5,374	$ 7,436	$ 253	$ 7,183	Dec-14	39 years
Hilo, HI	8,814	443	9,115	28	443	9,143	9,586	379	9,207	Dec-14	39 years
Hinsdale, IL	37,001	4,948	29,775	1,760	4,948	31,535	36,483	1,323	35,160	Dec-14	39 years
Hobbs, NM(3)	4,262	—	3,924	12	—	3,936	3,936	186	3,750	Dec-14	39 years
Hope, AR(3)	533	—	2,038	6	—	2,044	2,044	107	1,937	Dec-14	39 years
Houston, TX(3)	4,097	—	5,647	77	—	5,724	5,724	312	5,412	Dec-14	39 years
Humble, TX	11,594	332	14,996	47	332	15,043	15,375	496	14,879	Dec-14	39 years
Huntsville, AL(3)	8,718	—	13,126	78	—	13,204	13,204	572	12,632	Dec-14	39 years
Indianapolis, IN	82,160	9,334	112,857	1,641	9,334	114,498	123,832	4,674	119,158	Dec-14	39 years
Jasper, GA	14,505	2,565	14,652	70	2,565	14,722	17,287	671	16,616	Dec-14	39 years
Jersey City, NJ(3)	31,771	—	39,450	137	—	39,587	39,587	1,417	38,170	Dec-14	39 years
Johns Creek, GA	19,469	4,526	24,739	381	4,526	25,120	29,646	1,044	28,602	Dec-14	39 years
Killeen, TX	1,744	292	1,918	6	292	1,924	2,216	77	2,139	Dec-14	39 years
Knoxville, TN	58,785	3,942	75,172	235	3,942	75,407	79,349	2,583	76,766	Dec-14	39 years
Lacombe, LA	11,381	965	17,654	55	965	17,709	18,674	675	17,999	Dec-14	39 years
Lafayette, IN	36,129	3,198	43,616	143	3,198	43,759	46,957	1,703	45,254	Dec-14	39 years
Lake Charles, LA(3)	3,429	—	2,969	9	—	2,978	2,978	160	2,818	Dec-14	39 years
Las Vegas, NM(3)	4,843	—	3,534	11	—	3,545	3,545	168	3,377	Dec-14	39 years
Lawton, OK(3)	11,944	—	11,536	36	—	11,572	11,572	483	11,089	Dec-14	39 years
Lemont, IL	6,683	553	9,013	141	553	9,154	9,707	367	9,340	Dec-14	39 years
Livingston, TX(3)	6,296	—	6,139	19	—	6,158	6,158	259	5,899	Dec-14	39 years
Lufkin, TX(3)	3,962	—	3,603	11	—	3,614	3,614	185	3,429	Dec-14	39 years
Marrietta, GA	13,561	2,062	14,615	73	2,062	14,688	16,750	583	16,167	Dec-14	39 years
Memphis, TN	5,134	412	8,570	42	412	8,612	9,024	369	8,655	Dec-14	39 years
Middletown, NY	119,033	4,998	114,970	359	4,998	115,329	120,327	3,687	116,640	Dec-14	39 years
Muncie, IN	8,136	1,116	8,564	74	1,116	8,638	9,754	405	9,349	Dec-14	39 years
Munster, IN	28,126	2,967	38,565	209	2,967	38,774	41,741	1,274	40,467	Dec-14	39 years
Naperville, IL	9,938	724	8,882	32	724	8,914	9,638	360	9,278	Dec-14	39 years
New Port Richey, FL	3,681	1,126	6,805	21	1,126	6,826	7,952	292	7,660	Dec-14	39 years
Noblesville, IN	15,315	2,011	18,383	387	2,011	18,770	20,781	840	19,941	Dec-14	39 years
Novi, MI	11,623	2,011	16,418	91	2,011	16,509	18,520	684	17,836	Dec-14	39 years
Okatie, SC(3)	6,563	—	9,848	50	—	9,898	9,898	396	9,502	Dec-14	39 years
Pocatello, ID(3)	24,215	—	27,207	90	—	27,297	27,297	936	26,361	Dec-14	39 years
Raleigh, NC(3)	23,317	—	29,549	604	—	30,153	30,153	863	29,290	Dec-14	39 years
Rockhill, NY	35,049	3,007	33,526	105	3,007	33,631	36,638	977	35,661	Dec-14	39 years
Rockwall, TX	30,681	3,238	28,182	169	3,238	28,351	31,589	1,260	30,329	Dec-14	39 years

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Rowlett, TX	$ 3,487	$ 563	$ 3,753	$ 12	$ 563	$ 3,765	$ 4,328	$ 184	$ 4,144	Dec-14	39 years
Ruston, LA	20,583	1,277	24,565	77	1,277	24,642	25,919	1,022	24,897	Dec-14	39 years
San Angelo, TX(3)	8,282	—	12,350	55	—	12,405	12,405	576	11,829	Dec-14	39 years
San Antonio, TX	37,993	1,850	68,017	525	1,850	68,542	70,392	2,419	67,973	Dec-14	39 years
Santa Rosa, CA	19,082	5,149	21,284	91	5,149	21,375	26,524	1,045	25,479	Dec-14	39 years
Sarasota, FL	8,718	795	15,009	108	795	15,117	15,912	577	15,335	Dec-14	39 years
Sartell, MN	7,362	1,106	8,954	32	1,106	8,986	10,092	410	9,682	Dec-14	39 years
Schertz, TX	4,049	483	4,396	40	483	4,436	4,919	176	4,743	Dec-14	39 years
Shelbyville, TN(3)	7,095	—	7,981	35	—	8,016	8,016	376	7,640	Dec-14	39 years
Shenandoah, TX	12,301	1,458	17,510	481	1,458	17,991	19,449	765	18,684	Dec-14	39 years
Spokane, WA	22,548	1,297	64,127	206	1,297	64,333	65,630	2,026	63,604	Dec-14	39 years
St. John, IN	3,487	412	5,208	24	412	5,232	5,644	173	5,471	Dec-14	39 years
St. Petersburg, FL(3)	9,682	—	18,253	229	—	18,482	18,482	697	17,785	Dec-14	39 years
Stockbridge, GA	11,817	1,096	13,818	50	1,096	13,868	14,964	565	14,399	Dec-14	39 years
Sylva, NC(3)	13,561	—	11,673	36	—	11,709	11,709	433	11,276	Dec-14	39 years
Tempe, AZ(3)	8,088	—	14,597	130	—	14,727	14,727	591	14,136	Dec-14	39 years
Temple, TX	7,652	634	10,644	33	634	10,677	11,311	415	10,896	Dec-14	39 years
Texarkana, TX	7,362	583	8,829	28	583	8,857	9,440	346	9,094	Dec-14	39 years
Urbana, IL(3)	12,205	—	15,746	71	—	15,817	15,817	573	15,244	Dec-14	39 years
Vicksburg, MS(3)	11,500	—	14,528	45	—	14,573	14,573	328	14,245	Jun-15	39 years
Victoria, TX(3)	7,546	—	9,347	29	—	9,376	9,376	435	8,941	Dec-14	39 years
Warsaw, IN(3)	6,170	—	5,568	17	—	5,585	5,585	253	5,332	Dec-14	39 years
West Bloomfield, MI	8,911	1,478	7,059	412	1,478	7,471	8,949	296	8,653	Dec-14	39 years
Westminster, CO	17,445	613	23,155	106	613	23,261	23,874	1,002	22,872	Dec-14	39 years
Wharton, TX(3)	5,405	—	4,257	13	—	4,270	4,270	203	4,067	Dec-14	39 years
Total Medical Office Building	1,404,699	124,085	1,805,344	17,742	124,085	1,823,086	1,947,171	70,041	1,877,130		
Skilled Nursing Facilities											
Abingdon, VA	7,151	541	6,751	—	541	6,751	7,292	425	6,867	May-14	40 years
Annandale, VA	7,032	2,520	11,824	—	2,520	11,824	14,344	695	13,649	May-14	40 years
Atlanta, GA	29,446	3,359	29,943	93	3,359	30,036	33,395	928	32,467	Dec-14	39 years
Aurora, IL	12,780	1,382	20,711	120	1,382	20,831	22,213	1,070	21,143	May-14	40 years
Baltimore, MD	7,235	1,761	9,299	—	1,761	9,299	11,060	532	10,528	May-14	40 years
Bastian, VA	3,644	282	3,207	10	282	3,217	3,499	110	3,389	Dec-14	39 years
Belvidere, IL	11,302	597	22,630	823	597	23,453	24,050	1,258	22,792	May-14	40 years
Bend, OR	10,955	1,368	13,238	41	1,368	13,279	14,647	409	14,238	Dec-14	39 years

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Black Mountain, NC	$ 6,023	$ 468	$ 5,786	$ 861	$ 468	$ 6,647	$ 7,115	$ 1,452	$ 5,663	Jul-06	40 years
Blountstown, FL	5,111	378	5,069	908	378	5,977	6,355	1,285	5,070	Jul-06	40 years
Boetourt, VA	4,699	342	7,447	23	342	7,470	7,812	232	7,580	Dec-14	39 years
Castleton, IN	7,453	677	8,077	—	677	8,077	8,754	1,725	7,029	Jun-07	40 years
Chesterfield, IN	4,282	815	4,204	—	815	4,204	5,019	898	4,121	Jun-07	39 years
Clemmons, NC	2,860	337	4,541	33	337	4,574	4,911	932	3,979	Apr-07	40 years
Columbia City, IN	8,339	1,034	6,390	—	1,034	6,390	7,424	1,364	6,060	Jun-07	40 years
Conyers, GA	20,147	1,850	26,868	84	1,850	26,952	28,802	791	28,011	Dec-14	39 years
Covington, GA	21,019	1,478	21,611	67	1,478	21,678	23,156	660	22,496	Dec-14	39 years
Crestwood, IL	15,002	1,600	24,785	353	1,600	25,138	26,738	1,262	25,476	May-14	40 years
Dalton, MA	7,050	1,820	3,022	9	1,820	3,031	4,851	77	4,774	Dec-14	39 years
Daly City, CA	22,205	3,298	1,872	12,323	3,298	14,195	17,493	7,701	9,792	Aug-07	40 years
Decatur, IL	14,098	1,959	23,365	496	1,959	23,861	25,820	1,402	24,418	May-14	40 years
Dunkirk, IN	2,164	310	2,299	—	310	2,299	2,609	491	2,118	Jun-07	40 years
Eustis, FL	14,692	821	4,629	—	821	4,629	5,450	301	5,149	May-14	40 years
Fort Lauderdale, FL	5,470	583	5,592	—	583	5,592	6,175	297	5,878	May-14	40 years
Fort Myers, FL	4,738	1,060	12,343	19	1,060	12,362	13,422	635	12,787	May-14	40 years
Fort Wayne, IN	5,048	1,478	4,409	—	1,478	4,409	5,887	942	4,945	Jun-07	40 years
Gainesville, FL	12,409	1,099	22,002	351	1,099	22,353	23,452	1,075	22,377	May-14	40 years
Gainesville, GA	14,432	1,167	17,273	54	1,167	17,327	18,494	521	17,973	Dec-14	39 years
Grants Pass, OR	10,200	1,247	11,425	36	1,247	11,461	12,708	362	12,346	Dec-14	39 years
Hartford City, IN	721	199	1,782	—	199	1,782	1,981	380	1,601	Jun-07	40 years
Hobart, IN	5,860	1,835	5,019	—	1,835	5,019	6,854	1,072	5,782	Jun-07	40 years
Hot Springs, VA	2,973	292	3,167	10	292	3,177	3,469	109	3,360	Dec-14	39 years
Huntington, IN	5,094	646	5,037	—	646	5,037	5,683	1,075	4,608	Jun-07	40 years
Hyde Park, MA	2,092	1,130	568	2	1,130	570	1,700	11	1,689	Dec-14	39 years
Jacksonville, FL	16,778	2,640	28,470	49	2,640	28,519	31,159	1,609	29,550	May-14	40 years
Joliet, IL	16,833	1,113	24,696	449	1,113	25,145	26,258	1,215	25,043	May-14	40 years
Kissimmee, FL	5,628	1,122	16,503	—	1,122	16,503	17,625	851	16,774	May-14	40 years
LaGrange, IN	4,829	446	5,494	—	446	5,494	5,940	1,173	4,767	Jun-07	40 years
Lakeland, FL	14,595	1,477	18,811	—	1,477	18,811	20,288	1,026	19,262	May-14	40 years
Largo, FL	18,770	2,277	30,507	44	2,277	30,551	32,828	1,662	31,166	May-14	40 years
Lebanon, VA	4,507	352	4,710	15	352	4,725	5,077	153	4,924	Dec-14	39 years
Lincoln, IL	2,913	904	2,865	127	904	2,992	3,896	337	3,559	May-14	40 years
Longwood, FL	6,230	973	8,557	—	973	8,557	9,530	479	9,051	May-14	40 years
Low Moor, VA	8,918	734	10,021	31	734	10,052	10,786	319	10,467	Dec-14	39 years

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McMinnville, TN	$ 5,141	$ 1,078	$ 7,235	$ —	$ 1,078	$ 7,235	$ 8,313	$ 470	$ 7,843	May-14	40 years
Memphis, TN	14,723	1,539	15,274	48	1,539	15,322	16,861	469	16,392	Dec-14	39 years
Middletown, IN	3,831	184	4,750	—	184	4,750	4,934	1,014	3,920	Jun-07	40 years
Midlothian, VA	14,747	1,770	18,788	59	1,770	18,847	20,617	570	20,047	Dec-14	39 years
Millington, TN	15,207	503	16,324	51	503	16,375	16,878	492	16,386	Dec-14	39 years
Milton, PA	9,685	1,418	9,954	38	1,418	9,992	11,410	326	11,084	Dec-14	39 years
Mobile, AL	9,783	382	9,577	30	382	9,607	9,989	310	9,679	Dec-14	39 years
Morris, IL	3,833	568	9,103	(2,682)	568	6,421	6,989	1,637	5,352	May-06	40 years
Mt. Sterling, KY	9,430	996	12,561	373	996	12,934	13,930	2,699	11,231	Feb-07	40 years
Niles, MI	4,572	498	6,667	—	498	6,667	7,165	449	6,716	May-14	40 years
North Bend, WA	2,267	734	833	3	734	836	1,570	45	1,525	Dec-14	39 years
Olympia, WA	2,550	362	2,152	7	362	2,159	2,521	70	2,451	Dec-14	39 years
Ormond Beach, FL	11,743	2,072	15,817	—	2,072	15,817	17,889	990	16,899	May-14	40 years
Palm Harbor, FL	14,465	1,011	13,994	63	1,011	14,057	15,068	764	14,304	May-14	40 years
Peru, IN	4,507	502	7,135	—	502	7,135	7,637	1,523	6,114	Jun-07	40 years
Philadelphia, PA	147,260	4,939	165,954	519	4,939	166,473	171,412	5,005	166,407	Dec-14	39 years
Pittsfield, MA	9,343	2,620	4,278	13	2,620	4,291	6,911	112	6,799	Dec-14	39 years
Prineville, OR	944	563	1,406	4	563	1,410	1,973	58	1,915	Dec-14	39 years
Redmond, OR	6,139	543	6,790	21	543	6,811	7,354	212	7,142	Dec-14	39 years
Rockport, IN	2,119	619	2,092	—	619	2,092	2,711	446	2,265	Jun-07	40 years
Royersford, PA	41,002	20,164	23,921	75	20,164	23,996	44,160	838	43,322	Dec-14	39 years
Rushville, IN	5,401	310	5,858	—	310	5,858	6,168	1,251	4,917	Jun-07	40 years
Sarasota, FL	9,355	1,406	15,946	8	1,406	15,954	17,360	883	16,477	May-14	40 years
Shreveport, LA	20,341	945	23,371	73	945	23,444	24,389	737	23,652	Dec-14	39 years
Snellville, GA	22,956	2,876	25,527	80	2,876	25,607	28,483	766	27,717	Dec-14	39 years
Soddy Daisy, TN	8,587	947	9,956	—	947	9,956	10,903	629	10,274	May-14	40 years
St. Petersburg, FL	12,290	1,489	11,266	—	1,489	11,266	12,755	701	12,054	May-14	40 years
Sterling, IL	5,232	129	6,229	(1,145)	129	5,084	5,213	1,399	3,814	May-06	40 years
Sullivan, IN	5,344	1,794	4,469	—	1,794	4,469	6,263	953	5,310	Jun-07	40 years
Syracuse, IN	4,733	125	4,564	—	125	4,564	4,689	975	3,714	Jun-07	40 years
Tacoma, WA	10,200	1,901	10,763	34	1,901	10,797	12,698	362	12,336	Dec-14	39 years
Tampa, FL	11,270	1,892	20,724	—	1,892	20,724	22,616	1,163	21,453	May-14	40 years
Three Rivers, MI	4,004	590	5,354	—	590	5,354	5,944	416	5,528	May-14	40 years
Tipton, IN	9,944	1,102	10,836	(26)	1,102	10,810	11,912	2,129	9,783	Jun-07	40 years
Vero Beach, FL	6,555	672	7,531	—	672	7,531	8,203	407	7,796	Jun-07	40 years
Wabash, IN	6,311	2,511	5,024	—	2,511	5,024	7,535	1,072	6,463	Jun-07	40 years

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Wakarusa, IN	$ 9,316	$ 289	$ 13,420	$ —	$ 289	$ 13,420	$ 13,709	$ 2,866	$ 10,843	Jun-07	40 years
Watsontown, PA	5,479	684	4,626	63	684	4,689	5,373	170	5,203	Dec-14	39 years
West Melbourne, FL	10,696	1,659	10,792	—	1,659	10,792	12,451	701	11,750	May-14	40 years
Yuma, AZ	11,623	875	17,617	55	875	17,672	18,547	542	18,005	Dec-14	39 years
Total Skilled Nursing Facilities	926,655	117,032	1,075,297	15,195	117,032	1,090,492	1,207,524	77,924	1,129,600		
Assisted Living Facilities - RIDEA											
Albany, OR	10,400	510	13,149	24	510	13,173	13,683	617	13,066	May-14	40 years
Baker City, OR	4,697	510	8,195	207	510	8,402	8,912	464	8,448	May-14	40 years
Battle Ground, WA	9,525	740	12,503	32	740	12,535	13,275	634	12,641	May-14	40 years
Bremerton, WA	4,562	964	8,171	874	964	9,045	10,009	2,064	7,945	Jan-07	40 years
Carrollton, GA	6,911	816	4,220	3,325	816	7,545	8,361	1,426	6,935	May-14	40 years
Casa Grande, AZ	8,998	420	11,907	383	420	12,290	12,710	698	12,012	May-14	40 years
Cedar Park, TX	6,140	1,230	3,318	112	1,230	3,430	4,660	230	4,430	Jan-07	40 years
Charleston, IL	3,939	485	6,211	752	485	6,963	7,448	1,570	5,878	Jan-07/Dec-14	40 years
Cincinnati, OH	179,005	14,623	166,505	1,358	14,623	167,863	182,486	8,260	174,226	Jan-07	40 years
Clinton, OK	691	225	3,513	627	225	4,140	4,365	1,153	3,212	May-14	40 years
College Place, WA	7,575	580	9,823	154	580	9,977	10,557	478	10,079	Dec-14	39 years
Colorado Springs, CO	80,783	9,451	62,289	194	9,451	62,483	71,934	1,731	70,203	May-14	40 years
Corpus Christi, TX	15,150	2,269	17,396	365	2,269	17,761	20,030	954	19,076	Dec-14	39 years
Dalton, MA	10,674	1,210	10,988	268	1,210	11,256	12,466	306	12,160	May-07	40 years
Effingham, IL	9,135	811	9,684	410	811	10,094	10,905	1,579	9,326	Jan-07/Dec-14	40 years
Elk City, OK	4,700	143	6,721	1,062	143	7,783	7,926	1,828	6,098	Jan-07	40 years
Eugene, OR	12,640	840	14,813	148	840	14,961	15,801	745	15,056	May-14	40 years
Fairfield, IL	4,976	153	7,898	101	153	7,999	8,152	1,809	6,343	Jan-07	40 years
Fullerton, CA	7,464	5,422	9,436	456	5,422	9,892	15,314	2,305	13,009	Jan-07	40 years
Garden Grove, CA	6,704	6,975	5,927	286	6,975	6,213	13,188	1,483	11,705	Jan-07	40 years
Grants Pass, OR	7,520	490	6,900	31	490	6,931	7,421	410	7,011	May-14	40 years
Greenville, IL	8,420	220	9,387	29	220	9,416	9,636	258	9,378	Dec-14	39 years
Grove City, OH	4,890	613	6,882	1,259	613	8,141	8,754	1,628	7,126	Jun-07	40 years
Harrisburg, IL	2,808	191	5,059	73	191	5,132	5,323	1,138	4,185	Jun-07	40 years
Hood River, OR	9,360	390	11,113	79	390	11,192	11,582	590	10,992	May-14	40 years
Junction City, OR	4,531	840	5,984	230	840	6,214	7,054	366	6,688	May-14	40 years
Kingfisher, OK	1,106	128	5,497	309	128	5,806	5,934	1,456	4,478	Jan-07	40 years
La Grande, OR	7,272	430	9,635	306	430	9,941	10,371	531	9,840	May-14	40 years
La Vista, NE	2,558	562	4,966	434	562	5,400	5,962	1,254	4,708	Jan-07	40 years

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Lake Wylie, SC	$ 16,183	$1,210	$ 19,856	$ 719	$1,210	$ 20,575	$ 21,785	$ 1,012	$20,773	May-14	40 years
Lancaster, OH	8,429	1,014	11,874	1,654	1,014	13,528	14,542	2,373	12,169	Jun-07/Jan-12	40 years
League City, TX	16,607	2,539	20,426	231	2,539	20,657	23,196	1,064	22,132	May-14	40 years
Lincolnwood, IL	72,879	4,970	78,805	246	4,970	79,051	84,021	2,186	81,835	Dec-14	39 years
Mahomet, IL	7,177	290	6,779	21	290	6,800	7,090	187	6,903	Dec-14	39 years
Marysville, OH	4,501	2,218	5,015	495	2,218	5,510	7,728	1,309	6,419	Jun-07	40 years
Mattoon, IL	9,261	437	14,405	695	437	15,100	15,537	3,368	12,169	Jan-07	40 years
McMinnville, OR	10,715	650	11,686	188	650	11,874	12,524	649	11,875	May-14	40 years
Memphis, TN	15,712	5,791	19,902	1,241	5,791	21,143	26,934	3,910	23,024	Jan 07/Dec 14	40 years
Mobile, AL	4,540	510	6,848	(4,764)	510	2,084	2,594	388	2,206	May-14	40 years
Mt. Zion, IL	5,187	290	2,305	7	290	2,312	2,602	61	2,541	Dec-14	39 years
Northglenn, CO	29,120	1,530	28,245	265	1,530	28,510	30,040	1,396	28,644	May-14	40 years
Oklahoma City, OK	1,451	757	5,184	364	757	5,548	6,305	1,445	4,860	Jan-07	40 years
Olney, IL	8,086	166	8,316	480	166	8,796	8,962	1,992	6,970	Jan-07	40 years
Paris, IL	6,082	187	6,797	81	187	6,878	7,065	1,538	5,527	Jan-07	40 years
Port Orchard, WA	6,539	790	8,763	183	790	8,946	9,736	426	9,310	May-14	40 years
Raleigh, NC	11,132	1,000	16,416	146	1,000	16,562	17,562	832	16,730	May-14	40 years
Rantoul, IL	6,289	151	5,377	374	151	5,751	5,902	1,291	4,611	Jan-07	40 years
Robinson, IL	4,285	219	4,746	118	219	4,864	5,083	1,133	3,950	Jan-07	40 years
Rockford, IL	4,907	1,101	4,814	98	1,101	4,912	6,013	1,128	4,885	Jan-07	40 years
Rogue River, OR	4,373	590	5,310	116	590	5,426	6,016	303	5,713	May-14	40 years
Roseburg, OR	25,142	2,160	23,626	219	2,160	23,845	26,005	1,146	24,859	May-14	40 years
Round Rock, TX	22,578	2,570	28,717	168	2,570	28,885	31,455	1,418	30,037	May-14	40 years
Sacramento, CA	11,474	1,570	18,259	18	1,570	18,277	19,847	893	18,954	May-14	40 years
Santa Ana, CA	3,525	2,281	7,046	238	2,281	7,284	9,565	1,722	7,843	Jan-07	40 years
Seaside, OR	605	720	3,526	215	720	3,741	4,461	261	4,200	May-14	40 years
Staunton, IL	9,248	180	8,433	26	180	8,459	8,639	231	8,408	Dec-14	39 years
Stephenville, TX	2,972	507	6,459	420	507	6,879	7,386	1,612	5,774	Jan-07	40 years
Sugar Land, TX	29,693	2,240	31,010	284	2,240	31,294	33,534	1,503	32,031	May-14	40 years
Sycamore, IL	8,155	816	9,897	182	816	10,079	10,895	2,274	8,621	Jan-07	40 years
Temple, TX	15,564	2,260	20,149	1,369	2,260	21,518	23,778	1,072	22,706	May-14	40 years
Tuscola, IL	4,460	237	4,616	293	237	4,909	5,146	1,158	3,988	Jan-07	40 years
Tyler, TX	10,333	2,020	12,719	202	2,020	12,921	14,941	747	14,194	May-14	40 years
Ukiah, CA	4,942	990	7,637	76	990	7,713	8,703	417	8,286	May-14	40 years
Vandalia, IL	6,566	82	7,969	91	82	8,060	8,142	1,804	6,338	Jan-07	40 years
Washington Court House, OH	4,390	341	5,169	1,666	341	6,835	7,176	1,301	5,875	Jun-07	40 years

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Location City, State	Encumbrances	Land	Building & Improvements	Land, Buildings & Improvements	Land	Building & Improvements	Total(5)(6)	Accumulated Depreciation	Total	Date Acquired	Life on Which Depreciation is Computed
Weatherford, OK	$ 1,521	$ 229	$ 5,600	$ 398	$ 229	$ 5,998	$ 6,227	$ 1,540	$ 4,687	Jan-07	40 years
Wenatchee, WA	15,600	1,340	17,486	115	1,340	17,601	18,941	891	18,050	May-14	40 years
Wichita, KS	5,322	2,282	10,478	425	2,282	10,903	13,185	2,153	11,032	Dec-07	40 years
Woodburn, OR	4,023	310	6,619	163	310	6,782	7,092	340	6,752	May-14	40 years
Total Assisted Living Facilities - RIDEA	882,702	101,786	985,374	23,414	101,786	1,008,788	1,110,574	88,439	1,022,135		
Assisted Living Facilities(1)											
Alexandria, MN	1,653	260	2,200	—	260	2,200	2,460	168	2,292	Jun-13	40 years
Ascot, UK	16,341	2,286	19,289	—	2,286	19,289	21,575	537	21,038	Dec-14	39 years
Auchtermuchty, UK	2,580	333	3,074	—	333	3,074	3,407	86	3,321	Dec-14	39 years
Baxter, MN	1,868	220	2,786	77	220	2,863	3,083	211	2,872	Jun-13	40 years
Bend, OR	26,569	2,676	36,595	14	2,676	36,609	39,285	1,792	37,493	Dec-14	39 years
Bishops Hull, UK	5,451	1,262	5,935	—	1,262	5,935	7,197	165	7,032	Dec-14	39 years
Braintree, UK	1,953	554	2,024	—	554	2,024	2,578	57	2,521	Dec-14	39 years
Bromley, UK	4,059	1,247	4,112	—	1,247	4,112	5,359	115	5,244	Dec-14	39 years
Camberely, UK	2,902	2,663	1,168	—	2,663	1,168	3,831	33	3,798	Dec-14	39 years
Chippenham, UK	5,478	1,778	5,454	—	1,778	5,454	7,232	152	7,080	Dec-14	39 years
Chipping Campden, UK	10,058	1,732	11,548	—	1,732	11,548	13,280	321	12,959	Dec-14	39 years
Chobham, UK	14,325	2,309	16,604	—	2,309	16,604	18,913	462	18,451	Dec-14	39 years
Cloquet, MN	2,587	170	4,021	62	170	4,083	4,253	289	3,964	Jun-13	40 years
Corvallis, OR	6,800	744	6,338	20	744	6,358	7,102	198	6,904	Dec-14	39 years
Cranleigh, UK	9,599	2,694	9,979	—	2,694	9,979	12,673	278	12,395	Dec-14	39 years
Denham, UK	8,555	1,801	7,761	1,732	1,801	9,493	11,294	232	11,062	Dec-14	39 years
Detroit Lakes, MN	4,528	290	4,174	144	290	4,318	4,608	334	4,274	Jun-13	40 years
Dorking, UK	5,946	1,478	6,372	—	1,478	6,372	7,850	178	7,672	Dec-14	39 years
Duluth, MN	15,450	1,300	16,791	—	1,300	16,791	18,091	1,172	16,919	Jun-13	40 years
Durham, NC	20,728	2,434	23,631	74	2,434	23,705	26,139	692	25,447	Dec-14	39 years
Eustis, FL(3)	412	—	—	—	—	—	—	—	—	May-14	40 years
Farleigh Common, UK	15,889	2,328	18,651	—	2,328	18,651	20,979	519	20,460	Dec-14	39 years
Farmoor, UK	15,898	1,778	15,700	3,512	1,778	19,212	20,990	437	20,553	Dec-14	39 years
Fayetteville, NC	11,527	1,187	9,598	30	1,187	9,628	10,815	297	10,518	Dec-14	39 years
Fishcross, UK	8,069	2,155	8,499	—	2,155	8,499	10,654	237	10,417	Dec-14	39 years
Fuguay-Varina, NC	16,079	1,126	19,556	61	1,126	19,617	20,743	576	20,167	Dec-14	39 years
Grand Rapids, MN	1,509	160	3,849	71	160	3,920	4,080	278	3,802	Jun-13	40 years
Haywards Heath, UK	9,350	1,455	10,890	—	1,455	10,890	12,345	303	12,042	Dec-14	39 years
Hulcott, UK	5,344	1,559	4,481	1,016	1,559	5,497	7,056	137	6,919	Dec-14	39 years

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Indianapolis, IN	$ 2,463	$ 210	$ 2,511	$ —	$ 210	$ 2,511	$ 2,721	$ 536	$ 2,185	Jun-07	40 years
Kincardine, UK	3,483	748	3,850	—	748	3,850	4,598	108	4,490	Dec-14	39 years
Kingston upon Thames, UK	24,504	3,502	28,850	—	3,502	28,850	32,352	802	31,550	Dec-14	39 years
Kissimmee, FL	343	337	213	—	337	213	550	14	536	May-14	40 years
Knightdale, NC	15,304	2,223	16,717	52	2,223	16,769	18,992	496	18,496	Dec-14	39 years
La Grande, OR	9,642	1,420	10,968	—	1,420	10,968	12,388	647	11,741	May-14	40 years
LaGrange, IN	490	47	584	—	47	584	631	125	506	Jun-07	40 years
Lebanon, OR	11,043	1,358	14,557	—	1,358	14,557	15,915	765	15,150	May-14	40 years
Leven, UK	3,324	499	3,890	—	499	3,890	4,389	109	4,280	Dec-14	39 years
Lewes, UK	4,444	1,085	4,099	684	1,085	4,783	5,868	121	5,747	Dec-14	39 years
Lightwater, UK	3,639	1,578	3,227	—	1,578	3,227	4,805	90	4,715	Dec-14	39 years
Lincolnton, NC	16,079	1,076	21,591	67	1,076	21,658	22,734	633	22,101	Dec-14	39 years
Liss, UK	4,691	1,501	4,693	—	1,501	4,693	6,194	132	6,062	Dec-14	39 years
Merstham, UK	10,086	2,001	11,315	—	2,001	11,315	13,316	315	13,001	Dec-14	39 years
Monroe, NC	15,788	1,348	23,521	73	1,348	23,594	24,942	689	24,253	Dec-14	39 years
Mooresville, IN	4,282	631	4,187	—	631	4,187	4,818	894	3,924	Jun-07	40 years
Mountain Iron, MN	2,803	175	3,651	70	175	3,721	3,896	266	3,630	Jun-13	40 years
Nuffield, UK	4,636	1,617	4,504	—	1,617	4,504	6,121	126	5,995	Dec-14	39 years
Nuneaton, UK	5,089	1,801	4,918	—	1,801	4,918	6,719	137	6,582	Dec-14	39 years
Oregon City, OR	12,507	1,633	16,058	—	1,633	16,058	17,691	817	16,874	May-14	40 years
Park Rapids, MN	1,725	50	2,683	142	50	2,825	2,875	209	2,666	Jun-13	40 years
Plymouth, IN	3,471	128	5,538	—	128	5,538	5,666	1,182	4,484	Jun-07	40 years
Portage, IN	4,958	1,438	7,988	—	1,438	7,988	9,426	1,706	7,720	Jun-07	40 years
Prineville, OR	4,816	231	4,901	15	231	4,916	5,147	158	4,989	Dec-14	39 years
Proctor, MN	5,677	300	7,920	—	300	7,920	8,220	537	7,683	Jun-13	40 years
Redmond, OR	3,589	241	2,208	7	241	2,215	2,456	82	2,374	Dec-14	39 years
Rendlesham, UK	12,035	3,344	12,545	—	3,344	12,545	15,889	353	15,536	Dec-14	39 years
Rushville, IN	729	62	1,177	—	62	1,177	1,239	251	988	Jun-07	40 years
Salem, OR	3,589	503	3,480	11	503	3,491	3,994	113	3,881	Dec-14	39 years
Sauchie, UK	7,512	1,584	8,333	—	1,584	8,333	9,917	233	9,684	Dec-14	39 years
Scarning, UK	5,036	1,872	4,777	—	1,872	4,777	6,649	134	6,515	Dec-14	39 years
Sevenoaks, UK	6,200	1,458	6,728	—	1,458	6,728	8,186	188	7,998	Dec-14	39 years
Shipton-Under-Wychwood, UK	11,799	2,309	13,269	—	2,309	13,269	15,578	370	15,208	Dec-14	39 years
Sompting, UK	2,635	1,261	2,218	—	1,261	2,218	3,479	62	3,417	Dec-14	39 years
Sonning Common, UK	17,811	2,479	21,037	—	2,479	21,037	23,516	585	22,931	Dec-14	39 years
St George, UK	5,649	2,771	4,687	—	2,771	4,687	7,458	131	7,327	Dec-14	39 years

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St Peter, UK	$ 12,254	$ 3,502	$ 12,676	$ —	$ 3,502	$ 12,676	$ 16,178	$ 354	$ 15,824	Dec-14	39 years
Sullivan, IN	966	596	441	—	596	441	1,037	95	942	Jun-07	39 years
Swansea, IL	6,043	527	5,737	58	527	5,795	6,322	430	5,892	May-14	40 years
Teddington, UK	16,998	539	21,904	—	539	21,904	22,443	610	21,833	Dec-14	39 years
Tunbridge Wells, UK	5,460	1,455	5,754	—	1,455	5,754	7,209	160	7,049	Dec-14	39 years
Wakarusa, IN	5,996	153	7,111	—	153	7,111	7,264	1,518	5,746	Jun-07	40 years
Warsaw, IN	2,479	396	3,722	—	396	3,722	4,118	795	3,323	Jun-07	40 years
Wimborne, UK	5,798	2,251	5,404	—	2,251	5,404	7,655	152	7,503	Dec-14	39 years
Winshill, UK	6,942	1,617	7,550	—	1,617	7,550	9,167	210	8,957	Dec-14	39 years
Wootton Bassett, UK	5,141	2,166	4,621	—	2,166	4,621	6,787	129	6,658	Dec-14	39 years
Yelverton, UK	927	231	993	—	231	993	1,224	28	1,196	Dec-14	39 years
Total Assisted Living Facilities	572,382	98,233	650,386	7,992	98,233	658,378	756,611	28,853	727,758		
Hospitals											
Athens, GA	14,626	1,830	17,307	54	1,830	17,361	19,191	500	18,691	Dec-14	39 years
Cape Girardeau, MO	9,783	674	12,034	38	674	12,072	12,746	349	12,397	Dec-14	39 years
Columbia, MO	12,979	1,328	10,921	34	1,328	10,955	12,283	302	11,981	Dec-14	39 years
Gardena, CA	55,387	5,824	55,652	175	5,824	55,827	61,651	1,664	59,987	Dec-14	39 years
Houston, TX	23,649	2,253	18,972	257	2,253	19,229	21,482	558	20,924	Dec-14	39 years
Humble, TX	14,327	613	12,137	38	613	12,175	12,788	377	12,411	Dec-14	39 years
Joplin, MO	10,945	1,056	8,692	27	1,056	8,719	9,775	244	9,531	Dec-14	39 years
Lafayette, LA	12,931	1,408	9,940	31	1,408	9,971	11,379	277	11,102	Dec-14	39 years
Los Angeles, CA	29,275	4,636	28,008	87	4,636	28,095	32,731	852	31,879	Dec-14	39 years
Murray, UT	15,595	1,720	13,181	41	1,720	13,222	14,942	374	14,568	Dec-14	39 years
Muskogee, OK	12,398	483	19,809	62	483	19,871	20,354	559	19,795	Dec-14	39 years
Norwalk, CA	27,436	4,083	10,932	34	4,083	10,966	15,049	364	14,685	Dec-14	39 years
Total Hospitals	239,331	25,908	217,585	878	25,908	218,463	244,371	6,420	237,951		
Total Healthcare(2)	4,025,769	467,044	4,733,986	65,221	467,044	4,799,207	5,266,251	271,677	4,994,574		
Hotels											
Addison, TX	29,900	3,927	28,185	1,424	3,927	29,609	33,536	2,245	31,291	Jun-14	40 years
Albany, NY	27,324	4,918	25,824	198	4,918	26,022	30,940	1,034	29,906	Nov-14	40 years
Albuquerque, NM	19,582	1,753	23,792	1,829	1,753	25,621	27,374	923	26,451	Nov-14	40 years
Altamonte Springs, FL	8,000	2,352	5,776	932	2,352	6,708	9,060	875	8,185	Jun-14	15 years
Ann Arbor, MI	28,782	4,088	26,376	344	4,088	26,720	30,808	1,075	29,733	Nov-14	40 years
Annapolis Junction, MD	15,028	1,613	13,343	844	1,613	14,187	15,800	565	15,235	Nov-14	40 years

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Ardmore, OK	$ 7,377	$ 409	$ 6,558	$ 214	$ 409	$ 6,772	$ 7,181	$ 444	$ 6,737	Aug-14	40 years
Arlington, TX	29,301	3,280	32,111	385	3,280	32,496	35,776	2,112	33,664	Jun-14/Sep-14	40 years
Atlanta, GA	33,802	7,445	38,990	4,415	7,445	43,405	50,850	2,819	48,031	Jun-14/Sep-14	40 years
Atlantic City, NJ	16,670	2,792	13,327	2,718	2,792	16,045	18,837	1,017	17,820	Jun-14	40 years
Augusta, GA	15,103	2,080	16,711	128	2,080	16,839	18,919	1,016	17,903	Sep-14	40 years
Baton Rouge, LA	11,476	1,574	12,953	568	1,574	13,521	15,095	572	14,523	Nov-14	40 years
Bellevue, WA	28,100	6,460	24,885	35	6,460	24,920	31,380	3,023	28,357	Jun-14	15 years
Belmont, CA	45,200	10,555	39,920	2,562	10,555	42,482	53,037	2,682	50,355	Jun-14	40 years
Binghamton, NY	7,060	1,408	7,423	278	1,408	7,701	9,109	682	8,427	Jun-14	15 years
Blue Ash, OH	14,139	2,311	20,168	134	2,311	20,302	22,613	1,195	21,418	Sep-14	40 years
Bothell, WA	20,620	4,058	20,025	21	4,058	20,046	24,104	2,488	21,616	Jun-14	15 years
Brentwood, TN	17,915	2,656	20,147	174	2,656	20,321	22,977	1,176	21,801	Sep-14	40 years
Brownsville, TX	10,474	624	10,969	700	624	11,669	12,293	482	11,811	Nov-14	40 years
Buena Park, CA	19,763	9,187	13,026	101	9,187	13,127	22,314	760	21,554	Sep-14	40 years
Campbell, CA	20,450	5,531	16,547	122	5,531	16,669	22,200	1,752	20,448	Jun-14	40 years
Cary, NC	18,398	1,552	22,537	2,159	1,552	24,696	26,248	975	25,273	Nov-14	40 years
Chapel Hill, NC	19,491	1,508	18,756	81	1,508	18,837	20,345	694	19,651	Nov-14	40 years
Charlotte, NC	11,649	1,107	18,512	188	1,107	18,700	19,807	1,080	18,727	Sep-14	40 years
Cherry Hill, NJ	12,560	2,665	10,380	994	2,665	11,374	14,039	1,628	12,411	Jun-14	15 years
Colorado Springs, CO	27,688	2,835	27,865	3,739	2,835	31,604	34,439	1,232	33,207	Nov-14	40 years
Columbia, MD	5,800	1,191	6,134	290	1,191	6,424	7,615	444	7,171	Jun-14	40 years
Columbus, GA	4,745	1,396	7,470	219	1,396	7,689	9,085	545	8,540	Sep-14	40 years
Columbus, OH	10,604	1,805	12,684	180	1,805	12,864	14,669	775	13,894	Sep-14	40 years
Cotulla, TX	6,762	365	8,344	670	365	9,014	9,379	580	8,799	Aug-14	40 years
Cranbury, NJ	14,573	1,836	16,831	418	1,836	17,249	19,085	683	18,402	Nov-14	40 years
Dallas, TX	12,660	1,030	12,187	1,554	1,030	13,741	14,771	570	14,201	Nov-14	40 years
Danbury, CT	8,015	1,231	9,601	65	1,231	9,666	10,897	425	10,472	Nov-14	40 years
Dearborn, MI	13,496	1,856	15,297	141	1,856	15,438	17,294	992	16,302	Sep-14	40 years
Denton, TX	6,148	1,176	6,638	1,925	1,176	8,563	9,739	528	9,211	Aug-14	40 years
Denver, CO	47,400	9,258	41,619	442	9,258	42,061	51,319	5,225	46,094	Jun-14	15 years
Doral, FL	17,754	4,024	21,217	197	4,024	21,414	25,438	1,254	24,184	Sep-14	40 years
Dublin, OH	9,721	2,492	10,419	221	2,492	10,640	13,132	712	12,420	Sep-14	40 years
Duluth, GA	10,110	1,024	11,109	662	1,024	11,771	12,795	497	12,298	Nov-14	40 years
El Paso, TX	20,492	2,063	18,740	1,172	2,063	19,912	21,975	1,192	20,783	Aug-14	40 years
El Segundo, CA	27,050	5,041	24,161	2,578	5,041	26,739	31,780	1,687	30,093	Jun-14	40 years
Elizabeth, NJ	43,719	3,242	47,287	1,544	3,242	48,831	52,073	1,910	50,163	Nov-14	40 years

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Elmsford, NY	$ 21,860	$ 2,855	$ 17,619	$ 415	$ 2,855	$ 18,034	$ 20,889	$ 712	$20,177	Nov-14	40 years
Fairfax, VA	9,801	3,982	7,745	865	3,982	8,610	12,592	391	12,201	Sep-14	40 years
Federal Way, WA	26,231	1,633	24,493	365	1,633	24,858	26,491	898	25,593	Nov-14	40 years
Fort Lauderdale, FL(3)	9,450	—	10,537	542	—	11,079	11,079	731	10,348	Jun-14	40 years
Fort Walton Beach, FL	30,550	6,414	24,996	1,626	6,414	26,622	33,036	2,202	30,834	Jun-14	40 years
Fort Worth, TX	6,011	675	5,907	92	675	5,999	6,674	282	6,392	Nov-14	40 years
Foxborough, MA	18,566	2,103	17,843	6	2,103	17,849	19,952	401	19,551	Jun-15	40 years
Franklin, MA	15,905	1,967	17,873	—	1,967	17,873	19,840	421	19,419	Jun-15	40 years
Fremont, CA	35,608	9,347	26,948	174	9,347	27,122	36,469	2,443	34,026	Jun-14/Sep-14	15-40 years
Gaithersburg, MD	20,800	2,708	19,670	2,373	2,708	22,043	24,751	1,824	22,927	Jun-14	40 years
Hampton, VA	2,720	910	6,279	132	910	6,411	7,321	386	6,935	Sep-14	40 years
Harlingen, TX	14,846	3,291	12,868	1,633	3,291	14,501	17,792	593	17,199	Nov-14	40 years
Harrisburg, PA	14,700	2,429	13,025	396	2,429	13,421	15,850	1,674	14,176	Jun-14	15 years
Hauppauge, NY	13,662	911	14,855	657	911	15,512	16,423	610	15,813	Nov-14	40 years
Herndon, VA	14,380	2,849	12,626	66	2,849	12,692	15,541	807	14,734	Sep-14	40 years
Homewood, AL	16,850	971	16,808	362	971	17,170	18,141	611	17,530	Nov-14	40 years
Horsham, PA	6,770	1,359	5,766	1,608	1,359	7,374	8,733	673	8,060	Jun-14	40 years
Houma, LA	23,361	1,591	22,599	532	1,591	23,131	24,722	1,647	23,075	Aug-14	40 years
Houston, TX	59,112	10,474	55,814	1,096	10,474	56,910	67,384	2,418	64,966	Nov-14	40 years
Hunt Valley, MD	13,577	3,000	11,291	153	3,000	11,444	14,444	644	13,800	Sep-14	40 years
Irving, TX	27,823	3,348	31,182	1,225	3,348	32,407	35,755	1,704	34,051	Sep-14/Nov-14	40 years
Islandia, NY	15,450	3,387	13,672	1,109	3,387	14,781	18,168	1,106	17,062	Jun-14	40 years
Keene, NH	12,314	1,560	12,429	7	1,560	12,436	13,996	257	13,739	Jun-15	40 years
Lafayette, LA	7,787	563	6,883	940	563	7,823	8,386	395	7,991	Aug-14	40 years
Lancaster, CA	22,131	2,508	21,683	2,813	2,508	24,496	27,004	1,200	25,804	Aug-14	40 years
Landover, MD	6,431	1,918	10,342	106	1,918	10,448	12,366	604	11,762	Sep-14	40 years
Laredo, TX	10,656	583	10,786	190	583	10,976	11,559	526	11,033	Aug-14	40 years
Las Colinas, TX	18,250	2,589	16,592	3,537	2,589	20,129	22,718	1,469	21,249	Jun-14	40 years
Lebanon, NJ	18,216	2,486	17,993	68	2,486	18,061	20,547	693	19,854	Nov-14	40 years
Lexington, KY	8,080	1,299	6,328	513	1,299	6,841	8,140	855	7,285	Jun-14	15 years
Livonia, MI	16,240	2,075	14,668	79	2,075	14,747	16,822	1,063	15,759	Jun-14	40 years
Los Alamitos, CA	25,503	4,279	29,207	436	4,279	29,643	33,922	1,083	32,839	Nov-14	40 years
Louisville, KY	44,675	7,259	39,904	777	7,259	40,681	47,940	3,102	44,838	Jun-14	15-40 years
Lubbock, TX	9,016	1,135	7,235	702	1,135	7,937	9,072	427	8,645	Aug-14	40 years
Lynnwood, WA	19,600	1,877	20,301	172	1,877	20,473	22,350	2,488	19,862	Jun-14	15 years

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Manchester, NH	$ 49,356	$ 8,081	$ 57,724	$ 90	$ 8,081	$ 57,814	$ 65,895	$ 1,368	$ 64,527	Jun-15	40 years
Mansfield, TX	13,935	2,132	13,098	1,129	2,132	14,227	16,359	869	15,490	Aug-14	40 years
Medford, MA	29,055	2,632	28,588	1,533	2,632	30,121	32,753	1,058	31,695	Nov-14	40 years
Memphis, TN	11,327	2,291	10,423	383	2,291	10,806	13,097	727	12,370	Sep-14	40 years
Miami, FL(3)	115,500	—	142,500	138	—	142,638	142,638	2,502	140,136	Jul-15	40 years
Montvale, NJ	34,075	8,247	27,879	210	8,247	28,089	36,336	1,866	34,470	Jun-14	40 years
Morristown, NJ	31,160	13,471	25,665	448	13,471	26,113	39,584	2,020	37,564	Jun-14	40 years
Morrisville, NC	21,768	4,024	21,790	1,288	4,024	23,078	27,102	890	26,212	Nov-14	40 years
Mount Laurel, NJ	7,680	2,304	8,734	3,472	2,304	12,206	14,510	749	13,761	Jun-14	40 years
Naperville, IL	9,319	2,276	14,876	340	2,276	15,216	17,492	885	16,607	Sep-14	40 years
Naples, FL	11,500	2,301	9,842	375	2,301	10,217	12,518	753	11,765	Jun-14	40 years
Nashville, TN	21,677	3,518	25,965	262	3,518	26,227	29,745	1,038	28,707	Nov-14	40 years
Norcross, GA	10,600	1,740	10,603	522	1,740	11,125	12,865	930	11,935	Jun-14	40 years
Ontario, CA	22,850	5,419	31,910	267	5,419	32,177	37,596	3,981	33,615	Jun-14	15 years
Palmdale, CA	6,557	918	7,790	1,106	918	8,896	9,814	648	9,166	Aug-14	40 years
Phoenix, AZ	13,657	4,531	13,213	112	4,531	13,325	17,856	853	17,003	Sep-14	40 years
Pismo Beach, CA	14,549	6,221	9,986	357	6,221	10,343	16,564	727	15,837	Aug-14	40 years
Pleasanton, CA	24,503	5,837	15,656	79	5,837	15,735	21,572	924	20,648	Sep-14	40 years
Portland, ME	10,000	1,344	9,595	75	1,344	9,670	11,014	768	10,246	Jun-14	40 years
Portsmouth, NH	17,418	2,530	20,629	46	2,530	20,675	23,205	503	22,702	Jun-15	40 years
Poughkeepsie, NY	20,038	1,326	24,698	126	1,326	24,824	26,150	921	25,229	Nov-14	40 years
Princeton, NJ	18,216	2,457	21,727	1,548	2,457	23,275	25,732	873	24,859	Nov-14	40 years
Raleigh, NC	10,926	2,476	13,294	106	2,476	13,400	15,876	837	15,039	Sep-14	40 years
Rancho Cordova, CA	10,122	3,381	9,373	141	3,381	9,514	12,895	546	12,349	Sep-14	40 years
Richmond, VA	40,543	5,212	35,592	2,731	5,212	38,323	43,535	2,837	40,698	Jun-14/Nov-14	15-40 years
Roanoke, VA	27,324	7,543	28,174	297	7,543	28,471	36,014	1,127	34,887	Nov-14	40 years
Rockville, MD	19,944	4,286	17,387	566	4,286	17,953	22,239	1,111	21,128	Jun-14/Sep-14	40 years
Rosemont, IL	22,520	3,755	22,336	4,001	3,755	26,337	30,092	1,996	28,096	Jun-14	40 years
Saddle River, NJ	30,000	5,069	26,842	132	5,069	26,974	32,043	1,937	30,106	Jun-14	40 years
San Angelo, TX	26,645	844	17,308	2,798	844	20,106	20,950	1,150	19,800	Aug-14	40 years
San Antonio, TX	44,809	8,199	49,087	3,899	8,199	52,986	61,185	3,617	57,568	Aug-14	40 years
San Bruno, CA(3)	32,134	—	36,355	122	—	36,477	36,477	1,708	34,769	Sep-14	40 years
San Jose, CA	32,250	7,955	30,077	5	7,955	30,082	38,037	1,992	36,045	Jun-14	15 years
Santa Ana, CA	21,530	5,253	15,253	97	5,253	15,350	20,603	910	19,693	Sep-14	40 years
Savannah, GA	9,319	2,058	11,839	378	2,058	12,217	14,275	808	13,467	Sep-14	40 years

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Shelton, CT	$ 7,240	$ 1,424	$ 6,002	$ 1,120	$ 1,424	$ 7,122	$ 8,546	$ 888	$ 7,658	Jun-14	15 years
Solon, OH	8,835	495	11,007	1,852	495	12,859	13,354	484	12,870	Nov-14	40 years
Somerset, NJ	16,395	1,757	15,867	368	1,757	16,235	17,992	639	17,353	Nov-14	40 years
Tallahassee, FL	16,630	2,326	18,870	103	2,326	18,973	21,299	1,165	20,134	Sep-14	40 years
Tampa, FL	13,935	2,111	14,207	331	2,111	14,538	16,649	540	16,109	Nov-14	40 years
Tarrytown, NY	12,854	5,167	10,604	266	5,167	10,870	16,037	676	15,361	Sep-14	40 years
Troy, MI	21,453	2,936	25,469	1,107	2,936	26,576	29,512	2,401	27,111	Jun-14/Sep-14	15-40 years
Tucson, AZ	24,319	3,245	27,132	1,865	3,245	28,997	32,242	1,176	31,066	Nov-14	40 years
Tukwila, WA	28,600	5,750	26,863	117	5,750	26,980	32,730	3,275	29,455	Jun-14	15 years
Twentynine Palms, CA	7,992	632	9,044	593	632	9,637	10,269	548	9,721	Aug-14	40 years
Vienna, VA	31,241	3,295	28,045	142	3,295	28,187	31,482	1,141	30,341	Nov-14	40 years
Virginia Beach, VA	5,099	1,862	6,017	76	1,862	6,093	7,955	386	7,569	Sep-14	40 years
Warren, MI	10,363	1,510	12,387	189	1,510	12,576	14,086	813	13,273	Sep-14	40 years
Wayne, PA	19,763	3,811	20,444	149	3,811	20,593	24,404	1,159	23,245	Sep-14	40 years
West Homestead, PA	11,021	797	11,695	138	797	11,833	12,630	463	12,167	Nov-14	40 years
West Melbourne, FL	8,034	2,052	8,688	359	2,052	9,047	11,099	572	10,527	Sep-14	40 years
West Palm Beach, FL	8,926	1,021	9,030	1,984	1,021	11,014	12,035	455	11,580	Nov-14	40 years
Westbury, NY	27,324	10,196	30,132	633	10,196	30,765	40,961	1,109	39,852	Nov-14	40 years
Willow Grove, PA	15,450	2,658	13,599	1,316	2,658	14,915	17,573	1,067	16,506	Jun-14	40 years
Wilmington, NC	25,412	2,238	25,907	1,155	2,238	27,062	29,300	1,141	28,159	Nov-14	40 years
Windsor, CT	34,215	5,946	38,944	1,173	5,946	40,117	46,063	2,741	43,322	Jun-14/Nov-14	15-40 years
Worcester, MA	18,691	2,502	23,347	9	2,502	23,356	25,858	540	25,318	Jun-15	40 years
Total Hotels	2,628,431	427,415	2,648,719	107,556	427,415	2,756,275	3,183,690	159,713	3,023,977		
Net Lease											
Industrial											
Arvada, CO	4,951	879	6,990	—	879	6,990	7,869	264	7,605	Aug-14	40 years
Aurora & Twinsburg, OH	5,360	1,139	6,665	—	1,139	6,665	7,804	253	7,551	Aug-14	40 years
Bedford Park, IL	6,552	2,459	7,438	—	2,459	7,438	9,897	281	9,616	Aug-14	40 years
Charleston, SC	4,421	665	5,332	—	665	5,332	5,997	205	5,792	Aug-14	40 years
Chicago, IL	17,882	8,745	20,798	—	8,745	20,798	29,543	796	28,747	Aug-14	40 years

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Cleveland, OH	$ 5,819	$ 503	$ 7,390	$ —	$ 503	$ 7,390	$ 7,893	$ 262	$ 7,631	Aug-14	40 years
Compton, CA	19,182	12,623	18,510	—	12,623	18,510	31,133	657	30,476	Aug-14	40 years
Corpus Christi, TX	600	274	639	—	274	639	913	32	881	Aug-14	40 years
Decatur, GA	7,933	1,123	11,414	—	1,123	11,414	12,537	437	12,100	Aug-14	40 years
Easley, SC	5,842	744	7,699	—	744	7,699	8,443	340	8,103	Aug-14	40 years
Eden Prairie, MN	3,950	1,542	4,574	—	1,542	4,574	6,116	204	5,912	Aug-14	40 years
Ferndale, MI	1,940	182	2,464	—	182	2,464	2,646	93	2,553	Aug-14	40 years
Fraser, MI	2,812	563	3,245	—	563	3,245	3,808	144	3,664	Aug-14	40 years
Gladewater, TX	1,222	221	1,446	—	221	1,446	1,667	62	1,605	Aug-14	40 years
Louisville, KY	5,202	1,300	5,484	—	1,300	5,484	6,784	224	6,560	Aug-14	40 years
Mayfield, KY	2,251	124	3,142	—	124	3,142	3,266	136	3,130	Aug-14	40 years
New Boston, MI	9,064	1,175	9,767	1,657	1,175	11,424	12,599	382	12,217	Aug-14	40 years
Norcross, GA	5,852	1,945	7,198	—	1,945	7,198	9,143	363	8,780	Aug-14	40 years
North Richland Hills, TX	4,080	987	5,175	—	987	5,175	6,162	192	5,970	Aug-14	40 years
North Vernon, IN	2,076	253	2,588	—	253	2,588	2,841	125	2,716	Aug-14	40 years
Phoenix, AZ	13,520	2,713	18,743	—	2,713	18,743	21,456	681	20,775	Aug-14	40 years
Plant City, FL	2,205	1,210	2,359	—	1,210	2,359	3,569	113	3,456	Aug-14	40 years
Rochester, NY	5,381	651	5,488	—	651	5,488	6,139	234	5,905	Aug-14	40 years
Schiller Park, IL	2,146	2,654	3,452	—	2,654	3,452	6,106	148	5,958	Aug-14	40 years
South Holland, IL	7,673	2,503	10,716	—	2,503	10,716	13,219	441	12,778	Aug-14	40 years
St. Louis, MO	2,471	938	2,771	—	938	2,771	3,709	103	3,606	Aug-14	40 years
Stone Mountain, GA	6,633	867	8,966	—	867	8,966	9,833	340	9,493	Aug-14	40 years
Strongsville, OH	2,456	313	3,011	—	313	3,011	3,324	114	3,210	Aug-14	40 years
Tallahassee, FL	1,088	199	1,330	—	199	1,330	1,529	58	1,471	Aug-14	40 years
Thorofare, NJ	3,300	1,034	4,919	—	1,034	4,919	5,953	177	5,776	Aug-14	40 years
Vernon, CA	28,830	29,906	19,332	—	29,906	19,332	49,238	707	48,531	Aug-14	40 years
Warren, MI	4,808	661	4,351	—	661	4,351	5,012	180	4,832	Aug-14	40 years
Winston-Salem, NC	8,323	1,641	6,798	—	1,641	6,798	8,439	257	8,182	Aug-14	40 years
Subtotal Industrial	205,825	82,736	230,194	1,657	82,736	231,851	314,587	9,005	305,582		
Office											
Aurora, CO	30,174	2,650	35,786	23	2,650	35,809	38,459	9,092	29,367	Jul-06	40 years
Columbus, OH	—	4,375	29,184	—	4,375	29,184	33,559	7,144	26,415	Nov-07	40 years
Fort Mill, SC	28,363	3,300	31,554	—	3,300	31,554	34,854	7,894	26,960	Mar-07	40 years
Indianapolis, IN	25,674	1,670	32,307	—	1,670	32,307	33,977	9,340	24,637	Mar-06	40 years
Milpitas, CA	18,827	16,799	8,847	—	16,799	8,847	25,646	3,164	22,482	Feb-07	40 years

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Ocala, FL	$ 1,627	$ 565	$ 2,868	$ —	$ 565	$ 2,868	$ 3,433	$ 143	$ 3,290	Aug-14	40 years
Pensacola, FL	2,682	1,132	2,691	—	1,132	2,691	3,823	131	3,692	Aug-14	40 years
Rockaway, NJ	15,486	6,118	15,664	613	6,118	16,277	22,395	4,753	17,642	Mar-06	40 years
Salt Lake City, UT	12,646	672	19,740	425	672	20,165	20,837	6,590	14,247	Aug-05	40 years
Savannah, GA	4,070	509	5,522	—	509	5,522	6,031	226	5,805	Aug-14	40 years
West Sacramento, CA	6,921	1,115	10,433	—	1,115	10,433	11,548	443	11,105	Aug-14	40 years
Subtotal Office	146,470	38,905	194,596	1,061	38,905	195,657	234,562	48,920	185,642		
Retail											
Bloomingdale, IL(3)	5,122	—	5,810	—	—	5,810	5,810	1,637	4,173	Sep-06	40 years
Concord, NH	7,483	2,145	9,216	—	2,145	9,216	11,361	2,641	8,720	Sep-06	40 years
Fort Wayne, IN(3)	—	—	3,642	—	—	3,642	3,642	1,103	2,539	Sep-06	40 years
Keene, NH	—	3,033	5,920	—	3,033	5,920	8,953	1,648	7,305	Sep-06	40 years
Melville, NY(3)	3,973	—	3,187	—	—	3,187	3,187	1,008	2,179	Sep-06	40 years
Millbury, MA(3)	4,223	—	5,994	—	—	5,994	5,994	1,507	4,487	Sep-06	40 years
North Attleboro, MA(3)	4,207	—	5,445	—	—	5,445	5,445	1,529	3,916	Sep-06	40 years
South Portland, ME(3)	3,240	—	6,687	—	—	6,687	6,687	2,705	3,982	Sep-06	40 years
Wichita, KS	5,475	1,325	5,584	—	1,325	5,584	6,909	1,511	5,398	Sep-06	40 years
Subtotal Retail	33,723	6,503	51,485	—	6,503	51,485	57,988	15,289	42,699		
Total Net Lease	386,018	128,144	476,275	2,718	128,144	478,993	607,137	73,214	533,923		
Multi-tenant Office											
Austin, TX	11,906	1,808	16,268	502	1,808	16,770	18,578	817	17,761	Oct-14	40 years
Boulder, CO	11,591	3,155	13,331	2,931	3,155	16,262	19,417	1,884	17,533	Sep-14	40 years
Broomfield, CO	3,721	1,122	3,036	41	1,122	3,077	4,199	298	3,901	Feb-15	40 years
Denver, CO	13,503	1,113	16,851	1,960	1,113	18,811	19,924	163	19,761	Sep-14	40 years
Englewood, CO	21,833	3,317	23,286	581	3,317	23,867	27,184	869	26,315	Feb-15	40 years
Greenwood Village, CO	7,724	1,742	8,749	222	1,742	8,971	10,713	495	10,218	Feb-15	40 years
Lakewood, CO	4,372	686	4,814	275	686	5,089	5,775	222	5,553	Feb-15	40 years
Louisville, CO	8,051	1,027	6,957	97	1,027	7,054	8,081	370	7,711	Feb-15	40 years
San Diego, CA	8,584	1,751	10,047	66	1,751	10,113	11,864	600	11,264	Nov-14	40 years
Thousand Oaks, CA	21,703	9,296	21,079	184	9,296	21,263	30,559	791	29,768	Mar-15	40 years
Total Multi-tenant Office	112,988	25,017	124,418	6,859	25,017	131,277	156,294	6,509	149,785		
Grand Total	$ 7,153,206	$1,047,620	$ 7,983,398	$ 182,354	$1,047,620	$ 8,165,752	$9,213,372	$ 511,113	$8,702,259		

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2015
(Dollars in Thousands)

Column A	Column B	Column C Initial Cost		Column D Capitalized Subsequent to Acquisition	Column E Gross Amount Carried at Close of Period			Column F		Column G	Column H
Location City, State	Encumbrances	Land	Building & Improvements	Land, Buildings & Improvements	Land	Building & Improvements	Total(5)(6)	Accumulated Depreciation	Total	Date Acquired	Life on Which Depreciation is Computed
Assets Held for Sale											
Manufactured Housing	$ 1,274,643	$427,833	$ 1,128,594	$ 38,240	$427,833	$ 1,166,834	$1,594,667	$ 161,707	$1,432,960	Dec-12/Oct-15	10-30 years
Senior Housing Portfolio	648,211	87,380	751,700	3,328	87,380	755,028	842,408	14,175	828,233	May-15	40 years
Multifamily	249,709	45,089	267,769	15,409	45,089	283,178	328,267	24,095	304,172	Apr-13/Jun-13	10-30 years
Other(4)	56,561	14,999	71,391	260	14,999	71,651	86,650	16,234	70,416	Sept-05/Dec-14	40 years
Total Assets Held for Sale	$ 2,229,124	$575,301	$ 2,219,454	$ 57,237	$575,301	$ 2,276,691	$2,851,992	$ 216,211	$2,635,781		

(1) Initial cost for U.K. properties includes foreign currency translation as of December 31, 2015.
(2) Excludes portfolio level financing of $75 million.
(3) Represents a leasehold interest in the property. All other properties are fee interest.
(4) Includes borrowings of $15 million related to properties held for sale in the Griffin American portfolio,
(5) Aggregate cost for federal income tax purposes is $12.4 billion as of December 31, 2015.
(6) The grand total includes an allowance for operating real estate impairment of $4.9 million.

