SUPPLEMENTAL FINANCIAL REPORT

For the Year Ended December 31, 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, 2022. Such statements include, but are not limited to, those relating to the Company's ability to make distributions to its stockholders; its ability to retain its senior executives and other sufficient personnel to manage the business; 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 operating performance of the Company's investments, the Company's financing needs, the effects of current strategies and investment activities and the ability to effectively deploy capital. 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, 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

I. 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:

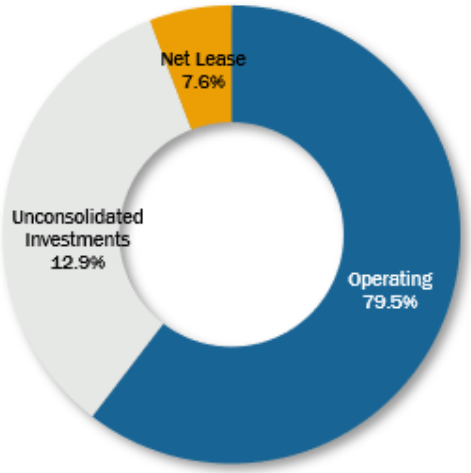
Direct Investments - Operating - Properties operated pursuant to management agreements with managers, in which we own a controlling interest.

Direct Investments - Net Lease - Properties operated under net leases with an operator, in which we own a controlling interest.

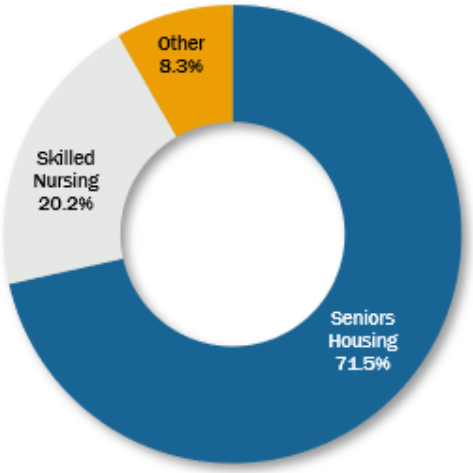
Unconsolidated Investments - Joint ventures, which include properties operated under net leases with an operator or pursuant to management agreements with managers, in which we own a minority, non-controlling interest.

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

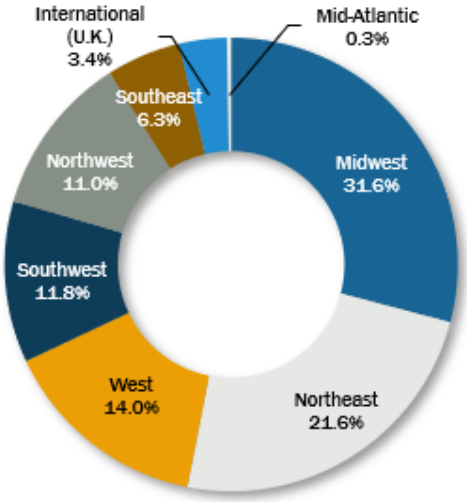
Investments by Segments



Investments by Property Type



Investments by Geographic Location



Based on cost as of December 31, 2022. Property type classification based on predominant services provided, but may include other services.

I. OUR INVESTMENTS (CONT.)

NorthStar HEALTHCARE INCOME

($ In thousands)

