

## Nontraded REIT Industry Review: Third Quarter 2014



## NorthStar Healthcare Income, Inc.

Total Assets.....	\$542.2 Million
Real Estate Assets .....	\$260.3 Million
Cash .....	\$91.6 Million
Securities .....	\$0.0 Million
Other .....	\$190.3 Million



Cash to Total Assets Ratio: ..... 16.9%  
 Asset Type: ..... Healthcare  
 Number of Properties: ..... 15 Properties, 4 Loans  
 Square Feet / Units / Rooms / Acres: ..... 1,416 Units  
 Percent Leased: ..... 100.0%  
 Weighted Average Lease Term Remaining: ..... 11.0 Years  
 LifeStage: ..... Growth  
 Investment Style: ..... Debt & Equity  
 Weighted Average Shares Outstanding: ..... 44,764,285

Initial Offering Date: ..... August 7, 2012  
 Offering Status: ..... Initial  
 Number of Months Fundraising: ..... 25  
 Anticipated Offering Close Date: ..... August 7, 2015  
 Current Price per Share: ..... \$10.00  
 Reinvestment Price per Share: ..... \$9.50

## Historical Price



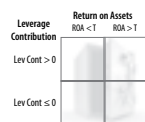
## Contact Information

[www.NorthStarREIT.com](http://www.NorthStarREIT.com)

**NorthStar Healthcare  
Income, Inc.**  
 399 Park Avenue, 18th floor  
 New York, NY 10022  
 212-547-2600

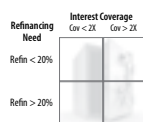
## Performance Profiles

## Operating Performance



As an Emerging LifeStage REIT, there are less than five quarters of data to calculate meaningful return on assets and leverage contribution metrics. The REIT did not own Properties until Q2 2013.

## Financing Outlook



As an Emerging LifeStage REIT, there are less than five quarters of data to calculate meaningful interest coverage ratios. REITs in the Emerging LifeStage often rely on short-term financing with variable rates which will later be refinanced with longer maturity debt.

## Cumulative MFFO Payout

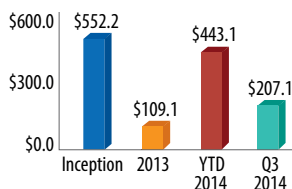


For this Emerging LifeStage REIT there are less than five quarters of data to calculate meaningful MFFO Payout ratios. REITs in the Emerging LifeStage may fund a portion of cash distributions in the first year of operations from offering proceeds until MFFO is sufficient to fund them.

## Summary

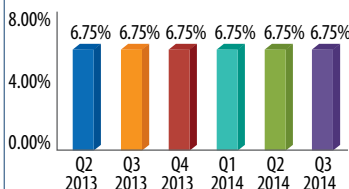
As an Emerging LifeStage REIT with less than five quarters of significant operating data, metrics for Operating Performance, Financing Outlook and Cumulative MFFO Payout are not yet meaningful. After 3Q 2014, the profile will begin to show meaningful results.

## Gross Dollars Raised\*

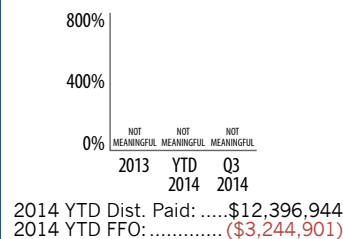


\*Includes reinvested distributions (in millions)

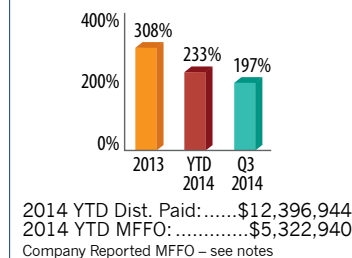
## Historical Distribution



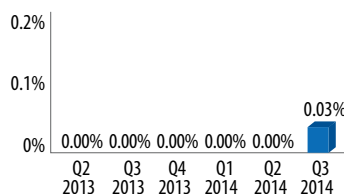
## Historical FFO Payout Ratio



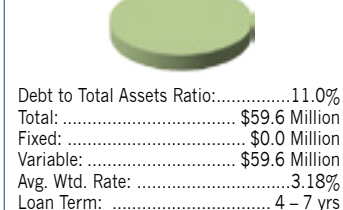
## Historical MFFO Payout Ratio



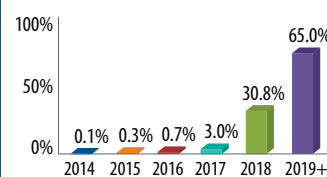
## Redemptions



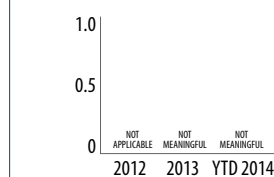
## Debt Breakdown



## Debt Repayment Schedule



## Interest Coverage Ratio



## Source of Distributions, Trends and Items of Note

- During 3Q 2014 the Company acquired four additional properties for \$125.1 million.
- In September 2014, the Company's \$5.0 million subordinate interest investment was exchanged for an approximate 11.4% interest in a joint venture with affiliates of Formation Capital, LLC and Safanad Management Limited. The joint venture owns a \$145.0 million portfolio of 14 skilled nursing facilities comprised of 1,658 beds and located in Virginia, Maryland and Pennsylvania. For the nine months ended September 30, 2014, the Company recognized \$0.1 million of equity in earnings.
- On August 6, 2014, the Company's board of directors approved the sale of 60,141 shares of the Company's common stock to NorthStar Realty, pursuant to the Distribution Support Agreement. In connection with this commitment and including NorthStar Realty's purchase of shares approved on August 6, 2014, NorthStar Realty purchased 303,248 shares for \$2.7 million.
- On October 22, 2014, the Company entered into a purchase and sale agreement with NorthStar Realty pursuant to which the Company agreed to acquire an equity interest in Griffin-American Healthcare REIT II, Inc.'s ("Griffin-American") healthcare real estate portfolio following completion of the merger of Griffin-American with and into a subsidiary of NorthStar Realty. The Company will acquire the interest for \$100 million in cash, including its pro rata share of associated transaction costs, through a joint venture with NorthStar Realty which will be purchased at NorthStar Realty's cost basis and is expected to represent an approximate 8.3% interest in the portfolio.
- On November 7, 2014, the Company agreed to invest up to \$315.0 million through a combination of equity, mezzanine and senior debt financing in connection with the proposed acquisition of the U.S.-based operations of Extendicare International Inc. including an \$870.0 million portfolio of 158 healthcare facilities by an investment group comprised of the Company, Formation Capital, LLC and Safanad Management Limited. The portfolio consists of 152 SNFs and six ALFs located across 12 states, with the largest concentrations in Indiana, Kentucky, Ohio, Michigan and Wisconsin. The portfolio is currently subject to approximately \$630.0 million of in-place financing, which is expected to be assumed in connection with the acquisition.
- The REIT's Cash to Total Assets ratio decreased to 16.9% as of 3Q 2014 compared to 32.0% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 11.0% as of 3Q 2014 compared to 0% as of 3Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the nine months ended September 30, 2014 the Company paid \$14.696 million including \$8.097 million in proceeds from the DRP Net cash provided (used) in operating activities was \$3.244 million. All distributions to date have been funded using net proceeds of the offering.

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