



NorthStar
REALTY FINANCE

Supplemental Information Fourth Quarter 2016

February 28, 2017





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The endnotes herein contain important information that is material to an understanding of this presentation and you should read this presentation only with and in context of the endnotes.



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CLNS Merger Update



- ❑ Completed largest real estate merger announced in 2016 to create Colony NorthStar, Inc. (“CLNS”), a global, diversified equity REIT with \$56 billion of assets under management
- ❑ Merger integration substantially complete with greater than 75% of the originally identified \$115 million of annualized synergies and greater than 65% of the estimated \$80 million of annualized cash synergies achieved to date with the balance expected to be achieved by year end on a run rate basis
- ❑ CLNS declared a quarterly cash dividend of \$0.27 per CLNS common share of Class A and Class B common stock for the first quarter of 2017, which will be prorated to \$0.24 per share for the period from January 11, 2017 to March 31, 2017
 - In January 2017, former Colony and NRF stockholders received stub dividends for the period from January 1, 2017 through January 10, 2017 and former NSAM stockholders received a one-time special dividend of \$1.16 per NSAM common share
- ❑ Significant liquidity of approximately \$1.2 billion, including \$615 million expected from the sale of the manufactured housing communities portfolio, and more than \$1 billion of additional liquidity expected throughout 2017 from future monetizations of existing non-core investments available for deployment in core verticals and other real estate investments, stock repurchases and/or debt paydowns
- ❑ Repaid \$921 million of term loans at NSAM and NRF
- ❑ CLNS increased revolving credit facility to \$1.0 billion from \$850 million
- ❑ CLNS Board of Directors authorized \$300 million common stock repurchase program
- ❑ CLNS added to the MSCI U.S. REIT Index (RMZ) as a top quartile constituent by equity market capitalization



NRF Fourth Quarter Highlights



- ❑ Because the merger closed after December 31, 2016, results in this presentation reflect the pre-merger, stand-alone results for NRF
- ❑ U.S. GAAP net income of \$0.34 per basic share
- ❑ Cash available for distribution (“CAD”) of \$0.26 per share
- ❑ Completed or under contract asset monetizations include the following:
 - Completed a \$783 million sale of a portfolio of medical office buildings, at an approximate 5.6% cap rate, resulting in net proceeds of \$81 million;
 - Completed a sale of an 18.7% preferred joint venture interest in the Company’s healthcare portfolio resulting in net proceeds of \$340 million, representing an implied 6.1% cap rate; and
 - Under contract for the sale of entire manufactured housing communities portfolio for \$2.0 billion, which is expected to generate net proceeds of \$615 million



Financial Statements

Balance Sheet



	As of December 31, 2016
<i>(\$ in millions, except per share data)</i>	
<i>(Unaudited)</i>	
ASSETS	
Cash and cash equivalents	\$ 1,105
Restricted cash	166
Operating real estate, net	7,397
Real estate debt investments, net	297
Real estate debt investments, held for sale	34
Investments in private equity funds, at fair value	417
Investments in unconsolidated ventures	168
Real estate securities, available for sale	445
Receivables, net	53
Receivables, related parties	1
Intangible assets, net	333
Assets of properties held for sale	1,668
Other assets	133
Total Assets	<u>\$ 12,217</u>
LIABILITIES	
Mortgage and other notes payable	\$ 6,290
Credit facilities and term borrowings	422
CDO bonds payable, at fair value	257
Exchangeable senior notes	27
Junior subordinated notes, at fair value	195
Accounts payable and accrued expenses	106
Due to related party	1
Derivative liabilities, at fair value	123
Intangible liabilities, net	111
Liabilities of properties held for sale	1,291
Other liabilities	60
Total Liabilities	<u>8,883</u>
EQUITY	
NorthStar Realty Finance Corp. Stockholders' Equity	
Preferred stock	939
Common stock	2
Additional paid-in capital	5,120
Retained earnings (accumulated deficit)	(2,902)
Accumulated other comprehensive income (loss)	(77)
Total NorthStar Realty Finance Corp. Stockholders' Equity	<u>3,082</u>
Non-controlling interests	<u>252</u>
Total Equity	<u>3,334</u>
Total Liabilities and Equity	<u>\$ 12,217</u>



Financial Statements

Income Statement



<i>(\$ in millions, except per share)</i>	Three Months Ended	
<i>(Unaudited)</i>	December 31, 2016	
Property and other revenues		
Rental and escalation income	\$	151
Hotel related income		190
Resident fee income		74
Other revenue		5
Total property and other revenues		<u>420</u>
Net interest income		
Interest income		29
Interest expense on debt and securities		1
Net interest income on debt and securities		<u>28</u>
Expenses		
Management fee, related party		47
Interest expense - mortgage and corporate borrowings		111
Real estate properties – operating expenses		226
Other expenses		4
Transaction costs		6
Impairment losses		4
Provision for (reversal of) loan losses, net		3
<u>General and administrative expenses</u>		
Compensation expense		9 *
Other general and administrative expenses		6
Total general and administrative expenses		<u>15</u>
Depreciation and amortization		78
Total expenses		<u>494</u>
Other income (loss)		
Unrealized gain (loss) on investments and other		86
Realized gain (loss) on investments and other		22
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)		<u>62</u>
Equity in earnings (losses) of unconsolidated ventures		23
Income tax benefit (expense)		<u>(2)</u>
Income (loss) from continuing operations		<u>83</u>
Net income (loss)		83
Net (income) loss attributable to non-controlling interests		(0)
Preferred stock dividends		(21)
Net income (loss) attributable to NorthStar Realty Finance Corp. common stockholders	\$	<u>62</u>
Earnings (loss) per share:		
Income (loss) per share from continuing operations	\$	0.34
Basic	\$	0.34
Diluted	\$	0.34
Weighted average number of shares (in millions):		
Basic		180
Diluted		182

- Compensation expense includes \$6.4 million of equity-based compensation expense.



