UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 9, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)

000-55190
(Commission File Number)

27-3663988
(I.R.S. Employer Identification No.)

399 Park Avenue, 18th Floor, New York, NY
(Address of principal executive offices)

10022
(Zip Code)

(212) 547-2600
(Registrant’s telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

**Resignation of Director**

On February 9, 2016, James F. Flaherty III informed NorthStar Healthcare Income, Inc. ("NorthStar Healthcare") that he was resigning from his position as Vice Chairman and as a member of the board of directors of NorthStar Healthcare, effective immediately. Mr. Flaherty's resignation was a personal decision and not the result of any disagreement with NorthStar Healthcare on any matters relating to NorthStar Healthcare’s operations, policies or practices. Mr. Flaherty will continue to provide investment and other services to NorthStar Healthcare as a member of the investment committee of NSAM J-NSHC Ltd, NorthStar Healthcare’s advisor, in relation to healthcare investments.
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: February 11, 2016

By: /s/ Ronald J. Lieberman

Ronald J. Lieberman
Executive Vice President, General Counsel and Secretary
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 24, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

000-55190
(Commission File
Number)

27-3663988
(I.R.S. Employer
Identification No.)

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☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 1.01. Entry into a Material Definitive Agreement.

The information set forth under Item 2.01 below related to the Purchase Agreement (as defined below) is incorporated by reference into this Item 1.01.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On February 24, 2016, NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”) and NorthStar Realty Finance Corp. (“NorthStar Realty”), acting through their indirect subsidiaries, entered into a Purchase and Sale Agreement (the “Purchase Agreement”), pursuant to which NorthStar Healthcare agreed to acquire NorthStar Realty’s 60% interest (the “NorthStar Realty JV Interest”) in a joint venture (the “Joint Venture”) which owns 32 private pay independent living facilities (the “Portfolio”) for a purchase price of $534.5 million, excluding escrows and subject to customary proration and adjustments as set forth in the Purchase Agreement (the “Purchase Price”, and such transaction, the “Transaction”). NorthStar Healthcare originally acquired a 40% interest in the Joint Venture in connection with the acquisition of the Portfolio by the Joint Venture on May 19, 2015 from affiliates of Harvest Facility Holdings LP (“Holiday”) and, following the Transaction, will own all of the interests in the Portfolio.

The facilities comprising the Portfolio contain approximately 3,985 units and are located in 12 states, with the largest concentrations in California, Texas and Washington. As of February 10, 2016, the Portfolio’s overall resident occupancy was approximately 93%. The Portfolio is currently managed by an affiliate of Holiday pursuant to management agreements.

NorthStar Healthcare completed the Transaction on March 1, 2016. NorthStar Healthcare funded the acquisition of the NorthStar Realty JV Interest with approximately $146 million of equity, plus closing costs, with proceeds from NorthStar Healthcare’s follow-on public offering of common stock, and assumed NorthStar Realty’s 60% share of 32 separate, cross-collateralized loans (each, a “Loan”) with an aggregate principal amount of approximately $648 million. Each Loan is through Fannie Mae’s Multifamily DUS Loan Program, has a fixed interest rate of 4.17% and an original term of ten years from the Joint Venture’s date of acquisition. Each Loan is non-recourse, subject to a limited “non-recourse carveout” guaranty originally provided by NorthStar Realty Finance Limited Partnership, NorthStar Realty’s operating partnership, and assumed by NorthStar Healthcare Income Operating Partnership, LP, NorthStar Healthcare’s operating partnership, in connection with the Transaction.

The Transaction was approved by NorthStar Healthcare’s board of directors, including all of its independent directors, and validated by an independent third-party appraisal for the Portfolio in accordance with NorthStar Healthcare’s charter. NorthStar Realty and NorthStar Healthcare are both advised by affiliates of NorthStar Asset Management Group Inc.

The foregoing description of the Purchase Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the Purchase Agreement that is filed as Exhibit 10.1 to this Current Report on Form 8-K, which Purchase Agreement is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

If applicable, the required financial statements for the transaction described in Item 1.01 above will be filed under cover of a Form 8-K/A as soon as practicable and no later than 71 days after the date on which this initial Current Report on Form 8-K is required to be filed.

(b) Pro Forma Financial Information.

If applicable, the required pro forma financial information for the transaction described in Item 1.01 above will be filed under cover of a Form 8-K/A as soon as practicable and no later than 71 days after the date on which this initial Current Report on Form 8-K is required to be filed.

(d) Exhibits.

<table>
<thead>
<tr>
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Safe Harbor Statement

This Current Report on Form 8-K contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “will,” “expects,” “intends” or other similar words or expressions. These statements are based on NorthStar Healthcare’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; NorthStar Healthcare can give no assurance that its expectations will be attained. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Factors that could cause actual results to differ materially from NorthStar Healthcare’s expectations include, but are not limited to, the ability of NorthStar Healthcare to achieve its targeted returns through the Portfolio; the ability of Holiday to successfully manage the Portfolio; the borrowers’ ability to comply with the terms of the Loans; the impact of any losses from properties in the Portfolio on cash flow and returns; market rental rates and property level cash flow; changes in economic conditions generally and the real estate and debt markets specifically; the impact of local economics; the availability of investment opportunities; the availability of capital; the ability to achieve targeted returns; changes to generally accepted accounting principles; policies and rules applicable to REITs; and the factors described in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in its other filings with the SEC. The foregoing list of factors is not exhaustive. All forward-looking statements included in this Current Report on Form 8-K are based upon information available to NorthStar Healthcare on the date of this report and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this report to conform these statements to actual results.
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: March 1, 2016

By: /s/ Ronald J. Lieberman

Ronald J. Lieberman
Executive Vice President, General Counsel and Secretary
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PURCHASE AND SALE AGREEMENT REGARDING INTERESTS IN LIMITED LIABILITY COMPANIES

THIS PURCHASE AND SALE AGREEMENT REGARDING INTERESTS IN LIMITED LIABILITY COMPANIES (this “Agreement”) is made as of February 24, 2016 (the “Effective Date”), by and between WINTERFELL HEALTHCARE HOLDINGS-T, LLC (“Owner Seller”) and WINTERFELL HEALTHCARE-T CAM2, LLC (“Manager Seller”), each a Delaware limited liability company (Owner Seller and Manager Seller, collectively, “Sellers”), and WINTERFELL HEALTHCARE HOLDINGS-NT-HCI, LLC (“Owner Buyer”) and WINTERFELL HEALTHCARE NT-HCI CAM2, LLC (“Manager Buyer”), each a Delaware limited liability company (Owner Buyer and Manager Buyer, collectively “Buyers”).

