Press Release

Colony Capital Board Letter November 2018
The Board of Directors
Colony Capital, Inc.
515 South Flower Street, 44th Floor
Los Angeles, CA 90071

Dear Members of the Board of Directors:

Blackwells Capital LLC, collectively with its affiliates ("Blackwells"), is the beneficial owner of 1.12% of the common stock and equivalents of Colony Capital, Inc. (the "Company" or "Colony"). We believe the Company's assets are significantly undervalued due to its business structure, poor execution and a history of ineffective leadership.

We appreciate the open dialogue we have had with management so far and your decision, though belated, to remove Mr. Saltzman from his role as Chief Executive. However, we continue to believe that Colony's cacophonous business configuration, combined with wide misses on key operating metrics, are the cause of Colony's significant value decline and necessitate resolute action from Colony's Board of Directors (the "Board") on structure and leadership to protect and grow shareholder value.

Colony is simply too complex for the public markets or for any one leader. We believe Colony needs to be simplified and separated into cohesive, independent businesses, each with its own leader.

The strategy and business configuration adopted by the current Board is suboptimal

The public markets have assigned a low valuation to Colony because it is overly complex and participates in too many lines of business. Compounding this problem, a focus on fundraising for Colony's private equity business has often caused the Company's hard assets to be neglected, in our opinion. We can only expect this situation to become more acute following the executive changes announced last week.

Colony's current business structure and strategy are the result of actions by the Board to acquire and merge with various entities, so that it could create today's Colony. But this business strategy and these M&A decisions were flawed and have led to the destruction of substantial shareholder value.

The capital market clearly does not favor Colony's complex and diverse business structure: it is well established that investors value more highly specialized REITs with focused operations. Even among so-called hybrid REITs, having a large investment management or private equity business is extremely unusual. Moreover, Colony's private equity and other investment management businesses, buried as they are inside a REIT reporting structure, are unappealing to the most natural owners of those businesses. Rather than benefiting from diversity, shareholders have suffered from the lack of focus.

	NAV Premium / Discount)	Price / FFO	Dividend Yield
Colony	**-27%**	**8.6x**	**7.2%**
Healthcare REITs(a)	+14%	15.1x	5.2%
Industrial REITs(b)	-1%	21.2x	2.8%
Lodging REITs(c)	-11%	10.3x	5.4%

Source: Bloomberg and CapitalIQ as of November 9, 2018.a) Healthcare REITs include: CTRE, DOC, HCP, HR, HTA, LTC, MPW, NHI, OHI, SBRA, VTR, WELL.b) Industrial REITs include: DRE, EGP, FR, LPT, MNR, PLD, REXR, STAG, TRNO.c) Lodging REITs include: AHT, APLE, BHR, CHSP, CLDT, DRH, HST, HT, INN, LHO, PEB, RHP, RLJ, SHO, XHR.

Since the 2016 NorthStar merger, Colony's declining cash flows have damaged the Company's credibility with investors

When Colony's merger with NorthStar Realty Finance and NorthStar Asset Management (collectively, "NorthStar") was announced in June 2016, Mr. Barrack and the Company had high expectations.

Colony management guided that it would have $990 million in funds from operations ("FFO") for 2017, which would have constituted growth over the pro forma $944 million generated in 2015. But instead, the Company generated only $665 million in FFO during 2017, a radical miss in an otherwise stable industry. Consensus for Colony's Core FFO in 2018 is now 43% lower than in 2017— a mere $375 million.

REIT investors are focused on stable, predictable income and dividend payouts. A decline of $600 million in FFO over two years — and the resulting and substantial cut in dividends — is astonishing during a time of increasing real estate values and stability among peers. This decline has irredeemably damaged Colony's credibility.

Colony shareholders have suffered substantial losses in value as a result of strategic missteps

Long-term shareholders have suffered severely because of the Board's strategy missteps and Colony's loss of credibility. A $100 investment in Colony's September 2009 IPO would be worth only $85 today, including dividends. By comparison, $100 invested in the S&P 500 or in the Company's self-selected peers would be worth $317 or $317, respectively.

	Total Shareholder Returns:		
	Since IPO[(a)]	Since Colony Financial Merger[(b)]	Since NorthStar Mergers[(c)]
Colony	**-15%**	**-54%**	**-52%**
S&P 500	+217%	+45%	+27%
Proxy Peers[(d)]	+217%	+12%	+31%

Source: Bloomberg as of November 9, 2018.

a) Colony Financial IPO (Sep. 24, 2009)

b) Merger between Colony Financial and Colony Capital closed April 1, 2015

c) Tri-part merger among Colony, North Star Realty Finance (NRF) and NorthStar Asset Mgmt (NSAM) closed January 10, 2017

d) Proxy Peers consist of APO, ARES, BX, BAM, CG, CBRE, DRE, HCP, HPT, HST, JLL, KW, KKR, OAK, PLD, VTR and WPC, per Company's 2018 proxy statement

We believe the lesson from Colony's history and these M&A transactions is clear. The Company is on the wrong path and it is imperative that the Board change course. The Company's unappealing business configuration and strategy – and the misguided acquisitions executed in the service of these strategies – are self-inflicted wounds that have caused Colony to considerably underperform its peers.

As the Board, you must act decisively to rescue shareholders from the purgatory of trapped value. We believe you should reconfigure the business in a manner congruent with market demands and ameliorate the Company's operating underperformance with focused, new leadership.

Colony has a sound underlying asset base and real potential to generate significant shareholder returns. But absent a shift in business configuration and operating approach, we fear these assets and opportunities will continue to be overlooked by many investors and mis-valued by others. As large shareholders, we cannot accept the status quo while time passes us by.

It is our hope that the Board will work constructively with us to help unlock value for all of the Company's shareholders. To that end, we are requesting to address the Board in person as a follow-up to our previous engagement requests and to share our analyses and remediating proposals. Please let us know a convenient time and place.

Thank you for your continued oversight and attention to Colony.

Sincerely yours,

Jason Aintabi
Managing Partner