Investment Type / Portfolio	Amount[2]	Properties Count by Type [1] SH	MOB	SNF	Hospitals	Total	Primary Locations	Ownership Interest
Direct Investments - Operating								
Winterfell	$ 711,505	32	—	—	—	32	12 U.S. States	100.0 %
Rochester	186,277	10	—	—	—	10	New York	97.0 %
Avamere	93,474	5	—	—	—	5	Washington/Oregon	100.0 %
Aqua	82,769	4	—	—	—	4	Texas/Ohio	97.0 %
Oak Cottage	18,613	1	—	—	—	1	California	100.0 %
Subtotal	$ 1,092,638	52	—	—	—	52		
Direct Investments - Net Lease								
Arbors	$ 103,915	4	—	—	—	4	New York	100.0 %
Subtotal	$ 103,915	4	—	—	—	4		
Unconsolidated Investments								
Trilogy[3]	$ 128,884	23	—	75	—	98	4 U.S. States	23.2 %
Diversified US/UK	28,442	95	106	39	9	249	17 U.S. States & U.K.	14.3 %
Eclipse	834	35	—	9	—	44	10 U.S. States	5.6 %
Espresso	18,019	1	—	32	—	33	Ohio/Michigan	36.7 %
Solstice[4]	323	—	—	—	—	—		20.0 %
Subtotal	$ 176,502	154	106	155	9	424		
Total Investments	$ 1,373,055	210	106	155	9	480		

As of December 31, 2022. See ‘Footnotes’ in the Appendix.

II. BUSINESS & FINANCIAL UPDATE YEAR ENDED 2022

NorthStar HEALTHCARE INCOME

Investment, Financing & Disposition Activity

- We invested capital totaling $29.3 million into our portfolio, including revenue enhancing building amenity refreshes and resident unit upgrades, in order to maintain market position, functional standards and improve operating income.
- The Espresso joint venture completed the sale of 74 properties, which generated our proportionate share of distributions totaling $49.7 million.
- In July, 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.
- In June, we repaid the outstanding financing on the Oak Cottage portfolio at a discounted payoff of $3.7 million.

Impairment

- We recorded impairment losses of $18.5 million, $8.5 million and $3.9 million for facilities in our Arbors, Winterfell and Rochester portfolios, respectively, as a result of declining operating margins and lower projected future cash flows. In addition, impairment losses totaling $0.8 million and $0.2 million were recorded for property damage sustained by facilities in our Winterfell portfolio and a facility in our Avamere portfolio, respectively.
- The Diversified US/UK and Eclipse joint ventures recorded impairment losses for facilities with lower projected future cash flows and shortened hold periods. Our proportionate share of these impairments was $22.9 million and $2.2 million, respectively, recognized through equity in earnings (losses).
- Additionally, we recorded impairment on our investment in the Diversified US/UK joint venture, which totaled $13.4 million and reduced the carrying value of our investment in the Diversified US/UK joint venture to $28.4 million.

Liquidity

- As of December 31, 2022, we had $922.4 million of consolidated asset-level borrowings outstanding. During the year ended December 31, 2022 we paid $56.4 million in recurring principal and interest payments on borrowings.
- As of March 27, 2023, we had approximately $94.5 million of unrestricted cash.

