

REALTY FINANCE CORPORATION
2080 Silas Deane Highway
Rocky Hill, CT 06067

June 28, 2010

Dear Stockholder:

You are cordially invited to the 2010 Annual Meeting of Stockholders, which will be held at the Marriott Hotel, 100 Capital Boulevard, Rocky Hill, CT 06067, on July 14, 2010 at 10:00 a.m. (Eastern Standard Time).

The attached proxy statement, with the accompanying notice of the meeting, describes the matters expected to be acted upon at the meeting. We urge you to review these materials carefully and to take part in the affairs of our company by voting on the matters described in the accompanying proxy statement. We hope that you will be able to attend the meeting. Our directors and management team will be available to answer questions. Afterwards, there will be a vote on the matters set forth in the accompanying proxy statement.

Your vote is important. Whether you plan to attend the meeting or not, please complete the enclosed proxy card and return it as promptly as possible or authorize your proxy by calling the toll-free telephone number or via the Internet. The enclosed proxy card contains instructions regarding all three methods of authorizing your proxy. If you attend the meeting, you may continue to have your shares of common stock voted as instructed in the proxy or you may revoke your proxy at the meeting and vote your shares of common stock in person. We look forward to seeing you at the meeting.

Also attached is our press release containing unaudited financial statements for the fiscal year ended December 31, 2009, which is incorporated by reference herein. This proxy statement and the press release will serve as our Annual Report.

Sincerely,

A handwritten signature in black ink, appearing to read "D C Eby", with a long horizontal flourish extending to the right.

Douglas C. Eby
*Chairman of the Board of Directors, Chief Executive
Officer and President*

ELECTRONIC AND TELEPHONE PROXY AUTHORIZATION

Realty Finance Corporation's stockholders of record on the close of business on June 4, 2010, the record date for the 2010 annual meeting of stockholders, may authorize their proxies to vote their shares by telephone or Internet by following the instructions on their proxy card. If you have any questions regarding how to authorize your proxy by telephone or by Internet or need assistance in completing your proxy card, please contact our proxy solicitor:



105 Madison Avenue
New York, New York 10016

(212) 929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

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REALTY FINANCE CORPORATION
2080 Silas Deane Highway
Rocky Hill, CT 06067

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held July 14, 2010

The 2010 Annual Meeting of Stockholders of Realty Finance Corporation, a Maryland corporation, will be held at the Marriott Hotel, 100 Capital Boulevard, Rocky Hill, CT 06067 on July 14, 2010 at 10:00 a.m. (Eastern Standard Time), to consider and vote on the following matters:

1. The election of three members of our Board of Directors, to serve until our 2011 annual meeting of stockholders and until their successors are duly elected and qualify; and
2. Any other matters that may properly be brought before the meeting or at any adjournment or postponement thereof.

Any action may be taken on the foregoing matters at the annual meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the annual meeting may be adjourned, or to which the annual meeting may be postponed.

The nominees of the board of directors for election as directors are listed in the enclosed proxy statement. We are not aware of any other business, or any other nominees for election as directors, that may properly be brought before the annual meeting.

Our Board of Directors has fixed the close of business on June 4, 2010, as the record date for determining the stockholders entitled to notice of, and to vote at, the annual meeting, and at any adjournments or postponements thereof. Only stockholders of record of our common stock at the close of business on that date will be entitled to notice of, and to vote at, the annual meeting and at any adjournments or postponements thereof.

Your vote is important. Regardless of whether you expect to attend the meeting in person, please mark, sign, date and promptly return the enclosed proxy card in the postage paid envelope to authorize a proxy to vote your shares.

Any proxy may be revoked at any time prior to its exercise by notifying our secretary in writing of the revocation, delivery of a later dated proxy, or by voting in person at the meeting.

ALL STOCKHOLDERS ARE EXTENDED A CORDIAL INVITATION TO ATTEND THE STOCKHOLDER MEETING.

This notice and Proxy Statement was first mailed to stockholders on or about June 28, 2010.

You are requested to complete and sign the enclosed form of proxy, which is being solicited by our Board of Directors, and to mail it promptly in the enclosed postage-prepaid envelope or authorize your proxy by calling the toll-free telephone number or via the Internet. The enclosed proxy card contains instructions regarding all three methods of authorizing your proxy. Any proxy may be revoked by delivery of a later dated proxy. In addition, stockholders of record who attend the annual meeting may vote in person, even if they have previously delivered a signed proxy.

By our Board of Directors



Daniel Farr
Chief Financial Officer and Secretary

**Important Notice Regarding the Availability of Proxy Materials for the
Stockholder Meeting to be Held on July 14, 2010.**

**This proxy statement and our press release which will serve as
our 2010 annual report to stockholders are available at
<http://www.realtyfinancecorp.com>.**

June 28, 2010
New York, New York

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Whether or not you plan to attend the annual meeting, please complete, sign, date and promptly return the enclosed proxy card in the postage-prepaid envelope provided or authorize your proxy by telephone or the Internet following the instructions on your proxy card. For specific instructions on authorizing your proxy, please refer to the instructions on the proxy card or the information forwarded by your broker, bank or other holder of record. If you attend the annual meeting, you may vote in person if you wish, even if you have previously signed and returned your proxy card. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee.

Realty Finance Corporation's stockholders of record on the close of business on June 4, 2010, the record date for the 2010 annual meeting of stockholders, may authorize their proxies to vote their shares by telephone or Internet by following the instructions on their proxy card. If you have any questions regarding how to authorize your proxy by telephone or by Internet or need assistance in completing your proxy card, please contact our proxy solicitor:



105 Madison Avenue
New York, New York 10016

(212) 929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

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REALTY FINANCE CORPORATION
2080 Silas Deane Highway
Rocky Hill, CT 06067

PROXY STATEMENT

FOR OUR 2010 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JULY 14, 2010

We are sending this proxy statement and the enclosed proxy card to our stockholders on or about June 28, 2010, in connection with the solicitation by the board of directors of Realty Finance Corporation, a Maryland corporation, of proxies from the holders of our issued and outstanding common stocks to be exercised at the 2010 Annual Meeting of Stockholders to be held at the Marriott Hotel, 100 Capital Boulevard, Rocky Hill, CT 06067 on July 14, 2010 at 10:00 a.m. (Eastern Standard Time), and at any adjournment(s) or postponement(s) of such meeting.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is the purpose of the meeting?

At the annual meeting, you will be asked:

- the election of three members of our Board of Directors, to serve until our 2011 annual meeting of stockholders and until their successors are duly elected and qualify; and
- any other matters that may properly be brought before the meeting or at any adjournment or postponement thereof.

Who is entitled to vote at the meeting?

If our records show that you were a holder of our common stock at the close of business on June 4, 2010 which is referred to in this proxy statement as the record date, you are entitled to receive notice of the meeting and to vote the shares of common stock that you held on the record date even if you sell such shares after the record date. Each outstanding share of common stock entitles its holder to cast one vote for each matter to be voted upon. Stockholders do not have the right to cumulate votes in the election of directors.

What constitutes a quorum?

The presence, in person or by proxy, of holders of a majority of the total number of outstanding shares of common stock entitled to vote at this meeting is necessary to constitute a quorum for the transaction of business at the meeting. As of the record date, there will be 30,828,200 shares of common stock outstanding and entitled to vote at the meeting.

What happens if a quorum is not present at the annual meeting?

In the event quorum is not present at the annual meeting, the chairman of the meeting has the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than the announcement at the meeting. In the mean time, we will continue to solicit proxies necessary to constitute a quorum without undue cost or effort. If we cannot obtain a quorum for the 2010 annual meeting after adjournment, we will postpone the meeting until a date in 2011 and the directors who currently serve on our Board of Directors will continue to serve until that date.

What vote is needed to approve each proposal?

The affirmative vote of a plurality of all of the votes cast at the annual meeting at which a quorum is present is necessary for the election of the directors. The affirmative vote of a majority of all of the votes cast at the annual meeting at which a quorum is present is required for the approval of any other matters properly presented at the annual meeting for stockholder approval. We will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence or absence of a quorum. Abstentions do not constitute a vote “for” or “against” any matter being voted on at the annual meeting and will not be counted as “votes cast.” Therefore, abstentions will have no effect on any of the proposals, assuming a quorum is present. Broker “non-votes,” or proxies from brokers or nominees indicating that such broker or nominee has not received instructions from the beneficial owner or other entity entitled to vote such shares on a particular matter with respect to which such broker or nominee does not have discretionary voting power, will be treated in the same manner as abstentions for purposes of the annual meeting. Effective for the 2010 annual meeting, your broker does not have discretionary authority to vote on the election of directors without instructions from you, in which case a broker “non-vote” will occur and your shares of common stock will not be voted on these matters. None of the proposals, if approved, entitle any of the stockholders to appraisal rights under Maryland law or our charter.

How do I vote?

Voting in Person at the Meeting. If you are a registered stockholder and attend the annual meeting, you may vote in person at the meeting. If your shares of common stock are held in street name and you wish to vote in person at the meeting, you will need to obtain a “legal proxy” from the broker, bank or other nominee that holds your shares of common stock of record. Even if you plan to attend the meeting in person, you can still vote by proxy.

