

NORTHSTAR REALTY FINANCE CORP.

CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

(As adopted in full by the Board of Directors on October 29, 2004)

NorthStar Realty Finance Corp. (the "Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and to full and accurate financial disclosure in compliance with applicable law. It is the policy of the Company that all officers, directors and employees conduct business on behalf of the Company in an honest and ethical manner and in accordance with the Company's Code of Conduct ("**Code of Conduct**"). In addition to complying with the Code of Conduct, the Company's Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO"), Treasurer and other Senior Financial Officers performing similar functions who have been identified by the CEO (collectively, the "**Senior Financial Officers**") are subject to the following additional specific policies (collectively referred to as the "**Code of Ethics**"):

- The CEO, CFO and all Senior Financial Officers are required to comply with the laws, rules and regulations that govern the conduct of the Company's business.
- The CEO, CFO and each Senior Financial Officer shall not make any investment, accept any position or benefits, participate in any transaction or business arrangement or otherwise act in a manner that creates or appears to create a conflict of interest unless he or she makes full disclosure of all facts and circumstances to, and obtains the prior written approval of the General Counsel or the CEO and the Chairperson of the Audit Committee.
- The CEO, CFO and all Senior Financial Officers are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the Securities and Exchange Commission (the "SEC"). Accordingly, it is the responsibility of the CEO, CFO and each Senior Financial Officer promptly to bring to the attention of the Disclosure Committee of the Company (the "**Disclosure Committee**") any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Disclosure Committee in fulfilling its responsibilities.
- The CEO, CFO and each Senior Financial Officer shall promptly bring to the attention of the Disclosure Committee and the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

- The CEO, CFO and each Senior Financial Officer shall promptly bring to the attention of the General Counsel or the CEO and to the Audit Committee any information he or she may have concerning any violation of the Company's Code of Ethics, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.
- The CEO, CFO and each Senior Financial Officer shall promptly bring to the attention of the General Counsel or the CEO, and to the Audit Committee any information he or she may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Ethics.

If a violation of this Code of Ethics is discovered, and the Senior Financial Officer in question has acted in good faith, it is the Company's policy to allow a reasonable amount of time for the Senior Financial Officer to correct the situation.

To encourage Senior Financial Officers to report all violations of this Code of Ethics and to raise questions concerning compliance with the Code of Ethics, the Company will not permit retaliation or harassment for reports made or concerns raised in good faith. "Good faith" does not mean that a report or concern must be correct, but it does require that the Senior Financial Officer making the report or raising the concern believes that he or she is providing truthful information.

All questions relating to how this Code of Ethics should be interpreted or applied, recommendations for amendment to its provisions and/or action arising from a failure to abide by the terms set forth herein, should be directed to the chairperson of the Committee on Directors and Governance. All newly appointed Senior Financial Officers of the Company must certify that they have read, understand and will comply with this Code of Ethics by signing and returning, to the chairperson of the Directors and Governance Committee, a copy of the attached Appendix.

AMENDMENTS TO AND WAIVERS OF THE CODE OF ETHICS

From time to time, the Company may amend or waive certain provisions of this Code of Ethics. Any Senior Financial Officer who believes that a waiver may be called for should contact the chairperson of the Committee on Directors and Governance. Amendments to and waivers of the Code of Ethics may be made only by the Board of Directors of the Company or a committee of the Board, and must promptly be disclosed on the Company's website, if appropriate, or by filing a Form 8-K with the Securities and Exchange Commission.

NO RIGHTS CREATED

The Code of Ethics is a statement of certain fundamental principles, policies and procedures that govern the CEO, CFO and the Senior Financial Officers in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, supplier, distributor, competitor, stockholder or any other person or entity.