



AN INSTITUTIONAL APPROACH TO  
**COMMERCIAL REAL ESTATE INVESTING**

## 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 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.

## MASTER-FEEDER STRUCTURE

NorthStar Real Estate Capital Income Master Fund (NorthStar Capital) is a master fund in a master/feeder structure, which pools investor capital raised through its feeder funds, NorthStar Real Estate Capital Income Fund and NorthStar Real Estate Capital Income Fund-T (each a Fund, and together the Funds). Each Fund invests substantially all of its assets in NorthStar Capital. **Investors in a Fund are purchasing shares of a feeder fund, not NorthStar Capital.** The investment results of each of the Funds are directly dependent on the investment results of NorthStar Capital, which seeks to execute the investment strategies described in each Fund’s prospectus.

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## INVESTMENT RISKS

An investment in either Fund involves a high degree of risk and may be considered speculative as well as illiquid and a prospective investor should invest only if they can sustain a complete loss of their investment. The following are some of the risks involved in an investment in a Fund; however, investors should carefully consider all of the risks discussed in each Fund’s prospectus before deciding to invest in a Fund.

- The Funds intend to implement a share repurchase program, but only a limited number of each Fund’s shares may be eligible for repurchase. The repurchase program may be terminated at any time. Accordingly, you should consider that you may not have access to the money you invest for an indefinite period of time until the Funds complete a liquidity event. There can be no assurance that there will be a liquidity event at all.
- Because you may be unable to sell your shares, you may be unable to reduce your exposure to either Fund in any market downturn.
- As closed-end funds, neither Fund redeems its shares on a daily basis. Unlike most closed-end funds, neither Fund’s shares are listed on a securities exchange and it is not anticipated that a secondary market will develop. As a result, shareholders should not expect to be able to sell their shares regardless of how the Funds perform.
- The shares of the Funds sold in this offering will not be listed on an exchange and the Funds are not expected to consider alternatives for providing liquidity to the shareholders for at least five years from the completion of the offering stage, and there can be no assurance that there will be a liquidity event at all. Therefore, if shareholders purchase shares of a Fund in this offering, they will have limited liquidity and may not receive a full return of their invested capital if they sell their shares.
- Each Fund expects that some of its distributions may be paid from sources other than cash flow from operations, such as offering proceeds, borrowings or sales of assets, which may reduce an investor’s overall return and may constitute a return of capital. You should understand that any such distributions would not be based on the investment performance of the Fund and would be sustained only if NorthStar Capital achieves positive investment performance in future periods. For NorthStar Real Estate Capital Income Fund-T (Fund-T) a distribution and servicing fee will be paid out of Fund-T assets at an annualized rate of 1.0% of the net asset value (NAV) per share in order to compensate the distributor and participating broker-dealers and investment representatives for services and expenses related to the marketing, sale and distribution of Fund-T’s shares, the payment of which will begin the first month after the completion of the Fund-T offering. Because the distribution and servicing fee is paid out of Fund-T assets on a monthly basis, over time these fees will increase the cost of an investment in Fund-T.
- This is a “best efforts” offering, and if the Funds are unable to raise substantial funds, NorthStar Capital will be limited in the number and type of investments it may make, and the value of a shareholder’s investment may be reduced in the event NorthStar Capital’s assets under-perform. NorthStar Securities, LLC has only limited experience selling common shares on behalf of a registered closed-end management investment company and may be unable to sell a sufficient number of shares in the Funds for the Funds and NorthStar Capital to achieve their investment objectives.
- Investors will incur immediate dilution as a result of any selling commissions and dealer manager fees paid by an investor and offering expenses the Funds will incur.
- NorthStar Capital and the Funds are recently organized companies and have limited operating history.
- NorthStar Capital may make investments that may be rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as “high yield” securities or “junk bonds,” may have speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. They may also be illiquid and difficult to value.
- NorthStar Capital intends to invest a substantial portion of the proceeds from this offering in a portfolio of commercial real estate (CRE) debt, equity and securities investments. The collateral securing the Funds’ CRE debt securities, as well as the equity investments, may decrease in value or lose all value over time, which may lead to a loss of some or all of the principal in the debt and securities investments NorthStar Capital makes.
- Because real estate investments are relatively illiquid, NorthStar Capital may not be able to vary its portfolio in response to changes in economic and other conditions and may be unable to dispose of certain assets at a fair price, resulting in losses to NorthStar Capital.
- NorthStar Capital may use leverage in connection with its investments, which may increase the risk of loss associated with its investments. In addition, if a wholly owned special purpose vehicle of NorthStar Capital’s REIT subsidiary (the REIT Subsidiary) is unable to pay principal and interest on borrowings it has incurred, a default could result in foreclosure of any security instrument securing the debt and a complete loss of the investment, which could result in losses to the REIT Subsidiary and, therefore, to NorthStar Capital and the Funds.
- NorthStar Capital is exposed to the risks associated with the REIT Subsidiary and the REIT Subsidiary’s investments, including the risk that the failure of the REIT Subsidiary to qualify as a REIT could have adverse tax consequences on the REIT Subsidiary and may adversely affect the performance of NorthStar Capital and, consequently, the Funds.
- The payment of fees and expenses will reduce the cash available for investment, the net income generated, the cash available for distribution and the book value of the shares. Please see applicable Fund prospectus for details on the fees and expenses.

