

Colony Capital, Inc.  
Form DEF 14A  
April 06, 2015  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**SCHEDULE 14A**  
**(RULE 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**COLONY CAPITAL, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than Registrant)**

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - 1) Title of each class of securities to which transaction applies:
  
  
  - 2) Aggregate number of securities to which transaction applies:
  
  
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  - 4) Proposed maximum aggregate value of transaction:
  
  
  - 5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - 1) Amount Previously Paid:
  
  
  - 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**Table of Contents**

April 6, 2015

Dear Fellow Stockholder:

It is my pleasure to invite you to the 2015 Annual Meeting of Stockholders of Colony Capital, Inc., formerly known as Colony Financial, Inc. (the Company), which will be held on Wednesday, May 6, 2015, at 9:00 a.m., Eastern Time, at the offices of Morgan Stanley, located at 522 Fifth Avenue (between 43<sup>rd</sup> and 44<sup>th</sup> Streets), Conference Room 3A, New York, New York 10036.

At this year's meeting, you will be asked to (i) elect six directors; (ii) approve (on a non-binding basis) the compensation of the Company's named executive officers; and (iii) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015. The accompanying proxy statement provides a detailed description of these proposals. We urge you to read the accompanying materials so that you will be informed about the business to be addressed at the annual meeting. In addition to the formal business that will be transacted, management will report on the progress of our business and respond to comments and questions of general interest to our stockholders.

I sincerely hope that you will be able to attend and participate in the meeting. Whether or not you plan to attend the meeting, it is important that your shares be represented and voted. A form of proxy card and a copy of our annual report to stockholders are enclosed with this notice of annual meeting and proxy statement.

Sincerely,

Thomas J. Barrack, Jr.

Executive Chairman of the Board

**Table of Contents**

**COLONY CAPITAL, INC.**

2450 Broadway, 6th Floor

Santa Monica, CA 90404

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 6, 2015**

Dear Stockholder:

You are cordially invited to attend our 2015 annual meeting of stockholders to be held on Wednesday, May 6, 2015, at 9:00 a.m., Eastern Time, at the offices of Morgan Stanley, located at 522 Fifth Avenue (between 43<sup>rd</sup> and 44<sup>th</sup> Streets), Conference Room 3A, New York, New York 10036 for the following purposes:

1. To elect six directors from the nominees named in the attached proxy statement to serve one-year terms expiring at the 2016 annual meeting of stockholders;
2. To approve (on a non-binding basis) the compensation of the Company's named executive officers;
3. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2015; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting. Only stockholders of record at the close of business on March 27, 2015 will be entitled to notice of and to vote at the meeting or any adjournments or postponements of the meeting.

This notice and the enclosed proxy statement are first being made available to our stockholders on or about April 6, 2015.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE URGED TO COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY CARD AND RETURN IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON, IF YOU DESIRE.**

By Order of the Board of Directors,

Ronald M. Sanders

*Chief Legal Officer and Secretary*

Santa Monica, California

April 6, 2015

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>ABOUT THE MEETING</u>	1
<u>OUR COMPANY</u>	4
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	5
<u>EXECUTIVE OFFICERS</u>	10
<u>INFORMATION REGARDING CORPORATE GOVERNANCE AND BOARD AND COMMITTEE MEETINGS</u>	12
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	19
<u>COMPENSATION COMMITTEE REPORT</u>	28
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	28
<u>COMPENSATION OF DIRECTORS</u>	29
<u>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</u>	31
<u>REPORT OF THE AUDIT COMMITTEE</u>	32
<u>PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	33
<u>PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	35
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	36
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	38
<u>OTHER MATTERS</u>	46

**Table of Contents**

**COLONY CAPITAL, INC.**

**2450 Broadway, 6th Floor**

**Santa Monica, CA 90404**

**PROXY STATEMENT**

**Important Notice Regarding the Availability of Proxy Materials for the  
Stockholder Meeting to be Held on May 6, 2015**

**This proxy statement and our 2014 Annual Report to Stockholders are available**

**at <http://www.colonyinc.com/meeting.php>; or**

**<http://www.astproxyportal.com/ast/COLONY>**

**ABOUT THE MEETING**

**Why am I receiving this proxy statement?**

This proxy statement contains information related to the solicitation of proxies for use at our 2015 annual meeting of stockholders, to be held at 9:00 a.m., Eastern Time, on Wednesday, May 6, 2015 at the offices of Morgan Stanley, located at 522 Fifth Avenue (between 43<sup>rd</sup> and 44<sup>th</sup> Streets), Conference Room 3A, New York, New York 10036, for the purposes stated in the accompanying Notice of Annual Meeting of Stockholders. This solicitation is made by Colony Capital, Inc. on behalf of our Board of Directors, or the Board. We, our, us, and the Company refer to Colony Capital, Inc., formerly known as Colony Financial, Inc. prior to consummation of the Combination, as described below under Our Company. This proxy statement, the enclosed proxy card and our 2014 annual report to stockholders are first being mailed to stockholders beginning on or about April 6, 2015.

**Who is entitled to vote at the annual meeting?**

Only holders of record of our common stock at the close of business on March 27, 2015, the record date for the annual meeting, are entitled to receive notice of the annual meeting and to vote at the meeting. Our common stock constitutes the only class of securities entitled to vote at the meeting.

**What are the voting rights of stockholders?**

Each share of common stock outstanding on the record date entitles its holder to cast one vote on each matter to be voted on.

**Who can attend the annual meeting?**

All holders of our common stock at the close of business on March 27, 2015, the record date for the annual meeting, or their duly appointed proxies, are authorized to attend the annual meeting. If you attend the meeting, you may be asked to present valid picture identification, such as a

## Edgar Filing: Colony Capital, Inc. - Form DEF 14A

driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in street name (that is, your shares are held through a bank, broker, trustee or other nominee), you will need to bring a copy of a recent bank or brokerage statement evidencing your ownership of our common stock.

## **Table of Contents**

### **What will constitute a quorum at the annual meeting?**

The presence at the meeting, in person or by proxy, of the holders of at least a majority of the common stock outstanding on March 27, 2015 will constitute a quorum. We will include abstentions and broker non-votes in the calculation of the number of shares considered to be present at the meeting for purposes of determining the presence of a quorum at the meeting. Under applicable New York Stock Exchange ( NYSE ) rules (the exchange on which shares of our common stock are traded), brokers holding shares of our common stock for beneficial owners in nominee or street name must vote those shares according to the specific instructions they receive from the beneficial owners. However, brokers or nominees holding shares for a beneficial owner who do not receive voting instructions from the beneficial owner may not under the NYSE s rules have discretionary voting power on non-routine matters. In these cases, if no specific voting instructions are provided by the beneficial owner, the broker may not vote on non-routine proposals. This results in what is known as a broker non-vote. Broker non-votes may arise in the context of voting for the election of directors and on the advisory proposal regarding say on pay described in this proxy statement, because such proposals are considered non-routine matters. Unless specific voting instructions are provided by the beneficial owner, the broker will be unable to vote for the election of directors and on the say on pay proposal. Accordingly, we urge stockholders who hold their shares through a broker or other nominee to provide voting instructions so that your shares of common stock may be voted on these proposals.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters and, therefore, no broker non-votes are expected to exist in connection with this proposal.

As of the record date, there were 110,265,850 shares of our common stock outstanding.

### **How do I vote shares that are held in my name?**

You may vote by any of the following means:

*In Person at the Meeting:* You may vote by attending the meeting and voting in person.

*By Mail:* You may vote by mail by completing and signing your proxy card and returning it in the enclosed, prepaid and addressed envelope.

### **How do I vote my shares that are held by my broker?**

If your shares are held by a bank or broker, you should follow the instructions provided to you by the bank or broker. Although most banks and brokers now offer voting by mail, telephone and on the Internet, availability and specific procedures will depend on their voting arrangements.

### **How are votes counted?**

If the accompanying proxy card is properly signed and returned to us, and not subsequently revoked, it will be voted as directed by you. If your properly signed proxy card does not provide specific voting instructions, the persons designated as proxy holders on the proxy card will vote (1) **FOR** each nominee for director, (2) **FOR** the advisory approval of the resolution approving the compensation of the Company s named executive officers, (3) **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015, and (4) as recommended by our Board of Directors with regard to any other matters that may properly come before the meeting, or, if no such recommendation is given, in their own discretion.

## **Table of Contents**

### **May I revoke my vote after I return my proxy card?**

Yes. You may revoke a previously granted proxy at any time before it is exercised by (i) filing with Ronald M. Sanders, our Chief Legal Officer and Secretary, a notice of revocation or a duly executed proxy bearing a later date or (ii) attending the meeting and voting in person. Attendance at the meeting alone will not act to revoke a prior proxy. Notices of revocation or later dated proxies should be sent to the following address: Ronald M. Sanders, Chief Legal Officer and Secretary, Colony Capital, Inc., 2450 Broadway, 6th Floor, Santa Monica, CA 90404.

### **What are the Board's recommendations?**

The Board's recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

**FOR** the election as directors of the nominees specified in this proxy statement (See Proposal 1);

**FOR** approval of the compensation of our named executive officers as disclosed in this proxy statement (See Proposal 2); and

**FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 (See Proposal 3).

### **Who pays the costs of soliciting proxies?**

We will pay the costs of soliciting proxies. In addition to soliciting proxies by mail, our officers, directors and other employees, without additional compensation, may solicit proxies personally or by other appropriate means. It is anticipated that banks, brokers, fiduciaries, custodians and nominees will forward proxy soliciting materials to their principals, and that we will reimburse such persons' out-of-pocket expenses. We have retained D.F. King & Co., Inc. at an aggregate estimated cost of \$9,000, plus out-of-pocket expenses, to assist in the solicitation of proxies.

### **How many votes are required to approve the proposals?**

The affirmative vote of a plurality of all the votes cast at a meeting at which a quorum is present is necessary for the election of a director. In any uncontested election of directors, any incumbent director who does not receive a majority of the votes cast with respect to the election of that director shall tender his or her resignation within three (3) days after certification of the results, for consideration by the Nominating and Corporate Governance Committee in accordance with the Company's written corporate governance guidelines. For purposes of the election of directors, abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

The affirmative vote of a majority of the votes cast is required for approval of the advisory "say on pay" resolution regarding the compensation of our named executive officers. For purposes of the vote on this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

The affirmative vote of a majority of the votes cast is required for approval of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015. For purposes of the vote on this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

**You should rely only on the information provided in this proxy statement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this proxy statement is accurate as of any date other than the date of this proxy statement or, where information relates to another date set forth in this proxy statement, then as of that date.**

**Table of Contents**

**OUR COMPANY**

Colony Capital, Inc. is a leading global real estate and investment management firm headquartered in Los Angeles, California with 14 offices in 10 countries and more than 300 employees. Prior to its combination with Colony Financial, Inc. in 2015, Colony Capital, LLC sponsored \$24 billion of equity across a variety of distinct funds and investment vehicles that collectively invested over \$60 billion of total capital. The Company targets attractive risk-adjusted investment returns and its portfolio is primarily composed of: (i) general partner interests in Company sponsored private equity funds and vehicles; (ii) real estate equity; and (iii) real estate and real estate-related debt. The Company has elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. For more information, visit [www.colonyinc.com](http://www.colonyinc.com).

We were organized on June 23, 2009 as a Maryland corporation and completed our initial public offering in September 2009. We elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2009. We are organized and conduct our operations to qualify as a REIT, and generally are not subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our taxable income to stockholders and maintain qualification as a REIT, although we are subject to U.S. federal income tax on income earned through our taxable subsidiaries. We also operate our business in a manner that will permit us to maintain our exemption from registration as an investment company under the 1940 Act.

Until April 2, 2015, we were externally managed and advised by Colony Financial Manager, LLC (our **Manager**), a subsidiary of Colony Capital, LLC ( **CCLLC** ), a privately held independent global real estate investment firm founded in 1991 by Thomas J. Barrack, Jr., our Executive Chairman. On April 2, 2015, we became an internally managed company by acquiring our Manager as part of the combination transaction described below.

Our principal executive offices are located at 2450 Broadway, 6th Floor, Santa Monica, CA, 90404. Our telephone number is (310) 282-8820, and our website address is [www.colonyinc.com](http://www.colonyinc.com). The information found on or accessible through our website is not incorporated into, and does not form a part of, this prospectus or any applicable prospectus supplement.

**Combination with our Manager**

On April 2, 2015, we acquired CCLLC's trademark name and substantially all of its real estate investment management business and operations (the **Combination**). While we continue to hold our significant ownership stake in Colony American Homes ( **CAH** ) and will receive certain cost reimbursements under a transitional services agreement with CAH, we will not acquire CCLLC's ownership interest in CAH or receive management fees from CAH due to the internalization of CAH's management in November 2014. Upon consummation of the Combination, we became an integrated real estate investment management platform, employing personnel previously employed by CCLLC. As a result of the Combination, we will be able to integrate and potentially expand CCLLC's investment management business and, as a result, diversify our revenue sources by receiving all in-place management fees previously payable to CCLLC from the various programs it was managing at the time of the Combination. We also will be able to sponsor new investment vehicles as general partner under the Colony name and receive all ensuing fees and will receive carried interest from future investment programs (net of carried interest that we expect will be allocated to members of our management team, investment professionals and other individuals, which, consistent with market terms, we expect to be 40% of the carried interest earned). In connection with the Combination, we changed our name from Colony Financial, Inc. to Colony Capital, Inc. We reclassified our common stock as Class A common stock, which continues to be listed on the NYSE under the ticker symbol **CLNY**.

In connection with the Combination, we converted into an umbrella partnership, or UPREIT, structure. As a result, substantially all of our assets are held by, and our operations are conducted through Colony Capital Operating Company, LLC (the **Operating Partnership**). As of April 2, 2015, we owned an approximate 81.2% ownership interest in the Operating Partnership.

**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS**

Our Board of Directors is currently comprised of six directors. The nominees, all of whom are currently serving as directors of the Company, have been recommended by our Board of Directors for re-election to serve as directors for one-year terms until the 2016 annual meeting of stockholders and until their successors are duly elected and qualified. The Board of Directors has affirmatively determined that the following directors are independent directors under the rules of the NYSE and under applicable rules of the Securities and Exchange Commission: Nancy A. Curtin, George G. C. Parker, John A. Somers, and John L. Steffens.

The Board of Directors knows of no reason why any nominee would be unable to serve as a director. If any nominee is unavailable for election or service, the Board of Directors may designate a substitute nominee and the persons designated as proxy holders on the proxy card will vote for the substitute nominee recommended by the Board of Directors, or the Board of Directors may, as permitted by our bylaws, decrease the size of our Board of Directors.

References to our Manager refer to Colony Financial Manager, LLC, our external manager prior to consummation of the Combination on April 2, 2015, when we became an internally managed company employing personnel previously employed by CCLLC and by acquiring our Manager. See Our Company.

**Nominees for Election for a One-Year Term Expiring at the 2016 Annual Meeting**

The following table sets forth the name and age of each nominee for director, indicating all positions and offices with us currently held by the director.

Name	Age <sup>(1)</sup>	Title
Thomas J. Barrack, Jr.	67	Director, Executive Chairman
Richard B. Saltzman	58	Director, Chief Executive Officer and President
Nancy A. Curtin	57	Director
George G. C. Parker	76	Director
John A. Somers	71	Director
John L. Steffens	73	Director

(1) Ages as of April 6, 2015

Set forth below are descriptions of the backgrounds and principal occupations of each of our directors, including the specific experience, qualifications, attributes and skills of each director considered relevant by the Board of Directors for continued service on the Board.

**Thomas J. Barrack, Jr.** (age 67) has served as the executive chairman of our board of directors since our formation in June 2009. He also serves as the Chairman and Chief Executive Officer of CCLLC.

