

# Nontraded REIT Industry Review: First Quarter 2014



## NorthStar Healthcare Income, Inc.

Total Assets.....	\$246.3 Million
Real Estate Assets .....	\$162.2 Million
Cash .....	\$75.5 Million
Securities .....	\$0.0 Million
Other .....	\$8.6 Million



Cash to Total Assets Ratio: .....	30.7%
Asset Type: .....	Healthcare
Number of Properties:.....	9 Properties, 2 Loans
Square Feet / Units / Rooms / Acres:.....	846 Units
Percent Leased: .....	100.0%
Weighted Average Lease Term Remaining:.....	7.7 Years
LifeStage:.....	Emerging
Investment Style: .....	Debt & Equity
Weighted Average Shares Outstanding: .....	15,550,724

Initial Offering Date: .....	August 7, 2012
Offering Status: .....	Initial
Number of Months Fundraising: .....	19
Anticipated Offering Close Date: .....	August 7, 2015
Current Price per Share: .....	\$10.00
Reinvestment Price per Share: .....	\$9.50

### Historical Price

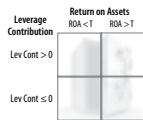


### Contact Information

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

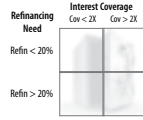
### Performance Profiles

#### 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 2Q 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

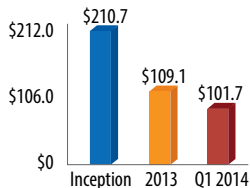


For this Emerging LifeStage REIT there are less than five quarters of data to calculate meaningful MFFO Payout ratios. REITs in the Emerging LifeStage may fund a portion of cash distributions in the first year of operations from offering proceeds until MFFO is sufficient to fund them.

#### Summary

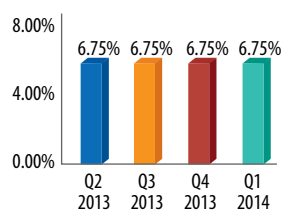
As an Emerging LifeStage REIT with less than five quarters of operating data, metrics for Operating Performance, Financing Outlook and Cumulative MFFO Payout are not yet meaningful. After 2Q 2014, the profile will begin to show meaningful results. The REIT did not own Properties until 2Q 2013.

### Gross Dollars Raised\*

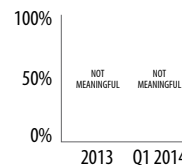


\*Includes reinvested distributions (in millions)

### Historical Distribution

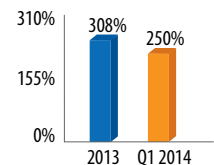


### Historical FFO Payout Ratio



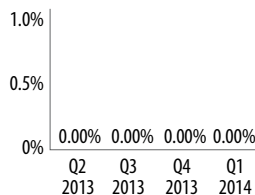
2014 YTD Dist. Paid: .....\$2,024,634  
 2014 YTD FFO: .....(\$2,723,153)

### Historical MFFO Payout Ratio



2014 YTD Dist. Paid: .....\$2,024,634  
 2014 YTD MFFO: .....\$810,570  
 Company Reported MFFO – see notes

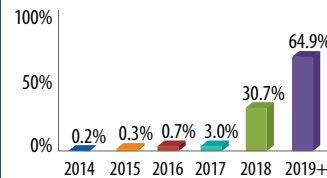
### Redemptions



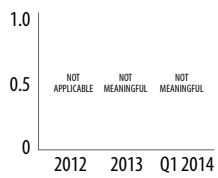
### Debt Breakdown

Debt to Total Assets Ratio:.....	24.3%
Total: .....	\$59.7 Million
Fixed: .....	\$0.0 Million
Variable: .....	\$59.7 Million
Avg. Wtd. Rate: .....	3.23%
Loan Term: .....	4 – 7 yrs

### Debt Repayment Schedule



### Interest Coverage Ratio



### Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company acquired 3 properties for \$84.8 million.
- In April 2014, the Company's board of directors determined to extend the Offering for one year to August 7, 2015. From April 1, 2014 through May 13, 2014, the Company issued 5.5 million shares of common stock pursuant to its Offering generating gross proceeds of \$55.1 million.
- On May 7, 2014, the REIT, through a joint venture with an affiliate of NorthStar Realty Finance Corp., completed the acquisition of a \$1.1 billion healthcare real estate portfolio comprised of 80 senior living facilities. The acquisition was structured as a joint venture with an affiliate of Formation Capital, LLC which was the prior controlling and minority owner of the portfolio. NorthStar Healthcare contributed \$22.7 million, plus closing costs, for an approximate 6% interest in the joint venture and together with NorthStar owns an approximate 92% interest in the joint venture. NorthStar Healthcare funded the investment with proceeds from its ongoing initial public offering. The properties comprising the portfolio consist of over 8,500 beds across 43 senior housing facilities and 37 skilled nursing facilities located in 14 different states, with the heaviest concentrations in Florida (35%), Illinois (18%), Oregon (16%) and Texas (10%). As of March 31, 2014, the Portfolio's overall resident occupancy was 89.3%.
- The REIT's Cash to Total Assets ratio decreased to 30.7% as of 1Q 2014 compared to 32.0% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 24.3% as of 1Q 2014 compared to 0.0% as of 3Q 2013.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- On May 12, 2014, the board of directors of the Company approved a daily cash distribution of \$0.00184932 per share of common stock for each of the three months ended September 30, 2014. This is a 6.75% yield annualized based upon the \$10.00 offering price.
- Distributions paid in 1Q 2014 were \$2.025 million, including \$1.099 million proceeds from the DRP Net cash provided (used) in operating activities was \$(2.965 million). Pursuant to a distribution support agreement, in certain circumstances where cash distributions exceed MFFO, the Sponsor agreed to purchase up to \$10.0 million of shares of common stock at \$9.00 per share to provide additional cash to support distributions to stockholders and has, in fact, purchased 233,391 shares of common stock as of March 31, 2014. The sale of these shares resulted in the dilution of the ownership interests of public stockholders.