II. BUSINESS & FINANCIAL UPDATE YEAR ENDED 2022 (CONT.)

NorthStar HEALTHCARE INCOME

Factors Impacting Our Operating Results	◦ Occupancy has continued to improve, approaching pre-pandemic levels, which has driven an increase in revenues. ◦ Increased inflation continued to affect our operating and administrative costs, including repairs and maintenance, food costs, utilities, insurance and other operating costs. Increased labor costs and a shortage of available skilled and unskilled workers has, and may continue to, increase the cost of staffing at our facilities. ◦ Rising interest rates may help ease inflation, but also increase our debt service obligations on our variable rate debt.
Consolidated Results	◦ GAAP net loss totaled $54.5M for the year ended December 31, 2022 as compared to $26.8M net income for 2021: decrease was primarily attributable to gains on sub-portfolio sales in 2021 and higher impairment in 2022. ◦ Modified funds from operations decreased to $18.2M for the year ended December 31, 2022 as compared to $39.7M in 2021 primarily due to sub-portfolio sales in 2021 as well as $7.7M of federal COVID-19 provider relief grants recognized in 2021.
Direct Investments - Operating	◦ Occupancy averaged 81.5% for the year ended December 31, 2022, a 640 bps increase from 75.1% averaged in 2021. The pace of resident move-ins at our direct operating investments increased by 4.0% and resident move-outs decreased by 2.1% as compared to 2021. ◦ On a same store basis, rental and resident fee income increased to $182.5 million for the year ended December 31, 2022 as compared to $163.3 million in 2021 as a result of improved occupancy and rate increases. Property operating expenses increased to $137.2 million for the year ended December 31, 2022 as compared to $122.9 million in 2021. The increase was attributable to the factors listed above. ◦ Overall, on a same store basis, rental and resident fee income, net of property operating expenses, of our direct operating investments increased to $45.3 million for the year ended December 31, 2022 as compared to $40.4 million for 2021.
Direct Investments - Net Lease	◦ On a same store basis, rental income totaled $1.6 million for the year ended December 31, 2022, as compared to $3.4 million in 2021. 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.
Unconsolidated investments	◦ Equity in earnings totaled $47.6 million for the year ended December 31, 2022 as compared to $15.8 million in 2021, mainly due to higher gains recognized on property sales in the Espresso joint venture and gains recognized by the Trilogy joint venture upon acquiring the remaining ownership interest of an investment portfolio. The increase was offset by real estate impairments recorded by the Diversified US/UK and Eclipse joint ventures. ◦ We received distributions from unconsolidated investments totaling $67.1 million as compared to $18.1 million for the year ended December 31, 2021. $50.6 million of distributions in 2022 were our proportionate share of net proceeds generated by sub-portfolio sales.

III. UNCONSOLIDATED INVESTMENTS RESULTS YEAR ENDED 2022

NorthStar HEALTHCARE INCOME

Trilogy	The joint venture's facilities experienced continued occupancy recovery and revenue growth throughout 2022. Although operating margins were impacted by the effects of labor shortages and inflationary pressures, occupancy growth, coupled with higher rates, resulted in improved operating income in 2022. Additionally, federal COVID-19 provider relief grant income recognized during 2022, which totaled $24.8 million, exceeded grant income of $13.9 million recognized in 2021. Improvements to operating cash flows in 2022 were partially offset by higher interest expense, driven by rising LIBOR and outstanding debt.
Espresso	During the year, the joint venture received full contractual rent from its net lease operators and distributed excess cash flows from operations and proceeds from sub-portfolio sales, of which our proportionate share totaled $5.0 million and $49.7 million, respectively. Rental income has declined as a result of the sub-portfolio sales. The joint venture continues to pursue dispositions of its remaining properties.
Diversified US/ UK	The joint venture continued to face challenges during 2022. In the UK, the tenant of the U.K. Sub-Portfolio was unable to improve performance, pay its rent obligations under the lease and resolve its overall liquidity position. As a result, the joint venture completed a lease restructuring in November 2022, effectively lowering the contractual rent. In connection with the lease restructuring, the joint venture also restructured its existing debt, including incurring a new mezzanine tranche, and agreed to remain in cash trap until certain performance levels are achieved. Within the US, although the performance of the MOBs within the MOB Sub-Portfolio and Mixed U.S. Sub-Portfolio were both relatively stable, the seniors housing assets operated under management agreements continued to struggle with macroeconomic trends and slow recovery from the pandemic, and various tenants operating SNFs or specialty hospitals under net leases defaulted on their rent obligations within the Mixed U.S. Sub-Portfolio. The Mixed U.S. Sub-Portfolio has approximately $1.0 billion and $0.5 billion of mortgage and mezzanine floating-rate financing, respectively, or the Mixed U.S. Sub-Portfolio Debt, which is secured by all of the assets within the Mixed U.S. Sub-Portfolio. Rising interest rates under the Mixed U.S. Sub-Portfolio Debt, together with the operating challenges, created significant cash flow and liquidity issues, resulting in a cash flow sweep beginning in July 2022 and ultimately a payment default on the mezzanine tranche of the Mixed U.S. Sub-Portfolio Debt in March 2023. In August 2022, subsidiaries of the Diversified US/UK Portfolio entered into a purchase and sale agreement to sell the MOB Sub-Portfolio and all of the MOBs and two specialty hospitals within the Mixed U.S. Sub-Portfolio. However, due to a variety of factors, this purchase and sale agreement was terminated in February 2023, and the transaction proceeded with the sale of only the MOB Sub-Portfolio for a purchase price of $121.5 million, substantially all of which was used to repay debt on the MOB Sub-Portfolio and pay transaction expenses. As a result of all of the above, the financial statements for the Diversified US/UK Portfolio for the year ended December 31, 2022 raised doubt regarding the joint venture's ability to continue as a going concern.
Eclipse	The joint venture continued to struggle with cash flow and liquidity issues. During 2022, two sub-portfolios did not generate sufficient cash flow to cover expenses, capital needs and debt service, resulting in the disposition of one sub-portfolio consisting of seven properties for an amount equal to the debt and another sub-portfolio consisting of eight properties being placed into receivership by the lenders. In addition, the tenant of a net leased sub-portfolio of 10 SNFs stopped paying rent in its entirety, ultimately resulting in the sale of this portfolio for an amount equal to its debt in February 2023. The remaining three sub-portfolios also face operating challenges, primarily as a result of the macroeconomic environment and slow recovery from the pandemic.