Prior to founding CCLLC, where Mr. Barrack has worked since its formation in 1991, Mr. Barrack was a principal with the Robert M. Bass Group, the principal investment vehicle of the Fort Worth, Texas investor Robert M. Bass. Prior to joining the Robert M. Bass Group, Mr. Barrack also served in the Reagan administration as Deputy Undersecretary of the Department of the Interior. Additionally, in 2010 French president Nicolas Sarkozy awarded him France's Chevalier de la Légion d'honneur.

Since January 2014, Mr. Barrack has served on the board of directors of Carrefour S.A., a French multinational retailer and the second largest retailer in the world. Since June 2010, Mr. Barrack has served on the board of directors of First Republic Bank, a full service bank and wealth management firm. Since January 2006, Mr. Barrack has served on the public board of directors of Accor, S.A., a major global hotel group listed on

## Table of Contents

Euronext Paris S.A., including as a member of Accor's Supervisory Board since May 2005 and as a member of its Compensation, Appointments & Corporate Governance Committees since May 2009. Mr. Barrack served on the public board of Challenger Financial Services Group Limited, a diversified financial services organization listed on the Australian Securities Exchange from November 2007 to October 2010. From August 1994 to September 2007, Mr. Barrack served on the board of Continental Airlines, Inc., one of the largest passenger airlines in the United States, including as a member of its Corporate Governance Committee, Executive Committee and HR Committee.

Mr. Barrack received a B.A. in 1969 from the University of Southern California. He attended law school at the University of San Diego and the University of Southern California, where he was an editor of the law review, and received a J.D. in 1972 from the University of San Diego. Mr. Barrack is a Trustee at the University of Southern California.

Mr. Barrack possesses significant vision and understanding of our Company's strategies and future direction, including the Combination. Mr. Barrack has a long track record and experience managing and investing in commercial mortgage loans and other commercial real estate and real estate-related investments, including performing, sub-performing and non-performing loan portfolios and REO properties, through a variety of credit cycles and market conditions. Mr. Barrack's extensive investment experience in our target assets is key to the Board's oversight of the Company's investment strategy and management of its investment portfolio. Mr. Barrack's prior service as Deputy Undersecretary of the Department of the Interior also provides a unique government perspective to the Board.

**Richard B. Saltzman** (age 58) has served as our Chief Executive Officer, president and as a director since our formation in June 2009. He also serves as the President of CCLLC. Prior to joining CCLLC in 2003, Mr. Saltzman spent 24 years in the investment banking business primarily specializing in real estate-related businesses and investments. Most recently, he was a Managing Director and Vice Chairman of Merrill Lynch's investment banking division. As a member of the investment banking operating committee, he oversaw the firm's global real estate, hospitality and restaurant businesses. Previously, he also served as Chief Operating Officer of Investment Banking, had responsibility for Merrill Lynch's Global Leveraged Finance business, and was also responsible for various real estate-related principal investments including the Zell/Merrill Lynch series of funds which acquired more than \$3.0 billion of commercial real estate assets and where Mr. Saltzman was a member of the investment committee.

Since July 2003, Mr. Saltzman has served on the board of directors of Kimco Realty Corporation, a publicly traded real estate investment trust, and as a member of Kimco's Compensation Committee. Previously, he was also a member of the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), on the board of directors of the Real Estate Roundtable and a member of the Board of Trustees of the Urban Land Institute, Treasurer of the Pension Real Estate Association, a Director of the Association of Foreign Investors in Real Estate, a Vice Chairman of the National Realty Committee and a past Chairman of the NRC Real Estate Capital Policy Advisory Committee.

Mr. Saltzman received his B.A. from Swarthmore College in 1977 and an M.S. in Industrial Administration from Carnegie Mellon University in 1979.

Mr. Saltzman's expertise in real estate-related businesses, investments and capital markets, developed through more than 35 years of real estate principal investing and investment banking experience, provides a valuable perspective to the Board in developing, leading and overseeing the Company's investment strategy and management of its portfolio. Mr. Saltzman was also integral in the implementation of the Combination. Mr. Saltzman's current and past service on the boards of a real estate investment trust and other real estate-based organizations also provides the Board with valuable perspectives into the real estate industry.

---

**Table of Contents**

**Nancy A. Curtin** (age 57) was appointed by the Board to serve as a director in August 2014. Ms. Curtin is the Chief Investment Officer of Close Brothers Asset Management ( CBAM ) and Head of the High Net Worth ( HNW ) business. CBAM is a division of Close Brothers Group Plc ( CBG ). Established in 1878, CBG is a specialist financial services group engaged in banking, securities and asset management activities. CBG is listed on the London Stock Exchange and is a member of the FTSE 250, with over 2,700 employees. CBAM is the asset management arm of CBG with £9.7 billion assets under management as at 30th June 2014. With over 550 employees it is focused on providing investment management and wealth structuring to a broad range of UK and European clients, both onshore and offshore. Prior to CBAM, Ms. Curtin has had a range of senior roles in asset management, private equity and alternative asset investing. She served as the Chief Investment Officer and Managing Partner of Fortune Asset Management Limited, an alternative asset management firm working with institutional, HNW and family office clients, from April 2002 until it was purchased by CBAM in January 2010.

Ms. Curtin was Managing Director of Schroders Plc, a £268 billion global asset management firm, where she was also Head of Global Investments for the Mutual Funds business. Prior to Schroders, Ms. Curtin was Head of Emerging Markets at Baring Asset Management, a £60 billion global investment management firm, currently owned by MassMutual Financial Group.

Ms. Curtin holds a bachelor s degree, B.A. in political science, summa cum laude, from Princeton University (class of 1979) and an M.B.A. from Harvard Business School (class of 1983).

Ms. Curtin s years of investment management experience and senior roles in asset management, private equity and alternative asset investing is key to the Board s oversight of the Company s investment strategy and management of its investment portfolio. Ms. Curtin s extensive experience as a senior investment professional in London and across Europe provides the Board and management invaluable perspective on the Company s focus on European investment opportunities.

**George G. C. Parker, Ph.D.** (age 76) has served as a director since our initial public offering in September 2009 and currently serves as chairman of our audit committee. Professor Parker has been a distinguished member of the finance faculty of Stanford University s Graduate School of Business since 1973 and is currently the Dean Witter Distinguished Professor of Finance (Emeritus). At Stanford, Professor Parker has held a series of senior positions, including Senior Associate Dean for Academic Affairs, Director of the M.B.A. Program, Director for Executive Education, and Director of the Stanford Sloan Program for Executives.

Professor Parker is independent chairman of the board of directors of iShares Exchange Traded Funds, an investment company; a member of the board of directors of Tejon Ranch Company, a publicly traded real estate development company, where he also serves as Chairman of its Audit Committee; Threshold Pharmaceuticals, Inc., a publicly traded biotechnology company; and First Republic Bank, a California banking company. From 1996 to 2009, Professor Parker served on the public board of Continental Airlines, Inc., including as a member of its Audit Committee.

Professor Parker holds a B.S. degree from Haverford College and an M.B.A. and Ph.D. degree from the Stanford Graduate School of Business.

Professor Parker s understanding of business and finance concepts, acquired through his over 35 years of academic study and teaching, provides the Board with significant business acumen as the Company positions itself for future growth and development. Mr. Parker recently served as a member of the independent special committee representing the Company s interests in the Combination. In addition, Professor Parker s extensive experience in an academic environment, including his position teaching about corporate governance and management compensation at Stanford Business School, allows him to advise on rapidly changing market conditions and provide perspective for the Board. Professor Parker also serves as an audit committee financial expert on the Board s Audit Committee. Professor Parker s service on other public company boards also lends insights into public company operations and provides different perspectives on Board practices and governance matters.

---

**Table of Contents**

**John A. Somers** (age 71) has served as a director since our initial public offering in September 2009 and currently serves as chairman of our Compensation Committee. Mr. Somers has been a private investor since June 2006. From 1996 to June 2006, Mr. Somers was Head of Fixed Income and Real Estate for Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), and served there as an Executive Vice President from 1996 to 2004. From 1981 to 1996, Mr. Somers served as Senior Vice President and Head of Commercial Mortgages and Real Estate for TIAA-CREF. Prior to joining TIAA-CREF, from 1972 to 1981, Mr. Somers held several positions in the Real Estate Investment Department, including Vice President, for Prudential Insurance Company of America.

Mr. Somers has been a member of the board of directors of Guardian Life Insurance Company of America since 1996, currently serves as a member of the audit & risk committee and the human resources & governance committee and previously served as chairman of its audit committee and investment committee. Since July 2010, Mr. Somers has served as a member of the board of directors of The Community Preservation Corporation, a 501(c)(3) not-for-profit corporation focused on low and moderate income housing development in New York City, and currently serves as a member of its Strategic Capital Planning Committee.

Mr. Somers received his B.S. in Economics from Villanova University in 1966 and an M.B.A. in Finance from the University of Connecticut in 1972.

Mr. Somers' commercial mortgage and real estate investment experience allows him to provide sound advice on the Company's objectives to acquire, originate and manage real estate-related investments. Mr. Somers recently served as a member of the independent special committee representing the Company's interests in the Combination. His position as Head of Fixed Income and Real Estate for TIAA-CREF provided Mr. Somers with extensive insight into the debt markets and real estate-related investments that provides a leadership perspective to the Board.

**John L. Steffens** (age 73) has served as a director since our initial public offering in September 2009 and currently serves as chairman of our nominating and corporate governance committee. Mr. Steffens is the founder of Spring Mountain Capital, L.P.; founded in 2001, Spring Mountain Capital, L.P. specializes in providing advisory services and alternative investments for institutional and private investors. Prior to establishing Spring Mountain Capital, Mr. Steffens spent 38 years at Merrill Lynch & Co., Inc., where he held numerous senior management positions, including President of Merrill Lynch Consumer Markets (which was later named the Private Client Group) from July 1985 until April 1997, and both Vice Chairman of Merrill Lynch & Co., Inc. (the parent company) and Chairman of its U.S. Private Client Group from April 1997 until July 2001.

Mr. Steffens served on the Board of Directors of Merrill Lynch & Co., Inc. from April 1986 until July 2001. He also served as a member of the Board of Directors of Merrill Lynch Ventures, LLC (a \$1.8 billion private equity fund for key employees). Mr. Steffens currently serves on the Advisory Board of StarVest Partners, the Advisory Board of Wicks Communication & Media Partners, L.P., the Board of Directors of HealthPoint Capital, a global medical device company, and as Chairman of the Board of Directors of Cicero, Inc., a publicly traded provider of business integration software, since May 2007. Also, Mr. Steffens was appointed to and serves on the Dartmouth Medical School Board of Overseers on October 1, 2011. From June 2004 to February 2009, Mr. Steffens served on the public board of Aozora Bank, Ltd., a financial services institution in Japan. Mr. Steffens has served as Chairman of the Securities Industry Association, as a Trustee of the Committee for Economic Development, and is currently National Chairman Emeritus of the Alliance for Aging Research.

Mr. Steffens graduated from Dartmouth College in 1963 with a B.A. in Economics. He also attended the Advanced Management Program of the Harvard Business School in 1979.

Mr. Steffens' years of investment experience, advisory work and senior leadership positions at Merrill Lynch devoted to private client work provides the Board with an investor perspective. Mr. Steffens recently served as the chairperson and a member of the independent special committee representing the Company's

**Table of Contents**

interests in the Combination. Mr. Steffens' s extensive contacts developed through his service with a significant number of securities and financial firms provide the Board with a view into markets that is invaluable. Mr. Steffens' s service as a director of other public companies also helps provide the Board with different perspectives on Board practices and governance matters.

**Vote Required and Recommendation**

The affirmative vote of a plurality of all the votes cast at the annual meeting is necessary for the election of each nominee. In any uncontested election of directors, any incumbent director who does not receive a majority of the votes cast with respect to the election of that director shall tender his or her resignation within three (3) days after certification of the results, for consideration by the Nominating and Corporate Governance Committee in accordance with the Company' s written corporate governance guidelines. For purposes of the election of directors, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for purposes of determining the presence of a quorum.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES SET FORTH ABOVE.**

**Table of Contents****EXECUTIVE OFFICERS**

The following table sets forth information concerning our executive officers. Executive officers are elected by and serve at the discretion of our Board of Directors.

<b>Name</b>	<b>Age<sup>(1)</sup></b>	<b>Title</b>
Thomas J. Barrack, Jr.	67	Director, Executive Chairman
Richard B. Saltzman	58	Director, Chief Executive Officer and President
Mark M. Hedstrom	55	Executive Director and Chief Operating Officer
Ronald M. Sanders	51	Executive Director, Chief Legal Officer and Secretary
Darren J. Tangen	44	Executive Director, Chief Financial Officer and Treasurer
Kevin P. Traenkle	45	Executive Director, Chief Investment Officer
Jonathan H. Grunzweig	51	Executive Director Corporate Strategy
Neale W. Redington	48	Chief Accounting Officer

(1) Ages as of April 6, 2015

Set forth below are descriptions of the backgrounds of each of our executive officers, other than Thomas J. Barrack, Jr. and Richard B. Saltzman, whose positions and backgrounds are described above.

**Jonathan H. Grunzweig** (age 51) became our Executive Director Corporate Strategy upon the consummation of the Combination. Prior to consummation of the Combination, Mr. Grunzweig served as Principal and Chief Investment Officer of CCLLC, where he oversaw the sourcing, structuring, execution and management of all investments and divestments on a global basis. Mr. Grunzweig also served as General Counsel for CCLLC's global investment program for several years.

Prior to joining CCLLC in 1999, Mr. Grunzweig was a Partner with the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, where he specialized in corporate finance and mergers and acquisitions.

Mr. Grunzweig received his B.A. from Cornell University in 1985, where he was a member of Phi Beta Kappa. He received a J.D., cum laude, from Harvard Law School in 1988.

**Mark M. Hedstrom** (age 55) became our Executive Director and Chief Operating Officer upon the consummation of the Combination. Prior to consummation of the Combination, Mr. Hedstrom served as a Vice President of the Company and as Principal and Chief Financial Officer of CCLCC, where he was responsible for all of CCLLC's financial and treasury functions and had primary responsibility for CCLLC's risk management and investor reporting.

Prior to joining CCLLC in 1993, Mr. Hedstrom served as in senior financial roles with The Koll Company and Castle Pines Land Company and served as a Senior Manager of Ernst & Young.

Hedstrom is a Certified Public Accountant (license inactive) and received a B.S. in Accounting from the University of Colorado in 1980.

**Neale W. Redington** (age 48) became our Chief Accounting Officer upon consummation of the Combination. Prior to consummation of the Combination, Mr. Redington served as Senior Vice President Controller and Chief Accounting Officer of CCLLC, where he was responsible for financial accounting and reporting for CCLLC-sponsored investments and related affiliates and subsidiaries.

Prior to joining CCLLC in 2008, Mr. Redington was an audit partner in the real estate and hospitality practice of Deloitte & Touche LLP where he was the U.S. partner in charge of hospitality services. During his

## **Table of Contents**

twenty years with Deloitte, Mr. Redington worked in both London and Los Angeles and developed expertise in hotel accounting together with experience in investment fund accounting, asset valuations, tax implications of real estate transactions and SEC filings.

Mr. Redington is a Certified Public Accountant (license inactive) and a Chartered Accountant in England & Wales and received a B.Com.(Acc.)(Hons.) in 1987 from the University of Birmingham in England.

**Ronald M. Sanders** (age 51) has served as our Chief Legal Officer and Secretary since our initial public offering in September 2009, as a vice president since our formation in June 2009 and as an Executive Director upon consummation of the Combination. Mr. Sanders also has served as a Principal and the General Counsel of CCLLC, since joining in CCLLC November 2004. Mr. Sanders is responsible for the management of global legal affairs and generally provides legal and other support to our operations.

Prior to joining CCLLC in November 2004, Mr. Sanders was a Partner with the law firm of Clifford Chance US LLP, where he specialized in the representation of private equity funds and mergers and acquisitions.

Mr. Sanders received his B.S. from the State University of New York at Albany in 1985, and his J.D. from the New York University School of Law in 1988.