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This sales and advertising literature is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only by the applicable Fund prospectus. This literature must be read in conjunction with the applicable Fund’s prospectus in order to fully understand all of the implications and risks of the offering of securities to which the prospectus relates. **Before investing, investors are advised to carefully read and consider the investment objectives, risks, charges and expenses of NorthStar Capital and the Fund in which they are considering an investment. Each Fund’s prospectus contains this and other information about the Fund. Investors may obtain a copy of a Fund’s prospectus by visiting [www.NorthStarSecurities.com/CREfund](http://www.NorthStarSecurities.com/CREfund) or by calling 877.940.8777.** No offering is made except pursuant to a registration statement declared effective by the U.S. Securities and Exchange Commission (the SEC). Neither the SEC nor any state securities regulator has approved or disapproved of the Funds’ common shares, determined if a prospectus is truthful or complete or passed on or endorsed the merits of the Funds’ offerings. Any representation to the contrary is a criminal offense.

NorthStar Securities, LLC is the exclusive wholesale marketing agent for the Funds. ALPS Distributors, Inc., member FINRA, is the distributor of the Funds. NorthStar Securities, LLC and ALPS Distributors, Inc. are not affiliated. NorthStar Securities, LLC is doing business as NorthStar BD Securities, LLC (DE) in the following states: FL, GA, TX and WA.



# AN INSTITUTIONAL APPROACH TO COMMERCIAL REAL ESTATE INVESTING

NorthStar Capital\* offers individual investors access to an institutionally managed portfolio of commercial real estate (CRE) debt, CRE securities and CRE equity that may provide a source of attractive income through cash distributions<sup>1</sup> in today's low-yield environment.

## Our Investment Strategy:

NorthStar Capital is an unlisted, closed-end fund registered under the Investment Company Act of 1940 that intends to invest primarily in a diversified portfolio of real estate and real estate-related investments including, but not limited to:

CRE DEBT	First Mortgage Loans Subordinate Mortgages & Mezzanine Loans Preferred Equity Interests
CRE SECURITIES	Commercial Mortgage Backed Securities (CMBS) Unsecured Debt of Publicly-Traded Real Estate Investment Trusts (REITs) Collateralized Debt Obligation Notes (CDOs)
CRE EQUITY	Direct Investments in CRE Properties Private Equity Real Estate Investments (PERE) Other Joint Ventures

## Investors in the Funds May Benefit From:



Access to experienced institutional managers



Transparency through daily pricing and periodic liquidity through anticipated quarterly tender offers<sup>2</sup>



Lower correlation to the equity and bond markets

NorthStar Capital is advised by an affiliate of Colony NorthStar, Inc. (Colony NorthStar),<sup>3</sup> a \$57 billion<sup>4</sup> global real estate and investment management firm with decades of extensive real estate experience and considerable deal sourcing and execution capabilities.

