

November 18, 2021

To Our Stockholders:

Thank you for your continued investment in and support of NorthStar Healthcare Income, Inc. (“NorthStar Healthcare” or the “Company”). We are writing today to provide you with an update on your investment, principally regarding the recently announced estimated per share value of our common stock (“2021 NAV Per Share”).

On November 11, 2021, the board of directors of NorthStar Healthcare (the “Board”) established the 2021 NAV Per Share of \$3.91.

The Company engaged Duff & Phelps, LLC, a Kroll, LLC business (“Duff & Phelps”), an independent third-party valuation firm, to assist the Board in determining the 2021 NAV Per Share. To estimate a valuation range, Duff & Phelps reviewed and analyzed NorthStar Healthcare’s 71 directly-owned properties, one debt investment and minority interests in five joint ventures held by the Company as of June 30, 2021. Based on Duff & Phelps’ valuation range, and other factors deemed relevant by the independent directors that comprise the audit committee of the Board (the “Audit Committee”), the Audit Committee recommended, and the Board subsequently adopted, an estimated per share value of \$3.91 for NorthStar Healthcare’s common stock as of June 30, 2021.

Various factors were considered in determining the 2021 NAV Per Share, including assumptions and estimates that may not be accurate or complete. Furthermore, the value of NorthStar Healthcare’s common stock will fluctuate over time as a result of many factors, including, but not limited to, changes in healthcare, real estate and debt capital markets, developments related to individual assets and business impacts and uncertainty resulting from the ongoing coronavirus 2019 pandemic (“COVID-19”). The Board anticipates updating the estimated per share value of NorthStar Healthcare’s common stock on an annual basis.

NorthStar Healthcare’s 2021 NAV Per Share of \$3.91 represents a year-over-year increase of \$0.02 per share from the previous estimated per share value of \$3.89. Below is a summary of the year-over-year changes to valuations:

- Property valuations generally increased as a result of improvements in occupancy levels, which have improved from their COVID-19 low points. However, occupancy gains and resulting revenue growth were mitigated by staffing challenges and other expense pressures, which have reduced the Company’s operating margins.
- Increasing real estate values have improved loan-to-value ratios for borrowings, resulting in less favorable mark-to-market adjustments for debt obligations, decreasing the 2021 NAV Per Share.
- NorthStar Healthcare completed a number of asset sales in both its directly-owned property portfolio and unconsolidated joint ventures at levels that were generally consistent with the prior year net asset value estimates.
- Capital improvements made to NorthStar Healthcare’s real estate portfolios, which are expected to create and preserve long-term value, and Company operating expenses put downward pressure on the 2021 NAV Per Share.

We remain committed to executing our strategy and managing the Company’s portfolio to maximize future value for our shareholders.

If you have any questions, please contact us at (877) 940-8777. For additional information regarding the estimated per share value, please refer to “Item 5. Other Information” in NorthStar Healthcare’s Form 10-Q for the quarter ended September 30, 2021 filed with the United States Securities and Exchange Commission on November 12, 2021.

Sincerely,



Richard S. Welch
Chairman