

December 11, 2019

To Our Stockholders:

Thank you for your investment in NorthStar Healthcare Income, Inc. ("NorthStar Healthcare"). We are writing today to provide you with an update regarding your investment, including information regarding the estimated per share value of our common stock.

The board of directors (the "Board") of NorthStar Healthcare recently announced an estimated per share value of common stock of \$6.25 as of June 30, 2019.

NorthStar Healthcare engaged Robert A. Stanger & Co., Inc. ("Stanger"), an independent third-party valuation firm, to assist the Board in determining an estimated per share value of NorthStar Healthcare's common stock as of June 30, 2019. To estimate its value range, Stanger determined an appraised value range on 60 of the 75 directly-owned properties, determined estimated value ranges for one debt investment and minority interests in five joint ventures in NorthStar Healthcare's real estate portfolio, and relied upon appraisal reports prepared by another third-party appraisal firm for 15 properties, in each case as of June 30, 2019. Based on these appraisals and valuations, and other factors deemed relevant by the audit committee of the Board (the "Audit Committee"), the Audit Committee, comprised solely of independent directors, recommended and the Board adopted an estimated per share value of \$6.25 of NorthStar Healthcare's common stock as of June 30, 2019.

The various factors considered in determining the estimated per share value of NorthStar Healthcare's common stock were based on a number of assumptions and estimates that may not be accurate or complete. Further, the value of NorthStar Healthcare's common stock will fluctuate over time as a result of, among other things, changes in healthcare markets, developments related to individual assets and responses to the real estate and debt capital markets. The Board intends to determine an updated estimated per share value of NorthStar Healthcare's common stock on at least an annual basis.

The factors below were significant contributors to the decline in the estimated per share NAV from June 30, 2018 of \$7.10 to June 30, 2019 of \$6.25:

- Consistent with current trends in the seniors housing market, NorthStar Healthcare's portfolio continues to face occupancy challenges in select markets due to increases in supply.
- At the same time, rising labor costs and other expenses continue to negatively impact operating margins across the seniors housing market, including NorthStar Healthcare's investments.
- As discussed last year, NorthStar Healthcare worked through many required operator transitions in 2018, resulting in significant disruption within its portfolio as of June 30, 2018. As a result of the market headwinds noted above, among other factors, progress towards stabilization of these assets over 2018-2019 has been slower than expected. In addition, these macro-economic conditions have impacted assumptions regarding the overall prospects of these assets once stabilized, which in turn has resulted in a lower estimated value of these assets as of June 30, 2019.
- In order to gain or preserve market position, NorthStar Healthcare continues to invest significant capital expenditures in its assets.

- NorthStar Healthcare also experienced a decline in the fair value of its borrowings due to the interest rate environment, as well as the natural contraction of the duration of borrowings over time.
- Partially offsetting the impact of the items listed above, the valuation of NorthStar Healthcare's unconsolidated joint venture investments improved overall from the prior year, as net lease operator transitions completed and campus development and expansion continued.

Although we are disappointed in the decline in estimated per share value, we continue to believe in the long-term demographics for the seniors housing sector and remain committed to driving performance and maximizing value for our shareholders.

If you have any questions, please contact us at (877) 940-8777.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Chang", written over the typed name and title.

Justin Chang  
Chairman