SUPPLEMENTAL FINANCIAL REPORT

For the Quarter Ended September 30, 2022

NorthStar
HEALTHCARE INCOME

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

NorthStar HEALTHCARE INCOME

This presentation may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential," "continue," "future" or other similar words or expressions that do not relate solely to historical matters. Forward-looking statements are not guarantees of performance and are based on certain assumptions, many of which are beyond the Company's control, discuss future expectations, describe plans and strategies, involve known and unknown risks, contain projections of results of operations or of financial condition or state other forward-looking information. The Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, however the actual results and performance could differ materially from the information presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022. Such statements include, but are not limited to, those relating to the fair value of the Company's investments that may be subject to uncertainties; the Company's ability to make distributions to its stockholders, successfully manage the transition to self-management and to retain its senior executives; the ability to realize substantial efficiencies as well as anticipated strategic and financial benefits of the internalization of the management function as operating costs and business disruption may be greater than expected; the impact on the Company's liquidity position, including its ability to fund capital contributions in its unconsolidated joint ventures; the Company's ability to re-commence the payment of dividends at all in the future and to refinance certain mortgage debt on similar terms to those currently existing or at all; the impact of actual or threatened public health epidemics or outbreaks, or 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 in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 as well as in the Company’s other filings with the Securities and Exchange Commission.

The Company cautions investors not to unduly rely on any forward-looking statements. The forward-looking statements speak only as of the date of this presentation. The Company 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 the Company does not intend to do so.

References to “we”, “us”, “our” the “Company” or “NorthStar Healthcare” refer to NorthStar Healthcare Income, Inc. and its subsidiaries unless the context specifically requires otherwise.

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NorthStar HEALTHCARE INCOME

II. OUR INVESTMENTS

NorthStar HEALTHCARE INCOME

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

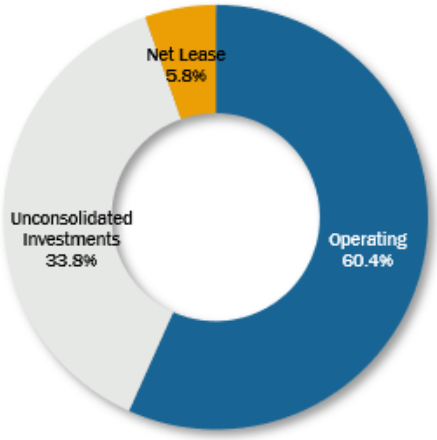
Direct Investments - Operating - Healthcare properties operated pursuant to management agreements with healthcare managers.

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

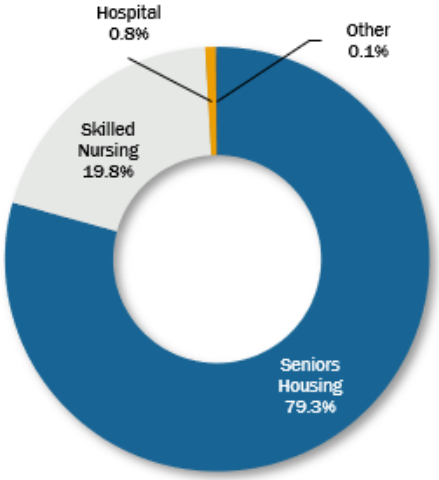
Unconsolidated Investments - Healthcare joint ventures, including properties operated under net leases with an operator or tenant and pursuant to management agreements with healthcare managers, in which we own a minority interest.

Corporate - Includes corporate level asset management fees and general and administrative expenses.

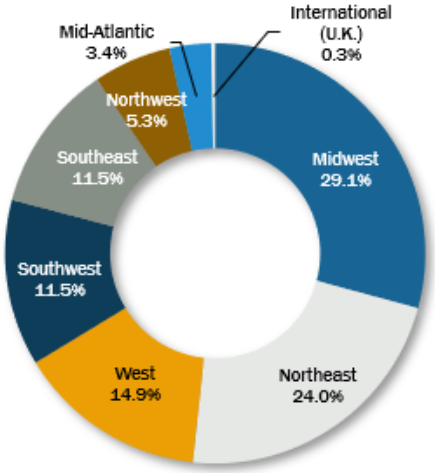
Investments by Segments



Investments by Property Type



Investments by Geographic Location



Based on cost as of September 30, 2022. Property type classification based on predominant services provided, but may include other services.

