

## **NORTHSTAR REALTY FINANCE ANNOUNCES SALE OF \$100 MILLION INTEREST IN WAKEFIELD**

NEW YORK, NY, July 10, 2008 — NorthStar Realty Finance Corp. (“NorthStar”) (NYSE: NRF) today announced that it has sold \$100 million of convertible preferred equity interests in its majority-owned healthcare real estate venture, Wakefield Capital, LLC (“Wakefield”), to Inland American Real Estate Trust, Inc. (“Inland”). NorthStar will receive approximately \$88 million of the net proceeds from the preferred issuance.

Prior to conversion, the convertible preferred investment will yield a dividend of 10.5%. The convertible preferred equity may be converted or redeemed, at Inland’s option, upon the sale or recapitalization of the Wakefield venture. Wakefield may, at its option, redeem the convertible preferred interests at any time following the first anniversary of the closing, subject to payment of a call premium that declines over time. In addition, at any time after the second anniversary of the closing, Inland may convert its preferred equity interests into common equity in Wakefield. Based on the current investment amount and capital accounts of the Wakefield members, the convertible preferred equity interests represent, upon conversion, approximately a 42% common equity ownership interest in Wakefield. Inland will have the option of contributing additional preferred equity and participating in new Wakefield investment opportunities in proportion to its percentage ownership interest, assuming it were to convert its interests to common equity.

David T. Hamamoto, Chairman and Chief Executive Officer of NorthStar, commented, “We are pleased to continue our healthcare real estate investment strategy in partnership with Chain Bridge and with new sponsorship from the Inland Group. This recapitalization provides us with the significant liquidity that we were seeking to achieve in a sale of Wakefield, as well as the opportunity to continue to participate along with our partners in the value creation opportunity that we see in the healthcare real estate sector.” Mr. Hamamoto continued, “The capital raised in this transaction, together with the \$80 million of convertible notes that we issued in May, further enhances our liquidity and positions NorthStar to take advantage of some of the best market opportunities that we have seen in years.”

### **Safe Harbor Statement**

Certain items in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; NorthStar can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from NorthStar’s expectations include, but are not limited to changes in economic conditions generally and the real estate and bond markets specifically, legislative or regulatory changes (including changes to laws governing the taxation of REITs), availability of capital, interest rates and interest rate spreads, policies and rules applicable to REITs, the continued service of key management personnel, the effect of competition in the real estate finance industry, the costs associated with compliance and corporate governance, including the Sarbanes-Oxley Act of 2002 and related regulations and requirements, and other risks detailed from time to time in NorthStar’s SEC reports. Factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007. Such forward-looking statements speak only as of the date of this press release. NorthStar expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

### **About NorthStar Realty Finance Corp.**

NorthStar Realty Finance Corp. is an internally managed REIT that primarily 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 [www.nrfc.com](http://www.nrfc.com).



**About Inland American Real Estate Trust, Inc.**

Inland American Real Estate Trust, Inc. is a real estate investment trust, focused on the ownership and management of a diversified portfolio, including retail, office, multi-family and industrial properties within the United States and Canada, either directly, or by acquiring REITs or other “real estate operating companies”. Inland American Real Estate Trust, Inc. is sponsored by affiliates of The Inland Real Estate Group of Companies, Inc. For more information about Inland American Real Estate Trust, Inc., please visit [www.inland-american.com](http://www.inland-american.com).

**About Wakefield Capital, LLC**

Wakefield Capital, LLC is a real estate investment firm that specializes in senior housing and healthcare-related real estate throughout the United States. Its senior management has extensive experience in the senior living industry, in structuring complex investment transactions, in managing high-growth businesses and in creating value for investors.

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