Voting by Proxy for Shares Registered Directly in the Name of the Stockholder. If you hold your shares of common stock in your own name as a holder of record with our transfer agent, American Stock Transfer & Trust Company, you may instruct the proxy holders named in the enclosed proxy card how to vote your shares of common stock in one of the following ways:

- *By Mail.* If you would like to authorize a proxy to vote your shares by mail, then please mark, sign and date your proxy card and return it promptly to our transfer agent, American Stock Transfer & Trust Company, in the postage-paid envelope provided.
- *By Telephone.* You may authorize a proxy to vote your shares by telephone by calling the toll-free number listed on your proxy card. Telephone proxy authorization is available 24 hours per day until 11:59 p.m., Eastern Time, on July 13, 2010. When you call, please have your proxy card in hand, and you will receive a series of voice instructions which will allow you to authorize a proxy to vote your shares of common stock. You will be given the opportunity to confirm that your instructions have been properly recorded. **IF YOU AUTHORIZE A PROXY BY TELEPHONE, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**
- *By Internet.* You also have the option to authorize a proxy to vote your shares via the Internet. The website for Internet proxy authorization is printed on your proxy card. Internet proxy authorization is available 24 hours per day until 11:59 p.m., Eastern Time, on July 13, 2010. As with telephone proxy authorization, you will be given the opportunity to confirm that your instructions have been properly recorded. **IF YOU AUTHORIZE A PROXY VIA THE INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

Voting by Proxy for Shares Registered in Street Name. If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares of common stock voted. Only the broker, bank or other nominee holder can sign a proxy card with respect to your shares, and only after receiving specific instructions from you. **Please contact all nominee**

holders of your shares TODAY, and instruct them to sign and return a proxy card to vote your shares FOR our Board of Directors' nominees and as our Board of Directors recommends on other matters before the annual meeting.

If you hold your shares in more than one account or if they are registered in different names, you may receive more than one proxy card. Please sign, date and return all proxies you receive to ensure that all of your shares are voted. Please see the enclosed proxy card for further instructions on how to submit your vote. If you have any questions regarding how to authorize your proxy by telephone or by Internet or need assistance in completing your proxy card, please contact our proxy solicitor, MacKenzie Partners, Inc., at (800) 322-2885 or by email at proxy@mackenziepartners.com.

Can I change my vote after I submit my proxy card?

If you cast a vote by proxy, you may revoke it at any time before it is voted by:

- filing a written notice revoking the proxy with our Secretary at our address;
- properly signing and forwarding to us a proxy with a later date; or
- appearing in person and voting by ballot at the meeting.

If you attend the meeting, you may vote in person whether or not you have previously given a proxy, but your presence (without further action) at the meeting will not constitute revocation of a previously given proxy. If you hold your shares through a bank, broker or other nominee holder, only they can revoke your proxy on your behalf.

How is my vote counted?

If you properly execute a proxy in the accompanying form, and we receive it prior to voting at the meeting, or authorize your proxy to vote your shares electronically through the Internet or by telephone, the shares of common stock that the proxy represents will be voted in the manner specified on the proxy. If no specification is made, the common stock represented by the holders of proxies will be voted as recommended by our Board of Directors with regard to all other matters in its discretion. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

How does the Board recommend that I vote on each of the proposals?

The Board recommends that you vote:

- **FOR Proposal 1:** the election of Douglas C. Eby, Ricardo Koenigsberger and Kenneth J. Witkin to serve on our Board of Directors as directors until our 2011 annual meeting of stockholders and until his successors are duly elected and qualify.

What other information should I review before voting?

A copy of our press release containing unaudited financial statements for the year ended December 31, 2009 is attached hereto as Exhibit A. You may obtain a copy of this press release on our website at <http://www.realtyfinancecorp.com>.

Who is soliciting my proxy?

This solicitation of proxies is made by and on behalf of our Board of Directors. We will pay the cost of the solicitation of proxies. You may also be solicited by means of press releases issued by Realty Finance Corporation, postings on our website, www.realtyfinancecorp.com, and advertisements in periodicals. None of our directors, officers or employees will receive any extra compensation for soliciting you. We will also

reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of Realty Finance Corporation. In addition to the solicitation of proxies by mail, our directors, officers and employees may solicit proxies personally or by telephone.

No person is authorized on our behalf to give any information or to make any representations with respect to the proposals other than the information and representations contained in this proxy statement, and, if given or made, such information and/or representations must not be relied upon as having been authorized and the delivery of this proxy statement shall, under no circumstances, create any implication that there has been no change in our affairs since the date hereof.

PROPOSAL 1—ELECTION OF DIRECTORS

Our Board of Directors currently consists of three members each serving for a term of one year and until their successors are duly elected and qualify. The term expires at each annual meeting of stockholders.

At the annual meeting, all of the directors will be elected to serve until the 2011 annual meeting and until their successors are duly elected and qualify. Our Nominating and Corporate Governance Committee has recommended Douglas C. Eby, Kenneth J. Witkin and Ricardo Koenigsberger to our Board of Directors as nominees for election to serve as directors. These nominees are currently serving as directors. On May 23, 2010, Vincent J. Costantini resigned as our Interim Chief Executive Officer and President and one of our directors, and Mr. Eby was subsequently appointed Chief Executive Officer and President. Prior to his resignation, our Board of Directors consisted of four members. In connection with Mr. Costantini's resignation, our Board of Directors permanently reduced the number of directors from four to three. Following the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors has nominated Douglas C. Eby, Kenneth J. Witkin and Ricardo Koenigsberger to serve as directors. Our Board of Directors anticipates that each nominee will serve, if elected, as a director.

Unless otherwise instructed, the proxy holders named in the proxy card will vote all the proxies received by them for the three nominees named below, all of whom are presently directors of Realty Finance Corporation. If any nominee is unable to stand for election or is unable or declines to serve as a director at the time of the annual meeting, any proxies voted in favor of such nominee will be voted for the election of such other person or persons as our Nominating and Corporate Governance Committee may recommend to our Board of Directors. Each nominee listed below has consented to being named in this proxy statement and to serve as a director if elected. We are not aware of any nominee who will be unable to serve as a director. Each director elected at this annual meeting will serve a one-year term or until such director's successor has been duly elected and qualified.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" EACH NOMINEE.

Information Regarding the Nominees

The following table and biographical descriptions set forth certain information with respect to each nominee for election as a director at the 2010 annual meeting, based upon information furnished by each director.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>
Douglas C. Eby	50	2005
Kenneth J. Witkin	60	2007
Ricardo Koenigsberger	43	2005

Douglas C. Eby has been one of our directors since June 9, 2005, the Chairman of our Board of Directors since August 28, 2009 and our Chief Executive Officer and President since May 23, 2010. Mr. Eby has been a director of Level III Communications, Inc. since August 2007. Mr. Eby has been a private investor since December 2009. Mr. Eby was previously Chairman and CEO of Time Partners LLC, an investment advisory firm from 2004 until December 2009. Prior to that, from April 1997 until September 2007, Mr. Eby was President of Torray LLC, a registered investment advisory firm, having joined Torray LLC in 1992. Mr. Eby is also a member of the Board of Directors of Markel Corporation, a specialty insurance company. Mr. Eby is also a past member of the Board of Trustees and past Chairman of the Boys and Girls Clubs of Greater Washington, DC and a past trustee of Suburban Hospital Healthcare System, a member of The Johns Hopkins Health System Corporation. Mr. Eby has over 25 years of experience as an investment advisor and portfolio manager evaluating various investment opportunities. The Board selected Mr. Eby to serve as a director because it believes that as a result of our review of various business investment opportunities and our need to periodically access the capital markets, that the Board benefits from Mr. Eby's insights gained from his investment management experience.

Kenneth J. Witkin has been a director of our company since September 4, 2007. Mr. Witkin was our chief executive officer and president from September 4, 2007 until August 3, 2009. Prior to joining our company, Mr. Witkin served as an executive vice president, senior division executive in the commercial real estate banking group of Bank of America. Mr. Witkin also managed TriSail Capital Corporation, a national mezzanine lending business, which he founded. Prior to the acquisition by Bank of America, Mr. Witkin spent 15 years at FleetBoston Corporation in numerous executive roles. Before joining FleetBoston, he spent seven years as chief operating officer of a private real estate development company. Mr. Witkin began his banking career in 1974 at Citibank, N.A. After four years in the asset-based lending division of Citibank, Mr. Witkin spent the next two years at Citicorp Real Estate, Inc. He served as the regional executive of First Chicago's Florida Real Estate Group based in Miami from 1981 to 1983. Mr. Witkin is currently a trustee of the Boston Children's Museum and a board member of the Big Apple Circus. Mr. Witkin holds a B.A. in Economics from Hofstra University and an M.B.A. from New York University Graduate School of Business.