II. OUR INVESTMENTS (CONT.)

NorthStar HEALTHCARE INCOME

($ In thousands)

Investment Type / Portfolio	Amount[2][3]	Properties Count by Type [1][2] SH	MOB	SNF	Hospitals	Total	Primary Locations	Ownership Interest
Direct Investments - Operating								
Winterfell	$ 904,985	32	—	—	—	32	Various	100.0 %
Rochester	219,518	10	—	—	—	10	Northeast	97.0 %
Watermark Aqua	77,521	4	—	—	—	4	Southwest/Midwest	97.0 %
Avamere	99,438	5	—	—	—	5	Northwest	100.0 %
Oak Cottage	19,427	1	—	—	—	1	West	100.0 %
Other[4]	2,030	—	—	—	—	—	West	97.0 %
Subtotal	$ 1,322,919	52	—	—	—	52		
Direct Investments - Net Lease								
Arbors	$ 126,825	4	—	—	—	4	Northeast	100.0 %
Subtotal	$ 126,825	4	—	—	—	4		
Unconsolidated Investments								
Trilogy[5]	$ 440,942	23	—	75	—	98	Southwest/Midwest	23.2 %
Diversified US/UK[6]	261,186	92	—	39	7	138	Various	14.3 %
Eclipse	37,291	42	—	9	—	51	Various	36.7 %
Espresso[7]	—	—	—	—	—	—	Midwest	5.6 %
Solstice[8]	—	—	—	—	—	—		20.0 %
Subtotal	$ 739,419	157	—	123	7	287		
Total Investments	$ 2,189,163	213	—	123	7	343		

As of September 30, 2022. See ‘Footnotes’ in the Appendix.

III. BUSINESS & FINANCIAL HIGHLIGHTS Q3 2022

NorthStar HEALTHCARE INCOME

COVID-19 Update	◦ Our healthcare real estate business and investments have been challenged by suboptimal occupancy levels, lower labor force participation rates, which drove increased labor costs, and inflationary pressures on other operating expenses. We continue to monitor the progression of the economic recovery from COVID-19 and its effects on our results of operations and assess recoverability of value across our assets as conditions change.
Consolidated Results	◦ GAAP net loss totaled $29.5M in Q3 2022 as compared to $6.6M net income in Q2 2022: decrease was attributable to lower equity in earnings from unconsolidated investments ($31.2M) due to gains on sub-portfolio sales recognized in Q2 2022 and impairment recognized on our direct operating investments ($18.5M in Q3 2022 vs $13.0M in Q2 2022). ◦ Modified funds from operations decreased to $4.5M in Q3 2022 as compared to $6.2M in Q2 2022 primarily due to lower MFFO from unconsolidated investments ($2.7M) and higher SHOP expenses ($1.9M).
Direct Investments - Operating Results	◦ Our direct operating investments continued to attract new residents and improve occupancy in Q3 2022. ◦ While the pace of resident move-ins at our direct operating investments slowed by 13.4%, resident move-outs decreased by 4.6% as compared to Q2 2022. ◦ Occupancy averaged 83.3% in September 2022, a 190bps increase from 81.4% in June 2022. ◦ Rental and resident fee income increased to $46.7 million in Q3 2022 as compared to $45.0 million in Q2 2022 as a result of improved occupancy. ◦ Property operating expenses increased to $34.9 million in Q3 2022 as compared to $33.1 million in Q2 2022. The increase was attributable to inflationary pressures on operating costs, higher utility costs due to seasonality, and staffing challenges, which in turn have resulted in additional overtime hours, use of agency and contract labor and increased salaries and wages expense. ◦ Overall, rental and resident fee income, net of property operating expenses, of our direct operating investments decreased to $11.8 million in Q3 2022 as compared to $11.9 million in Q2 2022.
Direct Investments - Net Lease Results	◦ Rental income totaled $0.7 million in Q3 2022, as compared to $0.2 million in Q2 2022. ◦ The operator of our Arbors portfolio failed to remit contractual rent and satisfy other lease conditions. We have recorded rental income to the extent rental payments were received.

