

**Report of Organizational Actions
Affecting Basis of Securities**

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Harbor Bay Net Lease I REIT		38-7168008	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Adam M. Cohen	212-930-9404	ACOHEN@ISTAR.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1114 Avenue of the Americas, 39th Floor		New York, NY 10036	
8 Date of action	9 Classification and description		
11/17/2016	Nontaxable Distribution to Shareholders		
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
N/A	N/A	N/A	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► The taxpayer made a cash distribution in excess of its current and accumulated earnings and profits. See Part II, Line 15 for the date and amount of this distribution per share.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► The distribution reduced the basis of the securities in the hands of the U.S. taxpayer as mentioned on the attached statement.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► The taxpayer's earnings and profits were calculated under IRC §312, as modified by IRC §857(d) for a Real Estate Investment Trust, and the regulations thereunder. Amounts in excess of earnings and profits reduce the shareholder's tax basis in its shares to the extent of basis.

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC §301(c)(2)

18 Can any resulting loss be recognized? ► No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► This action is effective on the date of distribution as mentioned on the attached statement.

Sign
Here

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

Signature ►

Adam M. Cohen SVP

Date ►

01-31-2017

Print your name ► Adam M. Cohen

Title ► SVP, Tax

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

FORM 8937
Harbor Bay Net Lease I REIT
Attachment

PART II, LINE 15:

PER SHARE REDUCTION OF BASIS

Class A Common Shares:

DISTRIBUTION DATE	AMOUNTS
11/17/2016	2.4915454