Financial Statements

CAD Reconciliation⁽¹⁾



<i>(\$ in millions, except per share data)</i> <i>(unaudited)</i>	Three Months Ended December 31, 2016	
Net income (loss) attributable to common stockholders	\$	62
Non-controlling interests		0
Adjustments:		
Depreciation and amortization items		93
N-Star CDO bond discounts		4
Net interest income in consolidated N-Star CDOs		(8)
Unrealized (gain) loss from fair value adjustments /		
Provision for (reversal of) loan losses, net		(84)
Realized (gain) loss on investments		(23)
Distributions / adjustments to joint venture partners		(8)
Transaction costs and other		12
CAD	\$	48
CAD per share	\$	0.26
Weighted average shares (in millions)		183.2



Capitalization⁽²⁾



As of February 24, 2017
(\$ in millions)

Debt	December 31, 2016 Amount	Pro Forma Amount	
Mortgage Notes	\$ 7,575	\$ 6,301	*
Unconsolidated Real Estate JV Mortgage Notes	49	37	*
Loan Facilities (non-recourse amount)	52	52	
<i>Non-Recourse Debt Subtotal</i>	<u>7,676</u>	<u>6,390</u>	
Exchangeable Senior Notes	29	29	
Corporate Term Facility	425	-	*
Trust Preferred Securities	195	195	
<i>Recourse Debt Subtotal</i>	<u>649</u>	<u>224</u>	
Total Debt	<u>8,325</u>	<u>6,614</u>	

Equity	Market Value	Pro Forma Amount	
Common Equity (NYSE: NRF) including LTIP units and RSUs not subject to performance hurdles	2,957	2,957	**
Class A Preferred Stock	63	63	
Class B Preferred Stock	351	351	
Class C Preferred Stock	127	127	
Class D Preferred Stock	205	205	
Class E Preferred Stock	260	260	
<i>Preferred Stock</i>	<u>1,006</u>	<u>1,006</u>	**
Joint Venture Minority Interests	252	252	
Total Equity	<u>4,215</u>	<u>4,215</u>	
Total Capitalization	<u>\$ 12,540</u>	<u>\$ 10,829</u>	

* Pro forma for mortgage notes of assets sold subsequent to the fourth quarter 2016 and the payoff of the corporate term facility in January 2017.

** Common equity reflects data as of market close on January 10, 2017 (date prior to merger closing) and preferred stock reflects data as of February 24, 2017.



Real Estate Financing Overview⁽³⁾



(\$ in millions)

Real Estate Financing by Type

Type	December 31, 2016				February 24, 2017			
	Principal Amount	% of Total	WA Current Interest Rate	WA Maturity (in years)	Pro Forma for Asset Monetization Initiatives	% of Total	Pro Forma WA Current Interest Rate	Pro Forma WA Maturity (in years)
Healthcare	\$ 3,367	44%	4.7%	4.2	\$ 3,356	53%	4.7%	4.2
Hotel	2,628	34%	4.2%	3.3	2,628	41%	4.2%	3.3
Manufactured Housing	1,263	17%	4.3%	6.7	-	-	-	-
Net Lease	179	2%	5.0%	4.5	167	3%	5.0%	4.8
Multifamily	72	1%	3.9%	6.6	72	1%	3.9%	6.6
Multi-Tenant Office	115	2%	2.9%	3.5	115	2%	2.9%	3.5
Non-Recourse Real Estate Financing Total	\$ 7,624	100%	4.4%	4.3	\$ 6,338	100%	4.5%	3.9

Real Estate Financing Scheduled Principal Repayments and Maturities

Year of Maturity	December 31, 2016			February 24, 2017		
	Principal Amount	% of Total	WA Current Interest Rate	Pro Forma for Asset Monetization Initiatives	% of Total	Pro Forma WA Current Interest Rate
2017	\$ 110	1%	5.4%	\$ 95	1%	5.7%
2018	300	4%	5.0%	281	4%	5.0%
2019	4,720	62%	4.3%	4,688	74%	4.3%
2020	380	5%	4.5%	358	6%	4.5%
2021 and thereafter	2,114	28%	4.5%	916	14%	4.8%
Non-Recourse Real Estate Financing Total	\$ 7,624	100%	4.4%	\$ 6,338	100%	4.5%



Real Estate Portfolio



Real Estate Fourth Quarter and Full Year 2016 NOI / EBITDA Summary ⁽⁴⁾



(\$ in millions)

Real Estate 2016 Summary*

Type	# of Properties/ Hotels/Communities	NOI/EBITDA *	
		Q4 2016	FY 2016
Healthcare			
Senior Housing - Operating	109	\$ 18	\$ 76
<i>Triple-Net Lease</i>			
Senior Housing	82	14	58
Skilled Nursing Facilities	107	28	114
Hospitals	14	5	20
Subtotal Triple-Net Lease	203	47	192
MOB's	114	15	58
Healthcare Total	426	80	326
Hotel Total	167	58	284
Net Lease Total	21	6	22
Multifamily Total	2	2	7
Multi-tenant Office Total	13	3	12
Real Estate NOI/EBITDA Grand Total	629	\$ 149	\$ 651

- Pro forma for asset monetization initiatives (including in contract) from January 1, 2016 through February 24, 2017; please refer to endnote #4 in the Appendix for additional information.