\*NorthStar Real Estate Capital Income Master Fund ("NorthStar Capital") is a master fund in a master/feeder structure. Investors invest through the Funds and indirectly into NorthStar Capital. Please refer to the Master-Feeder Structure section on page 2 for additional information. Investing in a Fund includes risk, including but not limited to unfavorable market conditions, limited liquidity and the potential loss of principal. 1) There is no guarantee of distributions. Distributions may be paid from sources other than cash flow from operations, such as offering proceeds, borrowings or sales of assets, which may reduce an investor's overall return and may constitute a return of capital. A distribution and servicing fee will be paid out of Fund-T assets at an annualized rate of 1.0% of the NAV per share. Because the distribution and servicing fee is paid out of Fund-T assets on a monthly basis, over time these fees will increase the cost of an investment in Fund-T. Please refer to the Investment Risks on page 2 for additional information. 2) The Funds intend to implement a share repurchase program, but only a limited number of each Fund's shares may be eligible for repurchase. The repurchase program may be terminated at any time. Accordingly, you should consider that you may not have access to the money you invest for an indefinite period of time until the Funds complete a liquidity event. There can be no assurance that there will be a liquidity event at all. 3) The Funds will be advised by CNI RECF Advisors, LLC. 4) Represents balance sheet and third-party AUM as of September 30, 2017. Third party AUM represents capital invested alongside balance sheet, but excludes private equity and retail company interests, which are included in Investment Management AUM. The performance of Colony NorthStar is not indicative of the performance of NorthStar Capital or the Funds.

# SEEKING TO CREATE VALUE THROUGH COMMERCIAL REAL ESTATE INVESTING

We believe the current CRE market may present attractive opportunities for skilled lenders and owners, such as Colony NorthStar, to make accretive debt and equity investments. Additionally, we have extensive experience investing in a variety of asset classes and geographic locations, providing a multitude of potential investments.

## NorthStar Capital's Investment Objectives:\*



### ATTRACTIVE & CONSISTENT INCOME THROUGH CASH DISTRIBUTIONS<sup>5</sup>

By focusing on loans and other debt investments secured by CRE assets, we aim to provide a source of potential cash flow from contractual payments.



### PRESERVATION & PROTECTION OF CAPITAL

Real estate lenders and other debt holders' higher priority to underlying loan collateral may help insulate against fluctuations in real estate values.<sup>6</sup>



### OPPORTUNITY FOR CAPITAL APPRECIATION

Flexibility to make direct and indirect equity investments may provide the potential for capital appreciation.

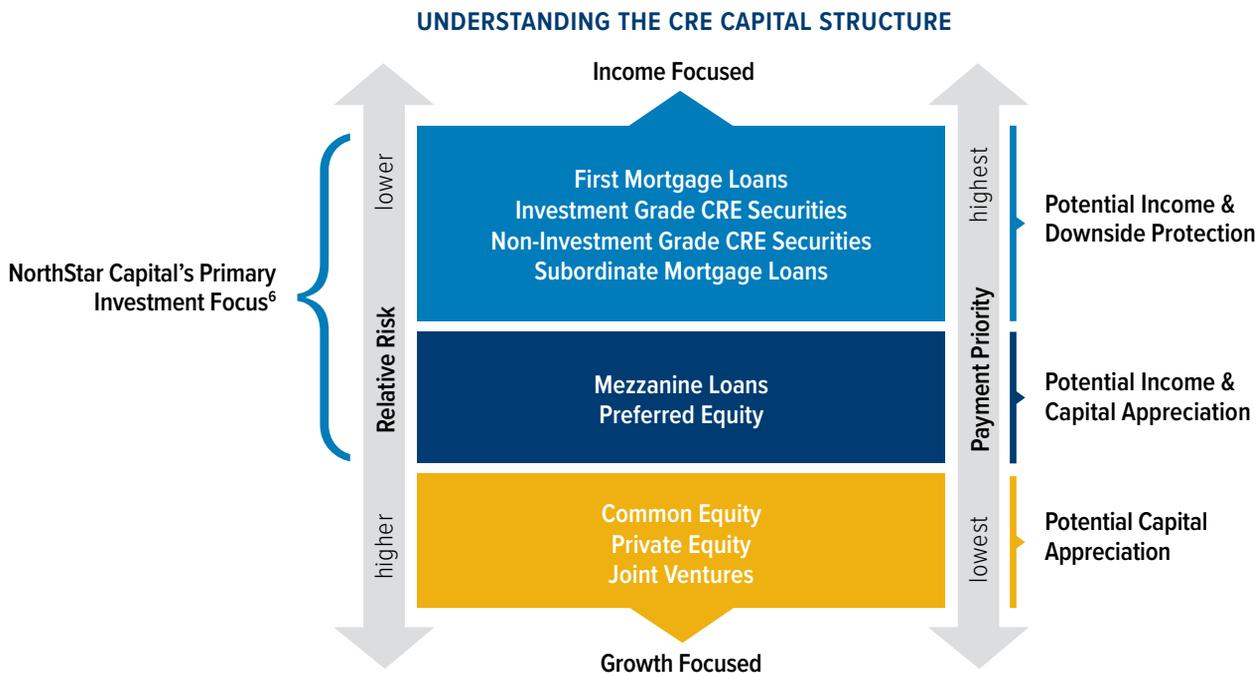
Colony NorthStar's emphasis on fundamental real estate credit underwriting and a focus on in-house origination potentially gives us greater control over the terms of each investment, which may result in improved predictability of investment performance and potentially increased deal flow through repeat borrowers.

