

Spin-Off NorthStar Realty Europe Corp. Common Stock

Tax Basis of NorthStar Realty Europe Corp. Distribution

November 25, 2015 - As previously disclosed, at 11:59 p.m., New York Time on October 31, 2015, NorthStar Realty Finance Corp. (NYSE: NRF) completed the spin-off of NorthStar Realty Europe Corp. (NYSE: NRE) by distributing one share of NRE common stock for every six shares of NRF common stock held by the holders of NRF common stock. Immediately following the distribution at 12:01 a.m., New York Time, on November 1, 2015, NRF executed a one-for-two reverse stock split of its common stock. If you were not a NRF common shareholder on or before October 31, 2015, the following information will not be applicable to you.

Tax Basis of Distributed NRE Stock

For U.S. federal income tax purposes, NRF intends to report its distribution of shares of NRE (the "Distributed Shares") as a taxable distribution equal to the fair market value of the Distributed Shares received in the distribution. The fair market value of NRE common stock will be **\$11.38 per share**. For U.S. federal income tax purposes, this amount will also be NRE common stockholders adjusted tax basis in each Distributed Share.

Impact of Distribution on NRF Stockholders

For U.S. federal income tax purposes, NRF's distributions (including cash and property distributions) in any year are treated as taxable dividends to the extent of its current and accumulated earnings and profits ("E&P") for that year. The Distributed Shares are considered a property distribution in the amount of \$1.90 per NRF pre-reverse split share, which is calculated by multiplying the fair market value of \$11.38 per NRE share by the spin-off conversion ratio of 0.16667 (equivalent to a 1 for 6 reverse stock split). The taxability of the property distribution of the Distributed Shares will be determined in the context of **all** of NRF's 2015 E&P and distributions, which will be finalized in early 2016. NRF currently estimates that it's E&P for 2015 will be in the range of 5% to 30% of your aggregate 2015 cash and property distributions.

The above summary does not constitute tax advice. It does not purport to be complete or to describe the tax consequences that may apply to particular categories of stockholders. Each NRF stockholder should consult a personal tax advisor regarding the calculation of their tax basis and the tax consequences of any distribution. For more information, please refer to NRE's registration statement on Form S-11, as filed with the Securities and Exchange Commission on October 9, 2015.

Safe Harbor Statement

Certain items in this announcement may constitute forward-looking statements, which can be identified by words like "expect," "will," "intends" and similar expressions. 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; NRF can give no assurance that its expectations will be attained, including any expectation regarding the taxable impact of the Distributed Shares. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Factors that could cause actual results to differ materially from NRF's expectations include, but are not limited to, whether NRF reports its distribution of shares as intended, whether the fair market value of NRE common stock will be \$11.38 for U.S. federal income tax purposes, whether the Distributed Shares will be considered a property distribution in the amount of \$1.90 per NRF pre-reverse split share, the amount of NRF's 2015 E&P, whether NRF's E&P will be in the range of 5% to 30% of aggregate 2015 cash and property distributions, and the actual tax impact of the Distributed Shares. Factors that could cause actual results to differ materially from those in the forward-looking statements are specified in NRF's Annual Report on Form 10-K for the year ended December 31, 2014 and its other filings with the Securities and Exchange Commission. Such forward-looking statements speak only as of the date of this announcement. NRF 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.