Real Estate Healthcare⁽⁵⁾



(\$ in millions)

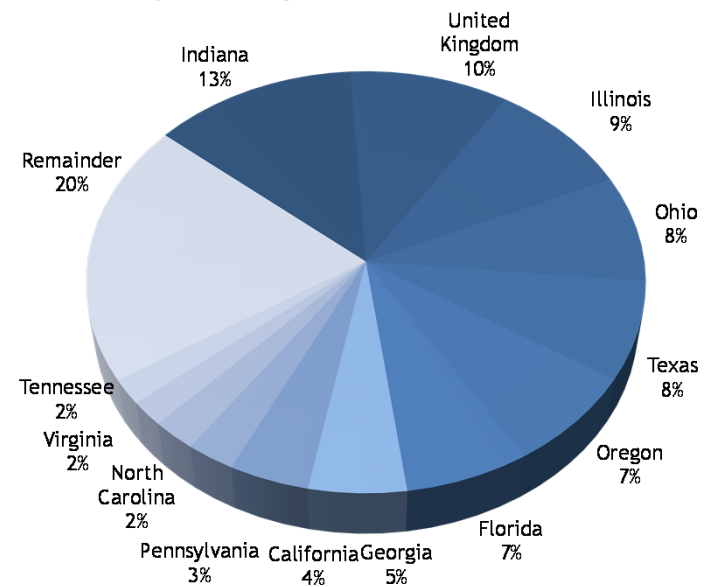
Healthcare Real Estate Summary by Type

Type	# of Properties	Capacity	Q4 2016 Occupancy	9/30/16 TTM Lease (EBITDAR) Coverage	Avg. Remaining Lease Term as of 12/31/16	Q4 2016	
						NOI	NOI Margin
Senior Housing - Operating	109	6,300 Units	88%	n/a	n/a	\$ 18	27%
<i>Triple-Net Lease</i>							
Senior Housing	82	4,305 Units	87%	1.6x	11.6	14	n/a
Skilled Nursing Facilities	107	12,554 Beds	84%	1.4x	7.7	28	n/a
Hospitals	14	817 Beds	63%	3.3x	12.0	5	n/a
Subtotal Triple-Net Lease	203	17,676 Bed/Units	84%	1.7x	9.6	47	
MOB's	114	4,024 Sq. Ft.(in '000s)	86%	n/a	4.9	26	n/a
Total	426			1.7x	7.9	\$ 92	27%

Healthcare Real Estate by Geography

Location	# of Properties	# of Beds	MOB Sq. Ft. (in '000s)
Florida	28	3,089	172
Illinois	39	3,060	319
United Kingdom	43	2,127	0
Indiana	55	2,070	936
Pennsylvania	11	1,911	0
Oregon	31	1,875	0
California	18	1,221	75
Ohio	35	1,108	272
Texas	32	1,053	554
Georgia	22	923	300
North Carolina	10	808	0
Virginia	8	723	0
Tennessee	8	631	62
Remainder	86	3,377	1,334
Total	426	23,976	4,024

Property Geographic Distribution





Real Estate Healthcare - Same Property Results⁽⁵⁾



(\$ in millions)

Same Property Operating Metrics Year over Year Comparison

Property Type	# of Properties	Occupancy		TTM Lease (EBITDAR) Coverage	
		4Q 2016	4Q 2015	9/30/2016	9/30/2015
Senior Housing - Operating	109	88%	90%	n/a	n/a
<i>Triple-Net Lease</i>					
Senior Housing	82	87%	88%	1.6x	1.5x
Skilled Nursing Facilities	107	84%	85%	1.4x	1.4x
Hospitals	14	63%	67%	3.3x	3.0x
Subtotal Triple-Net Lease	203	84%	85%	1.7x	1.6x
MOB's	114	86%	88%	n/a	n/a
Total	426			1.7x	1.6x

Same Property NOI Year over Year Comparison

Property Type	4Q 2016	4Q 2015	% Change
Senior Housing - Operating	\$ 18.3	\$ 17.0	7.7%
<i>Triple-Net Lease</i>			
Senior Housing	14.0	15.0	-6.5% *
Skilled Nursing Facilities	28.2	27.5	2.6%
Hospitals	5.1	5.0	3.3%
Subtotal Triple-Net Lease	47.3	47.4	-0.2%
MOB's	14.8	15.0	-1.8%
Total	\$ 80.4	\$ 79.5	1.2% *

- Applying the average currency exchange rates from the fourth quarter 2015, same store 2016 Senior Housing - Triple Net Lease NOI would have been \$15.1 million and same store 2016 total healthcare real estate NOI would have been \$81.5 million for the fourth quarter 2016.



Real Estate Healthcare⁽⁵⁾



(\$ in millions)

Revenue Mix

Property Type	9/30/16 TTM		
	Private Pay	Medicare	Medicaid
Senior Housing - Operating	85%	4%	11%
<i>Triple-Net Lease</i>			
Senior Housing	64%	0%	36%
Skilled Nursing Facilities	22%	20%	58%
Hospitals	13%	37%	50%
Subtotal Triple-Net Lease	33%	16%	51%
MOB's	100%	0%	0%
Total	62%	9%	29%

Top 10 Operators/Tenants by NOI

Operator / Tenant	Property Type	Primary Segment	# of Properties	Capacity	Q4 2016 Occupancy	9/30/16 TTM Lease (EBITDAR) Coverage	Avg. Remaining Lease Term as of 12/31/16	Q4 2016	
								NOI	% of Total NOI
Senior Lifestyle	Sr. Housing	RIDEA	82	4,920	88%	n/a	n/a	\$ 14	16%
Caring Homes (UK)	Sr. Housing	NNN	43	2,127	90%	1.8x	14.3	7	8%
Mid-Atlantic Healthcare	SNF	NNN	11	1,911	90%	1.5x	12.3	5	5%
Wellington Healthcare	SNF	NNN	11	1,364	90%	1.1x	10.1	4	5%
Frontier	Sr. Housing	RIDEA/NNN	20	1,347	86%	n/a	n/a	4	4%
Miller	SNF	NNN	28	2,070	73%	2.1x	0.5	4	4%
Symphony / NuCare	SNF	NNN	9	1,540	77%	1.1x	5.0	3	4%
Consulate	SNF	NNN	10	1,107	94%	1.4x	11.0	3	3%
Opis	SNF	NNN	11	1,515	90%	1.3x	7.0	3	3%
Grace	SNF	NNN	9	1,228	85%	1.0x	4.0	3	3%
Top 10 Operators/Tenants by NOI Total			234	19,129		1.5x	8.6	\$ 50	54%



