



# Supplemental Financial Report Third Quarter 2018

November 6, 2018

# CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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This presentation 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 Company’s operating results may differ materially from the pro forma information presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017; the fair value of the Company’s investments may be subject to uncertainties; the Company’s use of leverage could hinder its ability to make distributions and may significantly impact its liquidity position; given the Company’s dependence on its external manager, an affiliate of Colony Capital, Inc., any adverse changes in the financial health or otherwise of its manager or Colony Capital, Inc. could hinder the Company’s operating performance and return on stockholder’s investment; the ability to realize substantial efficiencies as well as anticipated strategic and financial benefits, including, but not limited to expected returns on equity, yields and/or internal rates of return on investments; 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 in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as well as in the Company’s other filings with the U.S. Securities and Exchange Commission.

We caution investors not to unduly rely on any forward-looking statements. The forward-looking statements speak only as of the date of this presentation. Colony Credit Real Estate 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 Credit Real Estate does not intend to do so.

# IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS

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We present Core Earnings, which is a non-GAAP supplemental financial measure of our performance. We believe that Core Earnings provides meaningful information to consider in addition to our net income and cash flow from operating activities determined in accordance with U.S. GAAP. This supplemental financial measure helps us to evaluate our performance excluding the effects of certain transactions and U.S. GAAP adjustments that we believe are not necessarily indicative of our current portfolio and operations. We also use Core Earnings to determine the incentive fees we pay to our Manager. For information on the fees we pay our Manager, see Note 11, “Related Party Arrangements” to our consolidated financial statements included in Form 10-Q to be filed with the U.S. Securities and Exchange Commission (“SEC”). In addition, we believe that our investors also use Core Earnings or a comparable supplemental performance measure to evaluate and compare the performance of us and our peers, and as such, we believe that the disclosure of Core Earnings is useful to our investors.

We define Core Earnings as U.S. GAAP net income (loss) attributable to our common stockholders (or, without duplication, the owners of the common equity of our direct subsidiaries, such as our operating partnership) and excluding (i) non-cash equity compensation expense, (ii) the expenses incurred in connection with our formation, (iii) the incentive fee, (iv) acquisition costs from successful acquisitions, (v) depreciation and amortization, (vi) any unrealized gains or losses or other similar non-cash items that are included in net income for the current quarter, regardless of whether such items are included in other comprehensive income or loss, or in net income, (vii) one-time events pursuant to changes in U.S. GAAP and (viii) certain material non-cash income or expense items that in the judgment of management should not be included in Core Earnings. For clauses (vii) and (viii), such exclusions shall only be applied after discussions between our Manager and our independent directors and after approval by a majority of our independent directors.

Core Earnings reflects adjustments to U.S. GAAP net income to exclude impairment of real estate and provision for loan losses. Upon realization of the related investments, such impairment and losses, to the extent realized, would be reflected in Core Earnings. Core Earnings does not represent net income or cash generated from operating activities and should not be considered as an alternative to U.S. GAAP net income or an indication of our cash flows from operating activities determined in accordance with U.S. GAAP, a measure of our liquidity, or an indication of funds available to fund our cash needs, including our ability to make cash distributions. In addition, our methodology for calculating Core Earnings may differ from methodologies employed by other companies to calculate the same or similar non-GAAP supplemental financial measures, and accordingly, our reported Core Earnings may not be comparable to the Core Earnings reported by other companies.

The Company calculates core earnings per share, a non-GAAP financial measure, based on a weighted average (“W.A.”) number of class A and class B-3 common shares and operating partnership units (held by members other than the Company or its subsidiaries).

We believe net operating income (“NOI”) and earnings before interest, tax, depreciation and amortization (“EBITDA”) are useful measures of operating performance of our net lease and other real estate portfolios as they are more closely linked to the direct results of operations at the property level. NOI also reflects actual rents received during the period after adjusting for the effects of straight-line rents and amortization of above- and below- market leases; therefore, a comparison of NOI across periods better reflects the trend in occupancy rates and rental rates of the Company’s properties. NOI and EBITDA exclude historical cost depreciation and amortization, which are based on different useful life estimates depending on the age of the properties, as well as adjust for the effects of real estate impairment and gains or losses on sales of depreciated properties, which eliminate differences arising from investment and disposition decisions. This allows for comparability of operating performance of the Company’s properties period over period. Additionally, by excluding corporate level expenses or benefits such as interest expense, any gain or loss on early extinguishment of debt and income taxes, which are incurred by the parent entity and are not directly linked to the operating performance of the Company’s properties, NOI and EBITDA provide a measure of operating performance independent of the Company’s capital structure and indebtedness. However, the exclusion of these items as well as others, such as capital expenditures and leasing costs, which are necessary to maintain the operating performance of the Company’s properties, and transaction costs and administrative costs, may limit the usefulness of NOI and EBITDA. NOI and EBITDA may fail to capture significant trends in these components of U.S. GAAP net income (loss) which further limits its usefulness.

NOI and EBITDA should not be considered as an alternative to net income (loss), determined in accordance with U.S. GAAP, as an indicator of operating performance. In addition, the Company’s methodology for calculating NOI involves subjective judgment and discretion and may differ from the methodologies used by other companies, when calculating the same or similar supplemental financial measures and may not be comparable with other companies.



# IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS (CONT'D)

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The Company presents pro rata (“at share” or “at CLNC share”) financial information, which is not, and is not intended to be, a presentation in accordance with GAAP. The Company computes pro rata financial information by applying its economic interest to each financial statement line item on an investment-by-investment basis. Similarly, noncontrolling interests’ (“NCI”) share of assets, liabilities, profits and losses was computed by applying noncontrolling interests’ economic interest to each financial statement line item. The Company provides pro rata financial information because it may assist investors and analysts in estimating the Company’s economic interest in its investments. However, pro rata financial information as an analytical tool has limitations. Other companies may not calculate their pro rata information in the same methodology, and accordingly, the Company’s pro rata information may not be comparable to other companies pro rata information. As such, the pro rata financial information should not be considered in isolation or as a substitute for our financial statements as reported under GAAP, but may be used as a supplement to financial information as reported under GAAP.

We present Return on Equity (“ROE”), which is a supplemental financial measure that represents the initial net investment-level earnings generated by an investment expressed as a percentage of the net equity capital invested. The Company calculates net investment-level earnings for investments in loans and CRE debt securities as the sum of the stated cash coupon income and any non-cash income (such as payment in-kind income and amortization/accretion of purchase discounts and origination, extension and exit fees) less investment-level financing costs. For investments in net lease real estate, the Company calculates net investment-level earnings by subtracting investment-level financing costs from net operating income. Net equity capital invested is calculated by taking the gross initial invested capital less any financing. With respect to certain loans and investment-level financing, the Company assumes the one-month USD LIBOR as of September 30, 2018 when calculating ROE. The Company’s ROE calculation relies on a number of assumptions and estimates that are subject to change, some of which are outside the control of the Company. Actual results may differ materially from the Company’s expectations. As such, there can be no assurance that the actual ROE will be equivalent to the estimated ROE. In addition, the Company’s methodology for calculating ROE may differ from methodologies employed by other companies to calculate the same or similar supplemental financial measures, and accordingly, the presented ROE may not be comparable to the ROE reported by other companies.