The following table presents changes in the Company's operating real estate portfolio for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	2015	2014	2013
Beginning balance	$10,561,057	$ 2,561,180	$1,538,489
Property acquisitions	3,459,006	8,057,261	1,598,837
Transfers to held for sale	(2,843,762)	—	(29,097)
Improvements	150,197	37,955	11,706
Retirements and disposals	(24,179)	(5,531)	—
Deconsolidation of N-Star CDOs	—	—	(558,755)
NRE Spin-off	(2,073,357)	(89,808)	—
Foreign currency translation	(10,687)	—	—
Allowance for impairment	(4,903)	—	—
Ending balance	$ 9,213,372	$10,561,057	$2,561,180

The following table presents changes in accumulated depreciation for the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	2015	2014	2013
Beginning balance	$ 349,053	$190,997	$147,943
Depreciation expense	408,825	164,924	76,127
Assets held for sale	(216,212)	—	(7,387)
Retirements and disposals	(489)	(6,347)	(1,370)
Deconsolidation of N-Star CDOs	—	—	(24,316)
NRE Spin-off	(26,420)	(521)	—
Foreign currency translation	(3,644)	—	—
Ending balance	$ 511,113	$349,053	$190,997

NORTHSTAR REALTY FINANCE CORP. AND SUBSIDIARIES
SCHEDULE IV—MORTGAGE LOANS ON REAL ESTATE
December 31, 2015
(Dollars in Thousands)

Asset Type (10)	Location / Description(1)	Number	Interest Rate: Floating(2)	Interest Rate: Fixed	Maturity Date(3)	Periodic Payment Terms(4)	Prior Liens(5)	Principal Amount	Carrying Value(6)(7)(8)	Principal Amount of Loans Subject to Delinquent Principal or Interest(9)
First mortgage loans:										
First Mortgage—A	Texas / Multifamily	1	—	15.00%	15-Oct	I/O	$ —	$ 53,500	$ 53,500	$ 53,500
First Mortgage—B	California / Office	1	6.90%	—	16-Oct	I/O	—	38,750	38,882	—
First Mortgage—C	Miami / Land	1	15.00%	—	15-Jun	I/O	—	38,190	38,763	38,190
First Mortgage—D	UK / Healthcare	1	—	7.50%	22-Mar	I/O	—	49,415	49,415	—
First Mortgage—E	NY, NJ, CT / Multifamily	1	4.00%	—	16-Jan	I/O	—	28,920	28,920	—
Other first mortgage loans	Various / Various	8	0.00% to 6.00%	0.00% to 7.25%	15-Mar - 16-Dec	—	—	104,810	60,078	4,180
Subtotal first mortgage loans:		13					—	313,585	269,558	95,870
Mezzanine loans:										
Other mezzanine loans	Various / Various	7	0.19% to 4.00%	0.00% to 13.00%	16-Jun - 23-Feb	—	1,141,689	33,361	29,305	—
Subtotal mezzanine loans		7					1,141,689	33,361	29,305	—
Subordinate interests										
Subordinate interests—A	New York / Hotel	1	—	13.11%	23-May	I/O	—	61,750	60,926	—
Subordinate interests—B	New York / Hotel	1	6.00%	—	23-May	I/O	—	100,986	100,559	—
Other subordinate interests	Various / Various	2	2.00%	8.65% to 11.50%	16-Feb - 23-May	—	—	8,308	8,296	—
Subtotal subordinate interests		4					—	171,044	169,781	—
Corporate loans										
Other term loans	Various / Various	10	—	6.36% to 13.00%	16-Jun - 29-Sept	—	—	37,364	32,830	—
Subtotal corporate loans		10					—	37,364	32,830	—
Subtotal CRE debt							1,141,689	555,354	501,474	95,870
Held for sale loans										
Held for sale—A	Pennsylvania / Office	1	7.25%	—	16-Sept	I/O	—	61,500	61,263	—
Held for sale—B	New York / Industrial	1	12.22%	—	17-Jun	I/O	45,906	27,000	27,000	—
Held for sale—C	Various / Hotel	1	—	13.20%	16-Jul	I/O	62,117	54,350	54,350	—
Held for sale—D	New York / Land	1	—	14.00%	17-Oct	I/O	148,550	40,250	40,250	—
Other held for sale loans	Various / Various	3	4.00% to 5.50%	14.50%	16-Jul - 21-Apr	—	23,204	41,937	41,814	—
Subtotal CRE debt held for sale		7					279,777	225,037	224,677	—
Total		41					$ 1,421,466	$ 780,391	$ 726,151	$ 95,870

(1) Description of property types include condo, hotel, industrial, land, multifamily, office, retail and other.
(2) Certain floating rate loans are subject to LIBOR floors ranging from 0.25% to 1.25%. Includes one first mortgage loan with a principal amount of $5.8 million with a spread over prime rate. All other floating rate loans are based on one-month LIBOR.
(3) Represents initial maturity.
(4) I/O = interest only.
(5) The first mortgage loans on these properties are not held by the Company. Accordingly, the amounts of the prior liens at December 31, 2015 are estimated.
(6) Individual loans each have a carrying value greater than 3% of total loans. All other loans each have a carrying value less than 3% of total loans.
(7) There is a $2.2 million of loan loss reserve on two first mortgage loans and $1.2 million of provision for loan losses primarily related to exit fees on loans held for sale. Excludes $0.8 million of provision for loan losses relating to manufactured housing notes receivables recorded in assets of properties held for sale.
(8) For Federal income tax purposes, the aggregate cost of investments in mortgage loans on real estate is the carrying amount, as disclosed in the schedule.
(9) There are three loans that have principal or interest delinquencies greater than 90 days.
(10) Includes certain loans financed in consolidated N-Star CDOs.

(Dollars in Thousands)

Reconciliation of Carrying Value of CRE Debt:

	Years Ended December 31,		
	2015	2014	2013
Beginning balance	$1,067,667	$1,031,078	$1,832,231
Additions:			
Principal amount of new loans and additional funding on existing loans	199,602	323,215	806,138
Interest accretion	13,775	21,103	1,284
Acquisition cost (fees) on new loans	—	(600)	(4,032)
Premium (discount) on new loans	—	(7,078)	16,116
Amortization of acquisition costs, fees, premiums and discounts	(13,780)	11,193	28,480
Deductions:			
Collection of principal	534,478	279,272	274,354
Deconsolidation of CDOs (refer to Note 17)	—	9,709	1,134,713
Provision for (reversal of) loan losses, net	3,435	2,719	(8,786)
Transfers to affiliates	—	—	115,797
Taking title to collateral	—	—	135,361
Transfer to held for sale	224,677	15,223	—
Unrealized (gain) loss on foreign currency remeasurement	2,442	2,084	(2,300)
Realized loss on foreign currency remeasurement	758	2,237	—
Ending balance	$ 501,474	$1,067,667	$1,031,078

PART I—FINANCIAL INFORMATION

ITEM 1. Financial Statements.

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

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Cash	$ 440,173	$ 185,854
Loans receivable, net		
Held for investment	3,685,654	4,048,477
Held for sale	56,357	75,002
Real estate assets, net		
Held for investment	3,294,122	3,132,218
Held for sale	195,391	297,887
Equity method investments	906,159	824,597
Other investments (including $23,882 and $0 at fair value)	123,618	99,868
Goodwill	680,127	678,267
Deferred leasing costs and intangible assets, net (including $8,241 and $9,872 related to real estate held for sale)	313,445	325,513
Due from affiliates	13,718	11,713
Other assets (including $12,707 and $3,704 related to real estate held for sale)	437,877	359,914
Total assets	$10,146,641	$10,039,310
LIABILITIES AND EQUITY		
Liabilities:		
Accrued and other liabilities (including $8,742 and $9,101 related to real estate held for sale)	$ 333,754	$ 325,589
Due to affiliates—contingent consideration	39,350	52,990
Dividends and distributions payable	65,924	65,688
Debt, net (including $103,524 and $8,769 related to assets held for sale)	3,472,362	3,587,724
Convertible senior notes, net	592,382	591,079
Total liabilities	4,503,772	4,623,070
Commitments and contingencies (Note 21)		
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; $625,750 liquidation preference; 50,000 shares authorized; 25,030 shares issued and outstanding	250	250
Common stock, $0.01 par value per share		
Class A, 449,000 shares authorized; 113,401 and 111,694 shares issued and outstanding	1,134	1,118
Class B, 1,000 shares authorized; 527 and 546 shares issued and outstanding	5	5
Additional paid-in capital	3,039,416	2,995,243
Distributions in excess of earnings	(183,585)	(131,278)
Accumulated other comprehensive loss	(23,897)	(18,422)
Total stockholders' equity	2,833,323	2,846,916
Noncontrolling interests in investment entities	2,406,753	2,138,925
Noncontrolling interests in Operating Company	402,793	430,399
Total equity	5,642,869	5,416,240
Total liabilities and equity	$10,146,641	$10,039,310

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

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

The following table presents the assets and liabilities recorded in the consolidated balance sheets attributable to securitization vehicles consolidated as variable interest entities (excluding the Operating Company, as discussed in Note 4).

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Cash	$ 7,110	$ 2,453
Loans receivable, net	1,015,049	1,193,859
Real estate assets, net	8,935	9,016
Other assets	74,898	94,796
Total assets	$ 1,105,992	$ 1,300,124
Liabilities		
Debt, net	$ 632,828	$ 806,728
Accrued and other liabilities	63,172	80,619
Total liabilities	$ 696,000	$ 887,347

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

COLONY CAPITAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Income				
Interest income	$ 98,275	$142,269	$291,496	$289,676
Property operating income	92,505	86,435	279,470	213,458
Income from equity method investments	16,684	6,879	72,226	44,184
Fee income (including $17,232, $22,506, $49,346 and $44,065 from affiliates, respectively)	17,233	23,070	49,347	45,068
Other income (including $1,441, $2,054, $3,502 and $4,051 from affiliates, respectively)	4,054	4,325	10,071	8,108
Total income	228,751	262,978	702,610	600,494
Expenses				
Management fees (including $5,897 of share-based payments for the nine months ended September 30, 2015)	—	—	—	15,062
Investment and servicing expenses (including $366 reimbursed to affiliates for the nine months ended September 30, 2015)	5,115	6,804	17,448	15,383
Transaction costs	6,190	254	18,638	18,152
Interest expense	42,196	38,027	126,635	95,544
Property operating expenses	28,903	35,615	89,469	85,531
Depreciation and amortization	43,593	42,656	129,276	101,609
Provision for loan losses	6,569	26,495	17,412	30,937
Impairment loss	941	317	5,461	767
Compensation expense (including $450 reimbursed to affiliates for the nine months ended September 30, 2015)	29,582	25,734	80,689	54,993
Administrative expenses (including $1,922 reimbursed to affiliates for the nine months ended September 30, 2015)	12,891	11,154	38,760	26,731
Total expenses	175,980	187,056	523,788	444,709
Gain on sale of real estate assets, net	11,151	5,732	68,114	6,472
Gain on remeasurement of consolidated investment entities, net	—	—	—	41,486
Other gain (loss), net	4,573	(6,491)	18,270	(8,282)
Income before income taxes	68,495	75,163	265,206	195,461
Income tax benefit	3,409	3,598	865	2,599
Net income	71,904	78,761	266,071	198,060
Net income attributable to noncontrolling interests:				
Investment entities	32,744	22,264	130,508	62,580
Operating Company	4,189	7,200	15,528	16,338
Net income attributable to Colony Capital, Inc.	34,971	49,297	120,035	119,142
Preferred dividends	12,093	12,094	36,066	30,476
Net income attributable to common stockholders	$ 22,878	$ 37,203	$ 83,969	$ 88,666
Earnings per common share:				
Basic	$ 0.20	$ 0.33	$ 0.73	$ 0.79
Diluted	$ 0.20	$ 0.32	$ 0.73	$ 0.79
Weighted average number of common shares outstanding:				
Basic	112,423	111,443	112,133	110,758
Diluted	112,423	136,138	112,133	126,976
Dividends declared per common share	$ 0.40	$ 0.38	$ 1.20	$ 1.12

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	$71,904	$78,761	$266,071	$198,060
Other comprehensive income (loss), net of tax:				
Net change in fair value of marketable securities	287	—	393	(451)
Net change in fair value of cash flow hedges	(114)	67	(227)	(277)
Foreign currency translation adjustments:				
Foreign currency translation gain (loss)	4,827	9,018	(13,107)	59,651
Change in fair value of net investment hedges	(4,795)	9,838	2,248	(16,934)
Net foreign currency translation adjustments	32	18,856	(10,859)	42,717
Other comprehensive income (loss)	205	18,923	(10,693)	41,989
Comprehensive income	72,109	97,684	255,378	240,049
Comprehensive income attributable to noncontrolling interests:				
Investment entities	35,331	23,530	126,283	82,247
Operating Company	3,820	10,066	14,535	22,814
Comprehensive income attributable to stockholders	$32,958	$64,088	$114,560	$134,988

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

COLONY CAPITAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)
(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests in Investment Entities	Noncontrolling Interests in Operating Company	Total Equity
Balance at December 31, 2014	$ 135	$ 1,096	$2,512,743	$ (68,003)	$ (28,491)	$ 2,417,480	$ 518,313	$ —	$2,935,793
Net income	—	—	—	119,142	—	119,142	62,580	16,338	198,060
Other comprehensive income	—	—	—	—	15,846	15,846	19,667	6,476	41,989
Issuance of 7.125% Series C Cumulative Redeemable Perpetual Preferred Stock	115	—	287,385	—	—	287,500	—	—	287,500
Issuance of Class A common stock	—	14	37,375	—	—	37,389	—	—	37,389
Issuance of Class B common stock	—	6	14,765	—	—	14,771	—	—	14,771
Issuance of units in Operating Company	—	—	—	—	—	—	—	568,794	568,794
Offering Costs	—	—	(9,406)	—	—	(9,406)	—	—	(9,406)
Share-based compensation	—	7	11,239	—	—	11,246	—	—	11,246
Consolidation of investment entities	—	—	—	—	—	—	1,700,114	—	1,700,114
Contributions from noncontrolling interests	—	—	—	—	—	—	225,999	—	225,999
Distributions to noncontrolling interests	—	—	—	—	—	—	(463,019)	(16,312)	(479,331)
Preferred stock dividends	—	—	—	(31,272)	—	(31,272)	—	—	(31,272)
Common stock dividends declared ($1.12 per share)	—	—	—	(124,994)	—	(124,994)	—	—	(124,994)
Reallocation of equity (Note 2)	—	—	139,168	—	—	139,168	—	(139,168)	—
Balance at September 30, 2015	$ 250	$ 1,123	$2,993,269	$ (105,127)	$ (12,645)	$ 2,876,870	$ 2,063,654	$ 436,128	$5,376,652
Balance at December 31, 2015	$ 250	$ 1,123	$2,995,243	$ (131,278)	$ (18,422)	$ 2,846,916	$ 2,138,925	$ 430,399	$5,416,240
Net income	—	—	—	120,035	—	120,035	130,508	15,528	266,071
Other comprehensive loss	—	—	—	—	(5,475)	(5,475)	(4,225)	(993)	(10,693)
Repurchase of preferred stock	(10)	—	(19,988)	—	—	(19,998)	—	—	(19,998)
Reissuance of preferred stock to an equity method investee	10	—	19,988	—	—	19,998	—	—	19,998
Redemption of units in Operating Company for cash and Class A common stock	—	8	16,126	—	—	16,134	—	(18,691)	(2,557)
Share-based compensation	—	10	10,316	—	—	10,326	—	—	10,326
Shares canceled for tax withholding on vested stock awards	—	(2)	(2,860)	—	—	(2,862)	—	—	(2,862)
Contributions from noncontrolling interests	—	—	—	—	—	—	596,427	—	596,427
Distributions to noncontrolling interests	—	—	—	—	—	—	(428,394)	(25,384)	(453,778)
Acquisition of noncontrolling interests	—	—	725	—	—	725	(4,688)	—	(3,963)
Preferred stock dividends	—	—	—	(36,066)	—	(36,066)	—	—	(36,066)
Common stock dividends declared ($1.20 per share)	—	—	—	(136,276)	—	(136,276)	—	—	(136,276)
Reallocation of equity (Notes 2 and 16)	—	—	19,866	—	—	19,866	(21,800)	1,934	—
Balance at September 30, 2016	$ 250	$ 1,139	$3,039,416	$ (183,585)	$ (23,897)	$ 2,833,323	$ 2,406,753	$ 402,793	$5,642,869

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

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

	Nine Months Ended September 30,	
	2016	2015
Cash Flows from Operating Activities		
Net income	$ 266,071	$ 198,060
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of discount and net origination fees on purchased and originated loans	(19,081)	(18,218)
Accretion in excess of cash receipts on purchased credit impaired loan	(8,515)	—
Paid-in-kind interest added to loan principal	(34,889)	(19,639)
Straight-line rents	(9,665)	(8,959)
Amortization of above- and below-market lease values, net	1,693	2,560
Amortization of deferred financing costs	19,306	15,575
Income from equity method investments	(72,226)	(44,184)
Distributions of income from equity method investments	62,761	54,469
Provision for loan losses	17,412	30,937
Impairment of real estate and intangible assets	5,461	767
Depreciation and amortization	129,276	101,609
Share-based compensation	10,326	11,246
Net gain on remeasurement of net assets of consolidated investment entities	—	(41,486)
Change in fair value of contingent consideration	(13,640)	(15,760)
Gain on sales of real estate assets, net	(68,114)	(6,472)
Foreign currency loss recognized on repayment of loans receivable	—	31,179
Changes in operating assets and liabilities:		
(Increase) decrease in due from affiliates	(4,268)	2,359
Decrease in other assets	7,236	968
Increase in accrued and other liabilities	16,171	47,493
Decrease in due to affiliates	—	(12,236)
Other adjustments, net	(4,596)	(8,111)
Net cash provided by operating activities	300,719	322,157
Cash Flows from Investing Activities		
Contributions to equity method and cost method investments	(150,168)	(339,222)
Distributions of capital from equity method and cost method investments	79,028	340,157
Investments in purchased loans receivable, net of seller financing	(101,606)	(2,327)
Net disbursements on originated loans	(328,835)	(823,660)
Repayments of loans receivable	461,335	286,030
Proceeds from sales of loans receivable	188,551	—
Cash receipts in excess of accretion on purchased credit impaired loans	81,414	361,156
Disbursements on acquisition of real estate assets, related intangibles and leasing commissions	(373,005)	(779,192)
Proceeds from sales of real estate assets	344,271	87,251
Investment in marketable securities	(23,324)	—
Acquisition of investment management business, net of cash acquired (Note 3)	—	(55,885)
Net proceeds from settlement of derivative instruments	7,840	32,567
Other investing activities, net	(2,023)	(5,717)
Net cash provided by (used in) investing activities	$ 183,478	$(898,842)

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

	Nine Months Ended September 30,	
	2016	2015
Cash Flows from Financing Activities		
Proceeds from issuance of preferred stock, net	$ —	$ 277,945
Dividends paid to preferred stockholders	(36,279)	(26,151)
Dividends paid to common stockholders	(135,656)	(122,900)
Line of credit borrowings	505,000	954,900
Line of credit repayments	(459,900)	(761,400)
Proceeds from secured financing	735,280	1,314,192
Secured financing repayments	(895,067)	(690,346)
Change in escrow deposits for financing arrangements	12,724	(10,231)
Payment of deferred financing costs	(17,346)	(18,031)
Contributions from noncontrolling interests	517,927	225,999
Distributions to noncontrolling interests	(447,599)	(471,066)
Repurchase of preferred stock	(19,998)	—
Reissuance of preferred stock to an equity method investee	19,998	—
Acquisition of noncontrolling interests	(3,963)	—
Other financing activities, net	(5,417)	—
Net cash (used in) provided by financing activities	(230,296)	672,911
Cash held by investment entities consolidated (Note 7)	—	75,412
Effect of exchange rates on cash	418	(5,611)
Net increase in cash	254,319	166,027
Cash, beginning of period	185,854	141,936
Cash, end of period	$ 440,173	$ 307,963
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 99,562	$ 76,045
Cash paid for income taxes	$ 4,451	$ 1,769
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Dividends payable	$ 65,924	$ 63,017
Loan payoff proceeds held in escrow	$ 11,550	$ —
Net settlement of redemption and investment in equity method investee	$ 117,241	$ —
Foreclosures on collateral assets from originated or acquired debt	$ 121,694	$ 1,272
Contributions receivable from noncontrolling interests	$ 78,500	$ —
Accrued and other liabilities assumed in connection with acquisitions, net of cash assumed	$ —	$ 407
Deferred tax liability assumed in a real estate acquisition	$ —	$ 29,987
Settlement of debt through issuance of units in Operating Company	$ —	$ 10,000
Issuance of common stock for acquisition of investment management business	$ —	$ 52,160
Issuance of units in Operating Company for acquisition of investment management business	$ —	$ 558,794
Net assets of investment entities consolidated, net of cash assumed (Note 7)	$ —	$2,637,278

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

1. Organization

Colony Capital, Inc. (the "Company") is a leading global real estate and investment management firm that targets attractive risk-adjusted returns for its investors by investing primarily in real estate and real estate-related assets. The Company manages capital on behalf of both its shareholders and limited partners in private investment funds under its management where the Company may earn management fees and carried interests. The Company's portfolio is composed primarily of: (i) real estate equity; (ii) real estate and real estate-related debt; and (iii) investment management of Company-sponsored private equity funds and vehicles. The Company was organized on June 23, 2009 as a Maryland corporation and has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code, for U.S. federal income tax purposes.

Prior to April 2, 2015, the Company was externally managed and advised by Colony Financial Manager, LLC (the "Manager"), which was a wholly-owned subsidiary of Colony Capital, LLC ("CCLLC"), a privately held global real estate investment firm. On April 2, 2015, Colony Capital Operating Company, LLC ("Operating Company" or "OP"), an operating subsidiary of the Company, acquired substantially all of the real estate investment management business and operations of CCLLC (the "Combination") and the Company became a self-managed REIT. As a result of the Combination, the Company is able to sponsor new investment vehicles as general partner under the Colony name. Details of the Combination are described more fully in Note 3.

In connection with the Combination, the Company reorganized into an umbrella partnership real estate investment trust ("UPREIT"). As part of the restructuring, the Company contributed to OP and its subsidiaries substantially all of the Company's other subsidiaries, assets and liabilities, other than certain indebtedness, in exchange for membership interests in OP ("OP Units"). Following the Combination, OP conducts all of the activities and owns substantially all of the assets and liabilities of the combined business.

Proposed Merger

On June 2, 2016, the Company entered into a definitive Agreement and Plans of Merger (the "Merger Agreement") with NorthStar Asset Management Group Inc. ("NSAM") and NorthStar Realty Finance Corp. ("NRF") under which the companies intend to combine in an all-stock merger transaction (the "Merger") to form Colony NorthStar, Inc. ("Colony NorthStar"), which will be the publicly-traded company of the combined organization.

Pursuant to the terms and conditions set forth in the Merger Agreement, each share of common stock of the Company and NRF issued and outstanding immediately prior to the effective time of the Merger will be canceled and converted into the right to receive common stock of Colony NorthStar based on the exchange ratios of 1.4663 shares of Colony NorthStar Class A and Class B common stock for each share of the Company's Class A and Class B common stock, respectively, and 1.0996 shares of Colony NorthStar Class A common stock for each share of NRF common stock. Each share of each series of the preferred stock of the Company and of NRF issued and outstanding immediately prior to the effective time of the Merger will be canceled and converted into the right to receive one share of a corresponding series of Colony NorthStar preferred stock. Concurrently, OP will issue additional partnership units to equal the number of operating partnership units outstanding on the day prior to the closing of the Merger multiplied by the exchange ratio of 1.4663. Based upon the aforementioned exchange ratios, the Company's stockholders will own approximately 33.25%, NSAM stockholders will own approximately 32.85% and NRF stockholders will own approximately 33.90% of Colony NorthStar, on a fully diluted basis, excluding the effect of certain equity based awards to be issued in connection with the Merger.

The Merger is anticipated to close in January 2017, subject to customary closing conditions, including regulatory approvals, and approval by the stockholders of the Company, NSAM and NRF.

2. Significant Accounting Policies

The significant accounting policies of the Company are described below. The accounting policies of the Company's unconsolidated joint 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, 2016, 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as amended.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries, including consolidated variable interest entities. All significant intercompany accounts and transactions have been eliminated. The portions of the 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 represent interests held by private investment funds or other investment vehicles managed by the Company and which invest alongside the Company ("Co-Investment Funds") and membership interests in OP held by affiliates and senior executives.

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 otherwise, if the Company has the power to control an entity through a majority of voting interest or through other contractual arrangements.

Variable Interest—A variable interest in an entity is an economic arrangement that absorbs economic risks and rewards of the entity. For entities in which the Company has a variable interest, the Company determines if the entity is a VIE by considering (i) whether the entity lacks sufficient equity to finance its activities without additional subordinated financial support, or (ii) whether the entity's equity holders lack the characteristics of a controlling financial interest. The primary beneficiary of a VIE is the party that has a controlling financial interest in the VIE and consolidates the VIE. In determining whether the Company is the primary beneficiary of a VIE, the Company considers whether it individually has both (i) the power to direct the activities of the VIE that most significantly affect the entity's performance, and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially 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 this 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, involves 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—Unlike VIEs, voting interest entities have sufficient equity 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 contractual arrangements.

At each reporting period, the Company reassesses whether changes in facts and circumstances result in a change in the status of an entity as a VIE or voting interest entity, and/or a change in the Company's consolidation conclusion. 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 interests 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 consolidation. 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 retained interests.

Noncontrolling Interests

Noncontrolling Interests in Investment Entities—Noncontrolling interests in investment entities represent interests in consolidated real estate investment entities held primarily by Co-Investment Funds, which prior to the Combination, were managed by CCLLC or its affiliates, and to a lesser extent, held by unaffiliated third parties. 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 hypothetical liquidation at book value, when applicable and substantive.

Changes in ownership interests held by noncontrolling interests in subsidiaries while the Company continues to maintain control over the subsidiaries are treated as equity transactions. The carrying amount of noncontrolling interests in subsidiaries are adjusted to reflect the change in their ownership interests. Differences, if any, between the adjusted carrying value of noncontrolling interests and the fair value of consideration received or paid are attributed to stockholders of the Company.

Noncontrolling Interests in Operating Company—Noncontrolling interests in Operating Company represent membership interests in OP held directly or indirectly by senior executives of the Company. A majority of the OP Units held by noncontrolling interests were issued as consideration for the Combination. Noncontrolling interests in OP are attributed a share of net income or loss in OP based on their weighted average ownership interest in OP during the period. 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, as applicable.

Noncontrolling interests in OP, subject to lock-up agreements, 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, through issuance of shares of Class A common stock (registered or unregistered) on a one-for-one basis.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency

Assets and liabilities of non-U.S. dollar functional currency investments and subsidiaries are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Income and expenses from these investments and subsidiaries are translated at the average rate of exchange prevailing during the period such income was earned or expenses were incurred. Gains and losses related to translation of these non-U.S dollar functional currency items are included in other comprehensive income or loss within stockholders' equity. Upon sale, complete or substantially complete liquidation of an investment in a foreign subsidiary, or upon partial sale of an equity method investment, the translation adjustment associated with the investment, or the proportionate share related to the portion of equity method investment sold, is reclassified from accumulated other comprehensive income or loss into earnings.

Gains and losses resulting from nonfunctional currency transactions are recognized in the income statement in other gain (loss), net.

Disclosures of non-US dollar amounts to be recorded in the future are translated using exchange rates in effect at balance sheet date.

Business Combinations

The Company evaluates each purchase transaction to determine whether the acquired assets meet the definition of a business. Net cash paid to acquire a business or assets is classified as investing activities on the accompanying statements of cash flows.

The Company accounts for 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 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, especially with respect to intangible assets and liabilities.

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 unless the fair value of non-cash assets given as consideration differs from the carrying amount of the assets acquired. 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.

Contingent consideration is classified as a liability or equity, as applicable. Contingent consideration in connection with the acquisition of a business 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. For contingent consideration in connection with the acquisition of assets, subsequent changes to the recorded amount are adjusted against the cost of the acquisition.

Real estate acquisitions, which are considered as either business combinations or asset acquisitions, are recorded at the fair values of the acquired components at the time of acquisition, allocated among land, building, improvements, equipment, lease-related tangible and identifiable intangible assets and liabilities, such as tenant improvements, deferred leasing costs, in-place lease values, above- and below-market lease values. The estimated fair value of acquired land is derived from recent comparable sales of land and listings within the same local region based on available market data. The estimated fair value of acquired buildings and building improvements is derived from comparable sales, discounted cash flow analysis using market-based assumptions, or replacement cost, as appropriate. The fair value of site and tenant improvements is estimated based upon current market replacement costs and other relevant market rate information.

Investment in Debt Securities

The Company designates its investment in debt securities as available-for-sale (“AFS”), included in other investments on the consolidated balance sheet. AFS securities are carried at fair value with unrealized gains or losses included as a component of other comprehensive income. Upon disposition of AFS securities, the cumulative gains or losses in other comprehensive income is recognized in earnings using an average cost method.

Interest Income—Interest income, including accretion of purchased premiums or amortization of purchased discounts and stated coupon interest payments, is recognized using the effective interest method over the expected lives of the securities.

For beneficial interests in debt securities that are not of high credit quality (generally credit rating below AA) or that can be contractually settled such that the Company would not recover substantially all of its recorded investment, interest income is recognized as the accretable yield over the life of the securities using the effective yield method. The accretable yield is the excess of current expected cash flows to be collected over the net investment in the security, including the yield accreted to date. The Company evaluates estimated future cash flows expected to be collected on a quarterly basis, starting with the first full quarter after acquisition, or earlier if conditions indicating impairment are present. If the cash flows expected to be collected cannot be reasonably estimated, either at acquisition or in subsequent evaluation, the Company may consider placing the securities on nonaccrual, with interest income recognized using the cost recovery method.

Impairment—The Company performs an assessment, at least quarterly, to determine whether a decline in fair value below amortized cost of AFS securities is other than temporary. Other-than-temporary impairment (“OTTI”) exists when it is probable that the Company will be unable to recover the entire amortized cost basis of the security. For beneficial interests in debt securities that are not of high credit quality or that can be contractually settled such that the Company would not recover substantially all of its recorded investment, OTTI also exists when there has been an adverse change in cash flows expected to be collected from the last measurement date.

If the Company intends to sell the impaired security or more likely than not will be required to sell the impaired security before recovery of its amortized cost, the entire impairment amount is recognized in earnings. If the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost, the Company further evaluates the security for impairment due to credit losses. In determining whether a credit loss exists, an assessment is made of the cash flows expected to be collected from the security. The credit component of OTTI is recognized in earnings, while the remaining non-credit component is recognized in other comprehensive income. The amortized cost basis of the security is written down by the amount of impairment recognized in earnings and will not be adjusted for subsequent recoveries in fair value. The difference between the new amortized cost basis and the cash flows expected to be collected will be accreted as interest income.

In assessing OTTI and estimating future expected cash flows, factors considered include, but not limited to, credit rating of the security, financial condition of the issuer, defaults for similar securities, performance and value of assets underlying an asset-backed security.

Reclassification

Certain amounts on the condensed consolidated balance sheets have been reclassified to conform to current period presentation.

Recent Accounting Updates

Revenue Recognition—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which amends existing revenue recognition standards, by establishing principles for recognizing revenue upon the transfer of promised goods or services to customers at an amount reflecting the consideration a company expects to receive in exchange for those goods or services. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect as of the date of initial application recognized in retained earnings. ASU No. 2014-09 was originally effective for fiscal years beginning after December 15, 2016 and interim periods therein. In July 2015, the FASB deferred the effective date of the new standard by one year to fiscal years and interim periods beginning after December 15, 2017. Early adoption is permitted but not before the original effective date. In March 2016, the FASB issued amendments to clarify the principal versus agent assessment in the new revenue guidance, which affects whether revenue is recorded on a gross or net basis. The amendments have the same effective date and transition requirements as the new standard. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements.

Financial Instruments—In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which affects accounting for investments in equity securities and financial liabilities under fair value option as well as presentation and disclosures, but does not affect accounting for investments in debt securities and loans. Investments in equity securities, other than equity method investments, will be measured at fair value through earnings, except for equity securities without readily determinable fair values which may be measured at cost less impairment and adjusted for observable price changes. This provision eliminates cost method accounting and recognition of unrealized holding gains (losses) on equity investments in other comprehensive income. For financial liabilities under fair value option, changes in fair value due to instrument specific credit risk will be recorded separately in other comprehensive income. Fair value disclosures of financial instruments measured at amortized cost will be based on exit price and corresponding disclosures of valuation methodology and significant inputs will no longer be required. ASU No. 2016-01 is effective for fiscal years and interim periods beginning after December 15, 2017. Early adoption is limited to specific provisions. ASU 2016-01 is to be applied retrospectively with cumulative effect as of the beginning of the first reporting period adopted recognized in retained earnings, except for amendments related to equity investments without readily determinable fair values and exit price fair value disclosures for financial instruments measured at amortized cost, which are to be applied prospectively. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements.

Leases—In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which amends existing lease accounting standards, primarily requiring lessees to recognize most leases on balance sheet through a right-of-use asset and a lease liability, as well as making targeted changes to lessor accounting, including a new model for sale-leaseback transactions that is applicable to both lessors and lessees. ASU No. 2016-02 is effective for fiscal years and interim periods beginning after December 31, 2018. Early adoption is permitted. The new leases standard requires adoption using a modified retrospective approach for all leases existing at, or entered into after, the date of initial application, and provides for certain practical expedients. Full retrospective application is prohibited. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Derivative Novation—In March 2016, the FASB issued ASU No. 2016-05, *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*, which clarifies that a change in the derivative counterparty does not, in and of itself, represent a termination of the original derivative or a change in critical terms of the hedging relationship. As a result, a hedging relationship would not be dedesignated as long as all of the other hedge accounting criteria are met when considering the credit worthiness of the new counterparty. ASU No. 2016-05 is effective for fiscal years and interim periods beginning after December 15, 2016. Early adoption is permitted, including interim periods. The new guidance may be adopted prospectively or on a modified retrospective basis to derivatives outstanding in the periods presented that were previously dedesignated due to a novation. The Company adopted the new guidance effective March 31, 2016 on a prospective basis. The adoption did not have an impact on the consolidated financial statements.

Equity Method—In March 2016, the FASB issued ASU No. 2016-07, *Simplifying the Transition to the Equity Method of Accounting*, which eliminates retrospective application of the equity method to prior periods that the investment was held before the investor obtained significant influence over the investee. ASU No. 2016-07 is effective for fiscal years beginning after December 15, 2016 and interim periods therein, to be applied prospectively. Early adoption is permitted, including interim periods. The Company adopted the new guidance effective March 31, 2016. The adoption did not have an impact on the consolidated financial statements.

Share-Based Compensation—In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Share-Based Payment Accounting*, which amends certain aspects of accounting for share-based payments to employees. This includes accounting for income tax effects in the income statement, increasing the fair value of shares applied for income tax withholding without triggering liability accounting, allowing forfeitures related to service condition to be recognized upon occurrence, as well as changes in cash flow classifications. This guidance may be adopted prospectively or on a modified retrospective transition basis depending on the requirements of each provision. ASU No. 2016-09 is effective for fiscal years and interim periods beginning after December 15, 2016. Early adoption is permitted, with all provisions within the guidance to be adopted in the same period. If early adopted in an interim period, adjustments are to be reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Credit Losses—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses*, which amends the credit impairment model for financial instruments. The existing incurred loss model will be replaced with a lifetime current expected credit loss ("CECL") model for financial instruments carried at amortized cost and off-balance sheet credit exposures, such as loans, loan commitments, held-to-maturity ("HTM") debt securities, financial guarantees, net investment in leases, reinsurance and trade receivables, which will generally result in earlier recognition of allowance for losses. For AFS debt securities, unrealized credit losses will be recognized as allowances rather than reductions in amortized cost basis and elimination of the OTTI concept will result in more frequent estimation of credit losses. The accounting model for purchased credit impaired loans and debt securities will be simplified, including elimination of some of the asymmetrical treatment between credit losses and credit recoveries, to be consistent with the CECL model for originated and purchased non-credit impaired assets. The existing model for beneficial interests that are not of high credit quality will be amended to conform to the new impairment models for HTM and AFS debt securities. Expanded disclosures on credit risk include credit quality indicators by vintage for financing receivables and net investment in leases. Transition will generally be on a modified retrospective basis, with prospective application for other-than-temporarily impaired debt securities and purchased credit impaired assets. ASU No. 2016-13 is effective for fiscal years and interim periods beginning after December 15, 2019. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Cash Flow Classifications—In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows*, intended to reduce diversity in practice in certain classifications on the statement of cash flows. This guidance addresses eight types of cash flows, including clarifying how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows, as well as requiring an accounting policy election for classification of distributions received from equity method investees using either the cumulative earnings or nature of distributions approach, among others. Transition will generally be on a retrospective basis. ASU No. 2016-15 is effective for fiscal years and interim periods beginning after December 15, 2017. Early adoption is permitted, provided that all amendments within the guidance are adopted in the same period. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

3. Combination with Colony Capital

On April 2, 2015, pursuant to agreements dated December 23, 2014, OP completed its acquisition of the CCLLC trademark name and substantially all of its real estate investment management business and operations, excluding those conducted exclusively in connection with Colony American Homes, Inc. (now Colony Starwood Homes—see Note 22). The Combination was subject to approval of two-thirds of the Company's non-affiliated shareholders, which was received at a special meeting of shareholders held on March 31, 2015.

Upon consummation of the Combination, CCLLC's personnel became employees of the Company and the Company became an internally managed REIT. As a result of the Combination, the Company is able to sponsor new investment vehicles as general partner under the Colony name. The Company's common stock, which was reclassified as Class A Common Stock, continues to be listed on the New York Stock Exchange ("NYSE") under the ticker symbol "CLNY."

Mr. Thomas J. Barrack, Jr., Executive Chairman, and Mr. Richard B. Saltzman, Chief Executive Officer and President, have entered into five-year employment agreements and related lock-up arrangements with the Company, which, subject to certain exceptions, will generally restrict them from transferring their respective interests in OP Units and/or shares received in connection with the Combination over the same period as their respective employment agreement terms, which restriction would be ratably reduced over such period. Messrs. Barrack and Saltzman also have entered into non-competition arrangements with the Company, each of which will provide for clawback as to a material portion of consideration in the event such individuals violate the non-compete restrictions during the same period as their respective lock-ups. The employment agreements, and related lock-ups and non-competition arrangements became effective at the closing of the Combination.

The consideration for the Combination consisted of an upfront and a contingent portion, as follows:

- Upfront considerationpaid in a combination of 1.43 million shares of Class A Common Stock, 563,987 shares of newly created Class B Common Stock and 21.34 million of OP Units, measured based upon the closing price of the Company's common stock of $26.19 on April 1, 2015, as well as $61.4 million of cash payments made for working capital, transaction costs incurred on behalf of CCLLC and tax withholding on behalf of Mr. Saltzman. The aggregate upfront consideration was valued at $672.3 million.
- Contingent consideration to be paid in a combination of up to approximately 1.02 million shares of Class A Common Stock, 90,991 shares of Class B Common Stock and approximately 3.47 million OP Units, subject to multi-year performance targets for achievement of a contractually-defined funds from operations per share target and capital-raising thresholds from the funds management business. If the minimum performance target for either of these metrics is not met or exceeded, a portion of the contingent consideration paid in respect of the other metric would not be paid out in full.

Each share of Class B Common Stock and each OP Unit is, at the holder's option, convertible into one share of Class A Common Stock, subject, in the case of OP Units, to the terms and conditions set forth in the operating agreement of OP.

The following table summarizes the total consideration and allocation to assets acquired and liabilities assumed. In the first quarter of 2016, measurement period adjustments were identified that impacted provisional accounting, specifically adjustments to payroll accrual, valuation of investment management contract intangible asset and related impact to deferred tax liability, which increased goodwill by approximately $1.9 million, as presented in the table below.

(In thousands)	As Reported At December 31, 2015	Measurement Period Adjustments (1)	Final Adjusted Amounts At March 31, 2016
Consideration			
Cash	$ 61,350	$ —	$ 61,350
Class A and Class B common stock issued	52,160	—	52,160
OP Units issued	558,794	—	558,794
Estimated fair value of contingent consideration (2)	69,500	—	69,500
	$ 741,804	$ —	$ 741,804
Identifiable assets acquired and liabilities assumed			
Cash	$ 5,015	$ —	$ 5,015
Fixed assets	46,396	—	46,396
Other assets	23,300	—	23,300
Intangible asset:			
Investment management contracts	46,000	(1,900)	44,100
Customer relationships	46,800	—	46,800
Trade name	15,500	—	15,500
Notes payable	(44,337)	—	(44,337)
Deferred tax liability	(35,920)	729	(35,191)
Other liabilities	(19,217)	(689)	(19,906)
	83,537	(1,860)	81,677
Goodwill	658,267	1,860	660,127
	$ 741,804	$ —	$ 741,804

(1) The estimated fair values and purchase price allocation on April 2, 2015 were subject to retrospective adjustments during the measurement period, which ended on April 1, 2016, based upon new information obtained about facts and circumstances that existed as of the date of acquisition.
(2) Estimated fair value of contingent consideration is subject to remeasurement each reporting period, as discussed in Note 14.

See Note 9 for discussions related to identifiable intangible assets and goodwill, and Note 14 for fair value measurement of contingent consideration.

Pro Forma Results (Unaudited)

The following table presents pro forma results of the Company as if the Combination had been consummated on January 1, 2014. The amounts have been calculated pursuant to the application of the Company's accounting policies and adjusting the results of CCLLC's operations to reflect additional compensation expense, depreciation and amortization, income tax, and after eliminating intercompany transactions of the combined entities and allocation of net income to OP Units. The pro forma results for the nine months ended September 30, 2015 were adjusted to exclude acquisition-related expenses of approximately $15.1 million. The pro forma results are not indicative of future operating results.

(In thousands, except per share data)	Nine Months Ended September 30, 2015
Pro forma:	
Total income	$ 631,593
Net income attributable to Colony Capital, Inc.	135,372
Net income attributable to common stockholders	104,896
Earnings per common share:	
Basic	$ 0.93
Diluted	$ 0.91

4. Variable Interest Entities

Securitizations

The Company securitizes loans receivable using VIEs as a source of financing. The securitization vehicles are structured as pass-through entities that receive principal and interest on the underlying mortgage loans and distribute those payments to the holders of the notes or certificates issued by the securitization vehicles. The loans are 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 do not have any recourse to the general credit of any other consolidated entities, nor to the Company.

The Company retains beneficial interests in the securitization vehicles, usually equity tranches or subordinate securities. Affiliates of the Company or appointed third parties act as special servicer of the underlying collateral mortgage loans. The special servicer has the power to direct activities during the loan workout process on defaulted and delinquent loans as permitted by the underlying contractual agreements, which is subject to the consent of the Company, as the controlling class representative or directing holder who, under certain circumstances, has the right to unilaterally remove the special servicer. As the Company's rights as the directing holder and controlling class representative provide the Company the ability to direct activities that most significantly impact the economic performance of the securitization vehicles—for example, responsibility over decisions related to loan modifications and workouts—the Company maintains effective control over the loans transferred into the securitization trusts. Considering the positions retained by the Company in the securitization vehicles together with its role as controlling class representative or directing holder, the Company is deemed to be the primary beneficiary and consolidates these securitization vehicles. Accordingly, these securitizations did not qualify as sale transactions and are accounted for as secured financing with the underlying mortgage loans pledged as collateral.

All of the underlying assets, liabilities, equity, revenues and expenses of the securitization vehicles are consolidated within the Company's consolidated financial statements. The Company's exposure to the obligations of the securitization vehicles is generally limited to its investment in these entities, which was $410.0 million and $412.8 million at September 30, 2016 and December 31, 2015, respectively. The Company is not obligated to provide any financial support to these securitization vehicles and did not do so in the periods reported.

Operating Subsidiary

The Company's operating subsidiary under the UPREIT structure, 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 either substantive liquidation rights, or 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 comprise substantially all of the total consolidated assets and liabilities of the Company.

Sponsored Funds

The Company sponsors funds and other similar investment vehicles as general partner ("Sponsored Funds"), for the purpose of providing investment management services in exchange for management fees and performance-based fees.

Sponsored Funds are established as limited partnerships or equivalent structures. The limited partners of Sponsored 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. The absence of such rights, which represent voting rights in a limited partnership, results in the Sponsored Fund being considered a VIE. The Company invests alongside its Sponsored Funds through joint ventures between the Company and the Sponsored Funds. These co-investment joint ventures are consolidated by the Company. As general partner, the Company has capital commitments directly to the Sponsored Funds. The Company may also have capital commitments satisfied directly through the co-investment joint ventures in its capacity as an affiliate of the general partner. The nature of the Company's involvement with the 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. The Company's equity interests in the Sponsored Funds absorb insignificant variability. As the Company acts in the capacity of an agent of the Sponsored Funds, the Company is not the primary beneficiary and does not consolidate the Sponsored Funds. The Company accounts for its equity interest in the Sponsored Funds under the equity method. The Company's equity method investment in Sponsored Funds was $1.5 million and $0.3 million at September 30, 2016 and December 31, 2015, respectively.

5. Loans Receivable

Loans Held For Investment

The following table provides a summary of the Company's loans held for investment.

	September 30, 2016				December 31, 2015			
(Amounts in thousands)	Unpaid Principal Balance	Carrying Value	Weighted Average Coupon	Weighted Average Maturity in Years	Unpaid Principal Balance	Carrying Value	Weighted Average Coupon	Weighted Average Maturity in Years
Non-PCI Loans								
Fixed rate								
Mortgage loans	$ 951,872	$ 939,940	9.1%	3.5	$ 882,935	$ 880,519	9.3%	3.9
Securitized mortgage loans	111,906	114,178	6.4%	15.9	135,519	138,366	6.4%	16.9
Mezzanine loans	423,193	420,289	12.2%	2.9	338,856	340,260	12.3%	3.5
	1,486,971	1,474,407			1,357,310	1,359,145		
Variable rate								
Mortgage loans	482,692	473,078	8.4%	1.0	643,013	627,374	7.2%	1.7
Securitized mortgage loans	898,052	897,414	5.8%	2.9	1,051,822	1,048,522	5.5%	3.4
Mezzanine loans	348,035	347,242	11.1%	0.9	348,091	347,267	10.8%	0.7
	1,728,779	1,717,734			2,042,926	2,023,163		
	3,215,750	3,192,141			3,400,236	3,382,308		
PCI Loans								
Mortgage loans	784,373	538,037			1,008,839	693,934		
Securitized mortgage loans	8,199	6,868			8,871	7,422		
	792,572	544,905			1,017,710	701,356		
Allowance for loan losses	—	(51,392)			—	(35,187)		
Loans held for investment, net	$4,008,322	$3,685,654			$4,417,946	$4,048,477		

Activity in loans held for investment is summarized below:

(In thousands)	Nine Months Ended September 30, 2016	2015
Carrying value at January 1	$ 4,048,477	$ 2,131,134
Loan acquisitions and originations	420,741	926,659
Paid-in-kind interest added to loan principal	34,889	19,639
Discount and net loan fee amortization	19,081	14,171
Carrying value loans sold	(113,582)	—
Loan repayments	(461,585)	(285,530)
Payments received from PCI loans	(122,911)	(463,069)
Accretion on PCI loans	50,012	105,460
Transfer to loans held for sale	(56,357)	—
Transfer to real estate assets upon foreclosure	(121,694)	(4,489)
Provision for loan losses, excluding interest receivable	(17,271)	(30,716)
Consolidation of loans receivable held by investment entities (Note 7)	—	1,629,496
Effect of changes in foreign exchange rates	5,854	5,894
Carrying value at September 30	$ 3,685,654	$ 4,048,649

Loan Maturity and Aging

Carrying values of loans held for investment before allowance for loan losses, excluding PCI loans, based on remaining maturities under contractual terms at September 30, 2016, was as follows:

(In thousands)	September 30, 2016
Due in one year or less	$ 1,174,635
Due after one year through five years	1,642,945
Due after five years	374,561
	$ 3,192,141

The following table provides an aging summary of loans held for investment at carrying values before allowance for loan losses, excluding PCI loans.

(In thousands)	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
September 30, 2016	$ 3,137,769	$ 797	$ 3,336	$ 50,239	$3,192,141
December 31, 2015	3,357,454	14,628	1,509	8,717	3,382,308

Troubled Debt Restructuring ("TDR")

The following table provides a summary of loan modifications, excluding purchased credit-impaired loans, classified as TDRs, in which the Company provided the borrowers, who are experiencing financial difficulties, with various concessions in interest rates, payment terms or default waivers.

(Dollars in thousands)	Nine Months Ended September 30, 2016
Loans modified as TDRs during the period:	
Number of loans	1
Carrying value of loans before allowance for loan losses	$ 37,611
Loss incurred	$ 1,687

There were no loans modified as TDRs during the nine months ended September 30, 2015.

At September 30, 2016 and December 31, 2015, carrying values of TDR loans before allowance for loan losses were $66.2 million and $26.7 million, respectively, and the TDR loans were not in default post-modification. There were no additional commitments to lend to borrowers with TDR loans.

Purchased Credit-Impaired Loans ("PCI")

PCI loans are acquired loans with evidence of credit quality deterioration for which it is probable at acquisition that the Company will collect less than the contractually required payments. PCI loans are recorded at the initial investment in the loans and accreted to the estimated cash flows expected to be collected as measured at acquisition date. The excess of cash flows expected to be collected, measured as of acquisition date, over the estimated fair value represents the accretable yield and is recognized in interest income over the remaining life of the loan using the effective interest method. The difference between contractually required payments as of the acquisition date and the cash flows expected to be collected ("nonaccretable difference") is not recognized as an adjustment of yield, loss accrual or valuation allowance.

Factors that most significantly affect estimates of cash flows expected to be collected, and accordingly the accretable yield, include: (i) estimate of the remaining life of acquired loans which may change the amount of future interest income; (ii) changes to prepayment assumptions; (iii) changes to collateral value assumptions for loans expected to foreclose; and (iv) changes in interest rates on variable rate loans.

In September 2016, the Company acquired PCI loans secured by commercial properties in France. In 2015, no new PCI loans were acquired other than those through consolidation of the investment entities on April 2, 2015. The table below presents information about these PCI loans at time of acquisition:

(In thousands)	September 2016	April 2015
Contractually required payments including interest	$ 28,685	$1,936,499
Less: Nonaccretable difference	(4,927)	(850,212)
Cash flows expected to be collected	23,758	1,086,287
Less: Accretable yield	(6,595)	(121,130)
Fair value of loans acquired	$ 17,163	$ 965,157

Changes in accretable yield of PCI loans were as follows:

	Nine Months Ended September 30,	
(In thousands)	2016	2015
Beginning accretable yield	$ 66,639	$ 98,523
Additions	6,595	—
Changes in accretable yield	21,228	(16,519)
Accretion	(50,012)	(105,460)
Consolidation of PCI loans held by investment entities (Note 7)	—	121,130
Effect of changes in foreign exchange rates	105	(6,639)
Ending accretable yield	$ 44,555	$ 91,035

Nonaccrual Loans

Non-PCI 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. For PCI loans, if the cash flows expected to be collected cannot be reasonably estimated, the Company may consider placing such PCI loans on nonaccrual. Interest received on nonaccruing loans for which ultimate collectability of principal is uncertain is recognized using a cost recovery method by applying interest collected as a reduction to loan principal; otherwise, interest is recognized on a cash basis.

Carrying values of loans, before allowance for loan losses, that have been placed on nonaccrual were as follows:

(In thousands)	September 30, 2016	December 31, 2015
Non-PCI loans	$ 53,575	$ 10,226
PCI loans	34,841	116,647
	$ 88,416	$ 126,873

At September 30, 2016 and December 31, 2015, there were no non-PCI loans past due 90 days or more that continued to accrue interest.

For the three and nine months ended September 30, 2016, interest income of $0.3 million and $1.1 million, respectively, was recognized on a cash basis related to PCI loans with carrying values before allowance for loan losses of $34.8 million at September 30, 2016. There was no cash basis interest income recognized for the three and nine months ended September 30, 2015.

Allowance for Loan Losses

On a periodic basis, the Company analyzes the extent and effect of any credit migration from underwriting and the initial investment review associated with the performance of a loan and/or value of its underlying collateral, as well as financial and operating capability of the borrower or sponsor. Specifically, operating results of collateral properties and any cash reserves are analyzed and used to assess whether cash from operations are sufficient to cover debt service requirements currently and into the

future, ability of the borrower to refinance the loan, and/or liquidation value of collateral properties. Where applicable, the Company also evaluates the financial wherewithal of any loan guarantors as well as the borrower's competency in managing and operating the collateral properties. Such analysis is performed at least quarterly, or more often as needed when impairment indicators are present.

For PCI loans, the Company records a provision for loan losses if decreases in expected cash flows result in a decrease in the estimated fair value of the loan below its amortized cost. Subsequent increases in cash flows expected to be collected are first applied to reverse any previously recorded allowance for loan losses, with any remaining increases recognized prospectively through an adjustment to yield over its remaining life.

The allowance for loan losses and related carrying values of loans held for investment were as follows:

	September 30, 2016		December 31, 2015	
(In thousands)	Allowance for Loan Losses	Carrying Value	Allowance for Loan Losses	Carrying Value
Non-PCI loans	$ 4,573	$ 57,677	$ 472	$ 7,827
PCI loans	46,819	189,134	34,715	203,527
	$ 51,392	$ 246,811	$ 35,187	$ 211,354

Changes in allowance for loan losses are presented below:

	Nine Months Ended September 30,	
(In thousands)	2016	2015
Allowance for loan losses at January 1	$ 35,187	$ 197
Provision for loan losses	17,271	30,937
Charge-off	(1,066)	(293)
Allowance for loan losses at September 30	$ 51,392	$ 30,841

Loans Held For Sale

At September 30, 2016, four loans with aggregate carrying value of $56.4 million were classified as held for sale.

In December 2015, the Company acquired and classified a loan with carrying value of $75.0 million as held for sale. In February 2016, the loan was sold at approximately its carrying value.

6. Real Estate Assets

The Company's real estate assets, including foreclosed properties, comprise the following:

(In thousands)	September 30, 2016	December 31, 2015
Real Estate Held for Investment		
Land	$ 651,556	$ 578,577
Buildings and improvements	2,799,104	2,639,861
	3,450,660	3,218,438
Less: Accumulated depreciation	(156,538)	(86,220)
	3,294,122	3,132,218
Real Estate Held for Sale		
Land, buildings and improvements	195,391	297,887
Real Estate Assets, Net	$ 3,489,513	$ 3,430,105

As discussed in Note 7, effective April 2, 2015, the Company was deemed to have a controlling financial interest in a number of its real estate investment entities previously accounted for under the equity method. As a result, the Company consolidated the real estate assets held by these investment entities.

Real Estate Held for Sale and Dispositions

Real estate held for sale at September 30, 2016 and December 31, 2015 included $14.1 million and $20.3 million, respectively, that have been written down to fair value, estimated based on either broker price opinions or comparable market information, less estimated selling costs of 5% to 8% of fair value.

Real estate, including foreclosed properties, with carrying values totaling $276.2 million and $80.8 million were sold during the nine months ended September 30, 2016 and 2015, resulting in gains on sale of $68.1 million and $6.5 million, respectively.

Real estate classified as held for sale or disposed in the nine months ended September 30, 2016 and 2015 did not constitute discontinued operations.

Depreciation and Impairment

Depreciation expense and impairment loss recognized on real estate assets were as follows:

(In thousands)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Depreciation	$27,005	$24,390	$81,373	$58,800
Impairment loss on real estate held for sale (1)	941	317	5,141	767

(1) There was no impairment on real estate held for investment in the periods presented.

Real Estate Acquisitions

The following table summarizes the Company's real estate acquisitions:

($ in thousands)				Purchase Price Allocation				
Acquisition Date	Property Type and Location	Number of Properties	Purchase Price (1)	Land	Buildings and Improvements	Lease Intangible Assets	Lease Intangible Liabilities	Other Liabilities
Nine Months Ended September 30, 2016 (2)								
Business Combinations (3)(4)								
January	Industrial—Spain	23	$ 94,403	$ 30,451	$ 59,399	$ 5,318	$ (765)	$ —
April	Industrial—Massachusetts, U.S. (5)	1	34,900	5,235	27,731	1,934	—	—
May	Office—France (6)	1	18,204	13,594	4,372	388	(150)	—
Various	Light industrial—Various in U.S.	5	201,635	30,034	158,629	16,062	(3,090)	—
		30	$ 349,142	$ 79,314	$ 250,131	$ 23,702	$ (4,005)	$ —
Year Ended December 31, 2015								
Asset Acquisitions (7)								
January	Education—Switzerland	2	$ 167,911	$ 16,450	$ 130,446	$ 21,015	$ —	$ —
June	Office—Norway (8)	1	322,231	69,350	257,541	28,235	—	(32,895)
November	Office—France	1	31,000	3,936	24,096	3,661	(693)	—
Business Combinations (3)(4)								—
Various	Light industrial—Various in U.S.	34	345,463	53,257	280,380	17,724	(5,898)	—
December	Mixed use—United Kingdom (9)	24	440,999	51,169	320,078	76,016	(6,264)	—
		62	$1,307,604	$194,162	$ 1,012,541	$146,651	$(12,855)	$(32,895)

(1) Dollar amounts of purchase price and allocation to assets acquired and liabilities assumed are translated based on foreign exchange rates as of respective dates of acquisition, where applicable. Purchase price excludes transaction costs.

(2) Useful life of real estate assets acquired in 2016 ranges from 23 to 44 years for buildings, 4 to 10 years for improvements, 33 years for below-market ground lease obligations and 3 to 9 years for other lease intangibles.

(3) Acquisitions of real estate assets with existing leases where the sellers are not the lessees are classified as business combinations. Transaction costs associated with business combinations are expensed, totaling $6.5 million and $1.9 million for the nine months ended September 30, 2016 and 2015, respectively.

(4) The estimated fair values and purchase price allocation are provisional and subject to retrospective adjustments during the measurement period, not to exceed one year, based upon new information obtained about facts and circumstances that existed as of the date of acquisition.

(5) Real estate asset was sold in August 2016.

(6) In the third quarter of 2016, a measurement period adjustment was identified related to a lease contract, which resulted in a decrease to lease intangible asset of $0.6 million, with a corresponding increase of approximately $0.6 million to land and immaterial increase to buildings and improvements.

(7) These asset acquisitions are net lease properties in which the Company entered into sale-leaseback transactions with the sellers. Transaction costs associated with asset acquisitions are capitalized, totaling approximately $6.9 million for the nine months ended September 30, 2015.

(8) The Company acquired equity in a subsidiary of the seller, partially financed by a non-callable bond, and assumed the liabilities of the entity acquired of $2.1 million, as well as the entity's tax basis, resulting in a tax basis difference recorded as a deferred tax liability of $30.8 million upon acquisition.

(9) Through June 30, 2016, certain measurement period adjustments were identified which impacted provisional accounting, related to below-market operating ground leases assumed in connection with the properties acquired and lease expirations. These adjustments cumulatively resulted in an increase to lease intangible assets and lease intangible liabilities of $15.4 million and $1.3 million, respectively, with a corresponding decrease to land of $21.4 million and an increase to buildings and improvements of $4.7 million. Included in the condensed consolidated statement of operations for the nine months ended September 30, 2016 was a $0.4 million decrease in depreciation and amortization expense as well as immaterial adjustments to increase rent expense and to increase rental income to reflect the effects of the measurement period adjustment as of the acquisition date in December 2015.

Pro Forma Results(Unaudited)

The following table presents pro forma results of the Company as if all 2015 real estate business combinations above had been completed on January 1, 2014. The pro forma results for the nine months ended September 30, 2015 have been adjusted to exclude non-recurring acquisition-related expenses of approximately $2.0 million. These pro forma results are not necessarily indicative of future operating results. Real estate business combinations for the nine months ended September 30, 2016 were not material to the Company's consolidated results of operations.

(In thousands, except per share data)	Nine Months Ended September 30, 2015
Pro forma:	
Total income	$ 649,235
Net income	195,131
Net income attributable to common stockholders	88,427
Earnings per common share:	
Basic	$ 0.78
Diluted	$ 0.78

Property Operating Income

The components of property operating income are as follows:

(In thousands)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Rental income	$ 69,120	$ 60,333	$ 206,173	$ 150,384
Tenant reimbursements	17,637	6,837	48,467	21,722
Hotel operating income	5,748	19,265	24,830	41,352
	$ 92,505	$ 86,435	$ 279,470	$ 213,458

Future Minimum Rents

The Company has operating leases with tenants that expire at various dates through 2070. Future contractual minimum rental payments to be received under noncancelable operating leases for real estate held for investment as of September 30, 2016 are as follows:

Year Ending December 31,	(In thousands)
Remaining 2016	$ 63,096
2017	240,468
2018	211,512
2019	179,434
2020	152,094
2021 and after	773,291
Total	$ 1,619,895

7. Equity Method Investments

Certain of the Company's investments in real estate debt and equity are structured as joint ventures with one or more private investment funds or other investment vehicles managed by CCLLC or its affiliates, or to a lesser extent, with unaffiliated third parties. These investment entities are generally capitalized through equity contributions from the members, although certain investments are leveraged through various financing arrangements. Subsequent to the Combination, the Company sponsors funds and other similar investment vehicles under the Colony name as general partner and the Company continues to invest alongside its Sponsored Funds through joint ventures between the Company and the Sponsored Funds.

The assets of the investment entities may only be used to settle the liabilities of these entities and there is no recourse to the general credit of the Company nor the other investors for the obligations of these investment entities. Neither the Company nor the other investors are required to provide financial or other support in excess of their capital commitments. The Company's exposure to the investment entities is limited to its equity method investment balance as of September 30, 2016 and December 31, 2015, respectively.