Real Estate Healthcare Triple-Net Lease Portfolio Coverage⁽⁵⁾



Triple-Net Lease Coverage

9/30/16 TTM Lease Coverage	% of Total Portfolio Annualized 4Q 2016 NOI				Avg. Remaining Lease Term as of 12/31/16 (Years)
	# of Leases	Senior Housing	Skilled Nursing Facilities & Hospitals	% Total NOI	
Less than 0.99x	1	2%	-	2%	6 yrs
1.00x - 1.09x	4	2%	8%	10%	6 yrs
1.10x - 1.19x	2	-	6%	6%	10 yrs
1.20x - 1.29x	2	2%	3%	5%	9 yrs
1.30x - 1.39x	-	-	-	-	--
1.40x - 1.49x	3	-	9%	9%	12 yrs
1.50x and greater	6	9%	10%	19%	7 yrs
Total	18	15%	36%	51%	10 yrs



Real Estate Hotel⁽⁶⁾



(\$ in millions)

Hotel Real Estate Summary by Type

Type	# of Hotels	# of Rooms	Q4 2016				
			Occupancy Rate	Avg. Daily Rate (ADR)	RevPAR	EBITDA Margin	
Select Service	97	13,194	66%	\$ 118	\$ 79	\$ 31	29%
Extended Stay	66	7,935	74%	129	96	24	35%
Full Service	4	962	71%	139	98	3	17%
Total	167	22,091	69%	\$ 123	\$ 85	\$ 58	30%

Hotel Real Estate by Geography

Location	# of Hotels	# of Rooms	# of Rooms by Type:			Q4 2016
			Select Service	Extended Stay	Full Service	EBITDA
California	18	2,254	1,243	1,011	-	\$ 10
Florida	12	2,060	1,186	291	583	6
Texas	28	3,230	1,952	1,278	-	5
New Jersey	12	1,884	718	942	224	5
New York	8	1,010	710	300	-	3
North Carolina	7	981	831	150	-	3
Washington	5	664	160	504	-	3
Virginia	11	1,473	1,210	263	-	3
Michigan	6	809	601	208	-	2
Georgia	7	974	694	280	-	2
New Hampshire	6	662	339	323	-	2
Maryland	7	953	666	132	155	2
Connecticut	5	604	412	192	-	1
Pennsylvania	5	610	394	216	-	1
Other	30	3,923	2,078	1,845	-	10
Total	167	22,091	13,194	7,935	962	\$ 58



Real Estate Hotel – Same Property Results⁽⁶⁾



(\$ in millions)

Same Property Operating Metrics Year over Year Comparison

Brand	# of Hotel	# of Rooms	Occupancy		ADR		RevPAR	
			Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015
Courtyard	64	9,455	65%	66%	\$ 118	\$ 117	\$ 77	\$ 77
Residence Inn	47	5,733	75%	76%	131	128	98	98
Homewood Suites	9	1,110	77%	73%	119	113	92	82
Hilton Garden Inn	8	1,095	72%	69%	128	127	92	88
Hampton Inn	11	1,268	72%	73%	115	116	83	85
Hyatt House	5	650	78%	79%	149	145	116	115
Other	23	2,780	67%	69%	125	126	83	87
Total	167	22,091	69%	70%	\$ 123	\$ 122	\$ 85	\$ 86

Same Property EBITDA Year over Year Comparison

Brand	# of Hotel	# of Rooms	EBITDA		
			Q4 2016	Q4 2015	% Change
Courtyard	64	9,455	\$ 22.1	\$ 22.6	-2.4%
Residence Inn	47	5,733	18.7	20.5	-8.5%
Homewood Suites	9	1,110	3.2	2.6	24.0%
Hilton Garden Inn	8	1,095	3.0	2.8	10.6%
Hampton Inn	11	1,268	2.8	3.5	-21.0%
Hyatt House	5	650	2.7	2.8	-3.7%
Other	23	2,780	5.1	6.1	-16.6%
Total	167	22,091	\$ 57.7	\$ 60.9	-5.3%



Real Estate Hotel



	Brand	Segment	Hotels	Rooms	% of Total Rooms
		Select Service	64	9,455	43%
		Extended Stay	47	5,733	26%
		Select Service	6	509	2%
		Select Service	4	389	2%
		Extended Stay	2	170	<1%
		Full Service	1	367	2%
		Full Service	1	224	1%
		Full Service	1	155	<1%
		Full Service	1	216	1%
		Select Service	2	241	1%
		Select Service	11	1,268	6%
		Select Service	8	1,095	5%
		Extended Stay	9	1,110	5%
	Marriott and Hilton Total		157	20,932	95%



Real Estate Net Lease⁽⁷⁾



(\$ in millions)

Net Lease Real Estate Summary by Type

Type	# of Properties	Sq. Ft. (in '000s)	Q4 2016		
			Occupancy	Avg. Remaining Lease Term (in years)	NOI
Office	11	1,710	91%	4.4	\$ 4
Retail	10	468	100%	7.1	2
Total	21	2,178	93%	5.0	\$ 6

Top 10 Net Lease Real Estate by Geography

Location	# of Properties	Sq. Ft. (in '000s)
Colorado	4	590
California	2	179
Indiana	2	388
Ohio	1	199
South Carolina	1	165
New Jersey	1	121
Utah	1	118
New Hampshire	3	116
Massachusetts	2	104
Maine	1	53
Total	18	2,033



Real Estate Net Lease⁽⁷⁾



(\$ in millions)

Same Property Operating Metrics/NOI Year over Year Comparison

	Q4 2016	Q4 2015	% Change
Occupancy	93.0%	96.4%	-3.5%
Avg. Remaining Lease Term (in years)	5.0	5.1	-1.3%
NOI	\$ 5.7	\$ 6.2	-8.3%*

Top Tenants by NOI

Tenant	# of Properties	Sq. Ft. (in '000s)	Q4 2016	
			Avg. Remaining Lease Term (in years)	NOI
Dick's Sporting Goods, Inc. / PetSmart, Inc.	10	468	7.1	\$ 1
Northrop Grumman Space & Mission Systems Corp.	1	184	5.9	<1
Credence Systems Corp.	2	179	0.2	<1
Covance, Inc.	1	338	9.0	<1
Alliance Data Systems Corp.	1	199	0.9	<1
CitiFinancial	1	165	3.8	<1
GSA	1	118	2.1	<1
Quantum	3	406	4.0	<1
Party City	1	121	6.1	<1
Top Tenants by NOI Total	21	2,178	5.0	\$ 6

- Excluding rent concessions provided to a tenant that renewed its lease during 2016, fourth quarter 2016 NOI would have been \$6.1 million.