Ricardo Koenigsberger has been one of our directors since June 9, 2005. Mr. Koenigsberger is a founding managing partner of the ROCA Funds, a group of private equity funds focused on the Real Estate Investment Trust Market. In his role as a ROCA partner, Mr. Koenigsberger is a member of the investment committee of the ROCA Funds. Previously, Mr. Koenigsberger was a managing director of XE Capital Management, LLC where he was head of the real estate group. As a managing director, he was responsible for the overall strategy, acquisition and asset management of XE Capital Management, LLC's worldwide real estate portfolio. Prior to joining XE Capital Management, LLC and forming ROCA Funds, Mr. Koenigsberger was a partner of Apollo Real Estate Advisors, L.P. (AREA), the general partner of the Apollo Real Estate Funds, and was responsible for new investments and investment management and was with AREA from 1995 to 2006. Apollo is a real estate private equity company with equity under management of over \$4 billion. At AREA, Mr. Koenigsberger oversaw equity investments, including investments in distressed debt, limited partnership tenders, convertible preferred instruments, operating companies and direct equity investments. Mr. Koenigsberger was also responsible for all of Apollo's direct ownership in hotels in the U.S. and led the hospitality business for Apollo. Mr. Koenigsberger was instrumental in the creation and initially headed the Apollo-GMAC Mezzanine Fund. Prior to becoming a partner of AREA, Mr. Koenigsberger had been associated with Apollo Management, the general partner of the Apollo Corporate Funds, since 1990. Mr. Koenigsberger was also a member of the Corporate Finance Department of Drexel Burnham Lambert Incorporated, where he was involved in a variety of financings and M&A assignments. Mr. Koenigsberger is a past director of Capital Lodging, Meadowbrook Golf, Schuler Homes/Western Pacific Housing, CB Richard Ellis, and Washington Corp., a diversified Washington based real estate company. Mr. Koenigsberger is a graduate of the University of Pennsylvania's Wharton School of Business.

Biographical Information Regarding Executive Officers Who Are Not Directors

Daniel Farr has been our Chief Financial Officer, Executive Vice President and Secretary since September 26, 2008. In this capacity, Mr. Farr has led Company's cost reduction and creditor negotiation efforts. In addition, Mr. Farr has been involved in all aspects of the restructuring of the Company's investment portfolio and the internalization of the Company's management. Mr. Farr joined the Company in 2006 in which he was responsible for our financial planning, strategic analysis and management of \$1.6 billion of collateralized debt obligations. Prior to joining our company, Mr. Farr worked at General Electric Capital Corporation ("GE Capital") for seven years in risk and finance roles, most recently as Assistant Vice President of Risk for GE Energy Financial Services, a division of GE Capital with \$12 billion in investments. From 1996 until 1999, Mr. Farr served as a Senior Tax Consultant and Auditor at Deloitte & Touche LLP. Mr. Farr received his M.B.A. from the Leonard N. Stern School of Business at New York University and received a B.S. in Accounting from the University of Connecticut. He is also a Certified Public Accountant.

Our Board of Directors and Its Committees

Our Board of Directors presently consists of three members. During the fiscal year 2009, our Board of Directors of directors held 13 meetings. Each of the directors attended at least 75% of the total number of

meetings of our Board of Directors held during 2009. Our Board of Directors currently has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee. We have a standing Audit Committee, currently consisting of Messrs. Koenigsberger (Chairman), Eby and Witkin. Our Audit Committee is responsible for, among other things, reviewing the adequacy of our internal controls, accounting and reporting practices, assessing the quality and integrity of our consolidated financial statements, engaging any independent registered public accounting firm we choose to retain (we currently have not retained any firm), reviewing with any such independent registered public accounting firm the plans and results of their audit engagement, approving professional services to be provided by any independent registered public accounting firm and reviewing the independence of the auditors, considering the range of audit and non-audit fees. The function of our Audit Committee is oversight. While management is responsible for the preparation, presentation and integrity of our financial statements, there is no assurance that the financial statements for the year ended in December 31, 2009 included in the attached press release have been, or the financial statements for any future periods will be, prepared in accordance with U.S. generally accepted accounting principles. Our Board of Directors has adopted a written charter for our Audit Committee, which is available on our website at <http://www.realtyfinancecorp.com>. Our Audit Committee held three meetings during fiscal year 2009. Each of the committee members attended the meetings of our Audit Committee held during fiscal year 2009. Given that all of the members of our Board of Directors are members of this committee, the functions of this committee are often handled by our full Board of Directors.

Compensation Committee. We have a standing Compensation Committee, currently consisting of Messrs. Witkin (chairman) and Koenigsberger. Until May 23, 2010, Mr. Eby served as chairman of our Compensation Committee. Our Compensation Committee is responsible for, among other things: (1) evaluating the performance of our chief executive officer and other executive officers; (2) determining the compensation of employees; and (3) administering the issuance of any award under our 2004 Equity Incentive Plan. Compensation decisions for our executive officers and directors are made by our Compensation Committee. Our Board of Directors has adopted a written charter for our Compensation Committee, which is available on our website at <http://www.realtyfinancecorp.com>. Our Compensation Committee held three meetings during fiscal year 2009. Each of the committee members attended the meetings of our Compensation Committee held during fiscal year 2009. Given that two of three of the members of our Board of Directors are members of this committee, the functions of this committee are often handled by our full Board of Directors.

Nominating and Corporate Governance Committee. We have a standing Nominating and Corporate Governance Committee, currently consisting of Messrs. Koenigsberger (chairman), Eby and Witkin. Our Nominating and Corporate Governance Committee is responsible for, among other things, assisting the board in identifying individuals qualified to become board members, recommending to our Board the Director nominees to be elected at each annual meeting of stockholders, recommending to our Board the Directors to serve on each of our board committees, developing and recommending to our Board of Directors the corporate governance principles and guidelines applicable to our company and directing our Board of Directors in an annual review of its performance. Our Board of Directors has adopted a written charter for our Nominating and Corporate Governance Committee, which is available on our website at <http://www.realtyfinancecorp.com>. Our Nominating and Corporate Governance Committee held two meetings during fiscal year 2009. Each of the committee members attended the meetings of our Nominating and Corporate Governance Committee held during fiscal year 2009. Given that all of the members of our Board of Directors are members of this committee, the functions of this committee are often handled by our full Board of Directors.

Director Compensation

The following table* sets forth information with respect to compensation paid to our current and former directors during the fiscal year ended December 31, 2009:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Douglas C. Eby	\$81,900	—	—	—	\$81,900
Vincent J. Costantini ⁽¹⁾	\$86,700	—	—	—	\$86,700
Kenneth J. Witkin	\$29,217	—	—	—	\$29,217
Ricardo Koenigsberger	\$80,900	—	—	—	\$80,900
Ray Wirta ⁽²⁾	\$66,400	—	—	—	\$66,400

* The columns for “Non-Equity Incentive Plan Compensation” and “Change in Pension Value and Nonqualified Deferred Compensation Earnings” have been omitted because they are not applicable.

- (1) On May 23, 2010, Mr. Costantini resigned as our Interim Chief Executive Officer and President and a member of our Board of Directors and Mr. Eby was appointed our Chief Executive Officer and President.
- (2) Mr. Wirta resigned as Chairman of our Board of Directors and as a member of our Board of Directors effective August 28, 2009. As a result, Mr. Eby was appointed Chairman of our Board of Directors.

For the fiscal year ending December 31, 2010, each director will receive an annual retainer (paid in quarterly installments) of \$30,000 payable in cash and a fee of \$1,500 payable in cash for each full board meeting attended in person (or \$750 payable in cash if participation is telephonic). Each director will also be paid a fee of \$1,500 payable in cash for each committee meeting (if held on a separate day from a board meeting) that he or she attends (or \$750 payable in cash if participation is telephonic). Each of Messrs. Eby, Costantini and Koenigsberger also received a restricted stock grant of 667 shares of our common stock upon completion of our June 2005 private offering, which vested one year after the date of grant. We also reimburse all of our directors for their travel expenses, incurred in connection with their attendance at full board and committee meetings. The directors named above were reimbursed approximately \$9,800 for such expenses during 2009.

CORPORATE GOVERNANCE MATTERS

This section of our proxy statement contains information about a variety of our corporate governance policies and practices. On March 16, 2009, we ceased to be a reporting company under the rules and regulations of the Securities and Exchange Commission, or the SEC, and our common stock ceased to be listed on the New York Stock Exchange, or the NYSE. Therefore, after such date we have not been subject to the rules and regulations of the SEC and the NYSE. We are committed to operating our business under strong and accountable corporate governance practices, but have not necessarily acted in compliance with rules and regulations we are no longer subject to. You are encouraged to visit the corporate governance section of the “Investor Relations—Corporate Governance” page of our corporate website at <http://www.realtyfinancecorp.com> to view or to obtain copies of our committee charters, code of business conduct and ethics and corporate governance guidelines. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement. You may also obtain, free of charge, a copy of the respective charters of our committees, code of business conduct and ethics and corporate governance guidelines by directing your request in writing to Realty Finance Corporation, 2080 Silas Deane Highway, Rocky Hill, CT 06067, Attention: Daniel Farr. Additional information relating to the corporate governance of our company is also included in other sections of this proxy statement.

Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines that address significant issues of corporate governance and set forth procedures by which our Board of Directors carries out its responsibilities. Among the areas addressed by the Corporate Governance Guidelines are director qualification standards, director responsibilities, director access to management and independent advisors, director compensation, director orientation and continuing education, management succession, annual performance evaluation of the Board and management responsibilities. Our Nominating and Corporate Governance Committee is responsible for assessing and periodically reviewing the adequacy of the Corporate Governance Guidelines and will recommend, as appropriate, proposed changes to the Board.

Board Leadership Structure

Our Board of Directors recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management. It understands that there is no single, generally accepted approach to providing board leadership and that given the dynamic and competitive environment in which we operate, the right board leadership structure may vary as circumstances warrant.