IV. DIRECT INVESTMENTS - KEY METRICS

NorthStar HEALTHCARE INCOME

($ In thousands)

Manager	Average Monthly Occupancy			Average Annual Occupancy		
	December 2022	December 2021	Variance	2022	2021	Variance
Solstice Senior Living	85.9 %	77.2 %	8.7 %	82.2 %	73.9 %	8.3 %
Watermark Retirement Communities[1]	78.9 %	77.2 %	1.7 %	77.7 %	75.4 %	2.3 %
Avamere Health Services	90.5 %	85.0 %	5.5 %	88.5 %	81.9 %	6.6 %
Integral Senior Living[1]	97.5 %	97.5 %	— %	97.3 %	98.1 %	(0.8)%
Direct Investments - Operating	84.3 %	77.9 %	6.4 %	81.5 %	75.1 %	6.4 %

Direct Operating and Net Lease Operator / Manager Information:	Properties Managed	Units Under Management[2]	Property and Other Revenues[3]	Property and Other Revenues
Solstice Senior Living[4]	32	3,993	$ 112,553	60.8 %
Watermark Retirement Communities	14	1,782	45,276	24.3 %
Avamere Health Services	5	453	19,778	10.7 %
Integral Senior Living	1	40	4,913	2.7 %
Arcadia Management[5]	4	572	1,597	0.9 %
Other[6]	—	—	1,019	0.6 %
Total	56	6,840	$ 185,136	100.0 %

Operating Investments - Same Store	Year Ended December 31,		Increase (Decrease)	
	2022	2021	Amount	%
Resident fee income	44,274	40,668	3,606	8.9 %
Rental income	138,245	122,614	15,631	12.7 %
Total property revenues	182,519	163,282	19,237	11.8 %
Salaries and wages	62,113	55,603	6,510	11.7 %
Utilities	12,144	10,332	1,812	17.5 %
Food and beverage	10,427	8,990	1,437	16.0 %
Repairs and maintenance	13,835	12,276	1,559	12.7 %
Property taxes	11,603	12,192	(589)	(4.8)%
Property management fee	9,123	8,174	949	11.6 %
All other expenses	17,934	15,315	2,619	17.1 %
Total property operating expenses	137,179	122,882	14,297	11.6 %
Total revenues, net of operating expenses	$ 45,340	$ 40,400	$ 4,940	12.2 %