We present Internal Rate of Return (“IRR”), which is a supplemental financial measure that represents the rate of return of an investment over a specific holding period expressed as a percentage of the net equity capital invested. It is the discount rate that makes net present value of all cash outflows equal to the net present value of cash inflows. The weighted average underwritten IRR reflects the returns underwritten and relies on a number of assumptions and estimates that are subject to change. Such assumptions and estimates around hold period, prepayments or defaults, cost of borrowing, cap rates, rent increases, operating costs, and exit assumptions, among many others, may be outside of the control of the Company. With respect to certain loans included in the weighted average underwritten IRR shown, the calculation assumes certain estimates with respect to the timing and magnitude of the initial future fundings for the total loan commitment and associated loan repayments. In addition, the Company’s methodology for calculating IRR involves subjective judgement and discretion and may differ from methodologies used by other companies, when calculating the same or similar supplemental financial measures and may not be comparable with other companies. Actual results may differ materially from the Company’s expectations. As such, there can be no assurance that the actual weighted average IRRs will be equivalent to the underwritten weighted average IRRs presented.

# NOTES REGARDING REPORTABLE SEGMENTS

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Colony Credit Real Estate, Inc. (“CLNC”, “Colony Credit Real Estate” or the “Company”) currently holds investment interests through the following four reportable segments, which are based on how management reviews and manages its business:

## **Loan Portfolio**

As of September 30, 2018, the Company’s Loan Portfolio included senior mortgage loans, mezzanine loans and preferred equity interests as well as participations in such loans. The Loan Portfolio also includes acquisition, development and construction loan arrangements accounted for as equity method investments as well as loans and preferred equity interests held through joint ventures with an affiliate of our Sponsor (Colony Capital, Inc.) which were deconsolidated as a result of the merger and subsequently treated as equity method investments.

- Senior mortgage loans include junior participations in our originated senior mortgage loans for which we have syndicated the senior participations to other investors and retained the junior participations for our portfolio and contiguous mezzanine loans where we own both the senior and junior loan positions. We believe these investments are more similar to the senior mortgage loans we originate than other loan types given their credit quality and risk profile
- Mezzanine loans include other subordinated loans
- Preferred equity balances include related equity participation interests

## **CRE Debt Securities**

As of September 30, 2018, the Company’s Commercial Real Estate (“CRE”) Debt Securities included both investment grade and non-investment grade rated CMBS bonds (including “B-pieces” of CMBS securitization pools or “B-Piece” investments).

## **Net Lease Real Estate (or “Net Lease”)**

As of September 30, 2018, the Company’s Net Lease investments included direct investments in commercial real estate with long-term leases to tenants on a net lease basis, where such tenants are generally responsible for property operating expenses such as insurance, utilities, maintenance capital expenditures and real estate taxes.

## **Other**

As of September 30, 2018, the Company’s Other assets included direct investments in non-core operating real estate equity, real estate acquired in settlement of loans and investments in real estate private equity interests (“Private Equity Interests” or “PE Interests”).

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# I. BUSINESS DEVELOPMENTS & HIGHLIGHTS

## Business & Financial

- Third quarter 2018 GAAP net loss attributable to common stockholders of \$52.7 million, or \$0.42 per diluted share and core earnings of \$38.8 million, or \$0.30 per diluted share. Excluding a \$6.9 million loss related to mark-to-market adjustments on real estate private equity investments, core earnings of \$45.7 million, or \$0.35 per diluted share<sup>(1)</sup>
- Undepreciated book value of \$3.0 billion, or \$23.18 per diluted share, as of September 30, 2018
- Declared and paid a monthly cash dividend of \$0.145 per share of class A and class B-3 common stock for July, August and September. The dividend represents an annualized dividend of \$1.74 per share of common stock, equating to an 8.2% annualized dividend yield based on the \$21.18 closing price on November 2, 2018
- Subsequent to quarter end, the Company's Board of Directors declared a monthly cash dividend of \$0.145 per share of class A and class B-3 common stock for October and November
- During the third quarter 2018, the progress of discussions with a borrower on certain NY hospitality loans led the Company to explore additional options for a potential resolution, including a recapitalization and earlier than expected receipt and sale of collateral. Based upon these new developments, the Company recorded a \$35 million provision for loan loss
- Recorded an impairment on real estate held for investment of \$25 million at CLNC ownership share for three properties, resulting from changes during the quarter, including a reduction in the estimated holding period and tenant vacancy

## Investment Activity

- During the third quarter 2018, allocated and initially funded \$841 million and \$810 million of capital, respectively. This includes two European investments including the purchase of a triple net leased office campus and a senior loan investment in a core-office development project
- Subsequent to quarter end, allocated and initially funded an additional \$620 million and \$356 million of capital, respectively, through closed deals or deals in advanced stages of execution. This includes a third European senior loan investment in a mixed-use development project
- Year-to-date, allocated approximately \$2.2 billion of total capital through closed deals or deals in advanced stages of execution, with an expected weighted average return on equity and total internal rate of return of approximately 12% and 16%, respectively
- Subsequent to quarter end, sold largest non-core owned real estate multi-tenant office portfolio by book value for a total sales price of \$177 million

## Capitalization & Liquidity

- Excess borrowing capacity under master repurchase facilities of approximately \$1.2 billion as of November 2, 2018
- As of November 2, 2018, total corporate liquidity of approximately \$189 million through cash-on-hand and availability under the corporate revolving credit facility

# I. PORTFOLIO HIGHLIGHTS

(\$ in thousands, unless otherwise stated; as of September 30, 2018; at CLNC share)

## Overview

**\$5.5 Billion** Total At-Share Assets<sup>(1)</sup>

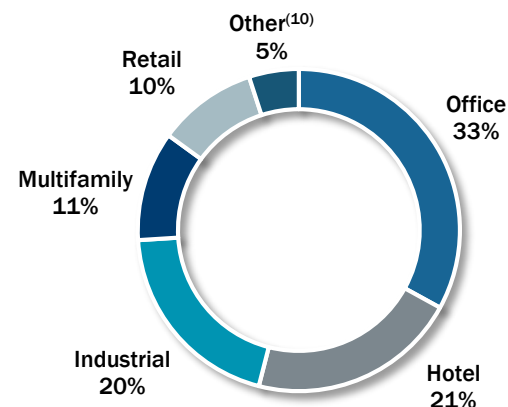
**\$5.2 Billion** Total Investment-Level Assets<sup>(2)</sup>

**\$3.0 Billion** Total Book Equity Value<sup>(1)</sup>

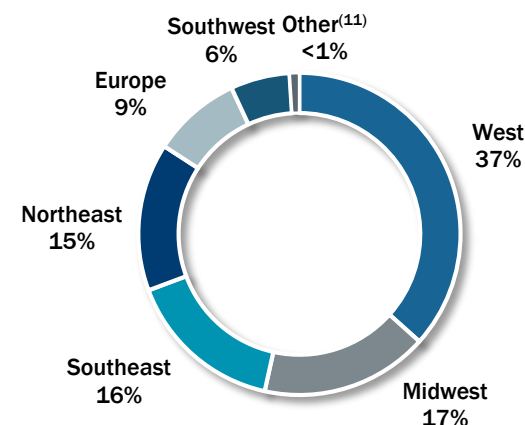
	Count	Carrying value <sup>(2)</sup>	% of total
Senior mortgage loans	51	\$ 1,705,425	33%
Mezzanine loans <sup>(3)</sup>	19	460,680	9%
Preferred equity <sup>(4)</sup>	8	295,768	6%
CRE debt securities <sup>(5)</sup>	53	373,228	7%
Net lease real estate <sup>(6)(7)</sup>	12	1,298,251	25%
Other owned real estate <sup>(6)(8)</sup>	14	835,703	16%
Private equity interests	6	210,440	4%
<b>Total portfolio</b>	<b>163</b>	<b>\$5,179,495</b>	<b>100%</b>

