



NorthStar
SECURITIES

INVESTING IN ALTERNATIVE INVESTMENTS



Securities Offered by NorthStar Securities, LLC Member FINRA/SIPC

Disclosures

This sales and advertising presentation is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only by the prospectus. **This presentation must be read in conjunction with the prospectus in order to fully understand all of the implications and risks of the offering of securities to which the prospectus relates. A copy of the prospectus must be made available to you in connection with any offering.** No offering is made except by a prospectus filed with the Department of Law of the State of New York. Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of our common stock, determined if the prospectus is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

This presentation includes forward-looking statements that can be identified by the use of words such as “will,” “may,” “should,” “intend,” “believe,” “expect,” “could,” “target,” or other comparable terminology. Statements concerning projections, future performance, cash flows, population growth and any other guidance on present or future periods constitute forward-looking statements. Forward-looking statements involve significant risks and uncertainties and you should not unduly rely on these statements. You should be aware that a number of important factors, including, but not limited to, the factors described in the Risk Factors below and in our filings with the Securities and Exchange Commission, could cause our actual results to differ materially from those in these forward-looking statements. The statements made herein are as of the date hereof and we undertake no obligation to update these statements except as may be required by applicable securities laws.

Securities offered through NorthStar Securities, LLC, member FINRA/SIPC, an affiliate and dealer manager for NorthStar Real Estate Income II, Inc. (NorthStar Income II). NorthStar Securities, LLC is doing business as NorthStar BD Securities, LLC (DE) in the following states: FL, GA, TX and WA.

Risk Factors

Consider the following risks before making an investment in NorthStar Income II:

- We have limited operating history and we may not achieve our investment objectives; the prior performance of our sponsor may not predict our future results.
- No public market currently exists for our shares. If you are able to sell your shares, you would likely have to sell them at a substantial loss.
- This is a “blind pool” offering because we have not identified most of the investments we intend to acquire with the net proceeds of our offering.
- We depend on our advisor and its affiliates to select our investments and conduct our operations. The fees we pay to our advisor and its affiliates were not determined on an arm’s length basis. These fees increase your risk of loss.
- The collateral securing our debt investments may decrease in value or lose all value over time, which may lead to a loss of some or all of principal. Any unsecured debt may involve a heightened level of risk.
- We expect to use leverage in connection with our investments, which increases the risk of loss associated with our investments.
- Our borrowers may not be able to make debt service payments to us due to changes in economic conditions, regulatory requirements and other factors.
- There is no guarantee of distributions. Our organizational documents permit us to pay distributions from any source, including offering proceeds, borrowings or sales of assets. We have not established a limit on the amount of proceeds we may use to fund distributions. We have paid most of the distributions from offering proceeds and may continue to pay distributions from sources other than cash flow from operations and as a result we will have less cash available for investments and your overall return may be reduced. There is no guarantee of any return and you may lose a part or all of your investment.
- Our executive officers and our advisor’s other key professionals are also officers, directors, managers and key professionals of our sponsor and its affiliates. As a result, they will face significant conflicts of interest.

Risk Factors

Consider the following risks before making an investment in NorthStar Income II:

- If we raise substantially less than the maximum offering, we may not be able to acquire a diverse portfolio of investments and the value of your shares may vary more widely with the performance of specific assets.
- Diversification does not eliminate risk and does not assure better performance.
- We may change our targeted investments or investment policies without stockholder consent.
- The offering prices of our shares were determined by our board of directors based on a valuation of our assets and liabilities and may not be indicative of the price at which the shares would trade on a securities exchange or be sold. The actual value of our shares may be substantially less than our offering prices.
- We are not required to liquidate our assets or list our shares for trading by a specified date or at all.
- Our investments in CMBS and CDOs and other structured debt securities will be subject to risks relating to the volatility in the value of our assets and underlying collateral, default on underlying income streams, fluctuations in interests rates, decreased value and liquidity of the investments and other risks associated with such securities which may be unknown and unaccounted for by issuers of the securities and by the rating agencies. These investments are only appropriate for investors who can sustain a high degree of risk.
- If we fail to qualify as a REIT for federal income tax purposes, our cash available for distribution and the value of our shares could materially decrease.
- If we terminate our agreement with our advisor, we may be required to pay significant fees to an affiliate of our sponsor, which will reduce the cash available for distribution to you.
- The other risks set forth in our prospectus and our filings with the Securities and Exchange Commission.

