



## Investor Presentation

May 2019

# FORWARD-LOOKING STATEMENTS

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## **Cautionary Statement Regarding Forward-Looking Statements**

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 information presented in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018; 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 and/or yields on investments; the Company's liquidity, including its ability to continue to generate liquidity by more accelerated sales of certain lower yielding and non-core assets; the timing of and ability to deploy available capital; the Company's ability to maintain or grow the dividend at all in the future; the timing of and ability to complete repurchases of the Company's stock; the ability of the Company to refinance certain mortgage debt on similar terms to those currently existing or at all; 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 Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as well as in Colony Credit Real Estate's other filings with the 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 presentation, nor to conform prior statements to actual results or revised expectations, and Colony Credit Real Estate does not intend to do so.

## **No Offer or Solicitation**

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Rounded figures may not foot.

# NOTES REGARDING REPORTABLE SEGMENTS

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Colony Credit Real Estate, Inc. (“CLNC”, “Colony Credit Real Estate”, the “Company” or “We”) 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 March 31, 2019, 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 March 31, 2019, 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 March 31, 2019, 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 March 31, 2019, the Company’s Other assets included direct investments in operating real estate, real estate acquired in settlement of loans and investments in real estate private equity interests (“Private Equity Interests” or “PE Interests”).

# INVESTMENT HIGHLIGHTS

## ColonyCredit REAL ESTATE

Leading Global Commercial Real Estate Credit REIT combining Scale and Diversification



**Veteran management team** with proven track record and lending experience through a variety of economic and real estate cycles



**Attractive dividend yield of 11.0%** with value creation opportunity from reinvestment of legacy low-yielding and non-core assets into targeted asset classes<sup>(1)</sup>



**Differentiated investment strategy** across senior and mezzanine loans, preferred equity, CRE debt securities and net lease properties provides flexibility through economic cycles



**Compelling market opportunity** driven by significant near-term maturities, strong commercial real estate transaction volumes and lower supply from traditional lenders



**Strong alignment of interests** with Colony Capital as sponsor and manager



**Well-diversified \$5.5bn portfolio** – stabilized in-place portfolio with attractive yield and potential for capital appreciation<sup>(2)</sup>



**Strong liquidity position and conservative balance sheet** with embedded new investment capacity. ~46% debt-to-asset ratio and \$346 million of current liquidity for new investments<sup>(3)(4)</sup>



# COMPANY SNAPSHOT

## Quick Facts

**NYSE: CLNC**

**\$5.5 Billion** Total At-Share Assets<sup>(4)</sup>

**11.0%** Annualized Dividend Yield<sup>(1)</sup>

**\$21.68** / Undepreciated Book Value per Share<sup>(4)</sup>

**\$1.74** / Share Annualized Dividend<sup>(2)</sup>

**\$20.86** / GAAP Book Value per Share<sup>(4)</sup>

**46%** Debt-to-Assets Ratio<sup>(3)</sup>

**0.9x** Net Debt-to-Equity Ratio<sup>(5)</sup>

## Portfolio Overview<sup>(6)</sup>

### Loan Portfolio

**~\$2.7 Billion Portfolio**

Senior mortgage loans, mezzanine loans and preferred equity

### Net Lease Real Estate

**~\$1.3 Billion Portfolio**

Portfolio of diversified commercial real estate properties leased on a net lease basis

### CRE Debt Securities

**~\$0.4 Billion Portfolio**

Investment grade and non-investment grade rated CMBS bonds (incl. "B-pieces")

### Other Real Estate & Private Equity Interests\*

**~\$0.9 Billion Portfolio**

Operating real estate and real estate private equity secondary interests

**ColonyCredit**  
REAL ESTATE

Total Investment-level Assets<sup>(7)</sup>

**\$5.2 billion**

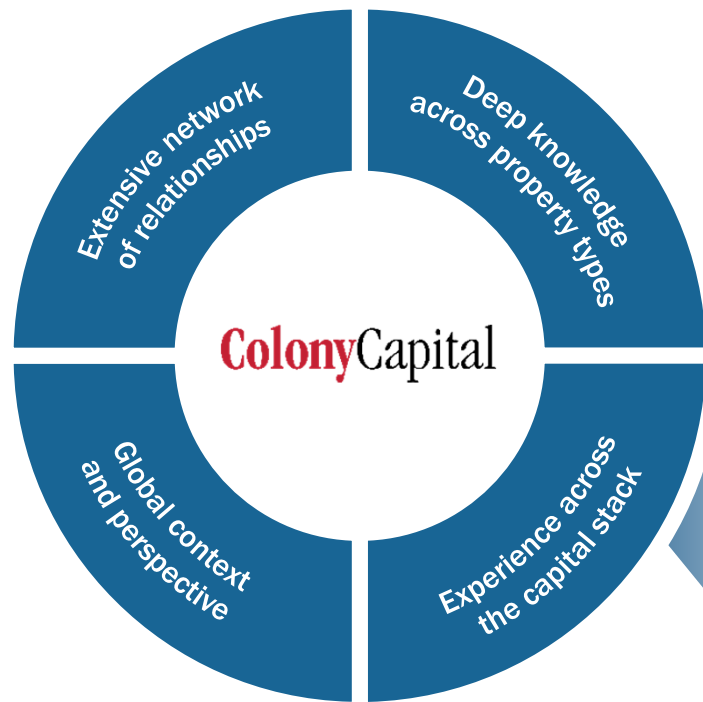
Book Equity Value<sup>(7)</sup>

**\$2.7 billion**

\* Approximately \$85 million of proceeds anticipated to be received in the second quarter 2019 as a result of binding purchase and sale agreements  
Note: As of March 31, 2019 unless otherwise stated  
See footnotes in the appendix

# COLONY CAPITAL – WORLD CLASS COMMERCIAL REAL ESTATE EXPERTISE

CLNC is externally managed by Colony Capital, Inc. (“CLNY” or “Colony Capital”), a NYSE-listed global real estate and investment management firm with \$43 billion of assets under management (“AUM”)<sup>(1)</sup>



**400+** Employees | **19** Offices Globally

**\$43bn** of AUM

## CLNY Key Highlights

- 27-year track record with over \$100 billion of investments by CLNY
- Over \$25 billion of CRE credit assets in over 600 investments since inception
- Successful history of managing credit assets and vehicles

## Colony Capital – Breadth of Platform

Balance Sheet Strategies ~\$15bn AUM <sup>(2)</sup>	Global Healthcare	U.S. Industrial
	U.S. Hospitality	Global Other Equity & Debt
Balance Sheet Light ~\$29bn AUM <sup>(3)</sup>	Institutional Funds	Retail Funds
	Public REITs	Other Investment Management

## CLNY SPONSORSHIP – GLOBAL PRESENCE

With 19 worldwide locations, Colony Capital's infrastructure is global, while its ground teams are local experts of the markets in which they operate:

- ✓ Heritage of first-mover advantage and innovation in real estate and reputation for credibility, creativity and responsiveness
- ✓ Deep market intelligence and information across the North America, South America, Europe and Asia
- ✓ Extensive network of relationships with lenders, borrowers/sponsors, sellers, partners and the brokerage community in local markets



# CLNY SPONSORSHIP – LEADING DEAL SOURCING CAPABILITIES

- ✓ Long-standing relationships with sponsors through CLNY global network
- ✓ Multiple touchpoints across CLNY investment platform
- ✓ Repeat borrowers and strategic relationships
- ✓ Agile and differentiated capabilities providing compelling value proposition
- ✓ Valued real estate perspective with experience across multiple real estate cycles

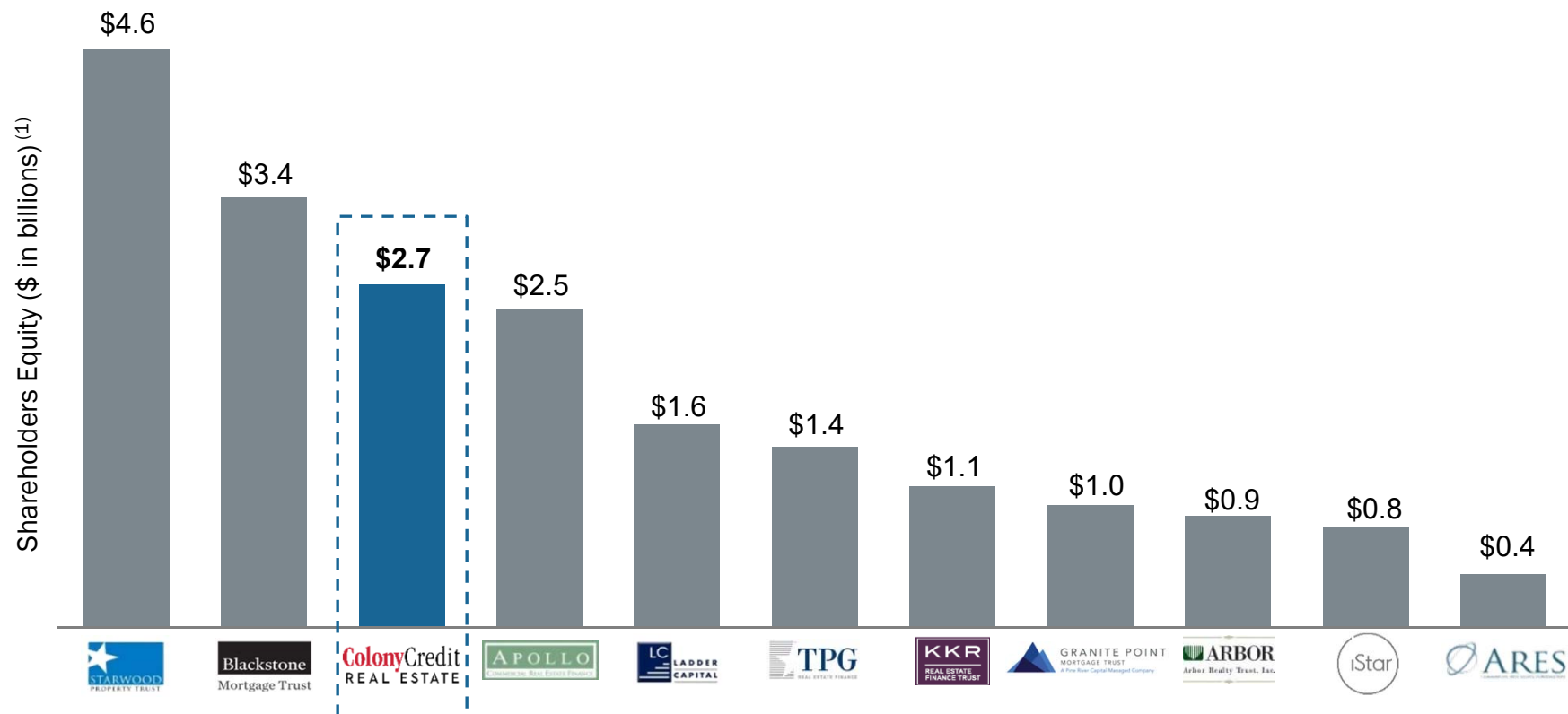
## Select Sponsor Relationships





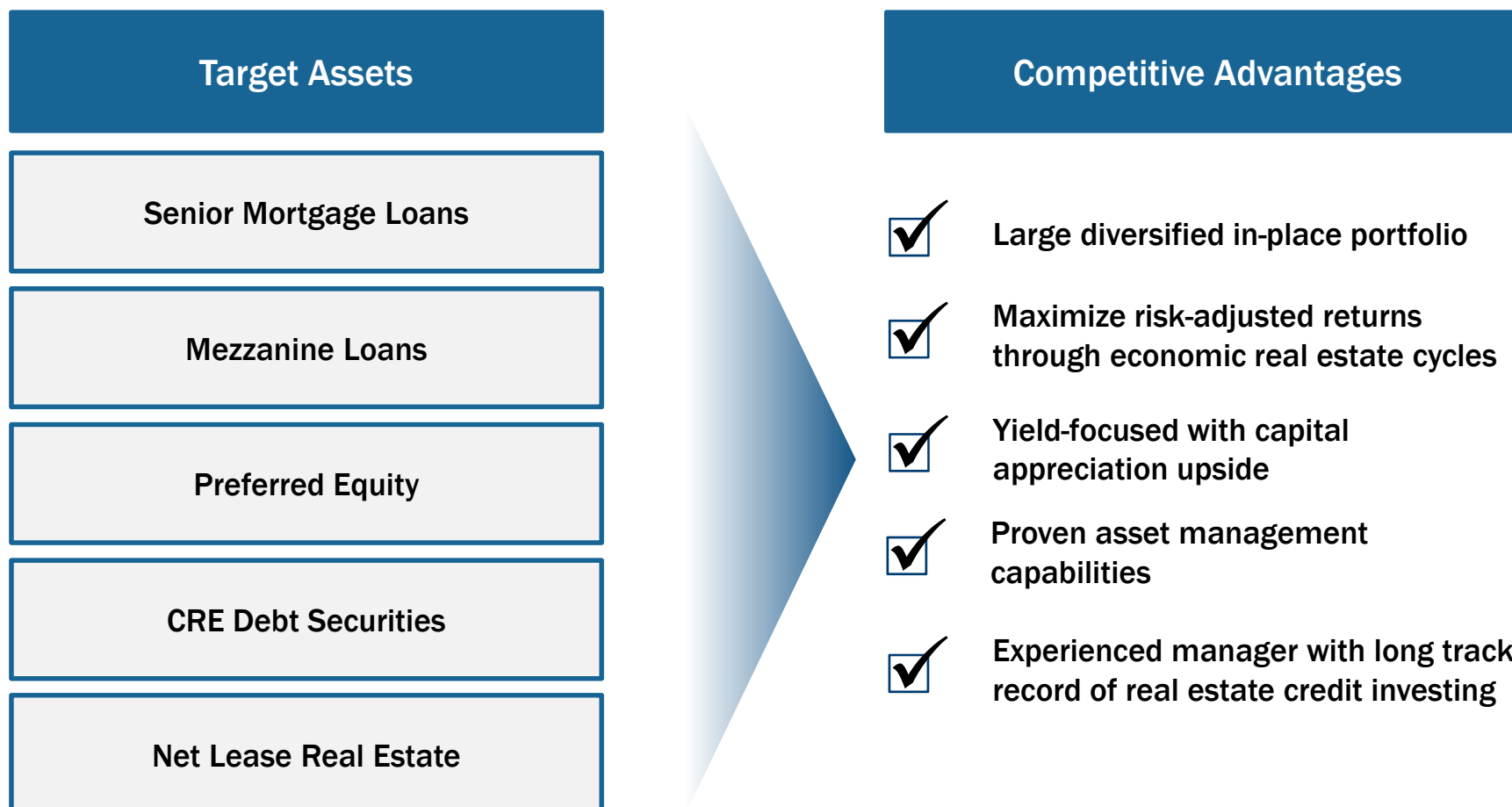
# COLONY CREDIT REAL ESTATE – ESTABLISHED PLATFORM WITH SCALE

Top tier CRE mortgage REIT positioned to capitalize on compelling market opportunities



## DIFFERENTIATED STRATEGY TO MAXIMIZE ROE

Disciplined and differentiated investment strategy across the CRE capital stack provides flexibility through economic and real estate cycles to achieve attractive risk-adjusted returns



# ILLUSTRATIVE INVESTMENT ECONOMICS

CLNC invests across the CRE capital stack across all property types

	Target Unlevered Yield	Target Levered Yield	Target Term
Senior Mortgage Loans	~5.0% – 6.0%	~10.5% – 12.5%	2 to 7 years
Mezzanine Loans / Preferred Equity	~11.0% – 14.0%	~11.0% – 14.0%	5 to 10 years
CRE Debt Securities	Varies	~11.0% – 15.0%	3 to 10 years
Net Lease Real Estate	~6.0% - 7.0%	~9.5% – 11.0%	5+ years