Non-core assets

## Property type<sup>(9)</sup>



## Geography<sup>(9)</sup>





## II. LOAN PORTFOLIO HIGHLIGHTS

(As of September 30, 2018; at CLNC share)

### Overview

**\$2.5 billion**

**Total loan portfolio<sup>(1)(2)</sup>**

**78**

**Total number of investments**

**\$32 million**

**Average loan size**

**2.3 years**

**W.A. remaining term<sup>(3)</sup>**

**3.8 years**

**W.A. extended remaining term<sup>(4)</sup>**

**7.8%**

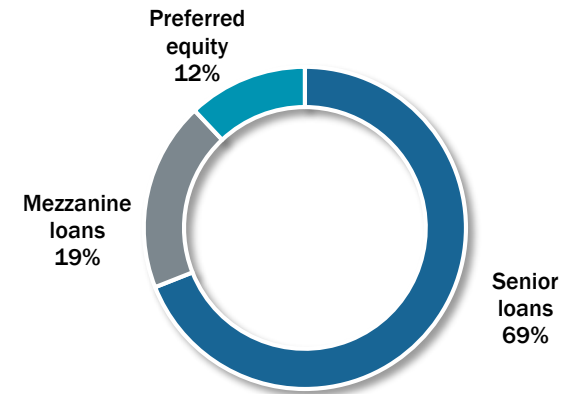
**W.A. unlevered all-in yield<sup>(2)(5)</sup>**

**~11%**

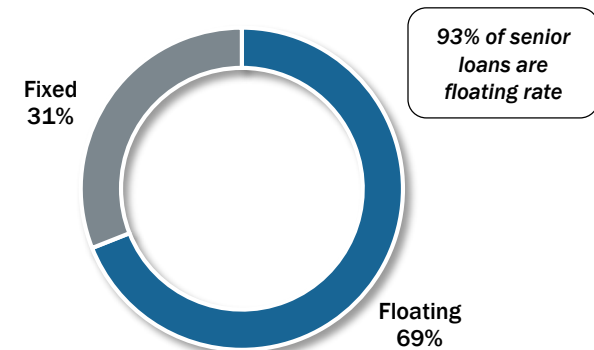
**Illustrative W.A. levered yield<sup>(6)</sup>**

*A 50 basis point increase in LIBOR would increase illustrative W.A. levered yield by ~18 basis points*

### Investment type<sup>(7)</sup>



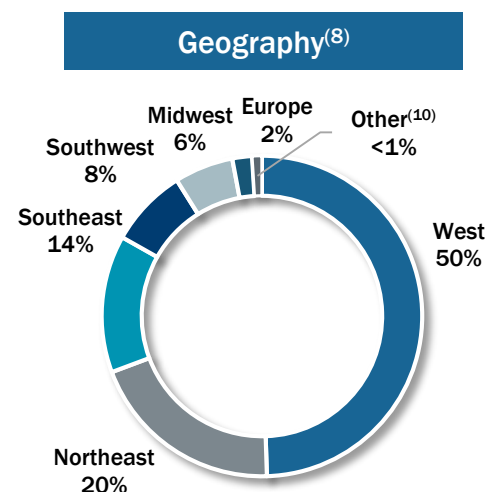
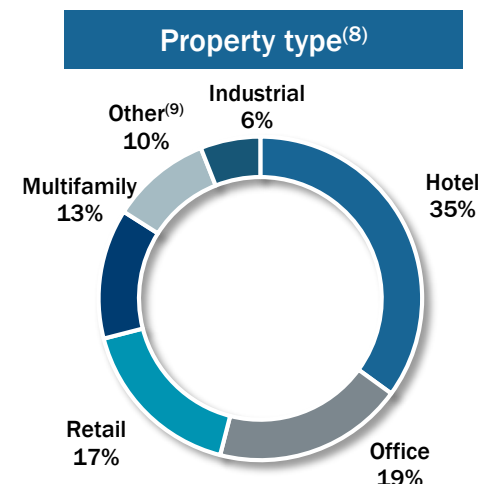
### Fixed vs. Floating<sup>(7)</sup>



## II. LOAN PORTFOLIO OVERVIEW

(\$ in thousands; as of September 30, 2018; at CLNC share)

	Number of investments	Carrying value <sup>(1)(2)</sup>	W.A. unlevered all-in yield <sup>(2)(3)</sup>	W.A. remaining term (years) <sup>(4)</sup>	W.A. extended term (years) <sup>(5)</sup>
<b>Floating rate</b>					
Senior mortgage loans	45	\$ 1,582,469	6.3%	1.6	3.4
Mezzanine loans	8	112,414	11.4%	0.5	1.8
<b>Total / W.A. floating rate</b>	<b>53</b>	<b>1,694,883</b>	<b>6.7%</b>	<b>1.5</b>	<b>3.3</b>
<b>Fixed rate</b>					
Senior mortgage loans	6	122,957	11.2%	2.4	2.5
Mezzanine loans <sup>(6)</sup>	11	348,266	9.4%	2.0	3.2
Preferred equity <sup>(7)</sup>	8	295,767	10.8%	7.3	7.7
<b>Total / W.A. fixed rate</b>	<b>25</b>	<b>766,990</b>	<b>10.2%</b>	<b>4.1</b>	<b>4.8</b>
<b>Total / W.A.</b>	<b>78</b>	<b>\$2,461,873</b>	<b>7.8%</b>	<b>2.3</b>	<b>3.8</b>

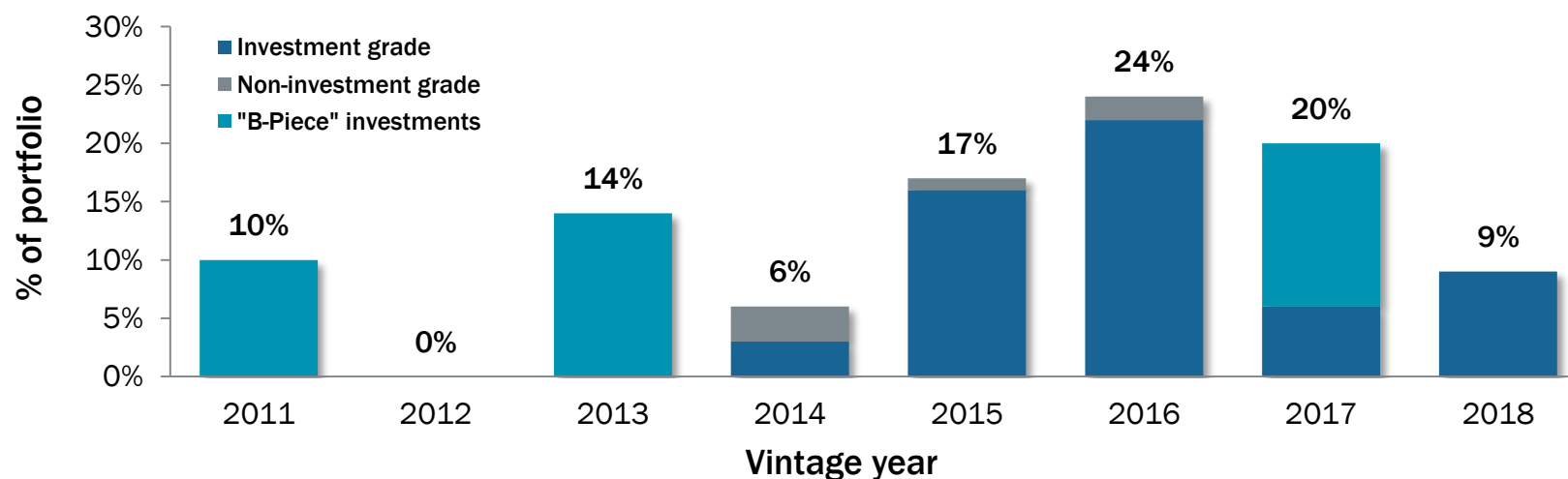


### III. CRE DEBT SECURITIES

(\$ in thousands; as of September 30, 2018; at CLNC share)

