

Navigating Alternative Investments

Over the last several years, many investors discovered their portfolios were not as protected from downside risk as they thought and the traditional 60/40 allocation of stocks and bonds was not sufficient.

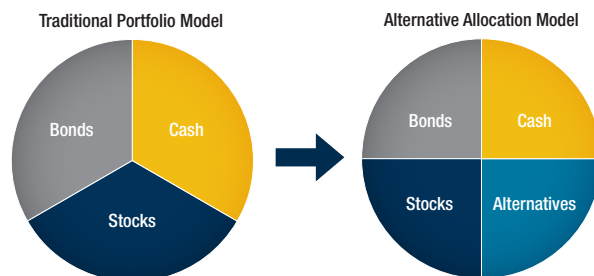
Once reserved for large institutional investors and high-net-worth individuals, alternative investments are becoming a fundamental investment strategy for retail investors to diversify a traditional stock-and-bond portfolio. Alternative investments are designed to help diversify portfolios by taking on different types of risks through non-correlated asset classes. In addition, alternative investments may help generate greater returns, reduce portfolio volatility and protect against inflation.



Alternative Investment Allocation

A traditional investment portfolio typically consists of stocks, bonds and cash, while an alternative allocation model includes these asset classes along with the addition of alternative investments.

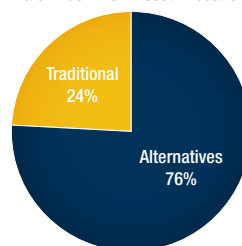
The term alternative investments refers to non-traditional investments used as part of an overall investment strategy. These may include commercial real estate, private equity, private debt, hedge funds, commodities, managed futures, infrastructure and energy investments.



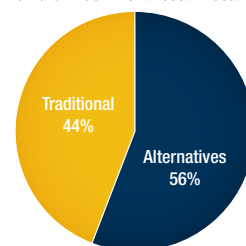
University Teachings

Institutional investors—like universities with large endowments—have been early adopters of alternative investments in their portfolios. Both the Yale and Harvard endowment allocations include significant portions of alternative investments and their portfolios have outperformed traditional stock-and-bond portfolios over the past ten years. However, the inclusion of alternatives is only one factor in each endowment's overall investment strategy, and past performance is no guarantee of future results.

Yale Endowment Asset Allocation



Harvard Endowment Asset Allocation



Access to alternative investments through non-traded real estate investment trusts (REITs) and non-traded business development companies (BDCs) may provide individual investors with investment opportunities similar to those ordinarily reserved for institutional investors.

Sources: Yale University Investments Office, Endowment Update 2014. Harvard Management Company, Annual Endowment Report, September 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. Diversification does not eliminate risk or assure better performance. Charts are for illustrative purposes only. The portfolios of the Yale and Harvard Endowments do not include investments in NorthStar Real Estate Income II, Inc. or NorthStar Healthcare Income, Inc. and we do not know if they invest in any other non-traded REITs or non-traded BDCs. The terms of NorthStar's current non-traded REIT offerings may vary significantly from the terms of institutional offerings, which often include lower fees and expenses. This is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only by the prospectus. **This information 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. **Not For Use in the State of Ohio.**

Navigate with Confidence

NorthStar Realty Securities, LLC (NorthStar) is the wholly-owned broker-dealer affiliate of NorthStar Asset Management Group Inc. (NYSE: NSAM) and is a premier distributor of market leading investment programs designed to create value for retail investors. NorthStar's investment programs are managed by experienced institutional investment teams with disciplined processes, transparency and proven performance through various market cycles. NorthStar strives to enable financial advisors to help their clients make informed investment decisions to meet their financial goals.



NorthStar Asset Management Group Inc.
New York Office

Forward Looking Statements

This sales material 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.

Risk Factors

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

- NorthStar Income II and NorthStar Healthcare have limited operating history and neither REIT may achieve its investment objectives; the prior performance of the REITs' sponsor may not predict NorthStar Income II's or NorthStar Healthcare's future results.
- No public market currently exists for the shares of NorthStar Income II or NorthStar Healthcare. If you are able to sell your shares of either REIT, you would likely have to sell them at a substantial loss.
- NorthStar Income II and NorthStar Healthcare have not identified most of the investments they intend to acquire with the net proceeds of the offering.
- NorthStar Income II and NorthStar Healthcare both depend on their advisors and their affiliates to select their investments and conduct their operations. The fees NorthStar Income II and NorthStar Healthcare pay to their advisors and their affiliates were not negotiated on an arm's length basis. These fees increase your risk of loss.
- The collateral securing each of the REITs' debt investments may decrease in value or lose all value over time, which may lead to a loss of some or all of the principal. Any unsecured debt may involve a heightened level of risk.
- NorthStar Income II's and NorthStar Healthcare's equity investments are subject to the risks typically associated with real estate, including decreases in some or all of the value over time.
- NorthStar Income II and NorthStar Healthcare use leverage in connection with their respective investments, which increases the risk of loss associated with their respective investments.
- NorthStar Income II's and NorthStar Healthcare's intended investments in CMBS and CDOs and other structured debt securities will be subject to risks relating to the volatility in the value of these assets and their underlying collateral, default on underlying income streams, fluctuations in interest 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.
- NorthStar Income II's and NorthStar Healthcare's borrowers and NorthStar Healthcare's operators may not be able to make debt service or lease payments to them due to changes in economic conditions, regulatory requirements factors.
- There is no guarantee of distributions. Distributions have been paid from sources other than cash flow from operations, which may reduce an investor's overall return. There is no guarantee of any return and you may lose a part or all of your investment.
- NorthStar Income II's and NorthStar Healthcare's executive officers and their advisors' other key professionals are also officers, directors, managers and key professionals of their sponsor and its affiliates. They will face significant conflicts of interest.
- If NorthStar Income II or NorthStar Healthcare raise substantially less than the maximum offering, they 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.
- NorthStar Income II and NorthStar Healthcare may change their targeted investments or investment policies without stockholder consent.
- NorthStar Income II's and NorthStar Healthcare's organizational documents permit them to pay distributions from any source, including offering proceeds, borrowings or sales of assets. Neither REIT has established a limit on the amount of proceeds it may use to fund distributions. If distributions are paid from sources other than the cash flow from operations, there will be less cash available for investments and your overall return may be reduced.
- NorthStar Income II has set the offering price of its shares arbitrarily. The offering price is unrelated to the net book value of its assets or to its expected operating income. The actual value of NorthStar Income II's shares may be substantially less than the offering prices.
- NorthStar Healthcare set the offering price of its shares based on a valuation of its assets and liabilities and the offering price may not be indicative of the price at which the shares would trade on a securities exchange or be sold. The actual value of NorthStar Healthcare's shares may be substantially less than the offering price.
- Neither NorthStar Income II nor NorthStar Healthcare is required to liquidate its assets or list its shares for trading by a specified date or at all.
- If NorthStar Income II or NorthStar Healthcare fails to qualify as a REIT for federal income tax purposes, its cash available for distribution and the value of its shares could materially decrease.
- An investment in NorthStar Income II or NorthStar Healthcare is not a direct investment in commercial real estate. An investment in either REIT is subject to fees and expenses that do not apply to such direct investments.
- If either REIT terminates their agreement with their advisor, they may be required to pay significant fees to an affiliate of the sponsor, which will reduce the cash available for distribution to you.
- The other risks set forth in the prospectuses of NorthStar Income II and NorthStar Healthcare and their respective filings with the Securities and Exchange Commission.