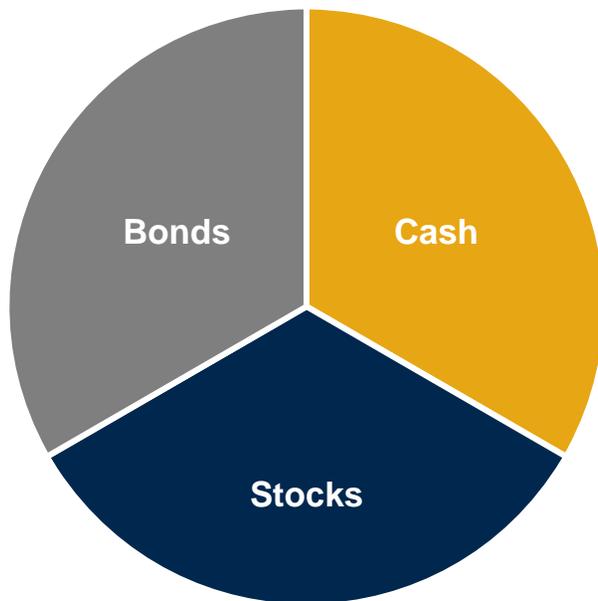


Alternative Investment Basics

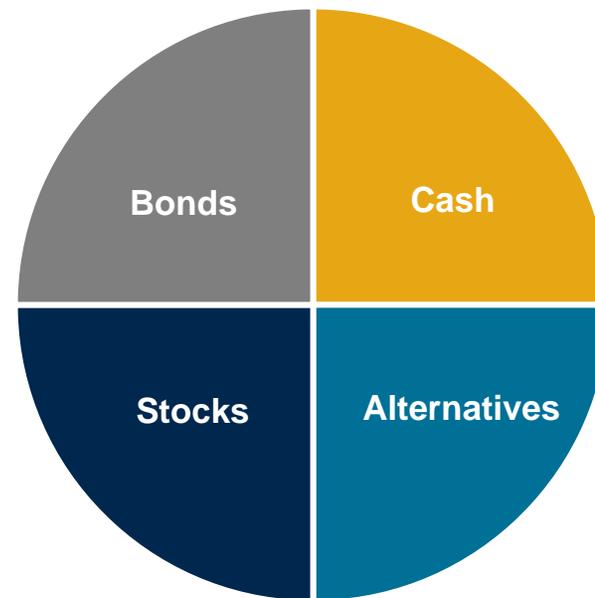


- Alternative investments refer to non-traditional investments including commercial real estate, private debt, private equity, hedge funds, commodities, managed futures, infrastructure and energy investments.

Traditional Portfolio Model



Alternative Allocation Model





Why Utilize Alternative Investments?



Alternative Investments May Offer the Potential to:

- Increase diversification
- Generate greater yield
- Reduce risk
- Provide lower correlation to the traditional stock and bond market

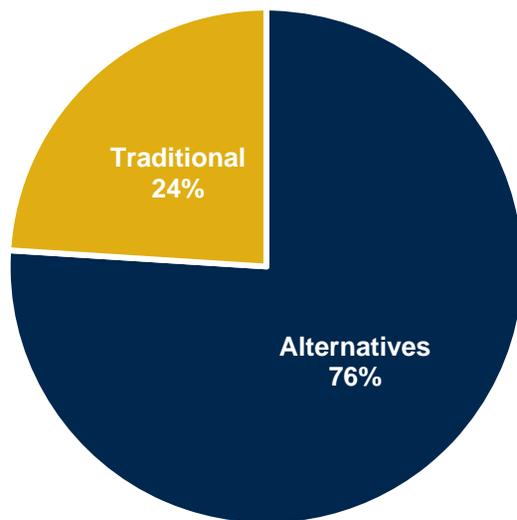


University Teachings

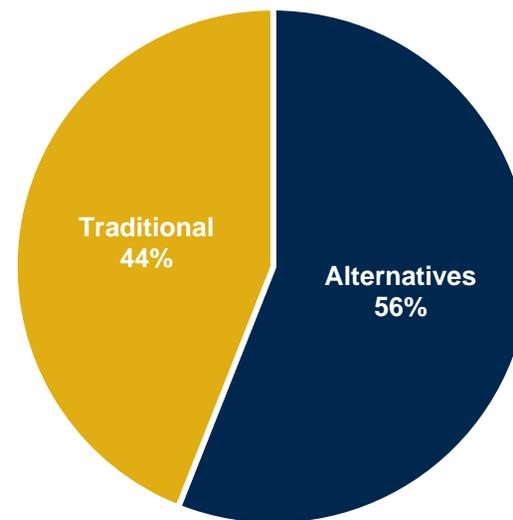


Universities with large endowments have been early adopters of alternative investments.