III. BUSINESS & FINANCIAL HIGHLIGHTS Q3 2022 (CONT.)

NorthStar HEALTHCARE INCOME

Unconsolidated Investments Results

- Equity in earnings totaled $2.9 million in Q3 2022 as compared to $34.1 million in Q2 2022.
  - The decrease was primarily a result of net gains recognized from sub-portfolio sales within the Espresso joint venture during the three months ended June 30, 2022, of which our proportionate share totaled $31.2 million.
- We received distributions from unconsolidated investments totaling $4.0 million as compared to $31.1 million in Q2 2022. $27.4 million of distributions in Q2 2022 were our proportionate share of net proceeds generated by sub-portfolio sales.
- The following is a summary of Q3 2022 operations and performance for the Trilogy, Diversified US/UK, and Espresso joint ventures:
  - Trilogy: The joint venture's facilities experienced improvements to resident occupancy and revenues, however, its operating margin continues to be impacted by the effects of labor shortages and inflationary pressures. Additionally, the joint venture recognized federal and state COVID-19 provider relief grants as income.
  - Diversified US/UK: The operators of the joint venture's net lease portfolios, including its portfolio in the United Kingdom, continue to face occupancy and expense pressures, which impacted certain operator's ability to pay contractual rent during the quarter. CCRC, SNF and ALF operating portfolios continue to sustain suboptimal occupancy levels, and experienced staffing challenges. These factors, along with rising interest rates have reduced the joint venture's net cash flows.
  - Espresso: The joint venture received full contractual rent from its net lease operators. In Q3 2022, the joint venture distributed excess cash flows from operations, of which our proportionate share totaled $1.4 million. Rental income collected has declined as a result of the sub-portfolio sales and the joint venture continues to pursue dispositions of its remaining properties as of September 30, 2022.

Liquidity

- In July 2022, we exercised our option to extend the maturity date of a mortgage note payable collateralized by a property within the Rochester portfolio from August 2022 to August 2023, which required a $0.2 million principal repayment toward the outstanding principal balance.
- As of September 30, 2022, we had $927.1 million of consolidated asset-level borrowings outstanding. In Q3 2022 we paid $14.4 million in recurring principal and interest payments on these borrowings.
- As of November 9, 2022, we had approximately $114.9 million of unrestricted cash.

III. BUSINESS & FINANCIAL HIGHLIGHTS
Q3 2022 (CONT.)

NorthStar HEALTHCARE INCOME

Subsequent Events

- *Internalization:* On October 21, 2022, we completed the internalization of our management function, or the Internalization. In connection with the Internalization, on October 21, 2022, we entered into a Termination Agreement with the CNI NSHC Advisors, LLC, or its predecessor, or the Advisor, NRF Holdco, LLC, or the Sponsor, and the Operating Partnership, which provides for the immediate termination of the advisory agreement, as well as the final settlement of any amounts owing under the advisory agreement and the transition of certain employees from the Advisor to us (including our assumption of certain related employment liabilities). No termination fee will be paid by us to the Advisor in connection with the Internalization.
- *Sponsor Line of Credit:* In connection with the termination of the advisory agreement, our revolving line of credit from an affiliate of the Sponsor, or the Sponsor Line, was terminated on October 21, 2022. No amounts were outstanding under the Sponsor Line at the time of termination.
- *Transition Services Agreement:* In connection with the Internalization, on October 21, 2022, we, the Operating Partnership and the Advisor entered into a Transition Services Agreement, or TSA, to facilitate an orderly transition of the management of our operations. The TSA provides for, among other things, the Advisor to provide certain services for a transition period of up to six months following the Internalization, with the Operating Partnership having the option to extend the initial term once for up to three months. Treasury and accounts payable services will be provided for 12 months and will continue until either party provides at least six months' notice of termination. The services primarily include technology, insurance, legal, treasury and accounts payable services. We will reimburse the Advisor for costs to provide the services, including the allocated cost of employee wages and compensation and actually incurred out-of-pocket expenses.
- *Resignation and Appointment of Officer:* Effective upon on the Internalization, on October 21, 2022, Ann B. Harrington, Paul V. Varisano and Douglas W. Bath provided notice of their respective resignations as Interim Chief Executive Officer, President, General Counsel and Secretary, Chief Financial Officer and Treasurer and Chief Investment Officer. Their resignations are a result of the termination of the advisory agreement, and not due to any disagreement with us on any matter relating to our operations, policies or practices.

