

NORTHSTAR HEALTHCARE INCOME, INC.

Supplemental Financial Report - First Quarter 2019



NorthStar
HEALTHCARE INCOME

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS



This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” or “potential” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond our control, and may cause actual results to differ significantly from those expressed in any forward-looking statement. Among others, the following uncertainties and other factors could cause actual results to differ from those set forth in the forward-looking statements: operating costs and business disruption may be greater than expected; the Company's operating results may differ materially from the information presented in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019; the fair value of the Company's investments may be subject to uncertainties; the Company's use of leverage could hinder its ability to make distributions and may significantly impact its liquidity position; given the Company's dependence on its external manager, an affiliate of Colony Capital, Inc., any adverse changes in the financial health or otherwise of its manager or Colony Capital, Inc. could hinder the Company's operating performance and return on stockholder's investment; the ability to realize substantial efficiencies as well as anticipated strategic and financial benefits, including, but not limited to expected returns on equity and/or yields on investments; the impact on the Company's liquidity position of any further impairments or defaults under its mezzanine loan; the Company's liquidity, including its ability to fund capital contributions in its unconsolidated joint ventures and to continue to generate liquidity by more accelerated sales of certain lower yielding and non-core assets; the timing of and ability to deploy available capital; the Company's ability to re-commence the payment of dividends at all in the future; the timing of and ability to complete repurchases of the Company's stock; the ability of the Company to refinance certain mortgage debt on similar terms to those currently existing or at all; and the impact of legislative, regulatory and competitive changes. The foregoing list of factors is not exhaustive. Additional information about these and other factors can be found in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 as well as in NorthStar Healthcare Income, Inc. other filings with the Securities and Exchange Commission.

We caution investors not to unduly rely on any forward-looking statements. The forward-looking statements speak only as of the date of this presentation. NorthStar Healthcare Income, Inc. is under no duty to update any of these forward-looking statements after the date of this presentation, nor to conform prior statements to actual results or revised expectations, and NorthStar Healthcare Income, Inc. does not intend to do so.

IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS



We believe that FFO and MFFO are additional appropriate measures of the operating performance of a REIT and of us in particular. We compute FFO in accordance with the standards established by the NAREIT, as net income (loss) (computed in accordance with U.S. GAAP), excluding gains (losses) from sales of depreciable property, the cumulative effect of changes in accounting principles, real estate-related depreciation and amortization, impairment on depreciable property owned directly or indirectly and after adjustments for unconsolidated ventures.

Changes in the accounting and reporting rules under U.S. GAAP that have been put into effect since the establishment of NAREIT's definition of FFO have prompted an increase in the non-cash and non-operating items included in FFO. For instance, the accounting treatment for acquisition fees related to business combinations has changed from being capitalized to being expensed. Additionally, publicly registered, non-traded REITs are typically different from traded REITs because they generally have a limited life followed by a liquidity event or other targeted exit strategy. Non-traded REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operation as compared to later years when the proceeds from their initial public offering have been fully invested and when they may seek to implement a liquidity event or other exit strategy. However, it is likely that we will make investments past the acquisition and development stage, albeit at a substantially lower pace.

Due to certain of the unique features of publicly-registered, non-traded REITs, the IPA, an industry trade group, standardized a performance measure known as MFFO and recommends the use of MFFO for such REITs. Management believes MFFO is a useful performance measure to evaluate our business and further believes it is important to disclose MFFO in order to be consistent with the IPA recommendation and other non-traded REITs. MFFO adjusts for items such as acquisition fees would only be comparable to non-traded REITs that have completed the majority of their acquisition activity and have other similar operating characteristics as us. Neither the SEC, nor any other regulatory body has approved the acceptability of the adjustments that we use to calculate MFFO. In the future, the SEC or another regulatory body may decide to standardize permitted adjustments across the non-listed REIT industry and we may need to adjust our calculation and characterization of MFFO.

MFFO is a metric used by management to evaluate our future operating performance once our organization and offering and acquisition and development stages are complete and is not intended to be used as a liquidity measure. Although management uses the MFFO metric to evaluate future operating performance, this metric excludes certain key operating items and other adjustments that may affect our overall operating performance. MFFO is not equivalent to net income (loss) as determined under U.S. GAAP. In addition, MFFO is not a useful measure in evaluating net asset value, since an impairment is taken into account in determining net asset value but not in determining MFFO.

