NorthStar
HEALTHCARE INCOME

A Diversified Investment in Senior Housing
Forward Looking Statements

This sales material includes forward-looking statements that can be identified by the use of words such as “will,” “may,” “should,” “intend,” “believe,” “expect,” “could,” “target,” or other comparable terminology. Statements concerning projections, future performance, cash flows, population growth and any other guidance on present or future periods constitute forward-looking statements. Forward-looking statements involve significant risks and uncertainties and you should not unduly rely on these statements. You should be aware that a number of important factors, including, but not limited to, the factors described in Investment Risks below and in our filings with the Securities and Exchange Commission, could cause our actual results to differ materially from those in these forward-looking statements. The statements made herein are as of the date hereof and we undertake no obligation to update these statements except as may be required by applicable securities laws.

Investment Risks

Consider the following risks before making an investment in NorthStar Healthcare Income, Inc., (NorthStar Healthcare) a public, non-traded real estate investment trust (REIT):

- We may not achieve our investment objectives; the prior performance of our sponsor may not predict our future results.
- No public market currently exists for our shares. If you are able to sell your shares, you would likely have to sell them at a substantial loss.
- You do not have the opportunity to evaluate the investments we will make with the proceeds of this offering before we make them, which makes your investment more speculative.
- We depend on our advisor and its affiliates to select our investments and conduct our operations. The fees we pay to our advisor and its affiliates were not determined on an arm’s length basis. These fees increase your risk of loss.
- Our equity investments will also be subject to the risks typically associated with real estate, including limited supply of targeted investments increasing our purchase price, reduced occupancy rates and decreases in some or all of the value over time.
- The collateral securing our debt investments may decrease in value or lose all value over time, which may lead to a loss of some or all of principal. Any unsecured debt may involve a heightened level of risk.
- We have board authority to use leverage in connection with our investments, which increases the risk of loss associated with our investments.
- Our borrowers and operators may not be able to make debt service or lease payments to us due to changes in economic conditions, regulatory requirements and other factors.
- There is no guarantee of distributions. Distributions have been paid from sources other than cash flow from operations, which may reduce an investor’s overall return. There is no guarantee of any return and you may lose a part or all of your investment.
- Our executive officers and our advisor’s other key professionals are also officers, directors, managers and key professionals of our sponsor and its affiliates. As a result, they will face significant conflicts of interest.
- If we raise substantially less than the maximum offering, we may not be able to acquire a diverse portfolio of investments and the value of your shares may vary more widely with the performance of specific assets.
- Diversification does not eliminate risk and does not assure better performance.
- We may change our targeted investments or investment policies without stockholder consent.
- Our organizational documents permit us to pay distributions from any source, including offering proceeds, borrowings or sales of assets. We have not established a limit on the amount of proceeds we may use to fund distributions. We have paid and may continue to pay distributions from sources other than our cash flow from operations, and consequently, we will have less cash available for investments and your overall return may be reduced.
- The offering price was determined by our board of directors based on a valuation of our assets and liabilities and may not be indicative of the price at which the shares would trade on a securities exchange or be sold. The actual value of our shares may be substantially less than our offering price.
- We are not required to liquidate our assets or list our shares for trading by a specified date or at all.
- If we fail to qualify as a REIT for federal income tax purposes, our cash available for distribution and the value of our shares could materially decrease.
- An investment in NorthStar Healthcare is not a direct investment in commercial real estate. An investment in NorthStar Healthcare is subject to fees and expenses that do not apply to such direct investments.
- If we terminate our agreement with our advisor, we may be required to pay significant fees to an affiliate of our sponsor, which will reduce the cash available for distribution to you.
- The other risks set forth in our prospectus and our filings with the Securities and Exchange Commission.