RECITALS:

A. On May 19, 2015 (the “Investment Date”), pursuant to the provisions of the Delaware Revised Uniform Partnership Act (as amended from time to time, the “Act”), Owner Seller and Owner Buyer formed a joint venture, Winterfell Healthcare Owner General Partnership, a general partnership (the “Owner JV”), for the purpose of owning, directly or indirectly, Winterfell GP (CA) Owner, LLC, a Delaware limited liability company (the “CA GP”), the Delaware limited partnerships listed on Schedule 1 attached hereto (the “CA Project Owners”) and the Delaware limited liability companies listed on Schedule 2 attached hereto (the “Other Project Owners”; and collectively with the CA GP and the CA Project Owners, the “Owner JV Subsidiaries”) to acquire a portfolio of real properties comprised of 32 independent living centers listed on Schedule 3 attached hereto (the “Projects”);

B. On May 19, 2015, pursuant to the provisions of the Act, Manager Seller and Manager Buyer formed a joint venture, Winterfell Healthcare Manager General Partnership, a general partnership (the “Manager JV”; together with the Owner JV, the “Companies”), for the purpose of owning, directly or indirectly, Winterfell Healthcare Manager, LLC, a Delaware limited liability company (the “Manager”); together with the Owner JV Subsidiaries, the “Subsidiaries”) to manage the Projects pursuant to those certain Management Agreements, dated as of May 19, 2015, between the applicable Owner JV Subsidiary and the Manager (collectively, the “Management Agreements”) and to be a party to those certain Sub-Management Agreements, dated as of May 19, 2015, between the Manager and Holiday AL Management Sub LLC (the “Sub-Manager”) (collectively, the “Sub-Management Agreements”);

C. Pursuant to that certain Partnership Agreement of the Owner JV, dated as of May 19, 2015 (the “Owner JV Agreement”), as of the Effective Date, (i) Owner Seller owns sixty percent (60%) of the direct equity interests in the Owner JV (the “Owner Seller’s Interest”) and (ii) Owner Buyer owns forty percent (40%) of the direct equity interests in the Owner JV;

D. Pursuant to that certain Partnership Agreement of the Manager JV, dated as of May 19, 2015 (the “Manager JV Agreement”), as of the Effective Date, (i) Manager Seller owns a sixty percent (60%) of the direct equity interests in the Manager JV (the “Manager Seller’s Interest”; the Manager Seller’s Interest and the Owner Seller’s Interest, each individually a
“Transferred Interest” and collectively the “Transferred Interests”) and (ii) Manager Buyer owns a forty percent (40%) of the direct equity interests in the Manager JV;

E. On the Closing Date, but immediately prior to giving effect to the purchase and sale transactions contemplated pursuant to this Agreement, the Owner JV and the Manager JV will each be converted to a Delaware limited liability company pursuant to Section 18-214 of the Delaware Limited Liability Company Act, as amended (and, upon such conversion, the Owner Seller’s Interest will consist of a 60% membership interest in such converted Owner JV, and the Manager Seller’s Interest will consist of a 60% membership interest in such converted Manager JV);

E. Pursuant to the terms and subject to the conditions set forth in this Agreement, (i) Owner Seller desires to sell, assign, transfer and convey to Owner Buyer the Owner Seller’s Interest (i.e., Owner Seller’s entire interest in the Owner JV) and (ii) Owner Buyer desires to purchase, accept, pay for, and receive the Owner Seller’s Interest from Owner Seller;

F. Pursuant to the terms and subject to the conditions set forth in this Agreement, (i) Manager Seller desires to sell, assign, transfer and convey to Manager Buyer the Manager Seller’s Interest (i.e., Manager Seller’s entire interest in the Manager JV) and (ii) Manager Buyer desires to purchase, accept, pay for, and receive the Manager Seller’s Interest from Manager Seller;

G. The Projects are encumbered by mortgages securing those certain mortgage loans (collectively, the “Mortgage Loans”) obtained by the CA Project Owners and the Other Project Owners pursuant to those certain Multifamily Loan and Security Agreements, dated as of May 19, 2015, by and between Berkadia Commercial Mortgage LLC, as lender (together with its successors and assigns in such capacity, and together with any administrative agent and/or servicer with respect to such loans, “Lender”) and the applicable CA Project Owner or Other Project Owner, as applicable (the “Loan Agreements”; and together with all related notes, mortgages, guaranties, environmental indemnities and other loan documents, the “Loan Documents”); and

H. In connection with the purchase and sale transaction pursuant to this Agreement, the parties have requested Lender’s consent to (i) such purchase and sale transaction, (ii) the release of NorthStar Realty Finance Corp. and NorthStar Realty Finance Limited Partnership (affiliates of Sellers and collectively, the “Seller Key Principals”) as “Key Principals” under each of the Mortgage Loans, and (iii) the substitution of NorthStar Healthcare Income Operating Partnership, LP (affiliate of Buyers) for NorthStar Realty Finance Limited Partnership as the guarantor under each of the Mortgage Loans (such Lender’s consent, the “Lender Consent”).