We define MFFO in accordance with the concepts established by the IPA, and adjust for certain items, such as accretion of a discount and amortization of a premium on borrowings and related deferred financing costs, as such adjustments are comparable to adjustments for debt investments and will be helpful in assessing our operating performance. We also adjust MFFO for the non-recurring impact of the non-cash effect of deferred income tax benefits or expenses, as applicable, as such items are not indicative of our operating performance. Similarly, we adjust for the non-cash effect of unrealized gains or losses on unconsolidated ventures. Our computation of MFFO may not be comparable to other REITs that do not calculate MFFO using the same method. MFFO is calculated using FFO. FFO, as defined by NAREIT, is a computation made by analysts and investors to measure a real estate company's operating performance.

The IPA's definition of MFFO excludes from FFO the following items: (i) acquisition fees and expenses; (ii) non-cash amounts related to straight-line rent and the amortization of above or below market and in-place intangible lease assets and liabilities (which are adjusted in order to reflect such payments from an accrual basis of accounting under U.S. GAAP to a cash basis of accounting); (iii) amortization of a premium and accretion of a discount on debt investments; (iv) non-recurring impairment of real estate-related investments that meet the specified criteria identified in the rules and regulations of the SEC; (v) realized gains (losses) from the early extinguishment of debt; (vi) realized gains (losses) on the extinguishment or sales of hedges, foreign exchange, securities and other derivative holdings except where the trading of such instruments is a fundamental attribute of our business; (vii) unrealized gains (losses) from fair value adjustments on real estate securities, including CMBS and other securities, interest rate swaps and other derivatives not deemed hedges and foreign exchange holdings; (viii) unrealized gains (losses) from the consolidation from, or deconsolidation to, equity accounting; (viii) adjustments related to contingent purchase price obligations; and (ix) adjustments for consolidated and unconsolidated partnerships and joint ventures calculated to reflect MFFO on the same basis as above.

Certain of the above adjustments are also made to reconcile net income (loss) to net cash provided by (used in) operating activities, such as for the amortization of a premium and accretion of a discount on debt and securities investments, amortization of fees, any unrealized gains (losses) on derivatives, securities or other investments, as well as other adjustments.

IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS (CONT.)



MFFO excludes non-recurring impairment of real estate-related investments. We assess the credit quality of our investments and adequacy of reserves/impairment on a quarterly basis, or more frequently as necessary. Significant judgment is required in this analysis. With respect to debt investments, we consider the estimated net recoverable value of the loan as well as other factors, including but not limited to the fair value of any collateral, the amount and the status of any senior debt, the prospects for the borrower and the competitive situation of the region where the borrower does business. Fair value is typically estimated based on discounting expected future cash flow of the underlying collateral taking into consideration the discount rate, capitalization rate, occupancy, creditworthiness of major tenants and many other factors. This requires significant judgment and because it is based on projections of future economic events, which are inherently subjective, the amount ultimately realized may differ materially from the carrying value as of the balance sheet date. If the estimated fair value of the underlying collateral for the debt investment is less than its net carrying value, a loan loss reserve is recorded with a corresponding charge to provision for loan losses. With respect to a real estate investment, a property's value is considered impaired if a triggering event is identified and our estimate of the aggregate future undiscounted cash flow to be generated by the property is less than the carrying value of the property. The value of our investments may be impaired and their carrying values may not be recoverable due to our limited life. Investors should note that while impairment charges are excluded from the calculation of MFFO, investors are cautioned that due to the fact that impairments are based on estimated future undiscounted cash flow and the relatively limited term of a non-traded REIT's anticipated operations, it could be difficult to recover any impairment charges through operational net revenues or cash flow prior to any liquidity event.

We believe that MFFO is a useful non-GAAP measure for non-traded REITs. It is helpful to management and stockholders in assessing our future operating performance once our organization and offering and acquisition and development stages are complete, because it eliminates from net income non-cash fair value adjustments on our real estate securities and acquisition fees and expenses that are incurred as part of our investment activities. However, MFFO may not be a useful measure of our operating performance or as a comparable measure to other typical non-traded REITs if we do not continue to operate in a similar manner to other non-traded REITs, including if we were to extend our acquisition and development stage or if we determined not to pursue an exit strategy.