Our Board of Directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of our Board of Directors. Given the size of our Board of Directors, we have not appointed a lead independent director. However, our Board of Directors consists of a majority of non-executive directors. These non-executive directors meet regularly in executive session without the presence of management or interested directors in order to promote discussion among the non-executive directors and to assure independent oversight of management. In addition, our Board committees, which oversee critical matters such as the integrity of our financial statements, the compensation of executive management, and the development and implementation of corporate governance policies, each consist of at least a majority of non-executive directors. Our non-executive directors assist our Chief Executive Officer in defining the agenda for Board meetings, make suggestions for pre-meeting materials, provide feedback to our Chief Executive Officer following executive sessions and serve as a point of leadership during special situations. Therefore, our Board of Directors believes that its majority non-executive composition and the roles that our non-executive directors perform provide effective corporate governance at our Board of Directors level and independent oversight of both our Board of Directors and our executive officers. The current leadership structure, when combined with the functioning of the non-executive director component of our Board of Directors and our overall corporate governance structure, strikes an appropriate balance between strong and consistent leadership and independent oversight of our business and affairs.

In addition, our Board of Directors encourages open and regular communication among all of our non-executive directors and believes that it is currently best served without designating a single lead independent director. Our Board of Directors believes that it is able to effectively provide independent oversight of our business and affairs, including the risks facing our company, without a lead independent director through the composition of our Board of Directors, the strong leadership of our non-executive directors, the committees of our Board of Directors and the other corporate governance structures and processes already in place. Our non-executive directors actively collaborate together and through their respective committees. As part of its annual self-assessment, our Board of Directors reviewed our current leadership structure.

Board’s Role in Risk Oversight

Our Board of Directors is responsible for the oversight of our risk management. Our Board of Directors is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by our Board of Directors and its committees. In particular, our Board of Directors administers its risk oversight function through (i) the review and discussion of certain periodic reports to our Board of Directors and its committees on topics relating to the risks that we face, including, among others, market conditions, borrower concentrations and credit worthiness, joint venture and collateral debt obligation activity, loan defaults and maturities, liquidity, access to debt and equity capital markets, existing and potential legal claims against us and various other legal, regulatory, accounting, and strategic matters relating to our business, (ii) the required approval by our Board of Directors (or a committee thereof) of significant transactions and other decisions, including, among others, acquisitions and dispositions of properties, originations and acquisitions of loans, new borrowings and the appointment and retention of our senior management, (iii) the direct oversight of specific areas of our business by the Compensation, Audit and Nominating and Corporate Governance Committees and (iv) periodic reports from outside consultants regarding various areas of potential risk, including, among others, those relating to our qualification as a REIT for tax purposes. Our Board of Directors also relies on management to bring significant matters impacting our company to its attention.

Our Board of Directors oversees and monitors our risk management framework and actively reviews risks that may be material to us. Our Board of Directors receives reports from management to enable it to understand our risk identification, risk management and risk mitigation strategies. To the extent applicable, our Board of Directors and its committees coordinate their risk oversight roles. Our Board of Directors recognizes that it is not possible to identify all of the risks that may affect us or to develop processes and controls to eliminate or mitigate their occurrence or effects. As part of its regular oversight of our company, our Board of Directors interacts with and reviews reports from, among others, our executive officers regarding risks faced by us and applicable risk controls. Our Board of Directors may, at any time and in its discretion, change the manner in which they conduct risk oversight. The goal of these processes is to achieve serious and thoughtful board-level attention to our risk management process and framework, the nature of the material risks we face and the adequacy of our risk management process and framework designed to respond to and mitigate these risks.

Composition of our Directors

Our Corporate Governance Guidelines provide that a majority of the directors serving on our Board of Directors must not be members of our executive management. Our Board of Directors has affirmatively determined, based upon its review of all relevant facts and circumstances and after considering all applicable relationships, of which our Board of Directors had knowledge, between or among the directors and our company or our management (any such relationships, if any, are described in the section of this proxy statement entitled “Certain Relationships and Related Transactions”), that each of the following directors and director nominees has no direct or indirect material relationship with us: Messrs. Witkin and Koenigsberger.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to our directors, executive officers and employees. The Code of Business Conduct and Ethics was designed to assist our directors,

executive officers and employees in complying with the law, in resolving moral and ethical issues that may arise and in complying with our policies and procedures. Among the areas addressed by the Code of Business Conduct and Ethics are compliance with applicable laws, conflicts of interest, use and protection of our company's assets, confidentiality, dealing with the press and communications with the public, accounting matters, records retention, fair dealing, discrimination and harassment and health and safety.

Communications with Our Board of Directors

We have a process by which stockholders and/or other parties may communicate with our Board of Directors, our non-executive directors as a group or our individual directors. Any such communications may be sent to our Board of Directors by U.S. mail or overnight delivery and should be directed to Daniel Farr, Chief Financial Officer and Secretary, at Realty Finance Corporation, 2080 Silas Deane Highway, Rocky Hill, CT 06067, who will forward such communications on to the intended recipient. Any such communications may be made anonymously. However, we reserve the right to disregard any communication that our Secretary determines is unduly hostile, threatening or illegal, does not reasonably relate to us or our business, or is similarly inappropriate. Our Secretary has the authority to disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

Whistleblowing and Whistleblower Protection Policy

Our Audit Committee has established procedures for (i) the receipt, retention and treatment of complaints received by our company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential and anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. If you wish to contact our Audit Committee to report complaints or concerns relating to the financial reporting of our company, you may do so in writing to the Chairman of our Audit Committee, c/o Chief Financial Officer and Secretary, Realty Finance Corporation, 2080 Silas Deane Highway, Rocky Hill, CT 06067. Any such communications may be made anonymously.

Director Attendance at Annual Meetings

We encourage members of our Board of Directors to attend each annual meeting of stockholders.

Identification of Director Candidates

Our Nominating and Corporate Governance Committee assists our Board of Directors in identifying and reviewing director candidates to determine whether they qualify for membership on our Board of Directors and for recommending to the Board the director nominees to be considered for election at our annual meetings of stockholders.

In making recommendations to our Board of Directors, our Nominating and Corporate Governance Committee considers such factors as it deems appropriate. These factors may include judgment, skill, diversity, education, experience with businesses and other organizations comparable to our company, the interplay of the candidate's experience with the experience of other Board members, the candidate's industry knowledge and experience, the ability of a nominee to devote sufficient time to the affairs of our company and the extent to which the candidate generally would be a desirable addition to our Board of Directors and any of its committees.

Our Nominating and Corporate Governance Committee may solicit and consider suggestions of our directors or management regarding possible nominees. Our Nominating and Corporate Governance Committee may also procure the services of outside sources or third parties to assist in the identification of director candidates.

Our Nominating and Corporate Governance Committee may consider director candidates recommended by our stockholders. Our Nominating and Corporate Governance Committee will apply the same standards in considering candidates submitted by stockholders as it does in evaluating candidates submitted by members of

our Board of Directors. Any recommendations by stockholders should follow the procedures outlined under “Stockholder Proposals” in this proxy statement and should also provide the reasons supporting a candidate’s recommendation, the candidate’s qualifications and the candidate’s written consent to being considered as a director nominee. In addition, any stockholder recommending a director candidate should submit information demonstrating the number of shares of common stock that he or she owns.

Web Access

We provide access through our website to current information relating to corporate governance, including a copy of each of our Board of Directors’ standing committee charters, our Code of Business Conduct, Corporate Governance Guidelines, Articles of Amendment and Restatement and bylaws, and other matters impacting our corporate governance principles. We also provide access through our website to all filings submitted by us to the SEC. Our website is <http://www.realtyfinancecorp.com>, and access to this information is free of any charge to the user (except for any internet provider or telephone charges). We will post on our internet website all waivers to our Code of Business Conduct, which are required to be disclosed by applicable law. Information contained on our website is not part of this proxy statement.

EXECUTIVE COMPENSATION

Summary Compensation Table*

Prior to the internalization of our management in December 2008, the amended and restated management agreement provided that CBRE Realty Finance Management, LLC, our former external manager, or the Manager, assumed principal responsibility for managing our affairs, our executive officers, who were employees of the Manager, generally did not receive cash compensation from us for serving as our executive officers. However, in their capacities as officers or employees of the Manager, or its affiliates, under the terms of the amended and restated management agreement, they devoted a portion of their time to our affairs as is required for the performance of the duties of the Manager.

The Manager or its affiliates, including CBRE Melody & Company, or CBREIMelody, compensated each of our executive officers in 2008 prior to the expiration of the amended and restated management agreement on December 31, 2008. Subsequent to December 31, 2008, we have internalized the operations historically performed by the Manager into our company through the direct hiring of the employees previously employed by the Manager and replacing other functions previously performed or facilitated by CBREIMelody, such as payroll and other back office functions, and obtaining standalone insurance coverage.

We may from time to time, at the discretion of our Compensation Committee, grant shares of our common stock or options to purchase shares of our common stock to our executive officers pursuant to the 2005 Equity Incentive Plan.

