

# LANDandBUILDINGS

## Land and Buildings Issues Letter to NorthStar Asset Management

- *Land and Buildings believes NSAM's announced merger with Colony Capital and NRF does not provide fair value to shareholders given unique nature of the NSAM crown jewel assets –*
- *Colony Capital is likely to enjoy 30% or more earnings accretion per share highlighting the potential value of the merger for CLNY shareholders and the disparity for NSAM shareholders who will enjoy modest accretion –*
- *Land and Buildings calls for meeting with NSAM Special Committee to understand how this deal maximizes value –*
- *NSAM board further disenfranchising shareholders by delaying annual meeting and chance for all shareholder voices to be heard; Land and Buildings has nominated six of eight directors for election to NSAM's board –*

**Stamford, CT** (June 6, 2016) – Today Land and Buildings Investment Management LLC issued the following letter to the Special Committee of NorthStar Asset Management (NYSE: NSAM) (“the Company”):

June 6, 2016

Mr. Junquera, Mr. Metz, and Mr. Cummings  
Special Committee  
NorthStar Asset Management  
399 Park Avenue  
New York, NY 10022

Dear Oscar, Justin and Stephen:

We are deeply disappointed with the consideration being paid to NorthStar Asset Management (NYSE: NSAM) in the tri-party merger announced last Friday between NSAM, Colony Capital (NYSE: CLNY) and NorthStar Realty Finance (NYSE: NRF). The transaction appears to be a **win for all parties involved, except NSAM shareholders** – in spite of NSAM being the crown jewel of the entire deal.

Colony shareholders will likely enjoy 30% or more accretion to their earnings per share, NRF benefits from the elimination of the external management contract, and David Hamamoto and other senior executives of NSAM will receive an approximately \$180 million<sup>i</sup> change of control payment – termination fee despite still having a jobs!<sup>ii</sup> Notably, NSAM's Compensation Committee awarded the same executives \$55 million for 2015 as (outlined in the amended 10K filed the end of April) despite the share price declining by 46%.

On the other hand, NSAM shareholders, who we believe are the true owners of the crown jewels assets of the three companies, get nothing more than their pro-rata shares in the combined company and modest accretion. We question who was looking out for NSAM shareholders during the transaction process, as in our view, NSAM's management team was clearly not, since management wins regardless

of the valuation or consideration paid to NSAM shareholders. Similarly, we have trouble believing that the NSAM Special Committee, which approved the transaction, was concerned with looking out for shareholders given our belief that it is comprised of management's cronies.

We believe a valuation closer to \$20 per share is appropriate for NSAM given its seemingly perpetual fee income stream and growth potential. As such, NSAM shareholders deserve, in our view, more upfront compensation to reflect the unique nature of the NSAM assets. With reasonable compensation levels for NSAM management, we believe a valuation level such as this could be achieved on a standalone basis given the potential for significant earnings accretion and the opportunity to return cash to shareholders. Specifically, earnings of NSAM could be significantly greater than the combined company, given comparable leverage levels, and have a 12% dividend yield.

We strongly believe that the announced transaction price and consideration for NSAM does not fully reflect its intrinsic value today. We urge the NSAM board to engage with shareholders immediately to address the woefully inadequate nature of the transaction as currently structured. Of note, NSAM's management and board have further disenfranchised shareholders by delaying the annual meeting to an unspecified date, while NRF is holding its annual meeting as regularly scheduled. We remind shareholders that we have nominated 6 of 8 directors for election to NSAM's board who are fully committed to representing the best interests of NSAM shareholders.

We demand a meeting with the Special Committee members of NSAM, Stephen Cummings, Justin Metz and Oscar Junquera to understand why they believe the merger maximizes value and is in the best interests of NSAM shareholders.

Sincerely,



Jonathan Litt

Founder & Chief Investment Officer

Land and Buildings

###

**About Land and Buildings:**

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

**Media Contact:**

Dan Zacchei or Joseph Germani

Sloane & Company

212-486-9500

DZacchiei@sloanep.com or

JGermani@sloanep.com

---

<sup>i</sup> Land and Buildings estimate based on merger announcement filed on June 3, 2016 and 2015 NSAM proxy

<sup>ii</sup> NSAM CEO Al Tylis will only assist in the transition following the merger