

November 17, 2022

To Our Stockholders:

We are writing today to provide you with an update on your investment, principally regarding the recently announced estimated per share value of common stock (“2022 NAV Per Share”) for NorthStar Healthcare Income, Inc. (“NorthStar Healthcare” or the “Company”).

On November 10, 2022, the board of directors of NorthStar Healthcare (the “Board”) established the 2022 NAV Per Share of \$2.93.

The Company engaged Kroll, LLC (“Kroll”), an independent third-party valuation firm, to assist the Board in determining the 2022 NAV Per Share. To estimate a valuation range, Kroll reviewed and analyzed NorthStar Healthcare’s 56 directly-owned properties (the “Healthcare Properties”) and minority interests in five joint ventures (the “Joint Venture Investments”) held by the Company as of June 30, 2022. Based on Kroll’s 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 \$2.93 for NorthStar Healthcare’s common stock as of June 30, 2022.

Various factors were considered in determining the 2022 NAV Per Share, including assumptions and estimates that may not ultimately 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, investment-specific developments and the impact of the response to the COVID-19 pandemic, which has affected occupancy levels, induced staffing shortages and given rise to inflationary pressures on operating expenses and interest rates. The Board anticipates updating the estimated per share value of NorthStar Healthcare’s common stock on an annual basis.

The most significant factor driving the decline in the 2022 NAV Per Share was the special distribution of \$0.50 per share declared and paid to shareholders in May 2022 (the “Special Distribution”). The Special Distribution returned capital to shareholders and was paid using proceeds from the sale of certain Company investments.

Other factors impacting NorthStar Healthcare’s 2022 NAV Per Share of \$2.93 are as follows:

- Excluding the impact of asset sales, within the Healthcare Properties, valuations of the Company’s operating investments increased due to gains in occupancy and revenue growth, despite staffing challenges and other inflationary expense pressures. Valuations of the Company’s net lease investments decreased due to the competitive market landscape and similar staffing challenges and other inflationary expense pressures.
- The value of the Joint Venture Investments has declined as a result of asset sales within the Espresso joint venture, as well as lower valuations for properties within the Diversified US/UK joint venture due to suboptimal occupancy levels, operational challenges, expense pressures and the impact of rising interest rates on potential asset sales.
- Proceeds from asset sales were reinvested in capital projects for the Healthcare Properties to create and preserve long-term value, and funded the Company’s general and administrative expenses, which put downward pressure on the 2022 NAV Per Share.

Although we are disappointed with the decline in the valuation of the Company's investments and corresponding decrease to the Company's estimated per share value, we are committed to executing our strategy and managing the Company's portfolio to maximize future value for our shareholders. We believe the long-term demographics for healthcare real estate will benefit the sector as the impact of the COVID-19 pandemic and current inflationary economic conditions diminish over time.

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, 2022 filed with the United States Securities and Exchange Commission on November 10, 2022.

Sincerely,

A handwritten signature in black ink, appearing to read "Kendall K. Young". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kendall K. Young
Chief Executive Officer and President