However, MFFO does have certain limitations. For instance, the effect of any amortization or accretion on debt investments originated or acquired at a premium or discount, respectively, is not reported in MFFO. In addition, realized gains (losses) from acquisitions and dispositions and other adjustments listed above are not reported in MFFO, even though such realized gains (losses) and other adjustments could affect our operating performance and cash available for distribution. Stockholders should note that any cash gains generated from the sale of investments would generally be used to fund new investments. Any mark-to-market or fair value adjustments may be based on many factors, including current operational or individual property issues or general market or overall industry conditions.

We purchased Class B healthcare-related securities in a securitization trust at a discount to par value, and would have recorded the accretion of the discount as interest income (which we refer to as the effective yield) had we been able to record the transaction as an available for sale security. As we were granted certain rights with our purchase, U.S. GAAP required us to consolidate the whole securitization trust and eliminate the Class B securities. We believe that reporting the effective yield in MFFO provided better insight to the expected contractual cash flows and was more consistent with our review of operating performance. The effective yield computation under U.S. GAAP and MFFO was the same.

Neither FFO nor MFFO is equivalent to net income (loss) or cash flow provided by operating activities determined in accordance with U.S. GAAP and should not be construed to be more relevant or accurate than the U.S. GAAP methodology in evaluating our operating performance. Neither FFO nor MFFO is necessarily indicative of cash flow available to fund our cash needs including our ability to make distributions to our stockholders. FFO and MFFO do not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments or uncertainties. Furthermore, neither FFO nor MFFO should be considered as an alternative to net income (loss) as an indicator of our operating performance.

NOTES REGARDING REPORTABLE SEGMENTS



NorthStar Healthcare Income, Inc. (“NHI”, “NorthStar Healthcare”, the “Company” or “We”) has invested in independent living facilities, or IL, assisted living facilities, or AL, memory care facilities, or MC, and continuing care retirement communities, or CCRC, which we collectively refer to as senior housing facilities, or SH, skilled nursing facilities, or SNF, medical office buildings, or MOB, and hospitals.

We conduct our business through the following five segments, which are based on how management reviews and manages its business:

Direct Investments - Net Lease - Healthcare properties operated under net leases with a tenant operator.

Direct Investments - Operating - Healthcare properties operated pursuant to management agreements with healthcare operators.

Unconsolidated Investments - Healthcare joint ventures, including properties operated under net leases or pursuant to management agreements with healthcare operators, in which we own a minority interest.

Debt and Securities Investments - Mortgage loans or mezzanine loans to owners of healthcare real estate and commercial mortgage backed securities backed primarily by loans secured by healthcare properties.

Corporate - The corporate segment includes corporate level asset management and other fees - related party and general and administrative expenses.

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I. BUSINESS DEVELOPMENTS & PORTFOLIO HIGHLIGHTS



Business & Financial

- GAAP net loss decreased to \$18.7 million in Q1 2019 as compared to \$77.3 million in Q4 2018, primarily due to our proportionate share of impairment recorded by our unconsolidated ventures as well as impairment recognized for our direct operating investments in 2018.
- MFFO increased by \$0.8 million to \$14.6 million in Q1 2019 as compared to \$13.8 million in Q1 2018.
- On a same store basis (which excludes properties placed in service and sold during 2018), rental and resident fee income, net of property operating expenses, increased to \$17.6 million for the three months ended March 31, 2019 as compared to \$15.8 million for the three months ended December 31, 2018.
 - During the three months ended March 31, 2019, average occupancy of our direct operating investments experienced a slight decline to approximately 81%.
- The operating real estate in our unconsolidated investment portfolios has started to stabilize after performance declines experienced in 2018. In particular, the investments in the Espresso joint venture have completed operator transitions, however, cash flow from our unconsolidated ventures continues to impact our liquidity position.

Investment Activity

- In March 2019, we executed a purchase and sale agreement totaling \$19.7 million for two properties within the Peregrine portfolio. The sale was completed in May 2019, generating net proceeds of \$3.2 million, after the repayment of the outstanding mortgage principal balance of \$16.4 million and transaction costs.
- In March 2019, the Envoy joint venture, of which we own 11.4%, completed the sale of the remaining 11 properties, for a sales price of \$118.0 million. Our proportionate share of the net proceeds generated from the sale totaled \$4.3 million.
- In March 2019, we contributed \$2.4 million to the Trilogy joint venture for development initiatives, including senior housing campus development.