	Rating	Number of investments	Principal amount <sup>(1)</sup>	Carrying value <sup>(1)</sup>	W.A. unlevered all-in yield <sup>(2)</sup>	W.A. term in years <sup>(3)</sup>
Investment grade rated	BBB-	39	\$ 253,666	\$ 206,835	6.3%	7.8
Non-investment grade rated	BB   B	4	38,618	24,406	11.9%	6.5
"B-Piece" of CMBS securitization pools <sup>(4)</sup>	n/a	10	234,817	141,987	9.4%	5.6
<b>Total / W.A.</b>		<b>53</b>	<b>\$ 527,101</b>	<b>\$ 373,228</b>	<b>7.9%</b>	<b>6.9</b>

#### CRE debt securities by vintage<sup>(5)</sup>

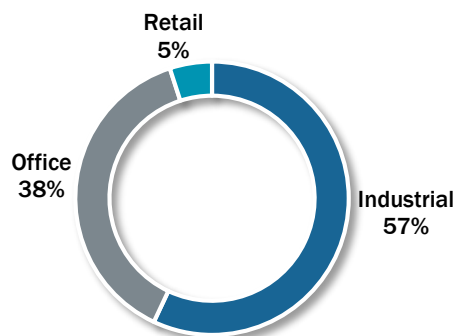


## IV. NET LEASE REAL ESTATE

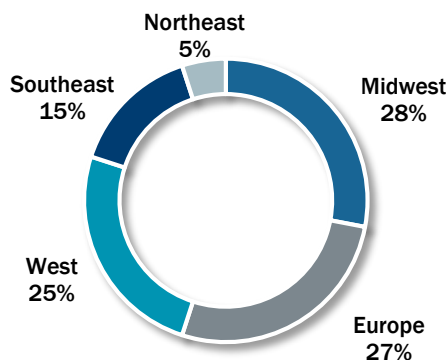
(\$ and square feet in thousands; as of September 30, 2018, unless otherwise stated; at CLNC share)

	Number of buildings	Rentable square feet	Undepreciated carrying value <sup>(1)</sup>	Carrying value <sup>(1)</sup>	Q3 NOI <sup>(2)</sup>	Annualized Q3 NOI <sup>(3)</sup>	W.A. % leased at end of period <sup>(4)</sup>	W.A. remaining lease term (years) <sup>(5)</sup>
Industrial	47	11,577	\$ 768,328	\$ 739,388	\$ 9,631	\$ 47,694	95%	9.8
Office	30	962	502,983	494,886	6,081	26,611	93%	9.5
Retail	10	468	69,079	63,977	1,368	5,474	100%	5.8
Total / W.A.	87	13,007	\$ 1,340,390	\$ 1,298,251	\$ 17,080	\$ 79,779	95%	9.5

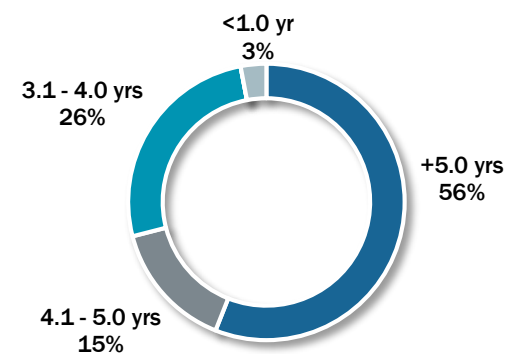
Property type<sup>(6)</sup>



Geography<sup>(6)</sup>



W.A. remaining lease term<sup>(5)(6)</sup>

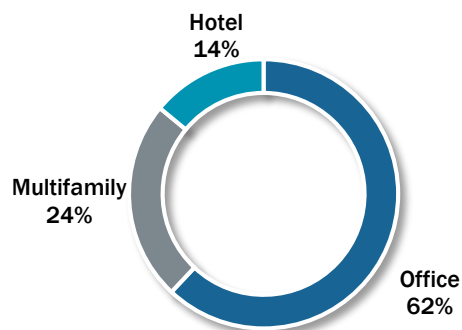


# V. OTHER REAL ESTATE EQUITY

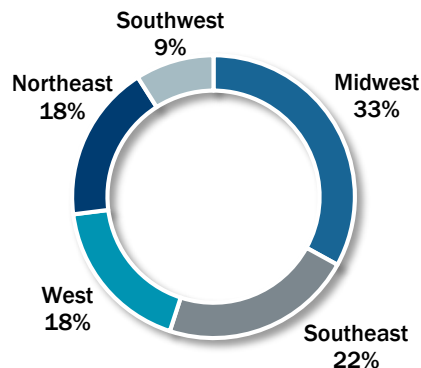
(\$ and square feet in thousands; as of September 30, 2018, unless otherwise stated; at CLNC share)

	Number of buildings	Rentable square feet	Undepreciated carrying value <sup>(1)</sup>	Carrying value <sup>(1)</sup>	Q3 NOI / EBITDA <sup>(2)</sup>	Annualized Q3 NOI / EBITDA <sup>(3)</sup>	W.A. % leased at end of period <sup>(4)</sup>	W.A. remaining lease term (years) <sup>(5)</sup>
Office	33	2,601	\$ 546,382	\$ 521,753	\$ 7,270	\$ 29,080	89%	4.7
Multifamily	107	n/a	205,343	194,572	2,664	10,653	91%	n/a
Hotel	3	n/a	125,944	119,378	631	3,661	69%	n/a
<b>Total / W.A.</b>	<b>143</b>	<b>2,601</b>	<b>\$ 877,669</b>	<b>\$ 835,703</b>	<b>\$ 10,565</b>	<b>\$ 43,394</b>	<b>87%</b>	<b>4.7</b>

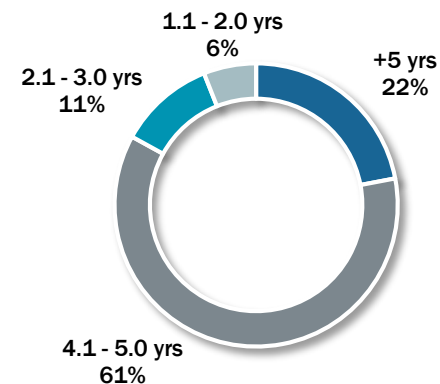
Property type<sup>(6)</sup>



Geography<sup>(6)</sup>



W.A. remaining lease term<sup>(5)(6)</sup>



\*At the end of the third quarter 2018, the Company took receipt of collateral on one hotel loan with an undepreciated carrying value of \$42 million as of September 30, 2018. As a result of the timing of the close, Q3 2018 NOI/EBITDA excludes the financial results related to this investment