<b>Target W.A. Investment-level Levered Yield</b>	<b>~11% – 13%</b>		

**Transition to targeted portfolio through various levers:**

- ✓ Disposition of select legacy low-yielding and non-core assets
- ✓ Additional leverage capacity
- ✓ Return of capital from debt investments

# SELECT INVESTMENT CRITERIA

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## Positive Market Fundamentals

- Supply constrained markets / recognizable demand drivers
- High barriers to entry in market and / or specific submarket
- Superior location within market

## Sponsor Strength

- Institutional / regional sponsors and operators with track records and financial wherewithal
- Alignment of interests through appropriate capital commitment
- Current and previous relationships / transaction history with Colony Capital

## Borrower Business Plan

- Readily executable strategy to stabilize property
- Ability to refinance upon stabilization / protect under downside conditions
- Defensive loan structuring to insulate the lender

## Last Dollar Basis

- Significant equity cushion to absorb potential losses in downside scenario
- Underwritten to appropriate stabilized debt yields to protect value through CRE cycles
- Ability to take ownership / hold asset through a downturn

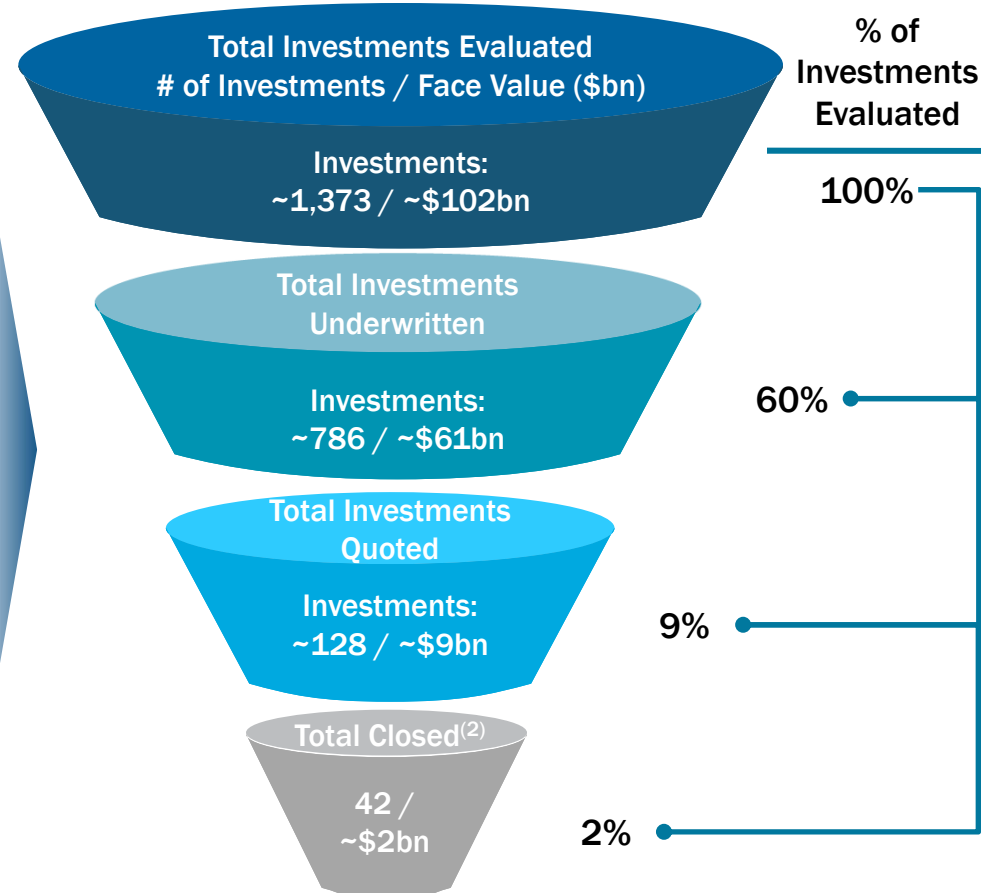
# ROBUST INVESTMENT PLATFORM

Rigorous underwriting and screening process for each investment

## Comprehensive Investment Capabilities

- ✓ 55 investment professionals throughout the U.S. and Europe
- ✓ Deep relationships with borrowers and intermediaries
- ✓ Real-time real estate market intelligence
- ✓ Expertise in identifying, evaluating and structuring investments
- ✓ Ability to source investments across the capital stack

