



NOTICE FROM COLLATERAL MANAGER

N-STAR REL CDO VIII LTD.
N-STAR REL CDO VIII LLC

CONSENT MATERIAL

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT NOTES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE NOTES IN A TIMELY MANNER.

November 30, 2011

To: The Holders of the Notes as of November 30, 2011 (the "Record Date") described as:

	CUSIP 144A*	CUSIP Reg S*	ISIN Reg S*
Class A-1 Notes	62940FAA7	G66831AA9	USG66831AA97
Class A-R Notes	62940FAB5	G66831AB7	USG66831AB70

To: Those Additional Parties Listed on Schedule A hereto

Re: Notice to Holders from Collateral Manager

Reference is made to that certain Indenture dated as of December 7, 2006 (as amended, modified or supplemented through the date hereof, the "Indenture") among N-STAR REL CDO VIII LTD., as Issuer (the "Issuer"), N-STAR REL CDO VIII LLC, as Co-Issuer (the "Co-Issuer"), and together with the Issuer, the "Co-Issuers"), NS ADVISORS, LLC, as Advancing Agent and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee (the "Trustee"). Capitalized terms not defined herein shall have the meanings given to them in the Indenture.

The Collateral Manager has requested that the letter and ballot attached hereto as **Exhibit A** (the "Letter") be distributed to the Controlling Class. Please see the attached Letter.

* No representation is made as to the correctness of the CUSIP or ISIN numbers either as printed on the Notes or as contained in this notice. Such numbers are included solely for the convenience of the Holders of Notes.

THE TRUSTEE MAKES NO STATEMENT AS TO THE RIGHTS OF THE HOLDERS IN RESPECT OF THE LETTER, ASSUMES NO RESPONSIBILITY OR LIABILITY FOR THE CONTENTS OR SUFFICIENCY OF THE LETTER, AND MAKES NO RECOMMENDATIONS AS TO ANY ACTION TO BE TAKEN WITH RESPECT TO THE LETTER. HOLDERS ARE ADVISED TO CONSULT THEIR OWN LEGAL OR INVESTMENT ADVISOR.

Should you have questions concerning this notice, please contact Maire Farrell by telephone at (410) 884-6439, by e-mail at maire.farrell@wellsfargo.com or by facsimile at (866) 373-0261.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

SCHEDULE A

Additional Parties

Issuer:

N-Star Rel CDO VIII Ltd.
c/o MaplesFS Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands
Attention: The Directors

With a copy to:

Maples and Calder
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Co-Issuer:

N-Star Rel CDO VIII LLC
c/o Puglisi & Associates
850 Library Avenue, Suite 204
Newark, Delaware 19711
Attn: Donald Puglisi, Esq.

PAA Issued Note Paying Agent,

Class A-R Note Agent:

Wells Fargo Bank, National Association
9062 Old Annapolis Road
Columbia, Maryland 21045
Attn: CDO Trust Services-
N-Star REL CDO VIII Ltd.

Rating Agencies:

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, New York 10007
Email: cdomonitoring@moodys.com
Attn: CBO/CLO Monitoring

Fitch Ratings

One State Street Plaza
28th Floor
New York, New York 10004
Attention: CDO Surveillance
E-mail: cdo.surveillance@fitchratings

Collateral Manager:

NS Advisors, LLC
399 Park Avenue, 18th Floor
New York, New York 10019
Attention: General Counsel

Cayman Islands Stock Exchange:

Cayman Islands Stock Exchange
P.O. Box 2408
Grand Cayman KY1-1105
Cayman Islands

Advancing Agent:

NS Advisors, LLC
399 Park Avenue, 18th Floor
New York, New York 10019

Hedge Counterparty:

Wachovia Bank, National Association

301 South College, DC-8
Charlotte, NC 28202-0600
Attention: Bruce M. Young

The Controlling Party:

MBIA Insurance Corporation

113 King Street
Armonk, NY 10504
Attention: Kevin Brown

with a copy to:

301 South College, DC-8
Charlotte, NC 28202-0600
Attention: Brittany Priddy

EXHIBIT A

LETTER FROM COLLATERAL MANAGER

NS ADVISORS, LLC
399 Park Avenue, 18th Floor
New York, New York 10022

N-STAR REL CDO VIII LTD.
c/o MaplesFS Limited,
P.O. Box 1093, Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