Investor Suitability

Investors in NorthStar Healthcare must have net worth of at least $250,000, not including home, furnishings and personal automobile, or gross annual income of at least $70,000 and a net worth of at least $70,000. AL, CA, IA, KS, KY, MA, ME, NE, NJ, NM, ND, OH, OR, PA and TN have higher suitability requirements and recommendations. Please review the prospectus for state specific suitability standards prior to investing or recommending that clients invest.
Investing in Healthcare Real Estate

Senior housing occupancy in the United States is at its highest level since early 2008,¹ fueled by today’s aging population. With 10,000 Baby Boomers turning 65 every day,² NorthStar Healthcare Income, Inc. recognizes a compelling opportunity to provide investors with access to this quickly-growing sector of healthcare commercial real estate.

NorthStar Healthcare Income, Inc. (NorthStar Healthcare) is a public, non-traded real estate investment trust (REIT) formed to originate, acquire and asset manage a diversified portfolio of healthcare real estate with a focus on senior housing equity and debt investments. We believe the growing demand in healthcare services driven by an aging population and a desire to reduce overall healthcare costs is providing considerable investment opportunities – those poised for both income and long-term growth.

1) NIC MAP®, Data and Analysis Service, All Markets – Seniors Housing, 1Q 2014. 2) Pew Research Center, December 2010. 3) There is no guarantee of distributions. We have paid distributions in excess of our cash flow used in operations. For the six months ended June 30, 2015, we declared distributions of $38,006,196 compared to cash flow used in operations of $(5,143,795). All distributions declared were paid using offering proceeds, including the purchase of additional shares by our sponsor, which reduces the amount we can invest in income-producing assets and your overall return may be reduced. Distributions have also exceeded our net loss of $(30,685,245) for the same period. Fees paid to the advisor were not determined on an arm’s length basis and reduce the amount the program can invest in income-producing assets and your overall return may be reduced. 4) Diversification does not eliminate risk and does not assure better performance. As with any real estate investment, there are various risks including but not limited to: unfavorable market conditions, loss of principal and limited liquidity.
NorthStar Healthcare generally invests in healthcare real estate, with a focus on the needs-driven senior housing sector, which typically includes: independent living, assisted living, memory care and skilled nursing facilities. These facilities generally provide the broadest level of services to residents in a more cost-effective setting, leading us to believe this sector provides sustainable and attractive investment opportunities.

**Increasing Demand and Need for Care**

The number of Americans 65 and older will increase from 47.8 million in 2015 to 79.2 million by 2035, which is a growth rate that is four times the rate of the overall U.S. population.\(^5\) We expect demand for senior housing will accelerate over the next several years as a greater percentage of the American population ages and lives longer.

We believe this group of seniors will rely more on third-party providers as their health deteriorates. Approximately 15% of Americans between age 75 and 79 seek assistance with activities of daily living (eating, bathing, dressing, etc.).\(^5\) This number increases to 30% for those age 80 and older, and approximately 70% of Americans older than 65 will need some form of help with these activities for months or years as they age.

\(^5\) U.S. Census Bureau, 2014 National Population Projections. An investment in NorthStar Healthcare involves a high degree of risk, including occupancy levels for senior housing properties may not continue to increase and could decline, which could reduce the cash flow generated by these properties and increased demand by investors for senior housing properties may increase the cost of the properties NorthStar Healthcare intends to acquire, which may reduce overall returns.
As the Baby Boomer generation ages and life expectancies increase, an opportunity exists to invest in and provide capital to the healthcare sector that cares for and serves this burgeoning population.

By 2020, 12 million older Americans will require long-term care services, while the senior housing sector only consists of approximately 2.9 million units/beds within 22,100 facilities in the United States.6

New Supply is Not Meeting Demand

While the elderly population is growing, the rate of senior housing new construction decreased during the recent recession. According to the National Investment Center for the Seniors Housing Care Industry, units under construction began a significant decline starting in 2008 and continued at a slower pace through 2012. While construction has recently regained momentum, we believe demand for senior housing facilities will remain above what the current and near-term senior supply can accommodate.

