



NorthStar Realty Finance

NORTHSTAR ENTERS INTO JOINT VENTURE TO INVEST IN SENIOR LIVING AND HEALTHCARE-RELATED NET LEASE PROPERTIES

NEW YORK, NY, May 9, 2006 -- NorthStar Realty Finance Corp. (NYSE: NRF) announced today that it has entered into a definitive agreement with Chain Bridge Capital LLC to form Wakefield Capital, LLC, a joint venture among NorthStar and Chain Bridge, that will acquire, finance and/or otherwise invest in senior housing and healthcare-related properties. In connection with the formation of the venture, Wakefield will acquire substantially all of Chain Bridge's assets. The initial portfolio to be acquired from Chain Bridge is valued at approximately \$64 million and will consist of thirteen net leased properties, primarily comprised of assisted living facilities, and several loans receivable, most of which are secured by first mortgages on senior housing assets. Chain Bridge, based in Chevy Chase, Maryland, is a company founded by its chairman and chief executive officer, Edward P. Nordberg, Jr. Mr. Nordberg is the former CEO of Medical Office Properties, Inc., which sold its medical office building portfolio to CNL Retirement Properties, Inc. in 2004, and a co-founder and the former CFO of HealthCare Financial Partners, Inc., which was a publicly-traded company under the ticker "HCF" until sold in 1999 to Heller Financial. Mr. Nordberg will continue to oversee the asset management of the properties acquired by Wakefield Capital, LLC.

The new venture will take advantage of the attractive yields and favorable demographics in the senior housing sector of the net lease market. Wakefield expects to invest significant capital, funded by NorthStar, in building a nationwide portfolio of assisted living, skilled nursing and other senior living and healthcare-related assets which will be managed and net leased to experienced, independent operators of such facilities. Wakefield will be majority owned and controlled by NorthStar and will be managed by a company owned by the principals of Chain Bridge, which has entered into an exclusivity arrangement with Wakefield.

David Hamamoto, president and chief executive officer of NorthStar, commented, "We hope to put significant equity to work in this sector of the commercial net lease market which is underserved and significantly less competitive as a result of the specialized expertise and experience necessary to successfully invest in this asset class. We have tremendous respect for Ed Nordberg and his team who have demonstrated their ability to historically deliver outsized returns in the senior housing/healthcare sector. Through this venture, we can provide a steady and reliable single source of capital to fuel the growth of Wakefield, whose principals, in turn, can expand our business by providing a distinct pipeline and expertise to originate assets that generate attractive risk-adjusted returns."

Edward Nordberg, chairman and chief executive officer of Chain Bridge, added, "We are excited to work with David Hamamoto and NorthStar's senior management to fund our healthcare real estate acquisition program. We expect that NorthStar's real estate investment and capital markets expertise will position us to develop a leading healthcare real estate investment platform, with a particular focus on senior housing."

About NorthStar Realty Finance Corp.

NorthStar Realty Finance Corp. is an internally managed REIT that originates and invests in commercial real estate debt, real estate securities and net lease properties.

About Chain Bridge Capital LLC

Chain Bridge Capital LLC is a private real estate and finance company that is focused primarily on the acquisition, development and financing of healthcare-related real estate assets, with an emphasis on senior housing properties such as independent and assisted living, skilled nursing and continuing care retirement communities.



NorthStar Realty Finance

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 Realty can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from NorthStar Realty'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 and related regulations and requirements, and other risks detailed from time to time in NorthStar Realty'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, 2005. Such forward-looking statements speak only as of the date of this press release. NorthStar Realty 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.

Contact:

Investor Relations

(800) 684-8879