

FREQUENTLY ASKED QUESTIONS

Set forth below is a set of questions and answers provided by NorthStar Healthcare Income, Inc. (NorthStar Healthcare or the Company). For additional information regarding the Company, please see the Company's filings with the Securities and Exchange Commission (the SEC), including its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022, its Current Report on Form 8-K filed with the SEC on May 13, 2022 and its Current Report on Form 8-K filed with the SEC on April 21, 2022. The Company's SEC filings can be obtained free of charge at the SEC's website located at www.sec.gov or at the Company's Investor Relations tab on its website located at www.northstarhealthcarereit.com.

Dividends

What does the letter to stockholders dated April 12, 2022 mean?

The Company previously adopted a Distribution Reinvestment Plan, which allowed stockholders to reinvest any distributions paid by the Company. In other words, instead of receiving cash distributions, stockholders would receive additional shares of common stock. The Distribution Reinvestment Plan was effectively inactive during the period of time that NorthStar Healthcare was not paying distributions (March 2019 through April 2022). In anticipation of the potential for a special distribution, and in recognition of the Company's new policy on distributions, the Company's board of directors determined to suspend the Distribution Reinvestment Plan going forward. As a result, any distributions paid by the Company will only be paid in cash going forward. The letter notified stockholders of these changes, as required by the terms of the Distribution Reinvestment Program.

How will I receive any dividends I am entitled to?

If you hold your shares directly, the Company's transfer agent will follow the payment instructions you provided at the time of your purchase of shares in NorthStar Healthcare, unless you have updated this information with the transfer agent since that date. Depending upon the instructions you have provided, you will receive a direct deposit into the bank account you specified, or a check mailed to the address you have provided. If account information needs to be changed or modified, please contact the Company's transfer agent at (877) 940-8777.

If your shares are held in a custodial account, the dividends will be paid to the custodian. For information on how you will receive payments for these accounts, you will need to contact your custodian.

Why was there a special distribution in May 2022?

The Company sold investments in 2021, which generated cash proceeds. The Company's board of directors determined the best use of the cash proceeds was to pay a special distribution to stockholders of \$0.50 per share to stockholders of record on May 2, 2022. If you were a stockholder of record as of May 2, 2022 and did not receive your dividend, please contact the Company's transfer agent at (877) 940-8777 if you hold your shares directly, or your custodian if your shares are held through a custodial account.

Will recurring dividends resume? When will the next special distribution be paid?

Based on the current forecasted cash flow of its investments and cash needs to operate the business, the Company does not anticipate paying recurring dividends in the near future. The Company's board of directors will continue to evaluate special distributions in connection with any future sales and other realizations of

investments on a case-by-case basis based on, among other factors, current and projected liquidity needs, opportunities for investment in assets (such as capital expenditure and de-levering opportunities) and other strategic initiatives.

Were the past dividends declared by the Company paid using cash flow from operating activities?

The Company may pay dividends from any source, including, but not limited to, cash flow provided by operations, offering proceeds, borrowings or sales of assets. If the Company pays dividends from sources other than cash flow from operations, this may reduce the Company's overall equity and net asset value, which in turn may impact the value of your shares. The Company has funded dividends in excess of cash flow from operations. Please refer to "Dividends Declared and Paid" within the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Forms 10-Q and Forms 10-K filed with the SEC for additional information regarding the sources of historical dividends.

Estimated Value Per Share

Will a new estimated value per share be established in light of the special distribution?

No. The Company establishes an estimated value per share on an annual basis. The most recent estimated value per share is as of June 30, 2021. The estimated value per share was calculated with the assistance of an experienced third-party independent valuation and consulting firm and is based on the most recent information, including market information, investment- and property-level data and other information, practically available as of June 30, 2021. The estimate value per share is as of a specific date and value is expected to fluctuate over time in response to future events. As a result, the Company is not able to establish an accurate estimated value per share giving effect to the special distribution without also establishing an estimated value of the Company's assets and liabilities as of that date, in accordance with the process and methodologies historically used to establish the estimated value per share. The Company anticipates establishing a new estimated value per share as of June 30, 2022, which it expects will be available during the fourth quarter of 2022.

How do special distributions impact the estimated net asset value per share?

For the reasons discussed above, the Company has not established a new estimated value per share giving effect to the special distribution. If, however, you assume that all other factors that affect the estimated value per share are unchanged, special distributions paid to stockholders using net proceeds generated from sales of investments will reduce the cash and assets held by the Company and will therefore reduce the estimated value per share.

Strategy and Capital Needs

What are the current strategy and objectives of the Company?

The Company's primary objective is to maximize value and generate liquidity for stockholders. Although its short-term strategy may continue to be impacted by the effects of the COVID-19 pandemic, the key elements of the Company's strategy include:

- Growing the Operating Income Generated by the Portfolio. Through active portfolio management, the Company will continue to review and implement operating strategies and initiatives in order to enhance the performance of its existing investment portfolio.



- Deploying Strategic Capital Expenditures. The Company will continue to invest in and improve its existing portfolio in order to maintain market position, operating standards and enhance the overall value of its assets.
- Pursuing Dispositions and Other Strategic Initiatives to Maximize Value. The Company will actively pursue dispositions of assets where it believes the disposition will achieve a desired return and generate value for stockholders. Additionally, the Company will continue to assess the need for strategic repositioning or sale of assets, joint ventures, operators and markets to position our portfolio for optimal performance. The Company will also opportunistically explore other strategic initiatives to create value for stockholders.