See “Footnotes” in the Appendix

V. SENIORS HOUSING KEY TRENDS

NorthStar HEALTHCARE INCOME

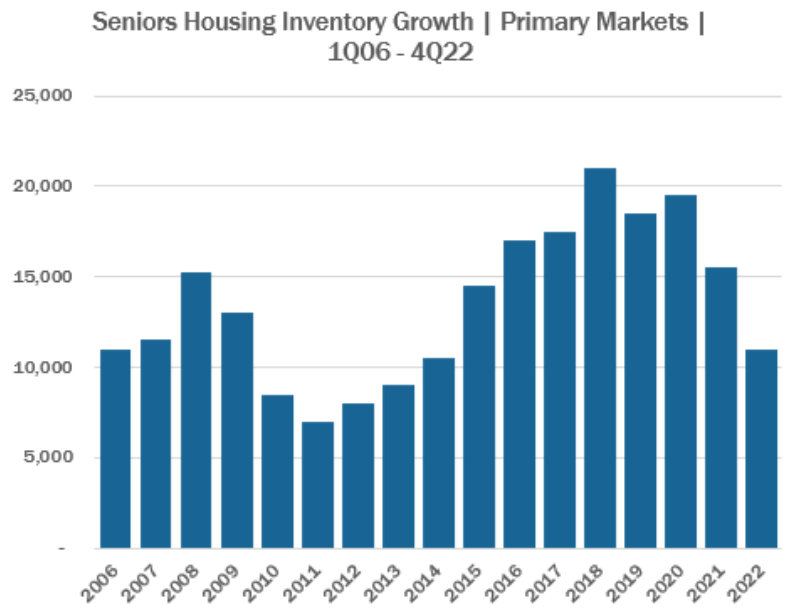
Seniors Housing Occupancy in Primary Markets Rose 0.9% in 4Q 2022 and 2.8% in 2022

- Sixth consecutive quarter of occupancy gains.
- At 83.0%, SH occupancy was 5.2% above the pandemic-low of 77.8% (2Q 2021), but still 4.1% below its pre-pandemic level of 87.1% (1Q 2020).
- For the full year 2022, net absorption totaled 27,845 units, the strongest annual demand ever recorded by NIC MAP Vision.
- Number of occupied units higher than pre-pandemic levels, but occupancy % below pre-pandemic levels due to new supply.

Pandemic Low	Q4 2022	Pre-Pandemic
• IL: 81.6% • AL: 73.9% • SNF: 74.0%	• IL: 85.2% • AL: 80.7% • SNF: 80.0%	• IL: 89.6% • AL: 84.7% • SNF: 86.6%

Inventory Growth Dropped to Near 2014 Levels

- Inventory growth has generally trended down from its high point of 21,440 units in 2018.
- Inventory growth in 2022 was a little under 11,000 units, a level of growth not seen since 2014.
- Between 2014 and late 2019 just before the pandemic began, inventory grew by an average of 18,056 units annually. 2022's pace was down nearly 40% from those levels.



Source: NIC Map® Data powered by NIC Map Vision

V. SENIORS HOUSING KEY TRENDS (CONT.)

NorthStar HEALTHCARE INCOME

Construction Starts Declined 41% in 4Q2022 vs 4Q2021; Units Under Construction are at their Lowest Level Since 2015

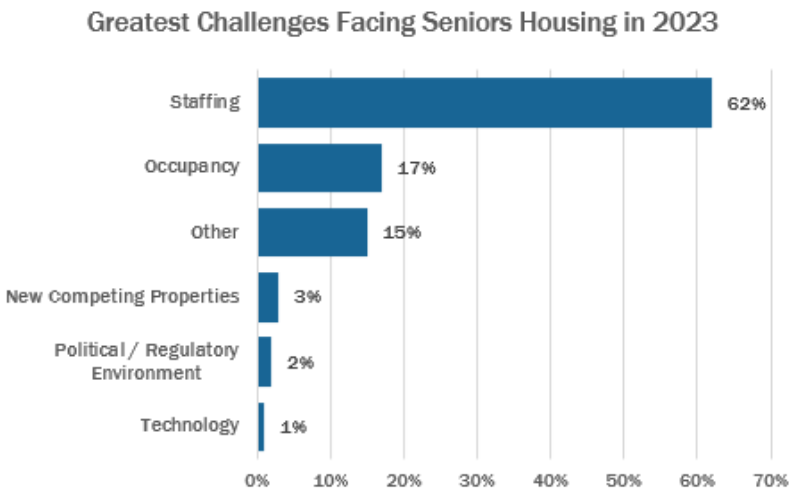
- In 4Q2022, SH units under construction in the 31 NIC MAP Primary Markets remained near its lowest level since 2015
- AL: 4Q2022 units under construction were 5.6% of inventory, well below its 2017 peak of 10.2%.
- IL: 4Q2022 units under construction were 4.7% of existing inventory vs. 6.7% in 1Q 2020.