# V. PRIVATE EQUITY INTERESTS

(As of September 30, 2018, unless otherwise stated; at CLNC share)

## Overview

**\$210 million**

**Carrying value<sup>(1)</sup>**

**4%**

**% of total investment portfolio<sup>(2)</sup>**

**107**

**Total number of funds**

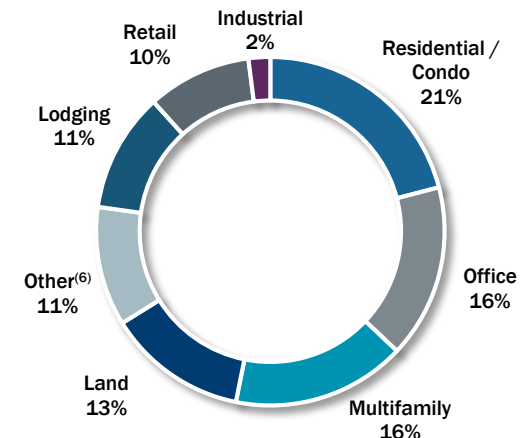
**83%**

**Carrying value as a % of underlying General Partner NAV<sup>(3)</sup>**

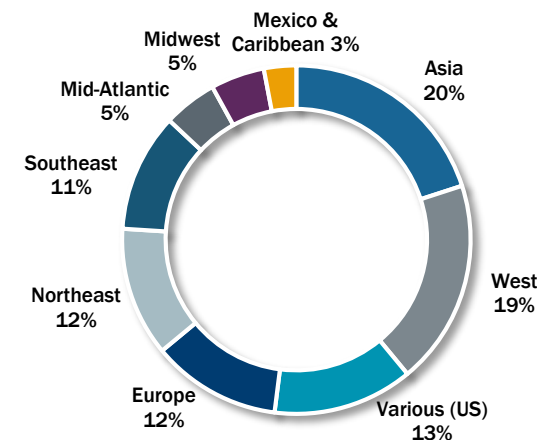
**1.4 years**

**W.A. remaining life<sup>(4)</sup>**

## Investment type<sup>(5)</sup>



## Geography<sup>(5)</sup>



## VI. CAPITALIZATION HIGHLIGHTS

(As of September 30, 2018, unless otherwise stated; at CLNC share)

### Overview

**\$5.3 billion**

**Total capitalization**  
(excluding cash)

**\$2.3 billion**

**Total outstanding debt<sup>(1)</sup>**

**\$150 million**

**Corporate revolving credit facility availability**  
As of November 2, 2018

**\$1.2 billion**

**Master repurchase facilities availability**  
As of November 2, 2018

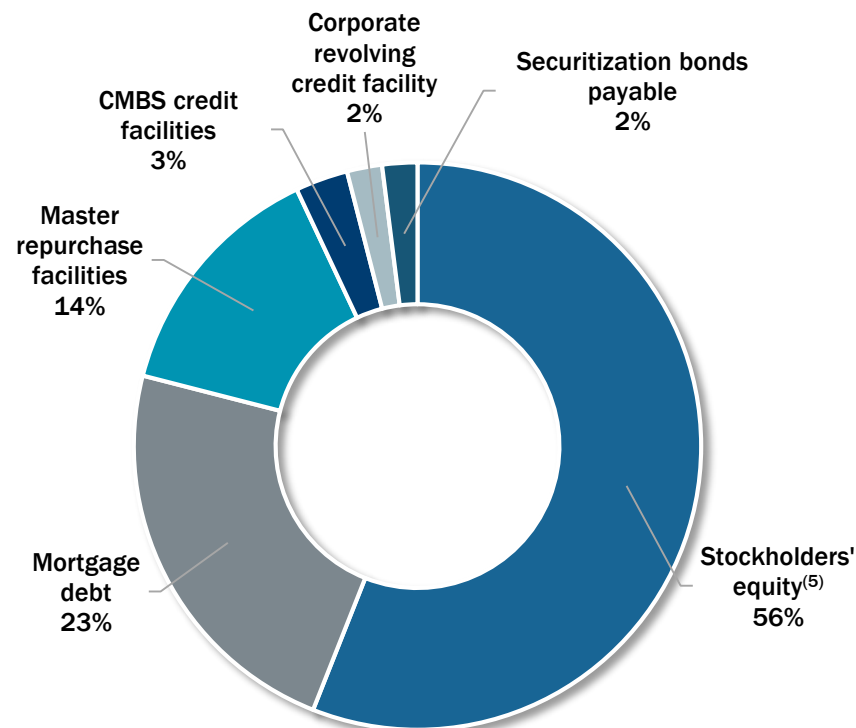
**0.8x**

**Net debt-to-equity ratio<sup>(2)</sup>**

**4.44%**

**Blended cost of financing<sup>(3)</sup>**

### Capital structure<sup>(4)</sup>



**Total capitalization**  
**\$5.3 billion**

## VI. CAPITALIZATION OVERVIEW

(\$ in thousands; as of September 30, 2018)