Capitalization & Liquidity

- In Q1 2019, we declared \$5.4 million in dividends and raised \$4.9 million of DRP proceeds, as well as repurchased \$2.0 million of shares.
- Effective February 1, 2019, our board of directors suspended distributions in order to preserve capital and liquidity.
- In April 2019, we terminated our revolving credit facility. As of March 31, 2019, we did not satisfy the conditions to draw on this facility.
- In June 2019, the Griffin joint venture, of which we own 14.3%, completed the refinancing of its prior \$1.7 billion consolidated healthcare loan maturing in December 2019. The new interest-only loan totals \$1.5 billion with a five year term, inclusive of extension options. The collateral package for the new loan includes 158 U.S. healthcare properties, but excludes certain assets that were collateral for the previous loan. We have contributed our proportionate share of additional equity to the joint venture to complete the refinancing.

II. OUR INVESTMENTS

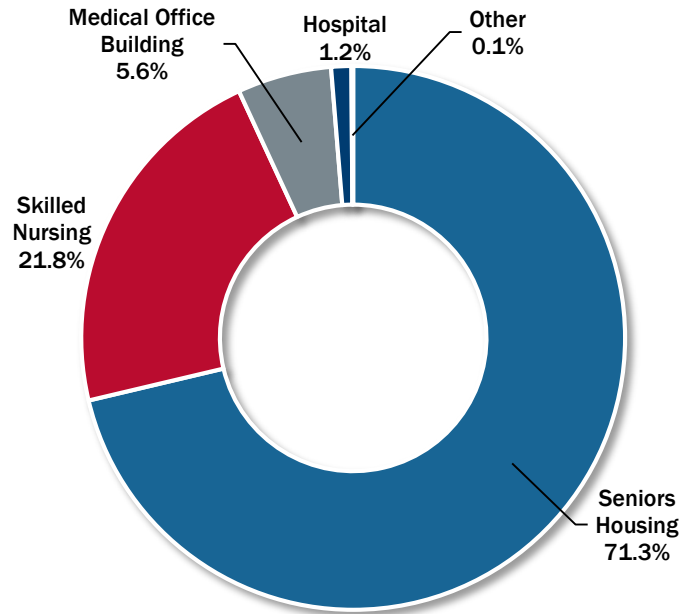


Investment Type / Portfolio	Amount ⁽³⁾	Properties ⁽¹⁾⁽²⁾					Total	Primary Locations	Ownership Interest
		SH	MOB	SNF	Hospitals				
Direct Investments - Net Lease									
Watermark Fountains ⁽⁴⁾	\$ 288,836	6	-	-	-	6	Various	100.0%	
Arbors	126,825	4	-	-	-	4	Northeast	100.0%	
Peregrine	10,000	1	-	-	-	1	Northeast/Southeast	100.0%	
Subtotal	425,661	11	-	-	-	11			
Direct Investments - Operating									
Winterfell	904,985	32	-	-	-	32	Various	100.0%	
Watermark Fountains ⁽⁴⁾	356,914	9	-	-	-	9	Various	97.0%	
Rochester	219,518	10	-	-	-	10	Northeast	97.0%	
Watermark Aqua	116,216	5	-	-	-	5	West/Southwest/Midwest	97.0%	
Avamere	99,438	5	-	-	-	5	Northwest	100.0%	
Oak Cottage	19,427	1	-	-	-	1	West	100.0%	
Kansas City	15,000	2	-	-	-	2	Midwest	100.0%	
Subtotal	1,731,498	64	-	-	-	64			
Unconsolidated Investments									
Griffin-American	475,861	92	108	41	14	255	Various	14.3%	
Trilogy ⁽⁵⁾	350,081	9	-	68	-	77	Various	23.2%	
Espresso	320,373	6	-	150	-	156	Various	36.7%	
Eclipse	56,540	44	-	32	-	76	Various	5.6%	
Solstice ⁽⁶⁾	-	-	-	-	-	-	Various	20.0%	
Subtotal	1,202,855	151	108	291	14	564			
Real Estate Debt and Securities									
Mezzanine Loan ⁽⁷⁾	75,000	-	-	-	-	-			
Total Investments	\$ 3,435,014	226	108	291	14	639			