  On October 21, 2022, our board of directors appointed Kendall K. Young as our Chief Executive Officer and President and as a member of our board of directors to fill an existing vacancy. In addition, our board of directors appointed Nicholas R. Balzo as our Chief Financial Officer, Treasurer and Secretary.
- *Distribution from Unconsolidated Venture:* In October 2022, the Espresso joint venture completed the sale of 17 properties. As result of the sale, we received a distribution totaling $22.3 million in November 2022.
- *Estimated Net Asset Value:* On November 10, 2022, upon the recommendation of the audit committee, or the Audit Committee, of the Board, the Board, including all of its independent directors, approved and established an estimated value per share of our common stock of $2.93.

IV. KEY PORTFOLIO METRICS

NorthStar HEALTHCARE INCOME

($ In thousands)

Key Metrics
(as of and for the quarter ended September 30, 2022)

Direct Investments:			Consolidated Debt:		
Net lease properties		4	Total borrowings	$	927,050
NNN remaining lease term		7 years	Leverage[1]		55.6%
Operating properties		52	Repayments of mortgage notes[3]	$	4,502
Weighted average occupancy		82.8%	Interest expense	$	11,014
Gross asset amount[2]	$	1,186,883			
Capital expenditures[3]	$	7,264			

Operator / Manager Information:	Properties Managed	Units Under Management[4]	YTD Property and Other Revenues[5]	% of Total Property and Other Revenues
Solstice Senior Living[6]	32	4,000	$ 82,607	60.5 %
Watermark Retirement Communities	14	1,753	33,770	24.8 %
Avamere Health Services	5	453	14,764	10.8 %
Integral Senior Living	1	44	3,628	2.7 %
Arcadia Management[7]	4	572	1,220	0.9 %
Other[8]	—	—	456	0.3 %
Total	56	6,822	$ 136,445	100.0 %

Direct Investments - Operating

	Average Monthly Occupancy			Average Quarterly Occupancy		
Manager	September 2022	June 2022	Variance	Q3 2022	Q2 2022	Variance
Solstice Senior Living	84.6 %	82.4 %	2.2 %	84.0 %	81.4 %	2.6 %
Watermark Retirement Communities	78.0 %	77.0 %	1.0 %	77.7 %	76.9 %	0.8 %
Avamere Health Services	91.4 %	88.5 %	2.9 %	90.4 %	87.7 %	2.7 %
Integral Senior Living	97.5 %	97.5 %	— %	95.8 %	99.2 %	(3.4)%
Direct Investments - Operating	83.3 %	81.4 %	1.9 %	82.8 %	80.7 %	2.1 %