NorthStar Capital and the Funds are recently organized companies and have limited operating history. \*There is no guarantee that these investment objectives will be met. 5) There is no guarantee of distributions. Distributions may be paid from sources other than cash flow from operations, such as offering proceeds, borrowings or sales of assets, which may reduce an investor's overall return and may constitute a return of capital. A distribution and servicing fee will be paid out of Fund-T assets at an annualized rate of 1.0% of the NAV per share. Because the distribution and servicing fee is paid out of Fund-T assets on a monthly basis, over time these fees will increase the cost of an investment in Fund-T. Please refer to the Investment Risks on page 2 for additional information. 6) While CRE debt investments may provide greater downside protection than CRE equity investments, NorthStar Capital's investments vary in degree of risk depending on their place in the capital structure and may decrease in value, lose value or fluctuate.



Colony NorthStar’s experience, size and scope allow it to invest throughout the CRE capital structure in an effort to identify investments that aim to generate compelling risk-adjusted returns.

NorthStar Capital’s primary focus to invest in a diversified portfolio<sup>7</sup> of real estate and real estate-related investments may allow investors to gain exposure to real estate from a variety of positions in the capital structure, offering various potential investor benefits and risk profiles.



6) While CRE debt investments may provide greater downside protection than CRE equity investments, NorthStar Capital’s investments vary in degree of risk depending on their place in the capital structure and may decrease in value, lose value or fluctuate. 7) Neither NorthStar Capital nor the Funds intend to operate as a “diversified” investment company within the meaning of the Investment Company Act of 1940.