Real Estate PE Investments⁽⁸⁾



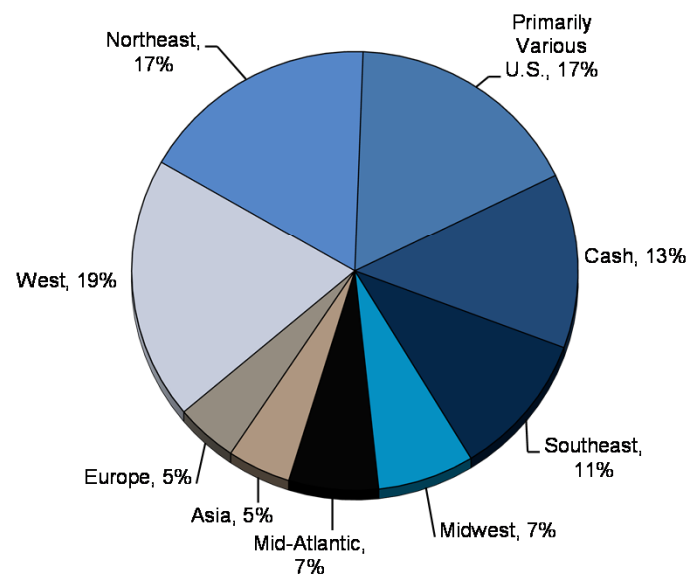
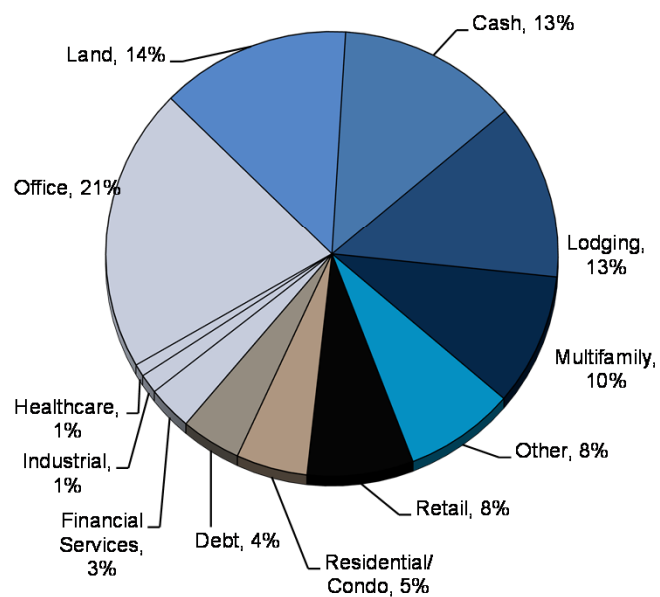
(\$ in millions)

	December 31, 2016	
	Aggregate / Wtd. Avg.	
Number of funds		102
Number of general partners		66
Underlying assets, at cost	\$	24,400
Implied leverage		43%
Expected remaining future capital contribution	\$	4

	Aggregate	
<i>Three Months Ended December 31, 2016</i>		
Income	\$	14
Return of capital		49
<i>Total distributions</i>		63
Contributions		0
Net	\$	63

	<i>Initial Closing Date through December 31, 2016</i>	
Income	\$	508
Return of capital		966
<i>Total distributions</i>		1,474
Contributions		110
Net	\$	1,364

Private Equity Investments by Underlying Investment Type & Geography





Real Estate Debt Investments⁽⁹⁾



(\$ in millions)

Loans by Underlying Collateral Type

Underlying Collateral Type	February 24, 2017	
	Carrying Value	WA Yield on Equity
Hotel	\$ 115	12%
Corporate	26	15%
Office	13	12%
Multifamily	5	7%
Other	3	0%
Total	\$ 162	12%

Loans by Geographic Locations

Location	February 24, 2017	
	Carrying Value	
New York	\$ 115	
California	27	
Texas	7	
Illinois	6	
Various	3	
Bahamas	3	
Pennsylvania	1	
Total	\$ 162	



Repurchased NorthStar Realty CDO Bond and Other Securities⁽¹⁰⁾



(\$ in millions)

Balance Sheet Holdings of NorthStar Realty CDO Bonds and Other Securities as of February 24, 2017

Owned CDO Bonds and Other Securities: (excluding CDO bonds eliminated in consolidation)		Principal
Principal amount		\$ 430
Amortized cost basis		201
Weighted average yield		18%
Owned CDO Bonds Eliminated in Consolidation		
Principal amount		\$ 139
Owned CDO Bonds:		
Based on original credit rating:		
AAA		\$ 109
AA through BBB		241
Below investment grade		160
Total Owned NorthStar Realty CDO Bonds		<u>\$ 510</u>
Total Repurchased NorthStar Realty CDO Bonds		<u>\$ 376</u>
Weighted average original credit rating of repurchased CDO bonds		A / A2
Weighted average purchase price of repurchased CDO bonds		37%



CDO Real Estate Investments⁽¹¹⁾



(\$ in millions)

