

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 301(c), 302, 356, 358, and 368(a).

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ The only resulting loss that may be recognized would be the result of receiving cash in lieu of fractional shares if the basis in the exchanged shares is greater than the cash received.

Multiple horizontal lines for providing details regarding the recognition of loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment to basis would be taken into account in the year in which the merger was effective (i.e. 2018 for calendar year taxpayers).

Multiple horizontal lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Kenneth Bernice* Date ▶

Print your name ▶ *Kenneth Bernice* Title ▶ *Sup - Tax*

Paid Preparer Use Only

Table with fields: Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, PTIN, Firm's name, Firm's EIN, Firm's address, Phone no.

Colony Credit Real Estate, Inc.
38-4046290
Attachment to Form 8937
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF
SECURITIES

Form 8937 Part II, Line 15:

Pursuant to the master combination agreement dated August 25, 2017 (the "Combination Agreement"), as amended and restated on November 20, 2017, among Colony Credit Real Estate, Inc. ("Colony Credit") and Northstar Real Estate Income Trust, Inc. ("Northstar I") and Northstar Real Estate Income II, Inc. ("Northstar II"), Northstar I and Northstar II merged with and into Colony Credit on February 1, 2018. The merger qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code. As a result, and with the exception of the fractional shares redeemed for cash discussed below, no gain or loss is expected to be recognized by each former Northstar I and Northstar II shareholder on the exchange of their Northstar I and Northstar II common shares for Colony Credit common stock.

Pursuant to the terms of the merger agreement, each share of Northstar I and Northstar II common stock was converted into shares of Colony Credit common stock as follows:

- Each Northstar I stockholder received 0.3532 shares of Colony Credit class A common stock for each share of Northstar I common stock they own (and cash in lieu of fractional shares) and:
- Northstar II stockholders (both class A and class T) received 0.3511 shares of Colony Credit class A common stock for each share of Northstar II common stock they own (and cash in lieu of fractional shares)

In general, each Northstar I and Northstar II shareholder's aggregate basis in the Colony Credit common shares received in the merger, which for this purpose includes both the actual shares received as well as the fractional shares that are deemed received, is equal to the aggregate basis of the Northstar I or Northstar II shares surrendered in the merger (the "Adjusted Basis").

Adjusted Basis per share of Colony Credit common share for each Northstar I and Northstar II shareholder is determined by dividing the aggregate Adjusted Basis by the number of Colony Credit common shares received. Each Northstar I and Northstar II shareholder that received cash in lieu of fractional shares of Colony Credit common stock is treated as having received such fractional share and then having received such cash in redemption of the fractional share. Gain or loss will be recognized based on the difference between the amount of the cash received and the portion of each Northstar I and Northstar II Shareholder's Adjusted Basis of the shares of Colony Credit exchanged pursuant to the merger which is allocable to such fractional share.