



NorthStar

REAL ESTATE INCOME II

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 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 the Risk Factors 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.

Risk Factors

Consider the following risks before making an investment in NorthStar Income II:

- We have limited operating history and 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.
- This is a “blind pool” offering because we have not identified most of the investments we intend to acquire with the net proceeds of our offering.
- 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.
- 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 expect to use leverage in connection with our investments, which increases the risk of loss associated with our investments.
- Our borrowers may not be able to make debt service payments to us due to changes in economic conditions, regulatory requirements and other factors.
- There is no guarantee of distributions. 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 most of the distributions from offering proceeds and may continue to pay distributions from sources other than cash flow from operations and as a result we will have less cash available for investments and your overall return may be reduced. 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.
- The offering prices of our shares were 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 prices.
- We are not required to liquidate our assets or list our shares for trading by a specified date or at all.
- Our investments in CMBS and CDOs and other structured debt securities will be subject to risks relating to the volatility in the value of our assets and underlying collateral, default on underlying income streams, fluctuations in interests rates, decreased value and liquidity of the investments and other risks associated with such securities which may be unknown and unaccounted for by issuers of the securities and by the rating agencies. These investments are only appropriate for investors who can sustain a high degree of risk.
- 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.
- 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.