## Screening and Evaluation Process (for LTM March 31, 2019)<sup>(1)</sup>

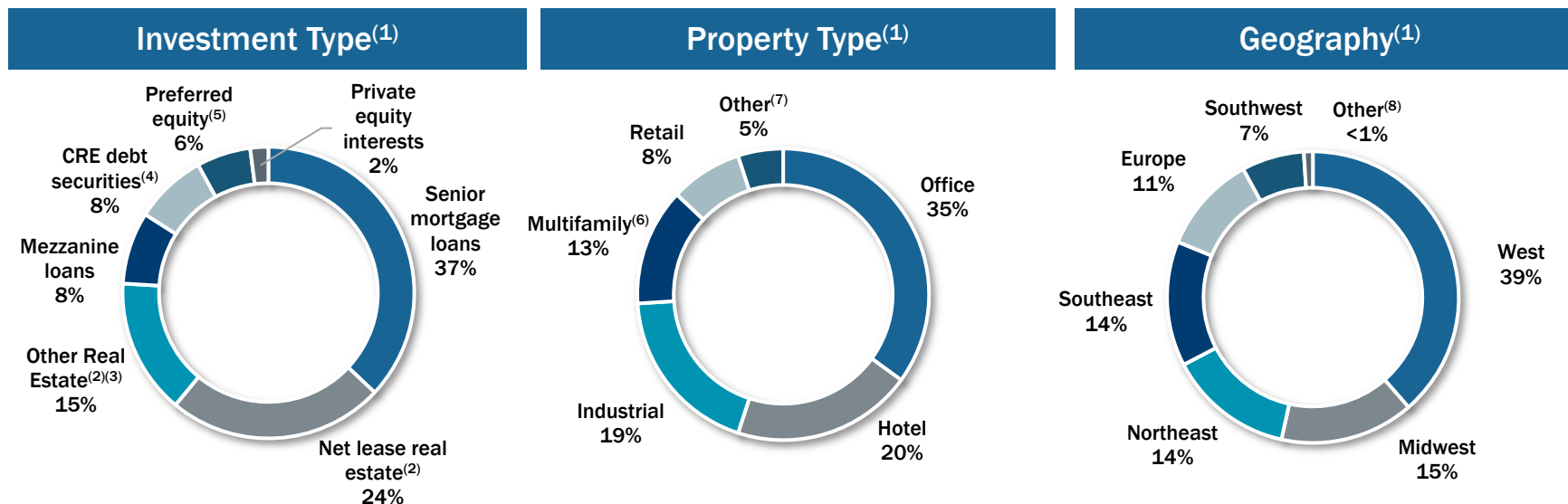


Note: As of March 31, 2019 unless otherwise stated  
See footnotes in the appendix



# CLNC PORTFOLIO OVERVIEW

Actively rotating out of legacy low-yielding and non-core investments into targeted investments



**Bay Area  
Luxury Hotel**



**New York City  
Multifamily**



**Northern California  
Office**

Note: As of March 31, 2019  
See footnotes in the appendix

# PORTFOLIO OVERVIEW – LOAN PORTFOLIO

## Portfolio Overview as of 3/31/19

**Loan Portfolio Size (\$bn)<sup>(1)</sup>** **\$2.7**

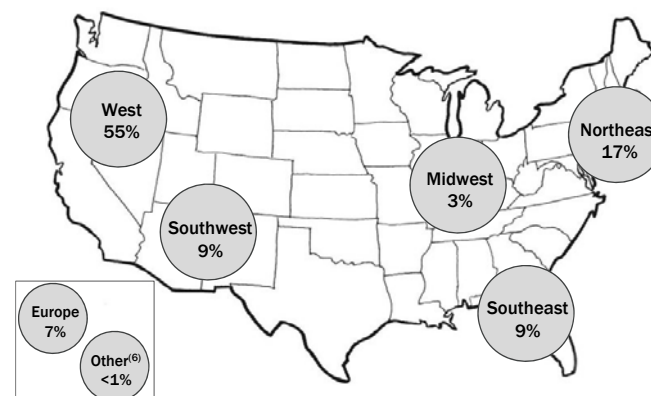
**Number of Loans** **74**

**W.A. Remaining Term (yrs)<sup>(2)</sup>** **2.4**

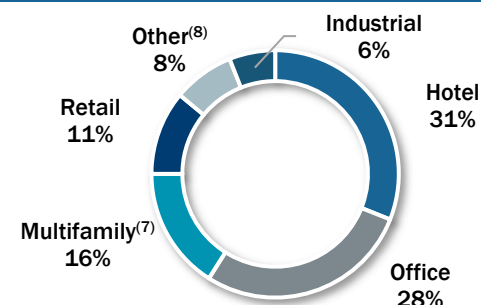
**W.A. Extended Remaining Term (yrs)<sup>(3)</sup>** **4.1**

**% Senior Loans Floating Rate** **88%**

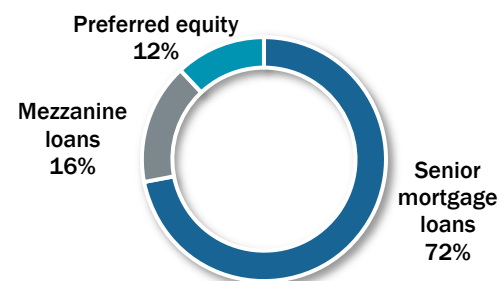
**W.A. All-in Unlevered Yield<sup>(4)</sup>** **8.2%**



## Property Type<sup>(5)</sup>



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



Note: As of March 31, 2019; loan portfolio includes senior mortgage loans, mezzanine loans and preferred equity interests, some of which have equity participation interests  
See footnotes in the appendix

# CASE STUDIES – LOAN PORTFOLIO

Investment	Northern California Luxury Hotel	Southeast Multifamily Portfolio	NNN Dublin Office Campus <sup>(1)</sup>
Initial Investment Date	January 2018	November 2017	July 2018 / March 2019
Transaction Type	Acquisition Financing	Acquisition Financing	Development
Investment Type	Senior Mortgage Loan	Senior Mortgage Loan	Senior Mortgage Loan / Preferred Equity
Collateral	804 key full-service luxury hotel	5 multifamily properties totaling 1,166 units	Grade A office campus totaling 335,000 SF
Total Funded / Total Committed	\$167mm / \$174mm	\$79mm / \$84mm	\$29mm / \$53mm <sup>(5)</sup> <i>(Net of \$35 million partial realization in March 2019)</i>
LTV <sup>(2)</sup>	57%	68%	41% – 70% <sup>(6)</sup>
Key Highlights	<ul style="list-style-type: none"> <li>Prime location which has recently seen significant institutional investment activity</li> <li>Experienced asset manager in the hospitality sector</li> <li>Significant sponsorship equity</li> </ul>	<ul style="list-style-type: none"> <li>Strong in-place cash flows with upside potential through renovations</li> <li>Prime location within desirable submarkets of Knoxville, TN</li> <li>Experienced regional sponsor</li> </ul>	<ul style="list-style-type: none"> <li>Loan commitment with profit participation to finance an office development site in prime Dublin location</li> <li>Proprietary sourced through strong repeat sponsor with significant development experience in Ireland</li> <li>Pre-let entire office campus to large multi-national technology company for its international headquarters</li> <li>Senior financing secured in Mar-19 allowing partial repayment</li> </ul>
Coupon <sup>(3)</sup>	1mo USD LIBOR + 4.25%	1mo USD LIBOR + 4.00%	Fixed Rate 12.50%
Current Yield <sup>(4)</sup>	~12%	~10%	~13%
Property Photos			