Activity in the Company's equity method investments is summarized below:

	Nine Months Ended September 30,	
(In thousands)	2016	2015
Balance at January 1	$ 824,597	$1,646,977
Contributions	267,409	241,562
Distributions	(258,898)	(394,625)
Equity in net income	72,226	44,184
Equity in other comprehensive income (loss)	277	(612)
Equity in realized loss reclassified from accumulated other comprehensive income	(10)	161
Equity method investment entities derecognized and consolidated	—	(957,009)
Equity method investments of newly consolidated investment entities	—	270,966
Foreign currency translation gain (loss) and other	558	(27,760)
Balance at September 30	$ 906,159	$ 823,844

Included in income from equity method investments for the nine months ended September 30, 2016 was a gain of $45.0 million from redemption of the Company's preferred equity investment in an equity method investee. In June 2016, in conjunction with a refinancing transaction, the investee restructured the Company's investment by redeeming the original preferred equity and entering into a new preferred equity investment with the Company under amended terms, including a recourse guarantee and a fixed return. As a result of the restructuring, the Company relinquished its profit participation interest in the investee and deferred its ability to exercise certain rights.

Consolidation of Previous Equity Method Investments

Prior to the Combination, a majority of the Company's investments in real estate debt and equity that were held in joint ventures with Co-Investment Funds were accounted for under the equity method as the Company did not have a controlling financial interest but exercised significant influence over these investment entities. Upon closing of the Combination on April 2, 2015, the Company became the investment manager of the Co-Investment Funds and employees of CCLLC, including those who are directors or officers of the investment entities, became employees of the Company. For real estate investment entities structured as joint ventures with Co-Investment Funds, combining the Company's interests with those held by the Co-Investment Funds, to which the Company now acts as investment manager, the Company is considered to have a controlling financial interest in these investment entities post-Combination. Therefore, the Combination represents a reconsideration event that resulted in a shift in controlling financial interest over these investment entities in favor of the Company. Accordingly, the Company consolidated 52 investment entities effective April 2, 2015. The Company did not acquire any economic interests in the Co-Investment Funds nor any additional economic interests in these investment entities as a result of the Combination. Upon initial consolidation of the investment entities, the Company recorded the assets, liabilities, and noncontrolling interests of these entities at estimated fair values as of April 2, 2015.

The following table presents the combined assets, liabilities and noncontrolling interests of the consolidated investment entities as of April 2, 2015:

(In thousands)	
Assets:	
Cash	$ 75,412
Loans receivable, net	1,629,496
Real estate assets, net	812,672
Other assets	543,404
Total assets	$3,060,984
Liabilities:	
Debt	$ 282,555
Accrued and other liabilities	65,739
Total liabilities	348,294
Noncontrolling interests	1,700,114
Equity attributable to Colony Capital, Inc.	$1,012,576

At April 2, 2015, the fair value of the Company's proportionate share of equity interest in the investment entities was $1.0 billion. The excess of fair value over carrying value of the Company's equity interest in these investment entities, net of cumulative translation adjustments reclassified to earnings, resulted in a remeasurement gain of $41.5 million upon consolidation of these investment entities in April 2015.

Related Party Transactions of Unconsolidated Joint Ventures

Prior to the Combination, CCLLC and its affiliates incurred compensation, overhead and direct costs, as well as costs of property management on behalf of the joint ventures and AMCs, for which they were reimbursed by the joint ventures for amounts allocated. Subsequent to the Combination, the Company has assumed the activities of the Manager and has consolidated all of the AMCs and a majority of the joint ventures. Therefore, such costs and corresponding reimbursements have been eliminated upon consolidation. Total costs from such affiliates allocated to the joint ventures were $2.3 million for the three months ended March 31, 2015. The Company's proportionate share, based upon its percentage interests in the joint ventures, was $0.8 million for the three months ended March 31, 2015.

8. Other Investments

Other investments comprise the following:

(In thousands)	September 30, 2016	December 31, 2015
Commercial mortgage-backed securities	$ 23,882	$ —
Cost method investment	99,736	99,868
	$ 123,618	$ 99,868

Commercial Mortgage-Backed Securities ("CMBS")

These are mezzanine positions in CMBS that are not of high credit quality (credit rating below AA), acquired at a discount in the second quarter of 2016. These mezzanine positions are subordinated by first loss tranches in the securitization trusts. The CMBS investment was made alongside the Company's Sponsored Fund through co-investment joint ventures that are consolidated by the Company.

At September 30, 2016, the CMBS, which are classified as AFS, had amortized cost of $23.8 million with $0.1 million of unrealized gain recorded in accumulated other comprehensive income. Contractual maturities of the CMBS, which are longer than the maturities of the underlying loans, range from August 2047 to February 2048.

Cost Method Investment

In January 2015, OP funded its equity commitment of $50 million to an investor consortium, alongside $50 million from a passive co-investment partner, for the acquisition of common stock in the Albertsons/Safeway supermarket chain. The Company uses the cost method to account for this non-marketable equity investment as it has neither a controlling interest nor significant influence over the underlying investee. Dividends received from cost-method investments are recorded as dividend income to the extent they are not considered a return of capital, otherwise such amounts are recorded as a reduction to the cost of investment. For the nine months ended September 30, 2016, a dividend of $0.1 million was received as return of capital and applied to reduce the cost of investment. No dividends were received during the three months ended September 30, 2016 as well as the three and nine months ended September 30, 2015.

9. Goodwill, Deferred Leasing Costs and Other Intangibles

The following table summarizes goodwill, deferred leasing costs, other intangible assets and intangible liabilities arising from acquisitions of operating real estate and the investment management business:

	September 30, 2016			December 31, 2015		
(In thousands)	Carrying Amount (Net of Impairment)(1)	Accumulated Amortization	Net Carrying Amount	Carrying Amount (Net of Impairment)(1)	Accumulated Amortization	Net Carrying Amount
Goodwill	$ 680,127	NA	$680,127	$ 678,267	NA	$678,267
Deferred Leasing Costs and Intangible Assets						
Trade name	$ 15,500	NA	$ 15,500	$ 15,500	NA	$ 15,500
In-place lease values	158,860	(50,089)	108,771	144,863	(27,780)	117,083
Above-market lease values	31,817	(14,244)	17,573	32,774	(7,708)	25,066
Below-market ground lease obligations	49,326	(399)	48,927	36,635	(39)	36,596
Deferred leasing costs	86,928	(23,134)	63,794	71,710	(12,647)	59,063
Investment management contracts	39,646	(22,552)	17,094	41,897	(13,985)	27,912
Customer relationships	46,800	(5,014)	41,786	46,800	(2,507)	44,293
Total deferred leasing costs and intangible assets	$ 428,877	$ (115,432)	$313,445	$ 390,179	$ (64,666)	$325,513
Intangible Liabilities						
Below-market lease values	$ 32,187	$ (9,557)	$ 22,630	$ 28,879	$ (4,523)	$ 24,356
Above-market ground lease obligations	171	(10)	161	171	(5)	166
Total intangible liabilities	$ 32,358	$ (9,567)	$ 22,791	$ 29,050	$ (4,528)	$ 24,522

(1) For intangible assets and intangible liabilities recognized in connection with business combinations, purchase price allocations may be subject to adjustments during the measurement period, not to exceed one year from date of acquisition, based upon new information obtained about facts and circumstances that existed at time of acquisition. Carrying amounts at September 30, 2016 are presented net of measurement period adjustments, where applicable (see Notes 3 and 6).

Acquisitions of Operating Real Estate

Goodwill—Goodwill of $20.0 million arising from the acquisition of a light industrial operating platform on December 18, 2014 represents the value of the acquired operating platform, which primarily consists of its work force and business processes. The goodwill amount recognized is not expected to be deductible for income tax purposes. This goodwill is assigned and reported under the light industrial platform segment. As of September 30, 2016, no indicators of impairment to goodwill were identified.

Lease Intangibles—Lease intangibles are amortized on a straight-line basis over the remaining term of the respective lease contracts assumed upon acquisition.

Acquisition of Investment Management Business

Goodwill

Goodwill of $660.1 million was recognized in connection with the acquisition of the investment management business through the Combination. This goodwill reflects, in part, the expected cost savings resulting from the internalization through direct incurrence of operating costs relative to a management fee charge, the ability to raise additional equity without a proportionate increase in the cost of managing the Company and control over key functions critical to the growth of the business. The goodwill amount recognized is not expected to be deductible for income tax purposes. This goodwill is assigned and reported under the investment management segment.

Goodwill is tested for impairment at the reporting unit to which it is assigned at least on an annual basis in the fourth quarter of each year, or more frequently if events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value. If so determined, a two-step quantitative assessment is performed to determine if an impairment has occurred and to measure the impairment loss. In the first step, the fair value of the reporting unit is estimated and if less than its carrying

value (including goodwill), then the goodwill is considered to be impaired. In the second step, an implied fair value of the goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit over the fair value of its net assets, as if the reporting unit was being acquired in a business combination. If the carrying value of the goodwill exceeds its implied fair value, then an impairment charge is recognized for the excess.

As of September 30, 2016, the Company performed a qualitative assessment of the value of the investment management segment and determined that goodwill was not impaired at this time. In performing this assessment, the Company considered qualitative factors such as macroeconomic conditions, industry and market conditions, and the absence of structural changes in the strategy and operations of the investment management business since its acquisition. While there has been a decline in the Company's stock price subsequent to the Combination, the Company concluded that based upon the qualitative factors, taken as a whole, and given the volatility in the Company's stock price in light of the proposed Merger as well as uncertainty surrounding the outcome of the Merger, further quantitative analysis would not be warranted at this time.

Identifiable Intangible Assets

As a result of the acquisition of the investment management business, the Company recognized identifiable intangible assets which include the Colony trade name as well as contractual rights to earn future fee income from in-place investment management contracts and customer relationships with institutional clients of private funds. Investment management contracts are amortized in accordance with their expected future cash flows over the remaining contractual period of the agreements ranging between three to five years. Customer relationships are amortized on a straight-line basis over the estimated life of future funds to be sponsored by the Company ranging between 11 to 14 years. The trade name is determined to have an indefinite useful life and is not subject to amortization.

In the first quarter of 2016, an impairment of $0.3 million on investment management contracts was recognized in impairment loss resulting from a change in the fee base of a liquidating fund. There was no impairment recorded in the three months ended September 30, 2016 as well as the three and nine months ended September 30, 2015.

Amortization

The following table summarizes the amortization of deferred leasing costs and finite-lived intangible assets and intangible liabilities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands)	**2016**	**2015**	**2016**	**2015**
Above-market lease values	$ (2,145)	$ (1,911)	$ (6,734)	$ (5,701)
Below-market lease values	1,874	1,367	5,407	3,152
Net decrease to rental income	$ (271)	$ (544)	$ (1,327)	$ (2,549)
Net below-market ground lease obligations				
Increase to rent expense	$ 109	$ 5	$ 366	$ 15
In-place lease values	$ 8,072	$ 6,940	$23,117	$19,102
Deferred leasing costs	3,515	3,151	10,270	8,839
Investment management contracts	2,966	4,778	8,598	9,557
Customer relationships	836	836	2,507	1,671
Amortization expense	$15,389	$15,705	$44,492	$39,169

The following table presents the annual amortization of deferred leasing costs and finite-lived intangible assets and intangible liabilities, excluding those related to real estate held for sale, for each of the next five years and thereafter:

(In thousands) Year Ending December 31,	Remaining 2016	2017	2018	2019	2020	2021 and after	Total
Above-market lease values	$ (1,941)	$ (5,864)	$ (3,562)	$ (1,884)	$ (1,292)	$ (2,886)	$ (17,429)
Below-market lease values	1,749	6,089	4,570	2,715	1,847	5,255	22,225
(Decrease) increase to rental income	$ (192)	$ 225	$ 1,008	$ 831	$ 555	$ 2,369	$ 4,796
Net below-market ground lease obligations							
Increase to rent expense	$ 130	$ 455	$ 455	$ 455	$ 455	$44,873	$ 46,823
In-place lease values	$ 6,932	$21,807	$15,551	$11,411	$ 9,379	$38,754	$103,834
Deferred leasing costs	3,353	12,345	10,372	8,090	6,232	22,037	62,429
Investment management contracts	2,790	5,984	2,560	1,827	1,236	2,697	17,094
Customer relationships	836	3,343	3,343	3,343	3,343	27,578	41,786
Amortization expense	$ 13,911	$43,479	$31,826	$24,671	$20,190	$91,066	$225,143

10. Other Assets and Other Liabilities

Other Assets

The following table summarizes the Company's other assets:

(In thousands)	September 30, 2016	December 31, 2015
Restricted cash (1)	$ 148,396	$ 187,208
Interest receivable	38,106	34,074
Other receivables, including straight-line rents	54,637	43,130
Derivative assets	30,678	21,636
Deferred financing costs, net (2)	11,231	4,083
Prepaid taxes and deferred tax assets	1,494	—
Contributions receivable from noncontrolling interests in investment entities (3)	78,500	—
Prepaid expenses and other	28,237	21,320
Fixed assets, net (4)	46,598	48,463
Total	$ 437,877	$ 359,914

(1) Restricted cash includes borrower escrow accounts, tenant security deposits and escrow accounts for interest, property taxes and capital expenditure reserves required under secured financing agreements.

(2) Deferred financing costs relate to revolving credit arrangements and are shown net of accumulated amortization of $10.3 million and $6.8 million as of September 30, 2016 and December 31, 2015, respectively.

(3) Contributions receivable from noncontrolling interests in investment entities relate to a capital call made in late September 2016 and was received in cash in October 2016.

(4) Fixed assets are shown net of accumulated depreciation of $6.9 million and $3.3 million as of September 30, 2016 and December 31, 2015, respectively. Depreciation was $1.2 million and $3.4 million for the three and nine months ended September 30, 2016, respectively, and $1.0 million and $2.1 million for the three and nine months ended September 30, 2015, respectively. The Company did not hold any fixed assets prior to the Combination in April 2015.

Accrued and Other Liabilities

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

(In thousands)	September 30, 2016	December 31, 2015
Borrower and tenant reserves	$ 107,939	$ 116,800
Deferred income	23,871	41,671
Interest payable	14,529	18,071
Intangible liabilities, net	22,791	24,522
Derivative liabilities	8,677	507
Current and deferred tax liabilities	43,372	44,951
Accrued compensation	31,570	11,495
Accounts payable and other liabilities	81,005	67,572
Total	$ 333,754	$ 325,589

11. Debt

Components of debt are summarized as follows:

(In thousands)	September 30, 2016	December 31, 2015
Line of credit	$ 360,100	$ 315,000
Secured debt	3,145,020	3,313,550
Less: Debt issuance costs, net	(32,758)	(40,826)
	$ 3,472,362	$ 3,587,724

Line of Credit

On March 31, 2016, the Company entered into an amended and restated credit agreement (the "JPM Credit Agreement") with several lenders and JPMorgan Chase Bank, N.A. ("JPM") as administrative agent, and Bank of America, N.A. ("BofA") as syndication agent. The JPM Credit Agreement provides a secured revolving credit facility in the maximum principal amount of $850 million, an increase of $50 million from the previous credit facility. The maximum principal amount may be increased up to $1.275 billion, subject to customary conditions, including agreement of existing or substitute lenders to provide additional commitments for the increased amount.

The maximum amount available at any time 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 JPM Credit Agreement). As of September 30, 2016, the borrowing base valuation was sufficient to permit borrowings up to the full $850 million commitment.

The JPM Credit Agreement matures on March 31, 2020, with two6-month extension options, each subject to a fee of 0.10% of the commitment amount upon exercise.

Advances under the JPM Credit Agreement accrue interest at a per annum rate equal to the sum of one-month LIBOR plus 2.25% or a base rate determined according to a prime rate or federal funds rate plus a margin of 1.25%. At September 30, 2016, the Company had outstanding borrowings bearing weighted average interest at 2.78% per annum. The Company also pays a commitment fee of 0.25% or 0.35% per annum of the unused amount (0.35% at September 30, 2016), depending upon the amount of facility utilization.

Some of the Company's subsidiaries guaranty the obligations of the Company under the JPM Credit Agreement. As security for the advances under the JPM 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 JPM Credit Agreement contains various affirmative and negative covenants, including financial covenants that require the Company to maintain minimum tangible net worth and liquidity levels and financial ratios, as defined in the JPM Credit Agreement. At September 30, 2016, the Company was in compliance with all of the financial covenants.

The JPM Credit Agreement also includes customary events of default, in certain cases subject to reasonable and customary periods to cure, including but not limited to: failure to make payments when due; breach of covenants; breach of representations and warranties; insolvency proceedings; cross default to material indebtedness or material judgment defaults; certain judgments and attachments; and certain change of control events. 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.

On June 2, 2016, the Company entered into a commitment letter with JPM, BofA and the several lenders pursuant to the JPM Credit Agreement, to which the parties agreed to an amendment to the JPM Credit Agreement that establishes a new $400 million bridge loan facility. This bridge facility will be used to fund the refinancing of certain specified borrowings of NSAM, NRF and their affiliates and/or transaction expenses in connection with the consummation of transactions contemplated by the Merger Agreement. The commitments under the commitment letter will terminate automatically on the earliest of: (i) the date of termination of the Merger Agreement; (ii) the closing of the Merger without the use of the bridge facility; and (iii) March 17, 2017, the outside date under the Merger Agreement. Borrowings under the bridge facility will be made in a single drawing on the closing date of the Merger and will mature 364 days from that date. Prepayments and repayments under the bridge loans may not be reborrowed. Any undrawn commitments under the bridge facility will automatically be terminated on the closing date of the Merger. Borrowings under the bridge facility will bear interest at the prevailing rate under the existing terms of the JPM Credit Agreement but with an increase in margin by 25 basis points90 days after the Merger closing date and every 90 days thereafter. The bridge facility will be subject to the same covenants as the existing revolving credit facility, which will be substantially the same under the amendment as in the existing JPM Credit Agreement.

Secured Debt

The following table summarizes certain information about the Company's secured debt:

(Amounts in thousands)

Type (1)	Collateral	Interest Rate (per annum)	Maturity Date	Payment Terms (2)	Outstanding Principal at September 30, 2016	Outstanding Principal at December 31, 2015
Investment level financing:						
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.75%	Apr-2017	P&I	$ 21,552	$ 23,123
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.75%	Apr-2017	P&I	7,334	10,965
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+4.0%	Jun-2017	P&I	3,268	5,869
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.75%	Aug-2017	P&I	3,314	8,579
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.25%	Sept-2017	P&I	2,988	4,351
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+2.85%	Dec-2017	P&I	52,043	73,543
Secured financing (4)	First mortgage loan secured by residential properties	1-month LIBOR+3.75%	NA	P&I	—	10,314
Warehouse facility (5)	Eligible originated first mortgage loans	1 month LIBOR+2.50%	Feb-2017	I/O	17,598	48,198
Warehouse facility (5)	Eligible originated first mortgage loans, including any corresponding mezzanine loans	1 month LIBOR+2.50% to 2.75%	Apr-2018	I/O	58,760	114,433
First mortgage loan (6)	Hotel properties	1-month LIBOR+4.65%	Jan-2019	(6)	37,310	94,000
First mortgage loan (7)	Office property in Phoenix	1-month LIBOR+2.65%	Jul-2018	I/O	14,061	13,500
First mortgage loan	Office property in Minnesota	4.84% fixed	Jan-2024	P&I	87,163	88,000
First mortgage loan (8)	Commercial properties in United Kingdom	3-month GBP LIBOR+2.50%	Aug-2018	I/O	77,413	88,121
First mortgage loan (9)	Office properties throughout Italy	4.02% fixed	Nov-2018	(9)	84,224	79,133
First mortgage loan (10)	Warehouse properties in Spain	3-month Euribor+2.80%	Jun-2022	I/O	25,987	25,540
First mortgage loan (11)	Portfolio of light industrial properties across the U.S.	1-month LIBOR+2.25%	Dec-2016	I/O	772,665	917,469
First mortgage loan	Portfolio of light industrial properties across the U.S	3.80% fixed	Aug-2025	I/O	165,750	165,750
First mortgage loan	Portfolio of light industrial properties across the U.S.	4.04% fixed	Apr-2028	(12)	93,450	—
First mortgage loan	Portfolio of light industrial properties across the U.S	4.11% fixed	Aug-2029	P&I	43,875	—
First mortgage loan	Portfolio of light industrial properties across the U.S.	3.65% fixed	Oct-2031	(13)	59,000	—

(Amounts in thousands)					Outstanding Principal at	
Type (1)	Collateral	Interest Rate (per annum)	Maturity Date	Payment Terms (2)	September 30, 2016	December 31, 2015
Investment level financing:						
First mortgage loan	Portfolio of light industrial properties across the U.S	3.60% fixed	Oct-2031	(14)	93,000	—
First mortgage loans	Two higher education campuses in Switzerland	2.72% fixed	Dec-2029	P&I	122,199	120,947
First mortgage loan (15)	Office property in United Kingdom	3-month GBP LIBOR+2.35%	Feb-2020	I/O	12,357	—
First mortgage loan	Office property in France	1.89% fixed	Nov-2022	I/O	17,619	17,050
First mortgage loan (16)	Portfolio of office, retail and other commercial properties in United Kingdom	3-month GBP LIBOR+3.28%	Nov-2018	I/O	208,592	236,911
First mortgage loan (17)	Portfolio of industrial properties in Spain	3-month Euribor+3.00%	Jan-2021	I/O	50,395	—
First mortgage loan	Portfolio of office, retail and industrial properties in United Kingdom	3-month GBP LIBOR+2.50%	Jul-2020	I/O	26,356	—
Bond payable	Office property in Norway and shares of borrowing entity	3.91% fixed	Jun-2025	I/O	199,009	180,960
Revolving credit facility	Portfolio of light industrial properties across the U.S	1-month LIBOR+2.25%	Jan-2017	I/O	—	23,730
Credit facility	Partner capital commitments	1-month LIBOR+1.60%	Dec-2016	I/O	108,478	104,400
					2,465,760	2,454,886
CMBS Debt:						
CMBS 2014-FL1 (18)	Portfolio of originated first mortgage loans	1-month LIBOR+1.78%	Apr-2031	I/O	87,676	126,248
CMBS 2014-FL2 (18)	Portfolio of originated first mortgage loans	1-month LIBOR+2.01%	Nov-2031	I/O	156,921	203,734
CMBS 2015-FL3 (18)	Portfolio of originated first mortgage loans	1-month LIBOR+2.36%	Sept-2032	I/O	284,150	340,350
CMBS MF 2014-1 (19)	Portfolio of first mortgage loans secured by multifamily properties	2.54% fixed	Apr-2050	I/O	108,894	145,349
					637,641	815,681
Notes Payable:						
Promissory notes (20)	Corporate aircraft	5.02% fixed	Dec-2025	P&I	41,619	42,983
Total					$ 3,145,020	$ 3,313,550

(1) All secured debt presented in the table are non-recourse unless otherwise stated as recourse debt.

(2) Payment terms: P&I = Periodic payment of principal and interest; I/O = Periodic payment of interest only with principal at maturity (except for principal repayments to release collateral properties disposed)

(3) These financings in connection with loan portfolio acquisitions require monthly interest payments and principal curtailment based upon the ratio of principal outstanding to collateral cost basis. The current principal curtailment requirement ranges from 65% to 80% of all excess cash flow from the underlying loan portfolios, after payment of certain loan servicing fees and monthly interest, but may increase or decrease in the future. An interest rate cap is required to be maintained at a maximum strike rate of 2.50% on 1-month LIBOR. The financing arrangements provide for either a single or multiple 1-year extension options to the initial term.

(4) Loan was paid off in June 2016.

(5) The Company entered into two warehouse facilities with different commercial banks. The initial term of each facility is subject to a 1-year extension option. The facility maturing in February 2017 is full recourse to OP and provided up to $150 million in financing. The facility maturing in April 2018 is partial recourse and provided up to $250 million in financing. In October 2016, commitments under these facilities were reduced to $25 million and $100 million, respectively. At September 30, 2016, the outstanding principal on the facility maturing in April 2018 was related to loans held for sale.

(6) Initial term on the loan is subject to two1-year extensions. Payment terms are interest only through January 2017, followed by periodic principal and interest for the remaining term of the loan. An interest rate cap is required to be maintained at a maximum strike rate of 3.00% on 1-month LIBOR. Interest rate spread is presented as a weighted average across different tranches of the loan. At September 30, 2016, the total outstanding principal balance was related to the remaining hotel portfolio that was held for sale.

(7) Initial term on the loan is subject to two1-year extensions, during which payment terms require periodic principal and interest.

(8) The loan has two1-year extensions on its initial term and requires an interest rate cap to be maintained at a maximum strike rate of 2.25% on 3-month GBP LIBOR. At September 30, 2016, $5.7 million of outstanding principal balance was related to three properties held for sale

(9) Seller provided zero-interest financing on acquired portfolio of properties with imputed interest of 4.02%, requiring principal payments of €15,750,000, €35,437,500 and €27,562,000 in November 2016, November 2017 and November 2018, respectively. A discount was established at inception and is being accreted to debt principal as interest expense.
(10) The loan requires an interest rate cap to be maintained at a maximum strike rate of 1.50% on 3-month Euribor.
(11) This loan was obtained in connection with the acquisition of the light industrial properties portfolio and operating platform in December 2014, has three1-year extension options, with interest rate margin increasing to 2.50% effective December 2018, and requires an interest rate cap to be maintained at a strike rate of 3.00% on 1-month LIBOR. At September 30, 2016 and December 31, 2015, $3.0 million and $4.9 million, respectively, of outstanding principal balance were related to properties held for sale.
(12) I/O through April 2021 and P&I thereafter.
(13) I/O through October 2021 and P&I thereafter.
(14) I/O through October 2024 and P&I thereafter.
(15) The loan requires an interest rate cap to be maintained at a maximum strike rate of 2.25% on 3-month GBP LIBOR.
(16) Interest rate spread was 2.75% at inception and amended to a weighted average of 3.28% in January 2016. Initial term on the loan is subject to two1-year extensions. Payment terms changes from interest only to periodic principal and interest if specific loan-to-value threshold is exceeded at any time effective August 2016. An interest rate cap is required to be maintained at a maximum strike rate of 2.25% on 3-month GBP LIBOR. Interest rate spread is presented as a weighted average of the facility amount across two tranches of the loan.
(17) The loan requires an interest rate cap to be maintained at a maximum strike rate of 1.50% on 3-month Euribor.
(18) The Company, through its indirect Cayman subsidiaries—Colony Mortgage Capital Series 2014-FL1 Ltd, Colony Mortgage Capital Series 2014-FL2 Ltd and Colony Mortgage Capital Series 2015-FL3 Ltd.—securitized commercial mortgage loans originated within the Company's Transitional CRE Lending Platform. Senior notes issued by the securitization trusts were generally sold to third parties and subordinated notes retained by the Company. These three securitizations are accounted for as secured financing with underlying mortgage loans pledged as collateral. Principal repayments from underlying collateral loans must be applied to repay the notes until fully paid off, irrespective of the contractual maturities of the notes. Underlying collateral loans have initial terms of two to three years. Interest rate spreads on these CMBS debt are presented on a weighted average basis as of the date of the respective securitizations.
(19) The Company transferred acquired loans, secured by multifamily properties, into a securitization trust, Colony Multifamily Mortgage Trust 2014-1, with the most senior certificates issued by the trust sold to third parties and the Company retaining remaining certificates. The securitization was accounted for as a secured financing with underlying mortgage loans pledged as collateral. Although the certificates do not have a contractual maturity date, principal repayments from underlying collateral loans must be applied to repay the debt until fully paid off. Underlying collateral loans have initial remaining terms of 1 to 24 years. Interest rate is presented on a weighted average basis as of the date of the securitization.
(20) In connection with the Combination, the Company assumed two promissory notes, with full recourse, bearing interest at a fixed weighted-average rate of 5.02%.

The financing agreements require minimum scheduled principal payments or payments that depend upon the net cash flows from the collateral assets and the ratio of principal outstanding to collateral.

The following table summarizes such future scheduled minimum principal payments, excluding CMBS and held for sale debt, as of September 30, 2016.

Year Ending December 31,	(In thousands)
Remaining 2016	$ 215,986(1)
2017	81,030(1)
2018	389,738(1)
2019	816,372
2020	48,187
2021 and after	960,217
Total	$ 2,511,530

(1) Amounts include a combined $4.2 million of discount on seller-provided zero-interest financing being accreted to debt principal.

CMBS debt obligations are estimated to be repaid earlier than the contractual maturity only if proceeds from the underlying loans are repaid by the borrowers. Future principal payments based on contractual maturities and reasonable expectations of cash flows from the underlying loans as of September 30, 2016 are as follows:

(In thousands) Year Ending December 31,	Contractual Maturity	Expectations of Cash Flows
Remaining 2016	$ —	$ 59,115
2017	—	339,623
2018	—	210,627
2019	—	21,975
2020	—	6,301
2021 and after	637,641	—
Total	$ 637,641	$ 637,641

Convertible Senior Notes

Convertible Senior Notes issued by the Company and outstanding are as follows:

Description	Issuance Date	Due Date	Interest Rate	Conversion Price (per share of common stock)	Redemption Date	September 30, 2016 Outstanding Principal (in thousands)	September 30, 2016 Carrying Amount (in thousands) (1)	December 31, 2015 Outstanding Principal (in thousands)	December 31, 2015 Carrying Amount (in thousands) (1)
5% Convertible Senior Notes	April 2013	April 15, 2023	5.00% fixed	$ 23.35	On or after April 22, 2020	$ 200,000	$ 195,492	$ 200,000	$ 195,069
3.875% Convertible Senior Notes	January and June 2014	January 15, 2021	3.875% fixed	24.56	On or after January 22, 2019	402,500	396,890	402,500	396,010
						$ 602,500	$ 592,382	$ 602,500	$ 591,079

(1) Carrying amounts include $1.5 million and $1.7 million of premium and are shown net of debt issuance costs of $11.6 million and $13.1 million at September 30, 2016 and December 31, 2015, respectively.

The Company may redeem the Convertible Senior Notes at its option at any time on or after the respective redemption dates of the Convertible Notes if the last reported sale price of the Company's common stock has been at least 130% of the conversion price of the convertible notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the convertible notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

On February 25, 2016, the Company declared a dividend of $0.40 per share of its Class A and Class B common stock for the first quarter of 2016 to be paid on April 15, 2016 to stockholders on record on March 31, 2016. The payment of this cash dividend resulted in adjustments to the conversion rate of the Company's outstanding 5.00% Convertible Senior Notes due 2023 from 42.3819 to 42.8183 and the 3.875% Convertible Senior Notes due 2021 from 40.2941 to 40.7089, in each case effective March 29, 2016, and subject to further adjustment as provided in the applicable governing indenture. The adjustments were made pursuant to the terms of the Convertible Notes and recognition of carried-forward adjustments relating to cash dividends paid on July 15, 2014 to January 15, 2016, which adjustments were deferred and carried forward as permitted under the indenture.

12. Derivatives and Hedging

The Company uses derivative instruments to manage the risk of changes in interest rates and foreign exchange rates, arising from both its business operations and economic conditions. Specifically, the Company enters into derivative instruments to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and cash payments, the values of which are driven by interest rates, principally relating to the Company's investments and borrowings. Additionally, the Company's foreign operations expose the Company to fluctuations in foreign interest rates and exchange rates. The Company enters into derivative instruments to protect the value or fix certain of these foreign denominated amounts in terms of its functional currency, the U.S. dollar. Derivative instruments used in the Company's risk management activities may be designated as qualifying hedge accounting relationships ("designated hedges") or otherwise used for economic hedging purposes ("non-designated hedges").

Gross fair value of derivative assets and derivative liabilities are as follows:

(In thousands)	September 30, 2016 Designated Hedges	September 30, 2016 Non-Designated Hedges	September 30, 2016 Total	December 31, 2015 Designated Hedges	December 31, 2015 Non-Designated Hedges	December 31, 2015 Total
Derivative Assets						
Foreign exchange contracts	$ 29,706	$ 853	$30,559	$ 19,773	$ 426	$20,199
Interest rate contracts	—	119	119	5	1,432	1,437
Included in other assets	$ 29,706	$ 972	$30,678	$ 19,778	$ 1,858	$21,636
Derivative Liabilities						
Foreign exchange contracts	$ 8,410	$ 267	$ 8,677	$ 505	$ —	$ 505
Interest rate contracts	—	—	—	2	—	2
Included in accrued and other liabilities	$ 8,410	$ 267	$ 8,677	$ 507	$ —	$ 507

Certain counterparties to the derivative instruments require the Company to deposit cash or other eligible collateral for derivative financial liabilities exceeding $100,000. As of September 30, 2016 and December 31, 2015, the Company had no amounts on deposit related to these agreements.

Foreign Exchange Contracts

The following table summarizes the aggregate notional amounts of designated and non-designated foreign exchange contracts in place as of September 30, 2016 along with certain key terms:

Hedged Currency	Instrument Type	Notional Amount (in thousands) Designated	Notional Amount (in thousands) Non-Designated	FX Rates ($ per unit of foreign currency)	Range of Expiration Dates
EUR	FX Collar	€ 143,299	€ 2,326	Min $1.09 / Max $1.53	July 2017 to January 2021
GBP	FX Collar	£ 130,328	£ 3,672	Min $1.40 / Max $1.82	September 2017 to December 2020
EUR	FX Forward	€ 154,212	€ 4,038	Range between $1.10 to $1.27	November 2016 to September 2021
GBP	FX Forward	£ 55,981	£ 10,019	$1.34	December 2018
CHF	FX Forward	CHF 55,545	CHF	Range between $1.47 to $1.50	January 2030
NOK	FX Forward	NOK 900,098	NOK 22,902	$0.12	November 2016

Designated Net Investment Hedges

The Company's foreign denominated net investments in subsidiaries or joint ventures totaled approximately €336.8 million, £110.2 million, CHF56.4 million and NOK902.6 million, or a total of $691.8 million, as of September 30, 2016, and €311.2 million, £126.4 million, CHF54.4 million and NOK895.5 million, or a total of $679.9 million, as of December 31, 2015.

The Company entered into foreign exchange contracts to hedge the foreign currency exposure of its investments in foreign subsidiaries or equity method joint ventures, designated as net investment hedges, as follows:

- forward contracts whereby the Company agrees to sell an amount of foreign currency for an agreed upon amount of U.S. dollars; and
- foreign exchange collars (caps and floors) without upfront premium costs, which consist of a combination of currency options with single date expirations, whereby the Company gains protection against foreign currency weakening below a specified level and pays for that protection by giving up gains from foreign currency appreciation above a specified level.

These foreign exchange contracts are used to protect certain of the Company's foreign denominated investments and receivables from adverse foreign currency fluctuations, with notional amounts and termination dates based upon the anticipated return of capital from the investments.

Release of accumulated other comprehensive income related to net investment hedges occurs upon losing a controlling financial interest in an investment or obtaining control over an equity method investment. Upon sale, complete or substantially complete liquidation of an investment in a foreign subsidiary, or partial sale of an equity method investment, the gain or loss on the related net investment hedge is reclassified from accumulated other comprehensive income to earnings.

Following the liquidation of underlying investments of foreign subsidiaries, net realized gains on net investment hedges were transferred out of accumulated other comprehensive income into other gain (loss), net, amounting to $62,000 for the nine months ended September 30, 2016 and $7.7 million for both the three and nine months ended September 30, 2015, respectively. There were no such transfers from equity into earnings for the three months ended September 30, 2016. Additionally, for the nine months ended September 30, 2015, resulting from the consolidation of foreign equity method investments on April 2, 2015, net realized gains of $39.3 million on net investment hedges were transferred out of accumulated other comprehensive income into gain on remeasurement of consolidated investment entities, net.

Non-Designated Hedges

At the end of each quarter, the Company reassesses the effectiveness of its net investment hedges and as appropriate, dedesignates the portion of the derivative notional that is in excess of the beginning balance of its net investments as non-designated hedges. Any unrealized gain or loss on the dedesignated portion of net investment hedges are transferred into other gain (loss), net, which were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2016	2015	2016	2015
Unrealized (loss) gain on dedesignated net investment hedges	$ (24)	$ 105	$ 28	$ (174)

Interest Rate Contracts

The Company uses various interest rate derivatives, some of which are designated as cash flows hedges, to limit the exposure of increases in interest rates on various floating rate debt obligations.

As of September 30, 2016, the Company held the following designated and non-designated interest rate contracts:

	Notional Amount (in thousands)				
Instrument Type	Designated	Non-Designated	Index	Strike	Expiration
Interest rate caps	$750,000	$ 476,750	1-Month LIBOR	3.00%	December 2016 to January 2019
Interest rate caps	$ —	$ 58,623	1-Month LIBOR	2.50%	December 2016 to April 2017
Interest rate caps	€ —	€ 53,157	3-Month EURIBOR	1.50%	February 2021 to June 2022
Interest rate caps	£ —	£ 60,945	3-Month GBP LIBOR	2.25%	November 2018 to February 2020
Interest rate caps	£ —	£ 152,732	3-Month GBP LIBOR	2.00%	December 2018

Unrealized gains (losses) recorded in other gain (loss), net, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2016	2015	2016	2015
Unrealized gain (loss):				
Cash flow hedge ineffectiveness	$ 114	$ (98)	$ 215	$ (98)
Non-designated interest rate contracts	$ (191)	$ (188)	$ (1,565)	$ (562)

13. Balance Sheet Offsetting

The Company enters into agreements subject to enforceable master netting arrangements with its derivative counterparties that allow the Company to offset the settlement of derivative assets and liabilities in the same currency by derivative instrument type or, in the event of default by the counterparty, to offset all derivative assets and liabilities with the same counterparty. The Company has elected not to net derivative asset and liability positions, notwithstanding the conditions for right of offset may have been met. The Company presents derivative assets and liabilities with the same counterparty on a gross basis on the consolidated balance sheets. The table below sets forth derivative positions where the Company has a right of set off under netting arrangements with the same counterparty.

(In thousands)	Gross Amounts of Assets (Liabilities) Included on Consolidated Balance Sheets	Gross Amounts Not Offset on Consolidated Balance Sheets: (Assets) Liabilities	Gross Amounts Not Offset on Consolidated Balance Sheets: Cash Collateral Received (Pledged)	Net Amounts of Assets (Liabilities)
September 30, 2016				
Derivative Assets				
Foreign exchange contracts	$ 30,559	$ (8,677)	$ —	$ 21,882
Interest rate contracts	119	—	—	119
	$ 30,678	$ (8,677)	$ —	$ 22,001
Derivative Liabilities				
Foreign exchange contracts	$ (8,677)	$ 8,677	$ —	$ —
	$ (8,677)	$ 8,677	$ —	$ —
December 31, 2015				
Derivative Assets				
Foreign exchange contracts	$ 20,199	$ (124)	$ —	$ 20,075
Interest rate contracts	1,437	—	—	1,437
	$ 21,636	$ (124)	$ —	$ 21,512
Derivative Liabilities				
Foreign exchange contracts	$ (505)	$ 124	$ —	$ (381)
Interest rate contracts	(2)	—	—	(2)
	$ (507)	$ 124	$ —	$ (383)

14. Fair Value Measurements

Recurring Fair Values

Derivatives—Derivative assets and derivative liabilities are carried at fair value on a recurring basis, as presented in Note 12. These interest rate contracts and foreign exchange contracts are traded over-the-counter and valued based on observable inputs such as contractual cash flows, yield curve, foreign currency rates and credit spreads, taking into consideration any credit valuation adjustments, as applicable. Although credit valuation adjustments, such as the risk of default, rely on Level 3 inputs, the Company has determined that these inputs are not significant to the overall valuation of its derivatives. As a result, derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Real Estate Debt Securities—CMBS, which is included in other investments as presented in Note 10, is classified as AFS and carried at fair value. Fair value of CMBS was determined based on broker quotes and classified as Level 2 in the fair value hierarchy.

Contingent Consideration—Contingent consideration payable in connection with the Combination, included in due to affiliates, is remeasured at fair value each reporting period using a third party valuation service provider and classified in Level 3 of the fair value hierarchy. The contingent consideration is subject to achievement of multi-year performance targets, specifically a contractually-defined funds from operations ("Benchmark FFO") per share metric and capital raising targets in the funds management business. If the minimum target for either of these metrics is not met or exceeded, a portion of the contingent consideration paid in respect of the other metric would not be paid out in full. Fair value of the contingent consideration was measured using a Monte Carlo probability simulation model for the Benchmark FFO component and a discounted payout analysis based on probabilities of achieving prescribed targets for the capital raising component. The valuation methodology considered the Company's Class A common stock price and related equity volatilities to convert the contingent consideration payout into shares. At September 30, 2016 and December 31, 2015, the contingent consideration was estimated at a fair value of $39.4 million and $53.0 million, respectively. The $13.6 million decrease in fair value was recognized in other gain (loss), net.

The following table presents additional information on the significant unobservable inputs used to measure the fair value of contingent consideration:

Significant Input	Input Value at September 30, 2016	Input Value at December 31, 2015	Impact to Fair Value from Increase in Input Value (2)
Class A common stock price	$ 18.23	$ 19.48	Increase
Benchmark FFO volatility	15.4%	20.6%	Increase
Equity volatility	30.8%	28.1%	Increase
Correlation (1)	80.0%	80.0%	Increase

(1) Represents the assumed correlation between Benchmark FFO and the Company's Class A common stock price

(2) This is the directional change in fair value of the contingent consideration 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 measure of the contingent consideration.

Nonrecurring Fair Values

The Company holds certain assets carried at fair value on a nonrecurring basis, which comprise loans held for sale and real estate held for sale, including foreclosed properties, carried at the lower of carrying value and fair value less estimated costs to sell. Nonrecurring fair values at September 30, 2016 and December 31, 2015 consisted of real estate held for sale that were written down to fair value less disposal costs, classified under Level 3 hierarchy, as discussed in Note 6.

Fair Value Disclosure of Financial Instruments Reported at Cost

Carrying amounts and estimated fair values of financial instruments reported at amortized cost are presented below:

	Fair Value Measurements				Carrying
(In thousands)	Level 1	Level 2	Level 3	Total	Value
September 30, 2016					
Assets					
Loans held for investment	$ —	$ —	$3,729,445	$3,729,445	$3,685,654
Loans held for sale	—	—	56,771	56,771	56,357
Equity method and cost method investments	433,900	5,500	864,782	1,304,182	1,005,894
Liabilities					
Line of credit	—	360,100	—	360,100	360,100
Secured and unsecured debt	—	—	2,486,022	2,486,022	2,437,815
CMBS debt	—	623,544	—	623,544	632,828
Notes payable	—	—	41,619	41,619	41,619
Convertible senior notes	590,371	—	—	590,371	592,382
December 31, 2015					
Assets					
Loans held for investment	$ —	$ —	$4,073,075	$4,073,075	$4,048,477
Loan held for sale	—	—	75,002	75,002	75,002
Equity method and cost method investments	—	—	1,087,850	1,087,850	924,465
Liabilities					
Line of credit	—	315,000	—	315,000	315,000
Secured and unsecured debt	—	—	2,423,013	2,423,013	2,423,013
CMBS debt	—	794,982	—	794,982	806,728
Notes payable	—	—	42,983	42,983	42,983
Convertible senior notes	574,359	—	—	574,359	591,079

Loans Held for Investment—Loans held for investment, consisting of first mortgages and subordinated mortgages, were valued based on discounted cash flow projections of principal and interest expected to be collected, which includes consideration of the financial standing of the borrower or sponsor as well as operating results of the underlying collateral. Carrying values of loans held for investment are presented net of allowances for loan losses, where applicable.

Equity Method and Cost Method Investments—Fair values of investments in unconsolidated joint ventures and cost method investment were derived by applying the Company's ownership interest to the fair value of underlying assets and liabilities of each investee. The Company's proportionate share of each investee's fair value approximates the Company's fair value of the investment, as the timing of cash flows of the investee does not deviate materially from the timing of cash flows received by the Company from the investee. Beginning in 2016, the fair value of the Company's investment in Colony Starwood Homes is based upon the closing price of its publicly traded common stock (see Note 22).

Debt—Fair value of the line of credit approximated carrying value as its prevailing interest rate and applicable terms were recently renegotiated and agreed upon with the Company's lender at March 31, 2016. Fair values of the secured financing were estimated by discounting expected future cash outlays at current interest rates available for similar instruments, which approximated carrying value for floating rate debt with credit spreads that approximate market rates. Fair value of CMBS debt was based on broker quotes. Fair value of notes payable approximated carrying values based on market rate for debt with similar underlying collateral. Fair value of convertible senior notes was determined using the last trade price in active markets.

Other—The carrying values of cash, interest receivable, due from affiliates and accrued and other liabilities approximate fair values due to their short term nature and credit risk, if any, are negligible.

15. Stockholders' Equity

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

	Number of Shares		
	Preferred Stock	Common Stock	
(In thousands)	Series A, B and C	Class A	Class B
Shares outstanding at December 31, 2014	13,530	109,634	—
Issuance of preferred stock	11,500	—	—
Issuance of Class A common stock	—	1,428	—
Issuance of Class B common stock	—	—	564
Share-based compensation, net of forfeitures	—	634	—
Shares outstanding at September 30, 2015	25,030	111,696	564
Shares outstanding at December 31, 2015	25,030	111,694	546
Repurchase of preferred stock	(964)	—	—
Reissuance of preferred stock	964	—	—
Issuance of Class A common stock upon redemption of OP units	—	809	—
Conversion of Class B into Class A common stock	—	19	(19)
Share-based compensation, net of forfeitures	—	1,026	—
Shares canceled for tax withholding on vested stock awards	—	(147)	—
Shares outstanding at September 30, 2016	25,030	113,401	527

In January 2016, the Company repurchased 963,718 shares in aggregate of its Series A, B and C preferred stock from institutional shareholders for approximately $20.0 million. In March 2016, the Company reissued the preferred stock at its purchase price to an investment vehicle (the "REIT Securities Venture"), which is a joint venture with a private fund managed by the Company. The Company holds an approximate 4.4% interest in the REIT Securities Venture and accounts for its investment under the equity method, which had a carrying value of $5.5 million at September 30, 2016. The REIT Securities Venture targets for investment purposes the common stock and preferred stock of publicly traded U.S. real estate investment trusts, including securities of the Company.

Preferred Stock

The table below summarizes the preferred stock outstanding as of September 30, 2016:

Description	Dividend Rate Per Annum	Initial Issuance Date	Shares Outstanding (in thousands)	Par Value (in thousands)	Liquidation Preference (in thousands)	Earliest Redemption Date
Series A 8.5% Cumulative Redeemable Perpetual	8.5%	March 2012	10,080	$ 101	$ 252,000	March 27, 2017
Series B 7.5% Cumulative Redeemable Perpetual	7.5%	June 2014	3,450	34	86,250	June 19, 2019
Series C 7.125% Cumulative Redeemable Perpetual	7.125%	April 2015	11,500	115	287,500	April 13, 2020
			25,030	$ 250	$ 625,750	

In April 2015, the Company issued 11.5 million shares of its 7.125% Series C Cumulative Redeemable Perpetual Preferred Stock through an underwritten public offering for proceeds of approximately $277.9 million, net of underwriting discounts, commissions and offering costs payable by the Company.

Each series of the Company's preferred stock is redeemable 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). All series of preferred stock are at parity with respect to dividends and distributions, including distributions upon liquidation, dissolution or winding up, and all preferred stock are senior to the Company's common stock. Dividends of each series of preferred stock are payable quarterly in arrears in January, April, July and October.

Each series of 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 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 voting separately as a class for each series of preferred stock.

Common Stock

At the closing of the Combination on April 2, 2015, all outstanding common stock at that time was reclassified on a one-for-one basis to Class A common stock, with equivalent terms, and a new class of common stock, Class B, was created. As discussed in Note 3, 1.43 million shares of Class A Common Stock and 563,987 shares of Class B Common Stock were issued as part of the upfront consideration for the Combination.

Except with respect to voting rights, Class A 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, which are membership units in the Operating Company) attributable to Class B common stock holders and therefore, does not provide any disproportionate voting rights. Each share of Class B common stock shall convert automatically into one share of Class A common stock if the Executive Chairman or his beneficiaries directly or indirectly transfer beneficial ownership of Class B common stock or OP Units held by them, other than to certain qualified transferees, which generally includes affiliates and employees. In addition, each holder of Class B common stock has the right, at the holder's option, to convert all or a portion of such holder's Class B common stock into an equal number of shares of Class A common stock.

At-The-Market Stock Offering Program ("ATM Program")

In May 2015, the Company entered into separate "at-the-market" equity distribution agreements with certain sales agents to offer and sell, from time to time, shares of its common stock having an aggregate offering price of up to $300 million. Sales of the shares may be made in negotiated transactions and/or transactions that are deemed to be "at the market" offerings, including sales made by means of ordinary brokers' transactions, including directly on the NYSE, or sales made to or through a market maker other than on an exchange. The Company pays each sales agent a commission not to exceed 2% of the gross sales proceeds for any common stock sold through such agent.

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 acquisition of 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. For the nine months ended September 30, 2016, there were no shares of Class A common stock acquired under the DRIP Plan.

Accumulated Other Comprehensive Income (Loss) ("AOCI")

The following tables present the changes in each component of AOCI attributable to stockholders and noncontrolling interests, net of immaterial tax effect.

Changes in Components of AOCI Attributable to Stockholders and Noncontrolling Interests

(In thousands)	Gain (Loss) on Marketable Securities(1)	Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Net Investment Hedges	Total
AOCI at December 31, 2014 attributable to:					
Stockholders	$ 451	$ (101)	$ (52,643)	$ 23,802	$(28,491)
Noncontrolling interests in investment entities	—	(52)	(3,616)	(1)	(3,669)
	451	(153)	(56,259)	23,801	(32,160)
Other comprehensive income (loss) before reclassifications attributable to:					
Stockholders	(612)	(221)	(41,382)	30,001	(12,214)
Noncontrolling interests in investment entities	—	(144)	14,591	—	14,447
Noncontrolling interests in Operating Company	—	(10)	1,185	(107)	1,068
Amounts reclassified from AOCI attributable to:					
Stockholders	161	51	67,194	(39,346)	28,060
Noncontrolling interests in investment entities	—	37	5,183	—	5,220
Noncontrolling interests in Operating Company	—	10	12,880	(7,482)	5,408
Net other comprehensive (loss) income	(451)	(277)	59,651	(16,934)	41,989
AOCI at September 30, 2015 attributable to:					
Stockholders	—	(271)	(26,831)	14,457	(12,645)
Noncontrolling interests in investment entities	—	(159)	16,158	(1)	15,998
Noncontrolling interests in Operating Company	—	—	14,065	(7,589)	6,476
	$ —	$ (430)	$ 3,392	$ 6,867	$ 9,829
AOCI at December 31, 2015 attributable to:					
Stockholders	$ —	$ (245)	$ (42,125)	$ 23,948	$(18,422)
Noncontrolling interests in investment entities	—	(149)	51	(1)	(99)
Noncontrolling interests in Operating Company	—	5	11,102	(5,750)	5,357
	—	(389)	(30,972)	18,197	(13,164)
Other comprehensive income (loss) before reclassifications attributable to:					
Stockholders	255	7	130	(5,654)	(5,262)
Noncontrolling interests in investment entities	100	—	(12,520)	9,143	(3,277)
Noncontrolling interests in Operating Company	48	1	150	(1,151)	(952)
Amounts reclassified from AOCI attributable to:					
Stockholders	(8)	(162)	(67)	24	(213)
Noncontrolling interests in investment entities	—	(43)	(785)	(120)	(948)
Noncontrolling interests in Operating Company	(2)	(30)	(15)	6	(41)
Net other comprehensive (loss) income	393	(227)	(13,107)	2,248	(10,693)
AOCI at September 30, 2016 attributable to:					
Stockholders	247	(400)	(42,062)	18,318	(23,897)
Noncontrolling interests in investment entities	100	(192)	(13,254)	9,022	(4,324)
Noncontrolling interests in Operating Company	46	(24)	11,237	(6,895)	4,364
	$ 393	$ (616)	$ (44,079)	$ 20,445	$(23,857)

(1) Includes the Company's shares of gain/loss on marketable securities held by equity method investees

Reclassifications out of AOCI—Stockholders

Information about amounts reclassified out of AOCI attributable to stockholders by component is presented below:

(In thousands) Component of AOCI reclassified into earnings	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Affected Line Item in the Consolidated Statements of Operations
Equity in realized loss on sale of marketable securities of unconsolidated joint ventures	$ —	$ —	$—	$ (161)	Equity in income of unconsolidated joint ventures
Unrealized gain (loss) on ineffective cash flow hedge	60	(51)	162	(51)	Other gain (loss), net
Release of cumulative translation adjustments	—	(21,787)	67	(21,787)	Other gain (loss), net
Release of cumulative translation adjustments	—	—	—	(45,407)	Gain on remeasurement of consolidated investment entities, net
Unrealized (loss) gain on dedesignated net investment hedges	(122)	88	(76)	(111)	Other gain (loss), net
Realization of gain on net investment hedges	—	—	—	32,965	Gain on remeasurement of consolidated investment entities, net
Realization of gain on net investment hedges	—	6,492	52	6,492	Other gain (loss), net
Release of equity in AOCI of unconsolidated joint ventures	8	—	8	—	Other gain (loss), net

16. Noncontrolling Interests

Noncontrolling Interests in Investment Entities

In April 2016, the Company acquired the noncontrolling interests in investment entities of three real estate debt investments. The net excess of the carrying value of noncontrolling interests in investment entities acquired over the consideration paid resulted in a $0.7 million increase to additional paid-in capital.

In September 2016, contributions from new limited partners reduced the Company's ownership interest in its light industrial joint venture. The new limited partners were admitted at net asset value of the joint venture, based upon valuations determined by independent third parties, at the time of contributions. The difference between contributions received and the noncontrolling interests' share of the joint venture resulted in an increase to additional paid-in capital of $21.8 million.

Noncontrolling Interests in Operating Company

In June 2015, OP issued an additional 412,865 common OP Units to Cobalt Capital Management, L.P. ("CCM"), in exchange for redemption of a $10 million unsecured note that the Company previously issued to CCM in connection with its acquisition of the light industrial portfolio and operating platform in December 2014.

For the nine months ended September 30, 2016, the Company redeemed 961,660 OP Units through the issuance of 808,510 shares of Class A common stock on a one-for-one basis and cash settlement of approximately $2.6 million.

17. 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 September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net income allocated to common stockholders				
Net income	$ 71,904	$ 78,761	$ 266,071	$198,060
Net income attributable to noncontrolling interests:				
Investment entities	(32,744)	(22,264)	(130,508)	(62,580)
Operating Company	(4,189)	(7,200)	(15,528)	(16,338)
Net income attributable to Colony Capital, Inc.	34,971	49,297	120,035	119,142
Preferred dividends	(12,093)	(12,094)	(36,066)	(30,476)
Net income attributable to common stockholders	22,878	37,203	83,969	88,666
Net income allocated to participating securities (nonvested shares)	(577)	(310)	(1,723)	(918)
Net income allocated to common stockholders—basic	22,301	36,893	82,246	87,748
Interest expense attributable to convertible notes (1)	—	6,819	—	12,541
Net income allocated to common stockholders—diluted	$ 22,301	$ 43,712	$ 82,246	$100,289
Weighted average common shares outstanding				
Weighted average number of common shares outstanding—basic	112,423	111,443	112,133	110,758
Weighted average effect of dilutive shares (2)	—	24,695	—	16,218
Weighted average number of common shares outstanding—diluted	112,423	136,138	112,133	126,976
Earnings per share				
Basic	$ 0.20	$ 0.33	$ 0.73	$ 0.79
Diluted	$ 0.20	$ 0.32	$ 0.73	$ 0.79

(1) For the three months ended September 30, 2016, excluded from the calculation of diluted earnings per share is the effect of adding back $6.8 million of interest expense and 24,949,000 weighted average common share equivalents for the assumed conversion of the Convertible Notes, as their inclusion would be antidilutive. For the nine months ended September 30, 2016 and 2015, excluded from the calculation of diluted earnings per share is the effect of adding back $20.5 million and $7.9 million of interest expense and 24,949,000 and 8,476,400 weighted average dilutive common share equivalents, respectively, for the assumed conversion of the Convertible Notes, as their inclusion would be antidilutive. Also excluded from the calculation of diluted income per share for the nine months ended September 30, 2015 is the effect of adding back $280,000 of interest expense and 251,000 weighted average dilutive common share equivalents for the assumed repayment of a $10 million unsecured note issued to CCM in shares of the Company's common stock (see Note 16), as its inclusion would be antidilutive.

(2) OP Units, subject to lock-up agreements, may be redeemed for registered or unregistered Class A common shares on a one-for-one basis. At September 30, 2016 and 2015, there were 20,787,000 and 21,749,000 redeemable OP Units, respectively. These OP Units would not be dilutive and were not included in the computation of diluted earnings per share for all periods presented.

18. Related Party Transactions

Affiliates include funds and other investment vehicles managed by the Company, directors, senior executives, and employees, and prior to the Combination, the Manager and its affiliates.

Amounts due from and due to affiliates consist of the following:

(In thousands)	September 30, 2016	December 31, 2015
Due from Affiliates		
Due from funds and unconsolidated joint ventures:		
Management fees	$ 13,101	$ 5,734
Other	244	3,952
Due from CCLLC	—	1,559
Due from employees and other affiliated entities	373	468
	$ 13,718	$ 11,713
Due to Affiliates		
Contingent consideration (Note 3)	$ 39,350	$ 52,990

Prior to the Combination, the Company was externally managed by an affiliate. Amounts payable to the Manager under this arrangement included:

- Base management fee of 1.5% per annum of stockholders' equity;
- Incentive fee each quarter, measured based on a core earning metric, as defined in the management agreement, payable in shares of the Company's common stock;
- Reimbursement of certain expenditures incurred by the Manager, including allocation of overhead costs; and
- Cost of employment for the Company's chief financial officer pursuant to a secondment agreement with an affiliate of the Manager.

Amounts incurred and payable to the Manager or its affiliates for periods prior to the Combination were as follows:

(In thousands)	Nine Months Ended September 30, 2015
Base management fee expense	$ 9,165
Compensation pursuant to secondment agreement	450
Direct and allocated investment-related expenses	366
Direct and allocated administrative expenses	1,922
	$ 11,903

Subsequent to the Combination which closed on April 2, 2015, the Company is internally managed and incurs all costs directly. Additionally, the management and investment personnel of the Manager became employees of the Company. Transactions with affiliates post-Combination include the following:

Management Fees—Pursuant to management and advisory agreements, the Company earns base and asset management fee income from managing private funds and their underlying investments. Such fee income totaled $17.2 million and $49.3 million for the three and nine months ended September 30, 2016, respectively, and $22.5 million and $44.1 million for the three and nine months ended September 30, 2015, respectively.

Cost Reimbursements—The Company received cost reimbursements for asset management services provided to the Company's investment entities, as well as administrative services provided to an equity method investee and/or senior executives. These cost reimbursements, included in other income, were $1.3 million and $3.3 million for the three and nine months ended September 30, 2016, respectively, and $2.1 million and $4.1 million for the three and nine months ended September 30, 2015, respectively. At September 30, 2016 and December 31, 2015, receivable for cost reimbursements were $0.7 million and $0.9 million, respectively.

Recoverable Expenses—In the normal course of business, the Company pays certain expenses on behalf of managed funds for which the Company recovers from the funds, such as costs incurred in performing due diligence over new investments. Such costs recoverable from the funds were $0.7 million and $1.1 million at September 30, 2016 and December 31, 2015, respectively.

Arrangements with Sponsored Fund—The Company co-invests alongside its Sponsored Funds through joint ventures between the Company and the Sponsored Funds. These co-investment joint ventures are consolidated by the Company.

In connection with one of its Sponsored Funds, the Company has capital commitments, as general partner, directly into the Sponsored Fund 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 Sponsored Fund such as financing and administrative costs. At September 30, 2016, the Company has a payable to the Sponsored Fund for its share of costs of $1.3 million. At December 31, 2015, $1.4 million was due from the Sponsored Fund, which included amounts due from the Sponsored Fund to the co-investment joint ventures, net of the Company's share of costs payable to the Sponsored Fund.

Advances—Certain employees are permitted to participate in co-investment vehicles which generally invest in Colony-sponsored funds alongside third party investors. Additionally, the Company grants loans to certain employees in the form of promissory notes bearing interest at the prime rate with varying terms and repayment conditions. Outstanding advances were approximately $0.2 million at September 30, 2016 and December 31, 2015, with immaterial interest.

Corporate Aircraft—The Company's corporate aircraft may occasionally be used for business purposes by affiliated entities or for personal use by certain senior executives of the Company. Affiliated entities and senior executives reimburse the Company for their usage based on the incremental cost to the Company of making the aircraft available for such use, and includes direct and indirect variable costs of operating the flights. These reimbursements, included in other income, amounted to approximately $0.2 million and $0.4 million for the three and nine months ended September 30, 2016, respectively, and $0.1 million for both the three and nine months ended September 30, 2015. At September 30, 2016, and December 31, 2015, $13,000 and $0.1 million of such reimbursements were outstanding, respectively.

Contingent Consideration—Contingent consideration in connection with the Combination is payable to certain senior executives of the Company, as discussed in Notes 3 and 14.

19. Share-Based Compensation

Director Stock Plan

The Company's 2009 Non-Executive Director Stock Plan (the "Director Stock Plan") provides for the grant of restricted stock, restricted stock units and other stock-based awards to its non-executive directors. The maximum number of shares of stock reserved under the Director Stock Plan is 100,000. The individual share awards generally vest one year from the date of grant.

Equity Incentive Plan

The 2014 Equity Incentive Plan (the "Equity Incentive Plan"), an amendment and restatement of the Company's 2011 Equity Incentive Plan (the "2011 Plan"), provides for the grant of options to purchase shares Class A of common stock, share awards (including restricted stock and stock units), stock appreciation rights, performance awards and annual incentive awards, dividend equivalent rights, long-term incentive units, cash and other equity-based awards. Certain named executive officers of the Company, along with other eligible employees, directors as well as service providers are eligible to receive awards under the Equity Incentive Plan. The Company has reserved a total of 2,500,000 additional shares of Class A common stock for issuance pursuant to the Equity Incentive Plan, in addition to (i) the number of shares of Class A common stock available for issuance under the 2011 Plan and (ii) the number of shares of Class A common stock subject to outstanding awards under the 2011 Plan that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares of Class A common stock. The Equity Incentive Plan will expire in 2024 unless earlier terminated by the Company. The share awards granted under the Equity Incentive Plan generally vest over a 3-year period from the date of grant.

Prior to the Combination, stock grants made to the Manager and its employees were considered non-employee awards and were remeasured at fair value at each period end until the awards fully vested, with such costs forming part of management fee expense. Following the Combination, in which the management and investment personnel of the Manager became employed by the Company, these stock grants are treated as equity classified employee awards. The outstanding awards as of the date of closing of the Combination were remeasured at fair value based on the closing price of the Company's Class A common stock on that date and compensation cost recognized on a straight-line basis over the remaining vesting period of the awards, presented within compensation expense. There were no changes to the existing service requirement or any other terms of the awards, nor new conditions attached to the awards in connection with the Combination.

Stock grants made to non-executive directors of the Company continue to be classified as employee awards. Amortization of stock grants to non-executive directors are included in compensation expense subsequent to the Combination, previously in administrative expense.

Share-based compensation expense recognized was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2016	2015	2016	2015
Stock grants to the Manager and employees (1)	$ 3,339	$ 2,414	$ 10,023	$ 10,719
Stock grants to non-executive directors	145	97	303	527
	$ 3,484	$ 2,511	$ 10,326	$ 11,246

Changes in the Company's nonvested share awards are summarized below:

	Restricted Stock Grants			
	Non-Executive Directors	Manager and Employees (1)	Total	Weighted Average Grant Date Fair Value
Nonvested shares at December 31, 2015	14,928	780,906	795,834	$ 22.51
Granted	30,324	1,038,312	1,068,636	19.26
Vested	(14,928)	(363,970)	(378,898)	26.01
Forfeited	—	(42,481)	(42,481)	21.09
Nonvested shares at September 30, 2016	30,324	1,412,767	1,443,091	21.17

(1) All outstanding stock grants made to the Manager prior to the Combination became employee awards effective April 2, 2015.