**Darren J. Tangen** (age 44) has served as our Chief Operating Officer since March 2012, our Chief Financial Officer since our formation in June 2009, as our treasurer since our initial public offering in September 2009 and as an Executive Director upon consummation of the Combination. Mr. Tangen was seconded exclusively to us pursuant to a secondment agreement with CCLLC prior to consummation of the Combination. He has been a Principal of Colony Capital, LLC since December 2007, where he is responsible for the identification, evaluation, consummation and management of new debt and equity investments in North America. Prior to becoming a Principal of Colony Capital, LLC, Mr. Tangen served as a Senior Vice President (December 2006-December 2007), Vice President (July 2004-December 2006) and Associate of Colony Capital, LLC (August 2002-July 2004).

Prior to joining CCLLC in August 2002, Mr. Tangen was an Associate in the Investment Banking Division of Credit Suisse First Boston in Los Angeles. From 1993 to 1999, Mr. Tangen worked in the Investment Division of Colliers International in Vancouver, Canada specializing in the acquisition and disposition of major commercial properties including office and industrial buildings, shopping centers and development lands.

Mr. Tangen received his B. Comm. from McGill University in Montreal, Canada and his M.B.A. in Finance and Real Estate at The Wharton School, University of Pennsylvania where he was recognized as a Palmer Scholar.

**Kevin P. Traenkle** (age 45) has served as our Chief Investment Officer since our formation in June 2009, and as an Executive Director upon consummation of the Combination. Mr. Traenkle has also been a Principal of CCLLC where he was involved in many facets of the firm's activities including: distressed debt initiatives, investment and divestment decisions, business development and global client relations.

Prior to becoming a Principal in January 2005, Mr. Traenkle served as a Vice President of Acquisitions. Before rejoining CCLLC in 2002, Mr. Traenkle worked for a private equity investment firm, where he was responsible for real estate-related investment and management activities.

Previously, Mr. Traenkle was a Vice President at CCLLC serving as a member of the acquisitions team and was responsible for the identification, evaluation, consummation, and management of investments. Prior to joining CCLLC in 1993, Mr. Traenkle worked for an investment bank, First Albany Corporation, in its Municipal Finance department.

Mr. Traenkle received a B.S. in Mechanical Engineering in 1992 from Rensselaer Polytechnic Institute in Troy, New York.

**Table of Contents**

**INFORMATION REGARDING CORPORATE GOVERNANCE AND  
BOARD AND COMMITTEE MEETINGS**

**Committee Charters and Corporate Governance Documents**

Our Board of Directors maintains charters for all Board committees. In addition, our Board of Directors has adopted a written set of corporate governance guidelines, a code of business conduct and ethics and a code of ethics for our principal executive officers and senior financial officers. To view our committee charters, corporate governance guidelines, code of business conduct and ethics and code of ethics, please visit our website at <http://www.colonyinc.com>. Each of these documents is also available in print to any stockholder who sends a written request to such effect to Investor Relations, Colony Capital, Inc., 2450 Broadway, 6th Floor, Santa Monica, CA 90404.

**Director Independence**

The Board currently has six directors, a majority (four), specifically 67%, of whom the Board affirmatively has determined to be independent under the listing standards of the NYSE and under applicable rules of the Securities and Exchange Commission. The Board affirmatively has determined that each of the following directors is independent under these standards: Nancy A. Curtin, George G.C. Parker, John A. Somers and John L. Steffens. Thomas J. Barrack, Jr. and Richard B. Saltzman are not independent, as, they are our executive officers.

**Board Leadership Structure and Risk Oversight**

Our Board of Directors is comprised of a majority (four), specifically 67%, of independent directors. Mr. Barrack serves as the Executive Chairman of the Board, a position separate from our Chief Executive Officer. Our Board believes that having an executive chairman is useful as it ensures that the Board leadership retains a close working relationship with management. In addition, our Board of Directors established the position of Lead Director in order to provide for a Board leadership position to be held by an independent director. The Lead Director is selected on an annual basis by a majority of the independent directors then serving on the Board of Directors from among the independent directors. John A. Somers currently serves as our Lead Director. The role of the Lead Director is to serve as liaison (a) between the Board of Directors and management, including the Chief Executive Officer, (b) among independent directors and (c) between interested third parties and the Board of Directors.

Prior to consummation of the Combination on April 2, 2015, in connection with its oversight of risk to our business, the Audit Committee and Board considered feedback from our Manager concerning the Company's operations and strategies and considered the attendant risks to our business and, following consummation of the Combination, considers feedback from our Manager and our management. The Board routinely meets with our Chief Executive Officer, our Chief Operating Officer and Chief Financial Officer, and other company officers as appropriate in the Board's consideration of matters submitted for Board approval and risks associated with such matters.

In addition, the Board is assisted in its oversight responsibilities by the standing Board committees, which have assigned areas of oversight responsibility for various matters as described in the Committee charters and as provided in NYSE Rules.

For example, our Audit Committee assists the Board's oversight of the integrity of our financial statements and financial reporting process, our compliance with legal and regulatory requirements, the qualifications and independence of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. In addition, the Audit Committee has established and maintains procedures for the receipt of complaints and submissions of concerns regarding accounting and

## **Table of Contents**

auditing matters. Pursuant to its charter, the Audit Committee also considers our policies with respect to risk assessment and risk management, including key risks to which we are subject such as credit risk, liquidity risk and market risk, and the steps that management has taken to monitor and control exposure to such risks.

Prior to consummation of the Combination on April 2, 2015, the Compensation Committee oversaw the performance of our Manager, the management fees and other compensation payable to our Manager, and the compensation of our Chief Financial Officer and, following consummation of the Combination, oversees compensation payable to our Manager and our management.

The Board and the Board committees hear reports from the members of management responsible for the matters considered to enable the Board and each committee to understand and discuss risk identification and risk management. The chairman of each of the Board's standing committees reports on the discussion to the full Board at the next Board meeting. All directors have access to members of management in the event a director wishes to follow up on items discussed outside the Board meeting.

### **Executive Sessions of Non-Management Directors**

Pursuant to our corporate governance guidelines and the NYSE listing standards, in order to promote open discussion among non-management directors, our Board of Directors devotes a portion of each regularly scheduled Board and committee meeting to executive sessions without management participation. In addition, our corporate governance guidelines provide that if the group of non-management directors includes directors who are not independent, as defined in the NYSE's listing standards, at least one such executive session convened per year shall include only independent directors. The Lead Director presides at these sessions.

### **Communications with the Board**

Stockholders and other interested parties may communicate with the Board by sending any correspondence they may have to the Lead Director at the following address: Lead Director c/o Secretary, Colony Capital, Inc., 2450 Broadway, 6th Floor, Santa Monica, CA 90404, or by email at [lead.director@colonyinc.com](mailto:lead.director@colonyinc.com). The Lead Director will decide what action should be taken with respect to the communication, including whether such communication should be reported to the Board of Directors.

### **Board Meetings**

During 2014, the Board of Directors met 10 times, including telephonic meetings and the Company's annual meeting of stockholders, and each Director attended 100% of such meetings held during the period for which he or she has been a director. Directors are expected to attend, in person or by telephone, all Board meetings and meetings of committees on which they serve. The 2014 annual meeting of stockholders was held on May 8, 2014 and was attended by all five directors of the Company.

### **Board Committees**

The Board of Directors has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. All members of the committees described below are independent of the Company as that term is defined in the NYSE's listing standards and section 10A-3 under the Securities and Exchange Act of 1934, as amended.

**Table of Contents**

The table below provides membership information for each of the Board committees:

Name	Audit	Compensation	Nominating and
			Corporate Governance
Nancy A. Curtin*	þ	þ	þ
George G. C. Parker	C	þ	þ
John A. Somers	þ	C	þ
John L. Steffens	þ	þ	C

þ Member

C Committee Chairman

\* Ms. Curtin is a newly appointed independent director as of August 5, 2014, and was appointed a member of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee in meetings following August 5, 2014.

**Audit Committee**

The principal purpose of the Audit Committee is to assist the Board of Directors in the oversight of:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements and financial reporting process;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;

the performance of our internal audit function; and

our overall risk profile and risk management policies.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors and is also responsible for reviewing with our independent auditors any audit problems or difficulties they encounter in the course of their audit work. The Audit Committee is also charged with the tasks of reviewing our financial statements, any significant financial reporting issues and any major issues as to the adequacy of internal control with management and our independent auditors.

Our Audit Committee's written charter requires that all members of the committee must satisfy the requirements of the NYSE, the rules and regulations of the SEC and applicable laws relating to independence, financial literacy and experience. All of the members of the Audit Committee meet the foregoing requirements. The Board of Directors has determined that George G. C. Parker is an audit committee financial expert as defined by the rules and regulations of the SEC. For information about the development of Professor Parker's expertise, see Proposal 1:

## Edgar Filing: Colony Capital, Inc. - Form DEF 14A

Election of Directors Nominees for Election for a One-Year Term Expiring at the 2016 Annual Meeting.

During 2014, the Audit Committee met four times, including telephonic meetings, and each member of the Audit Committee attended 100.

## **Table of Contents**

### ***Compensation Committee***

Prior to consummation of the Combination, the Compensation Committee oversaw plans and programs related to the compensation of our Manager. Subsequent to the consummation of the Combination, the principal purposes of the Compensation Committee are to:

review and approve on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, if any, evaluate our Chief Executive Officer's performance in light of such goals and objectives and determine and approve the remuneration of our Chief Executive Officer based on such evaluation;

review and approve the compensation, if any, of all of our other officers, including our Chief Financial Officer;

review our executive compensation policies and plans;

implement and administer our incentive compensation equity-based remuneration plans, including our 2014 Equity Incentive Plan;

assist management in complying with our proxy statement and annual report disclosure requirements;

produce a report on executive compensation to be included in our annual proxy statement; and

review, evaluate and recommend changes, if appropriate, to the remuneration for directors.

Prior to consummation of the Combination, our Chief Executive Officer and each of our other executive officers, other than Mr. Tangen, our Chief Operating Officer, Chief Financial Officer and Treasurer, each of whom was an employee of CCLCC and certain of its affiliates, did not receive cash compensation from us for serving as our executive officers.

The Compensation Committee may delegate its authority to members as it deems appropriate; any actions taken by a member who has been delegated authority must be reported to the full Compensation Committee at its next regularly scheduled meeting. The Compensation Committee has the authority to retain and terminate such outside legal, accounting or other advisors as it deems necessary and advisable in its sole discretion, including compensation consultants, after taking into consideration all factors relevant to the independence from management of such compensation consultant or other advisor. The Compensation Committee will be directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant or other advisor retained by the Compensation Committee.

During 2014, the Compensation Committee met six times, including telephonic meetings, and each member of the Compensation Committee attended 100% of such meetings held during the period for which he or she served, with the exception of Ms. Curtin (a newly appointed member of the Compensation Committee in late 2014) 2014), who attended one of the two such meetings held during the period for which she served (50%).

### ***Nominating and Corporate Governance Committee***

The principal purposes of the Nominating and Corporate Governance Committee are to:

identify and recommend to the full board of directors qualified candidates for election as directors and recommend nominees for election as directors at the annual meeting of stockholders;

## Edgar Filing: Colony Capital, Inc. - Form DEF 14A

develop and recommend to the board of directors corporate governance guidelines and implement and monitor such guidelines;

review and make recommendations on matters involving the general operation of the board of directors, including board size and composition, and committee composition and structure;

## **Table of Contents**

recommend to the board of directors nominees for each committee of the board of directors;

annually facilitate the assessment of the board of directors' performance as a whole and of the individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards; and

oversee the board of directors' evaluation of management.

During 2014, the Nominating and Corporate Governance Committee met four times, including telephonic meetings, and each member of the Nominating and Corporate Governance Committee attended 100% of such meetings held during the period for which he or she served

## **Code of Ethics**

Our Board of Directors has adopted and maintains a code of business conduct and ethics and a code of ethics for our principal executive officers and senior financial officers. To view our code of business conduct and ethics and code of ethics, please visit our website at <http://www.colonyinc.com>. Each of these documents is also available in print to any stockholder who sends a written request to such effect to Investor Relations, Colony Capital, Inc., 2450 Broadway, 6th Floor, Santa Monica, CA 90404.

## **Consideration of Director Candidates**

The Board of Directors has adopted a policy to be used for considering potential director candidates to further the Nominating and Corporate Governance Committee's goal of ensuring that our Board of Directors consists of a diversified group of qualified individuals that function effectively as a group. The policy provides that qualifications and credentials for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board of Directors. However, at a minimum, candidates for director must possess:

high personal and professional ethics and integrity;

an ability to exercise sound judgment;

an ability to make independent analytical inquiries;

a willingness and ability to devote adequate time and resources to diligently perform Board duties, including attending regular and special Board and committee meetings;

an appropriate and relevant business experience and acumen; and

a reputation, both personal and professional, consistent with the image and reputation of the Company.

In addition to the aforementioned qualifications, the Nominating and Corporate Governance Committee also believes that there are other qualities and skills that, while not a prerequisite for nomination, should be taken into account when considering whether to recommend a particular candidate. These factors include, among others:

whether the person possesses specific industry expertise, including in real estate and real estate-related debt instruments, and familiarity with general issues affecting the Company's business;

whether the person's nomination and election would enable the Board of Directors to have a member that qualifies as an audit committee financial expert ;

whether the person would qualify as an independent director under the rules of the NYSE and the Company's Corporate Governance Guidelines;

the importance of continuity of the existing composition of the Board of Directors; and

the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

**Table of Contents**

The Nominating and Corporate Governance Committee will seek to identify director candidates based on input provided by a number of sources, including (a) Nominating and Corporate Governance Committee members, (b) other members of the Board of Directors and (c) stockholders of the Company. The Nominating and Corporate Governance Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates; however, we do not currently employ a search firm, or pay a fee to any other third party, to locate qualified director candidates. Stockholders seeking to recommend a prospective candidate for the Nominating and Corporate Governance Committee's consideration should submit the candidate's name and qualifications, including the candidate's consent to serve as a director if nominated and elected, to Ronald M. Sanders, Chief Legal Officer and Secretary, Colony Capital, Inc., 2450 Broadway, 6th Floor, Santa Monica, CA 90404.

**Independent Registered Public Accounting Firm**

Our consolidated financial statements for the fiscal year ended December 31, 2014 were audited by Ernst & Young LLP, which served as our independent registered public accounting firm for the last fiscal year and has been selected by the Audit Committee of our Board of Directors to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2015. A representative of Ernst & Young LLP will be present at the annual meeting, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

**Principal Auditor Fees and Services**

Set forth below are the services rendered and related fees billed by Ernst & Young LLP for services rendered during the years ended December 31, 2014 and December 31, 2013:

Services	2014	2013
Audit Fees <sup>(1)</sup>	\$ 1,414,200	\$ 828,400
Audit-Related Fees <sup>(2)</sup>	142,000	
Tax Fees <sup>(3)</sup>	850,200	468,500
All Other Fees <sup>(4)</sup>	255,300	
<b>Total</b>	<b>2,661,700</b>	<b>1,296,900</b>

- (1) Audit fees represent fees and expenses for the audits of the Company's annual financial statements and internal control over financial reporting, review of financial statements included in the Company's quarterly reports on Form 10-Q, consultations with Company's management on technical accounting and regulatory issues, and services provided for assistance with and review of other regulatory filings.
  - (2) Audit-related fees represent fees and expenses related to a statutory audit in connection with a business combination.
  - (3) Tax fees represent fees and expenses related to the review and assistance with the preparation of tax returns, tax consulting related to REIT qualification, and general federal and state tax consulting.
  - (4) Other fees represent fees and expenses related to due diligence services in connection with the Company's securitization transactions.
- All audit and audit-related services provided by Ernst & Young LLP in 2014 were pre-approved by our Audit Committee, either pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy or through a separate pre-approval by the Audit Committee.