NOTICE OF CONSENT SOLICITATION

To: Holders of the Controlling Class of Notes (the "**Noteholders**") issued by the Issuer (as defined below)

From: NS Advisors, LLC, on behalf of the Issuer (the "**Collateral Manager**")

Re: N-Star REL CDO VIII Ltd. (the "**Issuer**")

	CUSIP 144A*	CUSIP Reg S*	ISIN Reg S*
Class A-1 Floating Rate Notes	62940FAA7	G66831AA9	USG66831AA97
Class A-R Revolving Floating Rate Notes	62940FAB5	G66831AB7	USG66831AB70

PLEASE READ THIS NOTICE OF CONSENT SOLICITATION CAREFULLY. THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT NOTES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE NOTES IN A TIMELY MANNER.

Independent Certified Public Accountants:

* No representation is made as to the correctness of the CUSIP or ISIN numbers either as printed on the Notes or as contained in this notice. Such numbers are included solely for the convenience of the Holders of Notes.

On December 7, 2006, there was an offering of certain notes by the Issuer and N-Star REL CDO VIII LLC (the "**Co-Issuer**") pursuant to an Offering Circular, dated as of December 6, 2006 (the "**Transaction**").

On December 7, 2006, pursuant to an indenture dated as of December 7, 2006 (the "**Indenture**"), among the Issuer, the Co-Issuer, NS Advisors, LLC, as the advancing agent, and Wells Fargo Bank, National Association, as the trustee (the "**Trustee**"), the Issuer and Co-Issuer had issued certain Notes (as defined under the Indenture). Terms used and not defined herein shall have the meaning set forth in the Indenture.

The Indenture requires that a firm of Independent certified public accountants of recognized national reputation ("**Certified Independent Accountants**") be engaged for purposes of preparing and delivering the reports or certificates of such accountants as required under the Indenture.

Pursuant to an engagement letter applying agreed upon procedures (the "**Engagement Letter**"), dated as of August 21, 2006, Ernst & Young LLP ("**Ernst & Young**") was engaged as the Certified Independent Accountant in connection with the Transaction.

As of current date, Ernst & Young is the existing Certified Independent Accountant with respect to the Transaction.

Ernst & Young intends to submit a letter of resignation effective as of December 31, 2011. Ernst & Young has not issued any adverse opinion, disclaimer or qualification in connection with its role as Certified Independent Accounting for the Transaction and such resignation does not involve or relate to any disagreement over accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement would have caused Ernst & Young to make reference to such disagreement in or with its report.

The Issuer, after consultation with the Collateral Manager, intends to appoint Pricewaterhouse Coopers LLP ("**PwC**") as the successor Certified Independent Accountant. PwC meets the required criteria, as set forth in the Indenture.

Under the Indenture, one of the conditions to appointing a successor Certified Independent Accountant is obtaining the approval of a Majority of the Controlling Class. Upon approval by a Majority of the Class A-1 Notes and the Class A-R Notes, such Holders representing the Controlling Class, the Issuer will promptly appoint PwC by Issuer Order delivered to the Trustee, the Collateral Manager, each Rating Agency and any other party required under the Indenture.

Your Consent to the Appointment of Successor:

The Collateral Manager is seeking the consent of the Class A-1 Notes and the Class A-R Notes to appoint PwC as the successor Certified Independent Accountant ("**Appointment of Successor**"). The Consent Form is included in this package after this Notice of Consent Solicitation. After reviewing this Notice of Consent Solicitation, please indicate, by checking the appropriate box on the Consent Form, whether you consent to the proposed Appointment of Successor, and provide the other information requested below. If you hold more than one class

of Notes issued by the Issuer, please complete a separate Consent Form for each class of Notes held.