Transaction volume was weak in 2022, returning to the lowest volume of traded deals since 2010

- Data suggests that closed volume for 2022 totaled $9.7 billion, down more than 50% from 2021
- Much of the slowdown in transactions activity occurred in the second half of 2022 as buyers and sellers reacted to surging interest rates
- Bid/ask spreads widened due to higher cost of debt, limited debt availability, and differences in underwriting

Staffing challenges will continue to disrupt seniors housing in 2023

- Sixty-two percent of survey participants indicated that staffing will be the No.1 pain point in 2023
- Additionally, 78% believe that staffing will have the greatest impact on their organization's expenses in the year ahead



Sources: NIC Map® Data powered by NIC Map Vision. SHN Senior Living Outlook 2023

VI. APPENDIX

NorthStar
HEALTHCARE INCOME

CONSOLIDATED BALANCE SHEETS

NorthStar HEALTHCARE INCOME

(In thousands)

	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 103,926	$ 200,473
Restricted cash	11,734	10,465
Operating real estate, net	933,002	972,599
Investments in unconsolidated ventures	176,502	212,309
Receivables, net	2,815	3,666
Intangible assets, net	2,253	2,590
Other assets	7,603	10,771
Total assets	$ 1,237,835	$ 1,412,873
Liabilities		
Mortgage and other notes payable, net	$ 912,248	$ 929,811
Due to related party	469	7,338
Escrow deposits payable	993	1,171
Accounts payable and accrued expenses	21,034	24,671
Other liabilities	2,019	3,064
Total liabilities	936,763	966,055
Commitments and contingencies (Note 12)		
Equity		
Preferred stock	—	—
Common stock	1,954	1,930
Additional paid-in capital	1,729,589	1,720,719
Retained earnings (accumulated deficit)	(1,428,840)	(1,277,688)
Accumulated other comprehensive income (loss)	(3,679)	(486)
Equity before NCI	299,024	444,475
Non-controlling interests	2,048	2,343
Total equity	301,072	446,818
Total liabilities and equity	$ 1,237,835	$ 1,412,873

CONSOLIDATED STATEMENTS OF OPERATIONS

NorthStar HEALTHCARE INCOME

(In thousands, except per share data)

	Year Ended December 31,		
	2022	2021	2020
Property and other revenues			
Resident fee income	$ 44,274	$ 105,955	$ 118,126
Rental income	139,841	137,322	157,024
Other revenue	1,021	—	198
Total property and other revenues	185,136	243,277	275,348
Interest income			
Interest income on debt investments	—	4,667	7,674
Expenses			
Property operating expenses	137,578	177,936	184,178
Interest expense	43,278	61,620	65,991
Transaction costs	1,569	54	65
Asset management fees - related party	8,058	11,105	17,170
General and administrative expenses	13,938	12,691	16,505
Depreciation and amortization	38,587	54,836	65,006
Impairment loss	45,299	5,386	165,968
Total expenses	288,307	323,628	514,883
Other income (loss)			
Other income, net	77	7,278	1,840
Realized gain (loss) on investments and other	1,029	79,477	302
Income (loss) before earnings of unconsolidated ventures and income taxes	(102,065)	11,071	(229,719)
Equity in earnings (losses) of unconsolidated ventures	47,625	15,843	(34,466)
Income tax expense	(61)	(99)	(53)
Net income (loss)	(54,501)	26,815	(264,238)
Net (income) loss attributable to non-controlling interests	401	(1,748)	2,780
Net income (loss) attributable to common stockholders	$ (54,100)	$ 25,067	$ (261,458)
Net income (loss) per share of common stock, basic/diluted [1]	$ (0.28)	$ 0.13	$ (1.38)
Weighted average number of shares of common stock outstanding, basic/diluted [1]	194,343,635	191,629,613	189,573,204
Distributions declared per share of common stock	$ 0.50	$ —	$ —