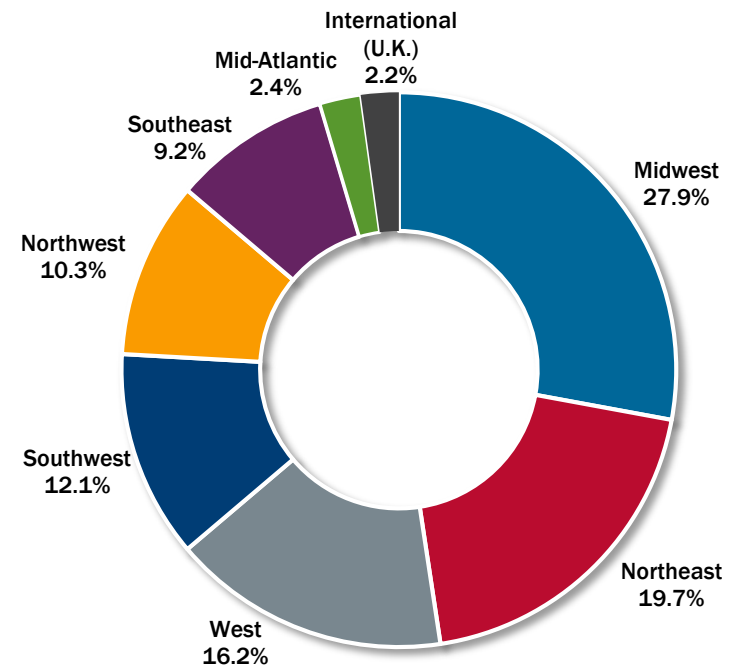
As of March 31, 2019, unless otherwise stated; See footnotes in the appendix