### Market Opportunity:

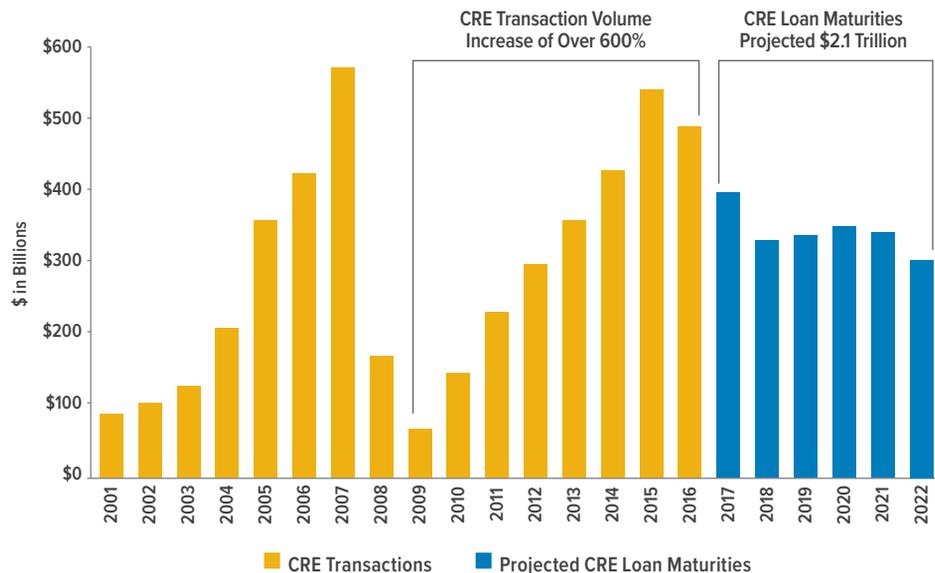
# SEEKING TO CAPITALIZE ON A HEALTHY COMMERCIAL REAL ESTATE ENVIRONMENT

We believe the CRE market demonstrates positive fundamentals that support continued opportunities to make compelling CRE investments.

**CRE transaction volume:** has increased over 600% since the financial crisis<sup>8</sup> and we anticipate sustained property transaction volume, which may create meaningful new financing and acquisition opportunities.

**Projected CRE loan maturities:** we believe that demand for refinancing capital will continue to be fueled by the over \$2.1 trillion scheduled to mature through 2022, providing significant investment opportunities for CRE lenders.

**CRE TRANSACTION VOLUME<sup>8</sup> & PROJECTED CRE LOAN MATURITIES<sup>9</sup>**

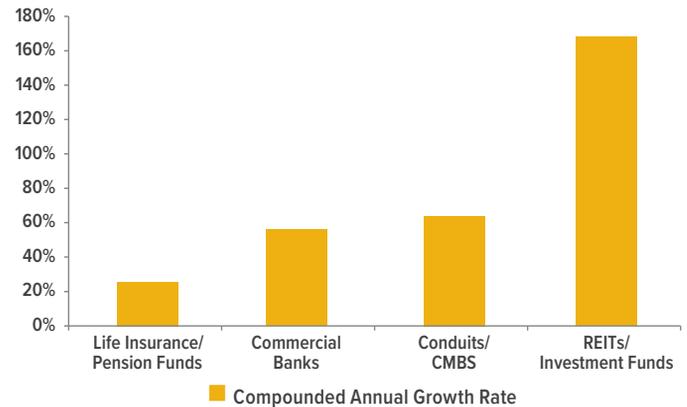


8) Source: Real Capital Analytics, through year end 2016. Based on independent reports of properties and portfolios \$5 million and greater. 9) Source: Federal Reserve, Trepp, Morgan Stanley Research as of March 2017.

## Regulatory Changes Impacting Traditional Lenders

Driven by changes resulting from the economic downturn, traditional lenders face enhanced regulatory challenges, including increased capital requirements, leverage limitations and new risk retention rules. We believe these regulations may further restrict the capabilities of banks and other traditional lenders, likely limiting their participation in the lending and securities markets. As a result, NorthStar Capital may benefit from a reduction in competition and overall improved pricing and deal structure.

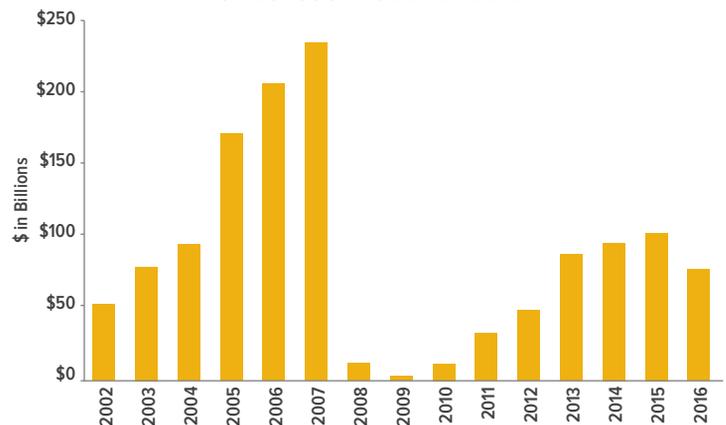
CRE ORIGINATION GROWTH BY LENDER: 2012-2015<sup>10</sup>



## Compelling Opportunity for CRE Securities

We believe CRE securities, such as commercial mortgage-backed securities (CMBS), may generate attractive returns relative to their risk and will remain a primary source of capital to CRE borrowers within the market. After declining during the recent financial downturn, CMBS issuance has recovered from a historic low of \$2.7 billion in 2009 to \$76.0 billion in 2016.<sup>11</sup> We believe the higher payment priority of CMBS within the CRE capital structure may result in a lower risk profile and, when purchased at a discount, may provide potential for appreciation. However, CRE securities investments vary in degree of risk and may decrease or fluctuate in value.