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Purchase and Sale. Subject to the terms and conditions herein set forth, on the date the applicable conditions hereto are satisfied or waived (the “Closing Date”), (i) Owner Seller shall sell, and Owner Buyer shall buy, the Owner Seller’s Interest, (ii) Manager Seller shall sell, and Manager Buyer shall buy, the Manager Seller’s Interest and (iii) each party shall undertake the
other applicable transactions contemplated herein, in each case, upon the terms and conditions set forth herein (collectively, the “Transactions”).

Section 2. Purchase Price; Deposit; Closing.

(a) The purchase price payable by Buyers to Sellers for the Transferred Interests shall be an amount equal to Five Hundred Thirty-Four Million Five Hundred Thousand Eight Hundred Seventy-Nine and 21/100 Dollars ($534,500,879.21) (the “Purchase Price”), subject to adjustment as set forth in Section 4; the agreed-upon allocation of the Purchase Price among the Manager Seller’s Interest and the indirect ownership interests in each of the Projects attributable to the Owner Seller’s Interest is to be agreed by Sellers and Buyers, in their reasonable discretion, prior to the Closing and to be set forth on a schedule prepared by Sellers and Buyers prior to the Closing (the “Purchase Price Allocation Schedule”).

(b) Upon or prior to the execution and delivery of this Agreement, and as a condition to the effectiveness and enforceability of this Agreement, Buyers shall deliver to Stewart Title Insurance Company (“Escrow Agent”) a deposit in the amount of Fifteen Million Dollars ($15,000,000) (the “Deposit”) by wire transfer of immediately available funds. The Deposit shall be held and applied in accordance with the applicable terms of this Agreement, including clause (ii) of Section 2(c) and Section 6(e), and that certain Escrow Agreement among Escrow Agent, Sellers and Buyers, dated as of the Effective Date, in the form of Exhibit C attached hereto (the “Escrow Agreement”).

(c) The closing of the purchase and sale of the Transferred Interests (the “Closing”) shall take place at Alston & Bird LLP, 90 Park Avenue, New York, New York 10016, on the Closing Date, or at such other time and place as Buyers and Sellers may agree in writing (including by email). At the Closing, (i) Buyers shall pay the Purchase Price Balance (as defined below) to Sellers in cash by wire transfer of immediately available federal funds in accordance with Sellers’ wire instructions to be delivered by Sellers’ to Buyers and Escrow Agent prior to the Closing (the “Sellers’ Wire Instructions”) and (ii) Escrow Agent shall release the Deposit to Sellers by wire transfer of immediately available federal funds in accordance with the Sellers’ Wire Instructions. The “Purchase Price Balance” shall mean an amount equal to the Purchase Price (subject to adjustment as set forth in Section 4) minus the Deposit and minus sixty percent (60%) of the outstanding principal balance of the Mortgage Loans as of the Closing Date (Sellers and Buyers acknowledging and confirming that the portion of the Purchase Price in excess of the Purchase Price Balance and the Deposit is to be paid on the Closing Date in the form of the Mortgage Loans remaining in place and the Seller Key Principals being released from liability with respect to the Mortgage Loans).

Section 3. Closing Documents and Events.

(a) On the Closing Date, provided that both Buyers shall have performed all of their respective obligations under this Agreement, including payment by Buyers of the Purchase Price Balance, and Escrow Agent shall have released the Deposit to Sellers in accordance with clause (ii) of Section 2(c), the applicable Seller shall make the following deliveries and take the following actions:
(i) Owner Seller shall execute and deliver to Owner Buyer an original counterpart of an assignment and assumption of the Owner Seller’s Interest in the form annexed hereto as Exhibit A (the “Owner Assignment and Assumption Agreement”);

(ii) Manager Seller shall execute and deliver to Manager Buyer an original counterpart of an assignment and assumption of the Manager Seller’s Interest in the form annexed hereto as Exhibit A (the “Manager Assignment and Assumption Agreement”);

(iii) Owner Seller shall execute and deliver to Owner Buyer a certification of Owner Seller’s non-foreign status pursuant to Section 1445 of the Internal Revenue Code in the form attached hereto as Exhibit B;

(iv) Each Seller shall execute and/or deliver such instruments and documents which are required by Lender in connection with the transactions contemplated by this Agreement and the granting of the Lender Consent;

(v) Owner Seller shall execute and/or deliver all applicable sales tax, real property transfer tax forms and returns, transfer declaration, ownership information or other similar disclosure forms or required by the laws of any state in which any Project is located or any other governmental authority;

(vi) Sellers shall execute and deliver to Buyers a closing certificate in the form attached hereto as Exhibit D;

(vii) Sellers shall cause NorthStar Realty Finance Limited Partnership (“Seller Guarantor”) to execute and deliver a cross-indemnity, in a form reasonably satisfactory to Sellers and Buyers (the “Cross-Indemnity”), pursuant to which Seller Guarantor and NorthStar Healthcare Income Operating Partnership, LP (“New Guarantor”) shall bear their pro rata share (i.e., 60% and 40%, respectively) of certain environmental liabilities that are both retained by Seller Guarantor and assumed by New Guarantor pursuant to the Assumption and Release Agreements (as defined below); and

(viii) Each Seller execute and/or deliver such other instruments and documents which by the terms of this Agreement are to be delivered by such Seller as of the Closing Date or which may reasonably be required to close the Transactions in accordance with this Agreement.