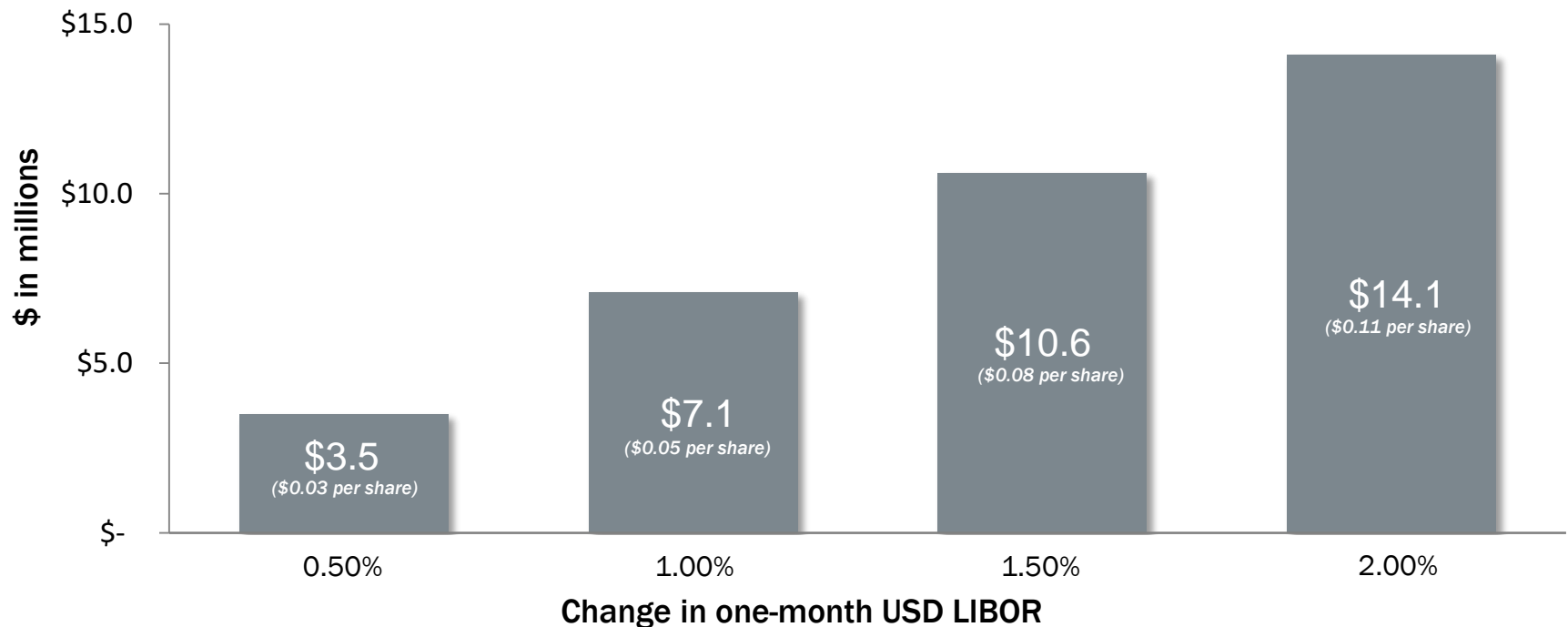
	<u>Maximum availability</u>	Recourse vs. Non-recourse <sup>(1)</sup>	W.A. contractual interest rate <sup>(2)</sup>	Outstanding debt (UPB) <sup>(3)</sup>
<b><u>Corporate debt</u></b>				
Corporate revolving credit facility	\$400,000	Recourse	L + 2.25%	\$90,000
<b><u>Investment-level debt</u></b>				
Mortgage debt – net lease (fixed)		Non-recourse	4.32%	759,251
Mortgage debt – net lease (floating)		Non-recourse	L + 2.49%	58,742
Mortgage debt – other real estate equity (fixed)		Non-recourse	4.56%	265,247
Mortgage debt – other real estate equity (floating)		Non-recourse	L + 2.44%	116,331
Master repurchase facilities	\$1,750,000	Limited recourse	L + 2.23%	753,142
CMBS credit facilities		Recourse	L + 1.18%	179,176
Securitization bonds payable		Non-recourse	L + 3.88%	79,825
<b>Total debt</b>				<b>\$2,301,714</b>
				<b>Book value</b>
Stockholders' equity				\$2,891,313
Noncontrolling interests in the operating partnership				70,085
<b>Total book value of common equity (CLNC share)</b>				<b>2,961,398</b>
<b>Total capitalization</b>				<b>\$5,263,112</b>

## VI. INTEREST RATE SENSITIVITY

(As of September 30, 2018)

- ▶ CLNC's loan portfolio benefits from a rising rate environment
- ▶ Approximately 93% of senior mortgage loans are floating rate
- ▶ Approximately 69% of the total loan portfolio is floating rate
- ▶ A 100 basis point increase in one-month USD LIBOR would increase our annual net interest income by \$7.1 million (or \$0.05 per diluted share) on the loan portfolio

### Net interest income sensitivity to LIBOR increases<sup>(1)(2)</sup>



## VII. APPENDIX





## VII. IMPORTANT NOTE REGARDING FINANCIAL STATEMENTS

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Colony Credit Real Estate was formed on January 31, 2018, through the combination of a select commercial real estate debt and credit real estate portfolio of Colony Capital, Inc. (“Colony Capital Investment Entities”) with substantially all of the assets and liabilities of NorthStar Real Estate Income Trust, Inc. and all of the assets and liabilities of NorthStar Real Estate Income II, Inc.

For the period ending and prior to December 31, 2017, the following financial statements represent only the results of operations for the Colony Capital Investment Entities, as the accounting acquirer, on a stand-alone basis. As a result, comparisons of the Company’s period to period accompanying consolidated financial information may not be meaningful.

# VII. APPENDIX – CONSOLIDATED BALANCE SHEET

(In thousands, except share and per share data; as of September 30, 2018)

	September 30, 2018 (Unaudited)	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	56,289	25,204
Restricted cash	115,963	41,901
Loans and preferred equity held for investment, net	1,919,122	1,300,784
Real estate securities, available for sale, at fair value	231,241	-
Real estate, net	1,980,180	219,740
Investments in unconsolidated ventures (\$210,440 and \$24,417 at fair value, respectively)	770,102	203,720
Receivables, net	37,821	35,512
Deferred leasing costs and intangible assets, net	141,576	11,014
Assets held for sale	172,200	-
Other assets	99,581	1,527
Mortgage loans held in securitization trusts, at fair value	3,124,226	-
<b>Total assets</b>	<b>\$ 8,648,301</b>	<b>\$ 1,839,402</b>
<b>Liabilities</b>		
Securitization bonds payable, net	81,372	108,679
Mortgage and other notes payable, net	1,282,325	280,982
Credit facilities	1,022,318	-
Due to related party	14,581	-
Accrued and other liabilities	101,584	5,175
Intangible liabilities, net	16,268	36
Liabilities related to assets held for sale	324	-
Escrow deposits payable	75,911	36,960
Dividends payable	18,992	-
Mortgage obligations issued by securitization trusts, at fair value	2,982,239	-
<b>Total liabilities</b>	<b>5,595,914</b>	<b>431,832</b>
<b>Equity</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding as of September 30, 2018 and December 31, 2017	-	-
Common stock, \$0.01 par value per share		
Class A, 905,000,000 shares authorized, 83,487,352 and 100 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	835	-
Class B-3, 45,000,000 shares authorized, 44,399,444 and no shares issued and outstanding as of September 30, 2018, and December 31, 2017, respectively	444	-
Additional paid-in capital	2,898,184	821,031
Retained earnings (accumulated deficit)	(10,619)	258,777
Accumulated other comprehensive income	2,469	-
<b>Total stockholders' equity</b>	<b>2,891,313</b>	<b>1,079,808</b>
Noncontrolling interests in investment entities	90,989	327,762
Noncontrolling interests in the Operating Partnership	70,085	-
<b>Total equity</b>	<b>3,052,387</b>	<b>1,407,570</b>
<b>Total liabilities and equity</b>	<b>\$ 8,648,301</b>	<b>\$ 1,839,402</b>

# VII. APPENDIX – CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data; as of September 30, 2018) (Unaudited)

	Three Months Ended September 30,	
	2018	2017
<b>Net interest income</b>		
Interest income	\$ 40,139	\$ 36,387
Interest expense	(13,148)	(4,694)
Interest income on mortgage loans held in securitization trusts	39,261	-
Interest expense on mortgage obligations issued by securitization trusts	(36,294)	-
Net interest income	29,958	31,693
<b>Property and other income</b>		
Property operating income	51,684	6,306
Other income	2,253	108
Total property and other income	53,937	6,414
<b>Expenses</b>		
Management fee expense	11,877	-
Property operating expense	21,217	2,239
Transaction, investment and servicing expense	3,631	716
Interest expense on real estate	13,341	1,717
Depreciation and amortization	30,538	2,537
Provision for loan losses	35,059	-
Impairment of operating real estate	29,378	-
Administrative expense (including \$1,822 and \$0 of equity-based compensation expense, respectively)	6,797	2,913
Total expenses	151,838	10,122
<b>Other income (loss)</b>		
Unrealized loss on mortgage loans and obligations held in securitization trusts, net	(939)	-
Realized loss on mortgage loans and obligations held in securitization trusts, net	(549)	-
Other loss on investments, net	(15)	(80)
<b>Income (loss) before equity in earnings of unconsolidated ventures and income taxes</b>	<b>(69,446)</b>	<b>27,905</b>
Equity in earnings of unconsolidated ventures	8,324	3,042
Income tax benefit	2,456	535
<b>Net income (loss)</b>	<b>(58,666)</b>	<b>31,482</b>
Net (income) loss attributable to noncontrolling interests:		
Investment entities	4,688	(10,230)
Operating Partnership	1,275	-
<b>Net income (loss) attributable to Colony Credit Real Estate, Inc. common stockholders</b>	<b>\$ (52,703)</b>	<b>\$ 21,252</b>
<b>Net income (loss) per common share – basic and diluted</b>	<b>\$ (0.42)</b>	<b>\$ 0.45</b>
<b>Weighted average shares of common stock outstanding – basic and diluted</b>	<b>127,887</b>	<b>44,399</b>
<b>Dividends declared per share of common stock</b>	<b>\$ 0.44</b>	<b>\$ -</b>

