



Colony Capital Issues Investor Update Presentation

December 11, 2019

Makes Significant Investment in DataBank

Provides Notices of Redemption for Certain Corporate Preferred Equity

LOS ANGELES--(BUSINESS WIRE)--Dec. 11, 2019-- Colony Capital Inc. ("Colony Capital" or the "Company") (NYSE: CLNY) today issued an investor update presentation on the Company's 2019 accomplishments, asset rotation program, recent divestiture proceeds and the allocation of such proceeds, and progress to date in establishing Colony Capital as a leading platform for digital real estate and the only global REIT that owns, manages, and operates across all components of the digital ecosystem.

"This year, we successfully executed on the commitments our Board of Directors and management team made to create long-term shareholder value, and secured the foundation and liquidity from which the Company will continue to accelerate its transformation into digital real estate," said Thomas J. Barrack, Jr., Executive Chairman and Chief Executive Officer.

The Company highlights the following accomplishments in 2019:

- **Industrial:** Completed the sale of the light industrial platform for \$5.7 billion, delivering a 17% IRR to shareholders while utilizing modest leverage
- **OED:** Recorded \$651 million of OED asset monetizations year-to-date. Achieved \$2.1 billion in total OED monetizations since the beginning of 2018
- **NRE:** Completed the sale of NRE delivering a 16% IRR to shareholders since inception and generating gross proceeds of \$160 million
- **Credit:** Closed a \$1.0 billion CRE CLO at Colony Credit Real Estate, Inc. (NYSE: CLNC); proposed the internalization of the CLNC management contract to simplify both CLNC and CLNY; and held a closing of the Company's fifth global real estate credit fund, with total capital commitments of \$428 million
- **G&A Reduction:** Achieved approximately 80% of the expected total \$50 million to \$55 million previously announced cost savings on a run rate basis, prior to further reduction from the sale of the light industrial platform
- **Healthcare:** Refinanced an aggregate \$2.2 billion of debt, including the \$1.725 billion US GAHR loan
- **Hospitality:** Refinanced three portfolios totaling \$1.1 billion of debt on accretive terms that extend maturities 4-7 years
- **Digital Colony Partners ("DCP"):** Closed on \$4.1 billion of commitments for Digital Colony Partners, the largest first-time fund for digital real estate in history
- **Digital Bridge:** Acquired Digital Bridge Holdings, the investment manager of DCP and six digital portfolio companies, and merged its world-class team of investment professionals with Colony's
- **Zayo:** Received Zayo shareholder approval for the completion of the largest take-private announced in 2019; expected to be completed in the first half of 2020
- **CEO Succession:** Designated Marc Ganzi as Colony Capital's next CEO
- **Board Additions:** Added three new independent directors to the Board in 2019 for a total of 11 independent Directors
- **Returning Capital to Shareholders:** Returned \$2.6 billion to common and preferred shareholders through dividends, redemptions, and repurchases over the last three years

Marc C. Ganzi, co-Managing Partner of Digital Colony and CEO-elect of Colony Capital, said, "We are excited to accelerate our expansion into digital real estate. In the current digital environment, Colony Capital is strategically poised to optimize the countless opportunities across the digital ecosystem, which includes data centers, wireless towers, small cell networks, and fiber. Together with our limited partners, we will invest in digital real estate and infrastructure assets that have a durable competitive advantage with significant growth prospects. We are confident this strategic transformation to a digital agenda will best position the Company for the future."

The presentation, which is available on the Public Shareholders section of the Company's website at www.clny.com, outlines the Colony Digital playbook, developed from a multi-decade formula for success that includes:

- **Best-in-class assets across all components of the digital ecosystem driving significant synergies:** Mission-critical and hard-to-replicate network infrastructure supporting many of the largest and most-profitable companies in the world and typically with very high renewal rates and pricing
- **Disciplined framework and investment principles across four corners of asset selection, including:**
 - Market dynamics, with a focus on stable markets with catalysts for near-term digital infrastructure investment and downside protection for asset owners
 - Asset quality, with a focus on unique, hard-to-replicate assets and seek assets that provide mission critical services to customers with high switching costs
 - Contract quality, with a focus on long-term contracts with investment grade customers and build in maximum