**Pre-Approval Policies and Procedures**

The Audit Committee's policy is to review and pre-approve, either pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy or through a separate pre-approval by the Audit Committee, any engagement of the Company's independent auditor to provide any audit or permissible non-audit service to the

**Table of Contents**

Company. Pursuant to the Audit and Non-Audit Services Pre-Approval Policy, which will be reviewed and reassessed annually by the Audit Committee, a list of specific services within certain categories of services, including audit, audit-related, tax and other services, are specifically pre-approved for the upcoming or current fiscal year, subject to an aggregate maximum annual fee payable by the Company for each category of pre-approved services. Any service that is not included in the approved list of services must be separately pre-approved by the Audit Committee. In addition, all audit and permissible non-audit services in excess of the pre-approved fee level, whether or not included on the pre-approved list of services, must be separately pre-approved by the Audit Committee. The Audit Committee has delegated authority to its chairman to specifically pre-approve engagements for the performance of audit and permissible non-audit services, provided that the estimated cost for such services shall not exceed \$100,000. The chairman must report all pre-approval decisions to the Audit Committee at its next scheduled meeting and provide a description of the terms of the engagement, including (1) the type of services covered by the engagement, (2) the dates the engagement is scheduled to commence and terminate, (3) the estimated fees payable by the Company pursuant to the engagement, (4) other material terms of the engagement, and (5) such other information as the Audit Committee may request.

**Table of Contents**

**COMPENSATION DISCUSSION AND ANALYSIS**

***General***

In 2014, our Chief Executive Officer and each of our other executive officers, each of whom was an employee of CCLLC and certain of its affiliates, did not receive cash compensation from us for serving as our executive officers. Instead, we paid our Manager the management fees described in *Certain Relationships and Related Transactions Management Agreement* below. However, under the terms of a secondment agreement between us and CCLLC, Mr. Tangen, our Chief Operating Officer, Chief Financial Officer and Treasurer, was seconded exclusively to us by CCLLC. Following consummation of the Combination on April 2, 2015, we became an internally managed company by employing personnel previously employed by CCLLC and by acquiring our Manager.

***Results of 2014 Advisory Vote on Executive Compensation***

In establishing and recommending compensation for 2014 performance for Mr. Tangen, the Compensation Committee reviewed the results of the vote on the advisory, non-binding vote on executive compensation at the 2014 Annual Meeting of Stockholders. At the 2014 Annual Meeting of Shareholders, over 98% of the votes cast were voted in support of the compensation paid to our named executive officers. Based on the results of the 2014 executive compensation vote, the Compensation Committee and the Board of Directors concluded that the compensation paid to our Chief Operating Officer & Chief Financial Officer and the Company's overall compensation philosophy enjoy strong stockholder support and do not require revision to address any stockholder concerns. Additionally, based on the results of the advisory, non-binding vote on the frequency of stockholder votes on executive compensation at the 2011 Annual Meeting of Stockholders, the Board of Directors determined that the Company will hold an advisory vote on executive compensation on an annual basis.

***Compensation Consultant***

In 2013, the Compensation Committee engaged FTI Consulting, a nationally recognized compensation consulting firm, to undertake a review of the Company's base salary and cash bonus program for Mr. Tangen, to advise the Compensation Committee and to provide recommendations regarding the Company's base salary and cash bonus determinations to be made by the Compensation Committee. The Compensation Committee took these recommendations and adopted a more formulaic cash bonus program to be applicable to Mr. Tangen for 2014 and 2015, as further described below. The Compensation Committee took these recommendations into consideration in connection with applying the cash bonus evaluation program as applicable to Mr. Tangen effective in 2014.

In connection with negotiations between us and CCLLC regarding the Combination, we formed a special committee of our independent board members. The special committee engaged Semler Brossy Consulting Group, LLC (Semler Brossy), an independent executive compensation consulting firm, to advise the special committee on the terms of the compensation arrangements that the Company entered into in connection with the Combination. Semler Brossy provided the special committee with a market compensation benchmarking analysis summarizing the compensation practices among the Company's peer companies, including with respect to base salary, annual target bonus opportunities, long-term target equity compensation opportunities, as well as severance and change in control arrangements at the Company's peers. Semler Brossy also provided recommendations relating to the proposed compensation arrangements and terms of employment for Mr. Barrack and Mr. Saltzman, as well as Messrs. Tangen, Traenkle and Sanders, and supplemental market benchmarking data that summarized the typical compensation and perquisites provided to executives in the Company's peer group. This information was discussed and considered by the special committee in negotiating the terms of the employment agreements entered into with Messrs. Barrack, Saltzman, Tangen, Traenkle and Sanders.

**Table of Contents**

***Cash Compensation***

Under the terms of the secondment agreement as in effect in 2014, we were charged for the expenses incurred by CCLLC in employing Mr. Tangen, including annual base salary, bonus potential, related withholding taxes and employee benefits. As a result, we were responsible for reimbursing CCLLC, on a monthly basis, an amount equal to the sum of (a) Mr. Tangen's base salary for such month and (b) the cost to CCLLC of providing employee benefits to Mr. Tangen for such month. The terms of the secondment agreement were negotiated between us and CCLLC. Accordingly, except as discussed below with regard to Mr. Tangen's bonus, all amounts paid to Mr. Tangen by CCLLC for which we are responsible for reimbursement were negotiated as part of the secondment agreement.

In 2014, Mr. Tangen's base salary and our obligation to reimburse CCLLC for Mr. Tangen's base salary were capped at \$33,333 per month, or \$400,000 annually.

In March 2014, based on a recommendation from the compensation consultant, the Compensation Committee implemented a more formulaic cash bonus program applicable to Mr. Tangen for 2014 and 2015. Under this program, Mr. Tangen is eligible to receive an annual, year-end cash bonus within a range of values selected by the Compensation Committee in its sole discretion. In 2014, the exact amount of the bonus award was determined pursuant to a weighted average formula assigning (i) a 17.5% weight to the achievement of certain core earnings goals selected by the Compensation Committee in its sole discretion, (ii) a 7.5% weight to the achievement of certain net asset value plus dividends per share growth goals selected by the Compensation Committee in its sole discretion, and (iii) a 75% weight to the Compensation Committee's discretionary assessment of Mr. Tangen's performance. Mr. Tangen's annual cash bonus award for 2014 was determined by adding the sum of:

- (i) the product of 0.175 and a total bonus amount of \$1,400,000 based on the core earnings goal of \$1.75 (excluding transaction expenses) achieved by the Company for the year 2014;
- (ii) the product of 0.075 and a total bonus amount of \$1,400,000 based on the net asset value plus dividends per share growth goal of 10.6% achieved by the Company for the year 2014; and
- (iii) a discretionary component determined in the sole discretion of the Compensation Committee (taking into account, but not limited to, the factors set forth below), in an amount of \$1,265,000, multiplied by the 0.75 weighting pursuant to the above formula.

The Compensation Committee highly regarded Mr. Tangen's continuing leadership over the last year, his significant involvement in the operations of the Company, and his involvement in sourcing and managing numerous transactions consummated by the Company during 2014. Following a review of compensation paid to chief operating officers and chief financial officers of comparable companies, the Compensation Committee determined that Mr. Tangen excelled and met the maximum performance threshold on the discretionary compensation. In applying the aforementioned 2014 formulaic cash bonus program, the Compensation Committee determined that a cash bonus amount of \$1,300,000 was therefore appropriate and would be reimbursed to CCLLC in full.

In connection with the Combination and employment agreements entered into by Messrs. Barrack and Saltzman and certain of our other executive officers, the Compensation Committee is in the process of evaluating and selecting the compensation metrics to apply on a going-forward basis consistent with such employment agreements and the variable compensation components contained therein and in the discretion of the Compensation Committee.

***Benefits***

In addition to base salary and bonus potential, in 2014 CCLLC provided Mr. Tangen with certain benefits that were reimbursable by us, including matching contributions to his 401(k) plan, standard employee health benefits and an automobile allowance and country club membership dues; we did not have discretion regarding the amounts that we reimburse for these benefits.

## **Table of Contents**

### ***Equity Compensation***

Following shareholder approval at our 2014 Annual Meeting of Stockholders, we adopted our 2014 Equity Incentive Plan (which constituted an amendment and restatement of the Company's 2011 Equity Incentive Plan). The 2014 Equity Incentive Plan provided for an increase in the total number of shares of our common stock authorized for issuance under the plan, which permits the Company to grant options to purchase shares of common stock, share awards (including restricted stock and stock units), stock appreciation rights, performance awards and annual incentive awards, dividend equivalent rights, long-term incentive units, cash and other equity-based awards. Certain named executive officers of the Company, along with other eligible employees, directors and service providers are eligible to receive awards under the 2014 Equity Incentive Plan. In addition, our Manager and employees of its affiliates were eligible to receive awards under the 2014 Equity Incentive Plan during the period when we were externally managed. Our Compensation Committee may, from time to time, grant equity-based awards designed to align the interests of our personnel with those of our stockholders, by allowing such personnel to share in the creation of value for our stockholders through stock appreciation and dividends. These equity-based awards are generally subject to time-based vesting requirements designed to promote retention and to achieve strong performance for our Company. These awards further provide flexibility to us in our ability to enable us to attract, motivate and retain talented individuals providing services for the benefit of the Company.

### ***Executive Agreements Became Effective Upon Consummation of the Combination***

On December 23, 2014, we entered into employment agreements with Messrs. Barrack and Saltzman, which set forth the terms and conditions of the continuation of their roles with the Company and their oversight and management of the day-to-day business operations of the Company following the Combination. These agreements became effective as of the consummation of the Combination. In connection with the consummation of the Combination, we entered into employment agreements with Messrs. Traenkle, Tangen, and Sanders to continue their service with the Company following the Combination.

Below is a summary of the terms of the employment agreements entered into with Messrs. Barrack and Saltzman, as well as the terms that were included in the final employment agreements entered into with Messrs. Traenkle, Tangen and Sanders.

#### ***Employment Agreement with Thomas J. Barrack, Jr.***

We entered into an employment agreement with Mr. Barrack on December 23, 2014, which sets forth the terms and conditions of Mr. Barrack's service as our Executive Chairman and Chairman of the Board following consummation of the Combination. The agreement became effective upon consummation of the Combination and will continue in effect for an initial term of five years following consummation of the Combination, subject to automatic renewals of additional successive one-year periods unless either party provides at least 180 days' advance notice of non-renewal.

The agreement provides that, in his role as our Executive Chairman, Mr. Barrack will perform duties and provide services to us that are reasonably consistent with those he provided to us in that role prior to consummation of the Combination. The agreement further provides that Mr. Barrack will devote substantially all of his business time and attention to the performance of his duties to us, but will be permitted to perform duties for Colony Capital Holdings, LLC ( "CC Holdings" ) and its affiliates and engage in certain other outside activities, so long as those duties and activities do not unreasonably interfere with the performance of his duties to us.

In addition, the agreement provides that Mr. Barrack's principal place of business during the term of the agreement will generally be in Los Angeles, California. However, the agreement provides that, if Mr. Barrack is required to engage in travel during the term of the agreement that results in him having to perform a significant portion of his duties at a location other than Los Angeles, California, and Mr. Barrack determines to relocate his

---

**Table of Contents**

principal place of residence to a city in proximity to that other location, then we will pay for all reasonable relocation and return expenses that he incurs on a basis which is grossed up for taxes, with such payments subject to the Board's approval, not to be unreasonably withheld.

The agreement further provides that Mr. Barrack will receive an annual base salary of \$1,000,000 and will be eligible to receive an annual cash bonus with a target amount of no less than \$4,000,000, which may be based on achievement of reasonable performance measures established by the Board (or a committee thereof). In addition, Mr. Barrack will be eligible to receive annual grants of equity-based awards with a target value of 350% of his base salary. Mr. Barrack will also continue to receive allocations in respect of carried interests in respect of funds managed by us that were granted to Mr. Barrack prior to consummation of the Combination, and will be eligible to be granted new allocations in respect of carried interests in respect of funds managed by us as is determined by the Board from time to time in consultation with Mr. Barrack. Mr. Barrack will also be eligible to participate in our benefit plans made available to our senior executive officers from time to time and to receive certain prerequisites that he was entitled to immediately prior to consummation of the Combination, each as described in the agreement.

The agreement provides that, if Mr. Barrack's employment is terminated by us without cause (as defined in the agreement and including non-renewal of the agreement by us) or by Mr. Barrack for good reason (as defined in the agreement and described below), and Mr. Barrack executes a release of claims, he will be eligible to receive (i) a lump sum cash payment equal to three times the sum of his base salary and average annual bonus with respect to the three prior calendar years (or, if any such termination of employment occurs prior to Mr. Barrack receiving his annual bonus in respect of calendar year 2017, then his target annual bonus), (ii) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, (iii) a pro-rated target bonus for the year of termination, (iv) continued medical, dental and vision benefits at active employee rates for 24 months following termination, (v) the continuation of certain benefits for 24 months following termination (or in certain cases, until the end of the term of the employment agreement then in effect (if later)), and (vi) full vesting of all equity-based awards, carried interests and other like compensation that he holds, to the extent unvested upon his termination.

The agreement also provides that if Mr. Barrack provides notice to us of his intention not to renew the agreement upon the scheduled expiration of the initial term or any renewal term, then he will receive (i) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, (ii) a pro-rated target bonus for the year of termination, and (iii) if such termination occurs upon his retirement on or after his attainment of age 72, full vesting of all equity-based awards, carried interests and other like compensation that he holds, to the extent unvested upon his termination.

For purposes of the agreement, good reason means, in summary, (i) a material diminution in Mr. Barrack's duties, authority or responsibilities (including failing to maintain Mr. Barrack as a member of the Board) or causing Mr. Barrack to no longer report to the Board or a diminution in his title, (ii) a reduction in Mr. Barrack's base salary, target annual cash bonus or target annual equity incentive grant, (iii) a 25-mile relocation of Mr. Barrack's principal place of business, or (iv) a material breach of the agreement by us, including the failure to appoint Mr. Barrack as our Chief Executive Officer if Mr. Saltzman's employment terminates while Mr. Barrack is serving as our Executive Chairman.

If any payments to be made to Mr. Barrack, whether under the agreement or otherwise, would subject Mr. Barrack to the excise tax on so-called golden parachute payments in accordance with Sections 280G or 4999 of the Internal Revenue Code, then the payments will be reduced to the extent necessary to avoid the excise tax, but only if the amount of the payments after such reduction would result in Mr. Barrack receiving a greater net after-tax benefit than if all of the payments were provided and the excise tax were imposed.

The agreement, through a restrictive covenant agreement included as an exhibit to the agreement, also provides that Mr. Barrack will not, subject to certain listed exceptions for permitted and personal activities,

## **Table of Contents**

compete with us, or solicit our investors or customers or employees or those of our subsidiaries during his employment with us and for the one-year period following the termination of his employment with us unless his employment is terminated by us without cause (as defined in the agreement and including non-renewal of the agreement by us) or by Mr. Barrack for good reason (as defined in the agreement and described above). The agreement also contains covenants relating to the treatment of confidential information and intellectual property matters and restrictions on the ability of Mr. Barrack and us to disparage the other.

### ***Employment Agreement with Richard B. Saltzman***

We entered into an employment agreement with Mr. Saltzman on December 23, 2014 that sets forth the terms and conditions of Mr. Saltzman's service as our Chief Executive Officer and President following consummation of the Combination. Mr. Saltzman's current employment and equity agreement by and among Mr. Saltzman, Mr. Barrack and CCLLC, as amended (the Current Saltzman Agreement) provided for, among other compensatory terms, carried interests issued by CCLLC in connection with his prior employment, certain interests in general partners of funds and entities managed by CCLLC, and equity interests in certain businesses of CCLLC. The new employment agreement, along with the Share Transfer and Liquidated Damages Agreement described below, generally replaces the Current Saltzman Agreement, except with respect to Mr. Saltzman's right to fund incentives or other interests granted in connection with his prior employment, including any rights to the payment of consideration from the Combination under the a contribution agreement. Mr. Saltzman's employment agreement will become effective upon consummation of the Combination and will continue in effect for an initial term of five years following consummation of the Combination, subject to automatic renewals of additional successive one-year periods unless either party provides at least 180 days' advance notice of non-renewal.