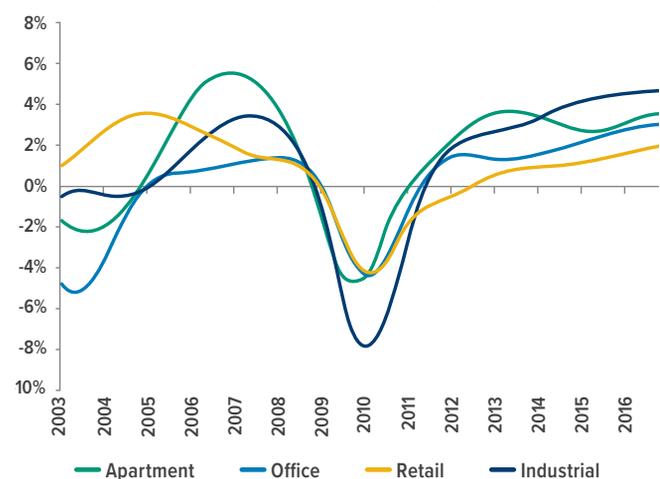
CMBS ISSUANCE 2002-2016<sup>11</sup>



## Positive CRE Fundamentals

As CRE fundamentals have continued to improve, we believe there are opportunities for portfolio appreciation by targeting CRE equity investments. NorthStar Capital will seek to purchase properties where it can create value through enhanced operations at the property level and benefits from improving property and market fundamentals. Additionally, strong projected net operating income growth, low aggregate new supply and declining vacancy rates may also provide potential appreciation.

NET OPERATING INCOME GROWTH<sup>12</sup>



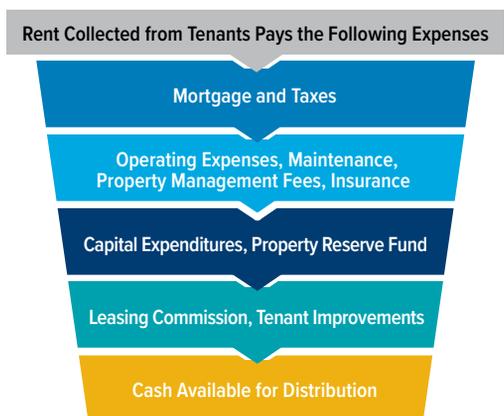
10) Source: Commercial Mortgage Bankers Association Annual Origination Volume Summations 2012-2015. 11) Source: Commercial Mortgage Alert, through year end through 2016. 12) NAREIT, through December 2016.

# A CLOSER LOOK: OUR INVESTMENT STRATEGY

## Potential Cash Flow Generation

NorthStar Capital focuses on directly originating loans to experienced borrowers while also participating in CRE equity investments with institutional partners, such as experienced real estate investors, including traded equity REITs, institutional funds and high-net-worth CRE owners and operators. The debt and securities investments originated and bought by NorthStar Capital will bear contractual payment obligations, which we believe may be a more reliable source of income for distributions.<sup>13</sup>