flexibility to add additional tenants

- o Management / platform potential, with an emphasis on buy and build strategies with initial investments used as a platform to drive growth organically and through acquisitions
- *Alpha creation*: Proven, nine-point underwriting and operational alpha creation strategy through hands-on participation in each of the Company's businesses, including human capital, direct operating experience, proprietary back-office systems, differentiated M&A program and dynamic balance sheet management
- *Operational excellence*: Strong organic leasing growth; extensive greenfield development expertise; pioneers in debt securitizations for digital infrastructure; adherence to the highest Environmental, Social & Governance standards
- *Proprietary deal flow*: Focus on compelling proprietary investment opportunities in brownfield, greenfield and new white sheet business plans that avoid competitive auctions facilitating lower entry multiples
- *Products*: Our goal is to provide flexible and creative financing solutions across the capital structure to digital real estate and infrastructure companies around the world. Our products will include equity, credit and liquid strategies
- *Leading global investment and operational team in digital infrastructure*: Established operators, investors and thought leaders with over two decades of experience in towers, data centers, fiber and small cells

In addition, the presentation highlights steps being taken to augment the Company's 2020 plan, including:

- *Balance sheet investment framework*: Colony believes a disciplined and methodical approach to investing balance sheet capital with a sharp focus on achieving the highest returns and targeting a reasonable amount of corporate leverage. The Company will regularly evaluate these competing uses of its liquidity:
 1. GP commitments, direct investing and warehouse transactions in digital assets;
 2. Reduction of debt and preferred equity;
 3. Share buybacks; and
 4. Special dividends.
- *Rotation of balance sheet into digital*: Colony has signed a definitive agreement to acquire from existing third party investors an ownership interest of 20.4% in DataBank, the leading private owner and manager of Edge Data Centers in the U.S. with a nationwide footprint, for approximately \$185 million. Digital Bridge principals will retain their existing DataBank interests and provide Colony the voting power to appoint a majority of its Board. This transaction represents the Company's inaugural direct balance sheet investment in digital real estate and first step to gain exposure to the edge/colocation data center sector with significant organic growth and acquisition opportunities¹.
- *Reduction of corporate preferred equity*: The Company has issued 30-day notices to redeem all of its 6,114,205 outstanding shares of 8.25% Series B Cumulative Redeemable Perpetual Preferred Stock (NYSE: CLNYPPrB) ("Series B Preferred Shares") and 10,000,000 outstanding shares of 8.75% Series E Cumulative Redeemable Perpetual Preferred Stock (NYSE: CLNYPPrE) ("Series E Preferred Shares"), representing an aggregate of \$403 million of the Company's redeemable preferred equity with a weighted average dividend rate of 8.6%, which will reduce aggregate annual preferred dividends by \$34.5 million, or 32%
- *Additional uses of proceeds*: The Company plans to use the remaining proceeds from the industrial sales and other sources of liquidity for new digital investments, including GP co-investments, permanent balance sheet investments and warehouse investments for future vehicles, as well as capital structure enhancement

Series B and E Preferred Redemption Details

The Company is redeeming all of its outstanding Series B Preferred Shares and Series E Preferred Shares. The cash redemption price for each Series B Preferred Share is \$25.00, plus any accrued and unpaid dividends (whether or not declared) from November 15, 2019 up to, but not including, the redemption date of January 10, 2020 (the "Redemption Date"). The cash redemption price for each Series E Preferred Share is \$25.00, plus any accrued and unpaid dividends (whether or not declared) from November 15, 2019 up to, but not including, the Redemption Date. Dividends on the Series B Preferred Shares and Series E Preferred Shares will cease to accrue on the Redemption Date. Upon redemption, the Series B Preferred Shares and Series E Preferred Shares will no longer be outstanding, and all rights of the holders of such shares will terminate, except the right of the holders to receive the cash payable upon such redemption, without interest. Upon redemption, the Series B Preferred Shares and Series E Preferred Shares will be delisted from trading on the New York Stock Exchange.

All of the Series B Preferred Shares and Series E Preferred Shares are held in book-entry form through the Depository Trust Company ("DTC"). The Series B Preferred Shares and the Series E Preferred Shares will be redeemed in accordance with the procedures of DTC. Payment to DTC for the shares of Series B Preferred Shares and Series E Preferred Shares will be made by American Stock Transfer & Trust Company, LLC, as redemption agent (the "Redemption Agent").

The address for the Redemption Agent is as follows:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attn: Reorganization Department

This press release does not constitute a notice of redemption under the Company's Articles of Amendment and Restatement governing the Series B Preferred Shares and Series E Preferred Shares.

Webcast Details

A replay of the webcast of the Company's prepared remarks and question and answer session will be available through the Public Shareholders section of the Company's website following the event at www.clny.com.