The following table sets forth information regarding the equity compensation awarded by us to our former Chief Executive Officers and our Chief Financial Officer (collectively, the “named executive officers”). Amounts received by our named executive officers from the Manager are not included herein. It is noted that a number of the executive compensation arrangements described below may be subject to adjustment for changes to be made in light of Section 409A of the Internal Revenue Code of 1986, as amended.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards⁽¹⁾ (\$)</u>	<u>Option Awards⁽²⁾ (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Vincent J. Costantini Former Chief Executive Officer, Former President and Former Director ⁽³⁾	2009	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
Daniel Farr Chief Financial Officer	2009	\$207,096	\$168,750	—	—	\$ 6,000 ⁽⁴⁾	\$ 381,846
	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
Kenneth J. Witkin Former Chief Executive Officer, Former President and Director ⁽⁵⁾	2009	\$353,077	\$693,000	\$21,600	\$4,730	\$1,240,431 ⁽⁴⁾	\$2,312,838
	2008	—	—	—	—	—	—
	2007	—	—	\$43,485	\$ 469	—	\$ 43,954

- * The columns for “Non-Equity Incentive Plan Compensation” and “Change in Pension Value and Nonqualified Deferred Compensation Earnings” have been omitted because they are not applicable.
- (1) Amounts shown do not reflect equity compensation actually received by the named executive officer. Instead, the amounts shown are the aggregate grant date fair value of the restricted stock awards issued to the named executive officers as determined pursuant to FASB ASC Topic 718 (formerly SFAS 123R).
- (2) Amounts shown do not reflect compensation actually received by the named executive officer. Amounts shown are the aggregate grant date fair value of the options issued to the named executive officers as determined pursuant to FASB ASC Topic 718.

- (3) On May 23, 2010, Mr. Costantini resigned as our Interim Chief Executive Officer and President and one of our directors, and Mr. Eby was subsequently appointed our Chief Executive Officer and President. Mr. Eby will not receive any compensation or benefits for his services as our Chief Executive Officer and President.
- (4) Other compensation includes an auto allowance for Mr. Farr and an auto allowance, housing allowance and severance payment for Mr. Witkin. Mr. Witkin's severance payment of \$1,200,000 included a reimbursement to us from CB Richard Ellis, Inc., or CBRE, of \$350,000.
- (5) On January 1, 2009, 120,000 shares of restricted stock and 43,000 options were granted to Mr. Witkin, of which 40,000 shares of restricted stock and 14,333 options vested on August 3, 2009 when Mr. Witkin was terminated as our Chief Executive Officer and President.

Grants of Plan-Based Awards

On January 1, 2009, we granted to Mr. Witkin 120,000 shares of restricted stock and options to purchase 43,000 shares of our common stock. The restricted stock awards have a grant date fair value of \$0.18 per share. The options have an exercise price of \$0.18 per share and have a grant date fair value of \$0.11 per option. The 120,000 shares of restricted stock vest in three equal annual installments beginning on January 1, 2010. The 43,000 options also vest in three equal annual installments beginning on January 1, 2010. In connection with Mr. Witkin's termination as our Chief Executive Officer and President in August 2009, he forfeited 80,000 shares of restricted stock and 28,667 options.

Outstanding Equity Awards

The following table sets forth certain information with respect to all outstanding equity awards held by each named executive officer at the fiscal year ended December 31, 2009.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Vincent J. Costantini ⁽¹⁾	—	—	—	—	—	—	—	—	—
Daniel Farr	5,000 ⁽²⁾	—	—	\$ 13.08	03/07/2012	—	—	—	—
Kenneth J. Witkin	24,000 ⁽³⁾	—	—	\$ 5.89	09/04/2012	—	—	—	—
	14,333 ⁽⁴⁾	—	—	\$ 0.18	01/01/2014	—	—	—	—

(1) On May 23, 2010, Mr. Costantini resigned as our Interim Chief Executive Officer and President and one of our directors, and Mr. Eby was subsequently appointed our Chief Executive Officer and President. Mr. Eby will not receive any compensation or benefits for his services as our Chief Executive Officer and President.

(2) Includes an option award granted on March 7, 2007, all of which have vested as of January 1, 2009.

(3) Includes an option award granted on September 4, 2007, all of which have vested as of January 1, 2009.

(4) Includes an option award granted on January 1, 2009, of which 28,667 options have been forfeited by Mr. Witkin when he was terminated as our Chief Executive Officer and President on August 3, 2009.

Option Exercises and Stock Vested

The following table sets forth certain information with respect to the exercise of stock options, stock appreciation rights, or SARs, and similar instruments, and the vesting of stock, including restricted stock, restricted stock units and similar instruments for each named executive officer during the fiscal year ended December 31, 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽¹⁾ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ⁽²⁾ (\$)
Vincent J. Costantini ⁽³⁾	—	—	—	—
Daniel Farr	—	—	14,000	2,520
Kenneth J. Witkin	—	—	90,000	10,600

- (1) Amounts reflect the difference between the exercise price of the option and the market price at the time of exercise.
- (2) Amounts reflect the market value of the stock on the day the stock vested.
- (3) On May 23, 2010, Mr. Costantini resigned as our Interim Chief Executive Officer and President and one of our directors, and Mr. Eby was subsequently appointed our Chief Executive Officer and President. Mr. Eby will not receive any compensation or benefits for his services as our Chief Executive Officer and President.

Pension Benefits

Our named executive officers received no benefits in fiscal year 2009 from us under defined pension or defined contribution plans. See “—Summary Compensation Table.”

Nonqualified Deferred Compensation

Our company does not have a nonqualified deferred compensation plan that provides for deferral of compensation on a basis that is not tax-qualified for our named executive officers.

Severance Payments

In connection with the internalization of the Manager, pursuant to the amended and restated management agreement then in effect, we paid to Mr. Witkin a special bonus of \$350,000 in January 2009. Pursuant to a letter agreement between Mr. Witkin and us, dated as of December 16, 2008, we paid Mr. Witkin a severance payment of \$1,200,000 in August 2009 of which \$350,000 was reimbursed to us from CBRE, an affiliate of the Manager. Pursuant to a letter agreement between Mr. Farr and us, dated as of March 26, 2009, subject to certain conditions, Mr. Farr is also entitled to a severance payment equal to base salary and a bonus of not less than \$125,000. The total severance payment under this letter agreement is currently estimated to be \$370,000, consisting of Mr. Farr’s current salary of \$245,000 per year and bonus of \$125,000. The Board authorized payment of half of Mr. Farr’s severance in January 2010. In addition, on May 27, 2010, the Compensation Committee approved a bonus to Mr. Farr in the amount of \$150,000 for 2010, half of which will be payable by us by June 30, 2010 and remainder will be payable by us by December 31, 2010.

Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2009, relating to our equity compensation plans pursuant to which shares of our common stock or other equity securities may be granted from time to time.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	759,883	\$13.87	356,937
Equity compensation plans not approved by security holders	—	—	—
Total	759,883	\$13.87	356,937

⁽¹⁾ Includes information related to our 2005 Equity Incentive Plan.

Equity Incentive Plan Information

In connection with our formation, we established the 2005 Equity Incentive Plan to provide incentive compensation to attract and retain qualified employees, directors, officers, advisors, consultants and other personnel, including, prior to the internalization, the Manager and former employees of the Manager and CBRE, CBRE/Melody, and any joint venture affiliates of ours, CBRE or CBRE/Melody. Our Compensation Committee has the authority to administer and interpret the equity incentive plan, to authorize the granting of awards (subject to ratification by our Board of Directors), to determine the eligibility of an employee, director or consultant to receive an award, to determine the number of shares of common stock to be covered by each award, to determine the terms, provisions and conditions of each award, to prescribe the form of instruments evidencing awards and to take any other actions and make all other determinations that it deems necessary or appropriate. Our Compensation Committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse.

Subject to adjustment upon certain corporate transactions or events, up to a maximum of 2,000,000 shares, but not more than 10% of the common stock outstanding at the time our private placement offering in June 2005, may be subject to stock options, restricted stock, phantom stock and distribution equivalent rights under the equity incentive plan. The maximum number of shares of common stock that may underlie awards, other than options, to any eligible person in any one year, shall not exceed 400,000. In addition, subject to adjustment upon certain corporate transactions or events, a participant may not receive options for more than 400,000 shares of our common stock in one year. Any common stock withheld or surrendered by plan participants in connection with the payment of an option exercise price or in connection with tax withholding will not count towards the share limitation and will be available for issuance under the equity incentive plan. If an option or other award granted under the 2005 Equity Incentive Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Any option or other award granted to our employees will be granted in consideration of services performed by those employees to and for the benefit of our company. Unless previously terminated by our Board of Directors, no new award may be granted under the 2005 Equity Incentive Plan after the tenth anniversary of the date that such plan was initially approved by our Board of Directors. No award may be granted under our 2005 Equity Incentive Plan to any person who, assuming exercise of all options and payment of all awards held by such person, would own or be deemed to own more than 9.8% of the outstanding common stock.

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocks and none of our employees participate on our Compensation Committee.

Employees

As of June 4, 2010, we have two full-time employees, one full-time contractor and one part-time contractor.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of June 4, 2010, certain ownership information with respect to our common stock for those persons known to us who directly or indirectly own, control or hold with the power to vote, 5% or more of our outstanding common stock and all executive officers and directors, individually and as a group. In accordance with SEC rules, each listed person's beneficial ownership includes:

- all shares the investor actually owns beneficially or of record;
- all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- all shares the investor has the right to acquire within 60 days (such as upon exercise of options that are currently vested or which are scheduled to vest within 60 days).

