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To Our Stockholders:

Thank you for your investment in NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”). We are writing today to provide you with an update regarding your investment, including information regarding the estimated per share value of our common stock.

The board of directors (“The Board”) of NorthStar Healthcare recently announced an estimated per share value of common stock of \$7.10 as of June 30, 2018.

NorthStar Healthcare engaged Robert A. Stanger & Co., Inc. (“Stanger”), an independent third-party valuation firm, to assist the Board in determining an estimated per share value of NorthStar Healthcare’s common stock as of June 30, 2018. To estimate its value range, Stanger determined an appraised value range on 27 of the 79 directly-owned properties, determined estimated value ranges for one debt investment and minority interests in six joint ventures in NorthStar Healthcare’s real estate portfolio, and relied upon appraisal reports prepared by other third-party appraisal firms for 50 properties, and the contractual sale price for two pending asset sales, in each case as of June 30, 2018. Based on these appraisals and valuations, and other factors deemed relevant by the audit committee of the Board (the “Audit Committee”), the Audit Committee, comprised solely of independent directors, recommended and the Board adopted an estimated per share value of \$7.10 of NorthStar Healthcare’s common stock as of June 30, 2018.

The various factors considered in determining the estimated per share value of NorthStar Healthcare’s common stock were based on a number of assumptions and estimates that may not be accurate or complete. Further, the value of NorthStar Healthcare’s common stock will fluctuate over time as a result of, among other things, developments related to individual assets and responses to the real estate and capital markets. The Board intends to determine an updated estimated per share value of NorthStar Healthcare’s common stock on at least an annual basis.

The factors below were significant contributors to the decline in the estimated per share NAV from June 30, 2017 of \$8.50 to June 30, 2018 of \$7.10:

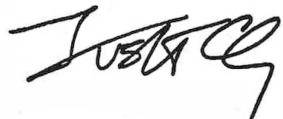
- Consistent with past and current trends in the seniors housing market, NorthStar Healthcare’s portfolio is facing occupancy challenges in select markets attributable to increases in supply, thereby reducing operating revenue in those assets affected by new supply.
- Labor costs in NorthStar Healthcare’s investments have increased due to statutory wage increases and reduced availability of qualified workers in certain markets, resulting in increases in property-level operating expenses.
- Downward pressures on cash flow continue for the skilled nursing industry, which has resulted in certain cases in restructuring leases or replacing tenants and reducing rental income at affected assets.
- Operator transitions at select investments resulted in short-term disruption in operations and occupancy, though most have been completed and we believe are now progressing towards stabilization.

- NorthStar Healthcare continues to reinvest in its assets and investments through maintenance and strategic capital expenditures, which, depending upon the nature of the capital expenditures, may be accretive to the asset or necessary to maintain the asset's value.
- During the twelve months ended June 30, 2018, NorthStar Healthcare made distributions to shareholders in excess of funds available for distribution, which has a dilutive effect on NorthStar Healthcare's per share estimated value.

Although we are disappointed in the decline in estimated per share value, we believe that the recently completed operator transitions, capital reinvested in our portfolio and additional resources added to the advisor's asset management team will facilitate the continued effort to enhance the performance of our investments. NorthStar Healthcare reaffirms its commitment to maximizing value to our shareholders.

If you have any questions, please contact us at (877) 940-8777.

Sincerely,



Justin Chang
Chairman

This communication does not constitute a redemption request or offer to repurchase shares of our common stock. For information regarding certain risks facing NorthStar Healthcare, refer to the factors specified in Part I, Item 1A of NorthStar Healthcare's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as well as in NorthStar Healthcare's other filings with the U.S. Securities and Exchange Commission.