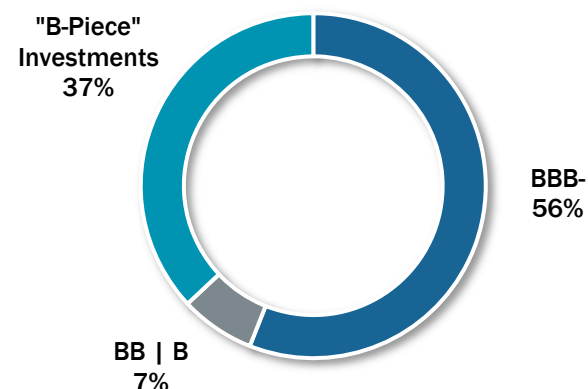
Note: The above information is provided for illustrative purposes and may not reflect all assumptions used. Actual results of a portfolio may differ materially. Financial information as of March 31, 2019 unless otherwise stated  
See footnotes in the appendix

# PORTFOLIO OVERVIEW – CRE DEBT SECURITIES

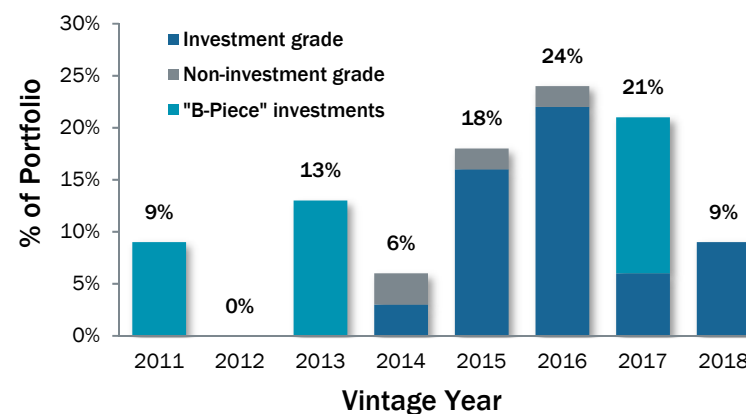
## Portfolio Overview as of 3/31/19

Principal Value (\$mm) <sup>(1)</sup>	\$519
Carrying Value (\$mm) <sup>(1)</sup>	\$384
Number of Investments <sup>(2)</sup>	53
W.A. Remaining Term (yrs) <sup>(3)</sup>	6.4
W.A. Unlevered All-in Yield <sup>(4)</sup>	7.1%

## Ratings Category<sup>(5)</sup>



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



# PORTFOLIO OVERVIEW – NET LEASE REAL ESTATE

## Portfolio Overview as of 3/31/19

**Portfolio Size (\$bn)<sup>(1)</sup>** **\$1.3**

**Number of Properties** **62**

**Number of Buildings** **87**

**Total Square Feet (mm)** **14.2**

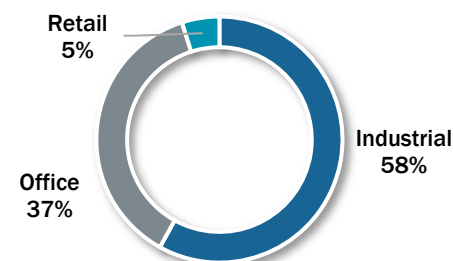
**Annualized Q1 NOI (\$mm)<sup>(2)</sup>** **\$82**

**W.A. % Leased at End of Period<sup>(3)</sup>** **96%**

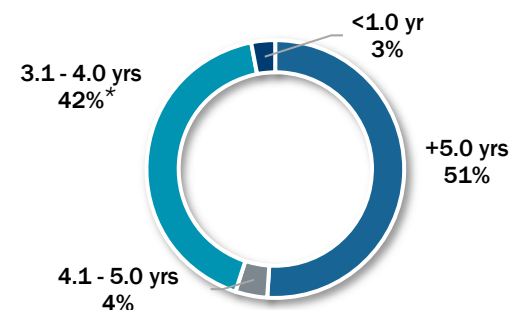
**W.A. Remaining Lease Term (yrs)<sup>(4)</sup>** **9.2**



## Property Type<sup>(5)</sup>





## W.A. Remaining Lease Term<sup>(4)(5)</sup>



\* Approximately 87% is related to industrial net lease properties  
Note: As of March 31, 2019 unless otherwise stated  
See footnotes in the appendix



# CASE STUDY – NET LEASE REAL ESTATE

Investment	Net Lease Industrial Portfolio	Southern California	
Initial Investment Date	August 2018		
Transaction Type	Acquisition		
Investment Type	Triple Net Leased Owned Real Estate		
Collateral	2 industrial properties totaling ~2.8mm square feet		
Total Equity <sup>(1)</sup>	\$92mm	Arizona	
Key Highlights	<ul style="list-style-type: none"><li>▪ Mission critical assets that have recently received significant capital improvements from tenant</li><li>▪ Negotiated two, new 20-year individual leases through the sale-leaseback transaction</li><li>▪ Defensive portfolio with upside from in-place annual rent escalations</li><li>▪ Initial levered yield of ~9% increases to ~11% over 10-year hold term</li><li>▪ Attractive fixed-rate financing</li></ul>		
Current Yield <sup>(2)</sup>	~9%		

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# PORTFOLIO OVERVIEW – OTHER REAL ESTATE

## Portfolio Overview as of 3/31/19

Portfolio Size (\$bn)<sup>(1)</sup> **\$0.8**

Number of Properties **51**

Number of Buildings **165**

Total Square Feet (mm)<sup>(2)</sup> **5.0**

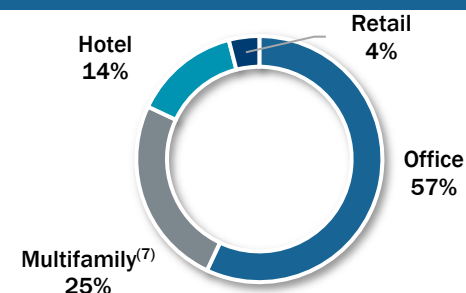
Annualized Q1 NOI / EBITDA (\$mm)<sup>(3)</sup> **\$50**