<u>Name**</u>	<u>Amount And Nature of Beneficial Ownership of Common Stock</u>	<u>Percent of Total⁽¹⁾</u>
Douglas Eby ⁽³⁾	667	*
Vincent Costantini ⁽³⁾⁽⁴⁾⁽⁵⁾	3,667	*
Ricardo Koenigsberger ⁽³⁾	667	*
Kenneth Witkin ⁽⁶⁾	157,000	*
Daniel Farr ⁽⁷⁾	62,140	*
All Directors and Executive Officers as a Group (Five Persons) . . .	224,141	*
Arbor Realty Trust, Inc. ⁽⁸⁾	2,929,465	9.5%
BSC Equity Management LLC ⁽⁹⁾	2,910,182	9.4%

* Less than 1% of class.

** Unless otherwise indicated, the business address is 2080 Silas Deane Highway, Rocky Hill, CT 06067.

- (1) Based on 30,828,200 shares of our common stock outstanding as of June 4, 2010. Does not reflect (i) options to purchase 759,883 shares of common stock that were granted to our employees, (ii) options to purchase 240,117 shares of common stock available for issuance to our employees and (iii) 116,820 shares of common stock available for future grant under our stock incentive plan.
- (2) The address for all executive officers and directors is c/o 2080 Silas Deane Highway, Rocky Hill, CT 06067.
- (3) Represents stock awards of 667 shares of our common stock granted upon completion of our June 2005 private offering to each of our non-excluded directors, which vest one year after the date of grant. Before vesting of the awards, the recipients have all rights of a stockholder, including the right to receive dividends and vote the shares, but we will retain custody of the certificates evidencing the shares granted under the awards and the recipients will not be able to sell, transfer or pledge the shares.
- (4) Includes 3,000 shares of our common stock purchased by Mr. Costantini in our June 2005 private offering at the offering price of \$15.00 per share.
- (5) On May 23, 2010, Mr. Costantini resigned as our Interim Chief Executive Officer and President and one of our directors.
- (6) Includes 75,000 shares of restricted stock granted to such individual on September 4, 2007 and 40,000 shares of restricted stock granted to such individual on January 1, 2009. Also includes 42,000 shares of our common stock purchased by Mr. Witkin. Does not include options to purchase 24,000 and 14,333 shares of our common stock granted to such individual on September 4, 2007 and January 1, 2009, respectively.
- (7) Includes 11,000 shares of restricted stock and 10,000 shares of restricted stock granted to such individual on March 7, 2007 and December 31, 2007, respectively. Also includes 41,140 shares of our common stock purchased by Mr. Farr. Does not include options to purchase 5,000 shares of our common stock granted to such individual on March 7, 2007.
- (8) The stockholder's address is 333 Earle Ovington Boulevard, Uniondale, NY 11553.
- (9) The stockholder's address is 100 Vandam Street, New York, NY 10013.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures With Respect to Related Party Transactions

It is the policy of our Board of Directors that all related party transactions (generally, transactions involving amounts exceeding \$120,000 in which a related party (directors and executive officers or their immediate family members, or stockholders owning 5% of more of our outstanding stock)) shall be subject to approval or ratification in accordance with the following procedures.

Our Nominating and Corporate Governance Committee shall review the material facts of all related party transactions that require its approval and either approve or disapprove of the entry into the related party transaction, subject to some exceptions. If advance approval of a related party transaction is not feasible, then the related party transaction shall be considered and, if our Nominating and Corporate Governance Committee determines it to be appropriate, ratified at the next regularly scheduled meeting of our Nominating and Corporate Governance Committee. In determining whether to approve or ratify a related party transaction, our Nominating and Corporate Governance Committee will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

No director shall participate in any discussion or approval of a related party transaction for which he or she is a related party, except that the director shall provide all material information concerning the related party transaction to our Nominating and Corporate Governance Committee.

If a related party transaction will be ongoing, our Nominating and Corporate Governance Committee may establish guidelines for our management to follow in its ongoing dealings with the related party. Thereafter, our Nominating and Corporate Governance Committee, on at least an annual basis, shall review and assess ongoing relationships with the related party to see that they are in compliance with our Nominating and Corporate Governance Committee's guidelines and that the related party transaction remains appropriate.

As of December 31, 2009, there were no related party transactions.

OTHER MATTERS

Solicitation of Proxies

We will pay the cost of solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may also solicit proxies personally or by telephone without additional compensation for such activities. We will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to and obtain proxies from such beneficial owners. We will reimburse such holders for their reasonable expenses. In addition, we intend to utilize the proxy solicitation services of MacKenzie Partners, Inc., at an aggregate estimated cost of \$3,000, plus out-of-pocket expenses.

Stockholder Proposals

For a proposal of a stockholder to be properly presented at the 2011 annual meeting of stockholders, such proposal must be received at our principal executive offices after February 14, 2011 and on or before 5:00 p.m., Eastern Time, on March 16, 2011, unless the 2011 annual meeting of stockholders is scheduled to take place before June 14, 2011 or after August 13, 2011. Our bylaws currently provide that any stockholder wishing to nominate a director or have a stockholder proposal considered at an annual meeting must provide written notice of such nomination or proposal and appropriate supporting documentation, as set forth in our bylaws, to us at our principal executive offices not earlier than the one hundred fiftieth (150th) day prior to the first (1st) anniversary of the date of mailing of the notice for the preceding year's annual meeting nor later than 5:00 p.m., Eastern Time, on the one hundred twentieth (120th) day prior to the first (1st) anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than thirty (30) days from the first (1st) anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the one hundred fiftieth (150th) day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the one hundred twentieth (120th) day prior to the date of such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. Any such proposal should be mailed to: Realty Finance Corporation, 2080 Silas Deane Highway, Rocky Hill, CT 06067, Attn: Daniel Farr, Chief Financial Officer and Secretary.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will be "householding" our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the impacted stockholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, please notify us, by directing your written request to: Realty Finance Corporation, 2080 Silas Deane Highway, Rocky Hill, CT 06067, Attn: Daniel Farr, Secretary. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker as specified above.

Other Matters

Our Board of Directors does not know of any matters other than those described in this proxy statement that will be presented for action at the annual meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

2009 Annual Report

Stockholders are concurrently being furnished with a copy of our press release containing unaudited financial statements for the year ended December 31, 2009, which will serve as our 2009 Annual Report. Additional copies of the press release and of this proxy statement are available at www.realtyfinancecorp.com or by contacting MacKenzie Partners, Inc., at (800) 322-2885 or by email at proxy@mackenziepartners.com. Copies will be furnished promptly at no additional expense.

By Order of our Board of Directors



Daniel Farr
Chief Financial Officer and Secretary

June 28, 2010
New York, New York

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**REALTY FINANCE CORPORATION
2080 Silas Deane Highway
Rocky Hill, CT 06067**

Proxy for Annual Meeting of Stockholders to be held on July 14, 2010

THIS PROXY IS SOLICITED BY OUR BOARD OF DIRECTORS

The undersigned stockholder of Realty Finance Corporation, a Maryland corporation (the "Company"), hereby constitutes and appoints Douglas C. Eby and Daniel Farr and either of them, as proxies of the undersigned, with full power of substitution, to attend the annual meeting of stockholders to be held at 10:00 a.m., local time, at the Marriott Hotel, 100 Capital Boulevard, Rocky Hill, CT 06067, on Wednesday, July 14, 2010, and any adjournments or postponements thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting.

When properly executed, the votes entitled to be cast by the undersigned will be cast in the manner directed herein by the undersigned stockholder(s). If no direction is given, the votes entitled to be cast by the undersigned will be cast FOR the nominees of our Board of Directors listed in Proposal 1 and FOR Proposal 2. In their discretion, the proxies are each authorized to vote upon such other business as may properly come before the annual meeting and any adjournments or postponements thereof. A stockholder wishing to vote in accordance with our Board of Directors' recommendations need only sign and date this proxy and return it in the enclosed envelope.

**Please vote and sign on other side and
return promptly in the enclosed envelope.**

SEE REVERSE
SIDE

PROXY VOTING INSTRUCTIONS

MAIL

Sign, date and mail your proxy card in the envelope provided as soon as possible.

TELEPHONE

or Call toll-free **1-800-454-8683** in the United States and follow the instructions. Have your proxy card available when you call.

INTERNET

or Access “www.proxyvote.com” and follow the on-screen instructions. Have your proxy card available when you access the webpage.

Please mark your votes as in this example.

- (1) To elect Directors of our company to serve until our 2011 annual meeting of stockholders and until their respective successors are duly elected and qualify.

Nominees: Kenneth J. Witkin
Douglas C. Eby
Ricardo Koenigsberger

FOR ALL

WITHHOLD ALL

FOR ALL
(except as marked to the contrary below)

Withhold my vote for _____ as Director.

- (2) To consider and act upon any other matters that may properly be brought before the annual meeting and at any adjournments or postponements thereof.

The undersigned hereby acknowledge(s) receipt of a copy of the accompanying notice of annual meeting of stockholders, the proxy statement with respect thereof and our press release which will serve as our annual report to stockholders with respect to our 2009 fiscal year, the terms of each of which are incorporated by reference, and hereby revoke(s) any proxy or proxies heretofore given with respect to the meeting. This proxy may be revoked at any time before it is exercised.