(b) On the Closing Date, provided that both Sellers shall have performed all of their respective obligations under this Agreement, the applicable Buyer shall make the following deliveries and take the following actions:

(i) Buyers shall (x) pay the Purchase Price Balance to Sellers by wire transfer of immediately available federal funds pursuant to the Sellers’ Wire Instructions and (y) direct Escrow Agent to release the Deposit to Sellers in accordance with clause (ii) of Section 2(c);
(ii) Owner Buyer shall execute and deliver to Owner Seller an original counterpart of the Owner Assignment and Assumption Agreement;

(iii) Manager Buyer shall execute and deliver to Manager Seller an original counterpart of the Manager Assignment and Assumption Agreement;

(iv) Each Buyer shall execute and/or deliver such instruments and documents which are required by Lender in connection with the transactions contemplated by this Agreement and the granting of the Lender Consent;

(v) Owner Buyer shall execute and/or deliver all applicable sales tax, real property transfer tax forms and returns, transfer declaration, ownership information or other similar disclosure forms or required by the laws of any state in which any Project is located or any other governmental authority;

(vi) Buyers shall execute and deliver to Sellers a closing certificate in the form attached hereto as Exhibit D;

(vii) Buyers shall cause New Guarantor to execute and deliver the Cross-Indemnity; and

(viii) Each Buyer shall execute and/or deliver such other instruments and documents which by the terms of this Agreement are to be delivered by such Buyer as of the Closing Date or which may reasonably be required to close the Transactions in accordance with this Agreement.

Section 4. Closing Prorations and Adjustments.

(a) General. All normal and customarily proratable items, including, without limitation, cash reserves of the Companies and the Subsidiaries, collected rents, management fees, real and personal property taxes and other operating costs and expenses, shall be prorated as of 11:59 p.m. (New York time) on the day immediately prior to the Closing Date in accordance with the proration schedule agreed upon by Sellers and Buyers on or prior to the Closing Date, the parties agreeing that the Companies immediately prior to the transfers of the Transferred Interests pursuant to this Agreement (i.e., with Sellers still holding their 60% interests in the respective Companies) (the “Pre-Closing Entities”) shall be entitled to or responsible for, as applicable, all such items attributable to the period up to the Closing Date (and credited for any amounts paid by the Pre-Closing Entities with respect to any period on or after the Closing Date) and the Companies immediately after the transfers of the Transferred Interests pursuant to this Agreement (i.e., with Buyers holding 100% of the interests in the respective Companies) (the “Post-Closing Entities”) shall be entitled or responsible for, as applicable, all such items attributable to the period on and after the Closing Date. If the net result of all the prorations pursuant to this Section 4 is a “credit” in favor of the Pre-Closing Entities, the Purchase Price shall be increased by sixty percent (60%) of such credit; if such net result is a “credit” in favor of the Post-Closing Entities, the Purchase Price shall be decreased by sixty percent (60%) of such credit. The items to be so prorated shall include the following (such items to be prorated as set forth below):
(i) **Cash Reserves.** The amount of the cash reserves of the Companies and the Subsidiaries as of the Closing Date (including the amount of all escrows and reserves held by Lender) shall belong to the Pre-Closing Entities.

(ii) **Rents.** All collected rent (whether fixed monthly rentals, additional rentals, escalation rentals, retroactive rentals, operating cost pass-throughs or other sums and charges payable by residents or commercial tenants under leases, subleases or other occupancy agreements) and other collected income and revenues from any portion of the Projects shall be prorated as of 11:59 p.m. (New York) on the day immediately prior to the Closing Date on the basis of the actual number of days of the month (or year, as applicable) which shall have elapsed as of the Closing Date. All collected rent, income and revenues attributable to dates from and after the Closing Date shall belong to the Post-Closing Entities. All collected rent, income and revenues attributable to dates prior to the Closing Date shall belong to the Pre-Closing Entities. No adjustments shall be made for rents which have accrued but are unpaid as of the Closing Date (“Uncollected Rents”), but (x) (i) Buyers shall cause the Subsidiaries to collect Uncollected Rents in the ordinary course of business (which shall not include an obligation to expend any money, engage a collection agency or commence legal action) and (ii) Seller shall have no right to collect Uncollected Rents and (y) the Companies shall pay to Sellers sixty percent (60%) of such Uncollected Rents (to the extent attributable to periods prior to the Closing Date and net of reasonable costs of collection) as and when collected by the Companies, provided that the Companies’ collection of rents shall be applied in the following order of priority: (i) first, in payment of rent for any month which commenced after the Closing Date, but only to the extent payments of rents for such month are then currently due, (ii) second, in payment of rent for the month in which the Closing Date occurs, with such amounts being prorated between the Pre-Closing Entities and the Post-Closing Entities based upon the number of days elapsed in such month prior to the Closing Date and (iii) third in payment of rents for months preceding the month in which the Closing Date occurs.

(iii) **Real Estate Taxes.** Any real estate ad valorem or similar taxes for the Projects, or any installment of assessments payable in installments which installment is payable in the calendar year of in which the Closing Date occurs, shall be prorated to the Closing Date, based upon actual days involved. The proration of real property taxes or installments of assessments shall be based upon the assessed valuation and tax rate figures for the year in which the Closing Date occurs to the extent the same are available; provided, however, that, in the event that actual figures (whether for the assessed value of the Projects or for the tax rate) for the calendar year in which the Closing Date occurs are not available as of the Closing Date, the proration shall be made using figures from the preceding year or based on a prior installment payment for such calendar year. If there are any disputes, contests or appeals with respect to the real estate taxes for the Projects for the period prior to or including the Closing Date, from and after the Closing Date such proceedings shall be directed solely by Buyers. Buyers shall pay to Sellers sixty percent (60%) of any refunds or awards attributable to the period prior to 11:59 p.m. (New York) on the day immediately prior to the Closing Date (net of the reasonable, out-of-pocket costs of collection, which shall be apportioned in the same percentages as the refunds or awards).
(iv)  *Debt Service.* Debt service payable with respect to the month in which the Closing Date occurs shall be prorated as of 11:59 p.m. (New York) on the day immediately prior to the Closing Date on the basis of the actual number of days of the month which shall have elapsed as of the Closing Date.

(v)  *Sub-Management Fees.* The monthly management fees and the annual incentive fees payable pursuant to the Sub-Management Agreements shall be prorated as of 11:59 p.m. (New York) on the day immediately prior to the Closing Date on the basis of the actual number of days of the month or the year, respectively, which shall have elapsed as of the Closing Date. For the purposes of calculating the adjustments to the Purchase Price as of the Closing Date, Sellers and Buyers shall estimate, in good faith, the amount of such fees for the month and the year in which the Closing Date occurs (which estimate shall be subject to a true-up as set forth in Section 4(b)).

