



NorthStar

REAL ESTATE INCOME TRUST

Forward Looking Statements

This sales material includes forward-looking statements that can be identified by the use of words such as “will,” “may,” “should,” 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 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:

- We depend on our advisor to select our investments and conduct our operations. We pay substantial fees to our advisor that were not negotiated at arm’s-length and increase investors’ risk of loss.
- We have limited operating history and the prior performance of our sponsor may not predict our future results. There is no assurance that we will achieve our investment objectives.
- We have not identified most of the assets we intend to acquire with the proceeds of our offering; therefore, investors will not have the opportunity to evaluate most of our assets prior to investing.
- We intend to invest in commercial real estate loans and mezzanine loans. The collateral securing our loans may decrease in value or lose all value over time, which may lead to a loss of some or all of the principal in our investments. Mezzanine loans are typically unsecured, and this may involve a heightened level of risk.
- Our advisor and its affiliates may face conflicts of interest as a result of compensation arrangements, time constraints and competition for investments.
- 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 our shares may vary more widely with the performance of specific assets.
- If we pay distributions from any source other than cash flow from operations, including offering proceeds, borrowings or sales of assets, investors’ overall return may be reduced.
- We may change our investment policies without stockholder consent.
- No public market currently exists for our shares and we are not obligated to effectuate a liquidity event by a certain date.
- We set the offering price of our shares arbitrarily. This price is unrelated to the book or net value of our assets or to our expected operating income.
- Our sponsor has agreed, under certain circumstances, to purchase our shares in order to provide additional funds for distributions to stockholders. These purchases will dilute the equity ownership of public stockholders.
- Failure to qualify as a REIT would adversely affect our operations and our ability to make distributions.
- Our intended 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 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.
- As with any real estate investment, there are various risks including but not limited to: unfavorable market conditions, loss of principal and limited liquidity.
- We use leverage in connection with some of our investments, which increases the risk of loss associated with those investments.