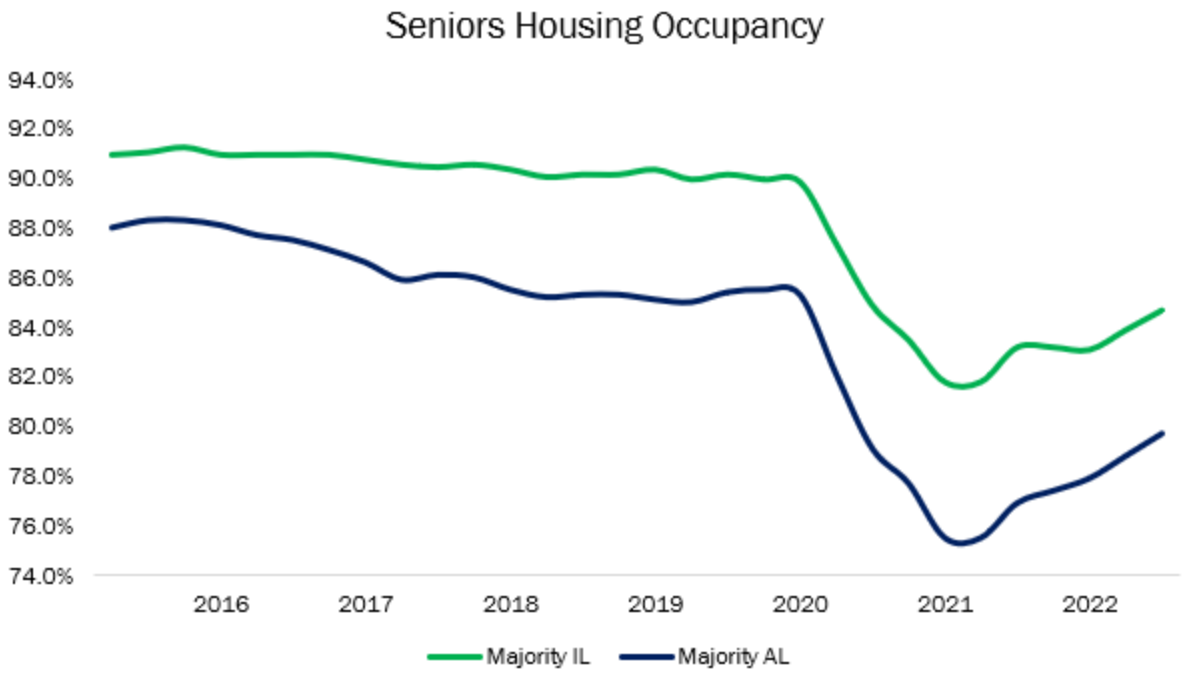
See “Footnotes” in the Appendix

V. HEALTHCARE MARKET UPDATE

NorthStar HEALTHCARE INCOME

Seniors Housing

- Seniors housing occupancy rose to 82.2% in Q3 2022 from 81.4% in Q2 2022
  - Seniors housing occupancy is 8.0% below its Q4 2014 peak of 90.2%
  - Independent Living ("IL"): occupancy increased to 84.7% (Q3 2022) from 83.9% (Q2 2022)
  - Assisted Living ("AL"): occupancy increased to 79.7% (Q3 2022) from 78.8% (Q2 2022)



Source: National Investment Center for Seniors Housing & Care (NIC)

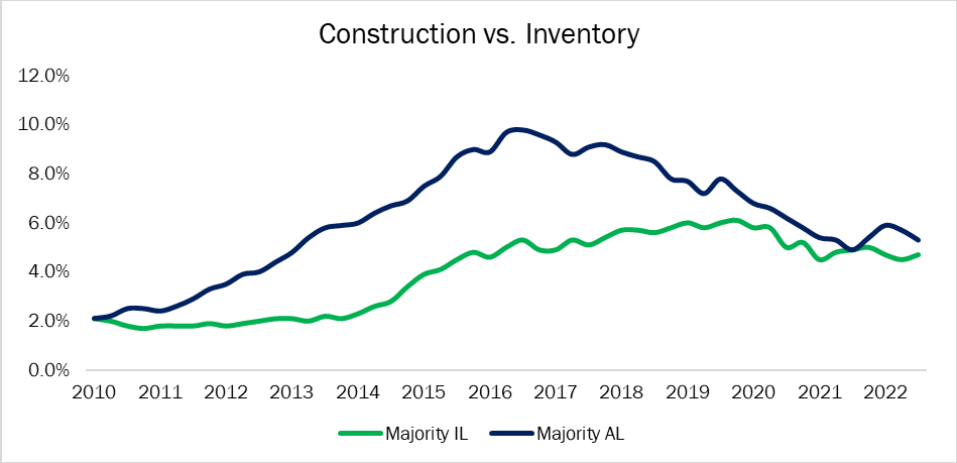
V. HEALTHCARE MARKET UPDATE (CONT.)

NorthStar HEALTHCARE INCOME

Seniors Housing (cont.)

- An October 2022 NIC survey reported:
  - Roughly 43% of AL and IL residences reported an increase in the pace of resident move-ins in the past 30 days, compared to 46% of MC residences.
  - The most cited challenge facing operators reported by more than 90% of respondents is rising operator expenses, including property and professional liability insurance premiums.
  - Despite fewer reports of severe staffing shortages, attracting community and caregiving staff is the second most cited challenge faced by operators (79%), followed by staff turnover (67%).

