

NEW YORK, Jan. 22, 2014 /PRNewswire/ -- NorthStar Realty Finance Corp. (NYSE: [NRF](#)) ("NorthStar") today announced that it has entered into a long-term partnership with Jay Flaherty to build a preeminent healthcare real estate business (the "Partnership"). As part of the Partnership, Mr. Flaherty will (i) oversee and seek to substantially grow NorthStar's on-balance sheet healthcare real estate portfolio, (ii) focus on raising institutional capital for funds to be managed by NorthStar Asset Management Group Inc. ("NorthStar Asset Management") and (iii) become CEO of NorthStar's healthcare real estate non-traded REIT, NorthStar Healthcare Income, Inc.

NorthStar's Chairman and Chief Executive Officer, David Hamamoto, commented, "We are very pleased and fortunate to have someone of Jay's caliber join the NorthStar team. Jay's distinguished career, institutional credibility and proven ability to dramatically scale a healthcare real estate business while generating superior returns for shareholders are incredibly compelling for NorthStar and NorthStar Asset Management. Given Jay's remarkable track record, I am confident that we can build a best in class healthcare real estate platform that will create the framework for extraordinary growth in NorthStar Asset Management and further diversify NorthStar's asset base with high quality investments."

Prior to joining the NorthStar team, Mr. Flaherty was the Chairman and CEO of HCP, Inc. (NYSE: [HCP](#)) from 2003 to 2013. During his time at HCP, Mr. Flaherty grew HCP's equity market capitalization tenfold, from approximately \$2 billion in 2003 to over \$20 billion

in 2013, becoming the third largest REIT in the United States

, the first healthcare REIT selected to the S&P 500 and the only REIT in the world selected to the S&P 500 "Dividend Aristocrats" Index. During Mr. Flaherty's tenure at HCP, average shareholder returns exceeded 15% per year. Prior to joining HCP, Mr. Flaherty served at Merrill Lynch & Co. for 19 years in a variety of investment banking, capital markets and private equity functions in New York

, London

and

Los Angeles

and was head of Merrill Lynch's Global Healthcare Group. Mr. Flaherty is a member of the Board of Trustees of the

University of Notre Dame

and was a member of the Board of Governors of the National Association of Real Estate Investment Trusts from 2004 to 2013.

Mr. Flaherty commented, "I am thrilled to be part of the NorthStar team. NorthStar is a best in class organization and I am excited to partner with

NorthStar

to build a preeminent healthcare real estate business. We are very well positioned to create value by identifying opportunities and utilizing

NorthStar's

diversified capital sources, including direct balance sheet investments, capital available through NorthStar's

non-traded REIT platform and dedicated private equity capital we expect to raise at NorthStar Asset Management."

The Partnership with Mr. Flaherty will be entitled to incentive fees ranging from 20-25% above certain hurdles in connection with new and existing healthcare real estate investments on North Star's

balance sheet ("Healthcare Balance Sheet Promotes") and new investments in future healthcare real estate funds raised by the Partnership ("Healthcare Fund Promotes"). The Partnership will also be entitled to the incentive fees earned by

NorthStar

from managing

NorthStar's

healthcare non-traded REIT and any future healthcare non-traded REITs sponsored by NorthStar

or NorthStar Asset Management ("Healthcare NTR Promotes"). Mr. Flaherty will be entitled to

(i) one-third of any Healthcare Balance Sheet Promotes and Healthcare NTR Promotes and (ii)

one-half of any Healthcare Fund Promotes.

NorthStar expects that its interest in the Partnership will be transferred to NorthStar Asset Management as part of the previously announced spin-off of NorthStar's asset management business. Accordingly, NorthStar Asset Management would be entitled to (i) two-thirds of any Healthcare Balance Sheet Promotes and Healthcare NTR Promotes, (ii) one-half of any Healthcare Fund Promotes, and (iii) 100% of any asset management fees earned by the Partnership or any healthcare real estate vehicle managed by NorthStar Asset Management.

About NorthStar Realty Finance Corp.

NorthStar Realty Finance Corp. ("NorthStar") is a diversified commercial real estate investment and asset management company that is organized as a REIT.

NorthStar

recently announced a plan to spin-off its asset management business into a separate public company. For more information about

NorthStar

, please visit

www.nrfc.com

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Forward Looking Statements

This press release contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements are generally identifiable by use of forward-looking terminology such as "will," "expect," "proposed," "intend," "continue" or other similar words or expressions.

Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Such statements include, but are not limited to, NorthStar's ability to realize the benefits of the Partnership with Mr. Flaherty, including his ability to substantially grow

NorthStar's

on-balance sheet healthcare real estate portfolio and raise institutional capital for funds to be

managed by NorthStar Asset Management; the ability to replicate Mr. Flaherty's track record; the total return that NorthStar, NorthStar Asset Management and NorthStar Healthcare Income are able to generate to their respective stockholders; NorthStar's ability to diversify its asset base and build a best in class healthcare real estate platform; NorthStar's and the Partnership's ability to source and complete future healthcare real estate investments, including the ability to earn incentive fees from any such investments; NorthStar's ability to complete the spin-off of its asset management business, including the transfer of its interest in the Partnership to NorthStar Asset Management; the scalability of NorthStar's healthcare real estate business; the timing of, and the Partnership's ability to complete, any capital raising, including raising any private equity capital; the timing of, and the ability to complete, any formation of future healthcare non-traded REITs sponsored by either NorthStar or NorthStar Asset Management; the growth prospects of NorthStar's and NorthStar Asset Management's respective businesses, including NorthStar's healthcare real estate business; NorthStar's deal flow; and NorthStar's future cash available for distribution. Factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 and its other filings with the Securities and Exchange Commission.

Such forward-looking statements speak only as of the date of this press release. The Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

SOURCE NorthStar Realty Finance Corp.

NorthStar Realty Finance Announces Partnership with James F. Flaherty III, Former Chairman and CEO of

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