II. OUR INVESTMENTS (CONT.)

Real Estate Equity by Property Type



Real Estate Equity by Geographic Location

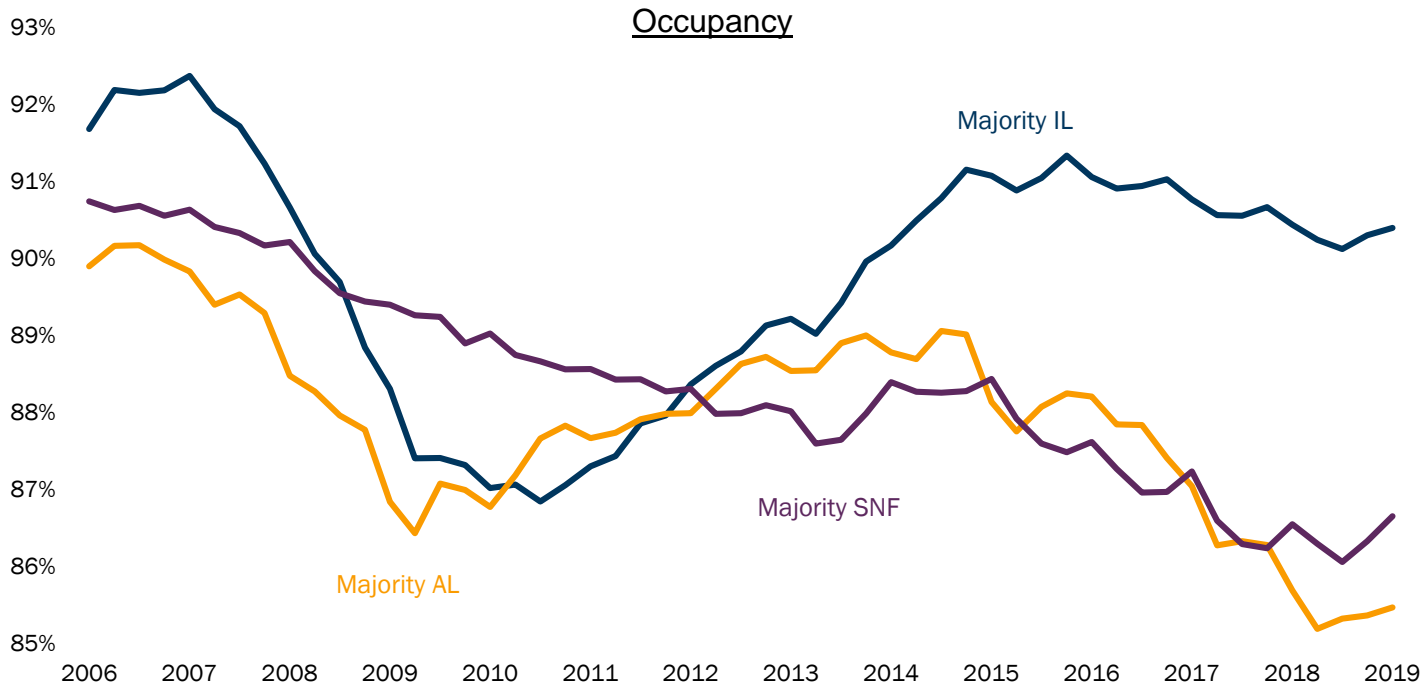


III. HEALTHCARE MARKET UPDATE

Seniors Housing

Occupancy

- The seniors housing market continues to experience headwinds, but indications of stabilization have emerged.
- Seniors housing occupancy was effectively flat for the quarter, averaging 88.1% during Q1 2019.
- Q1 2019 occupancy is 1.2 percentage points above cyclical low (86.9%, Q1 2010) and 2.1 percentage points below its most recent high (90.2%, Q4 2014).



III. HEALTHCARE MARKET UPDATE (CONT.)



Seniors Housing (cont.)

Inventory

- Overall seniors housing construction as a percentage of inventory remains elevated at 6.7%, but shows early indications of returning to sustainable levels.
 - AL starts, on a rolling four-quarter aggregate basis, are now in the second consecutive quarter of <4% as a share of inventory; this last occurred in 2012.
 - IL starts increased quarter over quarter and units under construction as a percentage of inventory remains at an all-time high.
- Construction starts have trended downward, however, more time is needed to determine whether the industry will see a reduction of the overall construction pipeline.
- Q1 2019 was the second straight quarter during which net absorption exceeded inventory growth.

III. HEALTHCARE MARKET UPDATE (CONT.)



Skilled Nursing

- Skilled Nursing occupancy averaged 82.4% during Q4 2018, remaining relatively flat quarter over quarter.
 - Occupancy has remained ~82.5% since April 2018
 - Significant difference of 330 bps between rural and urban areas (80.4% and 83.7%, respectively)
- Revenue Per Patient Day (RPPD)
 - Medicare RPPD held steady at \$430 in Q4 2018 (vs. Q3 2018), but is down -1.7% vs. Q4 2017
 - Private pay RPPD held steady at \$262 in Q4 2018 (vs. Q3 2018)
- Skilled Mix (Medicare + Managed Medicare as a percentage of total patient days)
 - Skilled mix held steady at 24.8% in Q4 2018 (vs. Q3 2018)
 - Skilled mix decreased 56 bps as compared to December 2017

APPENDIX



NorthStar
HEALTHCARE INCOME

IV. APPENDIX – CONSOLIDATED BALANCE SHEETS



(In thousands, except share and per share data)

	March 31, 2019 (Unaudited)	December 31, 2018
Assets		
Cash and cash equivalents	\$ 64,600	\$ 73,811
Restricted cash	16,424	20,697
Operating real estate, net	1,753,793	1,778,914
Investments in unconsolidated ventures	260,345	264,319
Real estate debt investments, net	58,030	58,600
Assets held for sale	15,696	2,183
Receivables, net	14,736	14,436
Deferred costs and intangible assets, net	30,150	36,996
Other assets	15,836	14,460
Total assets⁽¹⁾	\$ 2,229,610	\$ 2,264,416
Liabilities		
Mortgage and other notes payable, net	\$ 1,461,877	\$ 1,466,349
Due to related party	4,596	5,675
Escrow deposits payable	4,246	4,379
Distribution payable	—	5,400
Accounts payable and accrued expenses	27,545	32,405
Other liabilities	5,227	5,834
Total liabilities⁽¹⁾	1,503,491	1,520,042
Commitments and contingencies		
Equity		
NorthStar Healthcare Income, Inc. Stockholders' Equity		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding as of March 31, 2019 and December 31, 2018	—	—
Common stock, \$0.01 par value, 400,000,000 shares authorized, 189,255,653 and 188,495,355 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	1,893	1,885
Additional paid-in capital	1,703,433	1,697,998
Retained earnings (accumulated deficit)	(982,954)	(958,924)
Accumulated other comprehensive income (loss)	(2,084)	(2,284)
Total NorthStar Healthcare Income, Inc. stockholders' equity	720,288	738,675
Non-controlling interests	5,831	5,699
Total equity	726,119	744,374
Total liabilities and equity	\$ 2,229,610	\$ 2,264,416

(1) Represents the consolidated assets and liabilities of NorthStar Healthcare Income Operating Partnership, LP (the "Operating Partnership"). The Operating Partnership is a consolidated variable interest entity ("VIE"), of which the Company is the sole general partner and owns approximately 99.99%. As of March 31, 2019, the Operating Partnership includes \$0.7 billion and \$0.5 billion of assets and liabilities, respectively, of certain VIEs that are consolidated by the Operating Partnership. Refer to Note 2, "Summary of Significant Accounting Policies."