W.A. % Leased at End of Period<sup>(4)</sup> **83%**

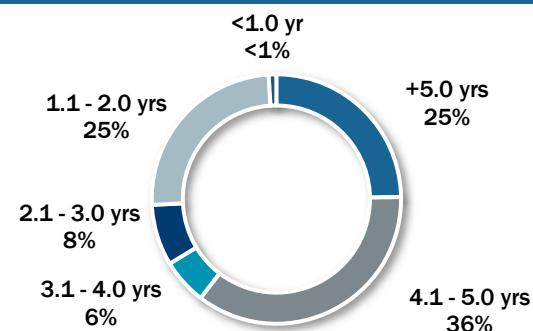
W.A. Remaining Lease Term (yrs)<sup>(5)</sup> **3.7**



## Property Type<sup>(6)</sup>



## W.A. Remaining Lease Term<sup>(5)(6)</sup>

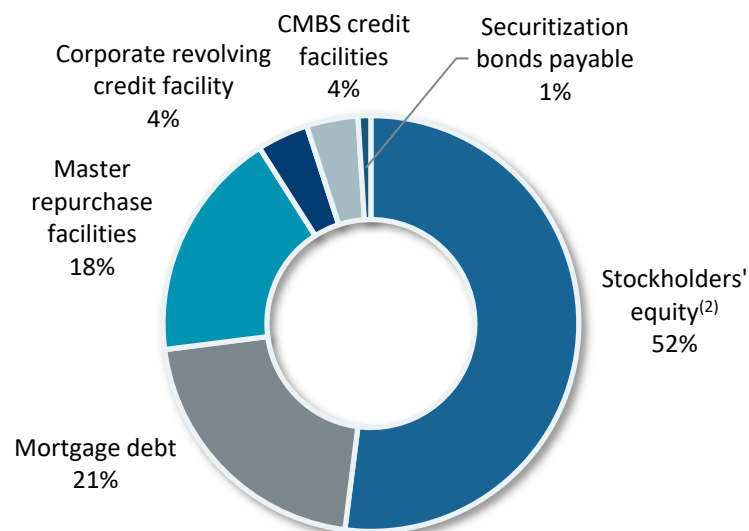


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See footnotes in the appendix

# AMPLE LIQUIDITY SOURCES THROUGH EXISTING CAPITAL STRUCTURE

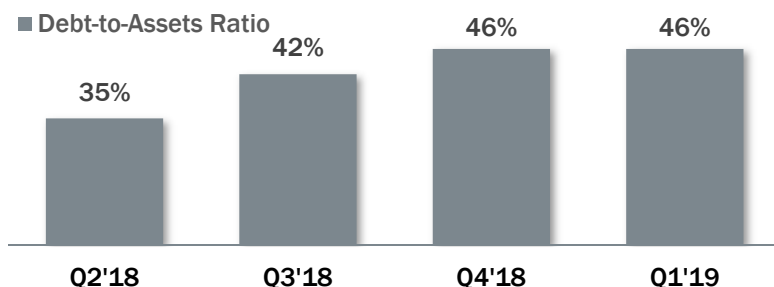
Capital structure provides flexibility and support to drive growth and return on equity

## Capital Structure as of 3/31/19<sup>(1)</sup>



**Total Capitalization \$5.3bn**

## Leverage Ratio<sup>(3)</sup>



## Significant New Investment Capacity

- Embedded financing capacity within existing portfolio
  - ✓ Additional leverage capacity (current leverage of 46% debt-to-assets and 0.9x net debt-to-equity)<sup>(3)(4)</sup>
  - ✓ Disposition and reinvestment of significant capital from select legacy non-core, low-yielding or recently impaired credit assets
  - ✓ Return of capital from debt investments
- Access to additional financing sources
  - ✓ Corporate revolving credit facility
  - ✓ Master repurchase facilities / term facilities
  - ✓ Mortgage debt
  - ✓ Capital markets securitizations
  - ✓ Public capital markets

# ACCESS TO DIVERSE AND EFFICIENT FINANCING SUPPORTS PRUDENT LEVERAGE

Capitalization Overview as of 3/31/19 (\$mm) <sup>(1)</sup>				Highlights
	W.A. Extended Maturity	Maximum Availability	Amount Outstanding	
Master Repurchase Facilities*	Jun-22	\$2,050	\$973	<ul style="list-style-type: none"> <li>During Q1'19, upsized corporate revolving credit facility capacity by \$35 million to \$560 million</li> <li>Subsequent to Q1'19, amended two master repurchase facilities to allow for European investments concurrent with a \$200 million aggregate upsize</li> </ul>
Corporate Revolving Credit Facility	Feb-23	\$560	\$214	
CMBS Credit Facilities <sup>(2)</sup>	n/a	n/a	\$198	
Mortgage Debt	Jul-26	n/a	\$1,121	
Securitization Bonds Payable	Jun-31	n/a	\$53	
<b>Total Debt</b>			<b>\$2,559</b>	
Shareholders' Equity + Noncontrolling Interests in the Operating Partnership			\$2,745	
<b>Total Capitalization</b>			<b>\$5,304</b>	

\*Maximum availability under master repurchase facilities increased to approximately \$2.3 billion subsequent to the first quarter 2019

# CLNC BOARD OF DIRECTORS & EXECUTIVE OFFICERS

CLNY Affiliated		Non-Executive & Independent	
<div> <div>CLNC Board Member</div> <div>CLNY Affiliated</div> </div>	<b>Kevin P. Traenkle</b> <b>Director, Chief Executive Officer and President of CLNC</b> <ul style="list-style-type: none"> <li>Executive Vice President and Chief Investment Officer of CLNY</li> </ul>	<div> <div>CLNC Board Member</div> <div>CLNY Affiliated</div> </div>	<b>Richard B. Saltzman</b> <b>Non-Executive Chairman of the Board</b> <ul style="list-style-type: none"> <li>Previously served as the President and Chief Executive Officer of CLNY until November 2018</li> <li>Serves on the Board of Kimco Realty Corp. and the Board of Trustees of NorthStar Realty Europe Corp. and previously served on the Board of Trustees for Colony Starwood Homes</li> </ul>
	<b>Darren J. Tangen</b> <b>Director</b> <ul style="list-style-type: none"> <li>President of CLNY</li> </ul>	<div> <div>CLNC Board Member</div> <div>CLNY Affiliated</div> </div>	<b>Catherine D. Rice</b> <b>Independent Director</b> <ul style="list-style-type: none"> <li>Director of Store Capital Corporation</li> <li>Previous positions include Senior Managing Director and Chief Financial Officer of W.P. Carey and Chief Financial Officer of iStar, Inc.</li> </ul>
	<b>Neale W. Redington</b> <b>Chief Financial Officer and Treasurer of CLNC</b> <ul style="list-style-type: none"> <li>Chief Accounting Officer of CLNY</li> </ul>	<div> <div>CLNC Board Member</div> <div>CLNY Affiliated</div> </div>	<b>Vernon B. Schwartz</b> <b>Independent Director</b> <ul style="list-style-type: none"> <li>Previously was independent director of NorthStar Real Estate Income Trust, Inc. ("NorthStar I") and a member of NorthStar I's Audit Committee</li> <li>Previously was Executive Vice President at iStar Inc. from 2005 to 2017</li> </ul>
	<b>David A. Palamé</b> <b>General Counsel and Secretary of CLNC</b>	<div> <div>CLNC Board Member</div> <div>CLNY Affiliated</div> </div>	<b>John E. Westerfield</b> <b>Independent Director</b> <ul style="list-style-type: none"> <li>Chief Executive Officer and member of the Board of Directors of Mitsui Fudosan America, Inc.</li> <li>Serves as a member of the Board of Directors of Halekulani Corporation</li> </ul>
		<div> <div>CLNC Board Member</div> <div>CLNY Affiliated</div> </div>	<b>Winston W. Wilson</b> <b>Independent Director</b> <ul style="list-style-type: none"> <li>Previously was independent director of NorthStar Real Estate Income II, Inc. ("NorthStar II") and the chairman and financial expert of NorthStar II's Audit Committee</li> <li>Serves as a director of NorthStar/RXR New York Metro Real Estate, Inc.</li> </ul>