Increased National Healthcare Expenditures

U.S. healthcare costs are projected to nearly double to more than $5.2 trillion by 2023, comprising nearly 19% of GDP.8 An opportunity exists to reduce costs for both individuals and the government by shifting patients from higher cost settings such as hospitals to lower cost settings such as needs-driven senior housing. This potential transition may further increase demand for senior housing facilities.

6) NIC MAP® Data and Analysis Service, Source: NIC MAP® Data & Analysis Service, Investing in Seniors Housing Presentation, March 2014; Estimated National Counts as of 4Q 2012. 7) NIC MAP® Data and Analysis Service, Construction Trends Reports, All Markets – Seniors Housing, 2Q 2015; data believed to be accurate but not guaranteed. 8) Centers for Medicare and Medicaid Services, Office of the Actuary, June 2014; all amounts are estimated.
Our Investment Approach

NorthStar Healthcare seeks to leverage its relationships with high-quality, regional senior housing operators with proven capabilities. We may optimize overall property-level performance by offering capital to assist operators to grow their portfolio, make property improvements and deploy strategic expansions.

A strong understanding of senior housing operations is critical when making investments in this sector. For each investment, we apply a holistic approach that includes market evaluation, operator assessment and property inspection to potentially maximize returns while aiming to mitigate risk.

<table>
<thead>
<tr>
<th>Market</th>
<th>Operator</th>
<th>Property</th>
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<tbody>
<tr>
<td>Favorable supply/demand demographics</td>
<td>Focus on regional operators with local market expertise</td>
<td>History of producing stable cash flows</td>
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<tr>
<td>Established regional presence</td>
<td>Evaluate the operator’s reputation and track record in the industry</td>
<td>Evaluate competition and expansion potential including memory care units</td>
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<tr>
<td>Barriers to entry</td>
<td>Focus on the quality of care and services to residents</td>
<td>Affordable price point for residents</td>
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<td></td>
<td>Create long-term partnerships to help facilitate new investment opportunities</td>
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We may change our investment objectives, policies and strategy at any time without stockholder consent.
Uncovering Strategic Healthcare Investments

NorthStar Healthcare may improve individual portfolio performance by offering investors exposure to the healthcare industry with a focus on senior housing investments. NorthStar Healthcare generally invests strategically within the senior housing market in equity and debt investments that may provide attractive risk-adjusted returns for investors.

We believe that employing this diversified investment approach may provide valuable portfolio diversification and return enhancement potential for investors while allowing us to deploy capital opportunistically and manage risk.

9) Pew Research Center, December 2010. As with any real estate investment, there are various risks including but not limited to: unfavorable market conditions, loss of principal and limited liquidity. Diversification does not eliminate risk and does not assure better performance. We may change our investment objectives, policies and strategy at any time without stockholder consent.
Flexible Exit Strategies

When the time comes to liquidate assets and return capital to investors, NorthStar Healthcare’s management has the flexibility and expertise to pursue several options aimed at maximizing value for investors. NorthStar Healthcare may:

- Convert to a publicly traded vehicle
- Selectively sell investments or the entire portfolio
- Hold loans through maturity

Real estate investors should closely consider exit strategy options before making an initial investment. While identifying a specific strategy is not always possible, we believe having the flexibility to pursue a variety of options is beneficial for NorthStar Healthcare investors.

We are not required to liquidate our assets or list our shares for trading by a specified date or at all.

Investing in Today’s Healthcare Opportunity

We believe today's growing demand for healthcare, broad U.S. demographic changes, the need for cost-effective settings and positive supply/demand fundamentals combine for a compelling investment opportunity.

We believe NorthStar Healthcare is ideally positioned to capitalize in this niche market and aims to provide investors an opportunity for current income through cash distributions and long-term growth.