What are the ongoing liquidity needs of the Company?

The Company's current principal liquidity needs are to fund: (i) operating expenses, including corporate general and administrative expenses; (ii) principal and interest payments on borrowings and other commitments; and (iii) improvement projects for its investments.

The Company's current primary sources of liquidity include the following: (i) cash on hand; (ii) proceeds from investment sales; (iii) cash flow generated by investments; and (iv) financings from banks and other lenders.

The Company generated significant liquidity in 2021 from proceeds from asset sales and other realization events. However, the Company's cash flow generated by operations was not sufficient to cover its debt service payments, including principal amortization, and capital expenditures. As a result, the Company has used cash generated by asset realizations to fund these capital needs and the Company expects this to continue until occupancy and revenues from its investments improve.

Why does the Company continue to invest capital into its assets?

The Company believes that it is necessary to continue improving its operating portfolio, which includes spending on capital improvement projects, in order to maintain market position, as well as functional and operating standards at its assets, particularly in light of the current challenging market conditions. The Company believes this investment is necessary to preserve long-term value.

Redemptions and Liquidation

Is the Company currently redeeming shares or allowing stockholders to cash out their investment?

The Company is not currently redeeming shares from stockholders, in order to best manage capital and liquidity.

When will the Company start redeeming shares from stockholders?

The Company has not announced any specific timeline to resume share redemptions from stockholders. The Company continues to evaluate its financial condition, liquidity sources and capital needs in order to evaluate the Company's redemption policy. However, there can be no assurance that share redemptions will be reinstated in any future periods.

When is the Company expected and/or required to liquidate?

The Company has not announced or adopted a plan for liquidation and is not required to liquidate by any specified date. The Company will continue to evaluate dispositions of investments and other strategic initiatives, with the goal of providing liquidity to stockholders and maximizing value.

Performance

What is the Company doing to drive the performance of its investments?

Sustaining and growing occupancy is most critical to the Company's operating plan for its investments. The Company will continue to analyze operating costs and margins in an effort to best mitigate the financial effects of the current labor market, cost inflation and rising interest rates. Additionally, the Company continues to deploy targeted improvement projects for its investments. The Company believes that targeted improvements to its facilities will be essential to continue successfully converting its leads base into move-ins at its communities, while meeting the expectations of existing residents, both of which drive occupancy and performance.

How has COVID-19 impacted the Company's business and industry?

The Company's healthcare real estate business and investments have been challenged by suboptimal occupancy levels, increased labor costs and inflationary pressures on other operating expenses. The healthcare industry's operational and financial recovery from the impact of COVID-19 will depend on a variety of factors, which may differ considerably across regions, fluctuate over time and are highly uncertain.

The healthcare industry experienced a higher pace of move-ins during the first quarter of 2022, as compared to the fourth quarter of 2021. As a result of overall increase in resident demand and easing restrictions on visitation and admissions, the seniors housing industry occupancy average rose to 80.6% during the first quarter of 2022 from 80.4% in the fourth quarter of 2021 (source: The National Investment Centers for Seniors Housing & Care, or NICs). By comparison, the Company's directly owned operating portfolios average occupancy improved to 78.7% as of March 2022, from 77.9% as of December 2021.

What are the challenges facing the seniors housing industry?

Economic market uncertainty, continued building and development and competitive pressures have had a negative impact on the seniors housing industry, weakening the market's fundamentals and ultimately reducing operating income for managers and operators.

Supply growth, which has outpaced demand, has challenged the seniors housing industry over the past several years. New inventory, coupled with the average move-in age of seniors housing residents increasing over time, has resulted in declining occupancy for the industry on average. Further, to remain competitive with the new supply, owners and operators of older facilities have increased capital expenditure spending, which in turn has negatively affected cash flow.

As a result of increased supply, the seniors housing industry has experienced competitive pressures that have limited rent growth over the past several years. Limited future supply growth and reestablishing normal operations in a post-pandemic environment will be factors in achieving near and long-term revenue growth for the industry.

Further, prior to the COVID-19 pandemic, a tight labor market and competition to attract quality staff had resulted in increased wages and personnel costs, resulting in lower margins. The COVID-19 pandemic has further exacerbated operating expense growth, with increased staffing needs. While it is expected that the increases in expenses to combat the effects of the COVID-19 pandemic will be temporary, wage and benefits increases may continue to impact the industry's margins in the future.

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Safe Harbour Statement

This document contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “will,” “may,” “plans,” “intends,” “expects” or other similar words or expressions. These statements are based on NorthStar Healthcare’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; NorthStar Healthcare can give no assurance that its expectations will be attained. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Factors that could cause actual results to differ materially from NorthStar Healthcare’s expectations include, but are not limited to, changes in the size and diversity of NorthStar Healthcare’s portfolio, the impact of any losses from NorthStar Healthcare’s investments on cash flow and returns, property level cash flow, the availability of investment opportunities and ability to deploy capital, the ability to achieve targeted returns, the impact of actions taken by joint venture partners, changes in economic conditions generally and the real estate and debt markets specifically, availability of capital, changes to generally accepted accounting principles, policies and rules applicable to REITs and the factors specified in in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as well as in NorthStar Healthcare’s other filings with the SEC. The foregoing list of factors is not exhaustive. All forward looking statements included in this FAQ are based upon information available to NorthStar Healthcare on the date of this document and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this document to conform these statements to actual results.