Yale Endowment Asset Allocation



Harvard Endowment Asset Allocation



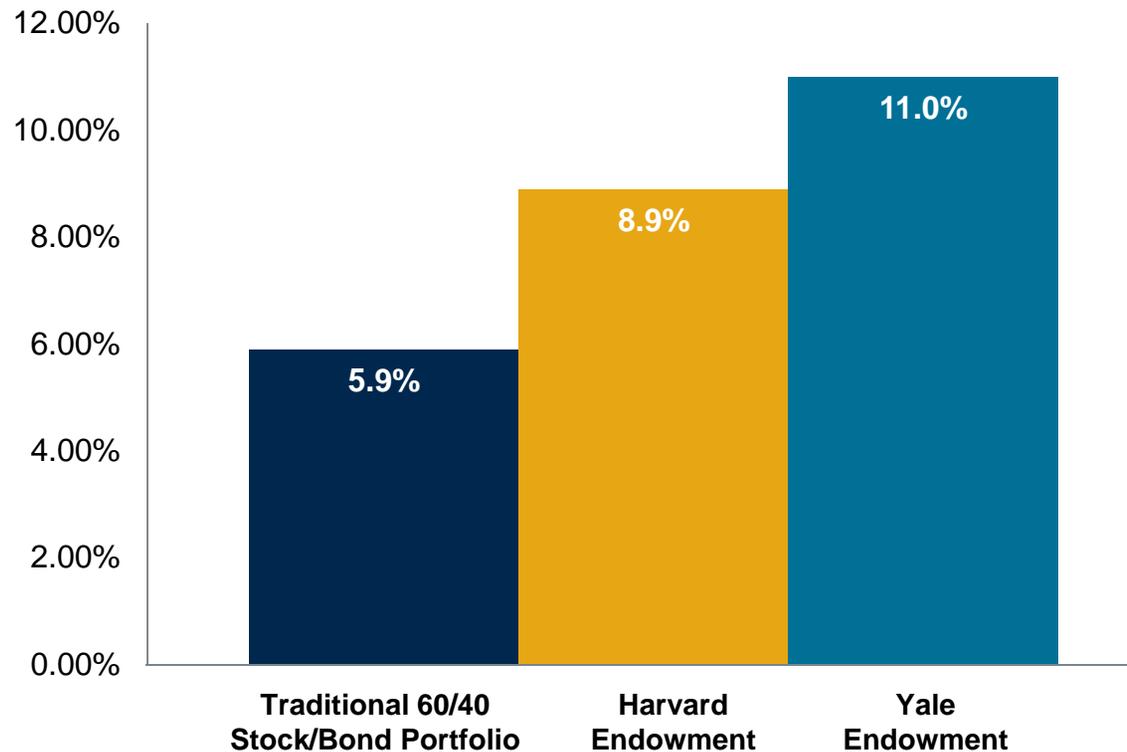
Sources: Yale University Investments Office, Endowment Update 2014. Harvard Management Company, Annual Endowment Report, September 2014. Past performance is no guarantee of future results. Charts are for illustrative purposes only.



10 Year Historical Investment Returns



The inclusion of alternative investments in institutional portfolios has historically performed well.



Sources: (Yale endowment data) The Yale Endowment 2014 Performance, Yale University, 2014. (Harvard endowment data) Harvard Management Company Endowment Report, Harvard Management Co., September 2014. (Traditional 60/40 data) Stock and Bond Portfolio includes S&P 500 and CITI U.S. BIG, December 2014. Utilizing alternative investments involves various risks including, but not limited to, loss of principal and limited liquidity. Past performance is no guarantee of future results. Charts are for illustrative purposes only.



Why Invest in Commercial Real Estate?



				
	Real Estate	Publicly Traded Stocks	Bonds	Cash/Savings
High Cash Yield 				
Equity Buildup 				
Hard Asset 				
Tax Advantage 				
Liquidity 				

Source: Real Crowd: 7 Unique Benefits of Owning Properties, Roman Rosario, February 18, 2013. An investment in NorthStar Income II is not a direct investment in commercial real estate or commercial real estate debt. An investment in NorthStar Income II is subject to fees and expenses that do not apply to such direct investments.