(vi)  *Operating Expenses.* All other costs and expenses incurred in connection with the ownership and operation of the Projects and the Subsidiaries and the operation of the Companies shall be prorated on an accrual basis. The Pre-Closing Entities shall be responsible for all such costs and expenses accruing prior to the Closing Date, and the Post-Closing Entities shall be responsible for all such costs and expenses accruing from and after the Closing Date.

(b)  *Post-Closing Adjustments.* To the extent applicable, Sellers and Buyers, acting in good faith, shall reconcile with each other within ninety (90) days following the Closing Date or, with respect to the management fees payable pursuant to the Sub-Management Agreement or tax disputes, contests or appeal, within ten (10) business days following the date on which the amounts of such fees shall have been finally determined pursuant to the terms of the Sub-Management Agreements or the date the applicable tax disputed, contested or appeals is finally resolved without any further possibility of appeal, the amounts prorated and adjusted in this Section 4 using any new or updated information, including the reconciliation of estimated amounts with actual amounts, the correction of any errors and the inclusion of any items which should have been included as of the Closing Date. In the event the parties have not agreed with respect to the adjustments required to be made pursuant to this Section 4(b) within thirty (30) days following expiration of such 90-day period (whether calculated from the Closing Date or, with respect to the management fees or tax disputes, contests or appeals, from final determination thereof), upon application by any such party, a certified public accountant reasonably acceptable to the parties shall determine any such adjustments which have not theretofore been agreed to between such parties and such accountant’s ultimate determination with respect to any such dispute shall be final and binding on the parties. The charges of such accountant shall be borne by the party that does not prevail in such dispute. All adjustments to be made as a result of the final adjustments (whether based on the mutual agreement of the parties or based on the determination of a certified public accountant) shall be paid to the party entitled to such adjustment within thirty (30) days after the final determination thereof. Notwithstanding anything to the contrary contained in this Agreement, (i) in the event that, following the Closing Date, any of the Owner JV Subsidiaries shall receive a refund of real estate taxes or are assessed for an increase of real estate taxes which relates to any period of time all or partly prior to the Closing Date (whether such refund or increase is made by
direct payment or in the form of a credit against or increase to future real estate tax obligations), such refund (net of the reasonable, out-of-pocket costs of obtaining such refund, which shall be apportioned in the same percentages as the refund itself) or increased charges shall be apportioned between the Pre-Closing Entities and the Post-Closing Entities in proportion to the amount of time that each owned the indirect interests in the Projects during the tax period to which the refund relates, and (ii) subject to the requirements of the preceding clause (i), neither party shall have any obligation to re-adjust any items after the expiration of the periods set forth in this Section 4(b).

Section 5. Representations and Warranties; Covenants.

(a) Representations and Warranties of Sellers. Sellers hereby make, jointly and severally, the following representations and warranties to each Buyer, subject to the qualifications and exceptions set forth below:

(i) Organization and Authority. Each Seller is a limited liability company, has been duly organized and is validly existing under the laws of Delaware. Each Seller has the full right, power and authority to enter into this Agreement and to transfer such Seller’s Transferred Interest to the applicable Buyer pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein by such Seller, and all such actions have been duly and validly authorized by such Seller. The person signing this Agreement, and all other agreements, documents and instruments required to be signed by either Seller pursuant to the terms of this Agreement, on behalf of the applicable Seller is authorized to do so, and this Agreement, and such other agreements, documents and instruments, shall constitute the legal, valid and binding obligations of such Seller and are enforceable against such Seller in accordance with their terms, except as such enforceability may be affected by applicable bankruptcy, insolvency or other similar laws affecting creditors’ rights generally.

(ii) No Breach. The execution, delivery and performance of this Agreement by each Seller and the consummation of the transaction contemplated herein will not: (a) conflict with or result in a breach of any terms, conditions or provisions of the organizational documents governing either Seller; (b) result in a breach or acceleration of or constitute a default or event of termination (with or without the giving of notice, the passage of time or otherwise) under the provisions of any agreement or instrument by which either Seller is bound, which would have a material adverse effect on either Seller or its ability to consummate the Transactions; (c) require the consent or approval of any third party, including any governmental authority (other than any such consents or approvals that have been obtained, including the Lender Consent); (d) result in the creation or imposition of any lien or encumbrance on either Seller’s Transferred Interest; or (e) result in a violation or breach, in any material respect, of any legal requirement applicable to either Seller or by which either Seller or the property of either Seller is bound.

(iii) No Bankruptcy. Neither Seller has made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by its creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of its assets, admitted in writing its inability to pay its
debt as they generally come due or made an offer of settlement, extension or composition to its creditors generally.

(iv) Legal Proceedings affecting Sellers or Transferred Interests. No pending or, to either Seller’s actual knowledge and the knowledge that Sellers would have reasonably obtained after making due and appropriate inquiry, threatened litigation exists which, if adversely determined (a) would or would reasonably be expected to restrain the consummation of the Transactions or otherwise have a material adverse effect on either Seller’s ability to consummate the Transactions, (b) would or would reasonably be expected to declare illegal, invalid or non-binding any of either Seller’s obligations or covenants to Buyers hereunder, or (c) would or would reasonably be expected to materially adversely affect either Seller’s Transferred Interest.

(v) Owner Seller’s Interest. Each Seller is the legal and beneficial owner of its Transferred Interest, free and clear of any and all liens, claims and encumbrances. Neither Seller has transferred, assigned, sold, hypothecated, pledged or encumbered all or any portion of its Transferred Interest.

