



Colony Capital Announces the Sale of Hospitality Portfolios

September 24, 2020

Sale Represents Key Milestone in Colony Capital's Digital Transformation

Colony Generates Significant Strategic and Financial Benefits on Exit From Hospitality Business

LOS ANGELES--(BUSINESS WIRE)--Sep. 24, 2020-- Colony Capital, Inc. (NYSE: CLNY) ("Colony Capital" or the "Company") today announced it has entered into a definitive agreement to sell six of its hospitality portfolios to Highgate, a premier real estate investment and hospitality management company, in a transaction valued at \$2.8 billion, including \$67.5 million of gross proceeds on a consolidated basis and the assumption of \$2.7 billion in consolidated investment-level debt. The six portfolios consist of 22,676 rooms across 197 hotel properties.

As part of the transaction with Highgate, Colony will transfer (i) five of the six portfolios held in the Hospitality segment and (ii) an approximately 55% interest in the THL Portfolio held in the Other Equity and Debt segment. The sixth portfolio in the Hospitality segment, the Inland portfolio, is under receivership and is excluded from the transaction. This transaction will reduce the Company's consolidated debt outstanding by \$2.7 billion, including Colony Capital's \$2.3 billion pro-rata share.

The transaction is consistent with Colony's stated intention of simplifying its business profile to focus exclusively on digital infrastructure assets. In addition to the strategic benefits of exiting the hospitality business, Colony Capital expects to generate segment and corporate-level G&A savings post-closing.

"We are thrilled to be delivering on our commitment to dispose of non-core assets and harvest positive value for our hospitality business. With its strong track record, unique insights into the hospitality market and creative approach to hotel management, we are confident that Highgate is ideally suited to own and operate these properties," said Marc Ganzi, CEO of Colony Capital. "The sale of our legacy hospitality assets is a significant milestone in Colony's digital transformation as we pivot to focus exclusively on our fast-growing digital businesses that generate superior returns for Colony shareholders."

"We are excited to continue working with the Colony team in executing on this unique transaction," said Mahmood Khimji, Co-Founder and Managing Principal of Highgate. "Despite the unprecedented disruption in hospitality over the past six months, we remain bullish on the long-term secular trends in our industry, and look forward to partnering with the many employees, franchisors, lenders, and other important stakeholders across these portfolios as we work towards a successful recovery."

The transaction is expected to close in the first quarter of 2021, subject to customary closing conditions and third-party approvals.

Moelis & Company served as financial advisor to Colony Capital in connection with the transaction and Willkie Farr & Gallagher LLP served as legal counsel. Latham & Watkins LLP served as legal counsel to Highgate.

About Colony Capital

Colony Capital, Inc. (NYSE: CLNY) is a leading global investment firm with a heritage of identifying and capitalizing on key secular trends in real estate. The Company manages a \$46 billion portfolio of real assets on behalf of its shareholders and limited partners, including over \$20 billion in digital real estate investments through Digital Colony, its digital infrastructure platform. Colony Capital, structured as a REIT, is headquartered in Los Angeles with key offices in Boca Raton, New York, and London, and has over 350 employees across 20 locations in 11 countries.

About Highgate

Highgate is a leading real estate investment and hospitality management company with over \$10 billion of hospitality assets under management. Highgate has a longstanding track record of operating assets for the industry's largest REITs, private equity firms, institutional funds and private investors. Highgate is a dominant hotel player in key gateway markets throughout the United States and across the Caribbean and Latin America, and operates more than 160 hotels and approximately 45,000 rooms around the world.

Cautionary Statement regarding Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond our control, and may cause actual results to differ significantly from those expressed in any forward-looking statement. Factors that might cause such a difference include, without limitation, whether the Company will complete the sale of its hospitality portfolios within the timeframe anticipated or at all, including the Company's ability to obtain any necessary third-party approvals to consummate the transaction, whether the Company will realize any of the anticipated benefits from the transaction, including generating segment and corporate-level G&A savings post-closing and simplifying the Company's business profile to focus exclusively on digital infrastructure assets, in the time anticipated or at all, the Company's ability to divest of non-core assets and the timing of such divestiture, the pace of growth of the Company's digital businesses, the Company's ability to achieve superior returns from its digital businesses for the Company's shareholders and other risks and uncertainties, including those detailed in Colony Capital's Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and its other reports filed from time to time with the U.S. Securities and Exchange Commission ("SEC"). All forward-looking

statements reflect the Company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance. Colony Capital cautions investors not to unduly rely on any forward-looking statements.

The forward-looking statements speak only as of the date of this press release. Colony Capital is under no duty to update any of these forward-looking statements after the date of this press release, nor to conform prior statements to actual results or revised expectations, and Colony Capital does not intend to do so.

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