How Can I Invest in Commercial Real Estate?



- One of the most common ways to invest in commercial real estate is through a real estate investment trust, or REIT.
- A REIT is a company that pools the money of many investors and operates a diversified, professionally-managed portfolio of commercial real estate assets.
- REITs were created by Congress in 1960 to provide individual investors access to invest in large-scale, income-producing real estate.

An investment in NorthStar Income II is not a direct investment in commercial real estate or commercial real estate debt. An investment in NorthStar Income II is subject to fees and expenses that do not apply to such direct investments.



Qualifications to be Considered a REIT



- REITs are required to distribute 90% of their taxable income, if any, to shareholders in the form of dividends.
- At least 75% of total investment assets must be in real estate.
- Derive at least 75% of gross income from rents and mortgage interest.
- Managed by a board of directors or trustees.



Publicly Traded vs. Non-Traded REITs



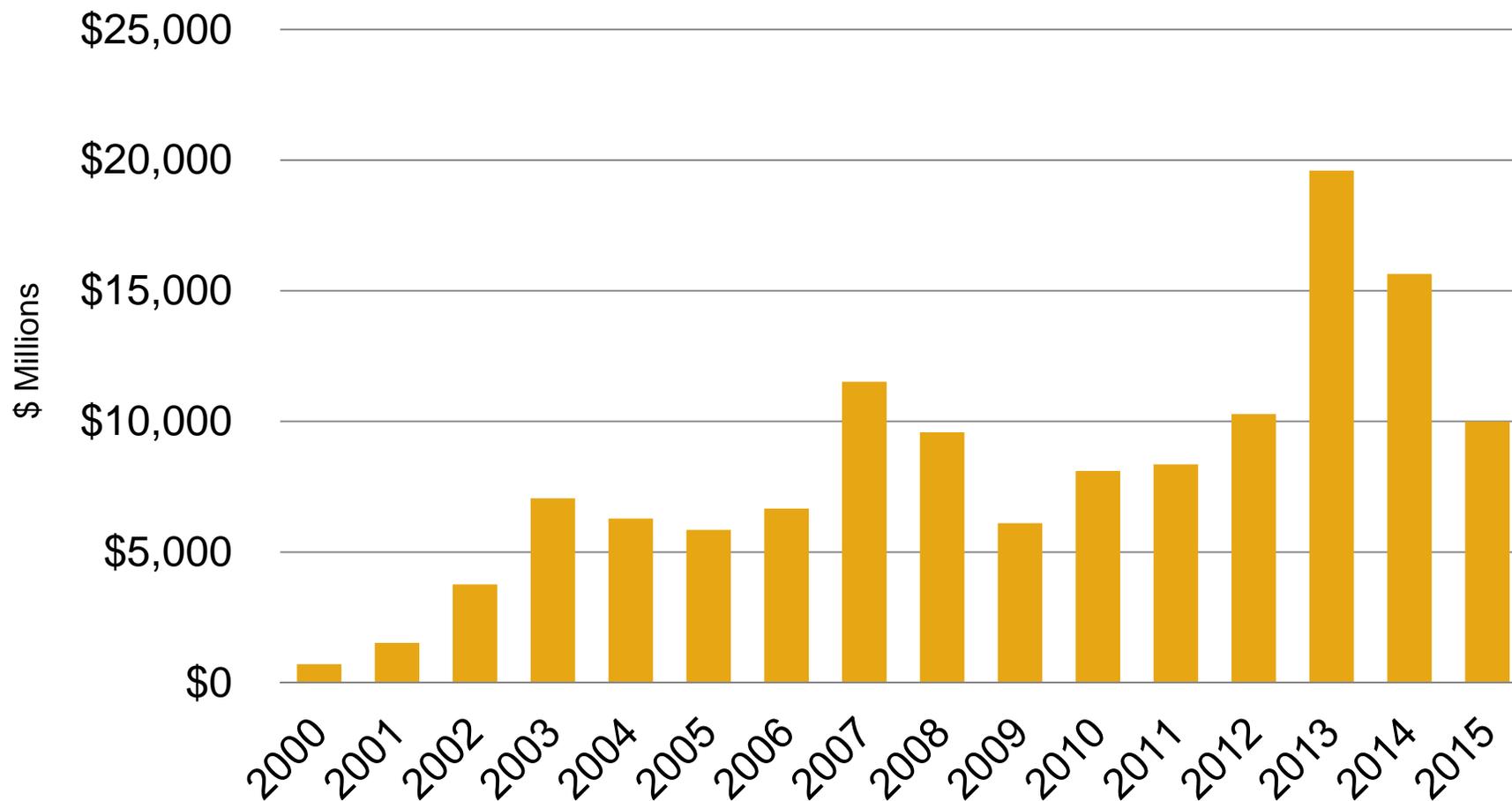
	Publicly Traded REITs	Public, Non-Traded REITs
Overview	File with the SEC and publicly traded on a national exchange	File with the SEC but not publicly traded
Investment Objective	Current income and share price appreciation	Current income and long-term capital appreciation
Capital Raise	Shares are offered perpetually	Shares are offered for a limited time period, usually 2-4 years
Lifecycle	Long-term time horizon	Typically a life cycle of 7-10 years
Liquidity	May be bought and sold at any time	Limited liquidity
Share Price	Variable share price	Stated share price
Volatility	Exposed to stock market fluctuations	Insulated from stock market fluctuations
Share Value Transparency	Real-time market values are publicly available	Shares typically re-priced 18 months after the close of an offering period and then every year thereafter