(vi) Material Contracts. Each Material Contract is legally valid, binding and enforceable on the Company or the Subsidiary that is a party thereto and, to Sellers’ actual knowledge and the knowledge that Sellers would have reasonably obtained after making due and appropriate inquiry, each other party thereto and is in full force and effect. Each Company and each Subsidiary has performed all obligations required to be performed by it under each Material Contract to which it is a party and, to Sellers’ actual knowledge and the knowledge that Sellers would have reasonably obtained after making due and appropriate inquiry, each other party thereto has performed all obligations required to be performed by it under such Material Contract. There is no actual or claimed breach or violation of, or default under, any Material Contract by either Company or any Subsidiary, or, to Sellers’ actual knowledge and the knowledge that Sellers would have reasonably obtained after making due and appropriate inquiry, any other party thereto. As used in this Agreement, “Material Contract” means: (i) any of the Loan Documents, (ii) any contract to which either Company or any Subsidiary is a party that involves aggregate annual expenditures by either Company or any Subsidiary in excess of $500,000 and is not cancelable within 180 days without material penalty to such Company or Subsidiary; or (iii) any contract upon which the business of the Companies and the Subsidiaries, taken as a whole, is substantially dependent.

(vii) Insurance. The Companies and the Subsidiaries have (i) obtained or caused the Sub-Manager to obtain all insurance policies, fidelity bonds or other insurance contracts customary and appropriate for the operation of their business, including those required to be obtained and maintained pursuant to the Loan Documents or the Sub-Management Agreements by the Sub-Manager on behalf of any Subsidiary (the “Insurance Policies”), (ii) paid or caused the Sub-Manager to pay all premiums due and payable under the Insurance Policies and (iii) complied or caused the Sub-Manager to comply in all material respects with the terms and conditions of all the Insurance Policies. There are no claims for
coverage by either Company or any Subsidiary pending under any of the Insurance Policies having been denied or disputed by the issuer. The Insurance Policies are valid and enforceable in accordance with their terms and are in full force and effect. No written notice of cancellation or termination has been received by either Company or any Subsidiary with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation.

(viii) Employees. Neither Company nor any Subsidiary has any employees.

(ix) Real Property. Other than the Projects, neither Company owns, directly or indirectly, any interest in any other real property.

(x) Condemnation. There are no pending or threatened condemnation or eminent domain proceedings with respect to any Project.

(xi) Casualty. No Project has been damaged or destroyed by fire or other casualty event since the Investment Date that is not fully repaired, or, if not fully repaired, that is not fully covered by insurance (subject to any applicable deductible).

(xii) Hazardous Materials. Neither Company, any Subsidiary, nor Sub-Manager has used, treated, stored, released, discharged or disposed of Hazardous Substances on or from any Project at any time other than in accordance with all applicable federal, state or local environmental laws, there has been no failure of any Project’s operations since the Investment Date to have complied in any material respect with any reporting requirements under any applicable federal, state or local environmental laws, and, except as disclosed in any environmental report obtained by Sellers, Buyers, either Company or any Subsidiary in connection with the purchase of the Projects, no Hazardous Substances have been present, released, discharged, spilled or disposed of on any Project and there have been no claims, actions, suits, proceedings or investigations related to the presence, release, discharge, spillage or disposal of any Hazardous Substance or contamination of soil or water by any Hazardous Substance, pending or threatened, with respect to any Project in any court or before any state, federal or other governmental agency or private arbitration tribunal. As used herein, “Hazardous Substance” means any hazardous or toxic substance or waste, as those terms are defined by any applicable federal, state or local law or regulation, including, without limitation, the Comprehensive Environmental Recovery Compensation and Liability Act, 42 U.S.C. 9601 et seq. and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., and petroleum, petroleum products and oil.

(xiii) Legal Proceedings and Non-Compliance affecting any Project. Except as set forth on Schedule 5(a)(xiii), there is no outstanding (x) actual or threatened action, suit or proceeding against or affecting any Project relating to or arising out of the ownership, management or operation of any Project since the Investment Date in any court that is not fully covered by insurance (subject to any applicable deductible), or (y) violations of law, violations of municipal or county ordinances, or violation of other legal requirements (or any proceedings before any federal, state or municipal department, board, bureau or
agency or other governmental instrumentality with respect thereto) with respect to the use, occupancy or construction of any Project since the Investment Date.

(xiv) **Liens.** There is no new Lien affecting any Project since the Investment Date other than any non-monetary Liens in the ordinary course of business that do not, individually or in the aggregate, materially adversely affect the use, access to or value of any Project. As used in this Agreement, “**Lien**” means, with respect to any Project, any conditional sale agreement, covenant, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, right of way, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to such Project.

(xv) **Leases.** The rent roll (the “**Rent Roll**”), dated as of February 4, 2016 (the “**Rent Roll Date**”), copy of which has been delivered to Buyers prior to the Effective Date, is a true, correct and complete list, of (x) all of the occupancy agreements affecting the Projects as of the Rent Roll Date, all of which were in full force and effect as of such date (the “**Leases**”), (y) the names of all of the tenants under the Leases and (z) the rental and any other monetary obligations of the tenants under the Leases; and, except as set forth on the Rent Roll, in the Leases or the delinquency report dated as of February 5, 2016 (a copy of which has been delivered to Buyers prior to the Effective Date): (i) there are no options to expand, rights of first refusal, or options to terminate or renew, or any rent concessions given to any of the tenants; (ii) all rental and other payments due under the Leases as of such date have been paid in full; (iii) there were no outstanding defaults under the Leases as of such date by either Company or any Subsidiary or, to Sellers’ actual knowledge and the knowledge that Sellers would have reasonably obtained after making due and appropriate inquiry, any other party thereto; (iv) no tenant under any Lease was withholding, as of the Rent Roll Date, any payment under its Lease for any reason; and (v) as of the Rent Roll Date, no rents or other payments had been collected more than one month in advance and no rents or other deposits were held by either Company, any Subsidiary or the Sub-Manager, except security deposits described on the Rent Roll or prepaid rent for the current month.