IV. APPENDIX – CONSOLIDATED STATEMENTS OF OPERATIONS



(In thousands, except per share data) (Unaudited)

	Three Months Ended March 31,	
	2019	2018
Property and other revenues		
Resident fee income	\$ 31,878	\$ 32,807
Rental income	40,286	40,749
Other revenue	357	747
Total property and other revenues	72,521	74,303
Net interest income		
Interest income on debt investments	1,902	1,899
Interest income on mortgage loans held in a securitized trust	—	5,149
Interest expense on mortgage obligations issued by a securitization trust	—	(3,824)
Net interest income	1,902	3,224
Expenses		
Real estate properties - operating expenses	45,218	46,424
Interest expense	17,396	17,038
Other expenses related to securitization trust	—	811
Transaction costs	38	763
Asset management and other fees - related party	4,994	5,943
General and administrative expenses	3,054	3,687
Depreciation and amortization	22,399	28,820
Impairment loss	—	2,783
Total expenses	93,099	106,269
Other income (loss)		
Realized gain (loss) on investments and other	237	3,495
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	(18,439)	(25,247)
Equity in earnings (losses) of unconsolidated ventures	(224)	(8,626)
Income tax benefit (expense)	(6)	(15)
Net income (loss)	(18,669)	(33,888)
Net (income) loss attributable to non-controlling interests	52	220
Net income (loss) attributable to NorthStar Healthcare Income, Inc. common stockholders	\$ (18,617)	\$ (33,668)
Net income (loss) per share of common stock, basic/diluted	\$ (0.10)	\$ (0.18)
Weighted average number of shares of common stock outstanding, basic/diluted	189,005,931	187,072,856
Distributions declared per share of common stock	\$ 0.03	\$ 0.08

IV. APPENDIX – SEGMENT INFORMATION

(In thousands) (Unaudited)

Statement of Operations: Three Months Ended March 31, 2019	Direct Investments		Unconsolidated Investments	Debt and Securities	Corporate ⁽¹⁾	Total
	Net Lease	Operating				
Rental and resident fee income	\$ 8,552	\$ 63,612	\$ —	\$ —	\$ —	\$ 72,164
Net interest income on debt and securities	—	—	—	1,902	—	1,902
Other revenue	—	1	—	10	346	357
Property operating expenses	—	(45,218)	—	—	—	(45,218)
Interest expense	(3,276)	(14,040)	—	—	(80)	(17,396)
Transaction costs	—	(38)	—	—	—	(38)
Asset management and other fees - related party	—	—	—	—	(4,994)	(4,994)
General and administrative expenses	(16)	(11)	—	(9)	(3,018)	(3,054)
Depreciation and amortization	(3,564)	(18,835)	—	—	—	(22,399)
Realized gain (loss) on investments and other	—	237	—	—	—	237
Income (loss) before equity in earnings (losses) of unconsolidated ventures and income tax benefit (expense)	1,696	(14,292)	—	1,903	(7,746)	(18,439)
Equity in earnings (losses) of unconsolidated ventures	—	—	(224)	—	—	(224)
Income tax benefit (expense)	—	(6)	—	—	—	(6)
Net income (loss)	\$ 1,696	\$ (14,298)	\$ (224)	\$ 1,903	\$ (7,746)	\$ (18,669)

(1) Includes unallocated asset management fee-related party and general and administrative expenses.

Total Assets:	Direct Investments		Unconsolidated Investments	Debt and Securities	Corporate ⁽¹⁾	Total
	Net Lease	Operating				
March 31, 2019	\$ 392,893	\$ 1,462,687	\$ 260,345	\$ 59,061	\$ 54,624	\$ 2,229,610
December 31, 2018	394,697	1,481,522	264,317	59,620	64,260	2,264,416

(1) Represents primarily corporate cash and cash equivalent balances.