Non-Traded REITs Gaining Investor Interest

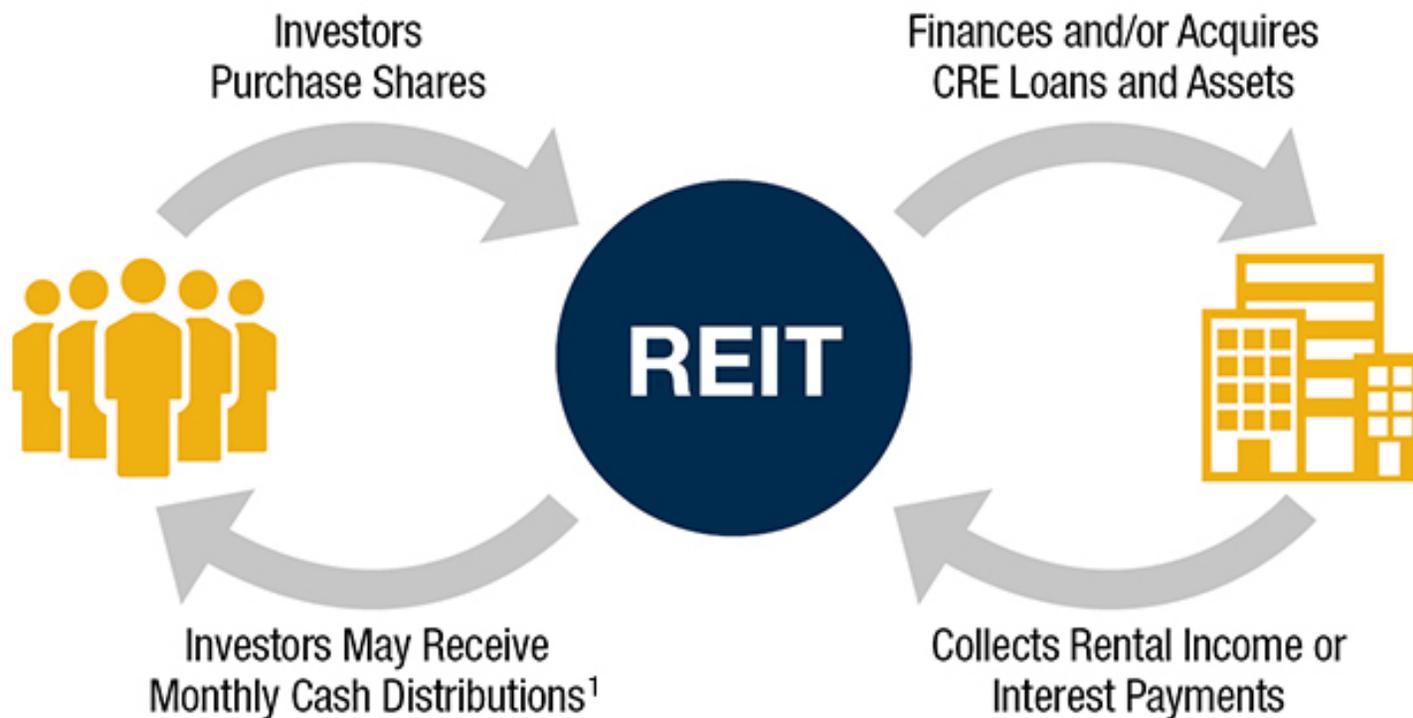


Public Non-Traded REIT Fundraising (2000-2015)





How do Non-Traded REITs Work?