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

NorthStar HEALTHCARE INCOME

(In thousands)

	Year Ended December 31,		
	2022	2021	2020
Funds from operations:			
Net income (loss) attributable to NHI	$ (54,100)	$ 25,067	$ (261,458)
Adjustments:			
Depreciation and amortization	38,587	54,836	65,006
Depreciation and amortization related to non-controlling interests	(286)	(480)	(647)
Depreciation and amortization related to unconsolidated ventures	28,855	30,054	31,999
Realized (gain) loss from sales of property	92	(83,873)	—
Realized gain (loss) from sales of property related to non-controlling interests	(5)	2,092	—
Realized (gain) loss from sales of property related to unconsolidated ventures	(92,578)	(31,314)	(320)
Impairment losses of depreciable real estate	31,880	5,386	165,968
Impairment loss on real estate related to non-controlling interests	(117)	—	(2,253)
Impairment losses of depreciable real estate held by unconsolidated ventures	25,109	1,494	37,893
Funds from operations attributable to NHI	$ (22,563)	$ 3,262	$ 36,188
Modified funds from operations:			
Funds from operations attributable to NHI	$ (22,563)	$ 3,262	$ 36,188
Adjustments:			
Acquisition fees and transaction costs	1,569	54	65
Straight-line rental (income) loss	—	7,803	441
Amortization of premiums, discounts and fees on investments and borrowings	3,859	4,177	4,975
Realized (gain) loss on investments and other	(1,121)	4,396	(302)
Adjustments related to unconsolidated ventures	23,068	20,245	5,406
Adjustments related to non-controlling interests	3	(212)	(48)
Impairment of real estate related investment	13,419	—	—
Modified funds from operations attributable to NHI	$ 18,234	$ 39,725	$ 46,725

SEGMENT INFORMATION

NorthStar HEALTHCARE INCOME

(In thousands)

Year Ended December 31, 2022	Direct Investments		Unconsolidated Investments	Debt Investment	Corporate	Total
	Net Lease	Operating				
Property and other revenues	$ 1,596	$ 182,519	$ —	$ —	$ 1,021	$ 185,136
Interest income on debt investments	—	—	—	—	—	—
Property operating expenses	(39)	(137,539)	—	—	—	(137,578)
Interest expense	(3,609)	(39,669)	—	—	—	(43,278)
Transaction costs	—	—	—	—	(1,569)	(1,569)
Asset management fees - related party	—	—	—	—	(8,058)	(8,058)
General and administrative expenses	—	(31)	—	—	(13,907)	(13,938)
Depreciation and amortization	(3,329)	(35,258)	—	—	—	(38,587)
Impairment loss	(18,500)	(13,380)	(13,419)	—	—	(45,299)
Other income, net	—	77	—	—	—	77
Realized gain (loss) on investments and other	88	499	310	—	132	1,029
Equity in earnings (losses) of unconsolidated ventures	—	—	47,625	—	—	47,625
Income tax expense	—	(61)	—	—	—	(61)
Net income (loss)	$ (23,793)	$ (42,843)	$ 34,516	$ —	$ (22,381)	$ (54,501)