# APPENDIX

# MANAGEMENT AGREEMENT SUMMARY

Overview	
Manager	A subsidiary of Colony Capital, Inc.
Base Management Fee	1.50% of stockholders' equity per annum (0.375% per quarter)
Incentive Fee	The difference between (i) 20% of Core Earnings in the most recent 12-months over a 7% hurdle on common equity in the most recent 12-months; less, (ii) the sum of any incentive fee paid to the Manager with respect to the first three calendar quarters of the most recent 12-month period
Compensation	Base and incentive fees paid in cash
Initial Term	3-years
Renewal	Automatic annual renewal after the initial term unless either party elects to terminate
Termination	CLNC: With cause at anytime with at least 30 days' prior written notice; without cause at the end of the initial 3-year term or any renewal term for poor performance or unfair fees with 180 days' prior written notice (subject to renegotiation of the fees in the event of termination due to unfair fees)  Manager: With cause at anytime with 60 days' prior written notice; without cause may decline to renew the management agreement at the end of the initial 3-year term or any renewal term by providing 180 days' prior written notice
Termination Payment	3.0x the sum of (i) the average annual base management fee and (ii) the average annual incentive fee, in each case earned over the prior two years; payable upon termination by CLNC without cause or by the Manager with cause
Expense Reimbursement	Expenses related to CLNC incurred by the Manager, including: legal, tax, accounting, financial, due diligence and other services

# IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS

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 accounting principles generally accepted in the United States (“U.S. GAAP” or “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. 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 or “OP”) 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. Such impairment and losses may ultimately be realized, in part or full, upon a sale or monetization of the related investments and such realized losses 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 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 and EBITDA excludes historical cost depreciation and amortization, which are based on different useful life estimates depending on the age of the properties, as well as adjusts 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. 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.

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.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

(\$ and shares in thousands, except per share data) (Unaudited)

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

	As of March 31, 2019		
	Consolidated	NCI <sup>(1)</sup>	At CLNC share <sup>(2)</sup>
Cash and cash equivalents	\$ 89,916	\$ 2,394	\$ 87,522
Restricted cash	107,441	2,623	104,818
Loans and preferred equity held for investment, net	1,998,493	2,290	1,996,203
Real estate securities, available for sale, at fair value	239,559	-	239,559
Real estate, net	2,049,009	138,345	1,910,664
Investments in unconsolidated ventures	795,341	-	795,341
Receivables, net	55,948	12,772	43,176
Deferred leasing costs and intangible assets, net	150,868	6,987	143,881
Other assets	75,765	3,593	72,172
Mortgage loans held in securitization trusts, at fair value <sup>(3)</sup>	3,142,448	2,998,329	144,119
<b>Total assets</b>	<b>\$ 8,704,788</b>	<b>\$ 3,167,333</b>	<b>\$ 5,537,455</b>

## Reconciliation of GAAP book value to undepreciated book value

	As of March 31, 2019	
	Amount	Per Diluted Share <sup>(5)</sup>
GAAP book value (excluding noncontrolling interests in investment entities)	\$ 2,744,897	\$ 20.86
Accumulated depreciation and amortization <sup>(4)</sup>	108,208	0.82
<b>Undepreciated book value</b>	<b>\$ 2,853,105</b>	<b>\$ 21.68</b>
<b>Total common shares and OP units outstanding<sup>(5)</sup></b>		<b>131,589</b>

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (CONT'D)

(\$ in thousands) (Unaudited)

## Reconciliation of GAAP net income/(loss) to NOI/EBITDA

	Three Months Ended March 31, 2019	
	Net lease real estate	Other real estate
Net income (loss) attributable to Colony Credit Real Estate, Inc. common stockholders	\$ 1,445	\$ (5,274)
<i>Adjustments:</i>		
Net income (loss) attributable to noncontrolling interests in investment entities	(59)	(183)
Amortization of above- and below-market lease intangibles	(90)	(540)
Interest expense on real estate	9,245	4,362
Transaction, investment and servicing expense	46	183
Depreciation and amortization	13,250	14,412
Administrative expense	58	26
Other gain on investments, net	(223)	-
Other income	-	(2)
Income tax (benefit) expense	(2,830)	500
NOI/EBITDA attributable to noncontrolling interest in investment entities	(303)	(963)
Total NOI/EBITDA, at share	\$ 20,540	\$ 12,521



# FOOTNOTES

## Page 4

1. Based on annualized dividend of \$1.74 and CLNC closing stock price of \$15.85 as of May 6, 2019
2. Represents total assets at CLNC share as of March 31, 2019. This includes noncontrolling interest in Operating Partnership and excludes noncontrolling interest in investment entities
3. Debt-to-asset ratio based on total outstanding secured debt agreements at CLNC share divided by total assets at CLNC share as of March 31, 2019
4. Current liquidity includes cash-on-hand of \$40 million and availability under the corporate revolving credit facility of \$306 million as of May 6, 2019

## Page 5

1. Based on annualized dividend of \$1.74 and CLNC closing stock price of \$15.85 as of May 6, 2019
2. Based on May 2019 monthly dividend declared of \$0.145 per share of common stock
3. Debt-to-asset ratio based on total outstanding secured debt agreements at CLNC share divided by total assets at CLNC share as of March 31, 2019
4. Represents total assets, GAAP book value and undepreciated book value per share at CLNC share as of March 31, 2019. This includes noncontrolling interest in Operating Partnership and excludes noncontrolling interest in investment entities. Undepreciated book value excludes accumulated depreciation and amortization
5. Represents CLNC's share of total outstanding secured debt agreements less unrestricted cash at CLNC share divided by total shareholders' equity as of March 31, 2019; shareholders' equity includes noncontrolling interest in Operating Partnership and excludes noncontrolling interest in investment entities
6. Represents carrying values at CLNC share as of March 31, 2019
7. Represents total investment-level assets and book equity value at CLNC share as of March 31, 2019. This includes noncontrolling interest in Operating Partnership and excludes noncontrolling interest in investment entities