## VII. APPENDIX – OUTSTANDING COMMON SHARES AND OP UNITS

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	As of September 30, 2018	As of June 30, 2018
Class A common stock	83,487,352	83,487,352
Class B-3 common stock	44,399,444	44,399,444
OP units	3,075,623	3,075,623
Total common stock and OP units outstanding	130,962,419	130,962,419

# VII. APPENDIX – RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

(\$ and shares in thousands, except per share data; as of September 30, 2018) (Unaudited)

## Reconciliation of GAAP total assets to CLNC share of total assets

	As of September 30, 2018		
	Consolidated	NCI <sup>(1)</sup>	At CLNC share <sup>(2)</sup>
Cash and cash equivalents	\$ 56,289	\$ 2,754	\$ 53,535
Restricted cash	115,963	2,598	113,365
Loans and preferred equity held for investment, net	1,919,122	16,910	1,902,212
Real estate securities, available for sale, at fair value	231,241	-	231,241
Real estate, net	1,980,180	137,665	1,842,515
Investments in unconsolidated ventures	770,102	-	770,102
Receivables, net	37,821	863	36,958
Deferred leasing costs and intangible assets, net	141,576	7,210	134,366
Assets held for sale	172,200	20,260	151,940
Other assets	99,581	664	98,917
Mortgage loans held in securitization trusts, at fair value <sup>(3)</sup>	3,124,226	2,982,239	141,987
Total assets	<u>\$ 8,648,301</u>	<u>\$ 3,171,163</u>	<u>\$ 5,477,138</u>

## Reconciliation of GAAP book value to undepreciated book value

	As of September 30, 2018
GAAP book value (excluding noncontrolling interests in investment entities)	\$ 2,961,398
Accumulated depreciation and amortization	74,892
Undepreciated book value	<u>\$ 3,036,290</u>
Undepreciated book value per share <sup>(4)</sup>	<u>\$ 23.18</u>
Total common shares and OP units outstanding <sup>(4)</sup>	<u>130,962</u>



# VII. APPENDIX – RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (CONT'D)

(\$ and shares in thousands, except per share data; as of September 30, 2018) (Unaudited)

## Reconciliation of GAAP net loss to core earnings

	Three Months Ended September 30, 2018
Net loss attributable to Colony Credit Real Estate, Inc. common stockholders	\$ (52,703)
<i>Adjustments:</i>	
Net income attributable to noncontrolling interest of the Operating Partnership	(1,275)
Non-cash equity compensation expense	1,822
Transaction costs	406
Depreciation and amortization	30,956
Net unrealized loss on investments:	
Impairment of operating real estate	29,378
Provision for loan losses	35,059
Other unrealized loss on investments	921
Adjustments related to noncontrolling interests	(5,751)
Core earnings attributable to Colony Credit Real Estate, Inc. common stockholders and noncontrolling interest of the Operating Partnership <sup>(1)</sup>	\$ 38,813
Core earnings per share <sup>(2)</sup>	\$ 0.30
Weighted average number of common shares and OP units <sup>(2)</sup>	130,962

## Reconciliation of GAAP net loss to NOI/EBITDA

	Three Months Ended September 30, 2018	
	Net lease real estate	Other real estate equity
Net loss attributable to Colony Credit Real Estate, Inc. common stockholders	\$ (14,594)	\$ (21,135)
<i>Adjustments:</i>		
Net loss attributable to noncontrolling interests in investment entities	(42)	(4,948)
Straight-line rent revenue and amortization of above- and below-market lease intangibles	(640)	(1,030)
Interest expense on real estate	8,188	5,143
Transaction, investment and servicing expense	44	34
Depreciation and amortization	17,509	13,029
Administrative expense	58	(5)
Other gain on investments, net	(113)	-
Impairment of operating real estate	7,094	22,284
Other income	-	(1,965)
Income tax benefit	(91)	-
NOI/EBITDA attributable to noncontrolling interests in investment entities	(333)	(842)
Total NOI/EBITDA, at share	\$ 17,080	\$ 10,565

## VII. APPENDIX – FOOTNOTES

### Page 7

1. The Company calculates Core Earnings per share, a non-GAAP financial measure, based on a weighted average number of common shares and OP units (held by members other than the Company or its subsidiaries). For the third quarter 2018, the weighted average number of common shares and OP units was approximately 131.0 million

### Page 8

1. Represents total assets and book equity value at CLNC share as of September 30, 2018. This includes noncontrolling interests in the Operating Partnership and excludes noncontrolling interests in investment entities
2. Represents carrying values at CLNC share as of September 30, 2018
3. Mezzanine loans are net of \$35.1 million of allowances for loan losses
4. Preferred equity balances include \$57.0 million of carrying value at CLNC share related to equity participation interests
5. Includes securitization assets which are presented net of the impact from consolidation
6. Net lease and other real estate equity includes deferred leasing costs and intangible assets
7. Net lease real estate is net of \$7.1 million impairment
8. Other owned real estate is net of \$17.8 million impairment and consists of multi-tenant office, multifamily residential and hotel assets
9. Based on carrying values at CLNC share as of September 30, 2018 and excludes CMBS, mortgage loans held in securitization trusts and private equity interests
10. Other includes: (i) manufactured housing communities, (ii) commercial and residential development and predevelopment and (iii) and mixed-use assets
11. Other includes one collateral asset based in Latin America

### Page 9

1. Represents carrying values, net of \$35.1 million of allowance for loan losses, at CLNC share as of September 30, 2018
2. Carrying value at CLNC share includes \$226.1 million related to NY hospitality loans on non-accrual status; interest income is recognized on a cash basis. During the third quarter 2018, the Company received and recognized \$1.5 million in interest income on the NY hospitality loans which was not included in the W.A. unlevered all-in yield calculation
3. Represents the remaining loan term based on the current contractual maturity date of loans and is weighted by carrying value at CLNC share as of September 30, 2018
4. Represents the remaining loan term based on maximum maturity date assuming all extension options on loans are exercised by the borrower and is weighted by carrying value at CLNC share as of September 30, 2018
5. In addition to the stated cash coupon rate, unlevered all-in yield includes non-cash payment in-kind interest income and the accrual of origination, extension and exit fees. Unlevered all-in yield for the loan portfolio assumes the applicable floating benchmark rate as of September 30, 2018 for W.A. calculations
6. Illustrative W.A. levered yield represents investment net interest income from the senior loan portfolio utilizing leverage of 75% at L+ 2.25% and unlevered interest income from mezzanine and preferred equity investments, divided by the implied net carrying value (carrying value less assumed leverage) at CLNC share as of September 30, 2018
7. Based on carrying values at CLNC share as of September 30, 2018