- Seniors housing construction as a percentage of inventory went down 10bps to 5.0% in Q3 2022.
  - IL: Units under construction increased to 4.7% of inventory in Q3 2022, up from 4.5% in Q2 2022.
  - AL: Units under construction decreased to 5.3% of inventory in Q3 2022, down from 5.7% in Q2 2022.
  - During Q3 2022, seniors housing inventory growth went down to 1.4% from 1.7% in Q2 2022.



Source: (NIC)

VI. APPENDIX

NorthStar
HEALTHCARE INCOME

CONSOLIDATED BALANCE SHEETS

NorthStar HEALTHCARE INCOME

(In thousands)

	September 30, 2022 (Unaudited)	December 31, 2021
Assets		
Cash and cash equivalents	$ 95,145	$ 200,473
Restricted cash	12,537	10,465
Operating real estate, net	932,730	972,599
Investments in unconsolidated ventures	205,207	212,309
Receivables, net	3,454	3,666
Intangible assets, net	2,337	2,590
Other assets	7,829	10,771
Total assets	$ 1,259,239	$ 1,412,873
Liabilities		
Mortgage and other notes payable, net	$ 915,964	$ 929,811
Due to related party	3,347	7,338
Escrow deposits payable	1,427	1,171
Accounts payable and accrued expenses	19,052	24,671
Other liabilities	2,392	3,064
Total liabilities	942,182	966,055
Commitments and contingencies (Note 12)		
Equity		
Preferred stock	—	—
Common stock	1,951	1,930
Additional paid-in capital	1,728,383	1,720,719
Retained earnings (accumulated deficit)	(1,410,309)	(1,277,688)
Accumulated other comprehensive income (loss)	(5,088)	(486)
Equity before NCI	314,937	444,475
Non-controlling interests	2,120	2,343
Total equity	317,057	446,818
Total liabilities and equity	$ 1,259,239	$ 1,412,873

CONSOLIDATED STATEMENTS OF OPERATIONS

NorthStar HEALTHCARE INCOME

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Property and other revenues				
Resident fee income	$ 11,274	$ 27,370	$ 32,987	$ 83,906
Rental income	36,165	37,006	103,001	101,669
Other revenue	300	38	457	80
Total property and other revenues	47,739	64,414	136,445	185,655
Interest income				
Interest income on debt investments	—	1,067	—	4,667
Expenses				
Property operating expenses	35,134	45,784	101,258	136,503
Interest expense	11,014	15,780	31,877	47,767
Transaction costs	857	—	857	54
Asset management fees - related party	2,428	2,769	7,532	8,307
General and administrative expenses	2,859	2,432	10,300	8,544
Depreciation and amortization	9,642	13,828	29,105	44,772
Impairment loss	18,500	4,600	31,502	5,386
Total expenses	80,434	85,193	212,431	251,333
Other income (loss)				
Other income, net	—	—	77	6,892
Realized gain (loss) on investments and other	325	75	660	7,479
Income (loss) before earnings of unconsolidated ventures and income taxes	(32,370)	(19,637)	(75,249)	(46,640)
Equity in earnings (losses) of unconsolidated ventures	2,872	7,943	39,427	17,819
Income tax expense	(15)	(59)	(45)	(85)
Net income (loss)	(29,513)	(11,753)	(35,867)	(28,906)
Net (income) loss attributable to non-controlling interests	73	100	298	(73)
Net income (loss) attributable to common stockholders	$ (29,440)	$ (11,653)	$ (35,569)	$ (28,979)
Net income (loss) per share of common stock, basic/diluted [1]	$ (0.15)	$ (0.06)	$ (0.18)	$ (0.15)
Weighted average number of shares of common stock outstanding, basic/diluted [1]	194,670,948	191,937,161	194,032,819	191,285,186
Distributions declared per share of common stock	$ —	$ —	$ 0.50	$ —