IV. APPENDIX – RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION



(In thousands) (Unaudited)

	Three Months Ended March 31,	
	2019	2018
Funds from operations:		
Net income (loss) attributable to NorthStar Healthcare Income, Inc. common stockholders	\$ (18,617)	\$ (33,668)
Adjustments:		
Depreciation and amortization	22,399	28,820
Impairment losses of depreciable real estate	—	2,058
Depreciation and amortization related to unconsolidated ventures	7,903	8,274
Depreciation and amortization related to non-controlling interests	(156)	(240)
Impairment loss on real estate related to non-controlling interests	—	(62)
Realized gain (loss) from sales of property related to non-controlling interests	—	2,243
Realized (gain) loss from sales of property related to unconsolidated ventures	(86)	—
Impairment losses of depreciable real estate held by unconsolidated ventures	—	(3)
Funds from operations attributable to NorthStar Healthcare Income, Inc. common stockholders	\$ 11,443	\$ 7,422
Modified funds from operations:		
Funds from operations attributable to NorthStar Healthcare Income, Inc. common stockholders	\$ 11,443	\$ 7,422
Adjustments:		
Acquisition fees and transaction costs	38	755
Straight-line rental (income) loss	(189)	(359)
Amortization of premiums, discounts and fees on investments and borrowings	1,238	1,206
Amortization of discounts on healthcare-related securities	—	314
Adjustments related to unconsolidated ventures ⁽¹⁾	2,267	7,271
Adjustments related to non-controlling interests	(4)	(31)
Realized (gain) loss on investments and other	(237)	(3,495)
Impairment of assets other than real estate	—	725
Modified funds from operations attributable to NorthStar Healthcare Income, Inc. common stockholders	\$ 14,556	\$ 13,808

(1) Primarily represents our proportionate share of liability extinguishment gains, loan loss reserves, transaction costs and amortization of above/below market debt adjustments and deferred financing costs, incurred through our investments in unconsolidated ventures.

IV. APPENDIX – FOOTNOTES

- 1) Classification based on predominant services provided, but may include other services.
- 2) Excludes properties held for sale.
- 3) Based on cost for real estate equity investments, which includes purchase price allocations related to net intangibles, deferred costs, other assets, if any, and adjusted for subsequent capital expenditures. Does not include cost of properties held for sale. For real estate debt, based on principal amount. For real estate equity investments, includes cost associated with purchased land parcels that are not included in the count.
- 4) Watermark Fountains portfolio consists of six wholly-owned net lease properties totaling \$288.8 million and nine operating facilities totaling \$356.9 million, in which we own a 97.0% interest. One of the operating facilities consists of 10 condominium units in which we hold future interests, or the Remainder Interests.
- 5) Includes institutional pharmacy, therapy businesses and lease purchase buy-out options in connection with the Trilogy investment, which are not subject to property count.
- 6) Represents our investment in Solstice Senior Living, LLC (“Solstice”), the manager of the Winterfell portfolio. Solstice is a joint venture between affiliates of Integral Senior Living, LLC, or ISL, a leading management company of IL, AL and MC founded in 2000, which owns 80.0%, and us, who owns 20.0%.
- 7) Our mezzanine loan was originated to a subsidiary of our joint venture with Formation Capital, LLC, or Formation, and Safanad Management Limited, which we refer to as Espresso.

COMPANY INFORMATION



NorthStar Healthcare Income, Inc., together with its consolidated subsidiaries, was formed to acquire, originate and asset manage a diversified portfolio of equity, debt and securities investments in healthcare real estate, directly or through joint ventures, with a focus on the mid-acuity senior housing sector, which the Company defines as assisted living, memory care, skilled nursing, independent living facilities and continuing care retirement communities, which may have independent living, assisted living, skilled nursing and memory care available on one campus. The Company also invests in other healthcare property types, including medical office buildings, hospitals, rehabilitation facilities and ancillary healthcare services businesses. The Company's investments are predominantly in the United States, but it also selectively makes international investments. The Company was formed in October 2010 as a Maryland corporation and commenced operations in February 2013. The Company elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended, commencing with the taxable year ended December 31, 2013. The Company conducts its operations so as to continue to qualify as a REIT for U.S. federal income tax purposes.

Shareholder information

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