CDOs Primarily Backed by CRE Debt

<u>Issue/Acquisition Date</u>	<u>N-Star VI</u> <u>Mar-06</u>	<u>N-Star VIII</u> <u>Dec-06</u>	<u>CapLease</u> <u>Aug-11</u>	<u>CSE</u> <u>Jul-10</u>	<u>Total</u>
<u>Balance sheet as of December 31, 2016</u>					
Assets, principal amount	\$ 158	\$ 481	\$ 114	\$ 382	\$ 1,136
CDO bonds, principal amount	97	325	98	338	859
Net Assets	<u>\$ 62</u>	<u>\$ 156</u>	<u>\$ 16</u>	<u>\$ 43</u>	<u>\$ 277</u>
<u>CDO quarterly cash distributions and coverage tests</u>					
Equity notes and subordinate bonds	\$ -	\$ 1.3	\$ 0.6	\$ 0.5	\$ 2.4
Collateral management and other fees	0.1	0.5	0.1	0.1	0.8
Interest coverage cushion	(0.3)	1.9	0.3	0.5	
Overcollateralization cushion	39	138	10	4	
At offering	17	42	6	(152)	



Appendix



Presentation Endnotes



1. CAD Reconciliation:

- a) The three months ended December 31, 2016 includes an adjustment to exclude depreciation and amortization of \$77.8 million (including \$0.2 million related to unconsolidated ventures), straight-line rental income of \$(5.1) million, amortization of above/below market leases of \$1.4 million, amortization of deferred financing costs of \$12.1 million, amortization of discount on financings and other of \$0.1 million and amortization of equity-based compensation of \$6.4 million.
- b) For CAD, discounts expected to be realized on N-Star CDO bonds for consolidated CDOs are accreted on an effective yield basis based on expected maturity. For deconsolidated N-Star CDOs, N-Star CDO bond accretion is already included in net income attributable to common stockholders.
- c) The three months ended December 31, 2016 includes an adjustment to exclude a \$30.0 million net gain related to the sale of real estate investments, a \$22.4 million gain related to the foreclosure of real estate, \$(29.3) million non-cash loss related to securities in our consolidated CDOs, \$(1.4) million loss related to the sale of manufactured homes, \$0.8 million of other real estate gains.
- d) The three months ended December 31, 2016 includes an adjustment to exclude \$5.9 million of transaction costs, \$4.4 million of impairment and include \$1.3 million related to N-Star CDO equity interests.
- e) CAD per share does not take into account any potential dilution from our outstanding exchangeable notes or restricted stock units subject to performance metrics not currently achieved.

2. Capitalization & Liquidity:

- a) Mortgage Notes: Pro forma for mortgage notes of assets sold and in contract subsequent to the fourth quarter 2016, including \$11 million related to a medical office building, \$1.3 billion related to the manufactured housing portfolio and \$12 million related to a partial paydown of mortgage debt in a net lease property.
- b) Loan Facilities (non-recourse amount): Reflects \$52 million of Other Secured Borrowings.
- c) Corporate Term Facility: Pro forma for the payoff of the corporate term facility in January 2017.
- d) TruPS: Reflects fair value as of December 31, 2016.
- e) Common Equity: Market value reflects stock price (NYSE: NRF) as of January 10, 2017 of NorthStar Realty common shares, LTIP units and RSUs not subject to performance hurdles.
- f) Preferred Stock: Reflects closing stock price as of February 24, 2017 excluding accrued interest.
- g) Excludes \$359 million of non-recourse CDO bonds related to CDO's consolidated on NorthStar Realty's financial statements.

3. Real Estate Financing Overview:

- a) Includes \$49 million of unconsolidated joint venture debt (\$33 million related to the Multifamily portfolio and \$16 million related to Net Lease portfolio). Pro forma for mortgage notes of assets sold and in contract subsequent to the fourth quarter 2016, including \$11 million related to a medical office building, \$1.3 billion related to the manufactured housing portfolio and \$12 million related to a partial paydown of mortgage debt in a net lease property.
- b) Current interest rate is based on current LIBOR for floating rate liabilities.



Presentation Endnotes (continued)



4. Real Estate 2016 NOI / EBITDA Summary:

- a) NOI / EBITDA represents 100% for all consolidated investments and represents NorthStar Realty's ownership percentage for unconsolidated joint ventures. The below table represents NorthStar Realty's approximate weighted average ownership percentage in each portfolio as of December 31, 2016 and pro forma for asset monetization initiatives as of February 24, 2017.

Sector	December 31, 2016	February 24, 2017
	Amount	Pro forma for asset monetizations
Healthcare	87.7%	71.3%
Hotels	93.8%	93.8%
Net Lease	100.0%	100.0%
Multifamily	94.6%	94.6%
Multi-Tenant Office	95.0%	95.0%

- b) Full year 2016 average USD-GBP exchange rate was 1.40
- c) NOI is pro forma for asset monetizations initiatives (including in contract) which include the following:
- i. Healthcare
 - full year 2016 NOI excludes \$8.5 million of NOI related to a portfolio of senior housing assets sold during the first quarter 2016;
 - Q4 2016 and full year 2016 NOI excludes \$11.0 million and \$43.1 million of NOI, respectively, related to a portfolio of medical office buildings sold during the fourth quarter 2016;
 - Q4 2016 and full year 2016 NOI excludes \$0.4 million and \$1.6 million of NOI, respectively, related to a healthcare property in which the purchase option was exercised by the tenant in 2016;
 - ii. Net Lease
 - full year 2016 NOI excludes \$22.0 million of NOI related to the net lease industrial portfolio sold during the third quarter 2016;
 - full year 2016 NOI excludes \$0.2 million of NOI related to a net lease office building which the related mortgage matured in October 2015 and the property was conveyed back to the lender in 2016;
 - iii. Multifamily
 - Q4 2016 and full year 2016 NOI excludes \$0.4 million and \$13.2 million of NOI, respectively, related to the 10 multifamily properties NorthStar Realty entered into agreements to sell, of which all 10 properties were sold throughout 2016; and
 - iv. Manufactured Housing
 - the entire manufactured housing communities portfolio, which is under contract to be sold.



