

Nontraded REIT Industry Review: First Quarter 2015

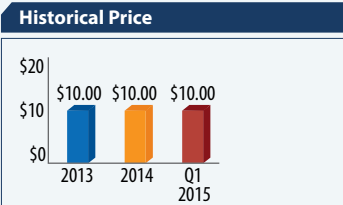
NorthStar Real Estate Income II, Inc.

Total Assets.....	\$723.3 Million
Real Estate Debt Investments.....	\$518.6 Million
Cash.....	\$125.6 Million
Securities.....	\$38.7 Million
Other.....	\$40.4 Million



Initial Offering Date: May 6, 2013
 Offering Status: Initial
 Number of Months Fundraising: 22
 Anticipated Offering Close Date: May 6, 2016
 Current Price per Share: \$10.00
 Reinvestment Price per Share: \$9.50

Cash to Total Assets Ratio: 17.4%
 Asset Type: Debt Investments & Securities
 Number of Investments:.. 9 First Mortgages; 1 Subordinated Interest; 1 PE
 Square Feet / Units / Rooms / Acres:.....Not Applicable
 Percent Leased: Not Applicable
 Weighted Average Lease Term Remaining:..... Not Applicable
 LifeStage:..... Growth
 Investment Style: Debt & Equity
 Weighted Average Shares Outstanding: 38,091,000

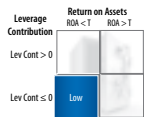


Contact Information

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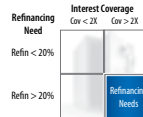
Performance Profiles

Operating Performance



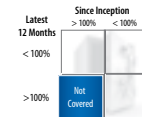
The REIT's recent 12-month average return on assets is less than yields on 10-year Treasuries, indicating negative risk adjusted returns. At its current cost of debt and level of borrowing, the use of debt is not increasing returns to shareholders. Earnings must improve to cover costs of debt.

Financing Outlook



As a debt REIT that matches the maturities and variable rates of its borrowings with the maturities and variable rates of its debt assets, the REIT is somewhat protected from interest rate risk and refinancing risk.

Cumulative MFFO Payout

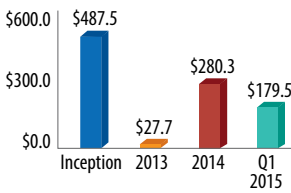


The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

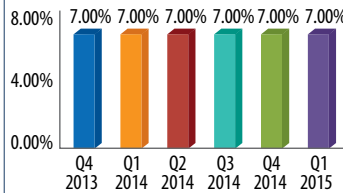
The REIT's return on assets for the last four quarters was 2.36%, below the yield on 10-Year Treasuries, and therefore not yet providing risk-adjusted returns to shareholders. The REIT also had a negative leverage contribution with an average cost of debt of 2.71% and a debt ratio of 36.7%. These ratios are not unusual for a REIT with only six quarters of operating results. None of the REIT's debt is due within two years, but all is at variable rates. The REIT's variable rate debt is matched with floating rate assets (loans) thereby effectively hedging interest rate risk. The REIT's trailing 12-month interest coverage ratio of 2.2X is just above the 2.0X benchmark. Over the trailing 12-month period, the REIT paid out 116% of its MFFO in cash distributions excluding DRP.

Gross Dollars Raised*

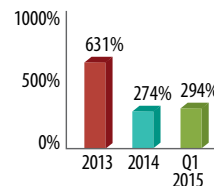


*Includes reinvested distributions (in millions)

Historical Distribution

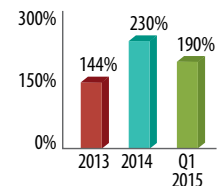


Historical FFO Payout Ratio



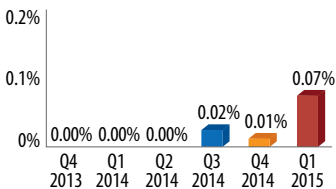
2015 YTD Dist. Paid: \$5,609,000
 2015 YTD FFO: \$1,905,000

Historical MFFO Payout Ratio

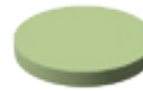


2015 YTD Dist. Paid: \$5,609,000
 2015 YTD MFFO: \$2,948,000
 Company Reported MFFO – see notes

Redemptions

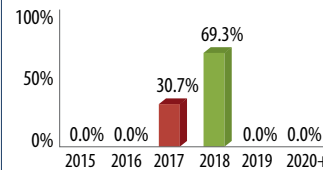


Debt Breakdown

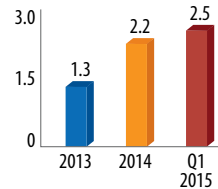


Debt to Total Assets Ratio:.....36.7%
 Total: \$265.1 Million
 Fixed: \$0.0 Million
 Variable: \$265.1 Million
 Avg. Wtd. Rate:2.71%
 Loan Term: 2 – 5 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- As of March 31, 2015, adjusted for acquisitions and commitments to purchase through May 11, 2015, 60.1% of the Company's assets were invested in CRE debt, consisting of ten loans with an average investment size of \$55.0 million. The weighted average extended maturity of the CRE debt portfolio is 4.5 years, with a weighted average yield of 5.92% unlevered.
- As of March 31, 2015, adjusted for acquisitions and commitments to purchase through May 11, 2015, 35.7% of the Company's assets were invested in a net lease property portfolio totaling \$325.6 million. 4.2% or \$38.7 million was invested in a private equity real estate fund.
- In March 2015, the Company's board of directors determined to extend the Offering for one year to May 6, 2016.
- The REIT's Cash to Total Assets ratio increased to 17.4% as of 1Q 2015 compared to 9.6% as of 1Q 2014.
- The REIT's Debt to Total Assets ratio decreased to 36.7% as of 1Q 2015 compared to 53.5% as of 1Q 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the three months ended March 31, 2015, the Company declared distributions of \$6.5 million compared to cash provided by operating activities of \$2.2 million and \$4.6 million, or 71% of the distributions declared during this period were paid using proceeds from the Offering, including the purchase of additional shares by NorthStar Realty.