The agreement also provides that, in his role as our Chief Executive Officer and President, Mr. Saltzman will perform duties and provide services to us that are reasonably consistent with those he provided to us in that role prior to consummation of the Combination. The agreement further provides that Mr. Saltzman will devote substantially all of his full business time and attention to the performance of his duties to us, but will be permitted to engage in certain other outside activities so long as they do not unreasonably interfere with the performance of his duties to us.

In addition, the agreement provides that Mr. Saltzman's principal place of business during the term of the agreement will be in New York City. However, the agreement provides that if Mr. Saltzman is required to engage in travel during the term of the agreement that results in him having to perform a significant portion of his duties at a location other than in New York City, and Mr. Saltzman determines to relocate his principal place of residence to a city in proximity to such other location, then we will pay for all relocation and return expenses that he incurs on a basis which is grossed up for taxes, with such payments subject to the Board's approval, not to be unreasonably withheld.

The agreement further provides that Mr. Saltzman will receive an annual base salary of \$800,000 and will be eligible to receive an annual cash bonus with a target amount of no less than \$2,400,000, which may be based on achievement of reasonable performance measures established by the Board (or a committee thereof). In addition, Mr. Saltzman will be eligible to receive annual grants of equity-based awards with a target value of 350% of his base salary. Mr. Saltzman will also continue to receive allocations in respect of carried interests in respect of funds managed by us that were granted to him prior to consummation of the Combination and will be eligible to be granted new allocations in respect of carried interests in respect of funds managed by us as is determined by the Board from time to time in consultation with Mr. Saltzman. Mr. Saltzman will also be eligible to participate in our benefit plans made available to our senior executive officers from time to time and will be entitled to receive certain perquisites that he was entitled to immediately prior to consummation of the Combination, each as described in the agreement.

The agreement provides that if Mr. Saltzman's employment is terminated by us without cause (as defined in the agreement and including non-renewal of the agreement by us) or by Mr. Saltzman for good reason (as

**Table of Contents**

defined in the agreement and described below), and Mr. Saltzman executes a release of claims, he will be eligible to receive (i) a lump sum cash payment equal to three times the sum of his base salary and average annual bonus with respect to the three prior calendar years (or, if any such termination of employment occurs prior to Mr. Saltzman receiving his annual bonus in respect of calendar year 2017, then his target annual bonus), (ii) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, (iii) a pro-rated target bonus for the year of termination, (iv) continued medical, dental and vision benefits at active employee rates for 24 months following termination, and (v) full vesting of all equity-based awards, carried interests and other like compensation that he holds, to the extent unvested upon his termination.

The agreement also provides that if Mr. Saltzman provides notice to us of his intention not to renew the agreement upon the scheduled expiration of the initial term or any renewal term, then he will receive (i) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, (ii) a pro-rated target bonus for the year of termination, and (ii) if such termination occurs upon his retirement on or after his attainment of age 65, full vesting of all equity-based awards, carried interests and other like compensation that he holds, to the extent unvested upon his termination.

For purposes of the agreement, *good reason* means, in summary, (i) a material diminution in Mr. Saltzman's duties, authority or responsibilities (including failing to maintain Mr. Saltzman as a member of the Board) or a diminution in his title, (ii) a change in reporting structure such that Mr. Saltzman no longer reports to the Executive Chairman or the Board (or a sub-committee of the Board), (iii) a reduction in Mr. Saltzman's base salary, target annual cash bonus or target annual equity incentive grant, (iv) a 25-mile relocation of his principal place of business, or (iv) a material breach of the agreement by us.

If any payments to be made to Mr. Saltzman, whether under the agreement or otherwise, would subject Mr. Saltzman to the excise tax on so-called *golden parachute payments* in accordance with Sections 280G or 4999 of the Internal Revenue Code, then the payments will be reduced to the extent necessary to avoid the excise tax, but only if the amount of the payments after such reduction would result in Mr. Saltzman receiving a greater net after-tax benefit than if all of the payments were provided and the excise tax were imposed.

The agreement, through a restrictive covenant agreement included as an exhibit to the agreement, also provides that Mr. Saltzman will not, subject to certain listed exceptions for permitted and personal activities, compete with us, or solicit our investors or our customers or employees or those of our subsidiaries during his employment with us and for the one-year period following the termination of his employment with us unless his employment is terminated by us without cause (as defined in the agreement and including non-renewal of the agreement by us) or by Mr. Saltzman for *good reason* (as defined in the agreement and described above). The agreement also contains covenants relating to the treatment of confidential information and intellectual property matters and restrictions on the ability of Mr. Saltzman and us to disparage the other.

***Employment Agreements with Other Executive Officers***

We have entered into employment agreements which became effective upon consummation of the Consolidation, with each of (i) Darren J. Tangen, (ii) Kevin P. Traenkle, and (iii) Mr. Sanders.

These employment agreements will be in effect for an initial term of three years following consummation of the Combination, subject to automatic renewals of additional successive one-year periods unless either party provides at least 180 days' advance notice of non-renewal. Each agreement requires that the executive will devote his full business time and attention to the performance of his duties to us, but will be permitted to engage in certain other outside activities so long as they do not unreasonably interfere with the performance of the executive's duties to us.

The agreements provide for the payment of a specified base salary to each executive, which is equal to \$447,000 for Mr. Tangen, \$472,000 for Mr. Traenkle and \$432,000 for Mr. Sanders. In addition, the agreements

---

**Table of Contents**

provide that each executive will be eligible to receive a discretionary annual cash bonus with a target amount of \$1,300,000 for Mr. Tangen, \$1,575,000 for Mr. Traenkle and \$1,062,500 for Mr. Sanders and annual grants of equity-based awards with a target value of \$1,000,000 for Mr. Tangen, \$990,000 for Mr. Traenkle and \$680,000 for Mr. Sanders. In addition, the executives will continue to receive allocations in respect of carried interests in respect of funds managed by us that were granted to them prior to consummation of the Combination and to be eligible to be granted new allocations in respect of carried interests in respect of funds managed by us as is determined by the Board from time to time in consultation with the applicable executive. The executives will be eligible to participate in certain of our benefit plans made available to our senior executive officers from time to time and to receive certain perquisites that the executives were entitled to receive immediately prior to consummation of the Combination.

The agreements provide that if the executive's employment is terminated by us without cause (as defined in the agreements and including non-renewal of the employment agreements by us) or by the executive for good reason (as defined in the agreement and described below), and the executive executes a release of claims, he will be eligible to receive (i) a lump sum cash payment equal to two times the sum of his base salary and average annual bonus with respect to the three prior calendar years (or, if any such termination of employment occurs prior to the executive receiving his annual bonus in respect of calendar year 2017, then his target annual bonus), (ii) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination, (iii) a pro-rated target bonus for the year of termination, (iv) continued medical, dental and vision benefits at active employee rates for 24 months following termination, and (v) full vesting of all equity-based awards, carried interests and other like compensation that he holds, to the extent unvested upon his termination.

The agreements provide that if an executive provides notice to us of his intention not to renew the agreement upon the scheduled expiration of the initial term or any renewal term, then he will receive (i) a lump sum cash payment in respect of the annual bonus payable in respect of the year prior to the year of termination, if unpaid as of the date of termination and (ii) a pro-rated target bonus for the year of termination.

For purposes of the agreements, good reason includes, in summary, (i) a material diminution in the executive's duties, authority or responsibilities, (ii) a requirement that the executive report to any person other than our Chief Executive Officer or Executive Chairman, (iii) a reduction in the executive's base salary, target annual cash bonus or target annual equity incentive grant, (iv) a 25-mile relocation of the executive's principal place of business, or (v) a material breach of the agreement by us.

The agreements include a provision providing that if any payments to be made to the executive, whether under the agreement or otherwise, would subject the executive to the excise tax on so-called golden parachute payments in accordance with Sections 280G or 4999 of the Internal Revenue Code, then the payments will be reduced to the extent necessary to avoid the excise tax, but only if the amount of the payments after such reduction would result in the executive receiving a greater net after-tax benefit than if all of the payments were provided and the excise tax were imposed.

In addition, the agreements, through a restrictive covenant agreement that is included as an exhibit to the agreements, provide that the executives will not, subject to certain exceptions, compete with us, or solicit our investors or customers or employees or those of our subsidiaries during their employment with us and for the one-year period following the termination of their employment with us unless their employment is terminated by us without cause (as defined in the agreement and including non-renewal of the employment agreement by us) or by the executive for good reason (as defined in the agreement and described above). The agreements contain covenants relating to the treatment of confidential information and intellectual property matters and restrictions on the ability of the executives and us to disparage the other.

**Table of Contents****Summary Compensation Table**

The following table contains certain summary compensation information for our named executive officers for the fiscal years ended December 31, 2014, 2013 and 2012:

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Bonus <sup>(2)</sup> (\$)	Stock Awards <sup>(3)</sup> (\$)	All Other Compensation (\$)	Total (\$)
<b>Thomas J. Barrack, Jr.</b> Executive Chairman	2014					
	2013					
	2012			1,871,619		1,871,619
<b>Richard B. Saltzman</b> CEO & President	2014					
	2013					
	2012			1,247,746		1,247,746
<b>Kevin P. Traenkle</b> Chief Investment Officer	2014					
	2013					
	2012			724,889		724,889
<b>Darren J. Tangen</b> COO, CFO & Treasurer	2014	400,000	1,300,000		32,645 <sup>(4)</sup>	1,732,645
	2013	350,000	850,000		34,997 <sup>(5)</sup>	1,234,997
	2012	350,000	800,000	554,999	32,965 <sup>(6)</sup>	1,737,964
<b>Ronald M. Sanders</b> Chief Legal Officer	2014					
	2013					
	2012			277,742		277,742

- (1) Represents the maximum salary reimbursable by the Company under the secondment agreement with CCLLC for each of the fiscal years ended December 31, 2014, 2013 and 2012.
- (2) Represents the cash bonus paid to Mr. Tangen by CCLLC for each of the fiscal years ended December 31, 2014, 2013 and 2012. Upon determination by our Compensation Committee that the amount was proper, we reimbursed CCLLC for 100% of the bonus amount paid to Mr. Tangen by CCLLC with respect to each such fiscal year.
- (3) On January 4, 2012, the Compensation Committee approved the grant of 475,000 shares of restricted common stock under the 2011 Equity Incentive Plan, including to the named executive officers of the Company, which restricted common stock shall vest over a three-year period as follows: 25% in March 2012 and 25% on approximately each of the first three anniversaries of the grant date, respectively. The amount reported in this column is based on the closing price of \$16.16 per share of common stock on the date of the grant.
- (4) Includes \$23,045 in employee medical and health benefits and \$9,600 in automobile related expenses for the year ended December 31, 2014.
- (5) Includes \$25,797 in employee medical and health benefits and \$9,200 in automobile related expenses for the year ended December 31, 2013.
- (6) Includes \$23,965 in employee medical and health benefits and \$9,000 in automobile related expenses for the year ended December 31, 2012.

For narrative disclosures concerning the information set forth in the Summary Compensation Table, please see Compensation Discussion and Analysis in this proxy statement.

**Grant of Plan Based Awards**

The Company did not make any grants of stock awards to any named executive officers during the year ended December 31, 2014.

**Table of Contents****Stock Vested in 2014**

The following table sets forth information for each named executive officer with respect to the vesting of stock awards from the Company during 2014, and the value realized upon such vesting dates:

Name and Principal Position	Number of Shares Acquired on Vesting <sup>(1)</sup> (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> (\$)
<b>Thomas J. Barrack, Jr.</b> Executive Chairman	28,955	\$ 584,891
<b>Richard B. Saltzman</b> CEO & President	19,303	\$ 389,921
<b>Kevin P. Traenkle</b> Chief Investment Officer	11,214	\$ 226,523
<b>Darren J. Tangen</b> COO, CFO & Treasurer	8,586	\$ 173,437
<b>Ronald M. Sanders</b> Chief Legal Officer	4,297	\$ 86,799

(1) Represents vested common stock initially granted on January 4, 2012; 25% of which vested in January 2014.

(2) The amount reported in this column is based on a share price of \$20.20 per share, the opening price of common stock on the January 2, 2014 vesting date.

**Outstanding Equity Awards at Fiscal Year Ended December 31, 2014**

The following table sets forth information for each named executive officer with respect to the outstanding unvested equity awards as of fiscal year-end 2014, and the market value of such stock at fiscal year-end 2014:

Name and Principal Position	Number of Shares or Units of Stock That Have Not Vested <sup>(1)</sup> (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> (\$)
<b>Thomas J. Barrack, Jr.</b> Executive Chairman	28,953	\$ 689,660
<b>Richard B. Saltzman</b> CEO & President	19,303	\$ 459,797
<b>Kevin P. Traenkle</b> Chief Investment Officer	11,215	\$ 267,141
<b>Darren J. Tangen</b> COO, CFO & Treasurer	8,586	\$ 204,519
<b>Ronald M. Sanders</b> Chief Legal Officer	4,296	\$ 102,331

(1) These remaining restricted common stock awards initially granted on January 4, 2012 vested in January 2015.

Edgar Filing: Colony Capital, Inc. - Form DEF 14A

- (2) Value determined by multiplying the number of unvested shares by \$23.82 per share, the closing price of common stock on the last business day of the 2014 fiscal year.

**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of our Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

The Compensation Committee of the Board of Directors

John A. Somers (*Chairman*)

Nancy A. Curtin

George G. C. Parker

John L. Steffens

The Compensation Committee Report does not constitute soliciting material and will not be deemed filed or incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of the Compensation Committee of the Board of Directors are John A. Somers, Nancy A. Curtin, George G. C. Parker, and John L. Steffens, each of whom is an independent director. None of these directors, nor any of our executive officers, serves as a member of the governing body or compensation committee of any entity that has an executive officer serving as a member of our Board of Directors or our Compensation Committee. Accordingly, during 2014 there were no interlocks with other companies within the meaning of the SEC's rules.

---

**Table of Contents**

**COMPENSATION OF DIRECTORS**

**Director Compensation**

In July 2014, the Compensation Committee engaged FTI Consulting, a nationally recognized compensation consulting firm, to undertake a review of the Company's Board of Directors compensation program. In August 2014, FTI Consulting met with the Compensation Committee to provide recommendations regarding the Company's Board of Directors compensation program for 2014 and 2015. The Compensation Committee took these recommendations into account and elected to maintain the same fees payable to our non-executive directors for 2015 as agreed and paid in 2014.

A member of our Board of Directors who was also an employee of CLLC prior to consummation of the Combination or is our employee is referred to as an executive director. Executive directors do not receive compensation for serving on our Board. For 2014 and 2015, each non-executive director will receive an annual base fee for his or her services of \$145,000, with \$58,000 paid in cash in quarterly installments in conjunction with quarterly meetings of the Board and \$87,000 paid in the form of an annual award of restricted shares of our common stock, which will vest in full on the one-year anniversary of the date of grant, subject to the director's continued service on our Board of Directors. In addition, in 2014 and 2015, the chairs of the Audit, Compensation and Nominating and Corporate Governance Committees will receive an additional annual cash retainer of \$20,000, \$12,500 and \$12,500, respectively, and the Lead Director will receive an additional annual cash retainer of \$25,000.

Furthermore, each non-executive director shall be required to own a minimum of 7,500 shares of Company common stock. In connection with the foregoing share ownership requirement, each non-executive director shall have a three-year period commencing on the later of January 1, 2013 or such director's initial election to the Board of Directors to comply with the minimum share ownership requirement in order to stand for re-election.

Upon the election of any new non-executive director elected to the Board of Directors, the Company shall make an initial grant of 2,000 restricted shares of common stock, which will vest in two equal annual installments beginning on the one-year anniversary of the date of grant, subject to the director's continued service on the Board of Directors. We also reimburse each of our directors for their travel expenses incurred in connection with their attendance at full Board and committee meetings.