Fair value of shares vested was determined based on the closing price of the Company's Class A common stock on the respective dates of grant for director awards, on respective vesting dates for non-employee awards and on the date of closing of the Combination for employee awards, as follows:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Fair value of shares vested	$ 22	$ 65	$ 9,855	$ 12,369

The weighted average grant-date fair value per share was $19.26 and $24.42 for the shares granted during the nine months ended September 30, 2016 and 2015, respectively.

As of September 30, 2016, aggregate unrecognized compensation cost related to nonvested restricted stock grants was approximately $20.3 million and is expected to be fully recognized over a weighted-average period of approximately 23 months.

20. Income Taxes

The Company is subject to income tax laws of the various jurisdictions in which it operates, including U.S. federal, state and local and non-U.S. jurisdictions, primarily in Europe.

The Company has elected or may elect to treat certain of its existing or newly created corporate subsidiaries as taxable REIT subsidiaries (each a "TRS"). In general, a TRS may perform non-customary services for tenants of the REIT, hold assets that the REIT cannot or does not intend to hold directly and, subject to certain exceptions related to hotels and healthcare properties, may engage in any real estate or non-real estate related business. The Company uses TRS entities to conduct certain activities that cannot be conducted directly by a REIT, including investment management, property management including hotel operations as well as loan servicing and workout activities. A TRS is treated as a regular, taxable corporation for U.S income tax purposes and therefore, is subject to U.S federal corporate tax on its income and property.

The Company's current primary sources of income subject to tax are income from loan resolutions in some of the loan portfolios, income from interests in asset management companies which manage some of the loan portfolios, hotel operations from the real estate equity portfolio and fee income from the investment management business.

Income Tax Expense (Benefit)

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Current				
Federal	$ (187)	$ (218)	$ 101	$ 354
State and local	(77)	(41)	485	370
Foreign	1,471	704	6,789	1,187
Total current tax expense	1,207	445	7,375	1,911
Deferred				
Federal	(2,483)	(3,214)	(5,581)	(3,699)
State and local	(320)	(712)	(820)	(694)
Foreign	(1,813)	(117)	(1,839)	(117)
Total deferred tax benefit	(4,616)	(4,043)	(8,240)	(4,510)
Total income tax benefit	$ (3,409)	$ (3,598)	$ (865)	$ (2,599)

Deferred Income Tax Assets and Liabilities

The components of deferred tax assets and deferred tax liabilities arising from temporary differences are as follows:

(In thousands)	September 30, 2016	December 31, 2015
Deferred tax assets		
Net operating and capital loss carry forwards	$ 4,625	$ 9,814
Stock-based compensation	3,905	2,890
Basis difference—investments in partnerships	4,853	843
Basis difference—real estate assets	1,583	28
Foreign tax credits	781	—
Straight-line and prepaid rent expense	712	381
Deferred income	641	—
Other	2,033	1,853
Total deferred tax assets	19,133	15,809
Deferred tax liabilities		
Intangible assets from Combination	24,294	28,875
Gain from remeasurement of consolidated investment entities, net	2,717	3,237
Assumption of tax basis from real estate acquisition (Note 6)	29,385	26,880
Other	958	1,504
Total deferred tax liabilities	57,354	60,496
Net deferred tax liability	$ (38,221)	$ (44,687)

As of September 30, 2016 and December 31, 2015, the Company has assessed that it is more likely than not that the benefits of its deferred tax assets will be realized and therefore, no valuation allowance was necessary.

21. Commitments and Contingencies

Investment Commitments

Investments in Unconsolidated Joint Ventures—Pursuant to the operating agreements of certain unconsolidated joint ventures, the joint venture partners may be required to fund additional amounts for future investments, unfunded lending commitments, ordinary operating costs, guaranties or commitments of the joint ventures. At September 30, 2016, the Company's share of those commitments was $83.6 million.

Consolidated Real Estate Debt Investments—The Company has lending commitments to borrowers pursuant to certain loan agreements in which the borrower may submit a request for funding based on the achievement of certain criteria, which must be approved by the Company as lender, such as leasing, performance of capital expenditures and construction in progress with an approved budget. At September 30, 2016, total unfunded lending commitments was $352.1 million, of which the Company's share was $174.6 million, net of amounts attributable to noncontrolling interests. This included a $65.1 million commitment to lend to an investment entity that is partially owned with the Company's sponsored closed-end real estate credit fund (the "Global Credit Fund"), of which the Company's share of the commitment was $12.9 million in its capacity as general partner ("GP") and as an affiliate of the GP of the fund ("GP Affiliate").

Consolidated Real Estate Equity Investments—At September 30, 2016, the light industrial platform made deposits of $2.8 million with remaining unfunded purchase commitments of approximately $85.4 million for the acquisition of three properties in Dallas and Orlando.

Sponsored Fund Commitments—At September 30, 2016, the Company has unfunded commitments of $74.0 million to certain Sponsored Funds of the Company, through wholly-owned subsidiaries of OP.

Lease Commitments

Office Leases—The Company leases office space under noncancellable operating leases with expiration dates through 2025. The lease agreements provide for payment of various operating expenses, with certain operating costs incurred by the landlord subject to escalation clauses. Rent expense on office leases, included in administrative expenses, was $1.4 million and $4.2 million for the three and nine months ended September 30, 2016, respectively, and $1.5 million and $2.8 million for the three and nine months ended September 30, 2015, respectively. Prior to the Combination on April 2, 2015, such administrative cost was incurred directly by the Manager.

Ground Leases—In connection with real estate acquisitions, the Company assumed certain noncancelable operating ground leases as lessee or sublessee with expiration dates through year 2252. Ground leases which require only nominal annual payments and ground leases associated with real estate held for sale are excluded from the table below. Certain leases require contingent rent payments based on a percentage of gross rental receipts, net of operating expenses, as defined in the lease. Rents paid under the ground leases are recoverable from tenants. Ground rent expense, including contingent rent, was $0.1 million and $0.3 million for the three and nine months ended September 30, 2016, respectively, and $0.1 million and $0.2 million for the three and nine months ended September 30, 2015, respectively.

As of September 30, 2016, future minimum rental payments on noncancellable operating ground leases on real estate held for investment, were as follows:

(In thousands) Year Ending December 31,	Ground Leases
Remaining 2016	$ 52
2017	207
2018	207
2019	207
2020	219
2021 and after	18,786
Total	$ 19,678

Contingent Consideration

The consideration for the Combination included a contingent portion payable in shares of Class A and Class B common stock as well as OP Units, subject to multi-year performance targets, as discussed in Notes 3 and 14.

Litigation

The Company may be involved in litigations and claims in the ordinary course of business. As of September 30, 2016, 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.

Merger Related Arrangements and Costs

The Company entered into fee arrangements with service providers and advisors pursuant to which certain fees incurred by the Company in connection with the Merger will become payable only if the Company consummates the Merger. Further, the Company may be required to pay a termination fee or reimburse the other parties for costs under certain circumstances as described in the Merger Agreement. The Company has and will incur other professional fees related to the Merger. There can be no assurances that the Company will complete this or any other transaction. For the three and nine months ended September 30, 2016, the Company recorded approximately $4.9 million and $11.3 million, respectively, in transaction costs in the consolidated statements of operations. To the extent the Merger is consummated, the Company anticipates incurring a significant amount of additional costs.

22. Segment Information

The Company conducts its business through the following reportable segments:

Real Estate Equity

- Light industrial real estate assets and operating platform;
- Single-family residential rentals through equity method investments in Colony Starwood Homes subsequent to the merger described below (formerly Colony American Homes, or "CAH") and in Colony American Finance, LLC (formerly a subsidiary of CAH);
- Other real estate equity investments;

Real Estate Debt

- Loan originations and acquisitions; and

Investment Management

- Investment management of Company-sponsored funds and other investment vehicles.

Following the closing of the Combination on April 2, 2015, the acquired investment management business formed a new segment, *Investment Management*. Additionally, costs previously borne and allocated by its Manager are now incurred directly by the Company and certain assets held by the Manager were transferred to the Company as part of the Combination.

Amounts not allocated to specific segments include corporate level cash and corresponding interest income, fixed assets, corporate level financing and related interest expense, income and expense in relation to cost reimbursement arrangements with affiliates, costs in connection with unconsummated deals, compensation expense not directly attributable to other segments, corporate level administrative and overhead costs, contingent consideration in connection with the Combination, as well as non-real estate investments and related revenues and expenses.

The chief operating decision maker assesses the performance of the business based on net income (loss) of each of the reportable segments, after attribution to noncontrolling interests at segment level, where applicable. The various real estate equity, real estate debt and investment management segments represent distinct revenue streams to the Company, consisting of property operating income, interest income and fee income, respectively. 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.

On January 5, 2016, CAH and Starwood Waypoint Residential Trust ("SWAY") completed a merger of the two companies into Colony Starwood Homes (NYSE: SFR) in a stock-for-stock transaction. Upon completion of the merger, based on each company's net asset value, existing SWAY shareholders and the former owner of the SWAY manager own approximately 41% of the shares of the combined company, while former CAH shareholders own approximately 59%. At closing, the Company received approximately 15.1 million shares of Colony Starwood Homes, representing 13.8% of the combined company. As of September 30, 2016, the Company's interest in Colony Starwood Homes has increased to 14.0% following a stock repurchase by Colony Starwood Homes of approximately 2 million shares in the first quarter of 2016. The Company's holdings of SFR stock were subject to a nine months lock-up which expired in October 2016. Immediately prior to completion of the merger, CAH effected an internal reorganization to exclude CAH's residential specialty finance company, Colony American Finance, LLC ("CAF"), from the merger. As a result of the reorganization, the Company retained its 19.0% ownership interest in CAF. In June 2016, CAF received additional capital previously committed by its third party investors, which resulted in a decrease in the Company's interest in CAF to 17.4% as of September 30, 2016. The Company accounts for its investment in Colony Starwood Homes under the equity method as it continues to have a significant influence over operating and financial policies of Colony Starwood Homes through its voting interest and board representation. The Company also continues to account for its investment in CAF under the equity method.

The following tables present the operating results of the Company's reportable segments:

(In thousands)	Real Estate Equity: Light Industrial Platform	Real Estate Equity: Single-Family Residential Rentals	Real Estate Equity: Other	Real Estate Debt	Investment Management	Amounts Not Allocated to Segments	Total
Three Months Ended September 30, 2016							
Income:							
Interest income	$ —	$ —	$ —	$ 98,249	$ —	$ 26	$ 98,275
Property operating income	49,256	—	41,850	1,399	—	—	92,505
Income (loss) from equity method investments	—	(455)	5,644	6,385	3,879	1,231	16,684
Fee income	—	—	—	—	17,233	—	17,233
Other income	238	—	295	2,081	—	1,440	4,054
Total income (loss)	49,494	(455)	47,789	108,114	21,112	2,697	228,751
Expenses:							
Transaction, investment and servicing costs	612	—	9	2,843	1,511	6,330	11,305
Interest expense	11,532	—	10,651	8,824	—	11,189	42,196
Property operating expenses	13,921	—	13,495	1,487	—	—	28,903
Depreciation and amortization	22,295	—	16,238	94	3,779	1,187	43,593
Provision for loan losses	—	—	—	6,569	—	—	6,569
Impairment loss	—	—	334	607	—	—	941
Compensation expense	1,507	—	819	2,435	8,111	16,710	29,582
Administrative expenses	1,220	—	1,320	1,235	1,005	8,111	12,891
Total expenses	51,087	—	42,866	24,094	14,406	43,527	175,980
Gain on sale of real estate assets, net	1,949	—	8,216	986	—	—	11,151
Other gain (loss), net	114	—	(168)	61	16	4,550	4,573
Income tax (expense) benefit	(31)	—	1,516	(9)	1,711	222	3,409
Net income (loss)	439	(455)	14,487	85,058	8,433	(36,058)	71,904
Net (loss) income attributable to noncontrolling interests:							
Investment entities	(944)	—	1,202	32,486	—	—	32,744
Operating Company	214	(70)	2,056	8,136	1,305	(7,452)	4,189
Net income (loss) attributable to Colony Capital, Inc.	$ 1,169	$ (385)	$ 11,229	$ 44,436	$ 7,128	$ (28,606)	$ 34,971

(In thousands)	Real Estate Equity: Light Industrial Platform	Real Estate Equity: Single-Family Residential Rentals	Real Estate Equity: Other	Real Estate Debt	Investment Management	Amounts Not Allocated to Segments	Total
Three Months Ended September 30, 2015							
Income:							
Interest income	$ —	$ —	$ —	$ 142,158	$ —	$ 111	$ 142,269
Property operating income	41,706	—	43,585	1,144	—	—	86,435
Income (loss) from equity method investments	—	(4,140)	2,433	9,121	(389)	(146)	6,879
Fee income	—	—	—	—	23,070	—	23,070
Other income	313	—	—	2,006	—	2,006	4,325
Total income (loss)	42,019	(4,140)	46,018	154,429	22,681	1,971	262,978
Expenses:							
Transaction, investment and servicing costs	274	—	63	6,508	—	213	7,058
Interest expense	11,917	—	5,920	7,784	—	12,406	38,027
Property operating expenses	14,442	—	19,516	1,657	—	—	35,615
Depreciation and amortization	21,233	—	14,728	31	5,620	1,044	42,656
Provision for loan losses	—	—	—	26,495	—	—	26,495
Impairment loss	—	—	—	317	—	—	317
Compensation expense	1,334	—	753	3,361	10,756	9,530	25,734
Administrative expense	525	—	245	1,076	706	8,602	11,154
Total expenses	49,725	—	41,225	47,229	17,082	31,795	187,056
Gain on sale of real estate assets, net	661	—	4,931	140	—	—	5,732
Other (loss) gain, net	(113)	—	(88)	(23,170)	(23)	16,903	(6,491)
Income tax benefit (expense)	22	—	(212)	733	3,082	(27)	3,598
Net (loss) income	(7,136)	(4,140)	9,424	84,903	8,658	(12,948)	78,761
Net (loss) income attributable to noncontrolling interests:							
Investment entities	(2,353)	—	3,923	20,694	—	—	22,264
Operating Company	(776)	(671)	893	10,411	1,404	(4,061)	7,200
Net (loss) income attributable to Colony Capital, Inc.	$ (4,007)	$ (3,469)	$ 4,608	$ 53,798	$ 7,254	$ (8,887)	$ 49,297

(In thousands)	Real Estate Equity: Light Industrial Platform	Real Estate Equity: Single-Family Residential Rentals	Real Estate Equity: Other	Real Estate Debt	Investment Management	Amounts Not Allocated to Segments	Total
Nine Months Ended September 30, 2016							
Income:							
Interest income	$ —	$ —	$ 14	$291,427	$ —	$ 55	$291,496
Property operating income	142,693	—	132,358	4,419	—	—	279,470
Income (loss) from equity method investments	—	(9,118)	56,698	18,081	3,037	3,528	72,226
Fee income	—	—	—	—	49,347	—	49,347
Other income	1,263	—	414	5,014	—	3,380	10,071
Total income (loss)	143,956	(9,118)	189,484	318,941	52,384	6,963	702,610
Expenses:							
Transaction, investment and servicing costs	1,052	—	6,514	11,219	1,578	15,723	36,086
Interest expense	30,906	—	33,295	28,808	—	33,626	126,635
Property operating expenses	41,636	—	42,748	5,085	—	—	89,469
Depreciation and amortization	65,461	—	48,963	370	11,083	3,399	129,276
Provision for loan losses	—	—	—	17,412	—	—	17,412
Impairment loss	137	—	334	4,670	320	—	5,461
Compensation expense	4,933	—	2,375	8,160	25,278	39,943	80,689
Administrative expenses	2,104	—	3,573	4,821	2,471	25,791	38,760
Total expenses	146,229	—	137,802	80,545	40,730	118,482	523,788
Gain on sale of real estate assets, net	2,749	—	61,749	3,616	—	—	68,114
Other gain, net	213	—	4,261	214	22	13,560	18,270
Income tax (expense) benefit	(37)	—	(3,870)	(530)	5,364	(62)	865
Net income (loss)	652	(9,118)	113,822	241,696	17,040	(98,021)	266,071
Net (loss) income attributable to noncontrolling interests:							
Investment entities	(4,444)	—	42,518	92,434	—	—	130,508
Operating Company	792	(1,438)	10,851	23,322	2,665	(20,664)	15,528
Net income (loss) attributable to Colony Capital, Inc.	$ 4,304	$ (7,680)	$ 60,453	$125,940	$ 14,375	$ (77,357)	$120,035

(In thousands)	Real Estate Equity: Light Industrial Platform	Real Estate Equity: Single-Family Residential Rentals	Real Estate Equity: Other	Real Estate Debt	Investment Management	Amounts Not Allocated to Segments	Total
Nine Months Ended September 30, 2015							
Income:							
Interest income	$ 7	$ —	$ 8	$ 289,550	$ —	$ 111	$ 289,676
Property operating income	117,057	—	93,791	2,610	—	—	213,458
Income (loss) from equity method investments	—	(9,701)	13,483	40,937	(389)	(146)	44,184
Fee income	—	—	—	219	44,849	—	45,068
Other income	313	—	—	4,325	—	3,470	8,108
Total income (loss)	117,377	(9,701)	107,282	337,641	44,460	3,435	600,494
Expenses:							
Management fees		—	—	—	—	15,062	15,062
Transaction, investment and servicing costs	3,712	—	1,735	12,552	—	15,536	33,535
Interest expense	27,756	—	11,936	22,066	—	33,786	95,544
Property operating expenses	40,818	—	41,186	3,527	—	—	85,531
Depreciation and amortization	61,220	—	26,843	190	11,234	2,122	101,609
Provision for loan losses	—	—	—	30,937	—	—	30,937
Impairment loss	450	—	—	317	—	—	767
Compensation expense	2,286	—	1,225	6,986	22,266	22,230	54,993
Administrative expenses	1,122	—	1,537	3,601	1,759	18,712	26,731
Total expenses	137,364	—	84,462	80,176	35,259	107,448	444,709
Gain on sale of real estate assets, net	669	—	4,931	864	—	8	6,472
Gain on remeasurement of consolidated investment entities, net	—	—	10,223	31,263	—	—	41,486
Other (loss) gain, net	(180)	—	(882)	(23,174)	(23)	15,977	(8,282)
Income tax benefit (expense)	440	—	(3,264)	(1,262)	6,732	(47)	2,599
Net (loss) income	(19,058)	(9,701)	33,828	265,156	15,910	(88,075)	198,060
Net (loss) income attributable to noncontrolling interests:							
Investment entities	(6,783)	—	8,283	61,080	—	—	62,580
Operating Company	(1,409)	(935)	3,114	23,966	2,566	(10,964)	16,338
Net (loss) income attributable to Colony Capital, Inc.	$ (10,866)	$ (8,766)	$ 22,431	$ 180,110	$ 13,344	$ (77,111)	$ 119,142

Total assets and equity method investments of each of segment are summarized as follows:

(In thousands)	September 30, 2016: Segment Assets	September 30, 2016: Equity Method Investments	December 31, 2015: Segment Assets	December 31, 2015: Equity Method Investments
Light industrial platform	$ 2,357,485	$ —	$ 1,926,002	$ —
Single-family residential rentals	378,846	378,846	394,783	394,783
Other real estate equity	2,124,427	224,347	2,094,794	195,353
Real estate debt	4,361,087	270,599	4,734,547	214,218
Investment management	785,044	14,676	798,213	9,794
Amounts not allocated to segments	139,752	17,691	90,971	10,449
Total	$ 10,146,641	$ 906,159	$ 10,039,310	$ 824,597

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 September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Total income by geography:				
United States	$ 177,898	$ 176,033	$ 550,488	$ 459,058
Europe	47,622	82,003	143,764	131,647
Other	1,790	2,939	4,856	6,429
Total (1)	$ 227,310	$ 260,975	$ 699,108	$ 597,134

(In thousands)	September 30, 2016	December 31, 2015
Long-lived assets by geography:		
United States	$ 2,891,675	$ 2,887,893
Europe	1,383,737	1,224,363
Total (2)	$ 4,275,412	$ 4,112,256

(1) Total income excludes cost reimbursement income from affiliates.

(2) Long-lived assets exclude financial instruments, investment management contract and customer relationship intangible assets, as well as real estate held for sale.

23. Subsequent Events

The Company has evaluated subsequent events and transactions through the date these condensed consolidated financial statements were issued. Other than as disclosed elsewhere, no subsequent events have occurred that would require recognition in the accompanying consolidated financial statements or disclosure in the notes to the consolidated financial statements.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) and (c) Financial Statements and Schedules

Financial Statements of Colony Capital, Inc.

All other schedules are omitted because they are not applicable, or the required information is included in the consolidated financial statements or notes thereto.

(b) Exhibits

The Exhibit Index attached hereto is incorporated by reference under this item.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Colony Capital, Inc.

We have audited the accompanying consolidated balance sheets of Colony Capital, Inc. (formerly, Colony Financial, Inc.) (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Colony Capital, Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Colony Capital, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 29, 2016

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

	December 31, 2015	December 31, 2014
ASSETS		
Cash	$ 185,854	$ 141,936
Loans receivable, net		
Held for investment	4,048,477	2,131,134
Held for sale	75,002	—
Real estate assets, net		
Held for investment	3,132,218	1,643,997
Held for sale	297,887	—
Investments in unconsolidated joint ventures	924,465	1,646,977
Goodwill	678,267	20,000
Deferred leasing costs and intangible assets, net (including $9,872 and $0 held for sale intangible assets, net)	325,513	106,060
Due from affiliates	11,713	—
Other assets (including $3,704 and $0 held for sale)	359,914	135,345
Total assets	$10,039,310	$5,825,449
LIABILITIES AND EQUITY		
Liabilities:		
Accrued and other liabilities (including $9,101 and $0 related to real estate held for sale)	325,589	128,119
Due to affiliates—contingent consideration	52,990	—
Due to affiliates—other	—	12,236
Dividends and distributions payable	65,688	47,537
Debt, net (including $8,769 and $0 related to real estate held for sale)	3,587,724	2,112,354
Convertible senior notes, net	591,079	589,410
Total liabilities	4,623,070	2,889,656
Commitments and contingencies (Note 20)		
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; $625,750 and $338,250 liquidation preference; 50,000 shares authorized; 25,030 and 13,530 shares issued and outstanding	250	135
Common stock, $0.01 par value per share		
Class A, 449,000 shares authorized; 111,694 and 109,634 shares issued and outstanding	1,118	1,096
Class B, 1,000 shares authorized; 546 and 0 shares issued and outstanding	5	—
Additional paid-in capital	2,995,243	2,512,743
Distributions in excess of earnings	(131,278)	(68,003)
Accumulated other comprehensive loss	(18,422)	(28,491)
Total stockholders' equity	2,846,916	2,417,480
Noncontrolling interests in investment entities	2,138,925	518,313
Noncontrolling interests in Operating Company	430,399	—
Total equity	5,416,240	2,935,793
Total liabilities and equity	$10,039,310	$5,825,449

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

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

The following table presents the assets and liabilities recorded in the consolidated balance sheets attributable to securitization vehicles consolidated as variable interest entities (excluding the Operating Company, as discussed in Note 4).

	December 31,	
	2015	2014
Assets		
Cash	$ 2,453	$ —
Loans receivable, net	1,193,859	807,761
Real estate assets, net	9,016	—
Other assets	94,796	41,111
Total assets	$1,300,124	$848,872
Liabilities		
Debt, net	$ 806,728	$528,305
Accrued and other liabilities	80,619	38,443
Total liabilities	$ 887,347	$566,748

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

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Income			
Interest income	$417,305	$204,361	$ 81,035
Property operating income	299,871	20,962	789
Equity in income of unconsolidated joint ventures	47,605	73,829	100,708
Fee income (including $64,585, $0 and $0 from affiliates, respectively)	65,813	—	—
Other income (including $4,797, $812 and $1,267 from affiliates, respectively)	11,382	1,497	1,267
Total income	841,976	300,649	183,799
Expenses			
Management fees (including $5,897, $10,384 and $3,998 of share-based payments, respectively)	15,062	43,133	26,263
Investment and servicing expenses (including $366, $2,846 and $1,771 reimbursed to affiliates, respectively)	23,369	5,811	3,228
Transaction costs	38,888	21,096	1,807
Interest expense	133,094	48,365	18,838
Property operating expenses	117,713	5,563	197
Depreciation and amortization	140,977	9,177	310
Provision for loan losses	37,475	—	—
Impairment loss	11,192	—	—
Compensation expense (including $450, $1,778 and $1,286 reimbursed to affiliates, respectively)	84,506	2,468	1,756
Administrative expenses (including $1,922, $3,301 and $1,787 reimbursed to affiliates, respectively)	38,238	8,940	5,792
Total expenses	640,514	144,553	58,191
Gain on sale of real estate assets, net	8,962	—	—
Gain on remeasurement of consolidated investment entities, net	41,486	—	—
Other gain (loss), net	(5,170)	1,216	974
Income before income taxes	246,740	157,312	126,582
Income tax benefit (expense)	9,296	2,399	(659)
Net income	256,036	159,711	125,923
Net income attributable to noncontrolling interests:			
Investment entities	86,123	36,562	24,158
Operating Company	19,933	—	—
Net income attributable to Colony Capital, Inc.	149,980	123,149	101,765
Preferred dividends	42,569	24,870	21,420
Net income attributable to common stockholders	$107,411	$ 98,279	$ 80,345
Net income per common share:			
Basic	$ 0.96	$ 1.01	$ 1.20
Diluted	$ 0.96	$ 1.01	$ 1.20
Weighted average number of common shares outstanding:			
Basic	110,931	96,694	66,182
Diluted	110,931	96,699	66,182

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

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

	Year Ended December 31,		
	2015	2014	2013
Net income	$256,036	$159,711	$125,923
Other comprehensive income (loss), net of tax:			
Equity in other comprehensive loss of unconsolidated joint ventures, net	(451)	(3,170)	(3,107)
Unrealized loss on beneficial interests in debt securities	—	(327)	(554)
Net change in fair value of cash flow hedges	(236)	(127)	(27)
Foreign currency translation adjustments:			
Foreign currency translation adjustment gain (loss)	25,287	(58,792)	5,599
Change in fair value of net investment hedges	(5,604)	26,985	(3,828)
Net foreign currency translation adjustments	19,683	(31,807)	1,771
Other comprehensive income (loss)	18,996	(35,431)	(1,917)
Comprehensive income	275,032	124,280	124,006
Comprehensive income attributable to noncontrolling interests:			
Investment entities	89,693	32,215	24,832
Operating Company	25,290	—	—
Comprehensive income attributable to stockholders	$160,049	$ 92,065	$ 99,174

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

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests in Investment Entities	Noncontrolling Interests in Operating Company	Total Equity
Balance at December 31, 2012	$ 101	$ 531	$1,222,682	$ (5,167)	$ 5,184	$ 1,223,331	$ 59,699	$ —	$1,283,030
Net income	—	—	—	101,765	—	101,765	24,158	—	125,923
Other comprehensive (loss) income	—	—	—	—	(2,591)	(2,591)	674	—	(1,917)
Class A common stock offerings	—	234	475,368	—	—	475,602	—	—	475,602
Underwriter discount and offering costs	—	—	(1,059)	—	—	(1,059)	—	—	(1,059)
Share-based payments	—	—	4,283	—	—	4,283	—	—	4,283
Contributions from noncontrolling interests	—	—	—	—	—	—	256,589	—	256,589
Distributions to noncontrolling interests	—	—	—	—	—	—	(71,203)	—	(71,203)
Preferred stock dividends	—	—	—	(21,420)	—	(21,420)	—	—	(21,420)
Common stock dividends declared ($1.40 per share)	—	—	—	(95,601)	—	(95,601)	—	—	(95,601)
Balance at December 31, 2013	101	765	1,701,274	(20,423)	2,593	1,684,310	269,917	—	1,954,227
Net income	—	—	—	123,149	—	123,149	36,562	—	159,711
Other comprehensive (loss) income	—	—	—	—	(31,084)	(31,084)	(4,347)	—	(35,431)
Issuance of 7.5% Series B Cumulative Redeemable Perpetual Preferred Stock	34	—	86,216	—	—	86,250	—	—	86,250
Class A common stock offerings	—	326	717,544	—	—	717,870	—	—	717,870
Underwriter discount and offering costs	—	—	(3,551)	—	—	(3,551)	—	—	(3,551)
Issuance of common stock for incentive fees	—	—	464	—		464	—	—	464
Share-based payments	—	5	10,796	—	—	10,801	—	—	10,801
Contributions from noncontrolling interests	—	—	—	—	—	—	344,506	—	344,506
Distributions to noncontrolling interests	—	—	—	—	—	—	(128,325)	—	(128,325)
Preferred stock dividends	—	—	—	(25,122)	—	(25,122)	—	—	(25,122)
Common stock dividends declared ($1.44 per share)	—	—	—	(145,607)	—	(145,607)	—	—	(145,607)
Balance at December 31, 2014	$ 135	$ 1,096	$2,512,743	$ (68,003)	$ (28,491)	$ 2,417,480	$ 518,313	$ —	$2,935,793

COLONY CAPITAL, INC.
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(In thousands)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests in Investment Entities	Noncontrolling Interests in Operating Company	Total Equity
Balance at December 31, 2014	$ 135	$ 1,096	$2,512,743	$ (68,003)	$ (28,491)	$ 2,417,480	$ 518,313	$ —	$2,935,793
Net income	—	—	—	149,980	—	149,980	86,123	19,933	256,036
Other comprehensive income	—	—	—	—	10,069	10,069	3,570	5,357	18,996
Issuance of 7.125% Series C Cumulative Redeemable Perpetual Preferred Stock	115	—	287,385	—	—	287,500	—	—	287,500
Issuance of Class A common stock	—	14	37,375	—	—	37,389	—	—	37,389
Issuance of Class B common stock	—	6	14,765	—	—	14,771	—	—	14,771
Issuance of units in Operating Company	—	—	—	—	—	—	—	568,794	568,794
Offering costs	—	—	(9,406)	—	—	(9,406)	—	—	(9,406)
Share-based compensation	—	7	13,707	—	—	13,714	—	—	13,714
Consolidation of investment entities (Note 7)	—	—	—	—	—	—	1,700,114	—	1,700,114
Contributions from noncontrolling interests	—	—	—	—	—	—	486,152	—	486,152
Distributions to noncontrolling interests	—	—	—	—	—	—	(655,347)	(25,011)	(680,358)
Preferred stock dividends	—	—	—	(43,365)	—	(43,365)	—	—	(43,365)
Common stock dividends declared ($1.52 per share)	—	—	—	(169,890)	—	(169,890)	—	—	(169,890)
Reallocation of equity of Operating Company (Note 15)	—	—	138,674	—	—	138,674	—	(138,674)	—
Balance at December 31, 2015	$ 250	$ 1,123	$2,995,243	$ (131,278)	$ (18,422)	$ 2,846,916	$ 2,138,925	$ 430,399	$5,416,240

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

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

	Year Ended December 31,		
	2015	2014	2013
Cash Flows from Operating Activities			
Net income	$ 256,036	$ 159,711	$ 125,923
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of discount and net origination fees on purchased and originated loans	(21,109)	(69,443)	(13,069)
Accretion in excess of cash receipts on purchased credit impaired loan	(39,886)	—	—
Paid-in-kind interest added to loan principal	(30,211)	(2,796)	(218)
Straight-line rents	(11,929)	(1,032)	(23)
Amortization of above and below market lease values, net	3,240	179	—
Amortization of deferred financing costs	21,222	6,590	3,017
Equity in income of unconsolidated joint ventures	(47,605)	(73,829)	(100,708)
Distributions of income from unconsolidated joint ventures	66,418	74,948	101,874
Provision for loan losses	37,475	—	—
Impairment of real estate and intangible assets	11,192	—	—
Depreciation and amortization	140,977	9,177	310
Share-based compensation	13,714	11,265	4,283
Net gain on remeasurement of net assets of consolidated investment entities	(41,486)	—	—
Change in fair value of contingent consideration	(16,510)	—	—
Gain on sales of real estate assets, net	(8,962)	—	—
Foreign currency loss recognized on repayment of loans receivable	31,268	—	—
Changes in operating assets and liabilities:			
Decrease in due from affiliates	7,828	—	—
Increase in other assets	(4,372)	(12,431)	(6,917)
Increase in accrued and other liabilities	23,929	25,635	8,049
(Decrease) increase in due to affiliates	(12,236)	4,250	3,002
Other adjustments, net	(5,867)	535	(234)
Net cash provided by operating activities	373,126	132,759	125,289
Cash Flows from Investing Activities			
Contributions to unconsolidated joint ventures	(356,051)	(458,881)	(672,338)
Distributions from unconsolidated joint ventures	357,307	150,788	177,287
Investments in purchased loans receivable, net of seller financing	(135,194)	(412,152)	(340,563)
Net disbursements on originated loans	(984,840)	(1,241,046)	(535,940)
Repayments of loans receivable	335,446	673,815	109,643
Proceeds from sales of loans receivable	—	—	71,298
Cash receipts in excess of accretion on purchased credit impaired loans	399,783	—	—
Disbursements on acquisition of real estate assets, related intangibles and leasing commissions	(1,377,344)	(1,618,069)	(122,750)
Proceeds from repayment of beneficial interests in debt securities	—	28,000	—
Proceeds from sales of real estate assets	323,430	—	—
Acquisition of investment management business, net of cash acquired (Note 3)	(56,335)	—	—
Proceeds from settlement of derivative instruments	45,024	8,824	178
Other investing activities, net	(10,040)	(6,050)	(35)
Net cash used in investing activities	$(1,458,814)	$(2,874,771)	$(1,313,220)

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

	Year Ended December 31,		
	2015	2014	2013
Cash Flows from Financing Activities			
Proceeds from issuance of preferred stock, net	$ 277,945	$ 83,533	$ —
Proceeds from issuance of common stock, net	—	717,870	475,190
Dividends paid to preferred stockholders	(38,244)	(23,504)	(21,420)
Dividends paid to common stockholders	(165,559)	(131,815)	(89,916)
Line of credit borrowings	1,345,900	1,130,800	514,000
Line of credit repayments	(1,194,900)	(1,105,300)	(375,500)
Proceeds from secured financing	1,936,043	1,808,505	203,000
Secured financing repayments	(871,788)	(198,775)	(33,560)
Escrow deposits for financing	—	(11,153)	—
Net proceeds from issuance of convertible senior notes	—	394,593	194,000
Payment of deferred financing costs	(27,670)	(36,355)	(6,011)
Contributions from noncontrolling interests	486,152	344,506	256,589
Distributions to noncontrolling interests	(671,659)	(128,325)	(52,703)
Other financing activities, net	(15,546)	(2,816)	(2,931)
Net cash provided by financing activities	1,060,674	2,841,764	1,060,738
Cash held by investment entities consolidated (Note 7)	75,412	—	—
Effect of exchange rates on cash	(6,480)	(983)	161
Net increase (decrease) in cash	43,918	98,769	(127,032)
Cash, beginning of period	141,936	43,167	170,199
Cash, end of period	$ 185,854	$ 141,936	$ 43,167
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 105,608	$ 33,470	$ 13,558
Cash paid for income taxes	$ 2,078	$ 2,188	$ 2,294
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Dividends payable	$ 65,688	$ 47,537	$ 32,127
Seller-provided secured financing on purchased loans	$ —	$ 82,328	$ —
Deferred financing costs deducted from convertible debt issuance proceeds	$ —	$ 10,063	$ 6,000
Accrued and other liabilities assumed in connection with acquisitions, net of cash assumed	$ 407	$ 10,781	$ —
Unsecured note issued in connection with acquisition	$ —	$ 10,000	
Interest reserve for seller financing returned to borrower upon resolution of underlying collateral loan	$ —	$ 2,670	$ —
Noncash distribution of loan receivable to a noncontrolling interest	$ —	$ —	$ 18,500
Payment on settlement of derivative instruments in accrued liabilities	$ —	$ —	$ 1,736
Deferred tax liability assumed in a real estate acquisition	$ 27,978	$ —	$ —
Settlement of debt through issuance of units in Operating Company	$ 10,000	$ —	$ —
Issuance of common stock for acquisition of investment management business	$ 52,160	$ —	$ —
Issuance of units in Operating Company for acquisition of investment management business	$ 558,794	$ —	$ —
Net assets of investment entities consolidated, net of cash assumed (Note 7)	$ 2,637,278	$ —	$ —
Loan payoff proceeds held in escrow	$ 11,300	$ —	$ —

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

1. Organization

Colony Capital, Inc. (formerly, Colony Financial, Inc.) (the "Company") is a leading global real estate and investment management firm that targets attractive risk-adjusted returns for its investors by investing primarily in real estate and real estate-related assets. The Company manages capital on behalf of both its shareholders and limited partners in private investment funds under its management where the Company may earn management fees and carried interests. The Company's portfolio is primarily composed of: (i) real estate equity; (ii) real estate and real estate-related debt; and (iii) investment management of Company-sponsored private equity funds and vehicles. The Company was organized on June 23, 2009 as a Maryland corporation and has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code, for U.S. federal income tax purposes.

Prior to April 2, 2015, the Company was externally managed and advised by Colony Financial Manager, LLC (the "Manager"), which was a wholly-owned subsidiary of Colony Capital, LLC ("CCLLC"), a privately held global real estate investment firm. On April 2, 2015, Colony Capital Operating Company, LLC ("Operating Company" or "OP"), an operating subsidiary of the Company, acquired substantially all of the real estate investment management business and operations of CCLLC (the "Combination") and the Company became a self-managed REIT. As a result of the Combination, the Company is able to sponsor new investment vehicles as general partner under the Colony name. Details of the Combination are described more fully in Note 3.

In connection with the Combination, the Company reorganized into an umbrella partnership real estate investment trust ("UPREIT"). As part of the restructuring, the Company contributed to OP and its subsidiaries substantially all of the Company's other subsidiaries, assets and liabilities, other than certain indebtedness, in exchange for membership interests in OP ("OP Units"). Following the Combination, OP conducts all of the activities and owns substantially all of the assets and liabilities of the combined business.

2. Significant Accounting Policies

The significant accounting policies of the Company are described below. The accounting policies of the Company's unconsolidated joint ventures are substantially similar to those of the Company.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the accounts of the Company and its controlled subsidiaries and consolidated variable interest entities. All significant intercompany accounts and transactions have been eliminated. The portions of the 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 represent interests held by private investment funds or other investment vehicles managed by the Company and which invest alongside the Company ("Co-Investment Funds") and membership interests in OP held by affiliates and senior executives.

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 under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model.

Variable Interest—For entities in which the Company has a variable interest, the Company determines if the entity is a VIE by considering whether the entity's equity investment at risk is sufficient to finance its activities without additional subordinated financial support and whether the entity's at-risk equity holders have the characteristics of a controlling financial interest. Fees paid to the Company that are commensurate with both services provided and prevailing market rates for such services are generally not, in and of themselves, considered variable interests and are excluded from assessment of the Company's economic exposure to a VIE. In performing the analysis of whether the Company is the primary beneficiary of a VIE, the Company considers whether it individually has the power to direct the activities of the VIE that most significantly affect the entity's performance and also has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company also considers interests held by its related parties, including de facto agents, specifically interests in the VIE held by related parties under common control and the Company's indirect exposure to the VIE

through its interests in other related parties on a proportionate basis. 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 its analysis, the Company considers both qualitative and quantitative factors, including, but not limited to: the amount and characteristics of its investment relative to other investors; the Company's and the other investors' 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 other investors 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 other investors. The determination of whether an entity is a VIE, and whether the Company is the primary beneficiary, involves 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—Unlike VIEs, voting interest entities have sufficient equity and equity investors exhibit the characteristics of a controlling financial interest through their voting rights. The Company consolidates such entities when it has a controlling financial interest through ownership of a majority of the entities' voting equity interests.

At each reporting period, the Company reassesses the status of an entity as a VIE and the determination of the Company as the primary beneficiary, or if there is a change in the Company's ability to control through a majority voting interest. 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. 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 retained interests.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

Fair value is based on an exit price, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Where appropriate, the Company makes adjustments to estimated fair values to appropriately reflect counterparty credit risk as well as the Company's own credit-worthiness.

The estimated fair value of financial assets and financial liabilities are categorized into a three-tier hierarchy, prioritized based on the level of transparency in inputs used in the valuation techniques, as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or valuation techniques utilizing inputs that are observable directly or indirectly for substantially the full term of the financial instrument.
Level 3—At least one assumption or input is unobservable and is significant to the fair value measurement, requiring significant management judgment or estimate.

Where the inputs used to measure the fair value of a financial instrument falls into different levels of the fair value hierarchy, the financial instrument is categorized within the hierarchy based on the lowest level of input that is significant to its fair value measurement.

The Company has not elected fair value option for any financial instruments.

Business Combinations

The Company evaluates each purchase transaction to determine whether the acquired assets meet the definition of a business. Net cash paid to acquire a business or assets is classified as investing activities on the accompanying statements of cash flows.

The Company accounts for 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 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, especially with respect to intangible assets and liabilities.

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 unless the fair value of non-cash assets given as consideration differs from the carrying amount of the assets acquired. 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.

Contingent consideration is classified as a liability or equity, as applicable. Contingent consideration in connection with the acquisition of a business 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. For contingent consideration in connection with the acquisition of assets, subsequent changes to the recorded amount are adjusted against the cost of the acquisition.

Real estate acquisitions, which are considered as either business combinations or asset acquisitions, are recorded at the fair values of the acquired components at the time of acquisition, allocated among land, building, improvements, equipment, lease-related tangible and identifiable intangible assets and liabilities, such as tenant improvements, deferred leasing costs, in-place lease values, above- and below-market lease values. The estimated fair value of acquired land is derived from recent comparable sales of land and listings within the same local region based on available market data. The estimated fair value of acquired buildings and building improvements is derived from comparable sales, discounted cash flow analysis using market-based assumptions, or replacement cost, as appropriate.The fair value of site and tenant improvements is estimated based upon current market replacement costs and other relevant market rate information.

Foreign Currency

Assets and liabilities of non-U.S. dollar functional currency investments and subsidiaries are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Income and expenses from these investments and subsidiaries are translated at the average rate of exchange prevailing during the period such income was earned or expenses were incurred. Gains and losses related to translation of these non-U.S dollar functional currency items are included in other comprehensive income or loss within stockholders' equity. Upon sale, complete or substantially complete liquidation of an investment in a foreign subsidiary, or upon partial sale of an equity method investment, the translation adjustment associated with the investment, or the proportionate share related to the portion of equity method investment sold, is reclassified from accumulated other comprehensive income or loss into earnings.

Gains and losses resulting from nonfunctional currency transactions are recognized in the income statement in other gain (loss), net.

Disclosures of non-US dollar amounts to be recorded in the future are translated using exchange rates in effect at balance sheet date.

Cash and Cash Equivalents

Short-term, highly liquid investments with original maturities of three months or less are considered to be cash equivalents. The Company did not have any cash equivalents at December 31, 2015 and 2014. At various times during the year, the Company may have bank balances in excess of federally insured limits.

Loans Receivable

The Company originates and purchases loans receivable. The accounting framework for loans receivable depends on the Company's strategy whether to hold or sell the loan, and separately, if the loan was credit-impaired at time of acquisition or if the lending arrangement is an acquisition, development and construction loan.

Loans Held for Investment (other than Purchased Credit-Impaired Loans)

Loans that the Company has the intent and ability to hold for the foreseeable future are classified as held-for-investment. Originated loans are recorded at amortized cost, or outstanding unpaid principal balance less net deferred loan fees. Net deferred loan fees include unamortized origination and other fees charged to the borrower less direct incremental loan origination costs incurred by the Company. Purchased loans are recorded at amortized cost, or unpaid principal balance plus purchase premium or less unamortized discount. Costs to purchase loans are expensed as incurred.

Interest Income—Interest income is recognized based upon contractual interest rate and unpaid principal balance of the loans. Net deferred loan fees on originated loans are deferred and amortized as adjustments to interest income over the expected life of the loans using the effective yield method. Premium or discount on purchased loans are amortized as

adjustments to interest income over the expected life of the loans using the effective yield method. For revolving loans, net deferred loan fees, premium or discount are amortized to interest income using the straight-line method. When a loan is prepaid, prepayment fees and any excess of proceeds over the carrying amount of the loan are recognized as additional interest income.

Nonaccrual—Accrual of interest income is suspended on nonaccrual loans. Loans that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, are generally considered nonperforming and placed on nonaccrual status. Interest receivable is reversed against interest income when loans are placed on nonaccrual status. Interest collection on nonaccruing loans for which ultimate collectability of principal is uncertain is recognized using a cost recovery method by applying interest collected as a reduction to loan principal; otherwise, interest collected is recognized on a cash basis by crediting to income when received. Loans may be restored to accrual status when all principal and interest is current and full repayment of the remaining contractual principal and interest is reasonably assured.

Impairment and Allowance for Loan Losses—On a periodic basis, the Company analyzes the extent and effect of any credit migration from underwriting and the initial investment review associated with the performance of a loan and/or value of its underlying collateral, as well as financial and operating capability of the borrower or sponsor. Specifically, operating results of collateral properties and any cash reserves are analyzed and used to assess whether cash from operations are sufficient to cover debt service requirements currently and into the future, ability of the borrower to refinance the loan, and/or liquidation value of collateral properties. Where applicable, the Company also evaluates the financial wherewithal of any loan guarantors as well as the borrower's competency in managing and operating the collateral properties. Such analysis is performed at least quarterly, or more often as needed when impairment indicators are present. The Company does not utilize a statistical credit rating system to monitor and assess the credit risk and investment quality of its acquired or originated loans. Given the diversity of the Company's portfolio, management believes there is no consistent method of assigning a numerical rating to a particular loan that captures all of the various credit metrics and their relative importance. Therefore, the Company evaluates impairment and allowance for loan losses on an individual loan basis.

Loans are considered to be impaired when it is probable that the Company will not be able to collect all amounts due in accordance with contractual terms of the loans, including consideration of underlying collateral value. Allowance for loan losses represent the estimated probable credit losses inherent in loans held for investment at balance sheet date. Changes in allowance for loan losses are recorded in the provision for loan losses on the consolidated statement of operations. Allowance for loan losses generally exclude interest receivable as accrued interest receivable is reversed when a loan is placed on nonaccrual status. Allowance for loan losses is generally measured as the difference between the carrying value of the loan and either the present value of cash flows expected to be collected, discounted at the original effective interest rate of the loan or an observable market price for the loan. Subsequent changes in impairment are recorded as adjustments to the provision for loan losses. Loans are charged-off against allowance for loan losses when all or a portion of the principal amount is determined to be uncollectible. A loan is considered to be collateral-dependent when repayment of the loan is expected to be provided solely by the underlying collateral. Impaired collateral-dependent loans are written down to the fair value of the collateral less disposal cost, first through a charge-off against allowance for loan losses, if any, then recorded as impairment loss.

Troubled Debt Restructuring ("TDR")— A loan with contractual terms modified in a manner that grants concession to the borrower who is experiencing financial difficulty is classified as a TDR. Concessions could include term extensions, payment deferrals, interest rate reductions, principal forgiveness, forbearance, or other actions designed to maximize the Company's collection on the loan. As a TDR is generally considered to be an impaired loan, it is measured for impairment based on the Company's allowance for loan losses methodology.

Loans Held for Sale

Loans that the Company intends to sell or liquidate in the foreseeable future are classified as held-for-sale. Loans held for sale are carried at the lower of amortized cost or fair value less disposal cost, with valuation changes recognized as impairment loss. Loans held for sale are not subject to allowance for loan losses. Net deferred loan origination fees and purchase premium or discount are capitalized as part of the carrying value of the held-for-sale loan, therefore included in the periodic valuation adjustments based on lower of cost or fair value less disposal cost, and ultimately, in the gain or loss upon sale of the loan.

Purchased Credit-Impaired ("PCI") Loans

PCI loans are acquired loans with evidence of credit quality deterioration for which it is probable at acquisition that the Company will collect less than the contractually required payments. PCI loans are recorded at the initial investment in the loans and accreted to the estimated cash flows expected to be collected as measured at acquisition date. The excess of cash flows expected to be collected, measured as of acquisition date, over the estimated fair value represents the accretable yield and is recognized in interest income over the remaining life of the loan using the effective interest method. The difference between contractually required payments as of the acquisition date and the cash flows expected to be collected ("nonaccretable difference") is not recognized as an adjustment of yield, loss accrual or valuation allowance.

The Company evaluates estimated future cash flows expected to be collected on a quarterly basis, starting with the first full quarter after acquisition, or earlier if conditions indicating impairment are present. If the cash flows expected to be collected cannot be reasonably estimated, either at acquisition or in subsequent evaluation, the Company may consider placing such PCI loans on nonaccrual, with interest income recognized using the cost recovery method or on a cash basis. Subsequent decreases in cash flows expected to be collected are evaluated to determine whether a provision for loan loss should be established. If decreases in expected cash flows result in a decrease in the estimated fair value of the loan below its amortized cost, the Company records a provision for loan losses calculated as the difference between the loan's amortized cost and the revised cash flows, discounted at the loan's effective yield. Subsequent increasesin cash flows expected to be collected are first applied to reverse any previously recorded allowance for loan losses, with any remaining increases recognized prospectively through an adjustment to yield over its remaining life.

Factors that most significantly affect estimates of cash flows expected to be collected, and accordingly the accretable yield, include: (i) estimate of the remaining life of acquired loans which may change the amount of future interest income; (ii) changes to prepayment assumptions; (iii) changes to collateral value assumptions for loans expected to foreclose; and (iv) changes in interest rates on variable rate loans.

PCI loans may be aggregated into pools based upon common risk characteristics, such as loan performance, collateral type and/or geographic location of the collateral. A pool is accounted for as a single asset with a single composite yield and an aggregate expectation of estimated future cash flows. A PCI loan modified within a pool remains in the pool, with the effect of the modification incorporated into the expected future cash flows. A loan resolution within a loan pool, which may involve the sale of the loan or foreclosure on the underlying collateral, results in the removal of an allocated carrying amount, including an allocable portion of any existing allowance.

Acquisition, Development and Construction ("ADC") Loan Arrangements

The Company provides loans to third party developers for the acquisition, development and construction of real estate. Under an ADC arrangement, the Company participates in the expected residual profits of the project through the sale, refinancing or other use of the property. The Company evaluates the characteristics of each ADC arrangement including its risks and rewards to determine whether they are more similar to those associated with a loan or an investment in real estate. ADC arrangements with characteristics implying loan classification are presented as loans receivable and result in the recognition of interest income. ADC arrangements with characteristics implying real estate joint ventures are presented as investments in unconsolidated joint ventures and are accounted for using the equity method. The classification of each ADC arrangement as either loan receivable or real estate joint venture involves significant judgment and relies on various factors, including market conditions, amount and timing of expected residual profits, credit enhancements in the form of guaranties, estimated fair value of the collateral, significance of borrower equity in the project, among others. The classification of ADC arrangements is performed at inception, and periodically reassessed when significant changes occur in the circumstances or conditions described above.

Real Estate Assets

Real Estate Held for Investment

Real estate held for investment is carried at cost less accumulated depreciation.

Costs Capitalized or Expensed—Expenditures for ordinary repairs and maintenance are expensed as incurred, while expenditures for significant renovations that improve or extend the useful life of the asset are capitalized and depreciated over their estimated useful lives.

Depreciation—Real estate held for investment is depreciated on a straight-line basis over the estimated useful lives of the assets, which generally range from 7 to 40 years for buildings and improvements and 5 to 15 years for furniture, fixtures and equipment. Tenant improvements are amortized over the shorter of the remaining lease term or their estimated useful lives. Land is not depreciated.

Impairment—The Company evaluates its real estate held for investment for impairment periodically or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company evaluates cash flows and determines impairments on an individual property basis. In making this determination, the Company reviews, among other things, current and estimated future cash flows associated with each property, market information for each sub-market, including, where applicable, competition levels, foreclosure levels, leasing trends, occupancy trends, lease or room rates, and the market prices of similar properties recently sold or currently being offered for sale, and other quantitative and qualitative factors. If an impairment indicator exists, the Company evaluates whether the expected future undiscounted cash flows is less than the carrying amount of the asset, and if the Company determines that the carrying value is not recoverable, an impairment loss is recorded for the difference between the estimated fair value and the carrying amount of the asset.

Real Estate Held for Sale

Classification as Held for Sale—Real estate asset is classified as held for sale in the period when (i) management approves a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, subject only to usual and customary terms, (iii) a program is initiated to locate a buyer and actively market the asset for sale at a reasonable price, and (iv) completion of the sale is probable within one year. Real estate held for sale is stated at the lower of its carrying amount or estimated fair value less disposal cost, with any write-down to fair value less disposal cost recorded as an impairment loss. For any subsequent increase in fair value less disposal cost, the impairment loss may be reversed, but only up to the amount of cumulative loss previously recognized. Depreciation is not recorded on assets classified as held for sale.

If circumstances arise that were previously considered unlikely and, as a result, the Company decides not to sell the real estate asset previously classified as held for sale, the real estate asset is reclassified as held for investment. Upon reclassification, the real estate asset is measured at the lower of (i) its carrying amount prior to classification as held for sale, adjusted for depreciation expense that would have been recognized had the real estate been continuously classified as held for investment, or (ii) its estimated fair value at the time the Company decides not to sell.

Real Estate Sales—The Company evaluates if real estate sale transactions qualify for recognition under the full accrual method, considering whether, among other criteria, the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay, any receivable due to the Company is not subject to future subordination, the Company has transferred to the buyer the usual risks and rewards of ownership and the Company does not have a substantial continuing involvement with the sold real estate. At the time the sale is consummated, a gain or loss is recognized as the difference between the sale price less disposal cost and the carrying value of the real estate.

Real estate investments classified as held for sale or disposed may be reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results. A discontinued operation may include an asset group, a reporting unit, an operating segment, a reportable segment, a subsidiary, or a business.

Foreclosed Properties

The Company receives foreclosed properties in full or partial settlement of loans receivable by taking legal title or physical possession of the properties. Foreclosed properties are recognized, generally, at the time the real estate is received at foreclosure sale or upon execution of a deed in lieu of foreclosure. Foreclosed properties are initially measured at fair value and amounts less than the carrying value of the loan, after reversing any previously recognized loss provision on the loan, is recorded as impairment loss. The Company periodically evaluates foreclosed properties for subsequent decrease in fair value which is recorded as additional impairment loss. Fair value of foreclosed properties are generally based on third party appraisals, broker price opinions, comparable sales or a combination thereof.

Investments in Unconsolidated Joint Ventures

The Company holds ownership interests in certain joint ventures with Co-Investment Funds or other unaffiliated investors, as well as general partnership interest in a fund sponsored by the Company. Where the Company exerts significant influence over the operating and financial policies of these investees, but does not have a controlling financial interest, the Company's interests in these investees are accounted for under the equity method as investments in unconsolidated joint ventures. Under the equity method, the Company initially records its investments at cost and subsequently recognizes the Company's share of net earnings or losses and other comprehensive income or loss, cash contributions made and distributions received, and other adjustments, as appropriate. Allocations of net income or loss may be subject to preferred returns or allocation formulas defined in operating agreements and may not be according to percentage interests of the venturers. The Company's share of net income or loss from its general partner interest in its sponsored fund reflects fair value changes in the underlying investments of the fund which are reported at fair value in accordance with investment company guidelines. The Company records its proportionate share of income from certain investments in unconsolidated joint ventures one to three months in arrears. Distributions of operating profits from joint ventures are reported as operating cash flows. Distributions related to a capital transaction, such as a refinancing transaction or sale, are reported as investing activities.

Investments that do not qualify for consolidation or equity method accounting are accounted for under the cost method. Dividends received from cost-method investments are recorded as dividend income to the extent they are not considered a return of capital, otherwise such amounts are recorded as a reduction to the cost of investment.

The Company performs a quarterly evaluation of its investments in unconsolidated joint ventures to determine whether the fair value of each investment is less than the carrying value, and, if such decrease in value is deemed to be other-than-temporary, writes down the investment to fair value.

Identifiable Intangibles

In a business combination, the Company recognizes identifiable intangibles that meet either or both the contractual-legal criterion or the separability criterion. Indefinite-lived intangibles are not subject to amortization until such time that its useful life is determined to no longer be indefinite, at which point, it will be assessed for impairment and its adjusted carrying amount amortized over its remaining useful life. Finite-lived intangibles are amortized over their useful life in a manner that reflects the pattern in which the intangible is being consumed if readily determinable such as expected cash flows, otherwise on a straight-line basis. The useful life of all identified intangibles will be periodically reassessed and if useful life changes, the carrying amount of the intangible will be amortized prospectively over the revised useful life. Finite-lived intangibles will be periodically reviewed for impairment and an impairment loss will be recognized if the carrying amount of the intangible is not recoverable and exceeds its fair value. An impairment establishes a new basis for the identifiable intangibles and any impairment loss recognized is not subject to subsequent reversal.

Identifiable intangibles recognized in acquisitions of operating real estate properties generally include in-place leases, above- or below-market leases and deferred leasing costs.

In-place leases generate value over and above the tangible real estate because a property that is occupied with leased space is typically worth more than a vacant building without an operating lease contract in place. The estimated fair value of acquired in-place leases is derived based on management's assessment of costs avoided from having tenants in place, including lost rental income, rent concessions and tenant allowances or reimbursements, that would be incurred to lease a hypothetically vacant building to its actual existing occupancy level on the valuation date. The net amount recorded for acquired in-place leases is included in intangible assets and amortized on a straight-line basis as an increase to depreciation and amortization expense over the remaining term of the applicable leases. If an in-place lease is terminated, the unamortized portion is charged to depreciation and amortization expense.

The estimated fair value of the above- or below-market component of acquired leases represents the present value of the difference between contractual rents of acquired leases and market rents at the time of the acquisition for the remaining lease term, discounted for tenant credit risks. Above- or below-market operating lease values are amortized on a straight-line basis as a decrease or increase to rental income, respectively, over the applicable lease terms. Above- or below-market ground lease obligations are amortized on a straight-line basis as a decrease or increase to rent expense, respectively, over the applicable lease terms. If the above- or below-market operating lease values or above- or below-market ground lease obligations are terminated, the unamortized portion of the lease intangibles are recorded in rental income or rent expense, respectively.

Deferred leasing costs represent management's estimation of the avoided leasing commissions and legal fees associated with an existing in-place lease. The net amount is included in intangible assets and amortized on a straight-line basis as an increase to depreciation and amortization expense over the remaining term of the applicable lease.

Goodwill

Goodwill is an unidentifiable intangible asset and recognized as a residual, generally measured as the excess of consideration transferred in a business combination over the identifiable assets acquired and liabilities assumed, including any noncontrolling interest in the acquiree. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination. Goodwill is tested for impairment at the reporting units to which it is assigned at least on an annual basis in the fourth quarter of each year, or more frequently if events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit to which the goodwill is assigned is less than its carrying value; and if so, a two-step quantitative assessment is performed to determine if an impairment has occurred and thereafter, measure the impairment loss. In the first step, if the fair value of the reporting unit is less compared to its carrying value (including goodwill), then the goodwill is considered to be impaired. In the second step, the implied fair value of the goodwill is determined by comparing the fair value of the reporting unit (in step one) to the fair value of the net assets of the reporting unit as if the reporting unit is being acquired in a business combination. If the carrying value of goodwill exceeds the resulting implied fair value of goodwill, then an impairment charge is recognized for the excess. An impairment establishes a new basis for the goodwill and any impairment loss recognized is not subject to subsequent reversal. Goodwill impairment tests require judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit.

Fixed Assets

Fixed assets of the Company are presented within other assets and carried at cost less accumulated depreciation and amortization. Depreciation and amortization is recognized on a straight-line basis over the estimated useful life of the assets which range between 3 to 5 years for furniture, fixtures, equipment and capitalized software, 15 years for aircraft and over the shorter of the lease term or useful life for leasehold improvements.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over a transferred financial asset is deemed to be surrendered when (1) the asset has been legally isolated; (2) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred asset; and (3) the Company does not maintain effective control over the transferred asset through either (a) an agreement that entitles and obligates the Company to repurchase or redeem it before its maturity or (b) an agreement that provides the Company with both the unilateral ability to cause the holder to return specific assets and a more than trivial benefit attributable to that ability. The difference between the net proceeds received and the carrying amount of the financial assets being sold is recognized as a gain or loss on sale. Transfers of financial assets that do not meet the criteria for sale are accounted for as financing transactions.

Derivative Instruments and Hedging Activities

The Company uses derivative instruments to manage its foreign currency risk and interest rate risk. The Company does not use derivative instruments for speculative or trading purposes. All derivative instruments are recorded at fair value and included in other assets or other liabilities on a gross basis on the consolidated balance sheets. The accounting for changes in fair value of derivatives depends upon whether or not the Company has elected to designate the derivative in a hedging relationship and the derivative qualifies for hedge accounting. The Company has economic hedges that have not been designated for hedge accounting.

Changes in fair value of derivatives not designated as accounting hedges are recorded in the income statement in other gain (loss), net.

For accounting hedges, the relationships between hedging instruments and hedged items, risk management objectives and strategies for undertaking the accounting hedges as well as the methods to assess the effectiveness of the derivative prospectively and retrospectively, are formally documented at inception. Hedge effectiveness relates to the amount by which the gain or loss on the designated derivative instrument exactly offsets the change in the hedged item attributable to the hedged risk. If it is determined that a derivative is not expected to be or has ceased to be highly effective at hedging the designated exposure, hedge accounting is discontinued.

Cash Flow Hedges—The Company uses interest rate caps and swaps to hedges its exposure to interest rate fluctuations in forecasted interest payments on floating rate debt. The effective portion of the change in fair value of the derivative is recorded in accumulated other comprehensive income, while hedge ineffectiveness is recorded in earnings. If the derivative in a cash flow hedge is terminated or the hedge designation is removed, related amounts in accumulated other comprehensive income are reclassified into earnings.

Net Investment Hedges—The Company uses foreign currency hedges to protect the value of its net investments in foreign subsidiaries or equity method investees whose functional currencies are not U.S. dollars. Changes in the fair value of derivatives used as hedges of net investment in foreign operations, to the extent effective, are recorded in the cumulative translation adjustment account within accumulated other comprehensive income.

At the end of each quarter, the Company reassesses the effectiveness of its net investment hedges and as appropriate, dedesignates the portion of the derivative notional that is in excess of the beginning balance of its net investments as non-designated hedges.

Release of accumulated other comprehensive income related to net investment hedges occurs upon losing a controlling financial interest in an investment or obtaining control over an equity method investment. Upon sale, complete or substantially complete liquidation of an investment in a foreign subsidiary, or partial sale of an equity method investment, the gain or loss on the related net investment hedge is reclassified from accumulated other comprehensive income to earnings.

Financing Costs

Debt discounts and premiums as well as debt issuance costs (except for revolving credit arrangements) are presented net against the associated debt on the consolidated balance sheets and amortized into interest expense using the effective interest method over the term of the debt.

Costs incurred in connection with revolving credit arrangements are recorded as deferred financing costs in other assets, and amortized on a straight-line basis over the expected term of the credit facility.

Property Operating Income

Property operating income includes the following.