Consent Deadline:

The Collateral Manager would appreciate receiving your consent. A signed copy of a duly completed Consent Form must be delivered so as to be received on or before **December 29, 2011, at 4:00 p.m. (prevailing Eastern Time)** in order to be considered. **IF A SIGNED COPY OF THE CONSENT FORM IS NOT DULY COMPLETED AND RECEIVED BY THE TRUSTEE, ON OR BEFORE DECEMBER 29, 2011, AT 4:00 P.M. (PREVAILING EASTERN TIME), THE COLLATERAL MANAGER AND THE ISSUER WILL CONSIDER THE INCOMPLETE OR LATE BALLOT OR BALLOTS NOT RECEIVED TO BE A "DEEMED CONSENT" TO THE APPOINTMENT OF PwC AS SUCCESSOR CERTIFIED INDEPENDENT ACCOUNTANT.**

The date of this Notice of Consent Solicitation (this "Notice") and the record date for determining Noteholders entitled to receive this Notice is November 30, 2011.

THIS NOTICE OF CONSENT SOLICITATION HAS BEEN PREPARED BY THE COLLATERAL MANAGER AND IS BEING DISTRIBUTED BY WELLS FARGO BANK, NATIONAL ASSOCIATION, IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE GOVERNING THE NOTES. PLEASE NOTE THAT THE FOREGOING IS NOT INTENDED AND SHOULD NOT BE CONSTRUED AS INVESTMENT, ACCOUNTING, FINANCIAL, LEGAL OR TAX ADVICE BY OR ON BEHALF OF THE TRUSTEE, OR ITS DIRECTORS, OFFICERS, AFFILIATES, AGENTS, ATTORNEYS OR EMPLOYEES. THE TRUSTEE HAS NOT PREPARED OR PARTICIPATED IN THE PREPARATION OF THIS NOTICE OR MAKES ANY RECOMMENDATION AS TO ANY ACTION TO BE TAKEN WITH RESPECT TO THIS NOTICE. EACH PERSON RECEIVING THIS NOTICE SHOULD SEEK THE ADVICE OF ITS OWN ADVISERS IN RESPECT OF THE MATTERS SET FORTH HEREIN.

CONSENT FORM

Reference is made to (i) that certain Indenture dated as of December 7, 2006 (as amended, modified or supplemented through the date hereof, the "Indenture") among N-STAR REL CDO VIII LTD., as Issuer (the "Issuer"), N-STAR REL CDO VIII LLC, as Co-Issuer (the "Co-Issuer"), and together with the Issuer, the "Co-Issuers"), NS ADVISORS, LLC, as Advancing Agent and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee (the "Trustee") and (ii) that certain Notice of Consent Solicitation dated November 30, 2011 from the Collateral Manager (the "Letter"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture and the Letter, respectively.

1. The undersigned hereby represents and warrants to Wells Fargo Bank, National Association, as Trustee, that, as of November 30, 2011, the record date, the following is correct and true and that the undersigned is authorized to execute this Consent on behalf of the Noteholder:

(Insert name of the Holder)

Amount of Notes Held _____ Cusip: _____

Name of Nominee/Custodian: _____ Part # _____

Address: _____

Contact Name: _____

Phone: _____ Email: _____

2. In connection with the Appointment of Successor, such Holder hereby (please check one):

votes to **consent** to the proposed Appointment of Successor.

votes to **reject** the proposed Appointment of Successor.

3. Check this box if you are filling out this Consent as a nominee for the Noteholder.

Dated: _____, 2011

(Signature of Noteholder or Representative/Nominee thereof)

Signature Guaranteed [MEDALLION SIGNATURE GUARANTY]

By: _____
Name: _____
Title: _____

**PLEASE RETURN THIS FORM BY MAIL AND FACSIMILE TRANSMISSION TO
WELLS FARGO BANK, NATIONAL ASSOCIATION**

no later than 4:00 p.m. Eastern Time on December 29, 2011

Wells Fargo Bank, National Association,
As Trustee, Note Paying Agent and Note Transfer Agent
9062 Old Annapolis Road
Columbia, Maryland 21045
ATTN: Maire Farrell
FAX: 1-866-373-0261

NOTES REGARDING THESE MATERIALS

1. If you have any questions regarding this Consent Form (or if you would like a prepaid, addressed envelope to aid in delivery of your Consent Form), please contact Debra A. Hess, Chief Financial Officer, at NorthStar Realty Finance Corp., at (212) 547-2605 or dhess@nrfc.com
2. If you are completing this Consent Form on behalf of or as nominee for another person or entity, indicate your relationship with such person or entity and the capacity in which you are signing.
3. Provide your name and mailing address on this Consent Form.