At the closing of our initial public offering on September 29, 2009, we granted 2,000 restricted shares of our common stock to each of Messrs. Parker, Somers and Steffens pursuant to our 2009 Non-Executive Director Stock Plan (the "Director Stock Plan"). These awards of restricted stock vested in two equal annual installments beginning on the one-year anniversary of the date of grant, subject to the director's continued service on our Board. In addition, during the fiscal years ended December 31, 2014, December 31, 2013 and 2012, we granted 3,750, 2,279 and 2,758 restricted shares of our common stock, respectively, to each of Messrs. Parker, Somers and Steffens pursuant to the Director Stock Plan and in accordance with the non-executive compensation policy for such year, with each grant of restricted shares vesting in full on the one-year anniversary of the date of each respective grant. On August 8, 2014, immediately following the appointment of Mrs. Curtin as a new non-executive director, we granted 2,000 restricted shares of our common stock to her pursuant to our Director Stock Plan, which award of restricted stock vests in two equal annual installments beginning on the one-year anniversary date of the grant, subject to her continued service on our Board. In addition, as of August 8, 2014, we granted 1,984 restricted shares of our common stock to Mrs. Curtin pursuant to the Director Stock Plan and is reflective of a one-half year allocation of compensation pursuant to our non-executive compensation policy for such year, with the grant of restricted shares vesting in full on the one-year anniversary of the date of such grant.

The Director Stock Plan provides for the issuance of restricted or unrestricted shares of our common stock or restricted stock units and other stock-based awards, including dividend equivalent rights. The Director Stock Plan is intended, in part, to implement our program of non-executive director compensation described above. We reserved a total of 100,000 shares of our common stock for issuance under our Director Stock Plan, of which

**Table of Contents**

57,655 remained available for future issuance to our non-executive directors as of December 31, 2014. If any awards under the Director Stock Plan are cancelled, forfeited or otherwise terminated, the shares that were subject to such award will be available for re-issuance under the Director Stock Plan. Shares issued under the Director Stock Plan may be authorized but unissued shares or shares that have been reacquired by us. In the event that the Compensation Committee determines that any dividend or other distribution (whether in the form of cash, common stock, or other property), recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the common stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of participants under the Director Stock Plan, then the Compensation Committee will make equitable changes or adjustments to any or all of: (i) the number and kind of shares of stock or other property (including cash) that may thereafter be issued in connection with awards; (ii) the number and kind of shares of stock or other property (including cash) issued or issuable in respect of outstanding awards; (iii) the purchase price relating to any award and (iv) the performance goals, if any, applicable to outstanding awards. In addition, the Compensation Committee may determine that any such equitable adjustment may be accomplished by making a payment to the award holder, in the form of cash or other property (including but not limited to shares of stock). Awards under the Director Stock Plan are intended to either be exempt from, or comply with, Code Section 409A.

Each award of restricted stock or restricted stock units will be subject to such restrictions as will be set forth in the applicable award agreement. Unless otherwise determined by the board, upon a non-executive director's removal or resignation from our board, the director will forfeit any as yet unvested awards granted under the Director Stock Plan. Upon a change in control of us (as defined under the Director Stock Plan) in which outstanding awards will not be assumed or continued by the surviving entity: (i) all restricted shares and all restricted stock units will vest and the underlying shares will be delivered immediately before the change in control, and (ii) the board of directors may elect, in its sole discretion, to cancel any outstanding awards of restricted stock or restricted stock units and to pay or have paid to the award holder an amount in cash or securities having a value equal to the formula or fixed price per share paid to stockholders in the change in control transaction.

**Director Compensation Table**

The following table presents information relating to the total compensation of our four non-executive directors for the fiscal year ended December 31, 2014. Thomas J. Barrack, Jr. and Richard B. Saltzman, as executive directors, do not receive any compensation for serving on our Board of Directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>(1)(2)(3)</sup> (\$)	Total (\$)
Nancy A. Curtin	\$ 29,000	\$ 87,369	\$ 116,369
George G. C. Parker	\$ 78,000	\$ 87,000	\$ 165,000
John A. Somers	\$ 95,500	\$ 87,000	\$ 182,500
John L. Steffens	\$ 70,500	\$ 87,000	\$ 157,500

- (1) The amounts in the Stock Awards column reflect the aggregate grant date fair value of the restricted shares of our common stock granted pursuant to the Director Stock Plan.
- (2) The grant date fair value for stock awards granted in fiscal year 2014 was \$23.20 per share for Messrs. Parker, Somers and Steffens and \$21.93 per share for Ms. Curtin.
- (3) At December 31, 2014, the aggregate number of outstanding unvested stock awards for each of Messrs. Parker, Somers and Steffens was 3,750, which vested on February 21, 2015, and 3,984 for Ms. Curtin, of which 2,984 will vest in August 2015 and 1,000 will vest in August 2016.

**Table of Contents****SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table presents information relating to securities remaining available for future issuance under equity compensation plans of the Company for the fiscal year ended December 31, 2014.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by security holders <sup>(1)</sup>	N/A	N/A	2,823,524 <sup>(2)</sup>
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>2,823,524<sup>(2)</sup></b>

(1) Represents (a) the Company's 2009 Non-Executive Director Stock Plan and (b) the Company's 2014 Equity Incentive Plan.

(2) At December 31, 2014, includes 57,655 shares remaining for future issuance under the Company's 2009 Non-Executive Director Stock Plan and 2,765,869 shares remaining for future issuance under the Company's 2014 Equity Incentive Plan. As described below under "Certain Relationships and Related Transactions - Manager Compensation," in January 2015, the Company granted 618,081 shares to our Manager pursuant to the 2014 Equity Incentive Plan, leaving 2,147,788 shares available for future issuance under the 2014 Equity Incentive Plan (without giving effect to additional shares that may become available upon the future expiration, forfeiture, or cancellation of outstanding awards).

---

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee is currently composed of Messrs. Parker (Chairman), Somers, and Steffens and Ms. Curtin. The members of the Audit Committee are appointed by and serve at the discretion of the Board of Directors. The Audit Committee operates under a written charter adopted by our Board of Directors.

One of the principal purposes of the Audit Committee is to assist the Board of Directors in the oversight of the integrity of the Company's financial statements. The Company's management team has the primary responsibility for the financial statements and the reporting process, including the system of internal controls and disclosure controls and procedures. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2014 with our management.

The Audit Committee also is responsible for assisting the Board of Directors in the oversight of the qualification, independence and performance of the Company's independent auditors. The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards and those matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in rule 3200T.

The Audit Committee has received both the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with Ernst & Young LLP its independence. In addition, the Audit Committee has considered whether the provision of non-audit services, and the fees charged for such non-audit services, by Ernst & Young LLP are compatible with maintaining the independence of Ernst & Young LLP from management and the Company.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that our audited financial statements for 2014 be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for filing with the SEC.

Respectfully submitted,

The Audit Committee of the Board of Directors

George G. C. Parker (*Chairman*)  
Nancy A. Curtin  
John A. Somers  
John L. Steffens

The Report of the Audit Committee does not constitute soliciting material and will not be deemed filed or incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.

---

**Table of Contents****PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

We are providing our stockholders an opportunity to indicate whether they support the compensation of our named executive officers, as described in this proxy statement. This advisory vote, commonly referred to as "say on pay," is not intended to address any specific item of compensation, but instead relates to the Compensation Discussion and Analysis, the tabular disclosures regarding our Chief Operating Officer and Financial Officer's compensation (as set forth above), and the narrative disclosure accompanying the tabular presentation. We believe these disclosures allow stockholders to view the trends in our executive compensation program and the application of our compensation philosophies for the year presented.

As discussed in the Compensation Discussion and Analysis beginning on page 19 of this proxy statement, our Chief Executive Officer and each of our other executive officers, each of whom was an employee of CCLLC and certain of its affiliates prior to consummation of the Combination on April 2, 2015, did not receive cash compensation from us for serving as our executive officers. However, under the terms of a secondment agreement between us and CCLLC that terminated in connection with the consummation of the Combination, Mr. Tangen, our Chief Operating Officer, Chief Financial Officer and Treasurer, was seconded exclusively to us by CCLLC. Under the terms of the secondment agreement, we were responsible for reimbursing CCLLC, on a monthly basis, an amount equal to the sum of (a) Mr. Tangen's base salary for such month and (b) the cost to CCLLC of providing employee benefits to Mr. Tangen for such month. The term of the secondment agreement was negotiated between us and CCLLC. Accordingly, except as discussed below with regard to Mr. Tangen's bonus, all amounts paid to Mr. Tangen by CCLLC for which we were responsible for reimbursement were negotiated as part of the secondment agreement. Mr. Tangen's base salary and our obligation to reimburse CCLLC for Mr. Tangen's base salary was capped at \$33,333 per month, or \$400,000 annually, in 2014. Mr. Tangen also was eligible to receive an annual cash bonus paid by CCLLC. Pursuant to the secondment agreement, we were only responsible for reimbursing CCLLC for the amount of the cash bonus approved by our Compensation Committee, in its sole discretion. In 2014, the exact amount of the cash bonus award was determined by the Compensation Committee pursuant to the weighted average formula described in further detail in the Compensation Discussion and Analysis (as set forth above), assigning (i) a 17.5% weight to the achievement of the Core Earnings goals previously selected by the Compensation Committee, (ii) a 7.5% weight to the achievement of the net asset value plus dividends per share growth goals previously selected by the Compensation Committee, and (iii) a 75% weight to the Compensation Committee's discretionary assessment of Mr. Tangen's performance. After applying the first two factors and considering Mr. Tangen's continuing leadership over the last year, his significant involvement in the operations of the Company, and his involvement in sourcing and managing numerous transactions consummated by the Company, and following a review of compensation paid to chief operating officers and chief financial officers of comparable companies, the Compensation Committee determined that a \$1,300,000 cash bonus amount was appropriate and would be reimbursed to CCLLC in full. For the year ended December 31, 2014, we reimbursed CCLLC pursuant to the secondment agreement for Mr. Tangen's full cash bonus. Accordingly, the Board of Directors unanimously recommends that stockholders vote in favor of the following resolution:

**RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED on an advisory basis.**

Although this vote is advisory and is not binding on the Company, the Compensation Committee values the opinions of our stockholders. To the extent that there is any significant vote against the compensation of our named executive officers, we will consider our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

**Vote Required and Recommendation**

Stockholders may also abstain from voting on this advisory proposal. The affirmative vote of a majority of the votes cast is required for approval of the advisory resolution above. For purposes of the vote on this proposal,

**Table of Contents**

abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ADVISORY APPROVAL OF THE RESOLUTION APPROVING THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS.**

**Table of Contents**

**PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. After careful consideration of the matter and in recognition of the importance of this matter to our stockholders, the Board of Directors has determined that it is in the best interests of the Company and our stockholders to seek the ratification by our stockholders of our Audit Committee's selection of our independent registered public accounting firm. A representative of Ernst & Young LLP will be present at the annual meeting, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

**Vote Required and Recommendation**

The affirmative vote of a majority of the votes cast is required for approval of the advisory resolution above. For purposes of the vote on this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum. Even if the appointment of Ernst & Young LLP as our independent registered public accounting firm is ratified, our Board of Directors and the Audit Committee may, in their discretion, change that appointment at any time during the year should they determine such a change would be in our and our stockholders' best interests. In the event that the appointment of Ernst & Young LLP is not ratified, the Audit Committee will consider the appointment of another independent registered public accounting firm, but will not be required to appoint a different firm.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2015.**

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, as of the record date, regarding the beneficial ownership of (i) our common stock (since reclassified as our Class A common stock) and (ii) our Series A Cumulative Redeemable Preferred Stock and our Series B Cumulative Redeemable Preferred Stock by:

each of our directors and director nominees;

each of our executive officers; and

all of our directors, director nominees and executive officers as a group.

The SEC has defined beneficial ownership of a security to mean the possession, directly or indirectly, of voting power and/or dispositive power with respect to such security. In accordance with SEC rules, each listed person's beneficial ownership includes:

all shares the investor actually owns beneficially or of record;

all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and

all shares the investor has the right to acquire within 60 days (such as shares of restricted common stock that are currently vested or which are scheduled to vest within 60 days, the exercise of any option, warrant or right, or the power to revoke a trust, discretionary account or similar arrangement).

Unless otherwise indicated, the address of each named person is c/o Colony Capital, Inc., 2450 Broadway, 6th Floor, Santa Monica, California 90404. The percentages below relating to common stock ownership are based on 110,265,850 shares outstanding as of March 27, 2015. No shares beneficially owned by any executive officer, director or director nominee have been pledged as security.

Additionally, to our knowledge and based upon information available to us in securities filings made by our stockholders with the SEC, the following table sets forth certain information regarding the beneficial owners of more than 5% of our shares of common stock as of March 27, 2015:

	Common Stock <sup>(5)(6)</sup>		Series A Preferred Stock		Series B Preferred Stock	
	Shares Owned	Percentage of Class	Shares Owned	Percentage of Class	Shares Owned	Percentage of Class
<b>Executive Officers and Directors</b>						
Thomas J. Barrack, Jr.	501,429 <sup>(1)(2)</sup>	*				
Richard B. Saltzman	333,833 <sup>(2)</sup>	*				
Ronald M. Sanders	90,249 <sup>(2)</sup>	*				
Darren J. Tangen	146,389 <sup>(2)</sup>	*				
Kevin P. Traenkle	193,727 <sup>(2)</sup>	*				
George G. C. Parker	16,269 <sup>(2)</sup>	*				
John A. Somers	18,769 <sup>(2)</sup>	*	500	*		
John L. Steffens	24,269 <sup>(2)</sup>	*				
Nancy A. Curtin	7,466	*				
	1,332,400	1.21	500	*		

Edgar Filing: Colony Capital, Inc. - Form DEF 14A

All directors, director nominees and executive officers as a group  
(9 persons)

**Greater than Five Percent Beneficial Owners**

EJF Capital LLC <sup>(7)</sup>	10,794,916	9.8%	N/A	N/A
BlackRock, Inc. <sup>(3)</sup>	9,024,566	8.18	N/A	N/A
The Vanguard Group, Inc. <sup>(4)</sup>	6,735,909	6.11	N/A	N/A
SAB Capital Advisors, L.L.C. <sup>(8)</sup>	6,060,980	5.5	N/A	N/A

**Table of Contents**

- \* Represents less than 1.0% of the common stock outstanding as of March 25, 2015.
- (1) Represents shares held in a family trust of which Mr. Barrack is trustee.
  - (2) Includes shares of restricted common stock subject to time vesting.
  - (3) Based on information provided in a Schedule 13G/A filed on January 23, 2015, Blackrock, Inc. has sole voting power with respect to 8,776,321 of these shares and sole dispositive power with respect to 9,024,566 of these shares. The address of Blackrock, Inc., as reported by it in the Schedule 13G/A, is 55 East 52nd Street, New York, NY 10022.
  - (4) Based on information provided in a Schedule 13G/A filed on February 11, 2015, The Vanguard Group, Inc. has sole voting power with respect to 153,095 shares, sole dispositive power with respect to 6,589,514 of these shares and shared dispositive power with respect to 146,395 of these shares. The address of The Vanguard Group, Inc., as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.
  - (5) As of the record date, we had only one class of common stock outstanding. In connection with the consummation of the Combination, we reclassified our common stock as Class A common stock and established a new class of common stock, Class B common stock.
  - (6) Does not include 2,796,261 shares of Class A common stock, and 563,987 shares of newly created Class B common stock issued as consideration issued in connection with the consummation of the Combination, which closed after March 27, 2015, which is the date of the contents of the table.
  - (7) Based on information provided in a Schedule 13G/A filed on February 17, 2015 jointly by EJV Capital LLC, Emanuel J. Friedman, EJV Debt Opportunities Master Fund, L.P., EJV Debt Opportunities GP, LLC and other investment funds and their general partners of which EJV Capital LLC is sole member and manager, EJV Capital LLC and Emanuel J. Friedman have shared voting and dispositive power with respect to 10,794,916 shares of our common stock. According to the Schedule 13G/A, EJV Capital LLC is the sole member and manager of the general partner of various investment funds that hold shares of our common stock and principal amounts of our 3.875% Convertible Senior Notes ( Notes ), including EJV Debt Opportunities Master Fund, L.P., together with its general partner, EJV Debt Opportunities GP, LLC, which have shared voting and dispositive power with respect to 6,499,755 of these shares. EJV Capital LLC therefore may be deemed to share beneficial ownership with those entities as well as with respect to shares in a managed account for which EJV Capital LLC serves as investment manager. In addition, according to the Schedule 13G/A, Emanuel J. Friedman is the controlling member of EJV Capital LLC and therefore may be deemed to share beneficial ownership of the shares of common stock and Notes with respect to which EJV Capital LLC may share beneficial ownership. The Schedule 13G/A indicates that due to the operation of the share ownership limits contained in our charter, certain of the Notes with respect to which EJV Capital LLC shares beneficial ownership are not currently convertible into shares of our common stock and are therefore not included in the total number of shares reported. The address of EJV Capital LLC, Emanuel J. Friedman and these various investment funds and their general partners, as reported by it in the Schedule 13G/A, is 2107 Wilson Boulevard, Suite 410, Arlington, VA 22201.
  - (8) Based on information provided in a Schedule 13G/A filed on February 17, 2015 jointly by SAB Capital Advisors, L.L.C., SAB Capital Management, L.P., SAB Capital Management, L.L.C. and Scott A. Bommer, each of SAB Capital Advisors, L.L.C., SAB Capital Management, L.P., SAB Capital Management, L.L.C. and Scott A. Bommer has sole voting power and sole dispositive power with respect to 0 shares of our common stock and shared voting power and shared dispositive power with respect to 6,060,980 shares of our common stock. The address of each of SAB Capital Advisors, L.L.C., SAB Capital Management, L.P., SAB Capital Management, L.L.C. and Scott A. Bommer is 767 Fifth Avenue, 44th Floor, New York, New York 10153.