(xvi) **Taxes.** Each Seller has filed, or will file prior to the due date therefor, all federal, state and local tax returns required to be filed by it with respect its Transferred Interests relating to the period prior to the Closing Date and has paid, or will pay prior to the due date therefor, all taxes due and payable with respect to its Transferred Interests relating to the period prior to the Closing Date.

(xvii) **Licenses.** Except as set forth on Schedule 5(a)(xvii), all licenses required for the operation of the Projects by applicable state and/or local governmental authorities are in full force and effect in the name of the applicable Subsidiary owner of each Project (or in the name of the Sub-Manager if required or permitted by the applicable state and/or local governmental authorities) and there is no pending violation of any such license.
(xviii) No Physical Defects. Since the Investment Date, other than normal maintenance and repair items and capital improvement projects that have been disclosed to Buyers prior to the Effective Date and subject to wear and tear, no material defects in the improvements located on the Projects have been discovered or have arisen (material meaning any item, the cost of repair of which exceeds $50,000.00).

(b) Representations and Warranties of Buyers. Buyers hereby make, jointly and severally, the following representations and warranties to each Seller, subject to the qualifications and exceptions set forth below:

(i) Organization and Authority. Each Buyer is a limited liability company, has been duly organized and is validly existing under the laws of Delaware. Each Buyer has the full right, power and authority to enter into this Agreement and to acquire the applicable Transferred Interest from the applicable Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein by such Buyer, and all such actions have been duly and validly authorized by such Buyer. The person signing this Agreement, and all other agreements, documents and instruments required to be signed by either Buyer pursuant to the terms of this Agreement, on behalf of the applicable Buyer is authorized to do so, and this Agreement, and such other agreements, documents and instruments, shall constitute the legal, valid and binding obligations of such Buyer and are enforceable against such Buyer in accordance with their terms, except as such enforceability may be affected by applicable bankruptcy, insolvency or other similar laws affecting creditors’ rights generally.

(ii) No Breach. The execution, delivery and performance of this Agreement by each Buyer and the consummation of the transaction contemplated herein will not: (a) conflict with or result in a breach of any terms, conditions or provisions of the organizational documents governing either Buyer; (b) result in a breach or acceleration of or constitute a default or event of termination (with or without the giving of notice, the passage of time or otherwise) under the provisions of any agreement or instrument by which either Buyer is bound, which would have a material adverse effect on either Buyer or its ability to consummate the Transactions; (c) require the consent or approval of any third party, including any governmental authority (other than any such consents or approvals that have been obtained, including the Lender Consent); or (d) result in a violation or breach, in any material respect, of any legal requirement applicable to either Buyer or by which either Buyer or the property of either Buyer is bound.

(iii) No Bankruptcy. Neither Buyer has made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by its creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of its assets, admitted in writing its inability to pay its debts as they generally come due or made an offer of settlement, extension or composition to its creditors generally.

(iv) Prohibited Person. Neither Buyer is (a) a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order No. 13224
on Terrorist Financing (effective September 24, 2001) (the “Executive Order”); (b) a person or entity owned or controlled by, or acting for or on behalf of any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (c) a person or entity that is named as a “specially designated national” or “blocked person” on the most current list published by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) at its official website, http://www.treas.gov/offices/enforcement/ofac; (d) a person or entity that is otherwise the target of any economic sanctions program currently administered by OFAC; or (e) a person or entity that is affiliated with any person or entity identified in clause (a), (b), (c) and/or (d) above (any of the foregoing, a “Prohibited Person”). To each Buyer’s actual knowledge, the funds transferred by Buyers to Sellers pursuant to this Agreement are not the property of, or beneficially owned, directly or indirectly, by a Prohibited Person or the proceeds of specified unlawful activity as defined by 18 U.S.C. §1956(c)(7).

(v) Legal Proceedings affecting Buyers. No pending or, to either Buyer’s actual knowledge, threatened litigation exists which, if adversely determined (a) would or would reasonably be expected to restrain the consummation of the Transactions or otherwise have a material adverse effect on either Buyer’s ability to consummate the Transactions, or (ii) would or would reasonably be expected to declare illegal, invalid or non-binding any of either Buyer’s obligations or covenants to Sellers hereunder.

(c) Covenants.

(i) Between the Effective Date and the Closing Date, except as expressly contemplated by this Agreement, Sellers shall (1) direct the Manager to cause the Sub-Manager to comply with and perform its obligations under each Management Agreement in all material respects, and (2) not grant any material approvals or waivers under any Management Agreement or any Sub-Management Agreement without Buyers’ prior consent (which consent shall not be unreasonably withheld, delayed or conditioned).

(ii) Between the Effective Date and the Closing Date, each Seller and each Buyer shall execute and/or deliver such other instruments and documents, and take such other actions, which may reasonably be required to convert the Owner JV and the Manager JV to Delaware limited liability companies on the Closing Date (but immediately prior to the Closing).

(iii) After the Closing Date, neither Buyer shall, or shall permit any of their respective affiliates (including the Companies, the Subsidiaries and New Guarantor) to, make any claim that any representations and warranties of NorthStar Realty Finance Limited Partnership (as “Original Guarantor”) in any Assumption and Release Agreement (Guarantor Transfer) (collectively, the “Assumption and Release Agreements”) to be executed and delivered in connection with the Lender Consent is not true and correct.
Section 6. Conditions to Closing: Termination.

(a) Conditions to Sellers’ Obligations. The obligations of Sellers to consummate the Closing are subject to the satisfaction (or waiver by each Seller in writing) of the following conditions as of the Closing Date:

(i) Representations and Warranties. Each of the representations and warranties of Buyers contained in this Agreement shall be true in all material respects as of the Closing Date.

(ii) Covenants and Agreements. Buyers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or on the Closing Date, including delivery of the documents listed in Section 3(b).