1) There is no guarantee of distributions. Distributions may be paid from sources other than income generated from the REIT's investments. Investing in non-traded REITs involves various risks including but not limited to loss of principal, limited liquidity and lack of price transparency.



Understanding Different Types of REITs



Equity-Focused REITs

Acquire, manage and sell commercial real estate properties.

- Income is produced from rent generated by current tenants.
- Emphasize cash distributions and capital appreciation.
- If real estate values increase, equity investors realize the gain. However, if property values fall, equity investors are the first to realize losses.
- 80% of U.S. REITs are Equity REITs.¹

Debt-Focused REITs

Provide capital to finance commercial real estate properties.

- Generate revenue from contractually agreed upon interest payments.
- Emphasize cash distributions and preservation of capital.
- May offer better protection against declines in real estate property values.
- Investors' capital may decline if borrower fails to make interest or principal payments.

15 1) www.reit.com. The amount and timing of distributions that we may pay is uncertain. Investing in REITs includes various risks including but not limited to unfavorable market conditions, loss of principal and limited liquidity.



Risk Spectrum



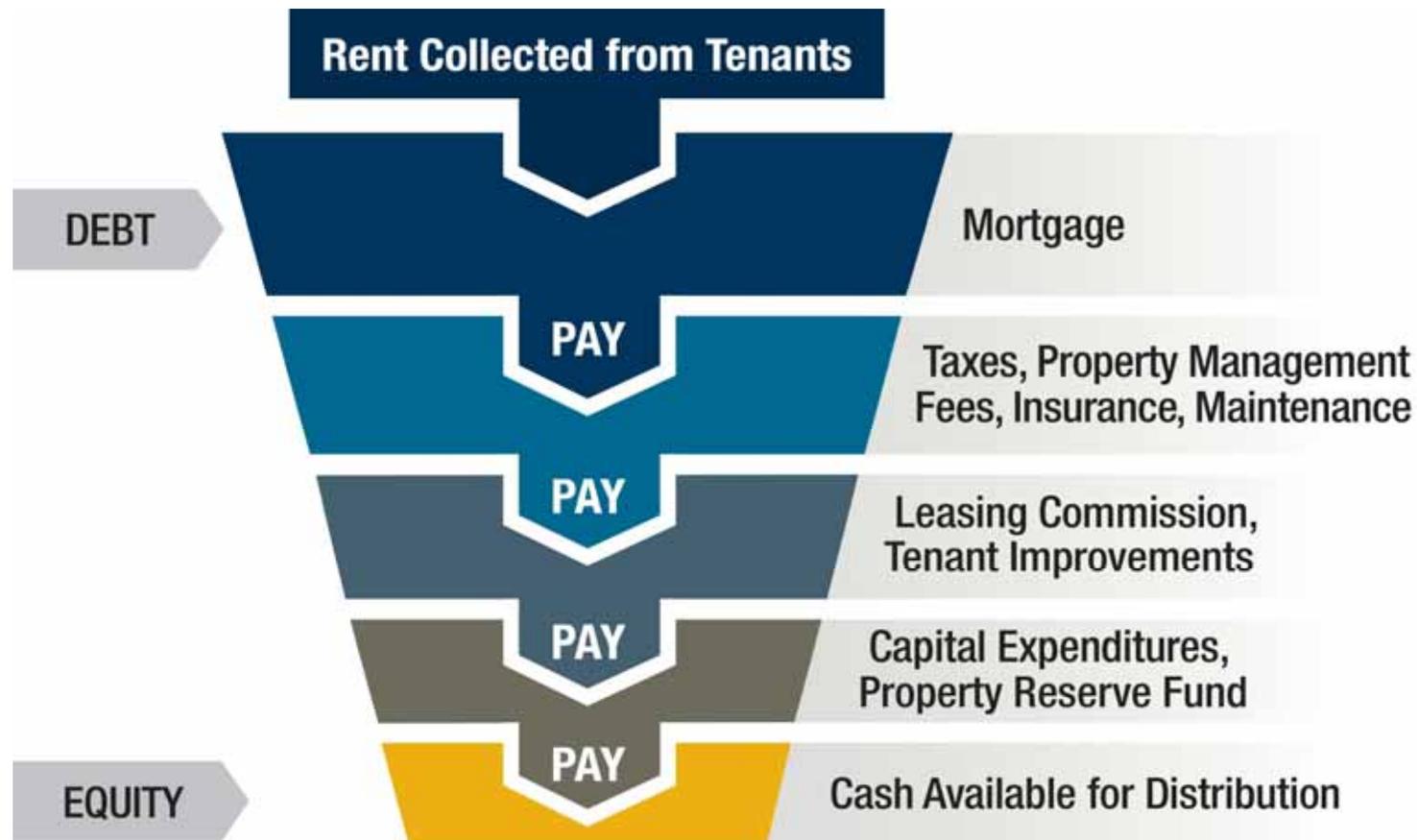
Lowest risk
First repaid
Highest claim priority