About Colony Capital

Colony Capital, Inc. (NYSE: CLNY) is a leading global investment management firm with assets under management of \$49 billion, which includes approximately \$14 billion of assets under management from Digital Bridge, a leading global investment manager of digital infrastructure assets including wireless towers, small cells, fiber and data centers. The Company manages capital on behalf of its stockholders, as well as institutional and retail investors in private funds, and traded and non-traded real estate investment trusts. The Company has significant holdings in: (a) the healthcare and hospitality property sectors; (b) Colony Credit Real Estate, Inc. (NYSE: CLNC), which is externally managed by a subsidiary of the Company; and (c) various other equity and debt investments. The Company is headquartered in Los Angeles with key offices in Boca Raton, New York, Paris and London, and has over 400 employees across 21 locations in 13 countries as a result of the business combination with Digital Bridge. For additional information regarding the Company and its management and business, please refer to www.clny.com.

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. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond the Company's control, and may cause the Company's actual results to differ significantly from those expressed in any forward-looking statement. Factors that might cause such a difference include, without limitation, the timing and manner of the Company's strategic shift to digital infrastructure and digital real estate sector, including whether such shift will result in any of the anticipated benefits, the availability of digital investment opportunities and the Company's ability to execute on any such opportunities, the Company's ability to continue deploying capital in its sponsored Digital Colony fund, whether the Company will enter into a definitive agreement with CLNC to internalize its management and transfer the Company's credit management business to CLNC, the Company's ability to complete its acquisition of interests in Databank and whether such investment will result in any of the anticipated benefits, Digital Colony's ability to complete the Zayo acquisition and whether such investment will result in any of the anticipated benefits, the Company's ability to achieve anticipated compensation and administrative cost savings pursuant to its corporate restructuring and reorganization plan, in the timeframe expected or at all, the Company's leverage and its ability to delever, the pace of additional asset monetizations and other risks and uncertainties detailed in our filings with the U.S. Securities and Exchange Commission ("SEC"). All forward-looking statements reflect the Company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance. Additional information about these and other factors can be found in Colony Capital's reports filed from time to time with the SEC.

Colony Capital 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 Capital 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 Capital does not intend to do so.

Important Additional Information

The Company, its directors and its executive officers will be participants in the solicitation of proxies from the Company's stockholders in connection with the matters to be considered at the 2020 Annual Meeting of Stockholders (the "2020 Annual Meeting"). Information about the Company's directors and executive officers, including their direct and indirect interests, by security holdings or otherwise, is available in the Company's definitive proxy statement on Schedule 14A prepared in connection with the Company's 2019 Annual Meeting of Stockholders, and filed with the U.S. Securities and Exchange Commission (the "SEC") on March 28, 2019. To the extent holdings of the Company's securities by such directors or executive officers have changed since the amounts disclosed in the 2019 proxy statement, such changes have been or will be reflected on Statements of Changes in Beneficial Ownership on Form 4 filed with the SEC. The Company intends to file a proxy statement with the SEC in connection with the solicitation of proxies from the Company's stockholders for the 2020 Annual Meeting. INVESTORS AND STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ ANY SUCH PROXY STATEMENT AND ACCOMPANYING PROXY CARD AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Detailed information regarding the Company's directors, executive officers and director nominees, including their direct or indirect interests, by security holdings or otherwise, will also be included in the proxy statement and other materials to be filed with the SEC in connection with the 2020 Annual Meeting. Stockholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC for no charge at the SEC's website at www.sec.gov. Copies will also be available at no charge at the "Public Shareholders" section of the Company's corporate website at www.clny.com.

1DataBank is a portfolio company sponsored by Digital Bridge and invested in by its founders and other senior professionals alongside institutional partners. Digital Bridge principals will continue to retain their interests alongside Colony and will provide Colony the ability to appoint a majority of DataBank Board members. Digital Bridge principals, including Marc Ganzi and Ben Jenkins, received incentive stock units in DataBank. Colony took a series of steps to mitigate any resulting conflicts. In particular, in addition to Colony receiving a fairness opinion on its purchase price from a nationally recognized third party valuation firm, the seller reduced Colony's purchase price by approximately \$3.1 million, the implied value of Messrs. Ganzi and Jenkins' incentive units allocable to the DataBank stake acquired by Colony. Further, Messrs. Ganzi and Jenkins contributed certain of their incentive units to Colony in exchange for OP Units, with a value of \$3.1 million, which will be subject to a multi-year lockup. The net effect is that Colony will not be subject to any carried interest payments to Messrs. Ganzi or Jenkins with respect to Colony's investment in DataBank.

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