Rental Income—Rental income is recognized on a straight-line basis over the non-cancelable term of the related lease which includes the effects of rent steps and rent abatements under the lease. Rents received in advance are deferred. Rental income recognition commences when the tenant takes possession of the leased space and the leased space is substantially ready

for its intended use. When it is determined that the Company is the owner of tenant improvements, the cost to construct the tenant improvements, including costs paid for or reimbursed by the tenants, is capitalized. For Company-owned tenant improvements, the amount funded by or reimbursed by the tenants are recorded as deferred revenue, which is amortized on a straight-line basis as additional rental income over the term of the related lease. When it is determined that the tenant is the owner of tenant improvements, the Company's contribution towards those improvements is recorded as a lease incentive, included in deferred leasing costs and intangible assets, net on the consolidated balance sheets, and amortized as a reduction to rental income on a straight-line basis over the term of the lease. Residential leases generally have one-year terms while commercial leases generally have longer terms.

Tenant Reimbursements—In net lease arrangements, the tenant is generally responsible for operating expenses relating to the property, including real estate taxes, property insurance, maintenance, repairs and improvements. Costs reimbursable from tenants and other recoverable costs are recognized as revenue in the period the recoverable costs are incurred. When the Company is the primary obligor with respect to purchasing goods and services for property operations and has discretion in selecting the supplier and retains credit risk, tenant reimbursement revenue and property operating expenses are presented on a gross basis in the statements of operations. For certain triple net leases where the lessee self-manages the property, hires its own service providers and retains credit risk for routine maintenance contracts, no reimbursement revenue and expense are recognized.

Hotel Operating Income—Hotel operating income includes room revenue, food and beverage sales and other ancillary services. Revenue is recognized upon occupancy of rooms, consummation of sales and provision of services.

Fee Income

Fee income consists of the following.

Base Management Fees—The Company earns base management fees for the day-to-day operations and administration of its managed funds, generally as a percentage of the limited partners' net funded capital. Base management fees are recognized over the period in which the related services are performed in accordance with contractual terms of the underlying management and advisory agreements. Base management fees are generally accrued from the date of the first closing of commitments or the first investment of the fund through the last day of the term of the fund.

Asset Management Fees—The Company may receive a one-time asset management fee upon closing of each investment made by its managed funds. In accordance with contractual terms of the underlying management and advisory agreements, a portion of asset management fees is recognized upon completion of initial underwriting, with remaining fees deferred and recognized over the holding period of each investment in which the related services are performed for each investment. Asset management fees are calculated as a fixed percentage of the limited partners' net funded capital on each investment.

Advisory Fees—The Company provides investment advisory services for real estate acquisitions to an unaffiliated party and receives a one-time advisory fee upon closing of the investment, calculated as a fixed percentage of the cost of investment. The earnings process is complete upon closing of an investment, at which time, advisory fees are recognized in full. The Company has no obligation to provide further services subsequent to closing of an investment and does not earn fees on unconsummated transactions.

Servicing Fees—Certain subsidiaries of the Company (each an asset management company or "AMC") were established to service and manage loan portfolios, including foreclosed properties, held by the Company's real estate investment entities for a servicing fee equal to a percentage of the outstanding unpaid principal balance of each loan portfolio. Servicing fees earned from investment entities that are consolidated by the Company are eliminated upon consolidation.

Other Income

Other income includes the following.

Expense Recoveries from Borrowers—Expenses, primarily legal costs incurred in administering non-performing loans and foreclosed properties held by investment entities, may be subsequently recovered through payments received when these investments are resolved. The Company recognizes income when the cost recoveries are determinable and repayment is assured.

Cost Reimbursements from Affiliates—Based on an arrangement assumed from the Manager through the Combination, the Company provides administrative services to certain of its affiliates, including property management on behalf of the Company's investment entities. The Company is entitled to receive reimbursements of expenses incurred, generally based on expenses incurred that are directly attributable to the affiliates and/or a portion of overhead costs. The Company acts in the capacity of a principal under these arrangements. Accordingly, the Company records the expenses and corresponding reimbursement income on a gross basis in the period administrative services are rendered and costs are incurred.

Compensation

Compensation comprises salaries, bonus including discretionary awards and contractual amounts for certain senior executives, benefits and share-based compensation. Bonus is accrued over the employment period to which it relates.

Share-Based Compensation

Equity classified share-based awards that are granted to employees are measured at fair value at date of grant and remeasured at fair value only upon a modification to the terms of the award, while share-based awards granted to non-employees are remeasured at fair value at the end of each reporting period until the award is fully vested. Fair value is determined based on the closing price of the Company's listed Class A common stock at date of grant or remeasurement. The Company recognizes compensation expense on a straight-line basis over the requisite service period of the award, with the amount of compensation expense recognized at the end of any reporting period at least equal to the fair value of the portion of the award that has vested through that date. An expected forfeiture rate estimated based upon the Company's historical experience is applied against compensation expense during the year and adjusted for actual forfeitures at year end.

Gain on Remeasurement of Consolidated Investment Entities, Net

Gain on remeasurement of consolidated investment entities, net is the fair value remeasurement of the Company's proportional share of investments in joint ventures which were consolidated upon a reconsideration event in connection with the Combination (Note 7), net of cumulative translation adjustments reclassified to earnings.

Other Gain (Loss), Net

Other gain and loss include fair value changes related to derivatives not designated as accounting hedges, fair value changes on the contingent consideration arising from the Combination and gain (loss) from remeasurement of foreign currency transactions and translation of foreign currency balances.

Income Taxes

The Company elected to be taxed as a REIT, commencing with the Company's initial taxable year ended December 31, 2009. A REIT is generally not subject to corporate-level federal and state income tax on net income it distributes to its stockholders. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of its REIT taxable income to its stockholders, as well as certain restrictions in regard to the nature of owned assets and categories of income. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal and state income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies as a REIT, it and its subsidiaries may be subject to certain U.S federal, state and local as well as foreign taxes on its income and property and to U.S federal income and excise taxes on its undistributed taxable income.

The Company has elected or may elect to treat certain of its existing or newly created corporate subsidiaries as taxable REIT subsidiaries (each a "TRS"). In general, a TRS may perform non-customary services for tenants of the REIT, hold assets that the REIT cannot or does not intend to hold directly and, subject to certain exceptions related to hotels and healthcare properties, may engage in any real estate or non-real estate related business. The Company uses TRS entities to conduct certain activities that cannot be conducted directly by a REIT, including investment management, property management including hotel operations as well as loan servicing and workout activities. A TRS is treated as a regular, taxable corporation for U.S income tax purposes and therefore, is subject to U.S federal corporate tax on its income and property.

Deferred Income Taxes—The provision for income taxes includes current and deferred portions. The current income tax provision differs from the amount of income tax currently payable because of temporary differences in the recognition of certain income and expense items between financial reporting and income tax reporting. The Company uses the asset and liability method to provide for income taxes, which requires that the Company's income tax expense reflects the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities for financial reporting versus income tax purposes. Accordingly, a deferred tax asset or liability for each temporary difference is determined based on enacted tax rates the Company expects to be in effect when the underlying items of income and expense are realized and the differences reverse. A deferred tax asset is also recognized for net operating loss carryforwards and the income tax effect of accumulated other comprehensive income items of the TRS entities. A valuation allowance for deferred tax assets is established if the Company believes it is more likely than not that all or some portion of the deferred tax assets will not be realized. Realization of deferred tax assets is dependent on the Company's TRS entities generating sufficient taxable income in future periods or employing certain tax planning strategies to realize such deferred tax assets.

Uncertain Tax Positions—Income tax benefits are recognized for uncertain tax positions that are more likely than not to be sustained based solely on their technical merits. Such uncertain tax positions are measured as the largest amount of benefit that is more-likely-than-not to be realized upon settlement. The difference between the benefit recognized and the tax benefit

claimed on a tax return results in an unrecognized tax benefit. The Company periodically evaluates whether it is more likely than not that its uncertain tax positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations. As of December 31, 2015 and 2014, the Company has not established a liability for uncertain tax positions.

Earnings Per Share

The Company calculates basic earnings per share using the two-class method which defines unvested share-based payment awards that contain nonforfeitable rights to dividends as participating securities. The two-class method is an allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. Earnings per common share is calculated by dividing earnings allocated to common shareholders by the weighted-average number of common shares outstanding during the period.

Diluted earnings per common share is based on the weighted-average number of common shares and the effect of potentially dilutive common share equivalents outstanding during the period. Potentially dilutive common share equivalents include shares to be issued upon the assumed conversion of the Company's outstanding convertible notes, which are included under the if-converted method when dilutive. The earnings allocated to common shareholders (numerator) is adjusted to add back the after-tax amount of interest expense associated with the convertible notes, except when doing so would be antidilutive.

Reclassification

Certain prior period amounts have been reclassified to conform to current period presentation, including debt issuance costs described below. Other reclassifications were immaterial and did not affect the Company's financial position, results of operations or its cash flows.

Recent Accounting Updates

Revenue Recognition—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which amended the existing accounting standards for revenue recognition. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, at an amount reflecting the consideration a company expects to receive in exchange for those goods or services. ASU No. 2014-09 may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect as of the date of initial application recognized in retained earnings. ASU No. 2014-09 is effective for fiscal years and interim periods beginning after December 15, 2016. Early adoption is not permitted. In July 2015, the FASB deferred the effective date of the new standard by one year to fiscal years and interim periods beginning after December 15, 2017. Early adoption is permitted but not before the original effective date. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements.

Consolidation—In February 2015, the FASB issued ASU No. 2015-02, *Consolidation: Amendments to the Consolidation Analysis*, which amended the existing accounting standards for consolidation under both the variable interest model and the voting model. Under ASU No. 2015-02, companies will need to re-evaluate whether an entity meets the criteria to be considered a VIE, whether companies still meet the definition of primary beneficiaries, and whether an entity needs to be consolidated under the voting model. ASU No. 2015-02 may be applied using a modified retrospective or full retrospective approach, and is effective for reporting periods beginning after December 15, 2015. Early adoption is permitted in any interim reporting period. On April 1, 2015, the Company adopted ASU No. 2015-02 on a full retrospective basis and re-evaluated its consolidation assessment, concluding that such adoption did not result in a consolidation of entities not previously consolidated nor a deconsolidation of entities previously consolidated.

Debt Issuance Costs—In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the associated debt liability, rather than deferring the charges as an asset. This aligns the presentation of debt issuance costs and debt discounts on the balance sheet. In August 2015, the FASB also issued ASU No. 2015-15, *Interest—Imputation of Interest*, to address the presentation of debt issuance costs specifically related to line of credit arrangements and clarified that an entity may defer and present such costs as an asset and amortize the costs ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the credit facility. ASU No. 2015-03 and ASU No. 2015-15 are effective for fiscal years and interim periods beginning after December 15, 2015, and will be applied retrospectively to each prior period presented. Early adoption is permitted. The Company adopted the new guidance effective December 31, 2015, and reclassified prior period balances to conform to the current period presentation. Debt issuance costs deferred as financing costs in other assets of $46.4 million was reclassified to reduce debt liability on the consolidated balance sheet as of December 31, 2014.

Measurement-Period Adjustments in Business Combinations—In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*, which requires that the cumulative impact of a measurement- period adjustment (including impact on prior periods) be recognized in the reporting period in which the adjustment amount is determined and therefore, eliminates the requirement to retrospectively account for the adjustment in prior periods presented. ASU No. 2015-16 is effective for fiscal years and interim periods beginning after December 15, 2015, and is to be applied prospectively to measurement-period adjustments that occur after the effective date. Early adoption is permitted. The Company adopted the new guidance effective October 1, 2015. The adoption did not have a significant impact on the consolidated financial statements.

Leases—In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU No. 2016-02 is effective for fiscal years and interim periods beginning after December 31, 2018. Early adoption is permitted. The new leases standard requires adoption using a modified retrospective approach for all leases existing at, or entered into after, the date of initial application, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

3. Combination with Colony Capital

On April 2, 2015, pursuant to agreements dated December 23, 2014, OP completed its acquisition of the CCLLC trademark name and substantially all of its real estate investment management business and operations, excluding those conducted exclusively in connection with Colony American Homes, Inc. (“CAH”), which became an internally managed company. The Combination was subject to approval of two-thirds of the Company’s non-affiliated shareholders, which was received at a special meeting of shareholders held on March 31, 2015.

Upon consummation of the Combination, CCLLC’s personnel became employees of the Company and the Company became an internally managed REIT. The Company plans to sponsor new investment vehicles as general partner under the Colony name. In addition, the Company changed its name from Colony Financial, Inc. to Colony Capital, Inc. The Company’s common stock, which was reclassified as Class A Common Stock, continues to be listed on the NYSE under the ticker symbol “CLNY.”

Mr. Thomas J. Barrack, Jr., Executive Chairman, and Mr. Richard B. Saltzman, Chief Executive Officer and President, have entered into 5-year employment agreements and related lock-up arrangements with the Company, which, subject to certain exceptions for estate planning, partial share pledges and tax-related sales, will generally restrict them from transferring their respective interests in OP Units and/or shares received in connection with the Combination over the same period as their respective employment agreement terms, which restriction would be ratably reduced over such period. Messrs. Barrack and Saltzman also have entered into non-competition arrangements with the Company, each of which will provide for clawback as to a material portion of consideration in the event such individuals violate the non-compete restrictions during the same period as their respective lock-ups. The employment agreements, and related lock-ups and non-competition arrangements became effective at the closing of the Combination.

The consideration for the Combination consisted of an upfront and a contingent portion, as follows:

- Upfront considerationpaid in a combination of 1.43 million shares of Class A Common Stock, 563,987 shares of newly created Class B Common Stock and 21.34 million of OP Units, measured based upon the closing price of the Company’s common stock of $26.19 on April 1, 2015, as well as $61.4 million of cash payments made for working capital, transaction costs incurred on behalf of CCLLC and tax withholding on behalf of Mr. Saltzman. The aggregate upfront consideration was valued at $672.3 million.
- Contingent consideration to be paid in a combination of up to approximately 1.02 million shares of Class A Common Stock, 90,991 shares of Class B Common Stock and approximately 3.47 million OP Units, subject to multi-year performance targets for achievement of certain funds from operations per share targets and capital-raising thresholds from the funds management businesses. If the minimum performance target for either of these metrics is not met or exceeded, a portion of the contingent consideration paid in respect of the other metric would not be paid out in full.

Each share of Class B Common Stock and each OP Unit is, at the holder’s option, convertible into one share of Class A Common Stock, subject, in the case of OP Units, to the terms and conditions set forth in the operating agreement of OP.

The following table summarizes the total consideration and allocation to assets acquired and liabilities assumed at April 2, 2015. The amount of cash consideration was determined, in part, based upon the calculated net working capital of CCLLC at closing. In the fourth quarter of 2015, certain measurement period adjustments were identified which impacted provisional

accounting, including final computation of the net working capital of CCLLC and an adjustment to deferred tax liability resulting from a change in the seller's tax basis related to the trade name as of acquisition date, as presented in the table below.

(In thousands)	As Reported At June 30, 2015 (1)	Measurement Period Adjustments	As Revised At December 31, 2015
Consideration			
Cash	$ 60,900	$ 450	$ 61,350
Class A and Class B common stock issued	52,160		52,160
OP Units issued	558,794		558,794
Estimated fair value of contingent consideration (2)	69,500		69,500
	$ 741,354	$ 450	$ 741,804
Identifiable assets acquired and liabilities assumed			
Cash	$ 5,015		$ 5,015
Fixed assets	46,396		46,396
Other assets	23,039	261	23,300
Intangible asset:			
Investment management contracts	46,000		46,000
Customer relationships	46,800		46,800
Trade name	15,500		15,500
Notes payable	(44,337)		(44,337)
Deferred tax liability	(43,673)	7,753	(35,920)
Other liabilities	(18,454)	(763)	(19,217)
	76,286	7,251	83,537
Goodwill	665,068	(6,801)	658,267
	$ 741,354	$ 450	$ 741,804

(1) The estimated fair values and purchase price allocation at April 2, 2015 are subject to retrospective adjustments during the measurement period, not to exceed one year, based upon new information obtained about facts and circumstances that existed as of the date of acquisition.

(2) Fair value of contingent consideration estimated as of April 2, 2015 is subject to remeasurement each reporting period, as discussed in Note 13.

See Note 8 for further discussions related to identifiable intangible assets and goodwill, and Note 13 for fair value measurement of contingent consideration.

Total income and net income attributable to Colony Capital, Inc. from the investment management segment, as included in the consolidated statement of operations, were $63.9 million and $21.0 million, respectively, for the period from acquisition date through December 31, 2015.

Pro Forma Results (Unaudited)

The following table presents pro forma results of the Company as if the Combination had been consummated on January 1, 2014. The amounts have been calculated pursuant to the application of the Company's accounting policies and adjusting the results of CCLLC's operations to reflect additional compensation expense, depreciation and amortization, income tax, and after eliminating intercompany transactions of the combined entities and allocation of net income to OP Units. The pro forma results for the years ended December 31, 2015 and 2014 were adjusted to exclude acquisition-related expenses of approximately $15.1 million and $8.3 million, respectively. The pro forma results are not indicative of future operating results.

(In thousands, except per share data)	Year Ended December 31, 2015	2014
Pro forma:		
Total income	$873,075	$414,753
Net income attributable to Colony Capital, Inc.	166,662	111,124
Net income attributable to common stockholders	124,093	86,254
Net income per common share:		
Basic	$ 1.09	$ 0.86
Diluted	$ 1.09	$ 0.86

4. Variable Interest Entities

Securitizations

The Company securitizes loans receivable using VIEs as a source of financing. Securitization usually occurs in conjunction with or shortly after the Company's origination or purchase of the commercial mortgage loans. The securitization vehicles are structured as pass through entities that receive principal and interest on the underlying mortgage loan collateral and distribute those payments to the holders of the notes or certificates issued by the securitization vehicles. The loans are 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 obligations of the securitization vehicles. The obligations of the securitization vehicles do not have any recourse to the general credit of any other consolidated entities, nor to the Company.

The Company retains beneficial interests in the securitization vehicles, usually equity tranches or subordinate securities, or in the interim period, senior securities. Affiliates of the Company or appointed third parties act as special servicer of the underlying collateral mortgage loans. The special servicer has the power to direct activities during the loan workout process on defaulted and delinquent loans as permitted by the underlying contractual agreements, which is subject to the consent of the Company, as the controlling class representative or directing holder who, under certain circumstances, has the right to unilaterally remove the special servicer. As the Company's rights as the directing holder and controlling class representative provide the Company the ability to direct activities that most significantly impact the economic performance of the securitization vehicles, for example, responsibility over decisions related to loan modifications and workouts, the Company maintains effective control over the loans transferred into the securitization trusts. Considering the positions retained by the Company in the securitization vehicles together with its role as controlling class representative or directing holder, the Company is deemed to be the primary beneficiary and consolidates these securitization vehicles. Accordingly, these securitizations did not qualify as sale transactions and are accounted for as secured financing with the underlying mortgage loans pledged as collateral.

All of the underlying assets, liabilities, equity, revenue and expenses of the securitization vehicles are consolidated within the Company's consolidated financial statements. The Company's exposure to the obligations of the securitization vehicles is generally limited to its investment in these entities, which was $412.8 million and $282.1 million at December 31, 2015 and 2014, respectively. The Company is not obligated to provide any financial support to these securitization vehicles and did not do so in the periods reported.

Operating Subsidiary

The Company's operating subsidiary under the UPREIT structure, 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 either substantive liquidation rights, or 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 comprise substantially all of the total consolidated assets and liabilities of the Company.

Sponsored Funds

The Company sponsors funds and other similar investment vehicles as general partner ("Sponsored Funds"), for the purpose of providing investment management services in exchange for management fees and performance-based fees. Sponsored Funds are established as limited partnerships or equivalent structures. The limited partners of Sponsored 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. The absence of such rights, which represent voting rights in a limited partnership, results in the sponsored fund being considered a VIE. The Company invests alongside its Sponsored Funds through joint ventures between the Company and the Sponsored Funds. These co-investment joint ventures are consolidated by the Company. As general partner, the Company has capital commitments directly to the Sponsored Funds and as an affiliate of the general partner, capital commitments satisfied directly through the co-investment joint ventures. The nature of the Company's involvement with the Sponsored Funds comprise fee arrangements and equity interests which absorb insignificant variability. As the Company acts in the capacity of an agent of the Sponsored Funds, the Company is not the primary beneficiary and does not consolidate the Sponsored Funds. The Company accounts for its equity interest in the Sponsored Funds under the equity method. At December 31, 2015, the Company had one Sponsored Fund and its equity method investment balance in the Sponsored Fund was approximately $0.3 million.

5. Loans Receivable

Loans Held For Investment

The following table provides a summary of the Company's loans held for investment.

(Amounts in thousands)	December 31, 2015				December 31, 2014			
	Unpaid Principal Balance	Carrying Value	Weighted Average Coupon	Weighted Average Maturity in Years	Unpaid Principal Balance	Carrying Value	Weighted Average Coupon	Weighted Average Maturity in Years
Non-PCI Loans								
Fixed rate								
Mortgage loans	$ 871,556	$ 866,527	10.1%	4.2	$ 134,636	$ 126,185	6.4%	8.7
Securitized mortgage loans	135,519	138,366	6.4%	16.9	170,218	174,292	6.5%	17.1
B-notes	180,973	182,957	8.5%	2.4	143,376	140,312	8.5%	3.2
Mezzanine loans	169,262	171,295	11.8%	3.1	125,163	125,163	10.3%	4.6
	1,357,310	1,359,145			573,393	565,952		
Variable rate								
Mortgage loans	639,420	624,240	7.2%	1.7	331,192	326,491	6.9%	1.9
Securitized mortgage loans	1,051,822	1,048,522	5.5%	3.4	630,420	625,176	5.7%	6.2
B-notes	3,593	3,134	9.5%	2.3	—	—		
Mezzanine loans	348,091	347,267	10.8%	0.7	367,863	365,825	10.9%	1.5
	2,042,926	2,023,163			1,329,475	1,317,492		
	3,400,236	3,382,308			1,902,868	1,883,444		
PCI Loans								
Mortgage loans	1,008,839	693,934			334,500	239,702		
Securitized mortgage loans	8,871	7,422			9,672	8,185		
	1,017,710	701,356			344,172	247,887		
Allowance for loan losses	—	(35,187)			—	(197)		
Loans held for investment, net	$4,417,946	$4,048,477			$2,247,040	$2,131,134		

Activity in loans held for investment is summarized below:

(In thousands)	Year Ended December 31, 2015	2014	2013
Carrying value at January 1	$2,131,134	$1,028,654	$ 333,569
Loan acquisitions and originations	1,145,704	1,735,526	876,503
Paid-in-kind interest added to loan principal	30,211	2,796	218
Discount and net loan fee amortization	17,062	46,053	6,945
Carrying value of loans sold	—	—	(70,280)
Noncash distribution of loan receivable to a noncontrolling interest	—	—	(18,500)
Loan repayments	(346,246)	(673,815)	(106,083)
Payments received from PCI loans	(514,818)	(11,725)	(544)
Accretion on PCI loans	158,468	35,115	3,108
Transfer to real estate assets upon foreclosure	(155,035)	—	—
Provision for loan losses, excluding interest receivable	(37,254)	(200)	—
Consolidation of loans receivable held by investment entities (Note 7)	1,629,496	—	—
Effect of changes in foreign exchange rates	(10,245)	(31,270)	3,718
Carrying value at December 31	$4,048,477	$2,131,134	$1,028,654

As discussed in Note 7, effective April 2, 2015, the Company was deemed to have a controlling financial interest in a number of its real estate investment entities previously accounted for under the equity method. As a result, the Company consolidated these investment entities, including loans receivable held by these entities, a majority of which were PCI loans.

Loan Maturity and Aging

Carrying value of loans held for investment before allowance for loan losses, excluding PCI loans, based on remaining maturities under contractual terms at December 31, 2015, was as follows:

(In thousands)	
Due in one year or less	$ 726,385
Due after one year through five years	2,216,123
Due after five years	439,800
	$3,382,308

The following table provides an aging summary of loans held for investment at carrying value before allowance for loan losses, excluding PCI loans.

(In thousands)	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
At December 31, 2015	$ 3,357,454	$ 14,628	$ 1,509	$ 8,717	$3,382,308
At December 31, 2014	1,864,466	12,002	3,058	3,918	1,883,444

Troubled Debt Restructuring

The following table provides a summary of loans modified in TDRs in which the Company provided the borrower various concessions in interest rates, payment terms or default waivers.

(Dollars in thousands)	Year Ended December 31, 2015	2014	2013
Number of TDRs	1	1	—
Carrying amount of loans restructured in TDR during the period	$26,667	$8,381	$—
Loss on TDR	278	—	—

At December 31, 2015 and 2014, carrying amount of TDR loans was $26.7 million and $8.4 million, respectively, and all TDR loans were performing according to their modified terms.

Purchased Credit-Impaired Loans

For the year ended December 31, 2015, no new PCI loans were acquired other than those acquired through consolidation of the investment entities on April 2, 2015. The following table presents these PCI loans at acquisition date on April 2, 2015:

(In thousands)	
Contractually required payments including interest	$1,936,499
Less: Nonaccretable difference	(850,212)
Cash flows expected to be collected	1,086,287
Less: Accretable yield	(121,130)
Fair value of loans acquired	$ 965,157

Changes in accretable yield of PCI loans are as follows:

(In thousands)	Year Ended December 31, 2015	2014	2013
Beginning accretable yield	$ 98,523	$130,823	$ —
Additions	—	3,067	131,037
Changes in accretable yield	12,199	13,436	—
Accretion	(158,468)	(35,115)	(3,108)
Consolidation of PCI loans held by investment entities (Note 7)	121,130	—	—
Effect of changes in foreign exchange rates	(6,745)	(13,688)	2,894
Ending accretable yield	$ 66,639	$ 98,523	$130,823

Nonaccrual Loans

Carrying value of loans before allowance for loan losses that have been placed on nonaccrual were as follows:

(In thousands)	December 31, 2015	2014
Non-PCI loans	$ 10,226	$3,917
PCI loans	116,647	—
	$126,873	$3,917

At December 31, 2015 and 2014, there were no non-PCI loans past due 90 days or more that continued to accrue interest.

For the year ended December 31, 2015, interest income of $0.6 million was recognized on a cash basis related to PCI loans with carrying value of $34.1 million at December 31, 2015, as the Company did not have a reasonable expectation of the timing and amount of cash flows. There was no cash basis interest income recognized in 2014.

Allowance for Loan Losses

The allowance for loan losses and related carrying value of loans held for investment were as follows:

(In thousands)	December 31, 2015		December 31, 2014	
	Allowance for Loan Losses	Carrying Value	Allowance for Loan Losses	Carrying Value
Non-PCI loans	$ 472	$ 7,827	$ 197	$ 3,438
PCI loans	34,715	203,527	—	—
	$ 35,187	$ 211,354	$ 197	$ 3,438

Changes in allowance for loan losses are presented below:

(In thousands)	Year Ended December 31, 2015	2014	2013
Allowance for loan losses at January 1	$ 197	$—	$—
Provision for loan losses	37,475	197	—
Charge-off	(2,485)	—	—
Allowance for loan losses at December 31	$35,187	$197	$—

6. Real Estate Assets

The Company's real estate assets comprise the following:

(In thousands)	December 31, 2015	2014
Real Estate Held for Investment		
Land	$ 578,577	$ 265,263
Buildings and improvements	2,619,872	1,385,155
Foreclosed properties	19,989	—
	3,218,438	1,650,418
Less: Accumulated depreciation	(86,220)	(6,421)
	3,132,218	1,643,997
Real Estate Held for Sale		
Land, buildings and improvements	203,970	—
Foreclosed properties	93,917	—
	297,887	—
Real Estate Assets, Net	$3,430,105	$1,643,997

As discussed in Note 7, effective April 2, 2015, the Company was deemed to have a controlling financial interest in a number of its real estate investment entities previously accounted for under the equity method. As a result, the Company consolidated the real estate assets, both real estate held for investment and held for sale, including foreclosed properties, held by these investment entities.

Depreciation and Impairment

Depreciation expense on real estate held for investment was $83.2 million, $6.2 million and $0.2 million for the years ended December 31, 2015, 2014 and 2013, respectively.

For the year ended December 31, 2015, impairment loss of $6.8 million was recognized on real estate held for sale, including properties disposed during the year and $0.3 million on real estate held for investment to write down these properties to their recoverable value. There was no impairment on real estate assets for the years ended December 31, 2014 and 2013.

Real Estate Acquisitions

The following table summarizes the Company's real estate acquisitions.

Acquisition Date	Property Type and Location	Number of Properties	Purchase Price (1)	Purchase Price Allocation					
				Land	Buildings and Improvements	Lease Intangible Assets	Lease Intangible (Liabilities)	Other Assets	Other (Liabilities)
2015 (2)									
Asset Acquisitions (3)									
January	Education—Switzerland	2	$ 167,911	$ 16,450	$ 130,446	$ 21,015	$ —	$ —	$ —
June	Office—Norway (4)	1	322,231	69,350	257,541	28,235	—	—	(32,895)
November	Office—France	1	31,000	3,936	24,096	3,661	(693)	—	—
Business Combinations (5) (6)									
Various	Light industrial—Various in U.S.	34	345,463	53,257	280,380	17,724	(5,898)	—	—
December	Mixed use—United Kingdom	24	440,999	72,601	315,334	60,656	(7,592)	—	—
		62	$1,307,604	$215,594	$ 1,007,797	$131,291	$ (14,183)	$ —	$ (32,895)
2014									
Business Combinations (5)									
June	Office—Arizona	1	$ 15,675	$ —	$ 14,130	$ 1,835	$ (290)	$ —	$ —
July	Industrial—Ohio	1	15,644	453	9,815	5,376	—	—	—
December	Light industrial—Various in U.S. (7)	257	1,604,534	256,491	1,256,843	92,144	(10,163)	27,784	(18,565)
		259	$1,635,853	$256,944	$ 1,280,788	$ 99,355	$ (10,453)	$27,784	$ (18,565)
2013									
Business Combinations (5)									
December	Office—Minnesota	1	$ 122,750	$ 8,319	$ 104,367	$ 10,064	$ —	$ —	$ —

(1) Dollar amounts of purchase price and allocation to assets acquired and liabilities assumed are translated based on foreign exchange rates as of respective dates of acquisition, where applicable.

(2) Useful life of real estate assets acquired in 2015 ranges from 30-46 years for buildings, 3-24 years for improvements and 2-20 years for lease intangibles.

(3) These asset acquisitions are net lease properties in which the Company entered into sale-leaseback transactions with the sellers. Transaction costs associated with asset acquisitions are capitalized, totaling approximately $9.0 million in 2015.

(4) The Company acquired equity in a subsidiary of the seller, partially financed by a non-callable bond, and assumed the liabilities of the entity acquired of $2.1 million, as well as the entity's tax basis, resulting in a tax basis difference recorded as a deferred tax liability of $30.8 million upon acquisition.

(5) Acquisitions of real estate assets with existing leases where the sellers are not the lessees are classified as business combinations. Transaction costs associated with business combinations are expensed, totaling $22.2 million, $7.5 million and $0.6 million for 2015, 2014 and 2013, respectively.

(6) The estimated fair values and purchase price allocation are provisional and subject to retrospective adjustments during the measurement period, not to exceed one year, based upon new information obtained about facts and circumstances that existed as of the date of acquisition.

(7) The Company acquired a portfolio of light industrial real estate properties and associated operating platform from Cobalt Capital Partners, L.P. and its affiliates. Other assets and liabilities comprise cash of $7.8 million, accrued and other liabilities of $18.6 million and goodwill of $20.0 million. The acquisition of the real estate properties was completed through an indirectly owned operating partnership ("ColFin Industrial Partnership") with third-party limited partners representing a 37% ownership interest, while the Company acquired 100% of the associated operating platform.

Real estate acquisitions accounted for as business combinations in 2015 contributed $30.9 million and $22.8 million of property operating income and net loss, respectively, for the year ended December 31, 2015.

Pro Forma Results (Unaudited)

The following table presents pro forma results of the Company as if all 2015 and 2014 business combinations listed above had been completed on January 1, 2014. The pro forma results have been adjusted to exclude non-recurring acquisition-related expenses of approximately $22.2 million and $7.5 million for the years ended December 31, 2015 and 2014, respectively. The pro forma results are not necessarily indicative of future operating results.

	Year Ended December 31,	
(In thousands, except per share data)	2015	2014
Pro forma:		
Total income	$897,364	$ 522,249
Net income	269,486	155,827
Net income attributable to common stockholders	109,941	90,210
Net income per common share:		
Basic	$ 0.98	$ 0.92
Diluted	$ 0.98	$ 0.92

Real Estate Held for Sale

In 2015, real estate assets with carrying value of $618.7 million were classified as held for sale, of which $320.8 million were disposed during the year for net gains of approximately $9.0 million. Additionally, $109.3 million of certain real estate assets which were consolidated as held for sale on April 2, 2015, were transferred into held for investment in July 2015 as the criteria for classification as held for sale were no longer met. Real estate classified as held for sale or disposed in 2015 did not constitute discontinued operations. There were no real estate assets carried as held for sale at December 31, 2014.

At December 31, 2015, real estate held for sale of $20.3 million were written down to estimated fair value less selling costs. Fair value on these properties were estimated based on broker price opinions, comparable market information or discounted cash flows using an 8% discount rate. Selling costs were estimated at 5% to 8% of fair value.

Property Operating Income

The components of property operating income are as follows:

	Year Ended December 31,		
(In thousands)	2015	2014	2013
Rental income	$193,293	$15,624	$592
Tenant reimbursements	51,530	5,338	197
Hotel operating income	55,048	—	—
	$299,871	$20,962	$789

Future Minimum Rents

The Company has operating leases with tenants that expire at various dates through 2034. Future contractual minimum rental payments to be received under noncancelable operating leases for real estate held for investment as of December 31, 2015 are as follows:

Year Ending December 31,	(In thousands)
2016	$ 222,003
2017	198,380
2018	167,133
2019	139,416
2020	117,137
2021 and after	637,541
Total	$ 1,481,610

7. Investments in Unconsolidated Joint Ventures

The Company's investments in unconsolidated joint ventures comprise the following:

(In thousands)	December 31, 2015	2014
Equity method investments	$824,597	$1,646,977
Cost method investment	99,868	—
	$924,465	$1,646,977

Certain of the Company's investments in real estate debt and equity are structured as joint ventures with one or more private investment funds or other investment vehicles managed by CCLLC or its affiliates, or to a lesser extent, with unaffiliated third parties. These investment entities are generally capitalized through equity contributions from the members, although certain investments are leveraged through various financing arrangements. Subsequent to the Combination, the Company sponsors funds and other similar investment vehicles under the Colony name as general partner and the Company continues to invest alongside its Sponsored Funds through joint ventures between the Company and the Sponsored Funds.

The assets of the investment entities may only be used to settle the liabilities of these entities and there is no recourse to the general credit of the Company nor the other investors for the obligations of these investment entities. Neither the Company nor the other investors are required to provide financial or other support in excess of their capital commitments. The Company's exposure to the investment entities is limited to its equity method investment balance as of December 31, 2015 and December 31, 2014, respectively.

Equity Method Investments

Activity in the Company's equity method investment is summarized below:

(In thousands)	Year Ended December 31, 2015	2014	2013
Balance at January 1	$1,646,977	$1,369,529	$ 877,081
Contributions	258,391	458,881	672,338
Distributions (1)	(423,725)	(225,736)	(279,161)
Equity in net income	47,605	73,829	100,708
Equity in other comprehensive (loss) income	(612)	1,511	9,827
Equity in realized loss (gain) reclassified from accumulated other comprehensive income	161	(4,681)	(12,935)
Equity method investment entities derecognized and consolidated	(957,009)	—	—
Equity method investments of newly consolidated investment entities	270,966	—	—
Foreign currency translation (loss) gain and other	(18,157)	(26,356)	1,671
Balance at December 31	$ 824,597	$1,646,977	$1,369,529

(1) In July 2015, the Company received total distributions of $77 million, which represented its 23.3% interest in a special distribution and a regular way quarterly distribution from its equity method investment in CAH, which represents the *Single-Family Residential Rentals* segment.

No single investment in an unconsolidated joint venture represented greater than 10% of total assets as of December 31, 2015 and 2014 or generated greater than 10% of net income before tax for the years ended December 31, 2015, 2014 and 2013.

Prior to the Combination, a majority of the Company's investments in real estate debt and equity that were held in joint ventures with Co-Investment Funds were accounted for under the equity method as the Company did not have a controlling financial interest but exercised significant influence over these investment entities. Upon closing of the Combination on April 2, 2015, the Company became the investment manager of the Co-Investment Funds and employees of CCLLC, including those who are directors or officers of the investment entities, became employees of the Company. For real estate investment entities structured as joint ventures with Co-Investment Funds, combining the Company's interests with those held by the Co-Investment Funds, to which the Company now acts as investment manager, the Company is considered to have a controlling financial interest in these investment entities post-Combination. Therefore, the Combination represents a reconsideration event that resulted in a shift in controlling financial interest over these investment entities in favor of the Company. Accordingly, the Company consolidated 52 investment entities effective April 2, 2015. The Company did not acquire any economic interests in the Co-Investment Funds nor any additional economic interests in these investment entities as a result of the Combination.

Upon initial consolidation of the investment entities, the Company recorded the assets, liabilities, and noncontrolling interests of these entities at estimated fair values as of April 2, 2015, classified under the Level 3 fair value hierarchy, as follows:

- Loans receivable, consisting of first mortgages and subordinated mortgages, were valued based on discounted cash flow projections of principal and interest expected to be collected, which includes consideration of the financial standing of the borrower or sponsor as well as operating results of the underlying collateral, with discount rates ranging from approximately 7% to 18.6%.
- Operating properties were valued based on market comparables or discounted cash flows using estimated net operating income of the respective properties and in some cases, considering a potential sales strategy, with discount rates between 9.75% to 14%.
- Carrying value of loans receivables and real estate assets approximated their fair values for investments that were recently originated or acquired.
- Debt obligations of the investment entitieswere consolidated at the outstanding principal as all debt consolidated was indexed to LIBOR and existing credit spreads approximated market rates.
- The carrying values of cash, interest receivable, due from affiliates and accrued and other liabilities approximated fair values due to their short term nature.
- Noncontrolling interests were primarily determined at their proportionate share of the net assets determined as described above.

The following table presents the combined assets, liabilities and noncontrolling interests of the consolidated investment entities as of April 2, 2015:

(In thousands)	
Assets:	
Cash	$ 75,412
Loans receivable, net	1,629,496
Real estate assets, net	812,672
Other assets	543,404
Total assets	$3,060,984
Liabilities:	
Debt	$ 282,555
Accrued and other liabilities	65,739
Total liabilities	348,294
Noncontrolling interests	1,700,114
Equity attributable to Colony Capital, Inc.	$1,012,576

The fair value of the Company's proportionate share of equity interest in the investment entities was $1.0 billion. The excess of fair value over carrying value of the Company's equity interest in these investment entities, net of cumulative translation adjustments reclassified to earnings, resulted in a remeasurement gain of $41.5 million.

Total income and net income attributable to OP from these consolidated investment entities included in the consolidated statement of operations for the year ended December 31, 2015 were $264.4 million and $67.4 million, respectively.

Cost Method Investment

In January 2015, OP funded its equity commitment of $50 million to an investor consortium, alongside $50 million from a passive co-investment partner, for the acquisition of common stock in an investee. The Company uses the cost method to account for this non-marketable equity investment as it has neither a controlling interest nor significant influence over the underlying investee. No dividend income was recorded for the year ended December 31, 2015.

Related Party Transactions of Unconsolidated Joint Ventures

Prior to the Combination, CCLLC and its affiliates incurred compensation, overhead and direct costs, as well as costs of property management on behalf of the joint ventures and AMCs, for which they were reimbursed by the joint ventures for amounts allocated. Subsequent to the Combination, the Company has assumed the activities of the Manager and has consolidated all of the AMCs and a majority of the joint ventures. Therefore, such costs and corresponding reimbursements have been eliminated upon consolidation. Total costs from such affiliates allocated to the joint ventures were $2.3 million for the three months ended March 31, 2015, and $33.7 million and $26.7 million for the years ended December 31, 2014 and 2013, respectively. The Company's proportionate share, based upon its percentage interests in the joint ventures, were $0.8 million for the three months ended March 31, 2015, and $8.9 million and $7.3 million for the years ended December 31, 2014 and 2013, respectively.

8. Deferred Leasing Costs and Intangibles

The following table summarizes deferred leasing costs and intangible assets and intangible liabilities arising from acquisitions of operating real estate, including purchase-leaseback transactions, as well as acquisition of the investment management business:

	December 31, 2015			December 31, 2014		
(In thousands)	Carrying Amount (Net of Impairment)	Accumulated Amortization	Net Carrying Amount	Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill	$ 678,267	NA	$678,267	$ 20,000	NA	$ 20,000
Deferred Leasing Costs and Intangible Assets (1)						
Trade name	$ 15,500	NA	$ 15,500	$ —	NA	$ —
In-place lease values	144,863	(27,780)	117,083	48,018	(2,295)	45,723
Above-market lease values	32,774	(7,708)	25,066	23,194	(280)	22,914
Below-market ground lease obligations	36,635	(39)	36,596	1,420	(14)	1,406
Deferred leasing costs	71,710	(12,647)	59,063	36,788	(771)	36,017
Investment management contracts	41,897	(13,985)	27,912	—	—	—
Customer relationships	46,800	(2,507)	44,293	—	—	—
Total deferred leasing costs and intangible assets	$ 390,179	$ (64,666)	$325,513	$109,420	$ (3,360)	$106,060
Intangible Liabilities (1)						
Below-market lease values	$ 28,879	$ (4,523)	$ 24,356	$ 10,282	$ (114)	$ 10,168
Above-market ground lease obligations	171	(5)	166	171	—	171
Total intangible liabilities	$ 29,050	$ (4,528)	$ 24,522	$ 10,453	$ (114)	$ 10,339

(1) Lease intangible assets and liabilities in connection with real estate business combinations in 2015 are based on estimated fair values and purchase price allocations that are provisional and subject to retrospective adjustments during the measurement period, not to exceed one year, based upon new information obtained about facts and circumstances that existed as of the date of acquisition.

Held for Sale

At December 31, 2015, intangible assets and intangible liabilities related to real estate assets held for sale were approximately $9.9 million and $35,000, respectively. There were no intangible assets and intangible liabilities held for sale at December 31, 2014.

Acquisitions of Operating Real Estate

Goodwill— Goodwill of $20.0 million arising from the acquisition of a light industrial operating platform on December 18, 2014 represents the value of the acquired operating platform, which primarily consists of its work force and business processes. The goodwill amount recognized is not expected to be deductible for income tax purposes. This goodwill is assigned and reported under the light industrial platform segment. As of December 31, 2015, no indications of potential impairment to goodwill were identified.

Lease Intangibles— Lease intangibles are amortized on a straight-line basis over the remaining term of the respective lease contracts assumed upon acquisition.

Acquisition of Investment Management Business

Goodwill

Goodwill of $658.3 million was recognized in connection with the acquisition of the investment management business through the Combination. This goodwill reflects, in part, the expected cost savings resulting from the internalization through direct incurrence of operating costs relative to a management fee charge, the ability to raise additional equity without a proportionate increase in the cost of managing the Company and control over key functions critical to the growth of the business. The goodwill amount recognized is not expected to be deductible for income tax purposes. This goodwill is assigned and reported under the investment management segment. Based on an annual impairment assessment performed in the fourth quarter of 2015, no indications of impairment to goodwill were identified.

Identifiable Intangible Assets

As a result of the acquisition of the investment management business, the Company recognized identifiable intangible assets which include the Colony trade name as well as contractual rights to earn future fee income from in-place investment management contracts and customer relationships with institutional clients of private funds.

Investment Management Contracts—In-place investment management contracts were valued using the income approach and represent the discounted incremental after tax cash flows or excess earnings attributable to the future management fee income from these contracts over their remaining lives. The discount rate applied at 8% is reflective of returns on fixed income instruments adjusted for the risk associated with a management fee income stream. Contractual rights from investment management contracts are amortized in accordance with their expected future cash flows over the remaining contractual period of the agreements ranging between 3 to 5 years.

In the fourth quarter of 2015, an impairment of $4.1 million on investment management contracts was recognized in impairment loss, determined as the excess of fair value, measured using the same valuation methodology at acquisition, over carrying value of the affected contracts. The impairment arose primarily from earlier realization of investments which reduced the fee base and fee concessions on funds in liquidation.

Customer Relationships—Customer relationships were valued using the income approach and represent the discounted incremental after tax cash flows or excess earnings attributable to the potential fee income from repeat customers through future funds to be sponsored by the Company. A customer retention rate of 25% was used based on the Company's historical rate of reinvestments by existing customers. Discount rates of 16% for management fees and 30% for performance fees applied were based on the Company's weighted average cost of capital, adjusted for the relative risk of the respective future income streams. Customer relationships are amortized on a straight-line basis over the estimated life of future funds to be sponsored by the Company ranging between 11 to 14 years.

Trade Name—The value of the trade name was calculated based upon the discounted savings of royalty fees and is derived by applying a hypothetical royalty rate of 1% against expected fee income. The rate reflects the value ascribed to trade names within the investment management industry. The trade name is not subject to amortization as it is determined to have an indefinite useful life.

Amortization

The following table summarizes the amortization of deferred leasing costs and finite-lived intangible assets and intangible liabilities:

	Year Ended December 31,	
(Amounts in thousands)	**2015**	**2014**
Above-market lease values	$ (7,647)	$ (280)
Below-market lease values	4,427	114
Net decrease to rental income	$ (3,220)	$ (166)
Net below-market ground lease obligations		
Increase to rent expense	$ 20	$ 13
In-place lease values	$25,865	$2,224
Deferred leasing costs	12,130	751
Investment management contracts	13,985	—
Customer relationships	2,507	—
Amortization expense	$54,487	$2,975

The following table presents the estimated annual amortization of deferred leasing costs and finite-lived intangible assets and intangible liabilities for each of the next five years and thereafter:

(In thousands) Year Ending December 31,	2016	2017	2018	2019	2020	2021 and after	Total
Above-market lease values	$ (9,062)	$ (5,952)	$ (3,744)	$ (1,807)	$ (1,263)	$ (3,238)	$ (25,066)
Below-market lease values	5,830	4,910	3,613	1,851	1,348	6,804	24,356
(Decrease) Increase to rental income	$ (3,232)	$ (1,042)	$ (131)	$ 44	$ 85	$ 3,566	$ (710)
Net below-market ground lease obligations							
Increase to rent expense	$ 348	$ 348	$ 348	$ 348	$ 349	$34,689	$ 36,430
In-place lease values	$30,956	$19,013	$13,089	$ 9,592	$ 7,629	$36,804	$117,083
Deferred leasing costs	12,200	10,002	8,063	5,983	4,341	18,474	59,063
Investment management contracts	13,794	8,625	3,555	1,279	508	151	27,912
Customer relationships	3,343	3,343	3,343	3,343	3,343	27,578	44,293
Amortization expense	$60,293	$40,983	$28,050	$20,197	$15,821	$83,007	$248,351

9. Other Assets and Other Liabilities

Other Assets

The following table summarizes the Company's other assets:

(In thousands)	December 31, 2015	December 31, 2014
Restricted cash (1)	$187,208	$ 76,945
Deferred financing costs, net (2)	4,083	4,704
Interest receivable	34,074	11,405
Other receivables, including straight-line rents	43,130	1,378
Derivative assets	21,636	26,479
Deferred tax asset	—	6,713
Prepaid expenses and other	21,320	7,721
Fixed assets, net	48,463	—
Total (3)	$359,914	$135,345

(1) Restricted cash includes borrower escrow accounts, tenant security deposits and escrow accounts for interest, property taxes and capital expenditure reserves required under secured financing agreements.

(2) Deferred financing costs relate to revolving credit arrangements and are shown net of accumulated amortization of $6.8 million and $6.9 million as of December 31, 2015 and 2014, respectively.

(3) At December 31, 2015, other assets related to real estate held for sale was $3.7 million. There were no other assets held for sale at December 31, 2014.

Fixed assets consist of the following:

(In thousands)	December 31, 2015
Leasehold improvements	$ 3,870
Furniture, fixtures, equipment and software	2,542
Aircraft	45,304
	51,716
Less: Accumulated depreciation and amortization	(3,253)
Fixed assets, net (1)	$ 48,463

(1) The Company did not hold any fixed assets prior to and as of March 31, 2015. Fixed assets were acquired through the Combination. Depreciation and amortization of fixed assets was $3.3 million for the year ended December 31, 2015.

Accrued and Other Liabilities

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

(In thousands)	December 31, 2015	2014
Borrower and tenant reserves	$116,800	$ 74,237
Deferred income	41,671	8,750
Interest payable	18,071	10,990
Intangible liabilities, net	24,522	10,339
Derivative liabilities	507	6,718
Current and deferred tax liabilities	44,951	429
Accrued compensation	11,495	—
Accounts payable and other liabilities	67,572	16,656
Total (1)	$325,589	$128,119

(1) Intangible liabilities of $35,000 and accrued and other liabilities of $9.1 million were related to real estate assets held for sale at December 31, 2015. There were no accrued and other liabilities held for sale at December 31, 2014.

10. Debt

Components of debt are summarized as follows:

(In Thousands)	December 31, 2015	2014
Line of credit	$ 315,000	$ 164,000
Secured and unsecured debt	3,313,550	1,979,665
Less: Debt issuance costs	(40,826)	(31,311)
	$3,587,724	$2,112,354

Line of Credit

The Company has a credit facility (the "JPM Credit Agreement") with JPMorgan Chase Bank, N.A. as administrative agent, and certain lenders. As of December 31, 2015, the JPM Credit Agreement provides a secured revolving credit facility in the maximum principal amount of $800 million, which was increased from $645 million on July 8, 2015.

The maximum amount available to borrow under the JPM Credit Agreement at any time is limited by a borrowing base of certain investment assets, with the valuation of such investment assets generally determined according to a percentage of net book value or a multiple of Core Earnings (as defined in the management agreement between the Company and the Manager). As of December 31, 2015, the borrowing base valuation was sufficient to permit borrowings of up to the entire $800 million commitment.

Advances under the amended and restated JPM Credit Agreement accrue interest at a per annum rate equal to the sum of one-month LIBOR plus 2.75%. At December 31, 2015, the Company had outstanding borrowings bearing weighted average interest at 3.06%. The Company also pays a commitment fee of 0.5% or 0.4% of the unused amount (0.5% at December 31, 2015), depending upon usage.

The maturity date of the JPM Credit Agreement is August 5, 2016, and any amounts outstanding upon maturity will convert automatically to a fully amortizing 2-year term loan payable in quarterly installments. In the event of such conversions, the term loan will continue to bear interest at the same rate as the revolving loans from which it was converted.

Some of the Company's subsidiaries guaranty the obligations of the Company under the JPM Credit Agreement. As security for the advances under the JPM 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 JPM Credit Agreement contains various affirmative and negative covenants, including financial covenants that require the Company to maintain minimum tangible net worth and liquidity levels and financial ratios, as defined in the JPM Credit Agreement. At December 31, 2015, the Company was in compliance with all of these financial covenants.

The JPM Credit Agreement also includes customary events of default, in certain cases subject to reasonable and customary periods to cure, including but not limited to: failure to make payments when due; breach of covenants; breach of representations and warranties; insolvency proceedings; cross default to material indebtedness or material judgment defaults; certain judgments and attachments; and certain change of control events. 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.

Secured and Unsecured Debt

A number of financing arrangements at previously unconsolidated investment entities are now consolidated as a result of the Combination (Note 7). The following table summarizes certain information about the Company's secured and unsecured debt:

(Amounts in thousands) Type (1)	Collateral	Interest Rate (per annum)	Maturity Date	Payment Terms (2)	Outstanding Principal at December 31, 2015	Outstanding Principal at December 31, 2014
Secured Debt:						
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.75%	Apr-2016	P&I	$ 23,123	$ —
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.75%	Apr-2016	P&I	10,965	—
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+4.0%	Jun-2016	P&I	5,869	—
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.75%	Aug-2016	P&I	8,579	—
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+3.25%	Sept-2016	P&I	4,351	—
Secured financing (3)	Portfolio of first mortgage loans and subordinated loan	1-month LIBOR+2.85%	Dec-2017	P&I	73,543	90,164
Secured financing (4)	First mortgage loan secured by residential properties	1-month LIBOR+3.75%	Mar-2016	P&I	10,314	—
Secured financing (5)	Senior participation interest in a first mortgage loan and subordinated loan	1-month LIBOR+2.85%	NA	P&I	—	80,213
Warehouse facility (6)	Eligible first mortgage loans originated within Transitional CRE Lending Platform	1 month LIBOR+2.50%	Feb-2017	I/O	48,198	85,520
Warehouse facility (6)	Eligible first mortgage loans, including any corresponding mezzanine loans, originated within Transitional CRE Lending Platform	1 month LIBOR+2.50% to 2.75%	Apr-2018	I/O	114,433	—
First mortgage loan (7)	Hotel properties	1-month LIBOR+4.65%	Jan-2019	(7)	94,000	—
First mortgage loan (8)	Office property in Phoenix	1-month LIBOR+2.65%	Jul-2018	I/O	13,500	—
First mortgage loan	Office property in Minnesota	4.84% fixed	Jan-2024	P&I	88,000	88,000
First mortgage loan (9)	Commercial properties in United Kingdom	3-month LIBOR+2.50%	Aug-2018	I/O	88,121	—
First mortgage loan (10)	Office properties throughout Italy	4.02% fixed	Nov-2018	(10)	79,133	—
First mortgage loan (11)	Warehouse properties in Spain	3-month Euribor+2.80%	Jun-2022	I/O	25,540	—
First mortgage loan (12)	Portfolio of light industrial properties across the U.S.	1-month LIBOR+2.25%	Dec-2019	I/O	917,469	1,088,500
First mortgage loan	Portfolio of light industrial properties across the U.S	3.80% fixed	Aug-2025	I/O	165,750	—
First mortgage loans	Two higher education campuses in Switzerland	2.72% fixed	Dec-2029	P&I	120,947	—
First mortgage loan	Office property in France	1.89% fixed	Nov-2022	I/O	17,050	—
First mortgage loan (13)	Portfolio of office, retail and other commercial properties in United Kingdom	3-month LIBOR+2.75%	Dec-2018	(13)	236,911	—
Bond payable	Office property in Norway and shares of borrowing entity	3.91% fixed	Jun-2025	I/O	180,960	—
Revolving credit facility	Portfolio of light industrial properties across the U.S	1-month LIBOR+2.25%	Jul-2016	I/O	23,730	—
Revolving credit facility	Partner capital commitments	1-month LIBOR+1.60%	Sept-2016	I/O	104,400	—
					2,454,886	1,432,397

(Amounts in thousands) Type (1)	Collateral	Interest Rate (per annum)	Maturity Date	Payment Terms (2)	Outstanding Principal at December 31, 2015	Outstanding Principal at December 31, 2014
Commercial Mortgage-Backed Securitization ("CMBS") Debt:						
CMBS 2014-FL1 (14)	Portfolio of first mortgage loans originated within Transitional CRE Lending Platform	1-month LIBOR+1.78%	Apr-2031	I/O	126,248	126,204
CMBS 2014-FL2 (14)	Portfolio of first mortgage loans originated within Transitional CRE Lending Platform	1-month LIBOR+2.02%	Nov-2031	I/O	203,734	197,655
CMBS 2015-FL3 (14)	Portfolio of first mortgage loans originated within Transitional CRE Lending Platform	1-month LIBOR+2.36%	Sept-2032	I/O	340,350	—
CMBS MF 2014-1 (15)	Portfolio of first mortgage loans secured by multifamily properties	2.54% fixed	(15)	I/O	145,349	213,409
					815,681	537,268
Unsecured Debt:						
Unsecured note (16)	—	—	Dec-2017	NA	—	10,000
Notes Payable:						
Promissory notes (17)	Corporate aircraft	5.02% fixed	Dec-2025	P&I	42,983	—
Total					$3,313,550	$1,979,665

(1) All secured and unsecured debt presented in the table are non-recourse unless otherwise stated as recourse debt.

(2) Payment terms: P&I = Periodic payment of principal and interest; I/O = Periodic payment of interest only with principal at maturity (except for principal repayments to release collateral properties disposed)

(3) These financings in connection with loan portfolio acquisitions require monthly interest payments and principal curtailment based upon the ratio of principal outstanding to collateral cost basis. The current principal curtailment requirement ranges from 65% to 80% of all excess cash flow from the underlying loan portfolios, after payment of certain loan servicing fees and monthly interest, but may increase or decrease in the future. The financing arrangements provide for either a single or a multiple 1-year extension option to the initial term.

(4) The variable interest rate on the loan was fixed at 4.28% through an interest rate swap.

(5) This financing in connection with a loan portfolio acquisition was paid off in April 2015.

(6) The Company entered into two master repurchase agreements with different commercial banks to partially finance loans within its Transitional Commercial Real Estate ("CRE") Lending Platform. The initial term of each warehouse facility is subject to a 1-year extension option. The facility maturing in February 2017 is full recourse to OP and provides up to $150 million in financing. The facility maturing in April 2018 is partial recourse and provides up to $250 million in financing.

(7) Initial term on the loan is subject to two1-year extensions. Payment terms is interest only through January 2017, followed by periodic principal and interest payments for the remaining term of the loan. The loan requires an interest rate cap to be maintained at a 3.00% strike on 1-month LIBOR.

(8) Initial term on the loan is subject to two1-year extensions, during which principal and interest payments are required.

(9) The loan has two1-year extensions on its initial term and requires an interest rate cap to be maintained at a 2.25% strike on 3-month LIBOR.

(10) Seller provided zero-interest financing on acquired portfolio of properties with imputed interest of 4.02%, requiring principal payments of €15,750,000, €35,437,500 and €27,562,000 in November 2016, November 2017 and November 2018, respectively. A discount was established at inception and is being accreted to debt principal as interest expense.

(11) The loan requires an interest rate cap to be maintained at a 1.50% strike on 3-month Euribor.

(12) This loan was obtained in connection with the acquisition of the portfolio of light industrial real estate assets and operating platform in December 2014, has three1-year extension options, with interest rate increasing to 1-month LIBOR plus 2.5% after the fourth anniversary date, and requires an interest rate cap to be maintained at a 3.0% strike on 1-month LIBOR. At December 31, 2015, $4.9 million of the outstanding principal balance was related to real estate assets held for sale.

(13) Initial term on the loan is subject to a 2-year extension. Payment terms is interest only up to August 2016, followed by periodic principal and interest payments for the remaining life of the loan. The loan requires an interest rate cap to be maintained at a 3.00% strike on 1-month LIBOR. At December 31, 2015, $4.1 million of the outstanding principal balance was related to real estate assets held for sale.

(14) The Company, through its indirect Cayman subsidiaries—Colony Mortgage Capital Series 2014-FL1 Ltd, Colony Mortgage Capital Series 2014-FL2 Ltd and Colony Mortgage Capital Series 2015-FL3 Ltd.—securitized commercial mortgage loans originated within the Company's Transitional CRE Lending Platform. Generally, the senior notes issued by the securitization trusts were sold to third parties and subordinated notes retained by the Company. These 3 securitizations are accounted for as secured financing with the underlying mortgage loans pledged as collateral. Principal repayments from the underlying collateral loans must be applied to repay the debt until the balance is paid in full, notwithstanding the contractual maturities on the notes. The underlying collateral loans have initial terms of 2 to 3 years. Interest rate spreads on these CMBS debt are presented above on a weighted average basis.

(15) The Company transferred acquired loans, secured by multifamily properties, into a securitization trust, Colony Multifamily Mortgage Trust 2014-1, with the most senior certificates issued by the trust sold to third parties and the Company retaining the remaining certificates. The securitization was accounted for as a secured financing with the underlying mortgage loans pledged as collateral. Although the certificates do not have a contractual maturity date, principal repayments from the underlying collateral loans must be applied to repay the debt until the balance is paid in full. The underlying collateral loans have initial remaining terms of 1 to 24 years.

(16) As discussed in Note 3, in connection with the acquisition of the portfolio of light industrial real estate assets and operating platform in December 2014, the Company issued an unsecured note, scheduled to mature on the third anniversary of the acquisition date, to an affiliate, CCM. In May 2015, CCM exercised its rights pursuant to provisions under the note and contributed the note to OP in exchange for OP Units (Note 15).

(17) In connection with the Combination, the Company assumed two promissory notes, with full recourse, bearing interest at a fixed weighted-average rate of 5.02%.

The financing agreements require minimum scheduled principal payments or payments that depend upon the net cash flows from the collateral assets and the ratio of principal outstanding to collateral.

The following table summarizes such future scheduled minimum principal payments, excluding CMBS debt, as of December 31, 2015.

Year Ending December 31,	(In thousands)
2016	$ 280,770(1)
2017	103,989(1)
2018	491,995(1)
2019	1,016,387
2020	7,959
2021 and after	603,158
Total	$ 2,504,258

(1) Amounts include a combined $6.4 million of discount on seller-provided zero-interest financing being accreted to debt principal.

CMBS debt obligations are estimated to be repaid earlier than the contractual maturity only if proceeds from the underlying loans are repaid by the borrowers. Future principal payments based on contractual maturity or otherwise based on reasonable expectations of cash flows from the underlying loans as of December 31, 2015 are as follows:

(In thousands) Year Ending December 31,	Contractual Maturity	Expectations of Cash Flows
2016	$ —	$ 157,091
2017	—	411,266
2018	—	206,556
2019	—	21,975
2020	—	18,346
2021 and after	815,681	447
Total	$ 815,681	$ 815,681

Convertible Senior Notes

Convertible Senior Notes issued by the Company and outstanding are as follows:

Description	Issuance Date	Due Date	Interest Rate	Conversion Price (per share of common stock)	Redemption Date	December 31, 2015		December 31, 2014	
						Outstanding Principal (in thousands)	Carrying Amount (in thousands) (1)	Outstanding Principal (in thousands)	Carrying Amount (in thousands) (1)
5% Convertible Senior Notes	April 2013	April 15, 2023	5.00% fixed	$ 23.60	On or after April 22, 2020	$ 200,000	$ 195,069	$ 200,000	$ 194,531
3.875% Convertible Senior Notes	January and June 2014	January 15, 2021	3.875% fixed	24.82	On or after January 22, 2019	402,500	396,010	402,500	394,879
						$ 602,500	$ 591,079	$ 602,500	$ 589,410

(1) Net of debt issuance costs of $13.1 million and $15.1 million at December 31, 2015 and 2014, respectively.

The Company may redeem the Convertible Senior Notes at its option at any time on or after the respective redemption dates of the Convertible Notes if the last reported sale price of the Company's common stock has been at least 130% of the conversion price of the convertible notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the convertible notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

11. Derivatives and Hedging

The Company uses derivative instruments to manage the risk of changes in interest rates and foreign exchange rates, arising from both its business operations and economic conditions. Specifically, the Company enters into derivative instruments to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and cash payments, the values of which are driven by interest rates, principally relating to the Company's investments and borrowings. Additionally, the Company's foreign operations expose the Company to fluctuations in foreign interest rates and exchange rates. The Company enters into derivative instruments to protect the value or fix certain of these foreign denominated amounts in terms of its functional currency, the U.S. dollar. Derivative instruments used in the Company's risk management activities may be designated as qualifying hedge accounting relationships ("designated hedges") or otherwise used for economic hedging purposes ("non-designated hedges").