Presentation Endnotes (continued)



5. Real Estate – Healthcare:

- a) Q4 2016 occupancy metrics for Senior Housing - Operating represents average fourth quarter 2016, MOB's is as of December 31, 2016 and for Triple-Net Lease represents average third quarter 2016. Q4 2015 occupancy metrics for Senior Housing - Operating represents average fourth quarter 2015, MOB's is as of December 31, 2015 and for Triple-Net Lease represents average third quarter 2015. Occupancy represents real estate property operator's patient occupancy for all types except MOB.
- b) Q4 2016 NOI includes \$1.4 million related to interest earned from healthcare real estate development loans that are recorded in the Interest Income line item on NorthStar Realty's financial statements.
- c) Fourth quarter 2016 and 2015 average USD-GBP exchange rates were 1.36 and 1.53, respectively.
- d) Revenue Mix: Represents percentage of revenues derived from private, Medicare and Medicaid payor sources. The payor source percentages for the hospital category excludes two operating partners, whom do not track or report payor source data and totals approximately one-third of NOI in the hospital category. Overall percentages are weighted by NOI exposure in each category.
- e) Top 10 Operators/Tenants by NOI: Caring Homes (U.K.) lease (EBITDAR) coverage includes additional collateral provided by the operator.
- f) Triple-Net Lease Coverage: Coverage reflects the ratio of EBITDAR to cash rent on a trailing 12 month basis, as of September 30, 2016. Represents leases with EBITDAR coverage in each listed range. Excludes interest income associated with triple-net lease senior housing and hospital types. Caring Homes (U.K.) lease (EBITDAR) coverage includes additional collateral provided by the operator.

6. Real Estate - Hotel: Q4 2016 EBITDA excludes FF&E reserve amounts of \$8 million.

- a) Occupancy metrics represent average occupancy during the reported quarter.

7. Real Estate – Net Lease:

- a) Occupancy metrics represent occupancy as of the last day in the reported quarter.
- b) Excludes one office building which the related mortgage matured in October 2015 and the property was conveyed back to the lender in 2016 and the net lease real estate industrial portfolio sold during the third quarter 2016.

8. Real Estate PE Investments:

- a) Amounts presented exclude a minimal economic interest retained in a real estate private equity fund portfolio which NorthStar Realty sold in the fourth quarter 2015.
- b) Number of General Partners: Includes 12 funds and 16 general partners held across multiple PE Investments.
- c) Implied Leverage: Represents implied leverage for funds with investment-level financing, calculated as debt divided by assets at fair value.
- d) Expected Remaining Future Capital Contributions: Represents the estimated amount of expected future capital contributions to funds as of December 31, 2016.



Presentation Endnotes (continued)



9. Real Estate Debt Investments: Based on December 31, 2016 carrying value of \$297 million, less \$4 million of debt investments in consolidated CDOs, \$79 million of real estate development loans related to our healthcare real estate portfolio and \$52 million of assets associated with secured borrowing. WA yield on equity calculation excludes debt investments in consolidated CDOs, real estate development loans related to our healthcare real estate portfolio, debt investments held for sale and assets associated with secured borrowings.
10. Repurchased NorthStar Realty CDO Bonds:
 - a) Owned CDO bonds total principal amount represents the maximum amount of principal proceeds that could be received. There is no assurance we will receive the maximum amount of principal proceeds.
 - b) Other Securities reflects \$59 million principal amount of CMBS and other securities as of December 31, 2016.
 - c) \$139 million of total principal amount of owned CDO bonds are eliminated in the consolidated financial statements.
11. CDO Real Estate Investments:
 - a) Data based on remittance report issued on date nearest to December 31, 2016.
 - b) Includes all outstanding CDO bonds payable to third parties and all CDO bonds owned by us.
 - c) IC and OC coverage to the most constrained class.
 - d) CapLease OC at Offering: Based on trustee report as of August 31, 2011, closest to the date of acquisition.
 - e) CSE OC at Offering: Based on trustee report as of June 24, 2010, closest to the date of acquisition.
12. Q4 2016 and Full Year 2016 NOI Reconciliation:
 - a) Full Year 2016 NOI is pro forma for asset monetizations which include the following: a portfolio of senior housing assets sold during the first quarter 2016; a portfolio of medical office buildings sold during the fourth quarter 2016; the net lease industrial portfolio sold during the third quarter 2016; 10 multifamily properties sold throughout 2016; and a net lease office building which the related mortgage matured in October 2015 and the property was conveyed back to the lender in 2016.
 - b) Certain other revenue earned is not included as part of NOI, including collateral management fees for administrative services in our N-Star CDOs, that are not part of our real estate segment.
 - c) Primarily represents interest income earned from notes receivable on manufactured homes and loans in our healthcare portfolio.
 - d) Includes an adjustment related to our interest in an unconsolidated joint venture in a net lease and multifamily property.
 - e) Primarily includes amortization of straight-line rental income, amortization of above/below market leases and non-recurring bad debt.
 - f) We consider NOI for hotels to be a proxy for earnings before interest, tax, depreciation & amortization (EBITDA).
 - g) During 2016, we entered into definitive agreements to sell certain of our real estate portfolios, including ten multifamily properties of which all ten properties were sold as of December 31, 2016, our manufactured housing portfolio and a portion of our medical office building portfolio of which 34 properties were sold as of December 31, 2016.
 - h) Represents the net income (loss) of our remaining segments to reconcile to total net income (loss).