### PRIORITY OF PAYMENT FOR A TYPICAL CRE PROPERTY OWNER

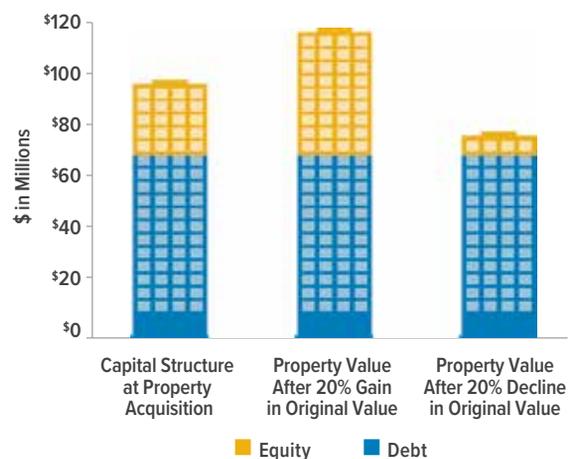


13) There is no guarantee of distributions to investors in the Funds. Distributions may be paid from sources other than cash flow from operations, such as offering proceeds, borrowings or sales of assets and distributions may exceed earnings. A distribution and servicing fee will be paid out of Fund-T assets at an annualized rate of 1.0% of the NAV per share. Because the distribution and servicing fee is paid out of Fund-T assets on a monthly basis, over time these fees will increase the cost of an investment in Fund-T. Please refer to the Investment Risks on page 2 for additional information.

## Aim to Preserve & Protect Capital

NorthStar Capital's primary focus on CRE loans and other debt investments may provide protection against losses in periods of declining real estate valuations. In a typical CRE capital structure, loans and other debt investments have a higher claim to underlying collateral compared to equity investments. Therefore, CRE debt investors may be better insulated should property values decline. While CRE loans and other debt investments may provide greater downside protection, certain investments within the capital structure also vary in degree of risk and may decrease or fluctuate in value.

### IMPACT OF CHANGING PROPERTY VALUES ON THE CRE CAPITAL STRUCTURE<sup>14</sup>



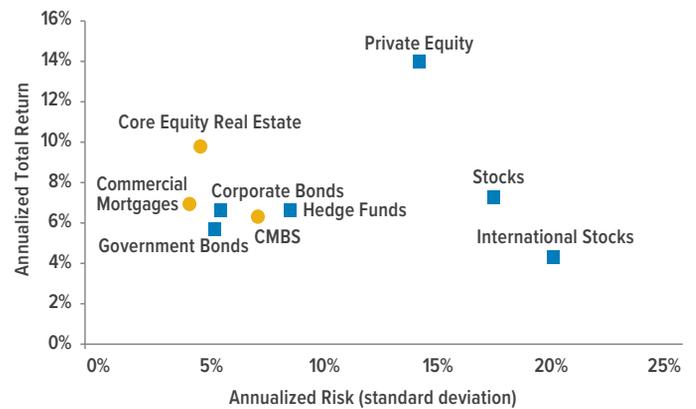
14) This illustration is hypothetical in nature and is provided for informational purposes only. There can be no assurance that an investment in the Funds will protect against loss. Investing in CRE debt focused assets involve various risks including but not limited to unfavorable market conditions, loss of principal and limited liquidity.



## Focus on Delivering Risk-Adjusted Returns

NorthStar Capital seeks to provide investors favorable risk-adjusted returns given our focus on loans and other debt investments secured by CRE assets, which typically have a more conservative position in the capital structure. Commercial mortgages typically derive their total returns from income generated by contractual interest payments, as opposed to relying on appreciation. We believe commercial mortgages have delivered relatively outsized and consistent returns across multiple economic cycles when compared to other major asset classes.

**TOTAL RETURNS & RISK BY ASSET CLASS (1997 Q1–2016 Q2)<sup>15</sup>**



## Low Correlation to Other Asset Classes<sup>16</sup>

NorthStar Capital intends to create a portfolio with exposure to both CRE debt and equity in an effort to provide investors with diversification<sup>17</sup> and lower correlation to the broader markets. Specifically, we believe commercial mortgages and CMBS may act as a portfolio diversifier given their low correlation to most major asset classes. From 1997-2016, commercial mortgages had a low or negative correlation (between -0.12 and +0.12) with stocks and core equity real estate, which may help reduce portfolio volatility. There can be no assurance that an investment in NorthStar Capital will protect against loss.