<table>
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<tr>
<th>Key Investment Facts</th>
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<tr>
<td>Minimum Investment</td>
<td>$4,000 for taxable and tax-deferred investments</td>
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<tr>
<td>Declared Distribution¹¹</td>
<td>6.62%</td>
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<tr>
<td>Distribution Schedule¹¹</td>
<td>Monthly</td>
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<tr>
<td>Redemption Schedule¹²</td>
<td>(as a percentage of purchase price, one-year minimum hold, pro-rata redemptions)</td>
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<td>After Year 1: 92.5%</td>
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<td>After Year 2: 95.0%</td>
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<td>After Year 3: 97.5%</td>
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<td>After Year 4: 100%</td>
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<td>One-year holding period waived and shares redeemed at purchase price in case of death or qualifying disability of investor.</td>
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<tr>
<td>Expected Term¹³</td>
<td>5 to 8 years</td>
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¹¹ There is no guarantee of distributions. We have paid distributions in excess of our cash flow used in operations. For the six months ended June 30, 2015, we declared distributions of $38,006,196 compared to cash flow used in operations of $(5,143,795). All distributions declared were paid using offering proceeds, including the purchase of additional shares by our sponsor, which reduces the amount we can invest in income-producing assets and your overall return may be reduced. Distributions have also exceeded our net loss of $(30,685,245) for the same period. Fees paid to the advisor were not determined on an arm’s length basis and reduce the amount the program can invest in income-producing assets and your overall return may be reduced. ¹² Redemptions limited to 5% of NorthStar Healthcare common shares outstanding; redemptions will be funded solely from the proceeds of our DRP and any other funds set aside by the board of directors; program may be modified, suspended or terminated at any time. After the date that we establish an estimated value per share of our common stock, we will repurchase shares at a price equal to 95% of the estimated value per share. ¹³ There are no assurances that the program will ever complete a liquidity event.
NorthStar Asset Management Group Inc. (NorthStar; NYSE: NSAM) is the sponsor of NorthStar Healthcare. NorthStar is a global asset management firm focused on managing commercial real estate in the United States and internationally.

Why Choose NorthStar?

Experience and Proven Track Record
NorthStar has developed a reputation for delivering successful results in underwriting and managing over $24 billion* in commercial real estate investments. The management team includes individuals who have navigated the commercial real estate markets for decades and through multiple market cycles. Team members have extensive operational and investment experience at some of the largest healthcare real estate investment companies in the world.

Specialized Healthcare Knowledge
Investing in and lending to the healthcare real estate sector requires an in-depth understanding of the healthcare regulatory environment and the specialized nature of healthcare facilities operations. NorthStar has established relationships with quality regional operators of senior housing facilities and aims to leverage these relationships to find new and strategic investment opportunities.

$24.7 BILLION ASSETS UNDER MANAGEMENT*  
PRUDENT AND DISCIPLINED INVESTMENT PROCESS  
Public company reporting, controls and transparency combined with a strong track record and performance history

ESTABLISHED RELATIONSHIPS WITH HIGH-QUALITY SENIOR HOUSING FACILITY OPERATORS  
CENTRALIZED INVESTMENT PROCESS & PROACTIVE PORTFOLIO MANAGEMENT PROCEDURES

23 YEARS Management team members’ average experience in commercial real estate investing and institutional backgrounds  
7TH LARGEST OWNER OF SENIOR HOUSING IN THE UNITED STATES14

The performance of NorthStar is not indicative of the performance of NorthStar Healthcare. NorthStar and NorthStar Healthcare are separate companies. An investor purchasing shares in NorthStar Healthcare’s public offering is making an investment in NorthStar Healthcare and not in NorthStar. *As of June 30, 2015. Adjusted for acquisitions and commitments to purchase through August 5, 2015. Based on consolidated total assets on the balance sheets of NorthStar’s respective sponsored companies. 14 NorthStar Realty Finance Corp. (NYSE: NRF), a company managed by NorthStar, ranked 7th largest owner by the American Senior Housing Association (ASHA) as of June 1, 2015.
NorthStar Healthcare is a public, non-traded real estate investment trust (REIT) formed to originate, acquire and asset manage a diversified portfolio of equity and debt investments in healthcare real estate, with a focus on the needs-driven senior housing sector, which we define as independent living, assisted living, memory care and skilled nursing facilities.

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