**Table of Contents****CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS****Combination with our Manager**

On December 23, 2014, we and CCLLC entered into definitive agreements relating to, and on April 2, 2015, we acquired CCLLC's trademark name and substantially all of its real estate investment management business and operations. While we continue to hold our significant ownership stake in Colony American Homes (CAH) and will receive certain cost reimbursements under a transitional services agreement with CAH, we will not acquire CCLLC's ownership interest in CAH or receive management fees from CAH due to the internalization of CAH's management in November 2014. Upon consummation of the Combination, we became an integrated real estate investment management platform, employing personnel previously employed by CCLLC. As a result of the Combination, we will be able to integrate and potentially expand the investment management business and, as a result, diversify our revenue sources by receiving all in-place management fees previously payable to CCLLC from the various programs it was managing at the time of the Combination. We also will be able to sponsor new investment vehicles as general partner under the Colony name and receive all ensuing fees and will receive carried interest from future investment programs (net of carried interest that we expect will be allocated to members of our management team, investment professionals and other individuals, which, consistent with market terms, we expect to be 40% of the carried interest earned). In connection with the Combination, we changed our name from Colony Financial, Inc. to Colony Capital, Inc. We reclassified our common stock as Class A common stock, which continues to be listed on the NYSE under the ticker symbol CLNY.

In connection with the Combination, we issued upfront consideration and have agreed to issue contingent consideration as set forth below, which consideration is comprised of Class A Common Stock, Class B Common Stock and membership units in OP (OP Units). Each share of Class B Common Stock and each OP Unit is, at the holder's option, convertible or redeemable into one share of Class A Common Stock, subject, in the case of OP Units, to the terms and conditions set forth in the operating agreement of OP.

The aggregate consideration consists of:

**Upfront Consideration**

	OP Units	Class A Common Stock	Class B Common Stock
Colony Capital, LLC	18,399,671		
CCH Management Partners I, LLC	1,621,859		
FHB Holding LLC	939,028		
Mr. Saltzman	375,611	1,314,981	
New Colony Holdings, LLC		112,627	563,987
<b>Total</b>	<b>21,336,169</b>	<b>1,427,608</b>	<b>563,987</b>

In connection with the Combination, we agreed to withhold 1,368,653 shares of Class A common stock from the distribution of shares made at closing to Richard B. Saltzman in the Combination, and to pay directly to the applicable federal, state and local taxing authorities an amount in cash equal to the 1,368,653 shares so withheld multiplied by the closing price of our Class A Shares on April 2, 2015 to satisfy the tax obligations of Mr. Saltzman in connection with the receipt of such shares.

**Table of Contents***Contingent Consideration*

	OP Units	Class A Common Stock	Class B Common Stock
Colony Capital, LLC	2,621,375		
CCH Management Partners I, LLC	608,798		
FHB Holding LLC	174,412		
Mr. Saltzman	69,765	987,008	
New Colony Holdings, LLC		34,681	90,991
<b>Total</b>	<b>3,474,350</b>	<b>1,021,689</b>	<b>90,991</b>

Colony Capital, LLC, CCH Management Partners I, LLC, FHB Holding LLC and New Colony Holdings, LLC are affiliated with Mr. Saltzman, our Chief Executive Officer and President.

Upon consummation of the Combination, all of Colony Capital's senior executives became employed by us. In order to further demonstrate their collective long-term commitment to our business, and as additional consideration in the Combination, Mr. Thomas J. Barrack, Jr., our Executive Chairman, and Mr. Richard B. Saltzman, our Chief Executive Officer and President, have entered into five-year employment agreements and related lock-up arrangements with us, which, subject to certain exceptions for estate planning, partial share pledges and tax-related sales, will generally restrict them from transferring their respective interests in OP Units and/or shares received in connection with the Combination over the same period as their respective employment agreement terms, which restriction would be ratably reduced over such period. Messrs. Barrack and Saltzman also have entered into non-competition arrangements with us, each of which provides for clawback as to a material portion of consideration in the event such individuals violate the non-compete restrictions during the same period as their respective lock-ups. The employment agreements, and related lock-ups and non-competition arrangements became effective at the closing of the Combination. Certain other key senior executives entered into three-year employment agreements and related lock-up agreements prior to the closing of the Combination. See Compensation Discussion & Analysis Employment Agreements Became Effective Upon Consummation of the Combination.

*Management Agreement and Cost Reimbursement for Asset Management Services*

At the closing of our initial public offering on September 29, 2009, we entered into a management agreement with Colony Financial Manager, LLC, our Manager, pursuant to which our Manager provides the day-to-day management of our operations. In November 2011 and March 2013, we amended and restated the management agreement to require our Manager to manage our business affairs in conformity with the policies and the investment guidelines that are approved and monitored by our Board of Directors. The initial term of the management agreement expired on September 29, 2012, and has been renewed for one-year terms thereafter. In connection with the Combination, our Manager, formerly an external entity, was contributed to, and is now an indirect wholly-owned subsidiary of, the Operating Partnership, and is therefor our indirect subsidiary.

Pursuant to the terms of the management agreement, our Manager is entitled to receive from us certain fees and expense reimbursements. Any amounts or shares payable to our Manager from and after the Combination will be immediately repaid by the Manager to the Company, and therefore be solely for the benefit of the Company and not for the other unit holders of its Operating Partnership.

For the fiscal year ended December 31, 2014, we incurred base management fees of approximately \$32.3 million and incentive fees of \$0.5 million, and reimbursed our Manager approximately \$6.1 million for expenses and investment-related costs, including reimbursing an asset manager affiliate of the Manager pursuant to a cost allocation agreement for compensation, overhead and other direct costs incurred for the benefit of certain loan portfolio investments owned by the Company.

---

## **Table of Contents**

Prior to consummation of the Combination on April 2, 2015, each of our officers was also an employee of CCLLC and certain of its affiliates. However, Mr. Tangen, our Chief Operating Officer, Chief Financial Officer and Treasurer, was seconded exclusively to us pursuant to a secondment agreement with CCLLC. As a result, the management agreement between us and our Manager was negotiated between related parties, and the terms, including fees and other amounts payable, may not be as favorable to us as if it had been negotiated with an unaffiliated third party.

### ***Manager Compensation***

In January 2015, our Compensation Committee approved grants of an aggregate of 618,081 shares of restricted common stock to our Manager pursuant to our 2014 Equity Incentive Plan, for services provided by or on behalf of our Manager for the benefit of the Company. Our Manager evaluated the performance of, and thereafter granted such shares of restricted common stock to, certain employees of CCLLC and its affiliates providing services for the benefit of our Manager and the Company, including those also serving as executive officers of the Company. The restricted stock granted by our Manager as described herein vests over a three-year period as follows: 25% in January 2015 and 25% in each of January 2016, 2017, and 2018, respectively.

### ***Indemnification Agreements***

We have entered into indemnification agreements with each of our executive officers and directors that obligate us to indemnify them to the maximum extent permitted by Maryland law. The form of indemnification agreement provides that if a director or executive officer is a party or is threatened to be made a party to any proceeding by reason of such director's or executive officer's status as our director, officer or employee, we must indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

the director or executive officer actually received an improper personal benefit in money, property or services; or

with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe that his or her conduct was unlawful;

provided, however, that we will (i) have no obligation to indemnify such director or executive officer for a proceeding by or in the right of our company, for expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, if it has been adjudged that such director or executive officer is liable to us with respect to such proceeding and (ii) have no obligation to indemnify or advance expenses of such director or executive officer for a proceeding brought by such director or executive officer against the corporation, except for a proceeding brought to enforce indemnification under Section 2-418 of the MGCL or as otherwise provided by our charter or bylaws, a resolution of the board of directors or an agreement approved by the board of directors.

### ***Investment Advisory Agreement***

Our Manager entered into an investment advisory agreement with CCLLC effective upon the closing of our initial public offering. This agreement was terminated in connection with the consummation of the Combination. Pursuant to this agreement, our Manager had access to, among other things, the portfolio management, asset valuation, risk management and asset management services as well as administration services addressing legal, compliance, investor relations and information technologies of CCLLC necessary for the performance of the duties of our Manager in exchange for a fee representing our Manager's allocable cost for these services. The fee paid by our Manager pursuant to this agreement did not constitute a reimbursable expense under the management agreement.

---

## **Table of Contents**

### ***Colony License Agreement***

Concurrently with the completion of our initial public offering, we entered into a license agreement pursuant to which we have a non-exclusive, royalty-free license to use the name and trademark Colony. Under this agreement, we had a right to use this name and trademark for so long as Colony Financial Manager, LLC served as our external manager pursuant to the management agreement. This license and trademark terminated concurrently with the consummation of the Combination.

### **Related Party Transaction Policies**

On December 23, 2014, the Company and CCLLC, entered into definitive agreements providing for an operating subsidiary of the Company to acquire from CCLLC its trademark name and substantially all of its real estate investment management business and operations relating to the Combination, as described above. The Combination closed on April 2, 2015. See Our Company.

Certain current private investment funds or other investment vehicles sponsored by CCLLC or its affiliates (collectively, Co-Investment Funds ) may have the right to co-invest with us in our target assets, subject to us and each Co-Investment Fund having capital available for investment and the determination by us and the general partner of each Co-Investment Fund (which is or will be an affiliate of CCLLC) that the proposed investment is suitable for us and such Co-Investment Fund, respectively.

To address certain potential conflicts arising from our relationship with CCLLC or its affiliates, pursuant to the now-terminated investment allocation agreement among our Manager, CCLLC and us, our Manager and CCLLC agreed that, for so long as the management agreement was in effect, neither they nor any of their affiliates would sponsor or manage (i) any additional publicly traded investment vehicle that would primarily acquire or originate assets secured by U.S. collateral that are substantially similar to our target assets or (ii) any publicly traded investment vehicle that would primarily acquire or originate assets secured by non-U.S. collateral substantially similar to our target assets or any private investment vehicle that primarily acquires or originates assets substantially similar to our target assets without providing us with the right (but not the obligation) to contribute, subject to our investment guidelines, our availability of capital and maintaining our qualification as a REIT for U.S. federal income tax purposes and our exemption from registration under the 1940 Act, at least one-half of the capital to be funded by such investment vehicles in assets secured by U.S. collateral (or at least one-third for assets secured by non-U.S. collateral) that are substantially similar to our target assets, subject to change if agreed upon by a majority of our independent directors. Prior to the consummation of the Combination and termination of the investment allocation agreement, with respect to certain of our co-investments, we had contributed less than our full entitlement in order to maintain our qualification as a REIT, our exemption from registration under the 1940 Act and/or diversification of our assets. All such co-investments where we contributed less than our full entitlement were approved by our independent directors. To the extent that we did not have sufficient capital to contribute our full entitlement of the capital required for any such proposed investment by such investment vehicles, the allocation agreement provided for a fair and equitable allocation of investment opportunities among all such vehicles and us, in each case, taking into account the suitability of each investment opportunity for the particular vehicle and us and each such vehicle s and our availability of capital for investment. This allocation agreement also applied to any existing Co-Investment Funds. As discussed above, the investment allocation agreement was terminated in connection with the consummation of the Combination.

Pursuant to the investment allocation agreement, with respect to public or private investment vehicles sponsored or managed by CCLLC or its affiliates that did not primarily acquire or originate assets substantially similar to our target assets, our Manager and CCLLC agreed, for so long as the management agreement was in effect, to a fair and equitable allocation of investment opportunities in assets that are substantially similar to our target assets among all such vehicles and us, in each case taking into account the suitability of each investment opportunity for the particular vehicle and us, each such vehicle s and our availability of capital for investment and the sourcing of such investment.

## Table of Contents

In addition, to avoid any actual or perceived conflicts of interest with CCLLC and its affiliates, other than in connection with co-investments in accordance with our investment allocation agreement, prior to an acquisition of any security structured or issued by an entity managed by CCLLC or its affiliates or the purchase or sale of any asset from or to an entity managed by CCLLC or its affiliates, such transaction was required to be approved by a majority of our independent directors.

We do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from engaging for their own account in business activities of the types conducted by us. As a result, certain of our executive officers and directors who were also employees of CCLLC prior to consummation of the Combination may also invest from time to time in certain of our investments in which we co-invest with funds managed by CCLLC. Our code of business conduct and ethics contains a conflicts of interest policy that prohibits our directors, officers and personnel, as well as employees of our Manager and its affiliates who provided services to us during the period when we were externally managed, from engaging in any transaction that involves an actual conflict of interest with us. Notwithstanding the prohibitions in our code of business conduct and ethics, after considering the relevant facts and circumstances of any actual conflict of interest, the Nominating and Corporate Governance Committee may, on a case-by-case basis and in their sole discretion, waive such conflict of interest.

Since January 1, 2014, we had entered into the following agreements or consummated transactions together with or alongside certain Co-Investment Funds:

Gatwick Office Complex. In January 2015, we, in a joint venture with Co-Investment Funds, acquired a multi-tenant office building in the United Kingdom in a short sale transaction for £20 million, or \$30 million. The acquisition also includes an adjacent 1.5 acre site with planning consent in-place for an additional 100,000 square foot office building. Our share of this investment is 50%, or \$15.0 million.

Multifamily Portfolio Preferred Equity II. In February 2015, we, in a joint venture with a Co-Investment Fund, agreed to fund up to \$80 million of preferred equity to recapitalize a primarily stabilized multifamily portfolio composed of 16 communities totaling approximately 4,800 units in Georgia, Texas and Louisiana. The preferred equity provides a 12.5% preferred return and 1% issuance fee. The preferred equity was structured with a full repayment guaranty to the sponsor and full excess cash flow sweep until an 8.25% debt yield is achieved. The joint venture funded \$44 million and expects to fund the remaining \$36 million within the second half of 2015. Our share of this investment is 50%, or \$22 million of initial funding.