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

NorthStar HEALTHCARE INCOME

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Funds from operations:				
Net income (loss) attributable to NHI	$ (29,440)	$ (11,653)	$ (35,569)	$ (28,979)
Adjustments:				
Depreciation and amortization	9,642	13,828	29,105	44,772
Depreciation and amortization related to non-controlling interests	(71)	(120)	(215)	(409)
Depreciation and amortization related to unconsolidated ventures	7,290	7,609	21,386	23,009
Realized (gain) loss from sales of property	—	—	425	(7,417)
Realized gain (loss) from sales of property related to non-controlling interests	—	—	(6)	226
Realized (gain) loss from sales of property related to unconsolidated ventures	(505)	(9,898)	(44,407)	(31,277)
Impairment losses of depreciable real estate	18,500	4,600	31,502	5,386
Impairment loss on real estate related to non-controlling interests	—	—	(117)	—
Impairment losses of depreciable real estate held by unconsolidated ventures	38	—	58	(327)
Funds from operations attributable to NHI	$ 5,454	$ 4,366	$ 2,162	$ 4,984
Modified funds from operations:				
Funds from operations attributable to NHI	$ 5,454	$ 4,366	$ 2,162	$ 4,984
Adjustments:				
Acquisition fees and transaction costs	857	—	857	54
Straight-line rental (income) loss	—	347	—	7,432
Amortization of premiums, discounts and fees on investments and borrowings	983	778	2,927	3,081
Realized (gain) loss on investments and other	(325)	(75)	(1,085)	(62)
Adjustments related to unconsolidated ventures	(2,525)	4,580	11,636	18,425
Adjustments related to non-controlling interests	7	(10)	11	(50)
Modified funds from operations attributable to NHI	$ 4,451	$ 9,986	$ 16,508	$ 33,864

SEGMENT INFORMATION

NorthStar HEALTHCARE INCOME

(In thousands)

Three Months Ended September 30, 2022	Direct Investments		Unconsolidated Investments	Corporate	Total
	Net Lease	Operating			
Property and other revenues	$ 724	$ 46,715	$ —	$ 300	$ 47,739
Property operating expenses	—	(35,134)	—	—	(35,134)
Interest expense	(907)	(10,107)	—	—	(11,014)
Transaction costs	—	—	—	(857)	(857)
Asset management fees - related party	—	—	—	(2,428)	(2,428)
General and administrative expenses	—	(8)	—	(2,851)	(2,859)
Depreciation and amortization	(870)	(8,772)	—	—	(9,642)
Impairment loss	(18,500)	—	—	—	(18,500)
Other income, net	—	—	—	—	—
Realized gain (loss) on investments and other	—	325	—	—	325
Equity in earnings (losses) of unconsolidated ventures	—	—	2,872	—	2,872
Income tax expense	—	(15)	—	—	(15)
Net income (loss)	$ (19,553)	$ (6,996)	$ 2,872	$ (5,836)	$ (29,513)

Nine Months Ended September 30, 2022	Direct Investments		Unconsolidated Investments	Corporate	Total
	Net Lease	Operating			
Property and other revenues	$ 1,220	$ 134,768	$ —	$ 457	$ 136,445
Property operating expenses	(35)	(101,223)	—	—	(101,258)
Interest expense	(2,708)	(29,169)	—	—	(31,877)
Transaction costs	—	—	—	(857)	(857)
Asset management fees - related party	—	—	—	(7,532)	(7,532)
General and administrative expenses	—	(24)	—	(10,276)	(10,300)
Depreciation and amortization	(2,601)	(26,504)	—	—	(29,105)
Impairment loss	(18,500)	(13,002)	—	—	(31,502)
Other income, net	—	77	—	—	77
Realized gain (loss) on investments and other	(206)	620	246	—	660
Equity in earnings (losses) of unconsolidated ventures	—	—	39,427	—	39,427
Income tax expense	—	(45)	—	—	(45)
Net income (loss)	$ (22,830)	$ (34,502)	$ 39,673	$ (18,208)	$ (35,867)

FOOTNOTES

NorthStar HEALTHCARE INCOME

Page 5 – Our Investments

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. For real estate equity investments, includes cost associated with purchased land parcels that are not included in the count.
4. Represents seven condominium units for which we hold future 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. The joint venture classified the 106 properties within the MOB portfolio and two hospitals as held for sale as of September 30, 2022.
7. As a result of the joint venture pursuing dispositions of its various sub-portfolios, the remaining 62 properties are excluded from the table as of September 30, 2022.
8. Represents our investment in Solstice Senior Living, LLC, or Solstice, the manager of the Winterfell portfolio. Solstice is a joint venture between affiliates of Integral Senior Living, LLC, or ISL, a management company of ILF, ALF and MCF founded in 2000, which owns 80.0%, and us, who owns 20.0%.

