

**NORTHSTAR REALTY FINANCE CORP.  
TAX REPORTING TREATMENT OF 2007 DISTRIBUTIONS**

January 31, 2008

The following table details year-end federal income tax reporting information for distributions made by NorthStar Realty Finance Corp. in 2007, on a per share basis:

<u>Class of Stock</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount Distributed</u>	<u>Ordinary Income (Taxable)<sup>1</sup></u>	<u>Return of Capital</u>
Common	2/5/2007	2/15/2007	\$ 0.35000	\$ 0.23627	\$ 0.11373
Common	5/7/2007	5/15/2007	\$ 0.36000	\$ 0.24302	\$ 0.11698
Common	8/7/2007	8/15/2007	\$ 0.36000	\$ 0.24302	\$ 0.11698
Common	11/7/2007	11/15/2007	\$ 0.36000	\$ 0.24302	\$ 0.11698
Total			<u>\$ 1.43000</u>	<u>\$ 0.96533</u>	<u>\$ 0.46467</u>
Preferred Series A	2/5/2007	2/15/2007	\$ 0.54688	\$ 0.54688	\$ —
Preferred Series A	5/7/2007	5/15/2007	\$ 0.54688	\$ 0.54688	\$ —
Preferred Series A	8/7/2007	8/15/2007	\$ 0.54688	\$ 0.54688	\$ —
Preferred Series A	11/7/2007	11/15/2007	\$ 0.54688	\$ 0.54688	\$ —
Total			<u>\$ 2.18752</u>	<u>\$ 2.18752</u>	<u>\$ —</u>
					\$ —
Preferred Series B	5/7/2007	5/15/2007	\$ 0.55573	\$ 0.55573	\$ —
Preferred Series B	8/7/2007	8/15/2007	\$ 0.51563	\$ 0.51563	\$ —
Preferred Series B	11/7/2007	11/15/2007	\$ 0.51563	\$ 0.51563	\$ —
Total			<u>\$ 1.58699</u>	<u>\$ 1.58699</u>	<u>\$ —</u>

(1) For tax reporting purposes, none of NorthStar Realty Finance Corp.'s ordinary income dividends per share are treated as qualified dividend income.

The tax information above should not be construed as tax advice and is not a substitute for careful tax planning and analysis. Stockholders are encouraged to consult with their own tax advisors regarding the specific federal, state, local, foreign and other tax consequences of ownership of NorthStar Realty Finance Corp. stock and the specific tax treatment of distributions on NorthStar Realty Finance Corp. stock.

NorthStar Realty Finance Corp. is an internally managed real estate investment trust (REIT) that originates and invests in commercial real estate debt, real estate securities and net lease properties. For more information about NorthStar Realty Finance Corp., please visit <http://www.nrfc.com> or call Julie Tu, Investor Relations.

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