Year Ended December 31, 2021	Direct Investments		Unconsolidated Investments	Debt Investment	Corporate	Total
	Net Lease	Operating				
Property and other revenues	$ 14,708	$ 228,569	$ —	$ —	$ —	$ 243,277
Interest income on debt investments	—	—	—	4,667	—	4,667
Property operating expenses	(29)	(177,907)	—	—	—	(177,936)
Interest expense	(10,900)	(49,979)	—	—	(741)	(61,620)
Transaction costs	—	(54)	—	—	—	(54)
Asset management fees - related party	—	—	—	—	(11,105)	(11,105)
General and administrative expenses	(192)	(227)	—	—	(12,272)	(12,691)
Depreciation and amortization	(11,748)	(43,088)	—	—	—	(54,836)
Impairment loss	(786)	(4,600)	—	—	—	(5,386)
Other income, net	—	7,278	—	—	—	7,278
Realized gain (loss) on investments and other	10,601	64,618	4,263	—	(5)	79,477
Equity in earnings (losses) of unconsolidated ventures	—	—	15,843	—	—	15,843
Income tax benefit (expense)	—	(99)	—	—	—	(99)
Net income (loss)	$ 1,654	$ 24,511	$ 20,106	$ 4,667	$ (24,123)	$ 26,815

FOOTNOTES

NorthStar HEALTHCARE INCOME

Page 5 – Our Investments

1. Classification based on predominant services provided, but may include other services.
2. For direct investments, amount represents operating real estate, before accumulated depreciation as presented in our consolidated financial statements as of December 31, 2022. For unconsolidated investments, amount represents the carrying value of our investments in unconsolidated ventures as presented in our consolidated financial statements as of December 31, 2022.
3. Includes institutional pharmacy, therapy businesses and lease purchase buy-out options, which are not subject to property count.
4. 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 – Direct Investments - Key Metrics

1. Average monthly occupancy for December 2021 and annual occupancy for 2021 excludes properties sold.
2. Represents rooms for ALF, ILFs and MCFs, based on predominant type.
3. 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.
4. Solstice is a joint venture of which affiliates of ISL own 80%.
5. During the year ended December 31, 2022, we recorded rental income to the extent lease payments were received.
6. 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 year ended December 31, 2022 and 2021, respectively. The impact of the restricted stock units on the diluted earnings per share calculation is de minimis for the year ended December 31, 2022 and 2021.

IMPORTANT NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND DEFINITIONS

NorthStar HEALTHCARE INCOME

We believe that Funds from Operations, or FFO, and Modified Funds from Operations, or 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 National Association of Real Estate Investment Trusts, or 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.

Due to certain of the unique features of publicly-registered, non-traded REITs, the Institute for Portfolio Alternatives, or 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. Neither the U.S. Securities and Exchange Commission, or 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.

We define MFFO in accordance with the concepts established by the IPA. 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; (ix) adjustments related to contingent purchase price obligations; (x) adjustments for consolidated and unconsolidated partnerships and joint ventures calculated to reflect MFFO on the same basis as above.

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 upon completion of our organization and offering, and acquisition and development stages. 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 determined not to pursue an exit strategy.

MFFO does have certain limitations. For instance, 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. 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. In addition, MFFO is not a useful measure in evaluating net asset value, since impairment is taken into account in determining net asset value but not in determining MFFO.

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, owns a diversified portfolio of seniors housing properties, including independent living facilities, assisted living and memory care facilities located throughout the United States. In addition, the Company also has made investments through non-controlling interests in joint ventures in a broader spectrum of healthcare real estate, including seniors housing properties, as well as continuing care retirement communities, skilled nursing, medical office buildings, specialty hospitals and ancillary services businesses, across the Unites States and 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.

From inception through October 21, 2022, the Company was externally managed by CNI NSHC Advisors, LLC or its predecessor (the "Former Advisor"), an affiliate of NRF Holdco, LLC (the "Former Sponsor"). The Former 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 Former Advisor to terminate the advisory agreement and arranged for the Former 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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