Highest risk
Last repaid
Lowest claim priority



Priority of Payment



This illustration is hypothetical in nature and is provided for informational purposes only. The amount and timing of distributions that we may pay is uncertain. All distributions paid in excess of our cash flows from operations may be borrowings or sales of assets which may constitute a return of capital and significantly reduce the amount of capital we have available for investment. Fees that we pay our advisor reduce the amount we can invest in income-producing assets and your overall return may be reduced. While debt investments provide greater downside protection than equity, debt investments within the capital structure also vary in degree of risk.



Lifecycle of Non-Traded REITs



There are three primary stages in a REIT's life cycle.



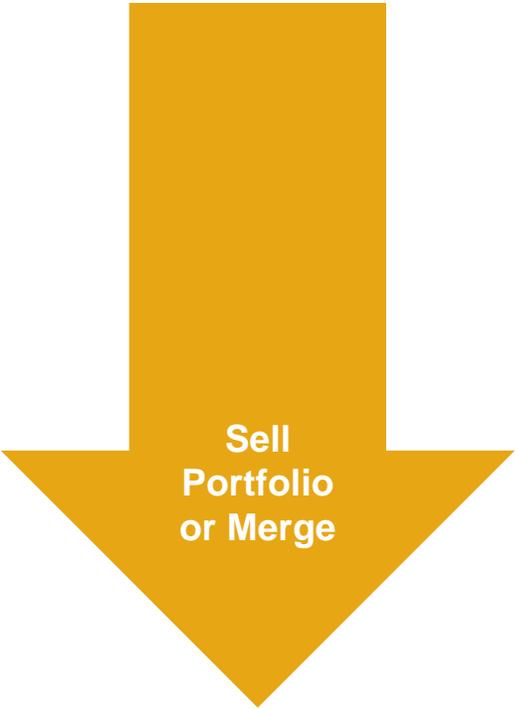
If we raise substantially less than the maximum offering, we may not be able to acquire a diverse portfolio of investments and the value of your shares may vary more widely with the performance of specific assets. There are no assurances that NorthStar Income will ever complete a liquidity event.