## Page 6

1. Represents Colony Capital's total assets under management ("AUM") as of March 31, 2019; AUM includes both balance sheet AUM and third party AUM as of March 31, 2019
2. Represents Colony Capital's balance sheet AUM as of March 31, 2019
3. Represents Colony Capital's third party AUM as of March 31, 2019

## Page 9

1. Represents Shareholders' equity which excludes noncontrolling interest in investment entities and includes noncontrolling interest in Operating Partnerships; based on company filings as of March 31, 2019

## Page 13

1. Based on investment activity for the last twelve months ("LTM") as of March 31, 2019
2. Based on closed deal for the LTM as of March 31, 2019; excludes deals closed or in advanced stages of execution subsequent to the first quarter 2019

## Page 14

1. Based on carrying values at CLNC share as of March 31, 2019 and excludes CMBS, mortgage loans held in securitization trusts and private equity interests except for investment type chart. For the loan portfolio, reflects carrying values net of allowance for loan losses
2. Net lease and other real estate equity includes deferred leasing costs and intangible assets
3. Operating real estate consists of multi-tenant office, multifamily, hotel and retail assets
4. Includes investment grade and non-investment grade rated CMBS bonds, (including "B-pieces" of CMBS securitization pools) as well as our net equity position in consolidated securitization trusts that CLNC owns the controlling class of securities
5. Preferred equity balances include related equity participation interests
6. Multifamily includes (i) apartments, (ii) student housing and (iii) manufactured housing communities
7. Other includes (i) commercial and residential development and predevelopment and (ii) mixed-use assets
8. Other includes one collateral asset based in Latin America

## Page 15

1. Represents carrying values, net of allowance for loan losses, at CLNC share as of March 31, 2019
2. 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 March 31, 2019
3. 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 March 31, 2019
4. 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 March 31, 2019 for W.A. calculations
5. Based on carrying values, net of allowance for loan losses, at CLNC share as of March 31, 2019
6. Other includes one collateral asset based in Latin America
7. Multifamily includes (i) apartments, (ii) student housing and (iii) manufactured housing communities
8. Other includes (i) commercial and residential development and predevelopment and (ii) mixed-use assets

# FOOTNOTES (CONT'D)

## Page 16

1. Based on recent recapitalization (assumed in original underwriting) as senior mortgage financing secured in March 2019. As a result of the recapitalization, our original senior mortgage loan investment transitioned into a preferred equity investment with potential upside from profit participation
2. Based on the total committed loan amount divided by third party appraised value at time of closing unless otherwise stated
3. Coupon does not include origination or exit fees
4. Reflects levered investment net income assuming 1-month USD LIBOR of 2.49%, where applicable, as of March 31, 2019 divided by net book value; net book value represents book value net of any in-place investment-level financing as of March 31, 2019
5. Represents CLNC's share as of March 31, 2019. Does not include potential upside through equity participation. Invested alongside an affiliate of our Sponsor (Colony Capital, Inc.)
6. Represents first dollar and last dollar loan-to-value ("LTV"). Based on internal valuation as of December 31, 2018; adjusted for senior mortgage financing and partial realization in March 2019

## Page 17

1. Represents principal amounts and carrying values at CLNC share as of March 31, 2019; includes our net equity position in consolidated securitization trusts that CLNC owns the controlling class of securities
2. For "B-piece" investments, investment count represents total number of tranches acquired; three total "B-piece" transactions
3. Weighted average calculation based on carrying value at CLNC share as of March 31, 2019
4. 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 March 31, 2019
5. Based on carrying values at CLNC share as of March 31, 2019

## Page 18

1. Represents undepreciated carrying values at CLNC share as of March 31, 2019
2. Represents annualized Q1 2019 reported NOI at CLNC share; includes approximately \$4.9 million of straight-line rent (based on Q1 2019 reported straight-line rent of approximately \$1.2 million)
3. Represents the percent leased as of March 31, 2019 and is weighted by undepreciated carrying value at CLNC share
4. Based on in-place leases (defined as occupied and paying leases) as of March 31, 2019; assumes that no renewal options are exercised and is weighted by undepreciated carrying value at CLNC share
5. Based on undepreciated carrying values at CLNC share as of March 31, 2019

## Page 19

1. Represents undepreciated net carrying value at CLNC's share as of March 31, 2019; undepreciated net carrying value reflects undepreciated carrying value less in-place investment-level financing as of March 31, 2019
2. Reflects annualized reported Q1 2019 cash NOI less financing costs divided by undepreciated net carrying value as of March 31, 2019

## Page 20

1. Represents undepreciated carrying values at CLNC share as of March 31, 2019
2. Includes office and retail properties only
3. Represents annualized Q1 2019 reported NOI/EBITDA at CLNC share; includes approximately \$1.9 million of straight-line rent (based on Q1 2019 reported straight-line rent of approximately \$0.5 million)
4. Represents the percent leased as of March 31, 2019 except for hotel assets which reflects the average occupancy for the fourth 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 March 31, 2019; assumes that no renewal options are exercised and is weighted by undepreciated carrying value at CLNC share. Includes office and retail properties only
6. Based on undepreciated carrying values at CLNC share as of March 31, 2019
7. Multifamily includes (i) apartments, (ii) student housing and (iii) manufactured housing communities

## Page 21

1. Debt based on the unpaid principal balance at CLNC share as of March 31, 2019
2. Includes noncontrolling interest in the Operating Partnership and excludes noncontrolling interest in investment entities
3. Debt-to-asset ratio based on total outstanding secured debt agreements at CLNC share divided by total assets at CLNC share as of March 31, 2019
4. Represents CLNC's share of total outstanding secured debt agreements less unrestricted cash at CLNC share divided by total shareholders' equity as of March 31, 2019; shareholders' equity includes noncontrolling interest in operating partnership and excludes noncontrolling interest in investment entities

## Page 22

1. Debt based on the unpaid principal balance at CLNC share as of March 31, 2019
2. CMBS credit facilities do not have specified maximum available capacity. Borrowings and interest rates are asset-specific and determined at the time of borrowing. These credit facilities are indexed to the one-month or three-month LIBOR. Maturity dates are dependent on asset type and typically range from one to two month rolling periods

## FOOTNOTES (CONT'D)

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**Page 27**

1. Non-controlling interest ("NCI") represent interests in assets held by third party partners
2. Represents the proportionate share attributed to CLNC based on CLNC's ownership by asset
3. At CLNC share represents total assets adjusted for the net impact of securitization assets and related obligations which are consolidated for accounting purposes
4. Represents net accumulated depreciation and amortization on real estate investments, including related intangible assets and liabilities
5. 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 March 31, 2019, the total number of common shares and OP units outstanding was approximately 131.6 million

# 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, 2019. 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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**Company Website:**

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