Q4 2016 NOI/EBITDA Reconciliation⁽¹²⁾



(\$ in thousands)
(unaudited)

Reconciliation of Q4 2016 NOI to Property and Other Related Revenues less Property Operating Expenses

	Total	Healthcare	Hotel	Manufactured Housing	Net Lease	Multifamily	Multi-tenant Office
<i>Property and Other Revenues:</i>							
Rental and escalation income	\$ 151,657	\$ 86,525	\$ 33	\$ 49,387	\$ 7,381	\$ 3,364	\$ 4,967
Hotel related income	189,864	-	189,864	-	-	-	-
Resident fee income	73,813	73,813	-	-	-	-	-
Other revenue	3,485	858	875	1,348	71	160	173
Total property and other revenues	418,819	161,196	190,772	50,735	7,452	3,524	5,140
<i>Real estate properties - operating expenses:</i>	225,944	67,939	132,198	19,792	1,612	2,068	2,335
<i>Adjustments:</i>							
Interest income	2,882	1,375	-	1,507	-	-	-
Equity in earnings	238	-	-	-	(84)	322	-
Amortization and other items	(3,661)	(2,795)	(909)	-	(51)	368	(274)
NOI	\$ 192,334	\$ 91,837	\$ 57,665	\$ 32,450	\$ 5,705	\$ 2,146	\$ 2,531

Reconciliation of Q4 2016 Healthcare Property Type NOI to Property and Other Related Revenues less Property Operating Expenses

	Total	Medical Office Buildings	Senior Housing - Operating	Senior Housing - Triple Net Lease	Skilled Nursing Facilities	Hospitals
<i>Property and Other Revenues:</i>						
Rental and escalation income	\$ 86,525	\$ 38,377	\$ -	\$ 13,561	\$ 28,865	\$ 5,722
Resident fee income	73,813	-	68,100	-	5,713	-
Other revenue	858	846	-	10	-	2
Total property and other revenues	161,196	39,223	68,100	13,571	34,578	5,724
<i>Real estate properties - operating expenses:</i>	67,939	11,577	50,030	153	6,039	140
<i>Adjustments:</i>						
Interest income	1,375	7	-	1,070	-	298
Amortization and other items	(2,795)	(1,429)	221	(459)	(371)	(757)
NOI	\$ 91,837	\$ 26,224	\$ 18,291	\$ 14,029	\$ 28,168	\$ 5,125



Q4 2016 NOI/EBITDA Reconciliation⁽¹²⁾



(\$ in thousands)
(unaudited)

Reconciliation of Q4 2016 NOI to Segment Reporting Net Income (Loss)

	Total
NOI	\$ 192,334
<i>Adjustments:</i>	
Straight-line rental revenue and amortization of above/below-market leases	3,720
Interest expense - mortgage and corporate borrowings	(101,526)
Other expenses	(3,942)
Depreciation and amortization	(77,459)
Unrealized gains (loss) on investments and other	(26,985)
Realized gains (loss) on investments and other	52,499
Equity in earnings (losses) of unconsolidated ventures	22,608
Impairment losses	(4,363)
Income tax benefit (expense)	(1,569)
Other Items	(282)
Net income (loss) - Real estate segment	55,034
Remaining Segments	28,203
Net income (loss)	\$ 83,237



Full Year 2016 NOI/EBITDA Reconciliation⁽¹²⁾



(\$ in thousands)
(unaudited)

Reconciliation of Full Year 2016 NOI to Property and Other Related Revenues less Property Operating Expenses

	Total	Healthcare	Hotel	Manufactured Housing	Net Lease	Multifamily	Multi-tenant Office	Asset Monetizations
<i>Property and Other Revenues:</i>								
Rental and escalation income	\$ 678,909	\$291,727	\$ 55	\$ 197,066	\$ 29,681	\$ 6,745	\$ 21,157	\$ 132,478
Hotel related income	826,147	-	826,147	-	-	-	-	-
Resident fee income	293,006	293,006	-	-	-	-	-	-
Other revenue	11,938	1,768	1,005	5,651	401	1,654	638	821
Total property and other revenues	1,810,000	586,501	827,207	202,717	30,082	8,399	21,795	133,299
<i>Real estate properties - operating expenses:</i>								
	935,702	256,101	542,049	77,827	6,511	4,400	9,132	39,682
<i>Adjustments:</i>								
Interest income	11,290	5,687	22	5,563	5	-	8	5
Equity in earnings	842	-	-	-	(315)	1,157	-	-
Amortization and other items	(16,872)	(10,563)	(965)	-	(818)	1,480	(1,027)	(4,979)
NOI	\$ 869,558	\$325,524	\$ 284,215	\$ 130,453	\$ 22,443	\$ 6,636	\$ 11,644	\$ 88,643

Reconciliation of Full Year 2016 Healthcare Property Type NOI to Property and Other Related Revenues less Property Operating Expenses

	Total	Medical Office Buildings	Senior Housing - Operating	Senior Housing - Triple Net Lease	Skilled Nursing Facilities	Hospitals
<i>Property and Other Revenues:</i>						
Rental and escalation income	\$ 291,727	\$ 93,952	\$ -	\$ 56,861	\$ 116,000	\$ 24,914
Resident fee income	293,006	-	270,813	-	22,193	-
Other revenue	1,768	1,738	1	20	1	8
Total property and other revenues	586,501	95,690	270,814	56,881	138,194	24,922
<i>Real estate properties - operating expenses:</i>						
	256,101	35,811	195,754	715	22,198	1,623
<i>Adjustments:</i>						
Interest income	5,687	16	4	4,270	210	1,187
Amortization and other items	(10,563)	(1,828)	882	(2,854)	(2,517)	(4,246)
NOI	\$ 325,524	\$ 58,067	\$ 75,946	\$ 57,582	\$ 113,689	\$ 20,240



Full Year 2016 NOI/EBITDA Reconciliation⁽¹²⁾



(\$ in thousands)
(unaudited)

Reconciliation of Full Year 2016 NOI to Segment Reporting Net Income (Loss)

	Total
NOI	\$ 869,558
<i>Adjustments:</i>	
Straight-line rental revenue and amortization of above/below-market leases	20,768
Interest expense - mortgage and corporate borrowings	(426,715)
Other expenses	(21,565)
Depreciation and amortization	(337,178)
Unrealized gains (loss) on investments and other	(67,124)
Realized gains (loss) on investments and other	66,629
Equity in earnings (losses) of unconsolidated ventures	123,796
Impairment losses	(79,869)
Income tax benefit (expense)	(13,303)
Other Items	(4,396)
Net income (loss) - Real estate segment	130,601
Remaining Segments	(353,317)
Net income (loss)	<u>\$ (222,716)</u>



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