Potential Exit Strategies



**Sell
Individual
Investments**



**Sell
Portfolio
or Merge**



**List
On Public
Exchange**

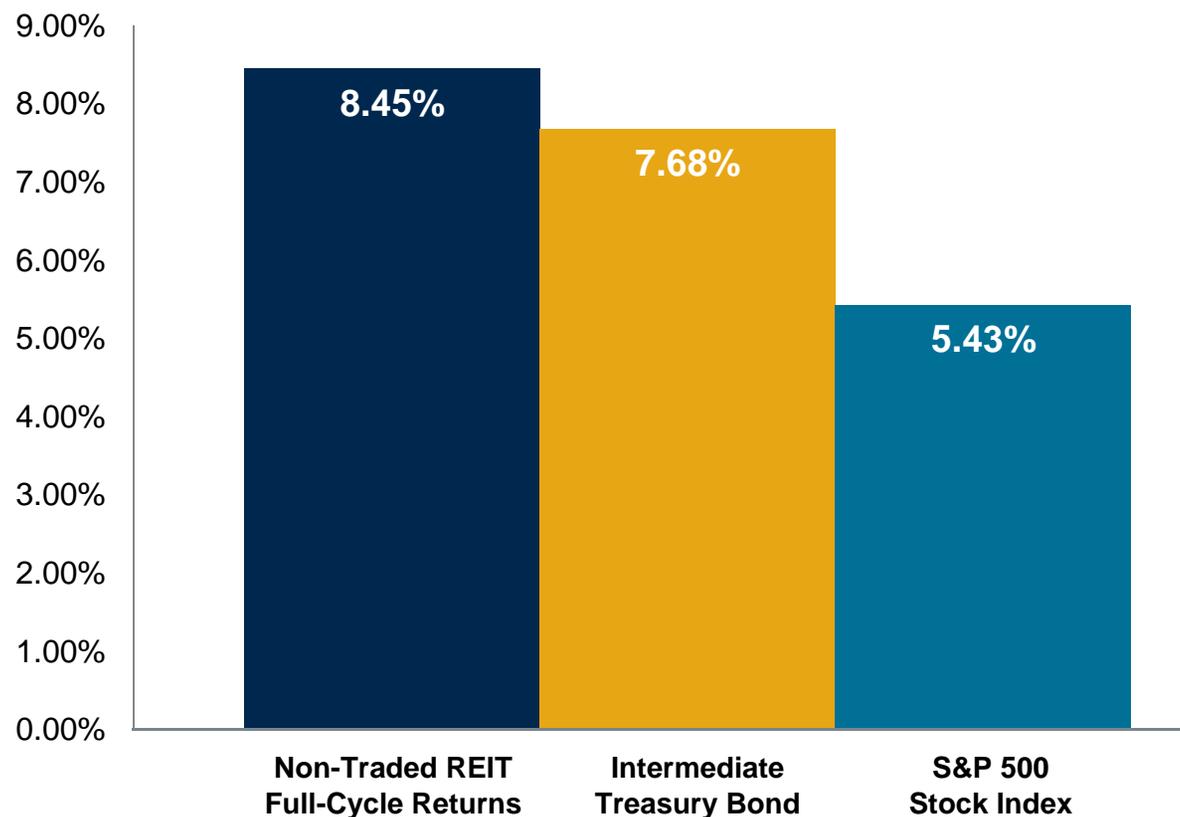
19 If we raise substantially less than the maximum offering, we may not be able to acquire a diverse portfolio of investments and the value of your shares may vary more widely with the performance of specific assets. There are no assurances that NorthStar Income II will ever complete a liquidity event.



Enhance Portfolio Returns



Average Annualized Returns (1997-2014)



Source: Non-Traded REIT Industry Full-Cycle Performance Study by BlueVault Partners, 2014. Past performance is no guarantee of future results. The calculation of the return for non-traded REITs that have completed a full cycle liquidity event assumes that (1) the initial price paid for the shares was the offering price available on the first day of the first public offering and (2) quarterly distributions were paid at the end of each subsequent quarter and immediately reinvested through the REIT's distribution reinvestment plan, including any discount for distribution reinvestment plans. The return is calculated based on 35 non-traded REITs that completed full liquidity events from April 1997 to July 2014.



Potential Benefits of Non-Traded REITs



- Diversification
- Capital preservation
- Income through cash distributions
- Long-term capital appreciation
- Hedge against inflation
- Non-correlating asset class
- Professional management

An investment in public, non-traded REITs may allow investors to participate in the overall benefits of investing in REITs without being subject to market volatility. However, public, non-traded REITs have limited liquidity and lack price transparency in comparison with publicly-traded REITs. In addition, an investment in commercial real estate does not guarantee that the benefits described above will be realized. We set the offering price of our shares arbitrarily. This price is unrelated to the net book value of our assets or to our expected operating income. If we raise substantially less than the maximum offering, we may not be able to acquire a diverse portfolio of investments and the value of your shares may vary more widely with the performance of specific assets. The amount and timing of distributions is uncertain and distributions may be paid from sources other than income generated from the REIT's investments. Diversification does not eliminate risk and does not assure better performance.



Investor Suitability Considerations



- Age
- Tax status
- Income
- Net worth
- Investment objective, time horizon and risk tolerance
- Investor investment experience
- The source of funds to be invested





NorthStar
SECURITIES

FOR MORE INFORMATION

Contact your Financial Advisor and ask for a client investor kit.

www.NorthStarSecurities.com | Sales Desk 877.940.8777

This investment is not suitable for all investors.
Please consult the prospectus for suitability standards by investor's state of residence.