Gross fair value of derivative assets and derivative liabilities are as follows:

	December 31, 2015			December 31, 2014		
(In thousands)	Designated Hedges	Non-Designated Hedges	Total	Designated Hedges	Non-Designated Hedges	Total
Derivative Assets						
Foreign exchange contracts	$ 19,773	$ 426	$20,199	$ 25,820	$ —	$25,820
Interest rate contracts	5	1,432	1,437	402	257	659
Included in other assets	$ 19,778	$ 1,858	$21,636	$ 26,222	$ 257	$26,479
Derivative Liabilities						
Foreign exchange contracts	$ 505	$ —	$ 505	$ 6,718	$ —	$ 6,718
Interest rate contracts	2	—	2	—	—	—
Included in accrued and other liabilities	$ 507	$ —	$ 507	$ 6,718	$ —	$ 6,718

Certain counterparties to the derivative instruments require the Company to deposit cash or other eligible collateral for derivative financial liabilities exceeding $100,000. As of December 31, 2015, the Company had no amounts on deposit related to these agreements.

Foreign Exchange Contracts

The following table summarizes the aggregate notional amounts of designated and non-designated foreign exchange contracts in place as of December 31, 2015 along with certain key terms:

Hedged Currency	Instrument Type	Notional Amount (in thousands) Designated	Non-Designated	FX Rates ($ per unit of foreign currency)	Range of Expiration Dates
EUR	FX Collar	€ 128,781	€ 644	Min $1.09 / Max $1.53	July 2017 to November 2020
GBP	FX Collar	£ 65,523	£ 2,477	Min $1.45 / Max $1.82	September 2017 to December 2019
EUR	FX Forward	€ 129,119	€ 781	Range between $1.07 to $1.27	March 2016 to July 2018
GBP	FX Forward	£ 14,711	£ 339	Range between $1.49 to $1.51	February 2016 to June 2016
CHF	FX Forward	CHF 52,996	CHF 2,549	Range between $1.47 to $1.50	January 2030
NOK	FX Forward	NOK 923,000	NOK	$0.12	May 2016

Designated Net Investment Hedges

The Company's foreign denominated net investments in subsidiaries or joint ventures totaled approximately €311.2 million, £126.4 million, CHF54.4 million and NOK895.5 million, or a total of $679.9 million, as of December 31, 2015 and €315.9 million and £128.0 million, or a total of $581.7 million, as of December 31, 2014.

The Company entered into foreign exchange contracts to hedge the foreign currency exposure of its investments in foreign subsidiaries or equity method joint ventures, designated as net investment hedges, as follows:

- forward contracts whereby the Company agrees to sell an amount of foreign currency for an agreed upon amount of U.S. dollars; and
- foreign exchange collars (caps and floors) without upfront premium costs, which consist of a combination of currency options with single date expirations, whereby the Company gains protection against foreign currency weakening below a specified level and pays for that protection by giving up gains from foreign currency appreciation above a specified level.

These foreign exchange contracts are used to protect certain of the Company's foreign denominated investments and receivables from adverse foreign currency fluctuations, with notional amounts and termination dates based upon the anticipated return of capital from the investments.

For the year ended December 31, 2015, including the impact from consolidation of foreign equity method investments on April 2, 2015, net realized gains of $47.0 million on designated net investment hedges were reclassified out of AOCI. This included $39.3 million recorded as a component of gain on remeasurement of consolidated investment entities, net. Additionally, a net realized gain of $7.7 million was transferred into other gain (loss), net, following substantially complete liquidations of underlying investments of foreign subsidiaries. There were no realized gains or losses on net investment hedges transferred from equity into earnings during the year ended December 31, 2014.

Non-Designated Hedges

For the year ended December 31, 2015, the Company recognized $7,000 of net unrealized loss, on the dedesignated portion of net investment hedges in other gain (loss), net. For the year ended December 31, 2014, there were no dedesignations of net investment hedges.

Interest Rate Contracts

The Company uses various interest rate derivatives, designated as cash flows hedges or otherwise non-designated, to limit the exposure of increases in interest rates on various floating rate debt obligations.

As of December 31, 2015, the Company held the following designated and non-designated interest rate contracts:

	Notional Amount (in thousands)				
Instrument Type	**Designated**	**Non-Designated**	**Index**	**Strike**	**Expiration**
Interest rate swaps	$ 10,850	$ —	1-Month LIBOR	4.28%	March 2016
Interest rate caps	$750,000	$ 476,750	1-Month LIBOR	3.00%	December 2016 to January 2019
Interest rate caps	$ —	$ 95,387	1-Month LIBOR	2.50%	April 2016 to December 2016
Interest rate caps	€ —	€ 23,750	3-Month EURIBOR	1.50%	June 2022
Interest rate caps	£ —	£ 206,552	3-Month LIBOR	2.00% to 2.25%	November 2018 to December 2018

Designated Cash Flow Hedges

Unrealized loss of approximately $0.1 million for ineffectiveness related to a cash flow hedge was recorded in other gain (loss), net for the year ended December 31, 2015. There was no ineffectiveness on cash flow hedges for the year ended December 31, 2014.

Non-Designated Hedges

For the years ended December 31, 2015 and 2014, net unrealized loss associated with non-designated interest rate contracts of $0.8 million and $4,000 were recorded in other gain (loss), net.

12. Balance Sheet Offsetting

The Company enters into agreements subject to enforceable master netting arrangements with its derivative counterparties that allow the Company to offset the settlement of derivative assets and liabilities in the same currency by derivative instrument type or, in the event of default by the counterparty, to offset all derivative assets and liabilities with the same counterparty. The Company has elected not to net derivative asset and liability positions, notwithstanding the conditions for right of offset may have been met. The Company presents derivative assets and liabilities with the same counterparty on a gross basis on the consolidated balance sheets. The table below sets forth derivative positions where the Company has a right of set off under netting arrangements with the same counterparty.

(In thousands)	Gross Amounts of Assets (Liabilities) Included on Consolidated Balance Sheets	Gross Amounts Not Offset on Consolidated Balance Sheets: (Assets) Liabilities	Gross Amounts Not Offset on Consolidated Balance Sheets: Cash Collateral Received (Pledged)	Net Amounts of Assets (Liabilities)
December 31, 2015				
Derivative Assets				
Foreign exchange forwards	$ 5,907	$ (58)	$ —	$ 5,849
Foreign exchange collars	14,292	(66)	—	14,226
Interest rate caps	1,437	—	—	1,437
	$ 21,636	$ (124)	$ —	$ 21,512
Derivative Liabilities				
Foreign exchange forwards	$ (439)	$ 58	$ —	$ (381)
Foreign exchange collars	(66)	66	—	—
Interest rate swap	(2)	—	—	(2)
	$ (507)	$ 124	$ —	$ (383)
December 31, 2014				
Derivative Assets				
Foreign exchange forwards	$ 10,667	$ —	$ —	$ 10,667
Foreign exchange collars	15,153	(6,718)	—	8,435
Interest rate caps	480	—	—	480
Interest rate swap	179	—	—	179
	$ 26,479	$ (6,718)	$ —	$ 19,761
Derivative Liabilities				
Foreign exchange collars	$ (6,718)	$ 6,718	$ —	$ —
	$ (6,718)	$ 6,718	$ —	$ —

13. Fair Value Measurements

Recurring Fair Values

Derivatives—Derivative assets and derivative liabilities are carried at fair value on a recurring basis and classified under Level 2 fair value hierarchy, as presented in Note 11, *Derivatives and Hedging*. These interest rate contracts and foreign exchange contracts are traded over-the-counter and valued based on observable inputs such as contractual cash flows, yield curve, foreign currency rates and credit spreads, taking into consideration any credit valuation adjustments, as applicable. Although credit valuation adjustments, such as the risk of default, rely on Level 3 inputs, the Company has determined that these inputs are not significant to the overall valuation of its derivatives. As a result, derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Contingent Consideration—Contingent consideration payable in connection with the Combination, included in due to affiliates, is remeasured at fair value each reporting period using a third party valuation service provider and classified under Level 3 of the fair value hierarchy. At closing of the Combination on April 2, 2015, the fair value was measured using a discounted payout analysis that was based on probability-weighted average estimates of achieving prescribed multi-year performance targets. These targets include a contractually-defined funds from operations ("Benchmark FFO") per share metric and capital raising in the funds management business. If the minimum performance target for either of these metrics is not met or exceeded, a portion of the contingent consideration paid in respect of the other metric would not be paid out in full. Beginning September 30, 2015, the Company estimated the fair value of contingent consideration tied to Benchmark FFO by using a Monte Carlo simulation technique and considered the volatility of the Company's Class A common stock price against the potential payout. At December 31, 2015, the contingent consideration was estimated at a fair value of approximately $53.0 million. The change in valuation methodology followed the stock market dislocation in August 2015 and the resulting increase in market volatility. The $16.5 million decrease in estimated fair value of the contingent consideration since closing of the Combination on April 2, 2015 through December 31, 2015 primarily reflected the effects of a sustained decline in the Class A common stock price, and was recognized as a component of other gain (loss), net. In addition to the Company's Class A common stock price at December 31, 2015 and projected Benchmark FFO during the contingency period, the fair value of contingent consideration tied to Benchmark FFO was estimated using the following key inputs:

Significant Unobservable Input	Input Value	Impact to Fair Value from Increase in Input (2)
Benchmark FFO volatility	20.6%	Increase
Equity volatility	28.1%	Increase
Correlation (1)	80.0%	Increase

(1) Represents the assumed correlation between Benchmark FFO and the Company's Class A common stock price

(2) This is the directional change in fair value of the contingent consideration 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 measure of the contingent consideration.

Nonrecurring Fair Values

The Company holds certain assets carried at fair value on a nonrecurring basis, which comprise loans held for sale, foreclosed properties and real estate held for sale carried at the lower of carrying value and fair value less estimated costs to sell. There were no assets carried at nonrecurring fair values at December 31, 2014. Nonrecurring fair values at December 31, 2015 consisted of real estate held for sale that were written down to fair value less disposal costs, classified as Level 3, as discussed in Note 6.

Fair Value Disclosure of Financial Instruments Reported at Cost

Carrying amounts and estimated fair values of financial instruments reported at amortized cost are presented below:

(In thousands)	Fair Value Measurements				Carrying Value
	Level 1	Level 2	Level 3	Total	
December 31, 2015					
Assets					
Loans held for investment	$ —	$ —	$4,073,075	$4,073,075	$4,048,477
Loans held for sale			75,002	75,002	75,002
Investments in unconsolidated joint ventures	—	—	1,087,850	1,087,850	924,465
Liabilities					
Line of credit	—	315,000	—	315,000	315,000
Secured and unsecured debt	—	—	2,423,013	2,423,013	2,423,013
CMBS debt	—	794,982	—	794,982	806,728
Notes payable	—	—	42,983	42,983	42,983
Convertible senior notes	574,359	—	—	574,359	591,079
December 31, 2014					
Assets					
Investments in unconsolidated joint ventures	$ —	$ —	$1,963,965	$1,963,965	$1,646,977
Loans held for investment	—	—	2,163,500	2,163,500	2,131,134
Liabilities					
Line of credit	—	164,000	—	164,000	164,000
Secured and unsecured debt	—	—	1,442,397	1,442,397	1,442,397
CMBS debt	—	536,927	—	536,927	537,268
Convertible senior notes	617,763	—	—	617,763	604,498

Loans Held for Investment—Fair values of loans held for investment are estimated based on cash flow projections of principal and interest expected to be collected, discounted using interest rates available for borrowers with similar credit metrics, and considering any available market comparables or dealer quotes, if applicable. Carrying values of loans held for investment are presented net of allowances for loan losses, where applicable.

Investments in Unconsolidated Joint Ventures—Fair values of investments in unconsolidated joint ventures are primarily derived by applying the Company's ownership interest to the fair value of the underlying assets and liabilities of each joint venture. The Company's proportionate share of each joint venture's fair value approximates the Company's fair value of the investment, as the timing of cash flows of the joint venture does not deviate materially from the timing of cash flows the Company receives from the joint venture.

Debt—Fair value of the line of credit approximated carrying value as its prevailing interest rate and applicable terms were recently renegotiated and agreed upon with the Company's lender in December 2014. Fair values of the secured and unsecured financing were estimated by discounting expected future cash outlays at current interest rates available for similar instruments. Fair

value of CMBS debt was determined using the last trade price of similar instruments in active markets, and for recent securitizations, fair value approximates carrying value. Fair value of notes payable approximated carrying values based on market rate for debt with similar underlying collateral. Fair value of convertible senior notes was determined using the last trade price in active markets.

Other—The carrying values of cash, interest receivable, due from affiliates and accrued and other liabilities approximate fair values due to their short term nature and credit risk, if any, are negligible.

14. Stockholders' Equity

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

	Number of Shares		
		Common Stock	
(In thousands)	Preferred Stock	Class A	Class B
Shares outstanding at December 31, 2012	10,080	53,092	—
Class A common stock offerings	—	23,402	—
Share-based payments—forfeitures	—	(2)	—
Shares outstanding at December 31, 2013	10,080	76,492	—
Issuance of 7.5% Series B Cumulative Redeemable Perpetual Preferred Stock	3,450	—	—
Class A common stock offerings	—	32,606	—
Issuance of common stock for incentive fees to Manager	—	21	—
Share-based payments, net of forfeitures	—	515	—
Shares outstanding at December 31, 2014	13,530	109,634	—
Issuance of 7.125% Series C Cumulative Redeemable Perpetual Preferred Stock	11,500	—	—
Issuance of Class A common stock	—	1,427	—
Issuance of Class B common stock	—	—	564
Conversion of Class B common stock (1)	—	18	(18)
Share-based compensation, net of forfeitures	—	615	—
Shares outstanding at December 31, 2015	25,030	111,694	546

(1) For information about the conversion event, see "—Common Stock" below.

Preferred Stock

The table below summarizes the preferred stock outstanding as of December 31, 2015:

Description	Dividend Rate Per Annum	Initial Issuance Date	Shares Outstanding (in thousands)	Par Value (in thousands)	Liquidation Preference (in thousands)	Earliest Redemption Date
Series A 8.5% Cumulative Redeemable Perpetual	8.5%	March 2012	10,080	$ 101	$ 252,000	March 27, 2017
Series B 7.5% Cumulative Redeemable Perpetual	7.5%	June 2014	3,450	34	86,250	June 19, 2019
Series C 7.125% Cumulative Redeemable Perpetual	7.125%	April 2015	11,500	115	287,500	April 13, 2020
			25,030	$ 250	$ 625,750	

In April 2015, the Company issued 11.5 million shares of its 7.125% Series C Cumulative Redeemable Perpetual Preferred Stock through an underwritten public offering and received proceeds of approximately $277.9 million, net of underwriting discounts, commissions and offering costs payable by the Company.

Each series of the Company's preferred stock is redeemable 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). All series of preferred stock are at parity with respect to dividends and distributions, including distributions upon liquidation, dissolution or winding up, and all preferred stock are senior to the Company's common stock. Dividends of each series of preferred stock are payable quarterly in arrears in January, April, July and October.

Each series of 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 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 voting separately as a class for each series of preferred stock.

Common Stock

At the closing of the Combination on April 2, 2015, all outstanding common stock at that time was reclassified on a one-for-one basis to Class A common stock, with equivalent terms, and a new class of common stock, Class B, was created. As discussed in Note 3, 1.43 million shares of Class A Common Stock and 563,987 shares of Class B Common Stock were issued as part of the upfront consideration for the Combination.

Except with respect to voting rights, Class A 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 B common stock may only be issued in conjunction with the issuance of OP Units, which are membership interests in the Operating Company, in a ratio of no more than one share of Class B common stock for every thirty-five and one-half OP Units. 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 attributable to Class B common stock holders and therefore, does not provide any disproportionate voting rights. Each share of Class B common stock shall convert automatically into one share of Class A common stock if the Executive Chairman or his beneficiaries directly or indirectly transfer beneficial ownership of Class B common stock or OP Units held by them, other than to certain qualified transferees, which generally includes affiliates and employees. In addition, each holder of Class B common stock has the right, at the holder's option, to convert all or a portion of such holder's Class B common stock into an equal number of shares of Class A common stock.

In December 2015, 17,712 shares of Class B common stock were converted into an equivalent number of Class A common stock following a transfer of the Executive Chairman's interests in 628,773 OP Units to a third party as a charitable contribution.

At-The-Market Stock Offering Program ("ATM Program")

In May 2015, the Company entered into separate "at-the-market" equity distribution agreements with certain sales agents to offer and sell, from time to time, shares of its common stock having an aggregate offering price of up to $300 million. Sales of the shares may be made in negotiated transactions and/or transactions that are deemed to be "at the market" offerings, including sales made by means of ordinary brokers' transactions, including directly on the New York Stock Exchange ("NYSE"), or sales made to or through a market maker other than on an exchange. The Company pays each sales agent a commission not to exceed 2% of the gross sales proceeds for any common stock sold through such agent.

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 acquisition of 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. For the year ended December 31, 2015, there were no shares of Class A common stock acquired under the DRIP Plan.

Accumulated Other Comprehensive Income (Loss) ("AOCI")

The following tables present the changes in each component of AOCI attributable to stockholders and noncontrolling interests, net of immaterial tax effect. The changes in AOCI attributable to noncontrolling interests in 2014 and 2013 are not presented because they were immaterial.

Changes in Components of AOCI Attributable to Stockholders

(In thousands)	Equity in AOCI of Unconsolidated Joint Ventures	Unrealized Gain/(Loss) on Beneficial Interests in Debt Securities	Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Net Investment Hedges	Total
Balance at December 31, 2012	$ 6,729	$ 877	$ —	$ (3,067)	$ 645	$ 5,184
Other comprehensive income (loss) before reclassifications	9,787	(552)	(19)	4,983	(3,846)	10,353
Amounts reclassified from AOCI	(12,895)	—	—	(67)	18	(12,944)
Net other comprehensive (loss) income	(3,108)	(552)	(19)	4,916	(3,828)	(2,591)
Balance at December 31, 2013	3,621	325	(19)	1,849	(3,183)	2,593
Other comprehensive income (loss) before reclassifications	1,511	(2,488)	(82)	(54,266)	26,732	(28,593)
Amounts reclassified from AOCI	(4,681)	2,163	—	(226)	253	(2,491)
Net other comprehensive (loss) income	(3,170)	(325)	(82)	(54,492)	26,985	(31,084)
Balance at December 31, 2014	$ 451	$ —	$ (101)	$ (52,643)	$ 23,802	$(28,491)

Changes in Components of AOCI Attributable to Stockholders and Noncontrolling Interests

(In thousands)	Equity in AOCI of Unconsolidated Joint Ventures	Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Net Investment Hedges	Total
AOCI at December 31, 2014 attributable to:					
Stockholders	$ 451	$ (101)	$ (52,643)	$ 23,802	$(28,491)
Noncontrolling interests in investment entities	—	(52)	(3,616)	(1)	(3,669)
	451	(153)	(56,259)	23,801	(32,160)
Other comprehensive income (loss) before reclassifications attributable to:					
Stockholders	(612)	(199)	(56,676)	39,631	(17,856)
Noncontrolling interests in investment entities	—	(137)	(1,516)	—	(1,653)
Noncontrolling interests in Operating Company	—	(6)	(1,778)	1,759	(25)
Amounts reclassified from AOCI attributable to:					
Stockholders	161	55	67,194	(39,485)	27,925
Noncontrolling interests in investment entities	—	40	5,183	—	5,223
Noncontrolling interests in Operating Company	—	11	12,880	(7,509)	5,382
Net other comprehensive (loss) income	(451)	(236)	25,287	(5,604)	18,996
AOCI at December 31, 2015 attributable to:					
Stockholders	—	(245)	(42,125)	23,948	(18,422)
Noncontrolling interests in investment entities	—	(149)	51	(1)	(99)
Noncontrolling interests in Operating Company	—	5	11,102	(5,750)	5,357
	$ —	$ (389)	$ (30,972)	$ 18,197	$(13,164)

Reclassifications out of AOCI—Stockholders

Information about amounts reclassified out of AOCI attributable to stockholders by component is presented below:

(In thousands)	Year Ended December 31,			Affected Line Item in the
Component of AOCI reclassified into earnings	2015	2014	2013	Consolidated Statements of Operations
Equity in realized (loss) gain on sale of marketable securities of unconsolidated joint ventures	$ (161)	$ 4,681	$12,895	Equity in income of unconsolidated joint ventures
Settlement loss on beneficial interests in debt securities	—	(2,163)	—	Other (loss) gain, net
Release of cumulative translation adjustments	(45,407)	—	—	Gain on remeasurement of consolidated investment entities, net
Release of cumulative translation adjustments	(21,787)	226	67	Other (loss) gain, net
Realization of net gain on net investment hedges	32,965	—	—	Gain on remeasurement of consolidated investment entities, net
Realization of net gain on net investment hedges	6,492	—	—	Other (loss) gain, net
Net settlement loss on derivative instruments designated as net investment hedges	—	(253)	(18)	Other (loss) gain, net
Unrealized gain on dedesignated net investment hedges	28	—	—	Other (loss) gain, net
Unrealized loss on ineffective cash flow hedge	(55)	—	—	Other (loss) gain, net

15. Noncontrolling Interests

Noncontrolling Interests in Investment Entities

This represents interests in consolidated real estate investment entities held primarily by Co-Investment Funds, which prior to the Combination, were managed by CCLLC or its affiliates, and to a lesser extent, held by unaffiliated third parties. 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 hypothetical liquidation at book value, when applicable and substantive.

Noncontrolling Interests in Operating Company

This represents membership interests in OP held by affiliates and senior executives. A majority of the OP Units held by noncontrolling interests were issued as part of the consideration for the Combination. Noncontrolling interests in OP are attributed a share of net income or loss in OP based on their weighted average ownership interest in OP during the period. 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, as applicable.

Noncontrolling interests in OP, subject to lock-up agreements, 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, through issuance of shares of Class A common stock (registered or unregistered) on a one-for-one basis.

In June 2015, OP issued an additional 412,865 common OP Units to an affiliate, CCM. As discussed in Note 10, the Company issued a $10 million unsecured note to CCM in connection with the acquisition of a portfolio of light industrial real estate assets and operating platform in December 2014. In May 2015, CCM exercised its rights under the note and contributed the note to OP in exchange for OP Units.

16. Earnings per Share

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

(In thousands, except per share data)	Year Ended December 31, 2015	2014	2013
Net income allocated to common stockholders			
Net income	$256,036	$159,711	$125,923
Net income attributable to noncontrolling interests:			
Investment entities	(86,123)	(36,562)	(24,158)
Operating Company	(19,933)	—	—
Net income attributable to Colony Capital, Inc.	149,980	123,149	101,765
Preferred dividends	(42,569)	(24,870)	(21,420)
Net income attributable to common stockholders	107,411	98,279	80,345
Net income allocated to participating securities (nonvested shares)	(1,237)	(990)	(725)
Net income allocated to common stockholders—basic	106,174	97,289	79,620
Interest expense attributable to convertible notes (1)	—	—	—
Net income allocated to common stockholders—diluted	$106,174	$ 97,289	$ 79,620
Weighted average common shares outstanding			
Weighted average number of common shares outstanding—basic	110,931	96,694	66,182
Weighted average effect of dilutive shares (2)	—	5	—
Weighted average number of common shares outstanding—diluted	110,931	96,699	66,182
Earnings per share			
Basic	$ 0.96	$ 1.01	$ 1.20
Diluted	$ 0.96	$ 1.01	$ 1.20

(1) For the years ended December 31, 2015, 2014 and 2013, excluded from the calculation of diluted net income per share is the effect of adding back $27.3 million, $23.3 million and $7.6 million, respectively, of interest expense and 24,694,700, 20,784,600 and 6,154,100 weighted average dilutive common share equivalents, respectively, for the assumed conversion of the Convertible Notes, as their inclusion would be antidilutive. Also excluded from the calculation of diluted income per share for the years ended December 31, 2015 and 2014 is the effect of adding back $280,000 and $25,000, respectively, of interest expense and 187,800 and 14,700 weighted average dilutive common share equivalents, respectively, for the assumed repayment of the $10 million unsecured note issued to CCM (see Note 10) in shares of the Company's common stock as its inclusion would be antidilutive.

(2) OP Units, subject to lock-up agreements, may be redeemed for registered or unregistered Class A common shares on a one-for-one basis. At December 31, 2015, there were 21,749,000 redeemable OP Units. These OP Units would not be dilutive and were not included in the computation of diluted earnings per share for the year ended December 31, 2015.

For the year ended December 31, 2014, weighted average dilutive shares include the effect of 4,900 shares of common stock issuable to the former Manager for incentive fees incurred for the period.

17. Related Party Transactions

Affiliates include funds and other investment vehicles managed by the Company, directors, senior executives, and employees, and prior to the Combination, the Manager and its affiliates.

Amounts due from and due to affiliates consist of the following:

(In thousands)	December 31, 2015	2014
Due from Affiliates		
Due from funds and unconsolidated joint ventures:		
Management fees	$ 5,734	$ —
Other	3,952	—
Due from CCLLC	1,559	—
Due from employees and other affiliated entities	468	—
	$11,713	$ —
Due to Affiliates		
Contingent consideration	$52,990	$ —
Amounts due to the Manager or its affiliates:		
Base management fee expense	—	9,173
Secondment reimbursement	—	1,393
Reimbursement of direct and allocated administrative and investment costs	—	1,670
	$52,990	$12,236

Prior to the Combination, the Company was externally managed by an affiliate. Amounts payable to the Manager under this arrangement included:

- Base management fee of 1.5% per annum of stockholders' equity, as defined;
- Incentive fee each quarter, measured based on a core earning metric, as defined in the management agreement, payable in shares of the Company's common stock;
- Reimbursement of certain expenditures incurred by the Manager, including allocation of overhead costs; and
- Cost of employment for the Company's chief financial officer pursuant to a secondment agreement with an affiliate of the Manager.

Amounts incurred and payable to the Manager or its affiliates for periods prior to the Combination were as follows:

(In thousands)	Year Ended December 31, 2015	2014	2013
Base management fee expense	$ 9,165	$32,285	$22,265
Incentive fees	—	464	—
Compensation pursuant to secondment agreement	450	1,778	1,286
Direct and allocated investment-related expenses	366	2,846	1,771
Direct and allocated administrative expenses	1,922	3,301	1,787
	$11,903	$40,674	$27,109

Subsequent to the Combination which closed on April 2, 2015, the Company is internally managed and incurs all costs directly. Additionally, the management and investment personnel of the Manager became employees of the Company. Transactions with affiliates post-Combination include the following:

Management Fee Income—Pursuant to management and advisory agreements, the Company earns base and asset management fee income from managing funds and their respective investments. Base and asset management fees from affiliates, included in fee income, totaled $64.6 million for the year ended December 31, 2015.

Cost Reimbursements— The Company received cost reimbursements for administrative services provided to affiliates, including property management services on behalf of the Company's investment entities. Cost reimbursements, included in other income, were $4.8 million for the year ended December 31, 2015, of which $0.9 million was receivable at December 31, 2015.

Recoverable Expenses—In the normal course of business, the Company pays certain expenses on behalf of managed-funds, for which the Company recovers from the funds. Such amounts due from funds were $1.1 million at December 31, 2015.

Arrangements with Sponsored Fund—In December 2015, the Company sponsored a fund as general partner and co-invests alongside the Sponsored Fund through joint ventures between the Company and the Sponsored Fund. These co-investment joint ventures are consolidated by the Company. As general partner, the Company has capital commitments directly to the Sponsored Fund and as an affiliate of the general partner, capital commitments satisfied through the 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 general and administrative costs of the Sponsored Fund. At December 31, 2015, $1.4 million was due from the Sponsored Fund, which included amounts due from the Sponsored Fund to the co-investment joint ventures as well as the Company's share of costs payable to the Sponsored Fund. Additionally, as permitted by the limited partnership agreement of the Sponsored Fund, the Company made advances to the Sponsored Fund as general partner, which have been repaid as of December 31, 2015, and received $0.3 million of related interest.

Advances—Certain employees are permitted to participate in co-investment vehicles which generally invest in Colony-sponsored funds alongside third party investors. Additionally, the Company grants loans to certain employees in the form of promissory notes bearing interest at the prime rate with varying terms and repayment conditions. At December 31, 2015, outstanding advances were approximately $0.2 million and related interest amounts were immaterial.

Corporate Aircraft—The Company's corporate aircraft may occasionally be used for business purposes by affiliated entities or for personal use by certain senior executives of the Company. Affiliated entities and senior executives reimburse the Company for their usage based on the incremental cost to the Company of making the aircraft available for such use, and includes direct and indirect variable costs of operating the flights. These reimbursements, included in other income, amounted to approximately $0.4 million for the year ended December 31, 2015, of which $0.1 million was outstanding at December 31, 2015.

Consideration for the Combination—At December 31, 2015, approximately $1.6 million was due from CCLLC in connection with the upfront consideration, while the contingent consideration payable to certain senior executives of the Company was estimated at approximately $53.0 million.

18. Share-Based Compensation

Director Stock Plan

The Company's 2009 Non-Executive Director Stock Plan (the "Director Stock Plan") provides for the grant of restricted stock, restricted stock units and other stock-based awards to its non-executive directors. The maximum number of shares of stock reserved under the Director Stock Plan is 100,000. The individual share awards generally vest one year from the date of grant.

Equity Incentive Plan

The 2014 Equity Incentive Plan (the "Equity Incentive Plan"), an amendment and restatement of the Company's 2011 Equity Incentive Plan (the "2011 Plan"), provides for the grant of options to purchase shares Class A of common stock, share awards (including restricted stock and stock units), stock appreciation rights, performance awards and annual incentive awards, dividend equivalent rights, long-term incentive units, cash and other equity-based awards. Certain named executive officers of the Company, along with other eligible employees, directors as well as service providers are eligible to receive awards under the Equity Incentive Plan. The Company has reserved a total of 2,500,000 additional shares of Class A common stock for issuance pursuant to the Equity Incentive Plan, in addition to (i) the number of shares of Class A common stock available for issuance under the 2011 Plan and (ii) the number of shares of Class A common stock subject to outstanding awards under the 2011 Plan that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares of Class A common stock. The Equity Incentive Plan will expire in 2024 unless earlier terminated by the Company. The share awards granted under the Equity Incentive Plan generally vest over a 3-year period from the date of grant.

Prior to the Combination, stock grants made to the Manager and its employees were considered non-employee awards and were remeasured at fair value at each period end until the awards fully vested, with such costs forming part of management fee expense. Following the Combination, in which the management and investment personnel of the Manager became employed by the Company, these stock grants are treated as equity classified employee awards. The outstanding awards as of the date of closing of the Combination were remeasured at fair value based on the closing price of the Company's Class A common stock on that date and compensation cost recognized on a straight-line basis over the remaining vesting period of the awards, presented within compensation expense. There were no changes to the existing service requirement or any other terms of the awards, nor new conditions attached to the awards in connection with the Combination.

Stock grants made to non-executive directors of the Company continue to be classified as employee awards. Amortization of stock grants to non-executive directors are included in compensation expense subsequent to the Combination, previously in administrative expense.

Share-based compensation expense recognized was as follows:

(In thousands)	Year Ended December 31, 2015	2014	2013
Stock grants to the Manager and employees (1)	$13,094	$10,384	$3,998
Stock grants to non-executive directors	620	417	285
	$13,714	$10,801	$4,283

Changes in the Company's nonvested share awards are summarized below:

	Restricted Stock Grants			
	Non-Executive Directors	Manager and Employees (1)	Total	Weighted Average Grant Date Fair Value
Nonvested shares at December 31, 2014	15,234	674,204	689,438	$ 19.54
Granted	23,226	618,081	641,307	24.42
Vested	(23,532)	(484,947)	(508,479)	20.71
Forfeited	—	(26,432)	(26,432)	26.06
Nonvested shares at December 31, 2015	14,928	780,906	795,834	22.51

(1) All outstanding stock grants made to the Manager prior to the Combination became employee awards effective April 2, 2015.

Fair value of shares vested was $12.4 million, $6.9 million, and $182,000 for the years ended December 31, 2015, 2014 and 2013, respectively. Fair value of shares vested was determined based on the closing price of the Company's Class A common stock on respective vesting dates for non-employee awards and on the date of closing of the Combination for employee awards. The weighted average grant-date fair value per share was $24.42, $20.32 and $21.94 for the shares granted during the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015, aggregate unrecognized compensation cost related to nonvested restricted stock grants was approximately $10.9 million and is expected to be fully recognized over a weighted-average period of approximately 20 months.

19. Income Taxes

The Company is subject to income tax laws of the various jurisdictions in which it operates, including U.S. federal, state and local and non-U.S. jurisdictions, primarily in Europe. Our current primary sources of income subject to tax are income from loan resolutions in some of our loan portfolios, income from our interests in asset management companies which manage some of our loan portfolios, hotel operations from our real estate equity portfolio and fee income from our investment management business.

Income Tax (Benefit) Expense

(In thousands)	Year Ended December 31, 2015	2014	2013
Current			
Federal	$ 451	$ 1,339	$ 1,470
State and local	397	369	671
Foreign	1,469	—	—
Total current tax expense	2,317	1,708	2,141
Deferred			
Federal	(10,428)	(3,307)	(1,115)
State and local	(1,219)	(800)	(367)
Foreign	34	—	—
Total deferred tax benefit	(11,613)	(4,107)	(1,482)
Total income tax (benefit) expense	$ (9,296)	$(2,399)	$ 659

Deferred Income Tax Assets and Liabilities

The components of deferred tax assets and deferred tax liabilities arising from temporary differences are as follows:

(In thousands)	December 31, 2015	2014
Deferred tax assets		
Net operating loss carry forwards	$ 9,814	$1,695
Stock-based compensation	2,890	—
Investment in partnerships	843	5,018
Other	2,262	—
Total deferred tax assets	15,809	6,713
Deferred tax liabilities		
Intangible assets from Combination	28,875	—
Gain from remeasurement of consolidated investment entities, net	3,237	—
Assumption of tax basis from real estate acquisition (Note 6)	26,880	—
Other	1,504	245
Total deferred tax liabilities	60,496	245
Net deferred tax (liability) asset	$(44,687)	$6,468

Net operating loss carryforwards recognized in income tax (benefit) expense for the years ended December 31, 2015, 2014 and 2013 were $8.1 million, $0.3 million and $1.4 million, respectively. Estimated future taxable income is expected to be sufficient to utilize the net operating loss carryforwards prior to their expiration between 2030 and 2035.

As of December 31, 2015 and 2014, the Company has assessed that it is more likely than not that the benefits of its deferred tax assets will be realized and therefore, no valuation allowance was necessary.

Effective Income Tax

The Company's income tax benefit varied from the amount computed by applying the statutory income tax rate to net income before income taxes. A reconciliation of the statutory U.S. income tax to the Company's effective income tax is presented as follows:

	Year Ended December 31,					
	2015		2014		2013	
(Amounts in thousands)	Amount	Tax Rate	Amount	Tax Rate	Amount	Tax Rate
Income before income taxes	$ 246,740		$ 157,312		$ 126,582	
Pre-tax income attributable to pass-through subsidiaries	(277,902)		(163,058)		(124,753)	
Pre-tax loss attributable to taxable subsidiaries	(31,162)		(5,746)		1,829	
Federal tax benefit at statutory tax rate	(10,907)	35.0%	(2,011)	35.0%	640	35.0%
State and local income taxes, net of federal income tax benefit	(884)	2.8%	(295)	5.1%	122	6.7%
Other	398	-1.3%	(566)	9.9%	(144)	-7.9%
Income tax benefit—taxable REIT subsidiaries	(11,393)	36.5%	(2,872)	50.0%	618	33.8%
Taxes reflected in pre-tax income attributable to pass-through subsidiaries:						
Current and deferred foreign taxes	1,594		—		—	
Current excess inclusion income tax	203		480		—	
State and local taxes	175		(54)		(39)	
Other taxes	125		47		80	
Total income tax (benefit) expense	$ (9,296)		$ (2,399)		$ 659	

20. Commitments and Contingencies

Investment Commitments

Investments in Unconsolidated Joint Ventures—Pursuant to the operating agreements of certain unconsolidated joint ventures, the joint venture partners may be required to fund additional amounts for future investments, unfunded lending commitments, ordinary operating costs, guaranties or commitments of the joint ventures. As of December 31, 2015, the Company's share of those commitments was $57.4 million.

Consolidated Real Estate Debt Investments—The Company has lending commitments to borrowers pursuant to certain loan agreements in which the borrower may submit a request for funding based on the achievement of certain criteria, which must be approved by the Company as lender, such as leasing, performance of capital expenditures and construction in progress with an approved budget. As of December 31, 2015, total unfunded lending commitments was $455.9 million, of which the Company's share was $270.4 million, net of amounts attributable to noncontrolling interests.

Consolidated Real Estate Equity Investments—As of December 31, 2015, the Company, through a wholly-owned real estate equity investment entity, had a $34.0 million commitment to acquire an operating property upon completion of construction, which is being undertaken as a build-to-suit for a tenant which has signed a long term triple net lease.

In connection with the Company's acquisition of a light industrial portfolio and operating platform in December 2014, the Company, together with 38% third-party limited partners, may be required to fund additional amounts for future real estate acquisitions and operating costs through ColFin Industrial Partnership, as directed by the general partner of this entity, which is a controlled affiliate of the Company. As of December 31, 2015, the unfunded commitment to ColFin Industrial Partnership was $163.2 million, representing $101.9 million for the Company and $61.3 million for the limited partners.

Sponsored Fund Commitments—In December 2015, the Company, through wholly-owned subsidiaries of OP, held a closing of a global real estate credit fund (the "Global Credit Fund") with total callable capital commitments of $688.6 million, inclusive of capital commitment by certain wholly-owned subsidiaries of the OP. The Company's co-investment activities alongside the Global Credit Fund is conducted through joint ventures between the Company and the Global Credit Fund. As of December 31, 2015, the Company committed capital of $1.0 million as general partner to be funded directly into the Global Credit Fund and an additional $136.7 million as an affiliate of the general partner ("GP Affiliate"), which commitments can be satisfied by funding certain joint ventures between the Company and the Global Credit Fund. At December 31, 2015, the Company has unfunded commitments of $0.7 million as general partner and $92.8 million as GP Affiliate. In subsequent closings, the Company's cumulative capital commitments to the Global Credit Fund will be determined as the lower of $500.0 million or 20% of total capital commitments.

Lease Commitments

Ground Leases—In connection with real estate acquisitions, the Company assumed certain noncancelable operating ground leases as lessee or sublessee with expiration dates through year 3000. Many ground leases require only nominal annual payments and are excluded from the table below. Certain leases require contingent rent payments based on a percentage of gross rental receipts, net of operating expenses, as defined in the lease. For the years ended December 31, 2015 and 2014, ground rent expense was $0.3 million and $0.1 million, respectively, including contingent rent. There was no ground rent expense for the year ended December 31, 2013. Rents paid under the ground leases are recoverable from tenants.

Office Leases—The Company leases office space under noncancellable operating leases with expiration dates through 2025. The lease agreements provide for payment of various operating expenses, with certain operating costs incurred by the landlord subject to escalation clauses. Rent expense in connection with leases of office space for the year ended December 31, 2015 was $4.3 million, included in administrative expenses. Prior to the Combination on April 2, 2015, such administrative cost was incurred directly by the Manager.

As of December 31, 2015, future minimum rental payments on noncancellable operating ground leases and office leases were as follows:

(In thousands)	Ground Leases	Office Leases
Year Ending December 31,		
2016	$ 414	$ 4,808
2017	414	4,216
2018	414	3,270
2019	414	1,963
2020	425	1,690
2021 and after	31,292	7,078
Total	$ 33,373	$ 23,025

Contingent Consideration

The consideration for the Combination included a contingent portion payable in shares of Class A and Class B common stock as well as OP Units, subject to multi-year performance targets. At December 31, 2015, the estimated fair value of the contingent consideration was $53.0 million, as discussed in Note 13.

Litigation

The Company may be involved in litigations and claims in the ordinary course of business. As of December 31, 2015, the Company was not involved in any material legal proceedings.

21. Segment Information

The Company conducts its business through the following reportable segments:

Real Estate Equity

- Light industrial real estate assets and operating platform;
- Single-family residential rentals through an investment in CAH, now Colony Starwood Homes (Note 22);
- Other real estate equity investments;

Real Estate Debt

- Loan originations and acquisitions; and

Investment Management

- Investment management of Company-sponsored funds and other investment vehicles.

The Company's acquisition of a portfolio of light industrial real estate properties and associated operating platform in December 2014 represented a new segment, *Light Industrial Platform*, within its real estate equity business.

Following the closing of the Combination on April 2, 2015, the acquired investment management business formed a new segment, *Investment Management*. Additionally, costs previously borne and allocated by its Manager are now incurred directly by the Company and certain assets held by the Manager were transferred to the Company as part of the Combination.

Amounts not allocated to specific segments include corporate level cash and corresponding interest income, fixed assets, corporate level financing and related interest expense, income and expense in relation to cost reimbursement arrangements with affiliates, costs in connection with unconsummated deals, compensation expense not directly attributable to other segments, corporate level administrative and overhead costs, contingent consideration in connection with the Combination, as well as non-real estate investments and related revenues and expenses.

The chief operating decision maker assesses the performance of the business based on net income (loss) of each of the reportable segments, after attribution to noncontrolling interests at segment level, where applicable. The various real estate equity, real estate debt and investment management segments represent distinct revenue streams to the Company, consisting of property operating income, interest income and fee income, respectively. 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.

The following tables present the operating results of the Company's reportable segments:

(In thousands)	Real Estate Equity: Light Industrial Platform	Real Estate Equity: Single-Family Residential Rentals	Real Estate Equity: Other	Real Estate Debt	Investment Management	Amounts Not Allocated to Segments	Total
Year Ended December 31, 2015							
Income:							
Interest income	$ 7	$ —	$ 16	$ 417,149	$ —	$ 133	$ 417,305
Property operating income	161,863	—	134,043	3,965	—	—	299,871
Equity in (loss) income of unconsolidated joint ventures	—	(14,787)	18,272	46,596	(1,675)	(801)	47,605
Fee income	—	—	—	219	65,594	—	65,813
Other income	670	—	59	5,856	—	4,797	11,382
Total income (loss)	162,540	(14,787)	152,390	473,785	63,919	4,129	841,976
Expenses:							
Management fees	—	—	—	—	—	15,062	15,062
Transaction, investment and servicing costs	4,038	—	22,432	19,273	—	16,514	62,257
Interest expense	37,338	—	19,441	31,549	—	44,766	133,094
Property operating expenses	54,581	—	58,035	5,097	—	—	117,713
Depreciation and amortization	82,447	—	38,452	252	16,498	3,328	140,977
Provision for loan losses	—	—	—	37,475	—	—	37,475
Impairment loss	450	—	4,539	2,100	4,103	—	11,192
Compensation expense	3,633	—	2,021	11,582	33,021	34,249	84,506
Administrative expenses	1,631	—	2,008	4,939	1,983	27,677	38,238
Total expenses	184,118	—	146,928	112,267	55,605	141,596	640,514
Gain on sale of real estate assets, net	108	—	6,970	1,876	—	8	8,962
Gain on remeasurement of consolidated investment entities, net	—	—	10,223	31,263	—	—	41,486
Other (loss) gain, net	(192)	—	1,613	(23,361)	(19)	16,789	(5,170)
Income tax benefit (expense)	484	—	(3,372)	(424)	12,658	(50)	9,296
Net (loss) income	(21,178)	(14,787)	20,896	370,872	20,953	(120,720)	256,036
Net (loss) income attributable to noncontrolling interests:							
Investment entities	(10,460)	—	(7,384)	103,983	—	(16)	86,123
Operating Company	(1,158)	(1,754)	3,554	34,075	3,378	(18,162)	19,933
Net (loss) income attributable to Colony Capital, Inc.	$ (9,560)	$ (13,033)	$ 24,726	$ 232,814	$ 17,575	$ (102,542)	$ 149,980

(In thousands)	Real Estate Equity					
	Light Industrial Platform	Single-Family Residential Rentals	Other	Real Estate Debt	Amounts Not Allocated to Segments	Total
Year Ended December 31, 2014						
Income:						
Interest income	$ —	$ —	$ —	$ 204,054	$ 307	$ 204,361
Property operating income	5,365	—	15,597	—	—	20,962
Equity in (loss) income of unconsolidated joint ventures	—	(15,901)	3,235	86,495	—	73,829
Other income	—	—	—	908	589	1,497
Total income (loss)	5,365	(15,901)	18,832	291,457	896	300,649
Expenses:						
Management fees	—	—	—	—	43,133	43,133
Transaction, investment and servicing costs	7,754	—	245	8,430	10,478	26,907
Interest expense	1,321	—	4,355	14,199	28,490	48,365
Property operating expenses	1,544	—	4,019	—	—	5,563
Depreciation and amortization	3,391	—	5,786	—	—	9,177
Compensation expense	—	—	—	—	2,468	2,468
Administrative expenses	—	—	—	577	8,363	8,940
Total expenses	14,010	—	14,405	23,206	92,932	144,553
Other (loss) gain, net	(22)	—	—	165	1,073	1,216
Income tax benefit (expense) [1]	—	—	3,435	(698)	(338)	2,399
Net (loss) income	(8,667)	(15,901)	7,862	267,718	(91,301)	159,711
Net (loss) income attributable to noncontrolling interests—Investment entities	(3,143)	—	2,022	37,683	—	36,562
Net (loss) income attributable to Colony Capital, Inc.	$ (5,524)	$ (15,901)	$ 5,840	$ 230,035	$ (91,301)	$ 123,149

(In thousands)	Real Estate Equity				
	Single-Family Residential Rentals	Other	Real Estate Debt	Amounts Not Allocated to Segments	Total
Year Ended December 31, 2013					
Income:					
Interest income	$ —	$ —	$ 80,753	$ 282	$ 81,035
Property operating income	—	789	—	—	789
Equity in (loss) income of unconsolidated joint ventures	(8,013)	19,168	89,553	—	100,708
Other income	—	—	1,267	—	1,267
Total (loss) income	(8,013)	19,957	171,573	282	183,799
Expenses:					
Management fees	—	—	—	26,263	26,263
Transaction, investment and servicing costs	—	623	3,457	955	5,035
Interest expense	—	227	5,295	13,316	18,838
Property operating expenses	—	197	—	—	197
Depreciation and amortization	—	310	—	—	310
Compensation expense	—	—	—	1,756	1,756
Administrative expenses	—	—	178	5,614	5,792
Total expenses	—	1,357	8,930	47,904	58,191
Other gain, net	—	—	974	—	974
Income tax benefit (expense) [1]	—	916	(1,216)	(359)	(659)
Net (loss) income	(8,013)	19,516	162,401	(47,981)	125,923
Net income attributable to noncontrolling interests—Investment entities	—	1,266	22,892	—	24,158
Net (loss) income attributable to Colony Capital, Inc.	$ (8,013)	$ 18,250	$ 139,509	$ (47,981)	$ 101,765

(1) Beginning in 2015, income tax benefit (expense) related to specific investments within each segment has been allocated to the respective segments, including 2014 and 2013 which were previously unallocated.

Total assets and equity method investments of each of segment are summarized as follows.

(In thousands)	December 31, 2015 Segment Assets	December 31, 2015 Equity Method Investments	December 31, 2014 Segment Assets [1]	December 31, 2014 Equity Method Investments
Light industrial platform	$ 1,926,002	$ —	$1,672,963	$ —
Single-family residential rentals	394,783	394,783	494,613	494,613
Other real estate equity	2,094,794	295,221	558,187	393,813
Real estate debt	4,734,547	114,350	3,011,805	758,551
Investment management	798,213	9,794	—	—
Amounts not allocated to segments	90,971	10,449	87,881	—
Total	$10,039,310	$ 824,597	$5,825,449	$ 1,646,977

(1) Beginning in 2015, the Company allocated cash and other assets held within investment holding entities that previously had not been allocated to segments. The impact of this change was an additional allocation of $63.4 million to segment assets at December 31, 2014, made up primarily of cash balances that can be directly attributed to the respective segments.

22. Subsequent Events

On January 5, 2016, pursuant to a merger agreement in September 2015, CAH and Starwood Waypoint Residential Trust (“SWAY”) completed a merger of the two companies into Colony Starwood Homes, in a stock-for-stock transaction. Colony Starwood Homes continue to trade on the New York Stock Exchange under the ticker symbol “SFR.” Upon completion of the merger, based on each company’s net asset value, existing SWAY shareholders and the former owner of the SWAY manager own approximately 41% of the shares of the combined company, while former CAH shareholders own approximately 59%. We received approximately 15.1 million shares of Colony Starwood Homes, representing 13.8% of the combined company. Our shares of Colony Starwood Homes are subject to lock-up for up to nine months after the closing of the merger. Immediately prior to completion of the merger, CAH effected an internal reorganization to exclude CAH’s residential specialty finance company, Colony American Finance, LLC (“CAF”), from the merger. As a result of the reorganization, we retained our 19% ownership interest in CAF.

COLONY CAPITAL, INC.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2015

(Amounts in thousands) Property Name and/or Location	Property Type	Encumbrances	Initial Cost (1)		Costs Capitalized Subsequent to Acquisition	Gross Cost Basis at December 31, 2015 (2)			Accumulated Depreciation (3)	Net Carrying Amount	Date of Acquisition (4)
			Land	Buildings and Improvements		Land	Buildings and Improvements	Total			
Campus, Glion sur Montreux, Switzerland	Education	$ 42,948	$7,417	$ 47,757	$ —	$7,417	$ 47,757	$55,174	$ 1,249	$ 53,925	1/30/15
Campus, Bluche, Switzerland	Education	77,999	9,946	88,520	—	9,946	88,520	98,466	2,170	96,296	1/13/15
Florence, AL	Hotel	1,516	402	1,361	—	402	1,361	1,763	113	1,650	4/2/15
Jasper, AL	Hotel	3,129	419	3,197	—	419	3,197	3,616	163	3,453	4/2/15
Scottsbor, AL	Hotel	2,113	250	2,171	—	250	2,171	2,421	85	2,336	4/2/15
Sylacauga, AL	Hotel	2,604	846	2,058	—	846	2,058	2,904	96	2,808	4/2/15
Trussvill, AL	Hotel	2,264	354	2,284	—	354	2,284	2,638	144	2,494	4/2/15
Tuscaloosa, AL	Hotel	2,784	320	2,918	—	320	2,918	3,238	159	3,079	4/2/15
Crestvie, FL	Hotel	2,377	371	2,400	—	371	2,400	2,771	153	2,618	4/2/15
Lake City, FL	Hotel	2,306	570	2,090	—	570	2,090	2,660	146	2,514	4/2/15
Palm Ba, FL	Hotel	2,588	665	2,310	—	665	2,310	2,975	157	2,818	4/2/15
Albany, GA	Hotel	2,252	299	2,330	—	299	2,330	2,629	143	2,486	4/2/15
Americus, GA	Hotel	2,237	375	2,240	—	375	2,240	2,615	154	2,461	4/2/15
Bainbridge, GA	Hotel	1,528	310	1,459	—	310	1,459	1,769	95	1,674	4/2/15
Carrollton, GA	Hotel	2,773	457	2,718	—	457	2,718	3,175	126	3,049	4/2/15
Newnan, GA	Hotel	2,760	627	2,503	—	627	2,503	3,130	118	3,012	4/2/15
Peoria, IL	Hotel	4,783	1,242	4,209	—	1,242	4,209	5,451	249	5,202	4/2/15
Indy Castleton, IN	Hotel	3,133	1,012	2,503	—	1,012	2,503	3,515	133	3,382	4/2/15
South Bend, IN	Hotel	4,624	688	4,705	—	688	4,705	5,393	295	5,098	4/2/15
Richmond, KY	Hotel	3,207	353	3,403	—	353	3,403	3,756	206	3,550	4/2/15
West Monroe, LA	Hotel	5,270	823	5,362	—	823	5,362	6,185	378	5,807	4/2/15
Eden, NC	Hotel	1,912	207	2,025	—	207	2,025	2,232	115	2,117	4/2/15
Forest City, NC	Hotel	2,817	426	2,811	—	426	2,811	3,237	136	3,101	4/2/15
Wilmington, NC	Hotel	2,438	731	2,046	—	731	2,046	2,777	136	2,641	4/2/15
Cheraw, SC	Hotel	3,199	394	3,320	—	394	3,320	3,714	178	3,536	4/2/15
Gaffney, SC	Hotel	2,100	307	2,137	—	307	2,137	2,444	129	2,315	4/2/15
Georgetown, SC	Hotel	2,604	637	2,329	—	637	2,329	2,966	128	2,838	4/2/15
Greenwood, SC	Hotel	2,327	456	2,231	—	456	2,231	2,687	137	2,550	4/2/15
Lancaster, SC	Hotel	1,812	309	1,817	—	309	1,817	2,126	133	1,993	4/2/15
Seneca, SC	Hotel	2,336	342	2,382	—	342	2,382	2,724	149	2,575	4/2/15
Cleveland, TN	Hotel	2,069	365	2,076	—	365	2,076	2,441	167	2,274	4/2/15
Columbi, TN	Hotel	4,059	563	4,146	—	563	4,146	4,709	232	4,477	4/2/15
Decher, TN	Hotel	1,657	583	1,283	—	583	1,283	1,866	83	1,783	4/2/15
Gallatin, TN	Hotel	3,194	382	3,351	—	382	3,351	3,733	201	3,532	4/2/15
Greeneville, TN	Hotel	2,220	390	2,191	—	390	2,191	2,581	140	2,441	4/2/15
Harrisonburg, VA	Hotel	2,529	404	2,531	—	404	2,531	2,935	151	2,784	4/2/15

(Amounts in thousands) Property Name and/or Location	Property Type	Encumbrances	Initial Cost (1)		Costs Capitalized Subsequent to Acquisition	Gross Cost Basis at December 31, 2015 (2)			Accumulated Depreciation (3)	Net Carrying Amount	Date of Acquisition (4)
			Land	Buildings and Improvements		Land	Buildings and Improvements	Total			
Martinsville, VA	Hotel	2,479	231	2,665	—	231	2,665	2,896	147	2,749	4/2/15
North 48th Ave. 1—Phoenix, AZ	Industrial	2,413	1,133	2,508	40	1,133	2,548	3,681	117	3,564	12/18/14
North 48th Ave. 2—Phoenix, AZ	Industrial	350	209	373	17	209	390	599	16	583	12/18/14
North 48th Ave. 3—Phoenix, AZ	Industrial	2,378	1,133	2,248	354	1,133	2,602	3,735	207	3,528	12/18/14
North 48th Ave. 4—Phoenix, AZ	Industrial	666	291	747	10	291	757	1,048	31	1,017	12/18/14
North 48th Ave. 5—Phoenix, AZ	Industrial	523	240	633	22	240	655	895	26	869	12/18/14
Granite Commerce Center—Phoenix, AZ	Industrial	—	4,469	26,429	53	4,469	26,482	30,951	100	30,851	11/5/15
Lincoln Commerce Park—Phoenix, AZ	Industrial	4,900	3,555	31,802	—	3,555	31,802	35,357	39	35,318	12/11/15
South 15th—Phoenix, AZ	Industrial	7,220	1,668	6,891	—	1,668	6,891	8,559	231	8,328	12/18/14
South 48th Ave.—Phoenix, AZ	Industrial	2,492	1,196	2,642	14	1,196	2,656	3,852	116	3,736	12/18/14
South Palo Verde—Phoenix, AZ	Industrial	5,605	1,193	6,277	—	1,193	6,277	7,470	258	7,212	12/18/14
West Fairmont—Phoenix, AZ	Industrial	1,474	439	1,904	63	439	1,967	2,406	87	2,319	12/18/14
Mission Business Park—Tolleson, AZ	Industrial	17,800	2,036	15,120	—	2,036	15,120	17,156	21	17,135	12/16/15
Denver Business Center—Denver, CO	Industrial	4,129	1,342	5,610	—	1,342	5,610	6,952	209	6,743	12/18/14
Denver Business Center #5—Denver, CO	Industrial	9,560	2,227	11,761	—	2,227	11,761	13,988	411	13,577	12/18/14
East 51st Avenue—Denver, CO	Industrial	3,257	946	3,580	—	946	3,580	4,526	133	4,393	12/18/14
Moline Distribution Center—Denver, CO	Industrial	4,016	1,045	4,039	14	1,045	4,053	5,098	153	4,945	12/18/14
Moncrieff Distribution Center—Denver, CO	Industrial	6,072	1,501	6,674	—	1,501	6,674	8,175	237	7,938	12/18/14
Odessa Way—Denver, CO	Industrial	5,535	1,477	5,653	—	1,477	5,653	7,130	231	6,899	12/18/14
West 53rd Place—Denver, CO	Industrial	7,774	2,161	7,748	205	2,161	7,953	10,114	305	9,809	12/18/14
West Evans—Denver, CO	Industrial	3,488	657	3,826	—	657	3,826	4,483	136	4,347	12/18/14
Chancellor Drive—Orlando, FL	Industrial	8,473	2,166	10,016	—	2,166	10,016	12,182	403	11,779	12/18/14
Kingspointe Parkway —Orlando, FL	Industrial	7,475	2,148	8,578	—	2,148	8,578	10,726	394	10,332	12/18/14
La Quinta Drive—Orlando, FL	Industrial	5,177	1,811	6,678	59	1,811	6,737	8,548	278	8,270	12/18/14
123rd Circle North—Tampa, FL	Industrial	3,982	370	4,378	56	370	4,434	4,804	144	4,660	12/18/14
Corporex Drive—Tampa, FL	Industrial	4,526	968	4,993	24	968	5,017	5,985	239	5,746	12/18/14
Eastgate Distribution Center—Tampa, FL	Industrial	9,622	1,396	11,268	119	1,396	11,387	12,783	440	12,343	12/18/14
New Tampa Commerce Center —Tampa, FL	Industrial	11,768	1,544	11,499	31	1,544	11,530	13,074	552	12,522	12/18/14
Shiloh Road 1—Alpharetta, GA	Industrial	102	626	4,765	—	626	4,765	5,391	93	5,298	7/15/15
Shiloh Road 2—Alpharetta, GA	Industrial	137	614	6,655	—	614	6,655	7,269	128	7,141	7/15/15
Shiloh Road 3—Alpharetta, GA	Industrial	141	615	6,894	—	615	6,894	7,509	124	7,385	7/15/15
Shiloh Road 4—Alpharetta, GA	Industrial	157	772	7,547	—	772	7,547	8,319	130	8,189	7/15/15
Shiloh Road 5—Alpharetta, GA	Industrial	213	952	10,364	—	952	10,364	11,316	181	11,135	7/15/15
Shiloh Road 6—	Industrial	133	693	6,364	—	693	6,364	7,057	127	6,930	7/15/15

Alpharetta, GA											
Shiloh Road 7— Alpharetta, GA	Industrial	147	910	6,892	—	910	6,892	7,802	124	7,678	7/15/15
Atlanta Industrial Parkway 1— Atlanta, GA	Industrial	810	331	988	—	331	988	1,319	49	1,270	12/18/14
Atlanta Industrial Parkway 2— Atlanta, GA	Industrial	2,335	758	2,037	—	758	2,037	2,795	104	2,691	12/18/14
Atlanta Industrial Parkway 3— Atlanta, GA	Industrial	353	263	325	50	263	375	638	25	613	12/18/14
Atlanta Industrial Parkway 4— Atlanta, GA	Industrial	2,865	886	3,249	—	886	3,249	4,135	150	3,985	12/18/14
Atlanta Industrial Parkway 5— Atlanta, GA	Industrial	2,114	769	3,057	43	769	3,100	3,869	133	3,736	12/18/14

(Amounts in thousands) Property Name and/or Location	Property Type	Encumbrances	Initial Cost (1)		Costs Capitalized Subsequent to Acquisition	Gross Cost Basis at December 31, 2015 (2)			Accumulated Depreciation (3)	Net Carrying Amount	Date of Acquisition (4)
			Land	Buildings and Improvements		Land	Buildings and Improvements	Total			
Atwater Court 1—Atlanta, GA	Industrial	2,527	625	3,444	—	625	3,444	4,069	165	3,904	12/18/14
Atwater Court 2—Atlanta, GA	Industrial	1,978	485	2,367	—	485	2,367	2,852	115	2,737	12/18/14
Boatrock Blvd 1—Atlanta, GA	Industrial	1,364	424	1,744	77	424	1,821	2,245	66	2,179	12/18/14
Boatrock Blvd 2—Atlanta, GA	Industrial	707	260	796	—	260	796	1,056	35	1,021	12/18/14
Boatrock Blvd 3—Atlanta, GA	Industrial	667	205	689	30	205	719	924	30	894	12/18/14
Brook Hollow Distribution Center—Atlanta, GA	Industrial	10,141	1,858	13,768	121	1,858	13,889	15,747	533	15,214	12/18/14
Buford Highway—Atlanta, GA	Industrial	7,095	1,208	9,274	182	1,208	9,456	10,664	336	10,328	12/18/14
Button Gwinnett—Atlanta, GA	Industrial	6,282	1,128	8,628	20	1,128	8,648	9,776	321	9,455	12/18/14
Cedars Road—Atlanta, GA	Industrial	5,776	1,212	5,833	—	1,212	5,833	7,045	253	6,792	12/18/14
Cobb Parkway—Atlanta, GA	Industrial	5,408	815	6,187	—	815	6,187	7,002	273	6,729	12/18/14
Commerce Drive 1—Atlanta, GA	Industrial	2,371	467	3,077	—	467	3,077	3,544	143	3,401	12/18/14
Commerce Drive 2—Atlanta, GA	Industrial	2,412	402	3,084	25	402	3,109	3,511	129	3,382	12/18/14
Commerce Drive 3—Atlanta, GA	Industrial	2,327	529	2,849	—	529	2,849	3,378	123	3,255	12/18/14
Commerce Park—Atlanta, GA	Industrial	3,137	309	3,670	—	309	3,670	3,979	124	3,855	12/18/14
Commerce Way—Atlanta, GA	Industrial	2,093	309	2,878	25	309	2,903	3,212	102	3,110	12/18/14
Corporate Drive 2—Atlanta, GA	Industrial	3,292	366	4,447	37	366	4,484	4,850	167	4,683	12/18/14
Delk Road—Atlanta, GA	Industrial	2,367	264	2,598	11	264	2,609	2,873	100	2,773	12/18/14
Frederick Drive—Atlanta, GA	Industrial	1,645	695	1,783	59	695	1,842	2,537	85	2,452	12/18/14
Fulton—Atlanta, GA	Industrial	1,211	584	1,341	18	584	1,359	1,943	59	1,884	12/18/14
Great Southwest Pkwy 4—Atlanta, GA	Industrial	620	276	400	—	276	400	676	24	652	12/18/14
Great Southwest Pkwy 5—Atlanta, GA	Industrial	688	188	975	—	188	975	1,163	41	1,122	12/18/14
Hamilton Mill Business Center—Atlanta, GA	Industrial	6,099	1,002	8,629	—	1,002	8,629	9,631	310	9,321	12/18/14
Interstate West Parkway—Atlanta, GA	Industrial	2,259	700	3,217	29	700	3,246	3,946	137	3,809	12/18/14
Loyola Drive—Atlanta, GA	Industrial	1,438	533	2,018	—	533	2,018	2,551	91	2,460	12/18/14
Meadows at Bluegrass X—Atlanta, GA	Industrial	—	784	9,036	—	784	9,036	9,820	60	9,760	10/6/15
Meca Way—Atlanta, GA	Industrial	2,730	420	3,536	—	420	3,536	3,956	119	3,837	12/18/14
Northwest Pkwy 1—Atlanta, GA	Industrial	2,026	281	3,099	56	281	3,155	3,436	124	3,312	12/18/14
Northwest Pkwy 2—Atlanta, GA	Industrial	3,547	437	5,445	—	437	5,445	5,882	201	5,681	12/18/14
Oakbrook 1—Atlanta, GA	Industrial	2,938	502	3,028	—	502	3,028	3,530	137	3,393	12/18/14
Oakbrook 2—Atlanta, GA	Industrial	2,613	468	2,886	38	468	2,924	3,392	122	3,270	12/18/14
Oakbrook 3—Atlanta, GA	Industrial	2,366	529	3,134	111	529	3,245	3,774	136	3,638	12/18/14
Oakbrook 4—Atlanta, GA	Industrial	4,848	684	5,310	73	684	5,383	6,067	205	5,862	12/18/14
Oakbrook Summit—Atlanta, GA	Industrial	10,398	1,443	12,267	155	1,443	12,422	13,865	493	13,372	12/18/14
Old Peachtree Road—Atlanta, GA	Industrial	2,916	611	3,535	—	611	3,535	4,146	161	3,985	12/18/14
Peachtree Business Center—Atlanta,	Industrial	11,471	1,472	14,312	266	1,472	14,578	16,050	520	15,530	12/18/14