### *Real Estate Debt Acquisitions*

UK CRE 2014. In July 2014, we, in a joint venture with a certain Co-Investment Fund, acquired an £80.3 million sub-performing loan from a German financial institution. The loan is secured by 13 commercial real estate assets which include office, industrial and retail properties throughout the United Kingdom. The loan bears interest at one-month LIBOR plus 0.85% and additional default interest of 1%. The purchase price for the loan was £56.0 million, representing approximately 70% of the UPB. Our share of the investment is 50%, or approximately \$48.1 million.

U.S. Loan Portfolio 2014-1. In March 2014, we invested in a joint venture with a Co-Investment Fund to acquire three performing mortgage loans owned by a European real estate bank, with an aggregate UPB of approximately \$138 million. The loans are collateralized by a luxury destination resort in California, an industrial portfolio in Tennessee, and a regional shopping center in North Carolina. The joint venture purchased the loans at a discount to par with non-recourse matched-term financing for 65% of the purchase price at LIBOR plus 2.85%. Our share of this investment is 79%.

Florida Mixed-Use NPL. In August 2014, we invested in a joint venture with a Co-Investment Fund to acquire a nonperforming loan with an aggregate unpaid principal balance of approximately \$171 million secured by a 19 parcel, 444 acre development site located in the tourist corridor of Orlando, Florida. The purchase price for the loan was \$63.5 million, representing approximately 37% of the UPB. Our share of the investment is 50%, or approximately \$31.8 million.



**Table of Contents**

Spanish REOC/Colonial Loan. In November 2009, we, in a joint venture with Co-Investment Funds, together with a 50% third-party investor (collectively, the Colonial Investors), acquired a 903 million share of a 4.3 billion syndicated loan to Inmobiliaria Colonial, S.A. (Colonial), a leading Spanish real estate company listed on the Madrid Stock Exchange, at a 63% discount to par. In February 2010, the loan was restructured into a 354 million first mortgage, 3.3 billion shares of Colonial and a 144 million loan (Devco Loan) (including 50 million warrants). In May 2014, pursuant to a restructuring and recapitalization of Colonial, the following transactions took place: (i) the Colonial Investors received full payoff of the first mortgage loan, resulting in a substantial gain compared to the allocated basis in the loan; (ii) as an existing shareholder and creditor, the Colonial Investors received subscription rights to acquire shares in the restructured company, which, together with a cash investment, the Colonial Investors exercised at the time of the restructuring to acquire 300 million shares of the newly restructured Colonial; (iii) the joint venture between us and the Co-Investment Funds acquired the third party investor's 50% share of the Devco Loan at a substantial discount, which, when combined with our existing interest in the loan, resulted in a cost basis of approximately 19% of the total UPB.

*Real Estate Debt Originations*

UK Retail Borrower Recapitalization. As a part of a borrower recapitalization transaction in March 2014, a joint venture between us and a Co-Investment Fund originated a £140 million (approximately \$233 million at origination) loan that was primarily collateralized by a first mortgage on a large U.K. shopping center. The loan proceeds were used to refinance an existing loan at a significant discount to par despite there having been no monetary default. In connection with the refinancing, the Company originated a new mezzanine loan with a UPB of £50 million (approximately \$78 million at December 31, 2014). In connection with the payoff of the original mortgage loan, the borrower paid a \$6.6 million exit fee. The refinancing also resulted in full recognition of the unamortized origination discount. As a result of the refinancing, we recognized a combined gain of approximately \$15.8 million, net of amounts attributable to noncontrolling interests. Our share of the joint venture with the Co-Investment Fund is 96%.

California Hotel Development Loan. In October 2014, we, in a joint venture with a Co-Investment Fund, originated a \$95 million senior loan facility to finance the construction of a 317-key boutique four-star hotel located in Southern California. The loan has a three year initial term with two one-year extension options, a 1.0% origination fee, and a 0.5% extension fee. The loan bears an interest rate of 1-month LIBOR plus 9.0% with a LIBOR floor of 0.5%. The joint venture expects to ultimately fund its commitment over the next 18 months and further expects to participate a senior interest in the loan. Our share of this investment is 50%, or \$47.5 million of the total commitment.

Hawaii Luxury Resort. In February 2014, a joint venture between us, a Co-Investment Fund and an unaffiliated investor acquired an REO property consisting of a five-diamond resort hotel on a 55-acre coastal site located in Hawaii. The hotel received an extensive \$180 million renovation in 2006 and 2007, is branded by a renowned luxury hotel operator and includes 73 unsold condos. The property was acquired from a former lender who had foreclosed following a loan default by the previous owners. The total initial capitalization of the investment is approximately \$160 million, including an initial funding of \$85 million via a third-party first mortgage at the closing of the acquisition. We and the Co-Investment Fund funded \$40 million of a \$45 million mezzanine loan and \$15 million, or 50%, of the equity, with the remainder of the equity owned by the unaffiliated investor. In connection with the property acquisition, the joint venture incurred transaction costs, our share of which was approximately \$0.7 million. The mezzanine loan has a term of five years and bears a fixed interest rate of 11% which may be paid-in-kind. Our share of the joint venture with the Co-Investment Fund that owns 100% of the mezzanine loan and 50% of the equity is 83%.

French Hospitality Loan. In July 2014, we invested in a joint venture with a Co-Investment Fund to originate a 53 million loan which is secured by an equity pledge in a portfolio of 12 upscale and

---

**Table of Contents**

luxury hotels located in Courchevel and Saint-Tropez, France (representing an approximate 20% loan-to-value on the entire security package) and including first mortgages on the two most valuable properties, which represent an approximate mortgage loan-to-value of 50%. The loan bears an interest rate of 9%, of which 3% is paid-in-kind, and a 2% origination fee. The initial term of the loan is three years and includes up to two years of extension periods. Our share of this investment is 50% or \$35 million.

Mediterranean Resort Loan. In August 2014, we invested in a joint venture with a Co-Investment Fund to originate a 40.4 million mezzanine loan secured by an equity pledge in a development company that owns a luxury resort in Greece. The loan bears an annual interest rate of 11%. The term of the loan is six years. We and the Co-Investment Funds will also participate in profits from hotel operations and private villa sales. A portion of the loan will be used to acquire and develop a land plot adjacent to the hotel, featuring 20 additional hotel pavilions and 13 additional private luxury villas, and to finalize the construction of the beach club. Our share of this investment, including capitalized origination costs, is 50% or \$27 million.

Irish Office Development Loan. In July 2014, we, in a joint venture with certain Co-Investment Funds, financed the acquisition of a fully entitled office development site in Dublin, Ireland from a company placed in receivership by a bank. The total initial capitalization of the investment is approximately 45 million, including a 35 million first mortgage loan funded by our joint venture and 10 million of subordinated capital funded by unaffiliated strategic partners. The proceeds from the initial capitalization will be used to finance the acquisition of the development site and various pre-development work. The first mortgage loan bears fixed interest at 17.5% per annum. We and the Co-Investment Funds will also participate in the residual development profit through a 30% equity interest in the entity owning the property, which survives loan payoff. Our share of this investment (as between us and the Co-Investment Funds) is 50%, or approximately \$23 million.

European Real Estate Co. Mezzanine Loan. In October 2014, we, in a joint venture with a Co-Investment Fund and a minority unaffiliated investor, originated a 52.5 million mezzanine loan to a distressed European real estate company that owns 82 properties in France and Spain consisting primarily of office buildings and hotels. Overall loan-to-value of this mezzanine stands at 72%. The loan is secured by a share pledge in the parent holding company that owns the real estate. The loan matures in 6 years and bears 15% interest, of which 7% is paid current and 8% is paid-in-kind for the first 2 years, and fully paid current thereafter. We and the Co-Investment Fund own 67% of the investment made by the joint venture and the Company's 50% share as between the Company and the Co-Investment Fund is approximately 18 million or \$22 million.

Illinois Hotel Development Loan. In November 2014, we, in a joint venture with a Co-Investment Fund, originated a \$38 million mezzanine loan secured indirectly by a vacant office building located within the North Michigan Avenue submarket of Chicago. The proceeds were used to finance the acquisition and redevelopment of the property into an approximately \$133 million, 285-key, luxury branded hotel. The mezzanine loan was fully funded at closing. An institutional construction lender committed to provide a first mortgage construction loan at closing. The mezzanine loan has a three-year initial term with two one-year extension options, 1.0% origination fee, 2.5% exit fee, an interest rate of LIBOR plus 13.9% (of which 4.3% is paid-in-kind) and LIBOR floor of 0.7%. The investment also includes a separate 17.5% profit participation. Our share of this investment is 50%, or \$19 million.

Texas Hotel Development Loan. In October 2014, we committed to invest in a joint venture with a Co-Investment Fund to originate a \$305 million senior loan construction facility and separate preferred equity interest. The proceeds will be used to finance the development of a \$370 million, 1,066-key, branded, four-star, full-service hotel located in Austin, Texas. The facility has a five-year initial term with two one-year extension options, a 1% origination fee, an interest rate of 7.5% and a profit participation of 40% through the preferred equity interest. The joint venture expects to participate a senior interest in the loan and to fund its commitment over the next three years. Our share of this investment is 50%.

**Table of Contents**

French Tender Financing. In June 2014, we, in a joint venture with a Co-Investment Fund, funded 128 million, or approximately \$175 million, to finance a tender offer of all outstanding shares of a publicly listed REIT in France by its largest shareholder. The tender offer was withdrawn due to a superior rival bid, and the loan, including approximately \$3 million of interests and fees, was repaid in full in July 2014. In October 2014, the joint venture received approximately \$0.7 million in profit participation when the tender closed. Our share of the joint venture with the Co-Investment Fund was 78.5%.

Western States Land Financing. In September 2014, we, in a joint venture with a Co-Investment Fund, committed \$26.6 million through a senior secured loan facility with a five-year term, a 0.5% origination fee and an interest rate of 10% paid current. The initial proceeds funded were used by the borrower to acquire over 360 lots across three attractive growth communities, two in Arizona and one in Colorado. We and the Co-Investment Fund will also participate in certain investment level profits through a 50% equity interest in the entity owning the properties, which survives loan payoff. Our share of this investment (as between us and the Co-Investment Fund) is 50%, or approximately \$5.4 million funded.

Orange County Construction Financing. In September 2014, we, in a joint venture with a Co-Investment Fund, committed \$21 million toward a mezzanine construction loan with a three-year initial term with two one-year extension options, three-year prepayment lockout, 0.75% origination fee, 0.25% extension fees, and an interest rate of 13% (of which 5% is paid-in-kind). Approximately \$14.2 million of the mezzanine loan has been funded by the joint venture. The 264 unit Class-A multifamily development project is situated in an infill location in Orange County, California. Our share of the joint venture with the Co-Investment Fund was 50%.

*Real Estate Equity Other*

UK REO Portfolio. In September 2014, we and a Co-Investment Fund acquired a portfolio of 25 commercial real estate assets from a British bank for £93.7 million, or approximately \$153.7 million. The portfolio is composed of office, industrial, retail and hospitality properties throughout the United Kingdom. Our share of this investment (as between us and the Co-Investment Funds) is 50%, or approximately \$76.8 million.

Italian REO Portfolio. In December 2014, we, in a joint venture with a Co-Investment Fund, acquired a real estate portfolio from an Italian financial institution in a privately negotiated transaction for 175 million. Approximately 79 million of the purchase price was deferred and is payable to the seller over a four-year term. The portfolio consists of 113 properties located mainly in Northern Italy, and includes commercial properties leased to banking institutions on a long-term basis, vacant properties to be sold as-is, and one property planned for redevelopment into residential use. At closing, we and the Co-Investment Fund invested 96 million, or \$120 million, net of deferred payment, of which our share is 50%, or \$60 million. Subsequently, we and the initial Co-Investment Fund coinvested 44% of the total investment to another Co-Investment Fund during the first quarter of 2015. In connection therewith, we own 50% of the general partner and manager of such additional Co-Investment Fund, and following the sale, are entitled to (a) half of the (i) 0.50% annual investment management fee on net funded capital contributions of the limited partners in the Co-Investment Fund and (ii) 0.25% one-time real estate asset management fee on initial and additional capital contributions from such limited partners in connection with such Co-Investment Fund's investment in the portfolio, and (b) half of the carried interest distributions paid in accordance with the partnership agreement of the Co-Investment Fund (net of carried interest that we expect will be allocated to members of our management team, investment professionals and other individuals, which, consistent with market terms, we expect to be 40% of the carried interest earned).

Spanish Industrial Portfolio. In December 2014, we, in a joint venture with Co-Investment Funds, together with a 10% unaffiliated third-party investor, acquired a 49 million industrial portfolio in Spain and Portugal in a sale-leaseback transaction. The portfolio of fourteen warehouse facilities in Spain and two in Portugal are fully occupied by a Spanish manufacturer with lease terms ranging from 12 to 15 years. The third-party investor, a Spanish real estate company, will manage the properties. The joint venture between us and Co-Investment Funds holds a 90% interest in this investment, of which our share is 50%, or \$27 million.

## **Table of Contents**

### **OTHER MATTERS**

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and the NYSE. Executive officers, directors and greater than 10% stockholders are required by the SEC to furnish us with copies of all Forms 3, 4 and 5 that they file.

Based on our review of the copies of such forms, and/or on written representations from the reporting persons that they were not required to file a Form 5 for the fiscal year, we believe that our executive officers, directors and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them with respect to transactions during 2014, except as described hereafter. The Form 4 filed by us on behalf of each of Messrs. Somers, Parker and Steffens, respectively, on March 20, 2014, was not timely filed with respect to the grant of restricted shares of our common stock to each on February 21, 2014, pursuant to the Director Stock Plan and in accordance with our non-executive compensation policy for 2014.

#### **Other Matters to Come Before the 2015 Annual Meeting**

No other matters are to be presented for action at the annual meeting other than as set forth in this proxy statement. If other matters properly come before the meeting, however, the persons named in the accompanying proxy will vote all proxies solicited by this proxy statement as recommended by our Board of Directors, or, if no such recommendation is given, in their own discretion.

#### **Stockholders Proposals and Nominations for the 2016 Annual Meeting**

Any stockholder proposal pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act, to be considered for inclusion in our proxy materials for the next annual meeting of stockholders must be received at our principal executive offices no later than December 8, 2015.

In addition, any stockholder who wishes to propose a nominee to the Board of Directors or propose any other business to be considered by the stockholders (other than a stockholder proposal included in our proxy materials pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act) must comply with the advance notice provisions and other requirements of Article II, Section 12 of our bylaws, which are on file with the SEC and may be obtained from us upon request. These notice provisions require that nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders for the 2016 annual meeting must be received no earlier than November 8, 2015 and no later than December 8, 2015.

#### **Householding of Proxy Materials**

If you and other residents at your mailing address own common stock in street name, your broker or bank may have sent you a notice that your household will receive only one annual report and proxy statement for each company in which you hold shares through that broker or bank. This practice of sending only one copy of proxy materials is known as householding. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our annual report and proxy to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm and your account number to Broadridge Financial Solutions Inc., 51 Mercedes Way, Edgewood, NY 11717. In any event, if you did not receive an individual copy of this proxy statement or our annual report, we will send a copy to you if you address your written request to Colony Capital, Inc., 2450 Broadway, 6<sup>th</sup> Floor, Santa Monica, CA 90404, Attention: Investor Relations, or telephone call to +1 (310) 282-8820. If you are receiving multiple copies of our annual report and proxy statement, you can request householding by contacting us in the same manner.

**Table of Contents**

**Additional Copies of Materials**

Additional copies of this proxy statement, our annual report to stockholders or our annual report on Form 10-K for the year ended December 31, 2014 will be furnished without charge upon written request to: Colony Capital, Inc., 2450 Broadway, 6<sup>th</sup> Floor, Santa Monica, CA 90404. If requested by eligible stockholders, we will provide copies of exhibits to our annual report on Form 10-K for the year ended December 31, 2014 for a reasonable fee.

**Table of Contents**

**Table of Contents**