**CORRELATION OF TOTAL RETURNS FOR CRE MORTGAGES VS. MAJOR ASSET CLASSES (1997 Q1–2016 Q2)<sup>15</sup>**

Asset	Correlation to CRE Mortgages
Investment Grade CMBS	0.73
Investment Grade Corporate Bonds	0.44
Government Bonds	0.40
Core Equity Real Estate	0.12
Private Equity	-0.02
Hedge Funds	-0.02
International Stocks	-0.11
Stocks	-0.12

An investment in a Fund is not a direct investment in CRE or CRE debt and is significantly different than investing in traditional investments such as stocks and bonds. An investment in a Fund is subject to fees and expenses that do not apply to such direct investments. Indices are meant to illustrate general market performance; it is not possible to invest directly in an index. The indices presented represent investments that have material differences from an investment in a Fund, including those related to investment objectives, risks, fees and expenses, liquidity and tax treatment. Investing in real estate involves risk. Real estate is not traded on an exchange; therefore, transactions do not provide immediate liquidity and their pricing is less transparent than that of stocks. 15) Source: the indices used for each asset class are: Commercial Mortgages, Giliberto-Levy Commercial Mortgage Performance Index; Government Bonds, Barclays U.S. Treasury Index; Corporate Bonds, Barclays U.S. Investment Grade Corporate Credit Index; Core Equity Real Estate, NCREIF Property Index (NPI); Stocks, S&P 500 Total Return Index; Commercial Mortgage-Backed Securities, Barclays Capital U.S. Investment-Grade CMBS Index; Private Equity, Cambridge Associates LLC U.S. Private Equity Index; Hedge Funds, HFRI Hedge Fund Index; International Stocks, MSCI EAFE Index. Data is from 1997Q1-2016Q2, except for the Cambridge Associates LLC U.S. Private Equity Index, which is as of 2015Q4. 1997 is used as a starting point as it was the first time data was consistently available across these asset classes. Past performance is no guarantee of future results. 16) Correlation is a statistical measure of how two securities move in relation to each other. The higher the coefficient (1.00 is the maximum), the greater the correlation between the two markets. 17) Neither NorthStar Capital nor the Funds intend to operate as a “diversified” investment company within the meaning of the Investment Company Act of 1940.

NorthStar Capital is advised by an affiliate<sup>18</sup> of Colony NorthStar, Inc. (NYSE: CLNS), a leading global real estate and investment management firm that seeks to create long-term value through investing in real estate and real estate-related assets on behalf of a diverse set of institutional and individual investors.

Colony NorthStar is one of the world’s largest real estate investors, owners and operators. Colony NorthStar has extensive experience operating public companies and managing multiple retail investment offerings and was one of the first institutional managers to offer non-traded retail products to individual investors.

**Colony NorthStar At-a-Glance:**

**26**

Years of Results

**\$57B**

Assets Under Management<sup>19</sup>

**18**

Global Locations

**500+**

Employees Worldwide

**Our Competitive Advantages:**

World-Class Real Estate and Investment Management Company	<b>\$100B+</b> Invested in 20+ Countries <sup>20</sup>	Market Intelligence and Information Across the Globe
<b>DEMONSTRATED EXPERIENCE RUNNING PUBLIC COMPANIES AND OTHER NON-TRADED INVESTMENT VEHICLES</b>		
<b>\$4.4B</b> Raised Across Non-traded Investment Offerings <sup>20</sup>	Extensive Network of Industry Relationships	
<b>CENTRALIZED INVESTMENT AND PROACTIVE PORTFOLIO MANAGEMENT PROCEDURES</b>		
Rigorous Due Diligence and Underwriting Process	<b>85,000</b> Individual Investors <sup>20</sup>	Public Company Reporting, Controls and Transparency

The performance of Colony NorthStar is not indicative of the performance of NorthStar Capital or the Funds. Colony NorthStar, NorthStar Capital and the Funds are separate companies. An investor purchasing shares in a Fund’s public offering is making an investment in NorthStar Capital indirectly through the applicable Fund, not in Colony NorthStar. 18) The Funds will be advised by CNI RECF Advisors, LLC. 19) Represents balance sheet and third-party AUM as of September 30, 2017. Third party AUM represents capital invested alongside balance sheet, but excludes private equity and retail company interests, which are included in Investment Management AUM. 20) As of September 30, 2017.



Colony NorthStar, Inc. provides innovative investment solutions designed to enhance investors' portfolios by providing access to asset classes, strategies and investment opportunities traditionally reserved for institutional investors.

877.940.8777 | [NorthStarSecurities.com/CREfund](http://NorthStarSecurities.com/CREfund)