GA											
Phillip Lee Drive—Atlanta, GA	Industrial	2,284	700	3,072	—	700	3,072	3,772	119	3,653	12/18/14
Pickens—Atlanta, GA	Industrial	3,225	452	4,688	64	452	4,752	5,204	168	5,036	12/18/14
Progress Center—Atlanta, GA	Industrial	4,946	1,119	5,203	29	1,119	5,232	6,351	221	6,130	12/18/14
Satellite 1—Atlanta, GA	Industrial	6,122	1,338	7,492	—	1,338	7,492	8,830	313	8,517	12/18/14
Satellite 2—Atlanta, GA	Industrial	6,476	1,179	7,720	—	1,179	7,720	8,899	295	8,604	12/18/14

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			Land	Buildings and Improvements		Land	Buildings and Improvements	Total			
Satellite 3—Atlanta, GA	Industrial	4,431	651	4,526	37	651	4,563	5,214	203	5,011	12/18/14
Satellite 4—Atlanta, GA	Industrial	5,240	799	6,505	26	799	6,531	7,330	268	7,062	12/18/14
Satellite 5—Atlanta, GA	Industrial	4,845	1,571	6,898	100	1,571	6,998	8,569	332	8,237	12/18/14
Shackleford Road—Atlanta, GA	Industrial	4,169	668	4,607	—	668	4,607	5,275	170	5,105	12/18/14
Shawnee Industrial Way 1—Atlanta, GA	Industrial	8,201	1,239	10,789	490	1,239	11,279	12,518	386	12,132	12/18/14
Shawnee Industrial Way 2—Atlanta, GA	Industrial	8,432	1,382	8,202	74	1,382	8,276	9,658	305	9,353	12/18/14
Shawnee Ridge 1—Atlanta, GA	Industrial	4,129	893	5,320	12	893	5,332	6,225	218	6,007	12/18/14
Shawnee Ridge 2—Atlanta, GA	Industrial	11,740	2,749	18,011	—	2,749	18,011	20,760	709	20,051	12/18/14
Summit Ridge 1—Atlanta, GA	Industrial	5,283	1,437	6,439	—	1,437	6,439	7,876	299	7,577	12/18/14
Summit Ridge 2—Atlanta, GA	Industrial	6,789	1,144	6,682	—	1,144	6,682	7,826	252	7,574	12/18/14
Summit Ridge 3—Atlanta, GA	Industrial	3,217	659	4,155	91	659	4,246	4,905	167	4,738	12/18/14
Tradeport I—Atlanta, GA	Industrial	5,280	1,059	6,317	—	1,059	6,317	7,376	296	7,080	12/18/14
Tradeport II—Atlanta, GA	Industrial	8,406	765	9,922	34	765	9,956	10,721	317	10,404	12/18/14
Transwest Industrial Park—Atlanta, GA	Industrial	8,932	2,687	13,189	118	2,687	13,307	15,994	560	15,434	12/18/14
Troon Circle 1—Atlanta, GA	Industrial	3,839	877	5,281	—	877	5,281	6,158	208	5,950	12/18/14
Troon Circle 2—Atlanta, GA	Industrial	3,845	729	5,022	—	729	5,022	5,751	200	5,551	12/18/14
Troon Circle 3—Atlanta, GA	Industrial	4,097	859	5,309	—	859	5,309	6,168	201	5,967	12/18/14
Troon Circle 4—Atlanta, GA	Industrial	5,065	992	6,533	233	992	6,766	7,758	262	7,496	12/18/14
122nd Street—Chicago, IL	Industrial	2,474	1,213	2,786	—	1,213	2,786	3,999	127	3,872	12/18/14
171st Street—Chicago, IL	Industrial	1,995	1,113	1,162	24	1,113	1,186	2,299	94	2,205	12/18/14
Armory 1—Chicago, IL	Industrial	2,013	835	1,052	87	835	1,139	1,974	77	1,897	12/18/14
Armory 2—Chicago, IL	Industrial	828	614	1,036	83	614	1,119	1,733	73	1,660	12/18/14
Austin Avenue—Chicago, IL	Industrial	3,312	1,431	2,194	256	1,431	2,450	3,881	146	3,735	12/18/14
Corporate Drive 1—Chicago, IL	Industrial	3,103	730	3,667	—	730	3,667	4,397	221	4,176	12/18/14
Crosslink—Chicago, IL	Industrial	9,644	1,531	9,267	—	1,531	9,267	10,798	381	10,417	12/18/14
Crystal Lake 1—Chicago, IL	Industrial	4,873	1,908	7,281	24	1,908	7,305	9,213	294	8,919	12/18/14
Crystal Lake 2—Chicago, IL	Industrial	5,126	1,501	6,012	24	1,501	6,036	7,537	245	7,292	12/18/14
Crystal Lake 3—Chicago, IL	Industrial	5,334	1,622	6,994	—	1,622	6,994	8,616	320	8,296	12/18/14
Crystal Lake 4—Chicago, IL	Industrial	5,735	1,525	5,749	—	1,525	5,749	7,274	250	7,024	12/18/14
East North Avenue—Chicago, IL	Industrial	2,608	879	2,248	—	879	2,248	3,127	120	3,007	12/18/14
Exchange Avenue—Chicago, IL	Industrial	10,815	2,977	5,501	11	2,977	5,512	8,489	544	7,945	12/18/14
Fenton—Chicago, IL	Industrial	5,237	1,217	6,047	12	1,217	6,059	7,276	222	7,054	12/18/14
Frontenac 1—Chicago, IL	Industrial	3,322	784	3,490	—	784	3,490	4,274	139	4,135	12/18/14
Frontenac 2—Chicago, IL	Industrial	1,408	401	1,419	—	401	1,419	1,820	60	1,760	12/18/14
Glen Ellyn—Chicago, IL	Industrial	3,149	1,035	2,656	47	1,035	2,703	3,738	125	3,613	12/18/14
Hammond—Chicago, IL	Industrial	1,841	776	1,492	13	776	1,505	2,281	88	2,193	12/18/14
Harvester Road—Chicago, IL	Industrial	6,097	2,260	5,477	23	2,260	5,500	7,760	256	7,504	12/18/14
Industrial Drive—Chicago, IL	Industrial	5,664	1,102	6,848	—	1,102	6,848	7,950	244	7,706	12/18/14
Kingsland Drive—Chicago, IL	Industrial	2,913	1,489	2,506	19	1,489	2,525	4,014	178	3,836	12/18/14
Kirk Road—Chicago, IL	Industrial	3,608	1,787	4,062	—	1,787	4,062	5,849	232	5,617	12/18/14

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			Land	Buildings and Improvements		Land	Buildings and Improvements	Total			
Lunt Avenue—Chicago, IL	Industrial	1,863	563	1,887	49	563	1,936	2,499	78	2,421	12/18/14
Mason Avenue—Chicago, IL	Industrial	2,663	722	1,825	—	722	1,825	2,547	101	2,446	12/18/14
Meade Avenue—Chicago, IL	Industrial	682	391	351	35	391	386	777	112	665	12/18/14
Mount Prospect Road—Chicago, IL	Industrial	4,657	1,662	6,392	—	1,662	6,392	8,054	266	7,788	12/18/14
Northwest Avenue—Chicago, IL	Industrial	8,149	1,758	10,016	—	1,758	10,016	11,774	346	11,428	12/18/14
Paramount Pkwy 1—Chicago, IL	Industrial	2,236	506	2,284	60	506	2,344	2,850	87	2,763	12/18/14
Paramount Pkwy 2—Chicago, IL	Industrial	1,844	523	1,812	44	523	1,856	2,379	85	2,294	12/18/14
Powis Road 1—Chicago, IL	Industrial	4,027	893	3,742	21	893	3,763	4,656	143	4,513	12/18/14
Powis Road 2—Chicago, IL	Industrial	3,271	1,071	3,801	—	1,071	3,801	4,872	187	4,685	12/18/14
Territorial Court—Chicago, IL	Industrial	3,734	531	3,919	—	531	3,919	4,450	142	4,308	12/18/14
Tollgate Road—Chicago, IL	Industrial	3,682	756	4,029	—	756	4,029	4,785	145	4,640	12/18/14
Continental Can—Kansas City, KS	Industrial	5,707	790	6,277	—	790	6,277	7,067	221	6,846	12/18/14
Hollins Ferry Road—Halethorpe, MD	Industrial	—	1,467	6,714	—	1,467	6,714	8,181	196	7,985	6/19/15
Wellmoor Court—Jessup, MD	Industrial	—	2,173	5,635	—	2,173	5,635	7,808	165	7,643	6/19/15
31st Avenue—Minneapolis, MN	Industrial	8,168	1,515	9,054	262	1,515	9,316	10,831	397	10,434	12/18/14
Armstrong 1—Minneapolis, MN	Industrial	6,928	984	8,489	128	984	8,617	9,601	353	9,248	12/18/14
Armstrong 2—Minneapolis, MN	Industrial	7,155	891	8,035	328	891	8,363	9,254	296	8,958	12/18/14
Aspen Distribution—Minneapolis, MN	Industrial	3,326	1,022	2,763	—	1,022	2,763	3,785	164	3,621	12/18/14
Diamond Lake Industrial Center II—Minneapolis, MN	Industrial	2,788	729	2,716	—	729	2,716	3,445	140	3,305	12/18/14
Enterprise Drive—Minneapolis, MN	Industrial	6,556	1,500	8,487	—	1,500	8,487	9,987	327	9,660	3/20/15
Fridley Industrial Park—Minneapolis, MN	Industrial	8,483	971	9,429	26	971	9,455	10,426	309	10,117	12/18/14
Hampshire Avenue South 1—Minneapolis, MN	Industrial	5,937	1,427	8,564	—	1,427	8,564	9,991	318	9,673	3/20/15
Hampshire Avenue South 2—Minneapolis, MN	Industrial	6,318	1,406	8,037	—	1,406	8,037	9,443	320	9,123	3/20/15
Midway Distribution Center—Minneapolis, MN	Industrial	11,003	1,863	11,771	250	1,863	12,021	13,884	455	13,429	12/18/14
North Nathan Lane—Minneapolis, MN	Industrial	7,844	2,660	10,417	65	2,660	10,482	13,142	448	12,694	3/20/15
South Diamond Lake—Minneapolis, MN	Industrial	3,976	666	3,473	—	666	3,473	4,139	147	3,992	12/18/14
Twinlakes I—Minneapolis, MN	Industrial	2,565	830	2,448	362	830	2,810	3,640	145	3,495	12/18/14
Airworld Building 1—Kansas City, MO	Industrial	4,502	893	5,691	952	893	6,643	7,536	299	7,237	12/18/14
Airworld Building 2—Kansas City, MO	Industrial	4,618	748	5,069	—	748	5,069	5,817	201	5,616	12/18/14
Airworld 107th Terrace—Kansas City, MO	Industrial	2,856	600	3,407	—	600	3,407	4,007	166	3,841	12/18/14
Levee—Kansas City, MO	Industrial	5,598	1,387	4,413	229	1,387	4,642	6,029	227	5,802	12/18/14
North Topping Avenue—Kansas City, MO	Industrial	2,946	713	3,256	—	713	3,256	3,969	151	3,818	12/18/14
Quebec—Kansas City, MO	Industrial	7,159	1,193	7,778	221	1,193	7,999	9,192	306	8,886	12/18/14
Saline—Kansas City,	Industrial	3,190	676	2,955	86	676	3,041	3,717	147	3,570	12/18/14

MO											
Warren Street—Kansas City, MO	Industrial	6,216	1,351	6,727	38	1,351	6,765	8,116	286	7,830	12/18/14
Axminister—St. Louis, MO	Industrial	7,653	1,328	8,468	—	1,328	8,468	9,796	334	9,462	12/18/14
Corporate Exchange—St. Louis, MO	Industrial	4,272	835	3,479	—	835	3,479	4,314	177	4,137	12/18/14
Corporate Woods V—St. Louis, MO	Industrial	5,880	1,348	5,724	19	1,348	5,743	7,091	253	6,838	12/18/14
Crossroads Industrial—St. Louis, MO	Industrial	2,576	659	3,173	—	659	3,173	3,832	145	3,687	12/18/14

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Mid-County Industrial Dr 1—St. Louis, MO	Industrial	3,079	587	2,439	27	587	2,466	3,053	105	2,948	12/18/14
Mid-County Industrial Dr 2—St. Louis, MO	Industrial	2,955	494	2,186	—	494	2,186	2,680	119	2,561	12/18/14
Rider Trail North—St. Louis, MO	Industrial	4,669	1,448	5,650	50	1,448	5,700	7,148	265	6,883	12/18/14
Trane Distribution Center—St. Louis, MO	Industrial	10,032	2,114	12,583	—	2,114	12,583	14,697	497	14,200	12/18/14
Bordentown-Hedding Road—Bordentown, NJ	Industrial	—	5,851	3,362	—	5,851	3,362	9,213	117	9,096	6/19/15
Mid-Atlantic Corp 1—South Jersey, NJ	Industrial	1,575	279	2,260	14	279	2,274	2,553	84	2,469	12/18/14
Mid-Atlantic Corp 2—South Jersey, NJ	Industrial	2,185	587	2,638	—	587	2,638	3,225	129	3,096	12/18/14
Mid-Atlantic Corp 3—South Jersey, NJ	Industrial	2,138	264	2,530	—	264	2,530	2,794	105	2,689	12/18/14
Mid-Atlantic Corp 4—South Jersey, NJ	Industrial	2,626	228	3,226	—	228	3,226	3,454	106	3,348	12/18/14
Mid-Atlantic Corp 5—South Jersey, NJ	Industrial	4,760	736	7,158	—	736	7,158	7,894	296	7,598	12/18/14
Mid-Atlantic Corp 6—South Jersey, NJ	Industrial	1,382	263	1,576	—	263	1,576	1,839	70	1,769	12/18/14
Mid-Atlantic Corp 7—South Jersey, NJ	Industrial	1,290	283	2,334	15	283	2,349	2,632	101	2,531	12/18/14
Mid-Atlantic Corp 8—South Jersey, NJ	Industrial	1,902	613	2,496	391	613	2,887	3,500	154	3,346	12/18/14
Mid-Atlantic Corp 9—South Jersey, NJ	Industrial	1,325	546	1,615	100	546	1,715	2,261	102	2,159	12/18/14
Mid-Atlantic Corp 10—South Jersey, NJ	Industrial	2,116	292	2,235	—	292	2,235	2,527	108	2,419	12/18/14
Mid-Atlantic Corp 11—South Jersey, NJ	Industrial	1,737	316	2,225	—	316	2,225	2,541	100	2,441	12/18/14
Mid-Atlantic Corp 12—South Jersey, NJ	Industrial	2,416	511	3,140	—	511	3,140	3,651	195	3,456	12/18/14
Connecticut—South Jersey, NJ	Industrial	1,947	662	1,946	—	662	1,946	2,608	113	2,495	12/18/14
Delran Parkway—South Jersey, NJ	Industrial	1,866	579	2,778	34	579	2,812	3,391	131	3,260	12/18/14
Freeway Drive 1—South Jersey, NJ	Industrial	2,114	354	2,460	—	354	2,460	2,814	105	2,709	12/18/14
Freeway Drive 2—South Jersey, NJ	Industrial	1,816	399	3,110	—	399	3,110	3,509	122	3,387	12/18/14
Imperial Way Land—South Jersey, NJ	Industrial	149	304	—	—	304	—	304	—	304	12/18/14
Mid-Atlantic Grandview—South Jersey, NJ	Industrial	1,887	245	2,191	—	245	2,191	2,436	84	2,352	12/18/14
Mid-Atlantic Imperial—South Jersey, NJ	Industrial	2,166	547	2,614	—	547	2,614	3,161	130	3,031	12/18/14
Pedricktown Commons—South Jersey, NJ	Industrial	8,941	1,259	12,209	13	1,259	12,222	13,481	522	12,959	12/18/14
Commerce Drive—Aston, PA	Industrial	—	2,905	15,929	—	2,905	15,929	18,834	499	18,335	6/19/15
Marshall Lane—Bensalem, PA	Industrial	—	3,798	15,253	—	3,798	15,253	19,051	454	18,597	6/19/15
Progress Drive—Bensalem, PA	Industrial	—	6,069	15,210	—	6,069	15,210	21,279	529	20,750	6/19/15
Keystone Crossings II—Bristol, PA	Industrial	—	2,313	16,778	—	2,313	16,778	19,091	360	18,731	5/18/15
Dunks Ferry—Philadelphia, PA	Industrial	3,138	558	3,574	—	558	3,574	4,132	148	3,984	12/18/14
Frost—Philadelphia, PA	Industrial	4,761	637	5,481	—	637	5,481	6,118	216	5,902	12/18/14
Marshall—Philadelphia, PA	Industrial	3,960	780	4,623	—	780	4,623	5,403	187	5,216	12/18/14
Sinclair—Philadelphia, PA	Industrial	4,073	902	5,594	54	902	5,648	6,550	241	6,309	12/18/14
Malone Distribution Center 1—Memphis, TN	Industrial	1,772	435	2,143	—	435	2,143	2,578	108	2,470	12/18/14
Malone Distribution Center 2—Memphis, TN	Industrial	1,699	480	2,265	—	480	2,265	2,745	118	2,627	12/18/14
Malone Distribution Center 3—Memphis, TN	Industrial	1,296	252	1,429	—	252	1,429	1,681	96	1,585	12/18/14

Rutland 1—Austin, TX	Industrial	3,553	722	3,562	245	722	3,807	4,529	157	4,372	12/18/14
Rutland 2—Austin, TX	Industrial	2,818	509	2,673	23	509	2,696	3,205	98	3,107	12/18/14
Cameron Road Corporate Park—Austin, TX	Industrial	9,547	1,943	11,215	—	1,943	11,215	13,158	457	12,701	12/18/14
Wallace Drive 1—Dallas, TX	Industrial	4,265	1,004	6,788	241	1,004	7,029	8,033	291	7,742	12/18/14

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Wallace Drive 2—Dallas, TX	Industrial	4,431	1,030	6,766	—	1,030	6,766	7,796	233	7,563	12/18/14
Wallace Drive 3—Dallas, TX	Industrial	6,065	973	6,404	45	973	6,449	7,422	249	7,173	12/18/14
Wallace Drive 4—Dallas, TX	Industrial	4,043	1,295	4,662	—	1,295	4,662	5,957	240	5,717	12/18/14
Wallace Drive 5—Dallas, TX	Industrial	4,592	1,032	5,274	17	1,032	5,291	6,323	243	6,080	12/18/14
Avenue N—Dallas, TX	Industrial	4,817	1,302	6,797	178	1,302	6,975	8,277	255	8,022	12/18/14
Avenue R—Dallas, TX	Industrial	1,311	478	2,495	—	478	2,495	2,973	188	2,785	12/18/14
Billy Mitchell 1—Dallas, TX	Industrial	1,038	255	1,326	30	255	1,356	1,611	44	1,567	12/18/14
Billy Mitchell 2—Dallas, TX	Industrial	1,234	255	1,702	—	255	1,702	1,957	64	1,893	12/18/14
Bradley Lane—Dallas, TX	Industrial	1,749	604	2,127	28	604	2,155	2,759	82	2,677	12/18/14
Capital Avenue—Dallas, TX	Industrial	1,053	269	1,277	—	269	1,277	1,546	46	1,500	12/18/14
Carter Drive—Dallas, TX	Industrial	2,036	829	2,018	—	829	2,018	2,847	95	2,752	12/18/14
Carter Industrial Park—Dallas, TX	Industrial	2,388	760	3,061	75	760	3,136	3,896	125	3,771	12/18/14
Century—Dallas, TX	Industrial	5,085	1,584	4,713	95	1,584	4,808	6,392	284	6,108	12/18/14
Country Club Drive —Dallas, TX	Industrial	5,886	1,086	6,320	—	1,086	6,320	7,406	228	7,178	12/18/14
Crossroads I—Dallas, TX	Industrial	3,220	970	5,431	27	970	5,458	6,428	223	6,205	12/18/14
Crossroads II—Dallas, TX	Industrial	2,703	525	3,695	—	525	3,695	4,220	170	4,050	12/18/14
Crown Drive—Dallas, TX	Industrial	2,375	905	3,123	—	905	3,123	4,028	164	3,864	12/18/14
East Avenue E—Dallas, TX	Industrial	1,981	575	1,872	—	575	1,872	2,447	80	2,367	12/18/14
Exchange Drive—Dallas, TX	Industrial	1,659	448	1,919	—	448	1,919	2,367	65	2,302	12/18/14
Hilltop—Dallas, TX	Industrial	2,704	575	3,165	—	575	3,165	3,740	141	3,599	12/18/14
Jetstar Drive—Dallas, TX	Industrial	1,675	308	1,929	—	308	1,929	2,237	74	2,163	12/18/14
Kellway Drive—Dallas, TX	Industrial	1,341	256	1,594	—	256	1,594	1,850	65	1,785	12/18/14
Kelly 1—Dallas, TX	Industrial	4,449	1,036	5,573	—	1,036	5,573	6,609	202	6,407	12/18/14
Kelly 2—Dallas, TX	Industrial	7,633	2,167	9,289	194	2,167	9,483	11,650	368	11,282	12/18/14
Langland—Dallas, TX	Industrial	4,746	1,475	4,672	—	1,475	4,672	6,147	198	5,949	12/18/14
Miller Road—Dallas, TX	Industrial	1,325	344	1,642	—	344	1,642	1,986	84	1,902	12/18/14
Plaza 35-1—Dallas, TX	Industrial	4,385	2,455	4,975	106	2,455	5,081	7,536	316	7,220	12/18/14
Plaza 35-2—Dallas, TX	Industrial	7,013	2,256	7,820	—	2,256	7,820	10,076	363	9,713	12/18/14
Rafe Street—Dallas, TX	Industrial	2,086	554	2,511	50	554	2,561	3,115	99	3,016	12/18/14
Red Bird—Dallas, TX	Industrial	2,203	539	1,986	69	539	2,055	2,594	85	2,509	12/18/14
Santa Anna—Dallas, TX	Industrial	3,442	961	1,629	—	961	1,629	2,590	88	2,502	12/18/14
Shiloh Road—Dallas, TX	Industrial	4,691	1,271	6,511	74	1,271	6,585	7,856	277	7,579	12/18/14
Skylane Drive 1—Dallas, TX	Industrial	5,001	863	6,648	296	863	6,944	7,807	246	7,561	12/18/14
Skylane Drive 2—Dallas, TX	Industrial	1,196	256	1,649	—	256	1,649	1,905	74	1,831	12/18/14
Skyway Circle North—Dallas, TX	Industrial	2,965	541	3,127	14	541	3,141	3,682	145	3,537	12/18/14
Sterling—Dallas, TX	Industrial	5,060	1,473	5,906	—	1,473	5,906	7,379	246	7,133	12/18/14
Valley View—Dallas, TX	Industrial	5,567	1,453	6,141	—	1,453	6,141	7,594	241	7,353	12/18/14

Valwood Industrial Center—Dallas, TX	Industrial	4,930	1,032	7,681	37	1,032	7,718	8,750	243	8,507	12/18/14
Vantage Drive—Dallas, TX	Industrial	11,966	2,900	13,997	—	2,900	13,997	16,897	622	16,275	12/18/14
West Crosby—Dallas, TX	Industrial	2,466	558	2,996	—	558	2,996	3,554	140	3,414	12/18/14

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West North Carrier —Dallas, TX	Industrial	6,172	1,999	8,508	14	1,999	8,522	10,521	311	10,210	12/18/14
West Royal Lane— Dallas, TX	Industrial	6,134	—	8,979	36	—	9,015	9,015	323	8,692	12/18/14
West Trinity Mills— Dallas, TX	Industrial	2,278	867	3,689	—	867	3,689	4,556	164	4,392	12/18/14
Alliance Gateway— Fort Worth, TX	Industrial	—	993	4,743	—	993	4,743	5,736	124	5,612	4/21/15
Avenue R 1—Grand Prairie, TX	Industrial	—	1,178	6,256	22	1,178	6,278	7,456	212	7,244	4/21/15
Avenue R 2—Grand Prairie, TX	Industrial	—	892	5,722	85	892	5,807	6,699	181	6,518	4/21/15
Avenue R 3—Grand Prairie, TX	Industrial	—	1,159	8,159	—	1,159	8,159	9,318	239	9,079	4/21/15
114th Street—Grand Prairie, TX	Industrial	—	920	5,461	—	920	5,461	6,381	123	6,258	4/21/15
Westpark Drive— Grand Prairie, TX	Industrial	—	642	4,554	175	642	4,729	5,371	123	5,248	4/21/15
Air Center Business Park—Houston, TX	Industrial	13,482	2,084	16,343	—	2,084	16,343	18,427	584	17,843	12/18/14
Chisholm Trail— Houston, TX	Industrial	3,536	979	4,550	23	979	4,573	5,552	177	5,375	12/18/14
Freeport Ninety Business Center —Houston, TX	Industrial	22,805	4,429	27,710	331	4,429	28,041	32,470	1,016	31,454	12/18/14
Heathrow Forest Parkway— Houston, TX	Industrial	4,232	1,351	4,485	—	1,351	4,485	5,836	176	5,660	12/18/14
North Shepherd Business Center —Houston, TX	Industrial	4,594	1,541	5,473	48	1,541	5,521	7,062	255	6,807	12/18/14
Oakhollow Business Center—Houston, TX	Industrial	4,182	1,234	6,231	38	1,234	6,269	7,503	215	7,288	12/18/14
Pinemont Business Center—Houston, TX	Industrial	4,207	869	5,609	66	869	5,675	6,544	218	6,326	12/18/14
South Trade Center —Houston, TX	Industrial	7,243	2,199	8,805	—	2,199	8,805	11,004	323	10,681	12/18/14
Sugar Land Business Center —Houston, TX	Industrial	18,348	2,823	23,543	281	2,823	23,824	26,647	827	25,820	12/18/14
Westhollow— Houston, TX	Industrial	5,721	1,982	6,634	136	1,982	6,770	8,752	330	8,422	12/18/14
Wingfoot Road— Houston, TX	Industrial	3,782	1,216	4,454	—	1,216	4,454	5,670	180	5,490	12/18/14
Plano Business Center 1—Plano, TX	Industrial	14,598	2,485	18,402	47	2,485	18,449	20,934	719	20,215	12/18/14
West Custer Road 1 —Salt Lake City, UT	Industrial	1,700	586	2,108	63	586	2,171	2,757	80	2,677	12/18/14
West Custer Road 2 —Salt Lake City, UT	Industrial	1,934	526	2,208	104	526	2,312	2,838	86	2,752	12/18/14
West Custer Road 3 —Salt Lake City, UT	Industrial	578	315	706	—	315	706	1,021	34	987	12/18/14
West Custer Road 4 —Salt Lake City, UT	Industrial	3,883	1,025	4,757	36	1,025	4,793	5,818	184	5,634	12/18/14
West Custer Road 5 —Salt Lake City, UT	Industrial	597	328	828	33	328	861	1,189	39	1,150	12/18/14
Bridger Road—Salt Lake City, UT	Industrial	2,194	651	2,852	—	651	2,852	3,503	102	3,401	12/18/14
Fremont Drive 1— Salt Lake City, UT	Industrial	2,347	674	2,473	—	674	2,473	3,147	89	3,058	12/18/14
Fremont Drive 2— Salt Lake City, UT	Industrial	3,127	1,312	3,809	—	1,312	3,809	5,121	168	4,953	12/18/14
Pentagon Centennial —Salt Lake City, UT	Industrial	4,442	615	6,240	—	615	6,240	6,855	217	6,638	12/18/14

South—Salt Lake City, UT	Industrial	3,073	794	3,055	—	794	3,055	3,849	119	3,730	12/18/14
South 3600 West Street—Salt Lake City, UT	Industrial	4,469	1,329	5,645	11	1,329	5,656	6,985	208	6,777	12/18/14
South Street—Salt Lake City, UT	Industrial	4,572	1,133	6,359	12	1,133	6,371	7,504	214	7,290	12/18/14
Summit Distribution Center—Salt Lake City, UT	Industrial	10,766	2,535	14,253	30	2,535	14,283	16,818	503	16,315	12/18/14
West Technology Drive—Salt Lake City, UT	Industrial	6,031	1,847	7,209	19	1,847	7,228	9,075	270	8,805	12/18/14
100th Street—Chicago, WI	Industrial	7,535	1,777	6,842	—	1,777	6,842	8,619	302	8,317	12/18/14
Alicante-Elche, Spain	Industrial	657	449	867	15	449	882	1,331	33	1,298	4/2/15
Barcelona-Granollers, Spain	Industrial	4,752	1,788	3,277	58	1,788	3,335	5,123	124	4,999	4/2/15
Bilbao, Spain	Industrial	1,166	782	1,553	28	782	1,581	2,363	58	2,305	4/2/15
Gran Canaria, Spain	Industrial	510	414	610	11	414	621	1,035	23	1,012	4/2/15

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La Coruña, Spain	Industrial	703	420	986	18	420	1,004	1,424	37	1,387	4/2/15
Madrid-Coslada, Spain	Industrial	7,785	5,214	10,375	184	5,214	10,559	15,773	391	15,382	4/2/15
Mallorca, Spain	Industrial	602	552	654	12	552	666	1,218	25	1,193	4/2/15
Mérida, Spain	Industrial	176	126	231	—	126	231	357	9	348	4/2/15
Sevilla- Pl. Store, Spain	Industrial	910	783	1,042	19	783	1,061	1,844	39	1,805	4/2/15
Sevilla-Alcalá G., Spain	Industrial	949	694	1,208	21	694	1,229	1,923	45	1,878	4/2/15
Tenerife, Spain	Industrial	393	414	384	—	414	384	798	14	784	4/2/15
Valencia, Spain	Industrial	907	726	1,092	19	726	1,111	1,837	41	1,796	4/2/15
Valladolid, Spain	Industrial	454	316	594	11	316	605	921	22	899	4/2/15
Zaragoza, Spain	Industrial	5,576	2,404	8,738	155	2,404	8,893	11,297	329	10,968	4/2/15
Woodside Park—Dunstable, UK	Industrial	20,098	8,068	22,706	—	8,068	22,706	30,774	70	30,704	12/10/15
Wednesbury Trading Estate—Wednesbury, UK	Industrial	10,802	—	16,541	—	—	16,541	16,541	45	16,496	12/10/15
Total Fitness Preston and Mannin House—Crewe, UK	Leisure	3,310	995	4,075	—	995	4,075	5,070	11	5,059	12/10/15
Dundee Camper Down Leisure Park—Dundee, UK	Leisure	7,305	2,947	8,239	—	2,947	8,239	11,186	19	11,167	12/10/15
Kingsway Leisure Park—Kingsmead, UK	Leisure	7,219	2,947	8,107	—	2,947	8,107	11,054	18	11,036	12/10/15
Peston Total Fitness —Preston, UK	Leisure	3,143	995	3,818	—	995	3,818	4,813	9	4,804	12/10/15
Gade House—Watford, UK	Leisure	3,517	—	5,387	—	—	5,387	5,387	13	5,374	12/10/15
44th Street—Phoenix, AZ	Office	13,500	5,800	27,500	5,235	5,800	32,735	38,535	920	37,615	4/2/15
Pima Center—Scottsdale, AZ	Office	—	—	14,130	—	—	14,130	14,130	840	13,290	6/24/14
Excelsior Crossings —Hopkins, MN	Office	88,000	8,319	104,367	—	8,319	104,367	112,686	7,280	105,406	12/9/13
Office—Rue de la Piazza, France	Office	17,050	4,614	28,247	—	4,614	28,247	32,861	70	32,791	11/27/15
Piazza Firenze, Italy	Office	—	307	230	—	307	230	537	8	529	4/2/15
Via Iv Novembre, Italy	Office	—	2,219	804	—	2,219	804	3,023	24	2,999	4/2/15
Forus, Norway	Office	180,960	61,097	226,872	—	61,097	226,872	287,969	3,756	284,213	6/9/15
Shiprow Aberdeen —Aberdeen, UK	Office	7,688	6,711	8,318	—	6,711	8,318	15,029	259	14,770	4/2/15
The Quadrant Bristol —Almondsbury, UK	Office	9,798	3,942	11,062	—	3,942	11,062	15,004	28	14,976	12/10/15
Broadway House—Bradford, UK	Office	2,544	260	2,736	—	260	2,736	2,996	119	2,877	4/2/15
Alexander House—Cardiff, UK	Office	1,066	369	1,139	—	369	1,139	1,508	64	1,444	4/2/15
Castle Street Cardiff —Cardiff, UK	Office	3,689	1,404	3,998	—	1,404	3,998	5,402	111	5,291	4/2/15
Newport Road—Cardiff, UK	Office	3,521	481	3,794	—	481	3,794	4,275	149	4,126	4/2/15
The Friary Cardiff—Cardiff, UK	Office	3,873	1,116	4,195	—	1,116	4,195	5,311	121	5,190	4/2/15
The Grange—Cheltenham—Cheltenham, UK	Office	29,160	12,044	32,606	—	12,044	32,606	44,650	82	44,568	12/10/15
Whitfield Court—Dover, UK	Office	2,434	665	2,550	39	665	2,589	3,254	170	3,084	4/2/15
Clepington Road—Dundee, UK	Office	1,750	759	1,884	—	759	1,884	2,643	78	2,565	4/2/15
Concept Court—Folkestone, UK	Office	3,951	203	4,261	—	203	4,261	4,464	159	4,305	4/2/15
Astral Tower—Gatwick , UK	Office	—	7,183	18,528	437	7,183	18,965	26,148	765	25,383	4/2/15
Pacific House—Glasgow, UK	Office	6,303	3,786	6,477	325	3,786	6,802	10,588	247	10,341	4/2/15
Albion Trade Park—Handsworth, UK	Office	1,134	369	1,223	—	369	1,223	1,592	46	1,546	4/2/15
Helios Court—	Office	8,998	3,610	10,169	—	3,610	10,169	13,779	23	13,756	12/10/15

Hatfield, UK

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Two Humber Quays —Hull, UK	Office	5,417	—	5,850	—	—	5,850	5,850	207	5,643	4/2/15
Bain Square 1— Livingston, UK	Office	815	418	876	—	418	876	1,294	40	1,254	4/2/15
Bain Square 2— Livingston, UK	Office	736	524	790	—	524	790	1,314	37	1,277	4/2/15
Gloucester Building —London, UK	Office	15,432	6,115	17,515	—	6,115	17,515	23,630	38	23,592	12/10/15
Cathedral Square— Newcastle, UK	Office	9,597	2,108	10,327	—	2,108	10,327	12,435	438	11,997	4/2/15
Drury Point— Oldham, UK	Office	2,556	—	2,644	—	—	2,644	2,644	334	2,310	4/2/15
Uxbridge—Regus House—London, UK	Office	5,062	1,953	5,800	—	1,953	5,800	7,753	14	7,739	12/10/15
Llys Tawe— Swansea, UK	Office	3,980	—	4,294	—	—	4,294	4,294	157	4,137	4/2/15
Mecca Bingo— Swansea, UK	Office	1,620	2,268	1,733	—	2,268	1,733	4,001	97	3,904	4/2/15
Quay West— Swansea, UK	Office	3,000	—	3,176	52	—	3,228	3,228	133	3,095	4/2/15
Swansea enterprice park—Swansea, UK	Office	2,254	681	2,445	—	681	2,445	3,126	64	3,062	4/2/15
Waterside Business Park—Swansea, UK	Office	3,080	—	3,304	—	—	3,304	3,304	163	3,141	4/2/15
Wind Street— Swansea, UK	Office	1,597	325	1,728	—	325	1,728	2,053	53	2,000	4/2/15
Thatcham Business Village— Thatcham, UK	Office	2,622	3,618	2,044	735	3,618	2,779	6,397	207	6,190	4/2/15
Holiday Inn—York, UK	Office	12,894	4,169	11,131	—	4,169	11,131	15,300	531	14,769	4/2/15
Contra' Porta Padova , Italy	Retail	—	817	201	—	817	201	1,018	8	1,010	4/2/15
Corso Francia Via Jacini, Italy	Retail	—	1,629	103	—	1,629	103	1,732	5	1,727	4/2/15
Corso Mazzini— Angolo Piazzale Del Lavoro, Italy	Retail	—	938	934	—	938	934	1,872	13	1,859	4/2/15
Corso Stati Uniti, Italy	Retail	—	270	324	—	270	324	594	3	591	4/2/15
Largo Carducci, Italy	Retail	—	1,000	292	—	1,000	292	1,292	18	1,274	4/2/15
Largo Gramsci— Via Borgo Marturi 1, Italy	Retail	—	601	552	—	601	552	1,153	15	1,138	4/2/15
Piazza Caneva Ang. Via Biondi, Italy	Retail	—	585	125	—	585	125	710	3	707	4/2/15
Piazza Del Popolo, Italy	Retail	—	602	328	—	602	328	930	11	919	4/2/15
Piazza Falcone-Borsellino Via D. Costa, Italy	Retail	—	646	304	—	646	304	950	10	940	4/2/15
Piazza Garibaldi, Italy	Retail	—	549	256	—	549	256	805	8	797	4/2/15
Piazza Pio Xi Via Micara, Italy	Retail	—	1,355	90	—	1,355	90	1,445	5	1,440	4/2/15
Piazza Righi, Italy	Retail	—	1,288	236	—	1,288	236	1,524	8	1,516	4/2/15
Piazza Tommaseo, Italy	Retail	—	1,343	309	—	1,343	309	1,652	7	1,645	4/2/15
Piazza V. Emanuele Ii, Italy	Retail	—	353	277	—	353	277	630	6	624	4/2/15
Piazza Xx Settembre, Italy	Retail	—	357	193	—	357	193	550	7	543	4/2/15
Piazzale Santa Croce, Italy	Retail	—	386	212	—	386	212	598	10	588	4/2/15
Via Appia Nuova Ang. Via Veio, Italy	Retail	—	2,176	103	—	2,176	103	2,279	1	2,278	4/2/15
Via Brigata Partigiana Ugo Muccini, Italy	Retail	—	455	240	—	455	240	695	2	693	4/2/15
Via Bufalini, Italy	Retail	—	12,616	17,926	—	12,616	17,926	30,542	160	30,382	4/2/15
Via Chiodo, Italy	Retail	—	2,864	921	—	2,864	921	3,785	1	3,784	4/2/15

Via Cimarosa Ang. C.So Vercelli, Italy	Retail	—	2,286	158	—	2,286	158	2,444	7	2,437	4/2/15
Via Dalmazia, Italy	Retail	—	640	175	—	640	175	815	6	809	4/2/15
Via Dante—Via Manzoni, Italy	Retail	—	190	108	—	190	108	298	4	294	4/2/15
Via Della Giuliana —Via Buccari 11, Italy	Retail	—	1,084	73	—	1,084	73	1,157	3	1,154	4/2/15
Via Diaz, Italy	Retail	—	872	200	—	685	200	885	52	833	4/2/15

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Via Fiume, Italy	Retail	—	304	172	—	304	172	476	1	475	4/2/15
Via Flaminia, Italy	Retail	—	1,781	104	—	1,781	104	1,885	5	1,880	4/2/15
Via Michelangelo Buonarroti, Italy	Retail	—	2,899	241	—	2,899	241	3,140	7	3,133	4/2/15
Via Montebuoni, Italy	Retail	—	245	141	—	245	141	386	4	382	4/2/15
Via Pescheria Via Maggiore, Italy	Retail	—	191	171	—	191	171	362	6	356	4/2/15
Via Rucellai, Italy	Retail	—	676	529	—	676	529	1,205	14	1,191	4/2/15
Via Sacro Cuore / Via Astichello, Italy	Retail	—	251	142	—	251	142	393	3	390	4/2/15
Via Valsugana, Italy	Retail	—	409	211	—	409	211	620	8	612	4/2/15
Viale Felissent, Italy	Retail	—	874	398	—	874	398	1,272	22	1,250	4/2/15
Martineau Place—Birmingham, UK	Retail	45,838	—	70,186	—	—	70,186	70,186	158	70,028	12/10/15
Bolton Gate Retail Park—Bolton, UK	Retail	24,733	9,726	28,146	—	9,726	28,146	37,872	62	37,810	12/10/15
The Marlowes—Hemel Hempstead, UK	Retail	1,252	516	1,401	—	516	1,401	1,917	5	1,912	12/10/15
The Paisley Centre—Paisley, UK	Retail	12,190	5,452	13,215	—	5,452	13,215	18,667	45	18,622	12/10/15
Charles Cross—Plymouth, UK	Retail	6,667	3,021	7,188	—	3,021	7,188	10,209	16	10,193	12/10/15
Friar Street—Reading, UK	Retail	984	405	1,104	—	405	1,104	1,509	2	1,507	12/10/15
Renfrew Retail Park—Renfrew, UK	Retail	2,366	1,547	2,078	—	1,547	2,078	3,625	9	3,616	12/10/15
Springfield Retail Park—Stoke-on-Trent, UK	Retail	11,765	4,642	13,374	—	4,642	13,374	18,016	34	17,982	12/10/15
The Galleries & Makinson—Wigan, UK	Retail	4,275	1,510	5,036	—	1,510	5,036	6,546	32	6,514	12/10/15
Other	Various	—	—	19,989	—	—	19,989	19,989	52	19,937	Various
Real estate held for investment		1,964,118	578,764	2,620,722	19,139	578,577	2,639,861	3,218,438	86,220	3,132,218	
Real estate held for sale	Various	7,860	NA	NA	NA	NA	NA	NA	NA	297,887	Various
Total real estate assets		$ 1,971,978	$578,764	$ 2,620,722	$ 19,139	$578,577	$ 2,639,861	$3,218,438	$ 86,220	$3,430,105	

(1) The purchase price allocations for certain 2015 acquisitions are provisional and subject to retrospective adjustments during the measurement period, not to exceed one year, based upon new information obtained about facts and circumstances that existed as of the date of acquisition.

(2) The aggregate gross cost of total real estate assets for federal income tax purposes is approximately $3.5 billion as of December 31, 2015.

(3) Depreciation is calculated using a useful life of 3 to 46 years for buildings and improvements.

(4) Properties consolidated upon the Combination reflect an acquisition date of April 2, 2015, the effective date of consolidation.

The following tables summarize the activity in real estate assets and accumulated depreciation:

(In thousands)	Year Ended December 31, 2015	2014	2013
Total Investment in Real Estate Assets, at Gross Cost Basis			
Balance at January 1	$1,650,418	$ 112,686	$ —
Acquisitions	1,223,452	1,537,732	112,686
Foreclosures	155,035	—	—
Improvements and capitalized costs (1)	55,993	—	—
Consolidation of real estate held by investment entities (Note 7)	812,672	—	—
Dispositions (2)	(321,173)	—	—
Impairment	(7,089)	—	—
Effect of changes in foreign exchange rates	(50,626)	—	—
Balance at December 31	3,518,682	1,650,418	112,686
Classified as held for sale, net (3)	(300,244)	—	—
Balance at December 31, held for investment	$3,218,438	$1,650,418	$112,686

(In thousands)	Year Ended December 31, 2015	2014	2013
Accumulated Depreciation			
Balance at January 1	$ 6,421	$ 218	$ —
Depreciation	83,156	6,203	218
Dispositions (2)	(389)	—	—
Effect of changes in foreign exchange rates	(611)	—	—
Balance at December 31	88,577	6,421	218
Classified as held for sale, net (3)	(2,357)	—	—
Balance at December 31, held for investment	$ 86,220	$ 6,421	$ 218

(1) Includes transaction costs capitalized for asset acquisitions.
(2) Includes amounts classified as held for sale during the year and disposed by the end of the year.
(3) Amounts classified as held for sale during the year and remain as held for sale at the end of the year.

COLONY CAPITAL, INC.
SCHEDULE IV—MORTGAGE LOANS ON REAL ESTATE
December 31, 2015

(Dollars in thousands)

Loan Type / Collateral / Location (1)	Number of Loans	Payment Terms (2)	Interest Rate Range (3)	Maturity Date Range (4)	Prior Liens (5)	Unpaid Principal Balance	Carrying Amount (6)(7)	Principal Amount Subject to Delinquent Principal or Interest (8)
First mortgages:								
Residential—Various, USA	3	I/O	9.99% - 15.00%	May 2017 - March 2018	$ —	$ 109,442	$ 108,944	$ —
Multifamily—Various, USA	278	Both	2.37% - 8.20%	February 2016 - April 2038	—	762,762	755,452	8,493
Office—Various, USA	25	Both	4.70% - 9.32%	February 2016 - January 2019	—	491,545	475,588	—
Office—France	1	I/O	15.00%	November 2017	—	15,207	14,693	—
Office—Ireland / France	1	I/O	11.00%	January 2022	—	105,587	107,324	—
Retail—Various, USA	15	Both	4.45% - 11.70%	April 2016 - May 2021	—	392,507	390,830	—
Retail—Germany	1	I/O	10.00%	January 2017	—	54,310	55,082	—
Retail—Spain	1	P&I	15.00%	October 2020	—	65,660	65,191	—
Retail—UK	1	I/O	10.00%	August 2019	—	73,680	73,680	—
Hospitality—Various, USA	8	I/O	5.30% - 11.25%	March 2016 - October 2019	—	132,748	133,177	—
Hospitality—St. Barthelemy	2	I/O	8.50% - 10.50%	March 2016 - September 2018	—	58,787	59,395	—
Hospitality—France	1	I/O	9.00%	July 2017	—	58,736	58,242	—
Hospitality—Spain	1	P&I	8.75%	September 2020	—	80,330	79,385	—
Industrial—Various, USA	4	I/O	4.66% - 8.20%	October 2017 -September 2018	—	32,140	31,924	—
Other—Various, USA	4	Both	6.04% - 8.24%	October 2016 - November 2017	—	129,161	128,223	—
Land—Various, USA	3	Both	10.00% - 14.00%	May 2016 - September 2019	—	135,715	140,053	—
	349				—	2,698,317	2,677,183	8,493
Subordinated debt and mezzanine:								
Multifamily—Various, USA	2	I/O	9.45% - 13.00%	September 2017 - August 2024	31,423	23,905	23,786	—
Retail—Various, USA	2	P&I	5.74% - 10.50%	December 2015 - April 2024	229,916	53,932	53,878	—
Hospitality—Various, USA	6	Both	7.78% - 13.50%	June 2016 - April 2019	1,027,855	447,426	448,251	—
Hospitality—Mexico	1	I/O	11.50%	January 2019	90,000	40,000	43,046	—
Hospitality—Greece	1	I/O	11.00%	August 2020	34,351	46,022	46,525	—
Other—CA, USA	1	P&I	8.00%	December 2017	95,794	87,041	86,033	—
Land—CA, USA	1	I/O	9.50%	May 2018	3,992	3,593	3,134	—
	14				1,513,331	701,919	704,653	—

(Dollars in thousands)

Loan Type / Collateral / Location (1)	Number of Loans	Payment Terms (2)	Interest Rate Range (3)	Maturity Date Range (4)	Prior Liens (5)	Unpaid Principal Balance	Carrying Amount (6)(7)	Principal Amount Subject to Delinquent Principal or Interest (8)
Purchased credit-impaired loans (9)								
Residential—Various, USA	160				—	53,882	30,637	15,791
Multifamily—Various, USA	257				—	171,910	123,521	15,422
Office—Various, USA	66				—	63,700	45,396	2,760
Office—Spain	1					29,694	4,953	—
Office—UK	1					109,754	82,500	109,753
Retail—Various, USA	154				—	169,085	135,334	10,684
Hospitality—Various, USA	50				—	51,393	36,085	—
Industrial—Various, USA	100				—	106,041	80,756	1,910
Other—Various, USA	186				—	136,189	80,886	11,603
Land—Various, USA	163				—	126,062	46,573	—
	1,138				—	1,017,710	666,641	167,923
	1,501				$1,513,331	$4,417,946	$4,048,477	$ 176,416

(1) Loans with carrying amounts that are individually less than 3% of the total carrying amount have been aggregated according to collateral type and location.

(2) Payment terms: P&I = Periodic payment of principal and interest; I/O = Periodic payment of interest only with principal at maturity

(3) Variable rate loans are determined based on the applicable index in effect as of December 31, 2015.

(4) Represents contractual maturity that does not contemplate exercise of extension option.

(5) Prior liens represent loan amounts owned by third parties that are senior to the Company's subordinated or mezzanine positions and are approximate.

(6) Carrying amounts at December 31, 2015 are presented net of $35.2 million of allowance for loan losses.

(7) The aggregate cost basis of loans held for investment for federal income tax purposes is approximately $4.0 billion as of December 31, 2015.

(8) Represents principal balance of loans which are 90 days or more past due as to principal or interest. For purchase credit-impaired loans, amounts represent principal balance of loans on nonaccrual status for which the Company is not able to determine a reasonable expectation of cash flows to be collected.

(9) Purchase credit-impaired loans are acquired loans with evidence of credit quality deterioration for which it is probable at acquisition that the Company will collect less than the contractually required payments. Payment terms, stated interest rate and contractual maturity are not presented as they are not relevant to purchase credit-impaired loans.

COLONY NORTHSTAR UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements and notes set forth the impact of the Mergers and related transactions on the historical financial condition and results of operations of Colony, NSAM and NRF. The unaudited pro forma condensed consolidated financial statements were prepared using the acquisition method of accounting for business combinations with the Mergers accounted for as a reverse acquisition. In the Mergers, NSAM is the legal acquirer while Colony is considered to be the accounting acquirer for financial reporting purposes. The unaudited pro forma condensed consolidated financial statements give effect to: (i) completion of the Mergers; (ii) the NRF management agreement ceasing to exist; and (iii) completion of certain sales initiatives by NRF, which we refer to as NRF Sales Initiatives, that were executed or are under contract as of the date of this joint proxy statement/prospectus.

The unaudited pro forma condensed consolidated balance sheet consolidates the historical consolidated balance sheets of Colony, NSAM and NRF, giving effect to the Mergers and related transactions and NRF Sales Initiatives as if they had been consummated on September 30, 2016. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2016 and year ended December 31, 2015 consolidates the historical consolidated statements of operations of Colony, NSAM and NRF, giving effect to the Mergers and related transactions and NRF Sales Initiatives as if they had been consummated on January 1, 2015, the beginning of the earliest period presented. The unaudited pro forma condensed consolidated financial statements are derived from and should be read in conjunction with the historical consolidated financial statements and notes thereto included in each of Colony's, NSAM's and NRF's respective Annual Reports on Form 10-K for year ended December 31, 2015, as amended, and each of Colony's, NSAM's and NRF's respective Quarterly Reports on Form 10-Q for the nine months ended September 30, 2016, which are incorporated by reference into this joint proxy statement/prospectus. Refer to "Where You Can Find More Information; Incorporation by Reference" beginning on page 420 of this joint proxy statement/prospectus.

The unaudited pro forma condensed consolidated financial statements reflect the assets, liabilities and non-controlling interests of NSAM and NRF at their estimated fair value as of September 30, 2016 based upon a preliminary allocation of the consideration to be received by Colony stockholders, NSAM stockholders and NRF stockholders, respectively, in connection with the Mergers, which we refer to as the merger consideration. A final determination of the fair value and allocation of the merger consideration will be based upon the actual assets, liabilities and non-controlling interests as of the date of completion of the Mergers. The value of the per share consideration will be determined based on the trading price of Colony common stock and NRF preferred stock at the time of the completion of the Mergers. Accordingly, the estimated fair value and allocation of the merger consideration are subject to adjustment and may vary significantly from the actual fair value and allocation of the merger consideration upon completion of the Mergers, if completed. As of the date of this joint proxy statement/prospectus, the Companies expect the closing of the Mergers will occur in January 2017.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations of the Companies had the Mergers and related transactions and NRF Sales Initiatives been completed as of the beginning of the earliest period presented, nor indicative of future results of operations or future financial position of the combined company. The unaudited pro forma condensed consolidated financial statements do not reflect the costs of any integration activities or full benefits that may result from realization of future cost savings from operating efficiencies, revenue or other incremental synergies expected to result from the Mergers. The unaudited pro forma condensed consolidated financial statements reflect management's best estimate based on available information and may be revised as additional information becomes available and as additional analyses are performed.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
September 30, 2016
(In thousands)

	Historical (Note 2)			Pro Forma Adjustments (Note 4)			Colony NorthStar Pro Forma Consolidated
	Colony	NSAM	NRF	NRF Sales Initiatives (A)	Merger Adjustments (B)	Fair Value Adjustment (C)	
Assets							
Cash and cash equivalents	$ 440,173	$ 85,593	$ 725,360	$ 1,317,920	$ (1,110,991) (1)(2)(3)	$ —	$ 1,458,055
Restricted cash	148,396	26,599	180,068	(4,986)	—	—	350,077
Operating real estate, net	3,294,122	—	7,371,996	—	—	1,710,792	12,376,910
Real estate debt investments, net	3,685,654	—	348,539	—	—	544	4,034,737
Real estate debt investments. held for sale	56,357	—	—	—	—	—	56,357
Investments in private equity funds, at fair value	1,507	—	484,876	—	—	—	486,383
Investments in unconsolidated ventures	1,004,388	97,107	161,744	—	(39,443) (2)	16,250	1,240,046
Real estate securities, available for sale	23,882	—	526,966	—	—	—	550,848
Securities, at fair value	—	38,438	—	—	(35,741) (4)	—	2,697
Due from affiliates	13,718	109,753	1,888	—	(46,939) (5)	—	78,420
Goodwill	680,127	243,328	44,767	—	—	94,806	1,063,028
Intangible assets, net	305,204	203,728	298,950	—	(1,800,000) (6)	2,653,591	1,661,473
Assets of properties held for sale	216,339	—	2,653,959	(2,533,088)	—	(11,775)	325,435
Other assets	276,774	41,784	565,776	(208,260)	(5,053) (7)	12,033	683,054
Total assets	$10,146,641	$846,330	$13,364,889	$(1,428,414)	$ (3,038,167)	$ 4,476,241	$24,367,520
Liabilities							
Mortgage and other notes payable	$ 2,249,834	$ —	$ 6,922,027	$ (692,231)	$ —	$ (63,220)	8,416,410
Credit facilities and term borrowings	486,176	468,679	420,409	—	(889,087) (8)	28,821	514,998
Convertible senior notes	592,382	—	27,356	—	—	2,085	621,823
Securitization bonds payable	632,828	—	257,877	—	—	—	890,705
Junior subordinated notes, at fair value	—	—	191,175	—	—	—	191,175
Accounts payable and other liabilities	293,544	91,155	205,142	7,321	97,786 (9)	177,080	872,028
Due to affiliates—contingent consideration	39,350	—	—	—	—	—	39,350
Due to related parties	—	—	46,939	—	(46,939) (5)	—	—
Intangible liabilities, net	22,791	—	113,967	—	(1,800,000) (6)	1,830,124	166,882
Dividends payable	65,924	—	—	—	—	—	65,924
Liabilities of assets held for sale	112,266	—	1,502,659	(1,408,179)	—	(41,051)	165,695
Derivative liabilities, at fair value	8,677	—	302,316	—	—	—	310,993
Total liabilities	4,503,772	559,834	9,989,867	(2,093,089)	(2,638,240)	1,933,839	12,255,983
Commitments and contingencies							
Redeemable non-controlling interests	—	75,149	—	—	—	—	75,149
Equity							
Performance common stock	—	52	—	—	—	—	52
Preferred stock	606,950	—	939,118	—	—	30,340	1,576,408
Common stock	1,139	1,890	1,807	—	715 (10)	—	5,551
Additional paid-in capital	2,432,716	246,171	5,116,100	—	(2,539,594) (11)	2,285,172	7,540,565
Accumulated other comprehensive income (loss)	(23,897)	(210)	(63,709)	—	63,919 (11)	—	(23,897)
Retained earnings (accumulated deficit)	(183,585)	(38,554)	(2,891,153)	384,044	2,112,267 (12)	—	(616,981)
Total stockholders' equity	2,833,323	209,349	3,102,163	384,044	(362,693)	2,315,512	8,481,698
Non-controlling interests—investments	2,406,753	—	241,061	280,631	—	226,890	3,155,335
Non-controlling interests—operating partnership	402,793	1,998	31,798	—	(37,234) (11)	—	399,355
Total equity	5,642,869	211,347	3,375,022	664,675	(399,927)	2,542,402	12,036,388
Total liabilities, redeemable non-controlling interests and equity	$10,146,641	$846,330	$13,364,889	$(1,428,414)	$ (3,038,167)	$ 4,476,241	$24,367,520

Refer to accompanying notes to unaudited pro forma condensed consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Nine Months Ended September 30, 2016
(In thousands, except per share data)

	Historical (Note 2)			Pro Forma Adjustments (Note 5)			
	Colony	NSAM	NRF	NRF Sales Initiatives (D)	Merger Adjustments (E)	Fair Value Adjustment (F)	Colony NorthStar Pro Forma Consolidated
Revenues							
Rental and escalation income	$254,640	$ —	$ 527,252	$ (265,336)	$ —	$ (16,371) (8)	$ 500,185
Hotel operating income	24,830	—	636,283	—	—	—	661,113
Resident fee income	—	—	219,193	—	—	—	219,193
Interest income	291,496	—	115,117	(13,524)	—	—	393,089
Fee income	49,347	276,339	—	—	(139,955) (1)	—	185,731
Selling commission and dealer manager fees, related parties	—	15,115	—	—	—	—	15,115
Other income	10,071	7,569	14,747	(6,221)	20,130 (1)	—	46,296
Total revenues	630,384	299,023	1,512,592	(285,081)	(119,825)	(16,371)	2,020,722
Expenses							
Management fee	—	—	139,955	—	(139,955) (1)	—	—
Interest expense	126,635	18,968	362,052	(76,281)	(39,635) (2)	(1,197) (9)	390,542
Property operating expenses	89,469	—	708,934	(95,278)	—	(543) (10)	702,582
Commission expense	—	14,025	—	—	—	—	14,025
Other expense—investment and servicing expenses	17,448	5,461	20,933	(1,424)	—	—	42,418
Transaction costs	18,638	32,127	15,590	(186)	(46,114) (1)	—	20,055
Impairment losses	5,461	—	75,506	—	—	—	80,967
Provision for loan losses	17,412	—	7,974	(3,051)	—	—	22,335
General and administrative expenses							
Compensation expense	80,689	107,547	23,295	—	(9,215) (1)	—	202,316
Other general and administrative expenses	38,760	31,180	12,708	—	4,003 (1)	—	86,651
Total general and administrative expenses	119,449	138,727	36,003	—	(5,212)	—	288,967
Depreciation and amortization	129,276	7,355	260,287	(33,106)	—	94,621 (11)	458,433
Total expenses	523,788	216,663	1,627,234	(209,326)	(230,916)	92,881	2,020,324
Other income (loss)							
Unrealized gain (loss) on investments and other	—	(10,197)	(269,052)	—	10,475 (3)	—	(268,774)
Realized gain (loss) on investments and other	68,114	(874)	(11,768)	(36,914)	—	—	18,558
Other gain (loss), net	18,270	—	—	—	—	—	18,270
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	192,980	71,289	(395,462)	(112,669)	121,566	(109,252)	(231,548)
Equity in (loss) income of unconsolidated ventures	72,226	(5,094)	101,838	(10,799)	(3,526) (4)	—	154,645
Income tax benefit (expense)	865	(9,331)	(12,329)	3,162	(12,692) (5)	—	(30,325)
Income (loss) from continuing operations	266,071	56,864	(305,953)	(120,306)	105,348	(109,252)	(107,228)
Redeemable non-controlling interests	—	2,991	—	—	—	—	2,991
Non-controlling interests—investments	130,508	—	(4,423)	(3,602)	7,373 (6)	(1,475) (12)	128,381
Non-controlling interests—operating partnership	15,528	533	(3,537)	—	(31,086) (7)	—	(18,562)
Preferred stock dividends	36,066	—	63,178	—	—	—	99,244
Net income (loss) from continuing operations attributable to common stockholders	$ 83,969	$ 53,340	$ (361,171)	$ (116,704)	$ 129,061	$ (107,777)	$ (319,282)
Earnings (loss) per share: (G)							
Basic	$ 0.73	$ 0.28	$ (2.00)				$ (0.58)
Diluted	$ 0.73	$ 0.28	$ (2.00)				$ (0.58)
Weighted average number of shares: (G)							
Basic	112,133	183,251	180,803				550,078
Diluted	112,133	185,083	182,664				551,916

Refer to accompanying notes to unaudited pro forma condensed consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2015
(In thousands, except per share data)

	Historical (Note 2)			Pro Forma Adjustments (Note 5)			
	Colony (a)	NSAM	NRF	NRF Sales Initiatives (D)	Merger Adjustments (E)	Fair Value Adjustment (F)	Colony NorthStar Pro Forma Consolidated
Revenues							
Rental and escalation income	$244,823	$ —	$ 732,425	$ (381,981)	$ —	$ 46,630 (8)	$ 641,897
Hotel operating income	55,048	—	784,151	—	—	—	839,199
Resident fee income	—	—	271,394	—	—	—	271,394
Interest income	417,305	—	227,483	(45,451)	—	—	599,337
Fee income	65,813	307,988	—	—	(198,695) (1)	—	175,106
Selling commission and dealer manager fees, related parties	—	126,907	—	—	—	—	126,907
Other income	11,382	926	29,466	(10,339)	36,484 (1)	—	67,919
Total revenues	794,371	435,821	2,044,919	(437,771)	(162,211)	46,630	2,721,759
Expenses							
Management fee	15,062	—	198,695	—	(198,695) (1)	—	15,062
Interest expense	133,094	778	495,086	(109,499)	(36,035) (2)	(2,673) (9)	480,751
Property operating expenses	117,713	—	915,701	(150,954)	—	453 (10)	882,913
Commission expense	—	117,390	—	—	—	—	117,390
Other expense—investment and servicing expenses	23,369	1,657	26,607	(11,992)	—	—	39,641
Transaction costs	38,888	9,665	31,427	(1,833)	—	—	78,147
Impairment losses	11,192	—	31,951	—	—	—	43,143
Provision for loan losses	37,475	—	4,201	(1,961)	—	—	39,715
General and administrative expenses							
Compensation expense	84,506	125,817	41,437	—	18,740 (1)	—	270,500
Other general and administrative expenses	38,238	33,386	16,658	—	4,901 (1)	—	93,183
Total general and administrative expenses	122,744	159,203	58,095	—	23,641	—	363,683
Depreciation and amortization	140,977	1,863	456,916	(148,301)	—	157,185 (11)	608,640
Total expenses	640,514	290,556	2,218,679	(424,540)	(211,089)	154,965	2,669,085
Other income (loss)							
Unrealized gain (loss) on investments and other	—	(4,274)	(204,112)	—	3,745 (3)	—	(204,641)
Realized gain (loss) on investments and other	8,962	—	14,407	1,709	—	—	25,078
Gain on remeasurement of consolidated investment entities, net	41,486	—	—	—	—	—	41,486
Other gain (loss), net	(5,170)	—	—	—	—	—	(5,170)
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	199,135	140,991	(363,465)	(11,522)	52,623	(108,335)	(90,573)
Equity in income of unconsolidated ventures	47,605	1,625	219,077	(77,851)	(4,443) (4)	—	186,013
Income tax benefit (expense)	9,296	(21,869)	(14,325)	8,565	9,711 (5)	—	(8,622)
Income (loss) from continuing operations	256,036	120,747	(158,713)	(80,808)	57,891	(108,335)	86,818
Non-controlling interests—investments	86,123	—	(20,802)	7,896	13,522 (6)	8,075 (12)	94,814
Non-controlling interests—operating partnership	19,933	953	(3,206)	—	(25,086) (7)	—	(7,406)
Preferred stock dividends	42,569	—	84,238	—	—	—	126,807
Net income (loss) from continuing operations attributable to common stockholders	$107,411	$119,794	$ (218,943)	$ (88,704)	$ 69,455	$ (116,410)	$ (127,397)
Earnings (loss) per share: (G)							
Basic	$ 0.96	$ 0.61	$ (1.25)				$ (0.23)
Diluted	$ 0.96	$ 0.60	$ (1.25)				$ (0.23)
Weighted average number of shares: (G)							
Basic	110,931	188,706	174,873				548,328
Diluted	110,931	193,119	176,345				549,781

(a) On April 2, 2015, Colony became an internally managed company by acquiring its manager, Colony Financial Manager, LLC, a wholly owned subsidiary of Colony Capital, LLC, as part of a combination transaction. Prior to such time, Colony was externally managed. The condensed consolidated pro forma statement of operations for the year ended December 31, 2015 does not adjust for activities prior to such combination transaction.