MARK HERE FOR ADDRESS CHANGE AND NOTE BELOW

Signature: _____ Date: _____ Signature: _____ Date: _____
If Held Jointly

Note: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Change of Address: _____

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EXHIBIT A
PRESS RELEASE

EXHIBIT A



FOR IMMEDIATE RELEASE

**FOR FURTHER INFORMATION
AT REALTY FINANCE CORPORATION:**

Daniel Farr
Chief Financial Officer
(860) 275-6234
dfarr@realtyfinancecorp.com

May 24, 2010

**REALTY FINANCE CORPORATION PROVIDES
COMPANY UPDATE AND 2009 FINANCIAL STATEMENTS**

ROCKY HILL, Conn., May 24—Realty Finance Corporation (Other OTC: RTYFZ.PK) today reported a net loss for the full year 2009 of (\$125.6) million, or (\$4.09) per diluted common share.

Adjusted funds from operations (“AFFO”) for the full year 2009, which exclude the results of discontinued operations and any impact from the application of ASC 825-10, was (\$198.7) million, or (\$6.45) per diluted common share, after recording a \$177.0 million provision for loan losses. The provision for loan losses is made up of \$107.4 million with respect to whole loans and \$69.6 million with respect to mezzanine loans and B-Notes.

Liquidity

As of December 31, 2009, the Company had \$3.5 million of unrestricted cash. The Company’s sources of cash flow consist of (i) distributions and the collateral management fee from its 2006 collateralized debt obligation (“CDO I”), (ii) distributions from its interest in its 2007 collateralized debt obligation (“CDO II”), and (iii) distributions from its joint venture assets. However, the Company is only currently receiving cash flows from its collateral management fee on CDO I. These cash flows do not fulfill the Company’s working capital requirements in the short and long term. The Company covers its operating cash shortfall with its unrestricted cash reserves. As of the date hereof, the Company has \$3.0 million of unrestricted cash (or approximately \$0.10 per share).

As of December 31, 2009, the \$40.4 million of restricted cash is comprised primarily of \$31.7 million of escrow reserve requirements related to tenant improvements and leasing reserves on a number of the Company’s first mortgage loans and \$8.5 million of cash available within its collateralized debt obligations (“CDOs”). The Company will not have access to this cash for working capital purposes.

As a result of significant personnel downsizing and the Company’s focus on expense reduction, on November 30, 2009, the Company entered into an early buy-out of its \$2.8 million ten-year office lease obligation for \$0.6 million. The Company moved to a new location in January 2010 and entered into a month-to-month lease agreement with the landlord.

The Company has no recourse debt obligations. The Company’s \$50.0 million of trust preferred securities was retired in July 2009 for \$9.0 million and a \$1.5 million non-recourse promissory note. The promissory note is solely payable from a portion of any future distributions arising from the Company’s interest in the 1515 Market Street joint venture property.

With minimal incoming cash flows, the Company's remaining cash may not be sufficient to permit the Company to continue its operations for an extended period of time.

Given the current state of the Company's investments, the Company's negative operating cash flows and the class action lawsuit, there can be no assurance of any future distributions to stockholders.

Collateralized Debt Obligations

Over 90% of the Company's investments are pledged as collateral for its CDOs. The CDO bonds are non-recourse to the Company. The Company has invested in the junior most bonds and equity in the CDOs. The Company's CDO bonds contain interest coverage and asset over-collateralization covenants that must be met in order for the Company to receive cash flow distributions and a portion of its collateral management fee. As was previously announced, the Company has failed the over-collateralization tests in both of its CDOs in 2009. As a result of these failures, net cash flows (other than the senior collateral management fee from CDO I) from both CDOs continue to be diverted to pay down principal of the senior-most bondholders. With both CDOs out of compliance with the over-collateralization covenants, the Company has minimal cash flows from its primary business. The Company continues to act as the collateral manager for CDO I and therefore continues to receive the senior collateral management fee and special servicing fees associated with the 2006 CDO. As was previously announced, in July 2009, the Company was removed as the collateral manager for CDO II by MBIA, the controlling class of CDO II bondholders. For details regarding the Company's removal as the collateral manager for CDO II, see the press release on May 18, 2009.

The Company's investment in CDO I at the time of its formation was \$91.5 million. As of April 20, 2010, there was \$437.4 million of outstanding third party debt within CDO I which is senior to the Company's investment. This CDO has realized losses totaling approximately \$27.0 million to date. Several of the Company's remaining investments within this CDO are either in default or the Company has reasonable expectations that they will go into default. As a result, the Company does not expect to recover any of its \$91.5 million investment.

The Company's investment in CDO II at the time of its formation was \$120.0 million. As of March 31, 2010, there was \$816.0 million of outstanding third party debt within CDO II which is senior to the Company's investment. This CDO has realized losses totaling approximately \$67.2 million to date. Several of the Company's remaining investments within this CDO are either in default or the Company has reasonable expectations that they will go into default. As a result, the Company does not expect to recover any of its \$120.0 million investment.

Joint Venture Investments

As of December 31, 2009, the Company has equity investments in six joint ventures. Five of these joint ventures have been fully reserved for. The mortgage on each of these five properties is in default. The Company's expectation is that these properties will either be sold or transferred to its respective lender. The Company does not expect to recover any of the \$54.2 million it invested in these five properties.

In the sixth joint venture, the Company has invested \$16.5 million. The \$70.0 million mortgage on this property is current and matures in January 2012. The Company is in dispute with its operating partner. Given the decline in commercial real estate values and the upcoming maturity of the mortgage, it is unclear what recovery, if any, will be on this investment, or what the timing of such recovery is.

Other Assets

As of December 31, 2009, the Company invested \$9.8 million in two land development loans with the same developer. Both projects have experienced significant delays and the inability to obtain financing. Both of these investments have been fully reserved for. The Company does not expect to recover any of its \$9.8 million investment.

Stockholders' Equity

Stockholders equity was \$102.3 million at December 31, 2009. The \$102.3 million reflects the impact under Generally Accepted Accounting Principles ("GAAP") for mark-to-market accounting on the Company's CDO bonds, CMBS investments and derivatives. Excluding the impact of mark-to-market accounting, the Company's stockholders' equity would have an accumulated deficit. The accumulated deficit is a result of significant realized losses recognized to date as well as reserves and impairments recorded to date on the Company's investment portfolio.

Strategic Alternatives

In light of the recent financial and credit crises in the real estate, credit and structured finance marketplaces, the Company's board of directors (the "Board") has solicited, evaluated and engaged in discussions with respect to a wide range of strategic alternatives over the past two years. It has investigated each proposal in light of the circumstances surrounding the Company at the time, and will continue to do so in the future in the event the Board receives new or modified proposals. The strategic alternatives that the Board has received and investigated to date have either been determined not to have been viable or lacked sufficient information or credibility to enable the Board to make informed decisions as to the merits of such alternatives or to proceed with such action.

While the Board continues to explore various strategic options for the Company, there is no guarantee that any agreement could be reached. In addition, the Company has been evaluating a liquidation of the Company, including filing a Chapter 7 bankruptcy, and may ultimately determine to wind down the affairs of its business and distribute remaining cash, if any, to its stockholders due to, among other things, the Company's inability to complete a strategic transaction, the significant reduction in the value of the Company's platform, the Company's inability to execute its business plan, the Company's inability to obtain new capital, the Company's lack of future sources of cash flow, the Company's operating cash shortfalls, the Company's ability to operate as a going concern, the numerous defaulted investments in the Company's portfolio, the significant reduction of Company personnel and the continuing volatility of real estate and real estate credit markets.

The Company continues to focus on controlling operating expenses while effectively managing its investments, including CDO I. Despite the difficult commercial real estate environment and the disappointing financial results, the Company remains committed to maximizing stockholder value.

Legal Proceedings

A putative class action lawsuit was filed on October 30, 2007 in the United States District Court for the District of Connecticut alleging that the offering materials in connection with the Company's initial public offering were materially misleading. The suit alleged violations of the Securities Act of 1933, as amended, and sought unspecified damages on behalf of persons who purchased shares of the Company's stock in the Company's initial public offering and through August 6, 2007. The Company and the individual defendants filed a motion to dismiss the second amended complaint, and on July 29, 2009, the court issued its decision granting the motion to dismiss. On August 12, 2009, the plaintiffs filed a motion seeking reconsideration of the July 29, 2009 decision or, alternatively, leave to file a third amended complaint. The defendants opposed the motion, and on March 25, 2010, the court denied the motion in all respects. On April 23, 2010, the plaintiffs filed a notice of appeal, indicating their intent to appeal the district court's dismissal of the case to the United States Court of Appeals for the Second Circuit.

An adverse resolution of the class action lawsuit could have a material adverse effect on the Company's financial condition and results of operations. The Company continues to vigorously defend this action. However, the Company is not presently able to estimate potential damages, if any, related to this lawsuit.

The Company was awarded a \$22.6 million summary judgment on a guarantee claim against the borrowers of two mezzanine loans. To date, the Company has not been able to collect on such judgment. It continues to pursue collection efforts. However, there can be no guarantee of any recovery of this judgment, or the timing of any such recovery, if any. The defendant appealed the judgment on January 28, 2010.

Dividends

As previously announced, the Company suspended dividends since the fourth quarter of 2008 and the dividends are expected to continue to be suspended in the foreseeable future.

Management Change

On May 23, 2010, Vincent J. Costantini resigned as Interim Chief Executive Officer and President of the Company and a member of the Board for family-related reasons, effective immediately. Douglas C. Eby, Chairman of the Board, has been appointed Chief Executive Officer and President. Mr. Eby has been a member of the Board since July 2005 and Chairman of the Board since September 2009. In connection with Mr. Costantini's resignation, the Board reduced the number of directors from four to three, which three directors consist of Messrs. Douglas C. Eby, Kenneth J. Witkin and Ricardo Koenigsberger.