Page 9 – Key Portfolio Metrics

1. Our charter limits us from incurring borrowings that would exceed 300.0% of our net assets. We cannot exceed this limit unless any excess in borrowing over such level is approved by a majority of our independent directors. We would need to disclose any such approval to our stockholders in our next quarterly report along with the justification for such excess. An approximation of this leverage limitation, excluding indirect leverage held through our unconsolidated joint venture investments and any securitized mortgage obligations to third parties, is 75.0% of our assets, other than intangibles, before deducting loan loss reserves, other non-cash reserves and depreciation. As of September 30, 2022, our leverage was 55.6% of our assets, other than intangibles, before deducting loan loss reserves, other non-cash reserves and depreciation.
2. Represents cost basis for operating real estate, net of accumulated impairment.
3. Represents cash used for repayments of mortgage notes and capital expenditures for operating real estate investments for the three months ended September 30, 2022.
4. Represents rooms for AL and IL facilities and beds for MC and skilled nursing facilities, based on predominant type.
5. Includes rental income received from the Company's net lease properties as well as rental income, ancillary service fees and other related revenue earned from ILF residents and resident fee income derived from the Company's ALFs and MCFs, which includes resident room and care charges, ancillary fees and other resident service charges.
6. Solstice is a joint venture of which affiliates of ISL own 80%.
7. During the nine months ended September 30, 2022, we recorded rental income to the extent lease payments were received.
8. Consists primarily of interest income earned on corporate-level cash accounts.

Page 14– CONSOLIDATED STATEMENTS OF OPERATIONS

1. The Company issued 49,872 and 66,840 restricted stock units during the nine months ended September 30, 2022 and 2021, respectively. The impact of the restricted stock units on the diluted earnings per share calculation is de minimis for the three and nine months ended September 30, 2022 and 2021.

IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS

NorthStar HEALTHCARE INCOME

We believe that Funds from Operations ("FFO") and Modified Funds from Operations ("MFFO") are additional appropriate measures of the operating performance of a real estate investment trust ("REIT") and of us in particular. We compute FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("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 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 Institute for Portfolio Alternatives ("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. 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 commercial mortgage backed securities ("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; (ix) adjustments related to contingent purchase price obligations; and (x) adjustments for consolidated and unconsolidated partnerships and joint ventures calculated to reflect MFFO on the same basis as above.

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

NorthStar HEALTHCARE INCOME

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.

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 consolidated balance sheets 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. 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. 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.

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.

COMPANY INFORMATION

NorthStar HEALTHCARE INCOME

NorthStar Healthcare Income, Inc., together with its consolidated subsidiaries, manages a diversified portfolio of investments in healthcare real estate, owned directly or through joint ventures, with a focus on the seniors housing sector, which the Company defines as assisted living, memory care, skilled nursing, independent living facilities and continuing care retirement communities, which have independent living, assisted living, skilled nursing and memory care available on one campus. The Company is also invested 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 through a joint venture it also has international investments in the United Kingdom. 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 REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), 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.

Since inception through October 21, 2022, the Company was externally managed by CNI NSHC Advisors, LLC or its predecessor (the "Advisor"), an affiliate of NRF Holdco, LLC (the "Sponsor"). The Advisor was responsible for managing the Company's operations, subject to the supervision of the Company's board of directors, pursuant to an advisory agreement. On October 21, 2022, the Company completed the internalization of the Company's management function (the "Internalization"). In connection with the Internalization, the Company agreed with the Advisor to terminate the advisory agreement and arranged for the Advisor to continue to provide certain services for a transition period. Going forward, the Company will be self-managed under the leadership of Kendall Young, who was appointed by the board of directors as Chief Executive Officer and President concurrent with the Internalization.

Shareholder Information

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