Refer to accompanying notes to unaudited pro forma condensed consolidated financial statements.

Notes to the Colony NorthStar Unaudited Pro Forma Condensed Consolidated Financial Statements

Note 1. Description of the Mergers

On June 2, 2016, a merger agreement was entered into among Colony, NSAM and NRF which provides for the mergers of Colony, NSAM and NRF with and into Colony NorthStar, as the publicly-traded company for the combined organizations. Upon the closing of the Mergers, Colony stockholders will own approximately 33.25%, NSAM stockholders will own approximately 32.85% and NRF stockholders will own approximately 33.90% of Colony NorthStar, on a fully diluted basis, excluding the effect of certain equity-based awards issuable in connection with the Mergers. Prior to the closing of the Mergers, NSAM expects the NSAM board or a duly authorized committee thereof to declare a special cash dividend in the amount of $228 million to NSAM common stockholders.

Each share of Colony class A and class B common stock issued and outstanding immediately prior to the effective time of the Mergers will be canceled and converted into the right to receive 1.4663 shares of Colony NorthStar class A and class B common stock, respectively. Concurrently, Colony OP will issue additional partnership units to equal the number of operating partnership units outstanding on the day prior to the closing of the Mergers multiplied by the exchange ratio of 1.4663.

Each share of NSAM common stock and NSAM performance common stock issued and outstanding immediately prior to the effective time of the Mergers will be canceled and converted into the right to receive one share of Colony NorthStar class A common stock and Colony NorthStar performance common stock, respectively.

In connection with the merger of NRF LP with and into NRF and related reorganization transactions: (i) each NRF LTIP unit outstanding as of immediately prior to such effective time will be deemed to be fully vested and converted into one share of NRF common stock; (ii) each partnership unit in NRF LP designated as a partnership common unit outstanding as of immediately prior to such effective time (other than those held by NRF) will be converted into one share of NRF common stock; and (iii) each other interest in NRF LP held by NRF will no longer be outstanding and will automatically be canceled and will cease to exist.

In connection with the merger of New Parent Merger Sub with and into NRF: (i) each share of NRF common stock issued and outstanding as of immediately prior to the effective time of such merger automatically will be canceled and converted into the right to receive one share of New NRF Parent common stock; and (ii) each share of each series of NRF preferred stock will be converted into the right to receive one share of a corresponding series of New NRF Parent preferred stock.

At the effective time of the NRF merger, each share of New NRF Parent common stock will be converted into the right to receive 1.0996 shares of Colony NorthStar class A common stock.

Each share of each series of the Colony and NRF preferred stock (New NRF Parent preferred stock) issued and outstanding immediately prior to the effective time of the Mergers will be canceled and converted into the right to receive one share of a corresponding series of Colony NorthStar preferred stock, having substantially the same preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption.

In connection with the strategic initiatives of NRF, NRF continues to execute a series of sales initiatives which include: (i) sales of certain real estate assets; (ii) sales of certain limited partnership interests in real estate private equity funds; and (iii) sales and/or accelerated repayments of certain commercial real estate, or CRE, debt and securities investments.

Under the merger agreement, NRF is required to use reasonable best efforts to continue certain agreed upon sales initiatives. In addition, in connection with the Mergers, NSAM and NRF plan to repay their respective outstanding corporate borrowings, which we refer to, collectively, as the NorthStar corporate borrowings (excluding NRF's $280 million of trust preferred securities with maturities beginning in 2035), contemporaneous with the closing of the Mergers.

The completion of the Mergers is subject to, among other things, regulatory approvals and the receipt of Colony, NSAM and NRF stockholder approval. As of the date of this joint proxy statement/prospectus, the Mergers are expected to be completed in January 2017.

Note 2. Basis of Presentation

The unaudited pro forma condensed consolidated financial statements relating to the mergers of Colony, NSAM and NRF are prepared as of and for the nine months ended September 30, 2016 and for the year ended December 31, 2015, in accordance with Article 11 of Regulation S-X and, in the opinion of management, reflect all necessary adjustments. Accordingly, the historical financial information of Colony, NSAM and NRF has been adjusted to give pro forma effect to all significant events that are: (i) directly attributable to the Mergers and related transactions and NRF Sales Initiatives; (ii) factually supportable; and (iii) with respect to the unaudited pro forma condensed consolidated statements of operations, expected to have a continuing impact on the results of the combined company.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2016 is presented as if the Mergers and related transactions and NRF Sales Initiatives had become effective on September 30, 2016. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2016 and year ended December 31, 2015 are presented as if the Mergers and related transactions and NRF Sales Initiatives had become effective on January 1, 2015, the beginning of the earliest period presented.

Certain amounts in the historical consolidated financial statements of Colony, NSAM and NRF have been reclassified to conform to the presentation of the combined company in the unaudited pro forma condensed consolidated financial statements. Discontinued operations reported in NRF's historical consolidated statement of operations for the year ended December 31, 2015 have been excluded from the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2015.

Significant transactions between NSAM and NRF during the nine months ended September 30, 2016 and year ended December 31, 2015 have been eliminated in the unaudited pro forma condensed consolidated financial statements as if NSAM and NRF were consolidated affiliates during these periods. There were no transactions between Colony and either NSAM or NRF during the periods presented.

The Mergers are accounted for under the acquisition method for business combinations as a reverse acquisition pursuant to *Accounting Standards Codification Topic 805, Business Combinations*. In the Mergers, NSAM is the legal acquirer while Colony is considered to be the accounting acquirer for financial reporting purposes. The consideration to be transferred establishes a new accounting basis for the assets acquired, liabilities assumed and non-controlling interests of NSAM and NRF, measured at their respective fair value as of the date the Mergers are consummated. Accordingly, the unaudited pro forma condensed consolidated financial statements include adjustments to record the assets, liabilities and non-controlling interests of NSAM and NRF at their estimated fair value, which are preliminary and subject to revision. To the extent fair value of the merger consideration exceeds fair value of net assets acquired, any such excess represents goodwill. Alternatively, if fair value of net assets acquired

exceeds fair value of the merger consideration, the transaction could result in a bargain purchase gain that is recognized immediately in earnings and attributable to Colony NorthStar common stockholders. Adjustments to estimated fair value of identifiable assets and liabilities of NSAM and NRF, as well as adjustments to the merger consideration may change the determination and amount of goodwill and/or bargain purchase gain and may impact depreciation, amortization and accretion based on revised fair value of assets acquired and liabilities assumed. The actual value of the merger consideration will depend upon the market price of the Colony common stock and the NRF preferred stock at the time of closing of the Mergers. The final fair value and allocation of merger consideration will be determined upon completion of the Mergers, with the allocation to be finalized as soon as practicable within the measurement period of no later than one year following the closing date of the Mergers. The final acquisition accounting may vary significantly from that reflected in the unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations of the Companies had the Mergers and related transactions and NRF Sales Initiatives been completed as of the beginning of the earliest period presented, nor indicative of future results of operations or future financial position of the combined company. The unaudited pro forma condensed consolidated financial statements do not reflect the costs of any integration activities or full benefits that may result from realization of future cost savings from operating efficiencies, revenue or other incremental synergies expected to result from the Mergers. Additionally, the unaudited pro forma condensed consolidated financial statements should be read in connection with the historical consolidated financial statements and notes thereto included in each of Colony's, NSAM's and NRF's respective Annual Reports on Form 10-K for the year ended December 31, 2015, as amended, and each of Colony's, NSAM's and NRF's respective Quarterly Reports on Form 10-Q for the nine months ended September 30, 2016. The unaudited pro forma condensed consolidated financial statements represent management's best estimate based on available information and may be revised as additional information becomes available and as additional analyses are performed.

Note 3. Pro Forma Merger Consideration

Pursuant to the merger agreement, NSAM common stock will first be converted into Colony NorthStar common stock through the Redomestication merger. NSAM will then acquire 100% of the common stock and preferred stock of Colony and NRF through the conversion of all such outstanding shares, based on pre-determined exchange ratios, into shares of Colony NorthStar.

As the Mergers are accounted for as a reverse acquisition, the fair value of the consideration transferred is measured based upon: (i) the number of shares of common stock Colony, as the accounting acquirer, would theoretically have to issue to the stockholders of NSAM and NRF to achieve the same ratio of ownership in Colony NorthStar upon completion of the Mergers; and (ii) applying the Colony class A common stock price.

As a result, the implied shares of Colony common stock issued in consideration was computed based on the number of outstanding shares of NSAM and NRF common stock prior to the Mergers divided by the exchange ratios of 1.4663 and 1.3335, respectively.

Substantially all NSAM and NRF equity awards will vest upon consummation of the Mergers. As Colony NorthStar is obligated to issue Colony NorthStar common stock upon consummation of the Mergers and settlement of these equity awards relate to pre-combination services, these equity awards form part of the outstanding shares of NSAM and NRF common stock that are used to determine the merger consideration.

Any NSAM and NRF equity awards that do not vest by their terms upon consummation of the Mergers will be assumed by Colony NorthStar through conversion into comparable Colony NorthStar equity awards with substantially the same terms. Accordingly, these equity awards are not included in the outstanding shares of NSAM and NRF common stock that are used to determine the merger consideration and will be recognized as compensation expense in the post-combination period.

The pro forma merger consideration is estimated as follows (in thousands, except per share):

	NSAM	NRF	Total
Outstanding shares of common stock prior to the Mergers	189,487	183,251	
Exchange ratio (i)	1.4663	1.3335	
Implied shares of Colony common stock issued in consideration	129,228	137,421	266,649
Price per share of Colony common stock (ii)	$ 18.90	$ 18.90	$ 18.90
Fair value of implied shares of Colony common stock issued in consideration	$2,442,409	$2,597,257	$5,039,666
Fair value of Colony NorthStar preferred stock to be issued (iii)	—	969,458	969,458
Total pro forma merger consideration	$2,442,409	$3,566,715	$6,009,124

(i) Represents (a) the pre-determined exchange ratio of one Colony share for 1.4663 Colony NorthStar shares; and (b) the derived exchange ratio of one Colony share for 1.3335 NRF shares based on the pre-determined exchange ratio of one NRF share for 1.0996 Colony NorthStar shares.

(ii) The pro forma merger consideration was determined based on the closing price of Colony common stock of $18.90 on November 9, 2016.

(iii) Fair value of Colony NorthStar preferred stock to be issued is estimated based on the shares of NRF preferred stock outstanding as of September 30, 2016 multiplied by the closing price, which represents the clean price, of the respective series of NRF preferred stock as of November 9, 2016, as follows (in thousands, except per share):

	Number of Shares Outstanding	Price Per Share	Fair Value
NRF Preferred Stock			
Series A 8.75%	2,467	$ 24.50	$ 60,442
Series B 8.25%	13,999	23.99	335,836
Series C 8.875%	5,000	24.86	124,300
Series D 8.50%	8,000	25.06	200,480
Series E 8.75%	10,000	24.84	248,400
Fair value of Colony NorthStar preferred stock to be issued			$969,458

The following table presents a summary of the preliminary purchase price allocation of the pro forma merger consideration to the assets acquired, liabilities assumed and non-controlling interests of NSAM and NRF based on their respective estimated fair value as of September 30, 2016, after adjusting for NRF Sales Initiatives. Based on current estimates, the consideration to be transferred is in excess of the estimated fair value of assets and liabilities for both NSAM and NRF thereby resulting in

goodwill that is recognized as a fair value adjustment in the unaudited pro forma condensed consolidated balance sheet (in thousands):

	NSAM	NRF	Total
Pro forma merger consideration (i)	$2,442,409	$ 3,566,715	$ 6,009,124
Preliminary allocation of pro forma merger consideration:			
Assets acquired	2,953,665	13,886,740	16,840,405
Liabilities assumed	(765,735)	(9,624,716)	(10,390,451)
Redeemable non-controlling interests	(75,149)	—	(75,149)
Non-controlling interests—investments	—	(748,582)	(748,582)
Fair value of net assets acquired (ii)	2,112,781	3,513,442	5,626,223
Preliminary pro forma goodwill	$ 329,628	$ 53,273	$ 382,901

(i) Refer to the table Note 3 above, *Total pro forma merger consideration*.

(ii) Refer to fair value of net assets acquired in Note 4.C, *Adjustments to Unaudited Pro Forma Condensed Consolidated Balance Sheet—Fair Value Adjustments*.

The pro forma merger consideration does not purport to represent the actual value of the merger consideration, which will be measured on the closing date of the Mergers at the then-current market price per share of Colony common stock and NRF preferred stock. The exchange ratios are not subject to adjustments to account for fluctuations in the share prices of Colony, NSAM or NRF common stock between now and the closing date of the Mergers. Therefore, the implied value of the merger consideration, and consequently, the resulting goodwill, may vary significantly due to movements in the Colony common stock and NRF preferred stock. For example, each 10% increase or decrease in the price of Colony common stock on the closing date of the Mergers from the price of Colony common stock assumed in these unaudited pro forma condensed consolidated financial statements would result in an increase or decrease in the estimated merger consideration of $504.0 million and a corresponding increase or decrease in goodwill or result in a bargain purchase gain to the extent that merger consideration does not exceed the fair value of net assets acquired, measured separately for each acquired entity.

The estimated fair value and preliminary allocation of merger consideration are subject to revisions and will be finalized upon completion of the Mergers.

Note 4. Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

A. NRF Sales Initiatives

The following table presents a summary of the pro forma adjustments to the unaudited condensed consolidated balance sheet as of September 30, 2016 related to NRF Sales Initiatives. Such adjustments eliminate the net assets of those asset sales under contract but not yet sold as of

November 4, 2016 as presented in NRF's Quarterly Report on Form 10-Q for the nine months ended September 30, 2016 (in thousands):

	Manufactured Housing (1)	Medical Office Buildings (2)	Multifamily (3)	Private Equity Portfolio (4)	Healthcare Joint Venture (5)	Total NRF Sales Initiatives
Assets						
Cash and cash equivalents (6)	$ 613,750	$ 114,828	$ 44,670	$ 204,672	$340,000	$ 1,317,920
Restricted cash	—	(945)	(4,041)	—	—	(4,986)
Assets of properties held for sale (7)	(1,592,357)	(807,731)	(133,000)	—	—	(2,533,088)
Other assets	(276)	(2,632)	(680)	(204,672)	—	(208,260)
Total assets	$ (978,883)	$ (696,480)	$ (93,051)	$ —	$340,000	$(1,428,414)
Liabilities						
Mortgage and other notes payable	$ —	$ (692,231)	$ —	$ —	$ —	$ (692,231)
Accounts payable and other liabilities	(1,473)	(8,161)	(3,045)	—	20,000	7,321
Liabilities of properties held for sale (7)	(1,281,438)	(19,229)	(107,512)	—	—	(1,408,179)
Total liabilities	(1,282,911)	(719,621)	(110,557)	—	20,000	(2,093,089)
Equity						
Stockholders' equity	325,924	49,182	18,938	—	(10,000)	384,044
Non-controlling interests—investments	(21,896)	(26,041)	(1,432)	—	330,000	280,631
Total equity	304,028	23,141	17,506	—	320,000	664,675
Total liabilities and equity	$ (978,883)	$ (696,480)	$ (93,051)	$ —	$340,000	$(1,428,414)

(1) In May 2016, NRF entered into an agreement to sell its manufactured housing portfolio for $2.0 billion with $1.3 billion of related mortgage financing (recorded in liabilities of properties held for sale) expected to be assumed by the buyer as part of the transaction. NRF expects to receive $614.8 million of net proceeds, including a $50.0 million deposit made by the buyer. The transaction is expected to close in the first quarter 2017.

(2) In September 2016, NRF entered into a definitive agreement to sell a portfolio of medical office buildings for $837.9 million with $692.2 million of related mortgage financing expected to be paid off as part of the transaction. NRF expects to receive $114.8 million of net proceeds. The transaction is expected to close in the fourth quarter 2016.

(3) To date through November 2016, the Company sold ten multifamily properties for $307.0 million with $210.0 million of mortgage financing assumed as part of the transaction. The above adjustment represents the remaining six properties sold subsequent to September 30, 2016. The Company received $85.0 million of net proceeds from such sales.

(4) In September 2016, NRF sold a portfolio of PE Investments for a gross sales price of $317.6 million with $44.7 million of deferred purchase price assumed as part of the transaction. NRF received $33.9 million of net proceeds and will receive the remaining $204.7 million of net proceeds in the fourth quarter 2016.

(5) In November 2016, NRF entered into an agreement to sell a non-controlling interest in its healthcare portfolio for net proceeds of approximately $340 million.

(6) Proceeds from such sales are net of cash and cash equivalent balances as of September 30, 2016, as applicable.

(7) The following table presents the major classes of long-lived assets and liabilities classified as held for sale as of September 30, 2016 (in thousands):

	Assets				Liabilities			
Description	Operating Real Estate (i)	Intangible Assets (ii)	Other Assets (iii)	Total	Mortgage and Other Notes Payable	Intangible Liabilities	Other Liabilities (iv)	Total
Manufactured housing communities	$1,441,656	$ 23,983	$126,718	$1,592,357	$ 1,255,454	$ —	$ 25,984	$1,281,438
Medical office buildings	742,485	63,818	1,428	807,731	—	19,229	—	19,229
Multifamily	133,000	—	—	133,000	107,512	—	—	107,512
Total	$2,317,141	$ 87,801	$128,146	$2,533,088	$ 1,362,966	$ 19,229	$ 25,984	$1,408,179

(i) Operating real estate is comprised of the following (in thousands):

Operating real estate—held-for-sale	Manufactured Housing Communities	Medical Office Buildings	Multifamily	Total
Land and improvements	$ 1,453,007	$ 65,097	$ 15,333	$1,533,437
Buildings and improvements	141,593	723,719	128,517	993,829
Furniture, fixtures and equipment	7,814	29	329	8,172
Subtotal	1,602,414	788,845	144,179	2,535,438
Less: accumulated depreciation	(160,758)	(46,360)	(11,179)	(218,297)
Total	$ 1,441,656	$ 742,485	$ 133,000	$2,317,141

(ii) Represents the carrying value of in-place and above-market leases net of amortization.

(iii) Includes cash and cash equivalents, restricted cash, accounts, notes and other receivables.

(iv) Includes interest, taxes and accounts payable.

B. Merger Adjustments

(1) Includes an adjustment related to the payment of the NSAM special dividend of $228.0 million. Refer to footnote 12.

(2) Includes an adjustment for the expected disposition of NSAM's investment in Island Hospitality Management Inc., which, for the purpose of this pro forma adjustment, is assumed to be at its carrying value of $39.4 million. NSAM's investment in Island Hospitality Management Inc. is expected to be sold in connection with the Mergers.

(3) The following table presents a summary of merger-related adjustments in connection with the pay down of NorthStar corporate borrowings (in thousands):

Adjustments to cash and cash equivalents related to the pay down of the NorthStar corporate borrowings:	NSAM	NRF	Total
Principal pay down of NorthStar corporate borrowings (refer to footnote 8)	$(497,500)	$(425,000)	$(922,500)
Prepaid interest (refer to footnote 7)	—	4,328	4,328
Interest payable (refer to footnote 9)	(4,262)	—	(4,262)
Total	$(501,762)	$(420,672)	$(922,434)

(4) Represents the elimination of the carrying value of NSAM's ownership of 2.7 million shares of NRF common stock. Refer to footnotes 10 and 11.

(5) Represents the elimination of the management fee receivable (payable) between NSAM and NRF, respectively.

(6) Represents the elimination of the fair value of the management contract value between NSAM and NRF, which will cease to exist upon completion of the Mergers. Refer to Note 4.C, *Fair Value Adjustments* for further disclosure.

(7) The following table presents a summary of merger-related adjustments related to other assets (in thousands):

Adjustments related to other assets:	**NRF**
Deferred financing costs	$ (725)(i)
Prepaid interest	(4,328)(ii)
Total	$(5,053)

(i) Represents an adjustment to eliminate deferred financing costs related to NRF's corporate revolving credit facility, which is expected to be paid down and terminated in connection with the Mergers. Refer to footnotes 3 and 12 for additional information.

(ii) Represents an adjustment to eliminate prepaid interest related to NRF's term borrowing, which is expected to be paid down and terminated in connection with the Mergers. Refer to footnote 3 for additional information.

(8) The following table presents a summary of merger-related adjustments related to credit facilities and term borrowings (in thousands):

Adjustments related to credit facilities and term borrowings:	**NSAM**	**NRF**	**Total**
Principal pay down of NorthStar corporate borrowings (refer to footnote 3) (i)	$(497,500)	$(425,000)	$(922,500)
Elimination of deferred financing costs	28,822	4,591	33,413
Total	$(468,678)	$(420,409)	$(889,087)

(i) Proceeds from NRF Sales Initiatives are expected to be used for the pay down of NorthStar corporate borrowings. However, to the extent NRF Sales Initiatives are not completed by the closing of the Mergers, Colony has obtained bridge financing for up to $400 million in addition to the $850 million available under its credit facility that can be used to pay off such NorthStar corporate borrowings, if necessary. Colony NorthStar does not expect to draw on the bridge financing and therefore, the pro forma adjustments do not reflect any additional borrowing on such credit facility or the bridge financing.

(9) The following table presents a summary of merger-related adjustments related to accounts payable and other liabilities (in thousands):

Adjustments related to accounts payable and other liabilities:	**Colony**	**NSAM**	**NRF**	**Total**
Merger-related transaction and other costs (i)	$29,955	$ 37,743	$59,155	$126,853
NSAM executive compensation accrual (ii)	—	(22,766)	(2,039)	(24,805)
Interest payable related to NSAM's corporate borrowing (iii)	—	(4,262)	—	(4,262)
Total	$29,955	$ 10,715	$57,116	$ 97,786

(i) Represents non-recurring transaction and other costs incurred in connection with the Mergers, consisting primarily of advisory, legal, accounting, tax and other professional services and are factually supportable as such amounts are based on reliable, documented evidence such as invoices for costs incurred to date and estimates from third-parties for additional costs expected to be incurred until the closing of the Mergers. Such costs are reflected as a reduction to retained earnings and not included in the unaudited pro forma condensed consolidated statements of operations. Refer to footnote 12.

(ii) Represents an adjustment to eliminate compensation payable related to arrangements entered into with the NSAM executive officers in connection with the Mergers. Refer to footnote 12.

(iii) Represents an adjustment to eliminate interest payable related to NSAM's corporate borrowings. Refer to footnote 3 for additional information.

(10) The following table presents a summary of the merger-related adjustment to common stock par value as of September 30, 2016 (in thousands, except for exchange ratios and par value per share):

Adjustments to common stock at par:	**Colony**	**NSAM**	**NRF**	**Pro Forma Colony NorthStar**
Outstanding shares of common stock as of September 30, 2016 (i)	113,928	188,983	180,730	
Equity awards to vest upon the Mergers and converted into Colony NorthStar common stock, net of shares withheld for tax (ii)	—	504	665	
NRF LTIP units converted to common stock (iii)	—	—	1,856	
Outstanding shares of common stock prior to the Mergers	113,928	189,487	183,251	
Exchange ratio	1.4663	1.0000	1.0996	
Shares of Colony NorthStar common stock—pro forma basis	167,053	189,487	201,503	
Shares of NRF common stock owned by NSAM (iv)	NA	NA	(2,969)	
Shares of Colony NorthStar common stock—pro forma basis (as adjusted) (v)	167,053	189,487	198,534	555,074
Par value per share	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Common stock at par of Colony NorthStar—pro forma basis	$ 1,671	$ 1,895	$ 1,985	5,551
Common stock at par as of September 30, 2016	(1,139)	(1,890)	(1,807)	(4,836)
Pro forma adjustment to common stock at par	$ 532	$ 5	$ 178	$ 715

(i) Includes restricted common stock issued as equity-based awards.

(ii) Represents 9.4 million equity-based shares of NSAM that will convert to Colony NorthStar class A common stock upon completion of the Mergers, net of 4.1 million shares forfeited by NSAM executives and 4.8 million shares estimated to be retired upon vesting for NSAM executive and employee tax withholding. Represents 3.2 million equity-based shares of NRF common stock that will convert to Colony NorthStar class A common stock upon completion of the Mergers, net of 1.1 million shares forfeited by NSAM executives and 1.4 million shares estimated to be retired upon vesting for NSAM executive and employee tax withholding. Refer to the section entitled "The Mergers-Interests of NSAM's Directors and Executive Officers in the Mergers" for further information regarding shares forfeited by NSAM executives. Shares withheld for taxes include amounts related to restricted common stock included in outstanding common stock.

(iii) In connection with the Mergers, NRF LP will be merged into NRF resulting in the conversion to NRF common stock of existing LTIP units in NRF LP.

(iv) Represents the 2.7 million shares of NRF common stock owned by NSAM after giving effect to the exchange ratio.

(v) Includes shares of both class A and class B pro forma Colony NorthStar common stock.

(11) The following table presents a summary of the merger-related adjustments to additional paid-in capital as of September 30, 2016 (in thousands):

Adjustments to additional paid-in capital:	**Colony**	**NSAM**	**NRF**	**Total**
Adjustment to common stock par value (refer to footnote 10)	$ (532)	$ (5)	$ (178)	$ (715)
Elimination of retained earnings (accumulated deficit)	—	(38,554)	(2,891,153)	(2,929,707)
Elimination of accumulated other comprehensive income (loss)	—	(210)	(63,709)	(63,919)
Adjustment to non-controlling interests in operating partnership	—	5,436 (iv)	31,798 (i)	37,234
Elimination of carrying value of NRF common stock owned by NSAM	—	—	(35,741) (ii)	(35,741)
Acceleration of equity-based awards vested upon the Mergers (iii)	—	69,210	—	69,210
Elimination of retained earnings from NRF Sale Initiatives	—	—	384,044	384,044
Total merger-related adjustments to additional paid-in capital				$(2,539,594)

(i) In connection with the Mergers, NRF LP will be merged into NRF.

(ii) Represents the carrying value of 2.7 million shares of NRF common stock owned by NSAM (refer to footnote 4).

(iii) Represents the acceleration of amortization of equity-based compensation related to substantially all outstanding NSAM equity awards that will vest in accordance with their terms upon the closing of the Mergers. Colony and NRF equity awards that vest in connection with the Mergers are not included as adjustments as such events occur prior to the Mergers.

(iv) The following table presents a summary of the adjustment to Colony NorthStar's non-controlling interests in the operating partnership as of September 30, 2016 (in thousands, except for exchange ratio):

Pro forma Colony NorthStar non-controlling interest in the operating partnership: (i)	**Colony**	**NSAM**	**Total Colony NorthStar**
OP units owned by non-controlling interests as of September 30, 2016	20,787	1,790	
Exchange ratio	1.4663	1.0000	
Non-controlling interests' ownership of Colony NorthStar OP units—pro forma basis	30,480	1,790	32,270
Shares of Colony NorthStar common stock—pro forma basis			555,074
Pro forma non-controlling OP unit ownership % in Colony NorthStar			5.5%
Adjustment to non-controlling interests in operating partnership			$ 5,436

(i) In connection with the Mergers, NRF LP will be merged into NRF.

(12) The following table presents a summary of merger-related adjustments to retained earnings (accumulated deficit) as of September 30, 2016 (in thousands):

Adjustments to retained earnings (accumulated deficit):	**Colony**	**NSAM**	**NRF**	**Total**
Elimination of retained earnings (accumulated deficit) as of September 30, 2016	$ —	$ 38,554	$2,891,153	$2,929,707
NSAM special dividend (refer to footnote 1)	—	(228,000)	—	(228,000)
Merger-related transaction costs (i)	(29,955)	(37,743)	(59,155)	(126,853)
NSAM executive compensation accrual (ii)	—	22,766	2,039	24,805
Acceleration of equity-based awards vested upon the Mergers (iii)	—	(69,210)	—	(69,210)
NorthStar corporate borrowings deferred financing costs (iv)	—	(28,822)	(5,316)	(34,138)
Elimination of retained earnings from NRF Sale Initiatives	—	—	(384,044)	(384,044)
Total merger-related adjustments to retained earnings (accumulated deficit)				$2,112,267

(i) Represents non-recurring transaction costs directly attributable to the Mergers, of which $126.9 million is a pro forma adjustment to accounts payable and other liabilities (refer to footnote 9) in the historical financial statements as of September 30, 2016.

(ii) Represents an adjustment to eliminate compensation payable related to arrangements entered into with the NSAM executive officers in connection with the Mergers.

(iii) Represents the acceleration of amortization of equity-based compensation related to substantially all outstanding NSAM equity awards that will vest in accordance with their terms upon the closing of the Mergers. NRF equity awards that vest in connection with the Mergers are not included as an adjustment as such event occurs prior to the Mergers.

(iv) Represents an adjustment to eliminate deferred financing costs of $0.7 million related to NRF's corporate revolving credit facility and $33.4 million related to NSAM and NRF's respective term borrowings. The NorthStar corporate borrowings are expected to be paid off and terminated in connection with the Mergers.

C. Fair Value Adjustments

The fair value adjustments reflected in the unaudited pro forma condensed consolidated balance sheet represent the differences between fair value amounts based on a preliminary purchase

price allocation of the assets acquired and liabilities assumed of NSAM and NRF and the corresponding historical balances of NSAM and NRF, as adjusted (in thousands):

	NSAM		NRF		
	Fair Value (1)	Adjusted Historical	Fair Value (1)(2)	Adjusted Historical (3)	Fair Value Adjustment
Assets					
Cash and cash equivalents	$ 125,037	$125,037 (15)	$ 2,043,280	$ 2,043,280	$ —
Restricted cash	26,599	26,599	175,082	175,082	—
Operating real estate, net	—	—	9,082,788	7,371,996	1,710,792 (4)
Real estate debt investments, net	—	—	349,083	348,539	544
Investments in private equity funds	—	—	484,876	484,876	— (5)
Investments in unconsolidated ventures	57,664	57,664 (15)	177,994	161,744	16,250 (5)
Real estate securities, available for sale	—	—	526,966	526,966	— (5)
Securities, at fair value	2,697	2,697 (16)	—	—	—
Due from affiliates	109,753	109,753	1,888	1,888	—
Goodwill	329,628	243,328	53,273	44,767	94,806 (6)
Intangible assets, net	2,511,020	203,728	645,249	298,950	2,653,591 (4)
Assets of properties held for sale	—	—	109,096	120,871	(11,775) (3)
Other assets	120,895	41,784	290,438	357,516	12,033 (7)(10)
Total assets	$3,283,293	$810,590	$13,940,013	$11,936,475	$4,476,241
Liabilities					
Mortgage and other notes payable	$ —	$ —	$ 6,166,576	$ 6,229,796	$ (63,220) (8)
Credit facilities and term borrowings	497,500	468,679	420,409	420,409	28,821 (9)
Convertible senior notes	—	—	29,441	27,356	2,085 (8)
Securitization bonds payable	—	—	257,877	257,877	— (5)
Junior subordinated notes	—	—	191,175	191,175	— (5)
Accounts payable and other liabilities	268,235	91,155	212,463	212,463	177,080 (10)
Due to related parties	—	—	46,939	46,939	—
Intangible liabilities, net	—	—	1,944,091	113,967	1,830,124 (4)
Liabilities of properties held for sale	—	—	53,429	94,480	(41,051) (3)(11)
Derivative liabilities, at fair value	—	—	302,316	302,316	—
Total liabilities	765,735	559,834	9,624,716	7,896,778	1,933,839
Commitments and contingencies					
Redeemable non-controlling interests	75,149	75,149	—	—	—
Equity					
Performance common stock	52	52	—	—	—
Preferred stock	—	—	969,458	939,118	30,340 (12)
Common stock	1,890	1,890	1,807	1,807	—
Additional paid-in capital	2,477,233	210,431 (15)(16)	2,243,317	2,224,947	2,285,172 (13)
Accumulated other comprehensive income (loss)	(210)	(210)	(63,709)	(63,709)	—
Retained earnings (accumulated deficit)	(38,554)	(38,554)	384,044	384,044	—
Total stockholders' equity	2,440,411	173,609	3,534,917	3,486,207	2,315,512
Non-controlling interests—investments	—	—	748,582	521,692	226,890 (14)
Non-controlling interests—operating partnership	1,998	1,998	31,798	31,798	— (14)
Total equity	2,442,409	175,607	4,315,297	4,039,697	2,542,402
Total liabilities, redeemable non-controlling interests and equity	$3,283,293	$810,590	$13,940,013	$11,936,475	$4,476,241

(1) Fair value reflected in the unaudited pro forma condensed consolidated balance sheet was estimated as follows:

(i) *Real estate and related intangibles*— based on a discounted cash flow analysis or direct capitalization analysis, and for real estate held for sale, contracted sale price or a sales comparison approach, adjusted for estimated selling costs. The fair value is allocated to tangible assets such as land, building, tenant and land improvements and identified intangibles, such as above- and below-market leases, above- and below-market ground lease obligations, in-place lease value and goodwill.

(ii) *Real estate debt investments*— determined by comparing the current yield to the estimated yield for newly originated loans with similar credit risk or the market yield at which a third party might expect to purchase such investment or based on discounted cash flow projections of principal and interest expected to be collected, which include

consideration of borrower or sponsor credit, as well as operating results of the underlying collateral. For certain real estate debt investments considered to be impaired, their carrying value approximates fair value.

(iii) *Private equity funds and investments in unconsolidated ventures*— based on the timing and amount of expected future cash flow for income and realization events for underlying assets.

(iv) *Real estate securities*— based on quotations from brokers or financial institutions that act as underwriters of the securities, third-party pricing service or discounted cash flow depending on the type of securities.

(v) *Management agreements and related intangible assets*— comprised of NSAM's management contracts, customer relationships and trade name. The fair value of management contracts and customer relationships represent the discounted excess earnings attributable to the future management fee income from in-place management contracts and to the potential fee income from repeat customers through future sponsored funds, respectively. The fair value of trade name is estimated based on a discounted royalty rate.

(vi) *Mortgage and other notes payable*— estimated by discounting expected future cash outlays at interest rates currently available for instruments with similar terms and remaining maturities.

(vii) *Convertible senior notes*— based on quoted market prices or recent transactions.

(viii) *Securitization bonds payable and junior subordinated notes*— based on quotations from brokers or financial institutions that act as underwriters of the securitized bonds or subordinated notes.

(2) Fair value excludes assets and liabilities associated with the NRF Sales Initiatives (refer to footnote 3).

(3) The following table presents the assets and liabilities of NRF as of September 30, 2016, adjusted to reflect the impact of the NRF Sales Initiatives (in thousands):

		NRF	
	Historical	NRF Sales Initiatives (i)	Adjusted Historical
Assets			
Cash and cash equivalents	$ 725,360	$ 1,317,920	$ 2,043,280
Restricted cash	180,068	(4,986)	175,082
Operating real estate, net	7,371,996	—	7,371,996
Real estate debt investments, net	348,539	—	348,539
Investments in private equity funds, at fair value	484,876	—	484,876
Investments in unconsolidated ventures	161,744	—	161,744
Real estate securities, available for sale	526,966	—	526,966
Due from affiliates	1,888	—	1,888
Goodwill	44,767	—	44,767
Intangible assets, net	298,950	—	298,950
Assets of properties held for sale	2,653,959	(2,533,088)	120,871
Other assets	565,776	(208,260)	357,516
Total assets	$13,364,889	$(1,428,414)	$11,936,475
Liabilities			
Mortgage and other notes payable	$ 6,922,027	$ (692,231)	$ 6,229,796
Credit facilities and term borrowings	420,409	—	420,409
Convertible senior notes	27,356	—	27,356
Securitization bonds payable	257,877	—	257,877
Junior subordinated notes	191,175	—	191,175
Accounts payable and other liabilities	205,142	7,321	212,463
Due to related parties	46,939	—	46,939
Intangible liabilities, net	113,967	—	113,967
Liabilities of properties held for sale	1,502,659	(1,408,179)	94,480
Derivative liabilities, at fair value	302,316	—	302,316
Total liabilities	$ 9,989,867	$(2,093,089)	$ 7,896,778

(i) Refer to A, *Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet—NRF Sales Initiatives.*

(4) The acquired assets and liabilities assumed for real estate generally include, but are not limited to land, buildings and improvements, identified tangible and intangible assets and liabilities associated with in-place leases, above- and below-market leases and goodwill, if any. The following table presents a summary of the major classes of intangible assets acquired and liabilities assumed as part of the Mergers (in thousands):

	NSAM		NRF		
	Fair Value	Historical	Fair Value	Historical	Fair Value Adjustment
Intangible assets					
Management agreements and related intangibles (i)	$2,511,020	$203,728	$ —	$ —	$2,307,292
In-place lease values	—	—	151,921	104,668	47,253
Above-market lease values	—	—	400,256	157,003	243,253
Below-market ground lease obligations	—	—	34,082	—	34,082
Other real estate intangible assets	—	—	58,990	37,279	21,711
Total	$2,511,020	$203,728	$ 645,249	$298,950	$2,653,591
Intangible liabilities					
NRF management agreement	$ —	$ —	$1,800,000	$ —	$1,800,000
Below-market lease values	—	—	133,222	111,828	21,394
Other real estate intangible liabilities	—	—	10,869	2,139	8,730
Total	$ —	$ —	$1,944,091	$113,967	$1,830,124

(i) NSAM's management agreements and related intangibles are summarized as follows (in thousands):

	NSAM	
	Fair Value	Historical
NSAM:		
NSAM Retail Companies management agreements (a)	$ 333,100	$ —
NorthStar Europe management agreement (a)	109,600	—
Trade name	59,000	—
NRF management agreement (a)	1,800,000	—
Townsend:		
Customer relationships	185,580	180,862
Performance fees	5,710	5,289
Trade name	17,820	17,424
Proprietary technology	210	153
Total	$2,511,020	$203,728

(a) The preliminary value was estimated using a discounted cash flow analysis, comparing the existing NSAM management agreements with a range of observable inputs for similar contracts including discount rates ranging between 7.0% and 9.0%. The NRF management agreement represents the off market fair value of such agreement. The NRF management agreement will cease to exist upon completion of the Mergers.

(b) The estimated useful lives of NSAM's management agreement and related intangibles range from three years to 30 years.

(5) NRF has historically elected the fair value option for its investments in private equity funds, certain investments in unconsolidated ventures, real estate securities, securitization bonds payable and junior subordinated notes, where carrying value represents fair value. The adjustment reflects the fair value of certain investments in unconsolidated ventures carried at historical cost.

(6) Represents elimination of historical goodwill of NSAM and certain NRF properties and an adjustment for goodwill based on the preliminary purchase price allocation (refer to Note 3. *Pro Forma Merger Consideration*).

(7) Straight-lining of rent pursuant to the underlying leases associated with the real estate acquired in connection with the Mergers will commence at the effective date of the Mergers; therefore the amount of unbilled rent receivable on the balance sheet as of September 30, 2016 has been eliminated.

(8) Represents fair value adjustments, including the elimination of deferred financing costs.

(9) The carrying value of NRF credit facilities and term borrowings approximate fair value. The adjustment represents elimination of NSAM historical deferred financing costs related to its credit facility.

(10) Represents the estimated deferred tax effect of the pro forma adjustments related to NSAM management agreements and investment in The Townsend Group using an estimated 40% effective income tax rate.

(11) Represents an adjustment to eliminate a mortgage note payable related to certain properties for which NRF is currently in negotiations with the lender to foreclose. In April 2016, NRF gave three properties back to the lender and is expected to give the remaining property back to the lender in the fourth quarter 2016 upon which the mortgage note will be extinguished.

(12) Represents an adjustment to reflect the fair value of Colony NorthStar preferred stock to be issued as merger consideration, as discussed in Note 3, *Pro Forma Merger Consideration.*

(13) Adjustment to additional paid-in capital represents the remaining net asset value of NSAM and NRF after adjustments to retained earnings (accumulated deficit) and non-controlling interests (refer to footnote 14).

(14) Fair value of non-controlling interests are derived as their proportionate share of the fair value of net assets attributable to them, such fair value is determined on same basis as described above.

(15) NSAM historical includes an adjustment to eliminate NSAM's interest in Island Hospitality Management Inc. Refer to footnote 2 in Note 4.B, *Merger Adjustments*, for additional information.

(16) NSAM historical includes an elimination of the carrying value of NSAM's ownership of 2.7 million shares of NRF common stock. Refer to footnote 4 in Note 4.B, *Merger Adjustments* for additional information.

Note 5. Adjustments to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

D. NRF Sales Initiatives

The following tables present summarized pro forma adjustments for the nine months ended September 30, 2016 and year ended December 31, 2015 related to NRF Sales Initiatives. Such adjustments eliminate any activity related to assets sold or under contract to sell through November 4, 2016, as disclosed in NRF's Quarterly Report on Form 10-Q for the nine months ended September 30, 2016, however, it excludes the impact of potential reinvestment of proceeds from the NRF Sale Initiatives (in thousands):

	Nine Months Ended September 30, 2016							
	Manufactured Housing	Multifamily	Healthcare Portfolio (1)	Industrial Portfolio	Private Equity Portfolio	CRE Debt Investments	CRE Securities	Total NRF Sales Initiatives
Revenues								
Rental and escalation income	$ (147,680)	$ (21,189)	$ (69,239)	$(27,228)	$ —	$ —	$ —	$(265,336)
Interest income	(4,341)	—	(3)	(3)	—	(8,405)	(772)	(13,524)
Other income	(4,018)	(1,273)	(930)	—	—	—	—	(6,221)
Total revenues	(156,039)	(22,462)	(70,172)	(27,231)	—	(8,405)	(772)	(285,081)
Expenses								
Interest expense	(42,781)	(5,481)	(22,729)	(4,897)	—	(393)	—	(76,281)
Property operating expenses	(58,034)	(9,660)	(23,735)	(3,849)	—	—	—	(95,278)
Other expense—investment and servicing expenses	(389)	(113)	(95)	(785)	—	(42)	—	(1,424)
Transaction costs	(186)	—	—	—	—	—	—	(186)
Provision for loan losses	(245)	—	—	—	—	(2,806)	—	(3,051)
Depreciation and amortization	—	—	(27,889)	(5,217)	—			(33,106)
Total expenses	(101,635)	(15,254)	(74,448)	(14,748)	—	(3,241)	—	(209,326)
Other income (loss)								
Unrealized gain (loss) on investments and other	—	—	—	—	—	—	—	—
Realized gain (loss) on investments and other	3,626	(21,800)	(16,696)	(13,235)	9,889	1,302	—	(36,914)
Equity in earnings of unconsolidated joint ventures	—	—	—	—	(10,799)	—	—	(10,799)
Income tax benefit (expense)	(542)	—	(21)	—	3,707	18	—	3,162
Income (loss) from continuing operations	(51,320)	(29,008)	(12,441)	(25,718)	2,797	(3,844)	(772)	(120,306)
Non-controlling interests—investments	—	(2,179)	(1,423)		—	—	—	(3,602)
Net income (loss) from continuing operations attributable to common stockholders	$ (51,320)	$ (26,829)	$ (11,018)	$(25,718)	$ 2,797	$ (3,844)	$ (772)	$(116,704)

	Year Ended December 31, 2015							
	Manufactured Housing	Multifamily	Healthcare Portfolio (1)	Industrial Portfolio	Private Equity Portfolios	CRE Debt Investments	CRE Securities	Total NRF Sales Initiatives
Revenues								
Rental and escalation income	$ (174,559)	$ (32,201)	$(135,371)	$(39,850)	$ —	$ —	$ —	$(381,981)
Interest income	(6,251)	—	(1)	(1)	—	(34,023)	(5,175)	(45,451)
Other income	(6,209)	(1,951)	(2,179)		—	—	—	(10,339)
Total revenues	(187,019)	(34,152)	(137,551)	(39,851)	—	(34,023)	(5,175)	(437,771)
Expenses								
Interest expense	(51,819)	(8,560)	(39,774)	(7,319)	—	(2,027)	—	(109,499)
Property operating expenses	(72,808)	(15,509)	(57,033)	(5,604)	—	—	—	(150,954)
Other expense—investment and servicing expenses	(2,078)	(87)	(8,553)	(1,116)	—	(158)	—	(11,992)
Transaction costs	(1,779)	—	—	(54)	—	—	—	(1,833)
Provision for loan losses	(766)	—	—		—	(1,195)	—	(1,961)
Depreciation and amortization	(68,331)	(6,928)	(62,641)	(10,401)	—	—	—	(148,301)
Total expenses	(197,581)	(31,084)	(168,001)	(24,494)	—	(3,380)	—	(424,540)
Other income (loss)								
Realized gain (loss) on investments and other	1,709	—	—	—	—	—	—	1,709
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	12,271	(3,068)	30,450	(15,357)	—	(30,643)	(5,175)	(11,522)
Equity in earnings of unconsolidated joint ventures	—	—	—		(77,851)	—	—	(77,851)
Income tax benefit (expense)	435	—	55		7,911	164	—	8,565
Income (loss) from continuing operations	12,706	(3,068)	30,505	(15,357)	(69,940)	(30,479)	(5,175)	(80,808)
Non-controlling interests—investments	—	(165)	8,061			—	—	7,896
Net income (loss) from continuing operations attributable to common stockholders	$ 12,706	$ (2,903)	$ 22,444	$(15,357)	$(69,940)	$ (30,479)	$ (5,175)	$ (88,704)

(1) Includes a portfolio of medical office buildings and a senior housing portfolio.

E. Merger Adjustments

As a result of the Mergers, Colony NorthStar expects estimated annualized synergies of $115 million, consisting of $80 million of cash savings and $35 million of equity-based compensation savings. The merger adjustments to the unaudited pro forma condensed consolidated statements of operations exclude integration activities or full savings that may result from realization of such future cost savings from operating efficiencies, revenue or other incremental synergies expected to result from the Mergers other than the executive compensation adjustments noted in footnotes 1(v) and 1(vii) below. The nine months ended September 30, 2016 and year ended December 31, 2015 pro forma condensed consolidated statements of operations exclude $48 million and $34 million, respectively, of expected cash savings as such amounts are not currently supportable through contracts or other agreements in place.

(1) The following table presents a summary of pro forma adjustments related to the Mergers (in thousands):

	Nine Months Ended September 30, 2016				Year Ended December 31, 2015			
	Colony	NSAM	NRF	Total	Colony	NSAM	NRF	Total
Pro Forma Adjustments to Revenues								
Fee income	$ —	$(139,955) (i)	$ —	$(139,955)	$ —	$(198,695) (i)	$ —	$(198,695)
Other income								
Dividend income	$ —	$ (3,256) (ii)	$ —	$ (3,256)	$ —	$ —	$ —	$ —
Loan origination fee	—	—	(843) (iv)	(843)	—	—	(2,995) (iv)	(2,995)
Reimbursement between NSAM and managed companies	—	24,229 (iii)	—	24,229	—	39,479 (iii)	—	39,479
Total other income	$ —	$ 20,973	$ (843)	$ 20,130	$ —	$ 39,479	$ (2,995)	$ 36,484
Pro Forma Adjustments to Expenses								
Management fee	$ —	$ —	$(139,955) (i)	$(139,955)	$ —	$ —	$(198,695) (i)	$(198,695)
Transaction costs	$(11,345) (ix)	$ (24,431) (ix)	$ (10,338) (ix)	$ (46,114)	$ —	$ —	$ —	$ —
Compensation costs								
Reimbursement between NSAM and managed companies	$ —	$ 19,383 (iii)	$ —	$ 19,383	$ —	$ 31,583 (iii)	$ —	$ 31,583
Cash compensation	—	(11,595) (v)	(186) (v)	(11,781)	—	(45,353) (v)	(499) (v)	(45,852)
Equity-based compensation expense	(815) (vi)	(11,746) (v)	(4,256) (v)	(16,817)	(1,726) (vi)	55,127 (v)(vii)	(20,392) (v)	33,009
Total compensation costs (viii)	$ (815)	$ (3,958)	$ (4,442)	$ (9,215)	$(1,726)	$ 41,357	$ (20,891)	$ 18,740
Other general and administrative expenses								
Loan origination fee	$ —	$ (843) (iv)	$ —	$ (843)	$ —	$ (2,995) (iv)	$ —	$ (2,995)
Reimbursement between NSAM and managed companies	—	4,846 (iii)	—	4,846	—	7,896 (iii)	—	7,896
Total other general and administrative expenses	$ —	$ 4,003	$ —	$ 4,003	$ —	$ 4,901	$ —	$ 4,901

(i) Represents elimination of the management fee income (expense) between NSAM and NRF, respectively.

(ii) Represents elimination of dividend income NSAM received from its ownership of NRF common stock for the nine months ended September 30, 2016. NSAM did not earn any dividend income for the year ended December 31, 2015.

(iii) Represents reclassification of reimbursable expenses incurred on behalf of NSAM's managed companies (excluding amounts allocated to NRF which do not result in an adjustment).

(iv) Represents elimination of loan origination fees from NSAM to NRF.

(v) Includes an adjustment to eliminate cash and equity-based compensation related to arrangements entered into by the NSAM executive officers in connection with the Mergers. The nine months ended September 30, 2016 does not adjust to eliminate the historical cash and equity-based compensation related to Messrs. Hamamoto and Gilbert who will remain at Colony NorthStar, and therefore, their historical cash and equity-based compensation will have a continuing impact on Colony NorthStar. Messrs. Hamamoto and Gilbert are expected to enter into new employment arrangements prior to the Mergers. Their historical cash and equity-based compensation may not be indicative of any future cash and equity-based compensation.

(vi) Represents an adjustment to recognize equity-based compensation expense on outstanding Colony equity awards at their remeasured fair value.

(vii) Includes the amortization of $97.3 million of equity-based compensation related to NSAM executive restricted stock units, which we refer to as RSUs, which will vest one year from issuance. This amount was determined using the November 9, 2016 closing price of NSAM common stock multiplied by the maximum number of RSUs to be issued of 7,977,000; refer to Note G, *Pro Forma Shares Outstanding and Earnings Per Share* (3).

(viii) The consolidated pro forma compensation expense of $202.3 million and $270.5 million for the nine months ended September 30, 2016 and year ended December 31, 2015 includes $56.8 million and $126.0 million of equity-based compensation expense, respectively.

(ix) Represents the elimination of merger-related transaction costs incurred for the nine months ended September 30, 2016.

(2) The following table summarizes adjustments to interest expense (in thousands):

Adjustments to interest expense:	Nine Months Ended September 30, 2016				Year Ended December 31, 2015			
	Colony (i)	NSAM	NRF	Total	Colony (i)	NSAM	NRF	Total
Interest expense on NorthStar corporate borrowings (ii)	$ —	$(16,060)	$(16,552)	$(32,612)	$ —	$(437)	$(29,519)	$(29,956)
Amortization of deferred financing	—	(4,115)	(2,908)	(7,023)	—	(341)	(5,738)	(6,079)
Total	$ —	$(20,175)	$(19,460)	$(39,635)	$ —	$(778)	$(35,257)	$(36,035)

(i) The pro forma adjustments assume no additional borrowing on Colony's credit facility or bridge financing. Refer to Note 4.B, *Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet—Merger Adjustments* footnote 7 for further information.

(ii) NorthStar corporate borrowings are expected to be paid off and terminated in connection with the Mergers.

(3) Represents elimination of historical unrealized losses related to NSAM's ownership of NRF common stock.

(4) Represents an adjustment to eliminate equity in earnings related to NSAM's interest in Island Hospitality Management Inc. Refer to footnote 2 in Note 4.B, *Merger Adjustments—NRF Sales Initiatives*, for additional information.

(5) Represents the income tax effect of pro forma adjustments related to the Mergers, calculated using an estimated 40% effective income tax rate on assets held in taxable REIT subsidiaries.

(6) Represents an adjustment related to the non-controlling interest partner in the healthcare joint venture.

(7) The following table summarizes adjustments to non-controlling interests in the operating partnership (in thousands):

Adjustments to non-controlling interests-operating partnership:	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Allocation to non-controlling interests—Colony NorthStar operating partnership (i)	$ (34,623)	$ (28,292)
Elimination of NRF operating partnership (ii)	3,537	3,206
Total	$ (31,086)	$ (25,086)

(i) Represents an adjustment to allocate the pro forma ownership interest of Colony NorthStar of 5.5%. Refer to Note 4.B, *Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet—Merger Adjustments*, footnote 10 for additional information.

(ii) Represents elimination of the non-controlling interests in NRF LP. In connection with the Mergers, NRF LP will merge with NRF, converting non-controlling LTIP unit interests into common stock.

F. Fair Value Adjustment

(8) The following table presents a summary of adjustments related to NRF to amortization of above and below-market leases based on remaining lease terms ranging from one to 29 years (in thousands):

Adjustments to amortization of above/below market leases:	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Remove historical	$ 5,016	$ 11,289
Amortization using preliminary fair value	(21,387)	35,341
Total	$ (16,371)	$ 46,630

(9) The following table presents a summary of adjustments to interest expense related to the fair value of convertible senior notes, securitization bonds payable and mortgage and other notes payable related to NRF amortized over the respective remaining term of each borrowing (in thousands):

Adjustments to interest expense:	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Convertible senior notes	$ (5)	$ (7)
Mortgage and other notes payable	(1,192)	(2,666)
Total	$ (1,197)	$ (2,673)

(10) Represents adjustments to amortization of NRF's below-market ground lease and straight-line ground rent of $0.5 million and $0.5 million for the nine months ended September 30, 2016 and year ended December 31, 2015, respectively.

(11) The following table presents a summary of adjustments to depreciation and amortization based on the historical useful lives for operating real estate and lease and other terms for intangible assets ranging from four to 40 years (in thousands):

	Nine Months Ended September 30, 2016			Year Ended December 31, 2015		
Adjustments to depreciation and amortization:	NSAM	NRF	Total	NSAM	NRF	Total
Remove historical	$ (7,355)	$(227,181)	$(234,536)	$ —	$(308,615)	$(308,615)
Depreciation and amortization using preliminary fair value	57,298	271,859	329,157	76,398	389,402	465,800
Total	$49,943	$ 44,678	$ 94,621	$76,398	$ 80,787	$ 157,185

(12) Represents the share of pro forma adjustments to interest and depreciation expenses attributable to non-controlling interests—investments based upon their respective ownership in each venture, as a result of the preliminary fair value adjustments to assets and liabilities.

G. Pro Forma Shares Outstanding and Earnings Per Share

Shares and Units Outstanding

The following table presents a summary of pro forma shares, OP units and RSUs outstanding at the effective time of the Mergers (in thousands):

	Colony	NSAM	NRF	Total(5)
Shares of Colony NorthStar common stock—pro forma basis (1)	167,053	189,487	198,534	555,074
OP units (2)	30,480	1,790	—	32,270
NSAM executive RSUs (3)	—	7,977	—	7,977
Restricted stock units (4)	—	660	275	935
Total	197,533	199,914	198,809	596,256

(1) Refer to Note 4.B, *Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet—Merger Adjustments*, footnote 9. Includes shares of both class A and class B pro forma Colony NorthStar common stock.

(2) Refer to Note 4.B, *Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet—Merger Adjustments*, footnote 10.

(3) The number of RSUs subject to replacement equity awards may vary based on a per share price equal to the greater of $15.00 or the volume weighted average price of a share of Colony NorthStar common stock over the first five trading days immediately following the closing of the Mergers. The maximum number of RSUs to be issued are 7,977,000 with a maximum value of $119.6 million. The above represents the maximum number of NSAM executive RSUs that would be issued; refer to Note E. *Merger Adjustments* (1)(vii).

(4) Represents RSU grants to a non-employee of NSAM and NRF.

(5) Excludes potential shares that may be issued in connection with retention plans or other equity awards issued prior to the Mergers.

Earnings (Loss) Per Share

The following table presents pro forma basic and diluted earnings (loss) per share after giving effect to the pro forma adjustments to the unaudited consolidated statements of operations (in thousands, except for per share data):

Pro forma earnings per share:	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Numerator:		
Net income (loss) from continuing operations attributable to common stockholders	$ (319,282)	$ (127,397)
Denominator:		
Weighted average number of shares outstanding—basic	550,078 (1)	548,328 (2)
Weighted average number of shares outstanding—diluted	551,916 (1)	549,781 (2)
Earnings (loss) per share:		
Net income (loss) from continuing operations attributable to common stockholders per share—basic	$ (0.58)	$ (0.23)
Net income (loss) from continuing operations attributable to common stockholders per share—diluted	$ (0.58)	$ (0.23)

(1) The following table presents pro forma basic and diluted weighted average shares outstanding for the nine months ended September 30, 2016 (in thousands, except for exchange ratios):

Weighted Average Shares—Basic	Colony	NSAM	NRF	Pro Forma Colony NorthStar
Historical weighted average shares—basic	112,133	183,251	180,803	
NSAM executive officers equity-based awards vested upon the Mergers and converted into common stock, net (i)	—	3,593	846	
NRF LTIP units converted to common stock (ii)	—	—	1,856	
Shares of NRF common stock owned by NSAM	—	—	(2,700)	
Adjusted basic weighted average shares of common stock prior to the Mergers	112,133	186,844	180,805	
Exchange ratio	1.4663	1.0000	1.0996	
Weighted average shares of Colony NorthStar common stock—basic (iii)	164,421	186,844	198,813	550,078

Weighted Average Shares—Dilutive	Colony	NSAM	NRF	Pro Forma Colony NorthStar
Historical weighted average shares—dilutive	112,133	185,083	182,664	
NSAM executive officers equity-based awards vested upon the Mergers and converted into common stock, net (i)	—	3,593	846	
Shares of NRF common stock owned by NSAM	—	—	(2,700)	
Adjusted dilutive weighted average shares of common stock prior to the Mergers	112,133	188,676	180,810	
Exchange ratio	1.4663	1.0000	1.0996	
Weighted average shares of Colony NorthStar common stock—dilutive (iii)	164,421	188,676	198,819	551,916

(i) Represents an adjustment related to NSAM and NRF executive equity-based awards that vest upon the Mergers and converted into class A common stock, net of forfeitures, estimated shares withheld for tax and adjustments due to timing. The adjustment assumes such awards convert to common stock on January 1, 2015, the beginning of the earliest period presented. The adjustment related to NSAM includes 3.0 million executive equity-based shares (10.6 million shares issued net of 4.0 million shares forfeited and 3.7 million shares estimated to be retired upon vesting for tax withholding) and 0.6 million shares due to timing. The adjustment related to NRF includes 0.8 million executive equity-based shares

(2.9 million issued net of 1.1 million shares forfeited and 1.0 million shares estimated to be retired upon vesting for tax withholding) and an immaterial amount due to timing.

(ii) In connection with the Mergers, NRF LP will be merged into NRF resulting in existing LTIP units to be converted into common stock.

(iii) Excludes the effect of (a) convertible senior notes that were not dilutive as of September 30, 2016; (b) 8.0 million of NSAM executive RSUs; (c) 2.7 million and 0.5 million shares of NSAM and NRF non-executive RSUs and restricted stock, respectively; (d) 0.7 million and 0.3 million shares of NSAM and NRF RSUs to non-employees, respectively; (e) 0.7 million shares of NSAM restricted stock issued to Townsend Holdings LLC; (f) 2.1 million shares of Colony restricted stock; and (g) potential shares that may be issued in connection with retention plans or other equity awards issued prior to the Mergers.

(2) The following tables present pro forma basic and diluted weighted average shares outstanding for the year ended December 31, 2015 (in thousands, except for exchange ratios):

Weighted Average Shares—Basic	**Colony**	**NSAM**	**NRF**	**Pro Forma Colony NorthStar**
Historical weighted average shares—basic	110,931	188,706	174,873	
NSAM executive officers equity-based awards vested upon the Mergers and converted into common stock, net (i)	—	4,332	1,155	
NRF LTIP units converted to common stock (ii)	—	—	1,856	
Shares of NRF common stock owned by NSAM	—	—	(2,700)	
Adjusted basic weighted average shares of common stock prior to the Mergers	110,931	193,038	175,184	
Exchange ratio	1.4663	1.0000	1.0996	
Weighted average shares of Colony NorthStar class A common stock—basic (iii)	162,658	193,038	192,632	548,328

Weighted Average Shares—Dilutive	**Colony**	**NSAM**	**NRF**	**Pro Forma Colony NorthStar**
Historical weighted average shares—dilutive	110,931	193,119	176,345	
NSAM executive officers equity-based awards vested upon the Mergers and converted into common stock, net (i)	—	1,794	1,155	
Shares of NRF common stock owned by NSAM	—	—	(2,700)	
Adjusted dilutive weighted average shares of common stock prior to the Mergers	110,931	194,913	174,800	
Exchange ratio	1.4663	1.0000	1.0996	
Weighted average shares of Colony NorthStar common stock—dilutive (iii)	162,658	194,913	192,210	549,781

(i) Represents NSAM and NRF executive equity-based awards that vest upon the Mergers and converted into common stock, net of forfeitures, estimated shares withheld for tax and adjustments due to timing. The adjustment assumes such awards convert to common stock on January 1, 2015, the beginning of the earliest period presented. The adjustment related to NSAM includes 3.0 million net shares issued, as described in footnote 1(i), and 1.3 million shares due to timing. Diluted shares for the year ended December 31, 2015 also includes an adjustment to exclude 2.6 million shares that were included in the historical dilutive for such period presented. The adjustment related to NRF includes 0.8 million net shares issued, as described in footnote 1(i), and 0.3 million shares due to timing.

(ii) In connection with the Mergers, NRF LP will be merged into NRF resulting in existing LTIP units converted to common stock.

(iii) Excludes the effect of: (a) convertible senior notes that were not dilutive as of December 31, 2015; (b) 8.0 million of NSAM executive RSUs; (c) an immaterial amount of NRF and 2.3 million shares of NSAM non-executive RSUs and restricted stock; (d) 0.7 million and 0.3 million of NSAM and NRF RSUs to non-employees, respectively; (e) 1.2 million shares of Colony restricted stock; and (f) potential shares that may be issued in connection with retention plans or other equity awards issued prior to the Mergers.