2010 Annual Meeting of Stockholders

The 2010 annual meeting of stockholders of the Company will be held on Wednesday, July 14, 2010 at 10:00AM, local time, at Clifford Chance LLP's New York office, located at 31 West 52nd Street, New York, New York 10019. At the 2010 annual meeting, stockholders will vote upon the following proposals:

- To elect our board of directors to serve until the 2011 annual meeting of stockholders and until their successors are duly elected and qualify; and
- To act upon any other matters that may properly be brought before the annual meeting or at any adjournments or postponements thereof.

The Board has fixed the close of business on Friday, June 4, 2010, as the record date for determining the stockholders entitled to notice of, and to vote at, the 2010 annual meeting, and at any adjournments or postponements thereof.

Financial Statements

The Company can give no assurance that the 2009 financial statements included in this press release have been prepared in accordance with GAAP and such financial statements will not be audited and were not reviewed by any third party accounting firm.

About Realty Finance Corporation

Realty Finance Corporation is a commercial real estate specialty finance company primarily focused on managing a diversified portfolio of commercial real estate-related loans and securities. For more information on the Company, please visit the Company's website at <http://www.realtyfinancecorp.com>.

The Company's common stock is currently quoted on the Pink OTC Markets, or Pink Sheets. While not a requirement, the Pink Sheets encourages companies having their securities quoted thereon to provide adequate current information in accordance with its disclosure guidelines. The Company will evaluate the need to issue press releases containing information similar to such information disclosed herein. There is no assurance that the Company will provide timely periodic disclosures or at all.

The Company has elected to qualify to be taxed as a real estate investment trust, or REIT, for U. S. federal income tax purposes commencing with the taxable year ended December 31, 2005. As a REIT, the Company generally will not be subject to U. S. federal income tax on that portion of income that is distributed to stockholders if at least 90% of the its REIT taxable income is distributed to its stockholders. The Company conducts its operations so as to not be regulated as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act. The Company has not had any taxable income in 2008 and 2009 and does not expect to have any taxable income in the future.

Forward-Looking Information

This press release contains forward-looking statements based upon the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control. If a change occurs, the Company's business, financial condition, liquidity and results of operations may vary materially from those expressed in its forward-looking statements. The factors that could cause actual results to vary from the Company's forward-looking statements include: the Company's ability to continue to cover its operating cash shortfall; the risk factors included as part of the Company's Annual Report on Form 10-K for the period December 31, 2008 filed on March 16, 2009; the Company's future operating results; its business operations and prospects; general volatility of the securities market in which the Company invests and the market prices of its common stock; the effect of trading on the Pink Sheets; availability, terms and deployment of short-term and long-term capital; availability of qualified personnel; changes in the industry; interest rates; the debt securities, credit and capital markets, the general economy or the commercial finance and real estate markets specifically; performance and financial condition of borrowers and corporate customers; the status of the appeal of the class action lawsuit; any future litigation that may arise; the ultimate resolution of the Company's numerous defaulted loans; the state of the Company's joint venture investments; the ability to continue as a going concern; availability of liquidity; and other factors, which are beyond the Company's control. The Company undertakes no obligation to publicly update or revise any of the forward-looking statements. For further information, please refer to the Company's previous periodic filings with the Securities and Exchange Commission. However, the Company is no longer a Securities and Exchange Commission reporting company as of March 16, 2009 and therefore, such information is not current and circumstances have changed significantly since the date of such filings.

Realty Finance Corporation
Consolidated Statements of Income
(Unaudited)
(Amounts in thousands, except per share and share data)

	For the 12 Months Ended December 31, 2009	For the 12 Months Ended December 31, 2008
Revenues:		
Investment income	\$ 68,815	\$ 100,522
Property operating income	4,360	4,313
Other income	811	975
Total revenues	73,986	105,810
Expenses:		
Interest expense	63,296	82,036
Management fees	—	5,059
Property operating expenses	3,037	3,087
Other general and administrative	6,461	16,452
Compensation expense	4,290	26
Depreciation and amortization	1,108	1,071
Loss on impairment of asset	—	5,966
Provision for loan losses	176,993	126,504
Total expenses	255,185	240,201
Loss on sale of investment	(21,951)	(2,021)
Gains on financial instruments	81,288	20,834
Loss from continuing operations before equity in net loss of unconsolidated joint ventures, minority interest, and discontinued operations	(121,862)	(115,578)
Equity in net loss of unconsolidated joint ventures	(919)	(39,863)
Loss from continuing operations before minority interest and discontinued operations	(122,781)	(155,441)
Minority interest	(95)	(689)
Loss from continuing operations	(122,686)	(154,752)
Discontinued Operations:		
Operating results from discontinued operations	(574)	(3,002)
Loss on impairment of asset held for sale	—	(6,057)
Gain (loss) on sale of investment	(2,353)	6,780
Loss from discontinued operations	(2,927)	(2,279)
Net loss	\$ (125,613)	\$ (157,031)
Weighted-average shares of common stock outstanding:		
Basic weighted-average common shares outstanding	30,776,369	30,552,522
Diluted weighted-average common shares and common share equivalents outstanding	30,776,369	30,552,522
Basic and diluted earnings per share:		
Loss from continuing operations	\$ (3.99)	\$ (5.07)
Loss from discontinued operations	\$ (0.10)	\$ (0.07)
Net loss	\$ (4.09)	\$ (5.14)
Dividends per common share	\$ —	\$ 0.30

Realty Finance Corporation
Consolidated Balance Sheets
(Amounts in thousands, except per share and share data)

	December 31, 2009 (Unaudited)	December 31, 2008 (Audited)
Assets:		
Cash & cash equivalents	\$ 3,818	\$ 23,133
Restricted cash	40,354	67,252
Loans and other lending investments, net	909,853	1,168,733
Commercial mortgage-backed securities, at fair value	75,091	54,620
Real estate, net	25,572	33,441
Investment in unconsolidated joint ventures	9,343	11,352
Derivative assets, at fair value	2	260
Accrued interest	5,745	6,707
Other assets	10,388	11,509
Assets held for sale	25,944	25,936
	<u>\$1,106,110</u>	<u>\$1,402,943</u>
Liabilities and Stockholders' Equity:		
Liabilities:		
Collateralized debt obligations	\$ 827,158	\$ 949,292
Mortgage notes payable	54,014	54,964
Note payable	17,964	19,199
Derivative liabilities, at fair value	63,595	109,508
Management fee payable	24	243
Accounts payable and accrued expenses	7,818	11,714
Other liabilities	32,320	31,087
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	—	8,375
Liabilities held for sale	1,050	153
	<u>1,003,943</u>	<u>1,184,535</u>
Total liabilities		
Commitments and contingencies	—	—
Minority interest	(116)	(21)
Stockholders' Equity:		
Preferred stock, par value \$.01 per share: 500,000,000 shares authorized; no shares issued or outstanding at December 31, 2009 and December 31, 2008	—	—
Common stock, par value \$.01 per share: 100,000,000 shares authorized; 30,828,200 and 30,823,200 shares issued and outstanding at December 31, 2009 and December 31, 2008 respectively	308	308
Additional paid-in capital	423,073	423,046
Common stock subscription receivable	—	—
Accumulated other comprehensive loss	(28,386)	(37,826)
Retained earnings (Accumulated deficit)	(292,712)	(167,099)
	<u>102,283</u>	<u>218,429</u>
Total stockholders' equity		
Total liabilities and stockholders' equity	<u>\$1,106,110</u>	<u>\$1,402,943</u>

Realty Finance Corporation

Funds From Operations and Adjusted Funds From Operations
(Unaudited, amounts in thousands, except per share and share data)

	<u>For the Year Ended December 31, 2009</u>	<u>For the Year Ended December 31, 2008</u>
Funds from operations:		
Net loss	\$ (125,613)	\$ (157,031)
Loss from sale of property	863	—
(Gain) loss from sale of property—discontinued operations	2,353	(6,780)
Real estate depreciation and amortization:		
Wholly-owned		
Consolidated joint ventures	761	745
Unconsolidated joint ventures	3,535	5,624
Discontinued operations	87	525
Funds from operations	<u>\$ (118,014)</u>	<u>\$ (156,917)</u>
Adjusted funds from operations:		
Amortization of deferred stock-based compensation	28	770
Straight-line rental income—unconsolidated joint ventures	(145)	(672)
Unrealized gain on financial instruments	(80,425)	(22,806)
Unrealized loss on financial instruments unconsolidated joint ventures	—	126
Fair value lease revenue—unconsolidated joint ventures	(585)	(653)
Operating results from discontinued operations	487	8,534
	<u>\$ (198,654)</u>	<u>\$ (171,618)</u>
Weighted-average shares of common stock outstanding:		
Basic	<u>30,776,369</u>	<u>30,552,522</u>
Diluted	<u>30,776,369</u>	<u>30,552,522</u>
FFO share of common stock:		
Basic	<u>\$ (3.83)</u>	<u>\$ (5.14)</u>
Diluted	<u>\$ (3.83)</u>	<u>\$ (5.14)</u>
AFFO share of common stock:		
Basic	<u>\$ (6.45)</u>	<u>\$ (5.62)</u>
Diluted	<u>\$ (6.45)</u>	<u>\$ (5.62)</u>

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