### Page 10

1. Represents carrying values at CLNC share as of September 30, 2018
2. Carrying value at CLNC share includes \$226.1 million related to NY hospitality loans on non-accrual status; interest income is recognized on a cash basis. During the third quarter 2018, the Company received and recognized \$1.5 million in interest income on the NY hospitality loans which was not included in the W.A. unlevered all-in yield calculation
3. In addition to the stated cash coupon rate, unlevered all-in yield includes non-cash payment in-kind interest income and the accrual of origination, extension and exit fees. Unlevered all-in yield for the loan portfolio assumes the applicable floating benchmark rate as of September 30, 2018 for W.A. calculations
4. Represents the remaining loan term based on the current contractual maturity date of loans and is weighted by carrying value at CLNC share as of September 30, 2018
5. Represents the remaining loan term based on maximum maturity date assuming all extension options on loans are exercised by the borrower and is weighted by carrying value at CLNC share as of September 30, 2018
6. Mezzanine loans are net of \$35.1 million of allowance for loan losses
7. Preferred equity balances include \$57.0 million of carrying value at CLNC share related to equity participation interests
8. Based on carrying values at CLNC share as of September 30, 2018
9. Other includes: (i) manufactured housing communities, (ii) commercial and residential development and predevelopment and (iii) mixed-use assets
10. Other includes one collateral asset based in Latin America

## VII. APPENDIX – FOOTNOTES (CONT'D)

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### Page 11

1. Represents principal amounts and carrying values at CLNC share as of September 30, 2018; at CLNC share values for securitization assets are presented net of the impact from consolidation
2. In addition to the stated cash coupon rate, unlevered all-in yield includes non-cash interest income related to the accretion of purchase discounts and are loss-adjusted for the non-rated CRE debt securities. W.A. calculation based on carrying value at CLNC share as of September 30, 2018
3. W.A. calculation based on carrying value at CLNC share as of September 30, 2018
4. Investment count represents total number of tranches acquired; three total "B-piece" transactions
5. Based on carrying values at CLNC share as of September 30, 2018

### Page 12

1. Represents undepreciated carrying value and carrying value, net of \$7.1 million impairment, at CLNC share as of September 30, 2018
2. Represents reported NOI for the third quarter 2018 at CLNC share
3. Annualized NOI is calculated by annualizing reported NOI after adjusting for the impact of two net lease acquisitions closed during the quarter
4. Represents the percent leased as of September 30, 2018 and is weighted by undepreciated carrying value at CLNC share
5. Based on in-place leases (defined as occupied and paying leases) as of September 30, 2018 and assumes that no renewal options are exercised. W.A. calculation based on undepreciated carrying value at CLNC share
6. Based on undepreciated carrying values at CLNC share

### Page 13

1. Represents undepreciated carrying value and carrying value, net of \$17.8 million impairment, at CLNC share as of September 30, 2018
2. Represents reported NOI/EBITDA for the third quarter 2018 at CLNC share
3. Annualized NOI/EBITDA is calculated by annualizing reported NOI/EBITDA after adjusting for the impact of taking receipt of collateral on one hotel loan during the quarter
4. Represents the percent leased as of September 30, 2018 except for hotel assets which reflects the average occupancy for the third quarter 2018. W.A. calculation based on undepreciated carrying value at CLNC share
5. Based on in-place leases (defined as occupied and paying leases) as of September 30, 2018 and assumes that no renewal options are exercised. W.A. calculation based on undepreciated carrying value at CLNC share. Includes office properties only
6. Based on undepreciated carrying values at CLNC share

### Page 14

1. Represents carrying value at CLNC share as of September 30, 2018
2. Based on total investment-level assets at CLNC share as of September 30, 2018
3. Based on adjusted general partner ("GP") net asset value ("NAV") as of June 30, 2018, adjusted for Q3 2018 capital contributions and distributions
4. Represents the expected W.A. remaining life based on carrying values at CLNC share as of September 30, 2018
5. Based on the underlying fund interests in private equity investments by investment type and geographic location based on GP NAV as of June 30, 2018
6. Primarily includes leisure, self-storage, financial services and healthcare

### Page 15

1. Represents unpaid principal balance at CLNC share as of September 30, 2018
2. Represents CLNC's share of total outstanding secured debt agreements (UPB) less unrestricted cash at CLNC's share divided by total stockholders' equity as of September 30, 2018; stockholders' equity includes noncontrolling interests in the Operating Partnership and excludes noncontrolling interests in investment entities
3. Assumes the applicable floating benchmark rate as of September 30, 2018 for W.A. calculations and is weighted on unpaid principal balance at CLNC share as of September 30, 2018
4. Debt based on unpaid principal balance at CLNC share as of September 30, 2018
5. Includes noncontrolling interests in the Operating Partnership and excludes noncontrolling interests in investment entities

## VII. APPENDIX – FOOTNOTES (CONT'D)

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**Page 16**

1. Subject to customary non-recourse carve-outs
2. W.A. calculation based on outstanding debt at CLNC share as of September 30, 2018
3. Represents unpaid principal balance at CLNC share as of September 30, 2018

**Page 17**

1. Represents the impact on net interest income assuming changes in one month USD LIBOR for the loan portfolio only
2. Per share data based on common shares and OP units outstanding as of September 30, 2018

**Page 23**

1. Represents interests in assets held by third party partners
2. Assets at CLNC share represents the proportionate share attributed to CLNC based on CLNC's ownership by asset
3. Reflects the net impact of securitization assets and related obligations which are consolidated for accounting purposes
4. The Company calculates undepreciated book value per share, a non-GAAP financial measure, based on the total number of common shares and OP units (held by members other than the Company or its subsidiaries) outstanding at the end of the reporting period. As of September 30, 2018, the total number of common shares and OP units outstanding was approximately 131.0 million

**Page 24**

1. Core Earnings reflects adjustments to U.S. GAAP net income to exclude impairment of real estate and provision for loan losses. Upon realization of the related investments, such impairment and losses, to the extent realized, would be reflected in Core Earnings
2. The Company calculates Core Earnings per share, a non-GAAP financial measure, based on a weighted average number of common shares and OP units (held by members other than the Company or its subsidiaries). For the third quarter 2018, the weighted average number of common shares and OP units was approximately 131.0 million

## VII. COMPANY INFORMATION

Colony Credit Real Estate, Inc. (NYSE: CLNC) is one of the largest publicly traded commercial real estate credit REITs, focused on originating, acquiring, financing and managing a diversified portfolio consisting primarily of CRE senior mortgage loans, mezzanine loans, preferred equity, debt securities and net leased properties predominantly in the United States. Colony Credit Real Estate is externally managed by a subsidiary of leading global real estate and investment management firm, Colony Capital, Inc. Colony Credit Real Estate is organized as a Maryland corporation that intends to elect to be taxed as a REIT for U.S. federal income tax purposes for its taxable year ending December 31, 2018. For additional information regarding the Company and its management and business, please refer to [www.clnccredit.com](http://www.clnccredit.com).

### Shareholder information

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New York

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New York, NY 10022  
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**Company Website:**

[www.clnccredit.com](http://www.clnccredit.com)

**NYSE Ticker:**

CLNC

**Stock & Transfer Agent:**

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