(b) Conditions to Buyers’ Obligations. The obligations of Buyers to consummate the Closing are subject to the satisfaction (or waiver by each Buyer in writing) of the following conditions as of the Closing Date:

(i) Representations and Warranties. Each of the representations and warranties of Sellers contained in this Agreement shall be true in all respects as of the Closing Date, (x) except where the failure of any such representations and warranties of Sellers to be true and correct would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect (as defined below), provided that for purposes of this sentence only, those representations and warranties that are qualified by references to “material” shall be deemed not to include such qualifications and (y) except, in the case of the representations and warranties in Section 5(a)(xv), where the failure of any of such representations and warranties to be true and correct as of the Closing Date is due to changes in facts and circumstances between the Rent Roll Date and the Closing Date arising in the ordinary course of business and consistent with past practice of operations of the Projects since the Investment Date. For the purposes of this Agreement, the term “Material Adverse Effect” shall mean any result, occurrence, fact, event, change or effect that, individually or in the aggregate with other such results, occurrences, facts, events, changes or effects, has had and/or would have a materially adverse effect on (a) the business, affairs, assets, results of operations or financial condition of the Projects, taken as a whole, or (b) the ability of Sellers to consummate the Transactions.

(ii) Covenants and Agreements. Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or on the Closing Date, including delivery of the documents listed in Section 3(a).

(c) Mutual Conditions. The respective obligations of each of the parties to effect the Transactions shall be subject to the satisfaction of each of the following conditions as of the Closing Date:
(i)  **Lender Consent.** The Lender Consent shall have been obtained.

(ii)  **Legal Prohibition.** No law shall be in effect and no order shall have been entered, in each case, that (a) restrains, enjoins or prohibits the performance of all or any part of this Agreement or the consummation of the transactions contemplated hereby, or (b) declares unlawful this Agreement or the consummation of the transactions contemplated hereby.

(d)  **Termination of this Agreement.** This Agreement may be terminated and the Transactions may be abandoned at any time on or before the Closing, in each of the following instances:

(i)  **Mutual Consent.** At any time prior to the Closing, by mutual written agreement of Sellers and Buyers.

(ii)  **Delay.** By either Sellers or Buyers if the Closing shall not have been consummated by June 30, 2016, provided, however, that (x) Sellers shall not have the right to terminate this Agreement pursuant to this Section 6(d)(ii) if the Closing shall not have been consummated by such date due to the failure of a condition set forth in Section 6(b) to have been satisfied on or before such date and (y) Buyers shall not have the right to terminate this Agreement pursuant to this Section 6(d)(ii) if the Closing shall not have been consummated by such date due to the failure of a condition set forth in Section 6(a) to have been satisfied on or before such date.

(e)  **Consequences of Termination.**

(i)  In the event this Agreement is terminated pursuant to Section 6(d)(i), this Agreement shall immediately terminate, without further action by any of the parties, Escrow Agent shall return the Deposit to Buyers, and neither Sellers nor Buyers shall have any further obligation or liability to the other except with respect to those provisions of this Agreement which expressly survive a termination of this Agreement.

(ii)  In the event Buyers exercise their right to terminate this Agreement pursuant to Section 6(d)(ii), this Agreement shall immediately terminate, without further action by any of the parties, Escrow Agent shall return to return the Deposit to Buyers, and neither Sellers nor Buyers shall have any further obligation or liability to the other except with respect to those provisions of this Agreement which expressly survive a termination of this Agreement.

(iii)  In the event Sellers exercise their right to terminate this Agreement pursuant to Section 6(d)(ii), this Agreement shall immediately terminate, without further action by any of the parties, Escrow Agent shall return the Deposit to Buyers, and neither Sellers nor Buyers shall have any further obligation or liability to the other except with respect to those provisions of this Agreement which expressly survive a termination of this Agreement.
(iv) If, prior to the Closing, either party terminates this Agreement in accordance with Section 6(e) or Section 6(f) and makes a written demand upon Escrow Agent for payment of the Deposit in accordance with the terms hereof, Escrow Agent shall give written notice of such demand to the other party. If Escrow Agent does not receive a written objection from the other party to the proposed payment within five (5) business days after the giving of such notice, Escrow Agent shall be authorized to make such payment. If Escrow Agent does receive a written objection within five (5) business days of delivery of such notice by Escrow Agent, Escrow Agent shall continue to hold the Deposit until otherwise directed by written instructions from the parties or a final judgment or arbitrator’s decision. However, Escrow Agent shall have the right at any time to deliver the Deposit and interest thereon, if any, with a court of competent jurisdiction, provided that Escrow Agent shall give written notice of any such delivery to Sellers and Buyers in accordance with the Escrow Agreement.

(v) The terms and provisions of this Section 6(e) are subject to the terms and provisions of Section 6(f) below.

(f) Defaults and Remedies.

(i) **Buyer Default.** If there is a Buyer Default prior to the consummation of the Closing, then, at Sellers’ election and as Sellers’ exclusive remedy, Sellers may terminate this Agreement immediately, pursuant to which Buyers shall forfeit the Deposit to Sellers and Escrow Agent shall deliver the Deposit to Sellers as liquidated damages and as Sellers’ exclusive remedy resulting from such Buyer Default (the parties agreeing that (i) quantifying the amount of Sellers’ losses resulting from a termination due to a Buyer Default would be difficult to quantify, and (ii) such sum is not a penalty, but rather a reasonable measure of Sellers’ damages resulting from a termination due to a Buyer Default). SELLERS ACKNOWLEDGE AND AGREE THAT THIS SECTION 6(f)(i) IS INTENDED TO AND DOES LIMIT THE REMEDIES AVAILABLE TO SELLERS AND SHALL BE SELLERS’ EXCLUSIVE REMEDY AGAINST BUYERS HEREUNDER AND BOTH AT LAW AND IN EQUITY, ARISING FROM OR RELATED TO A BUYER DEFAULT PRIOR TO THE CONSUMMATION OF THE CLOSING. For the purposes of this Agreement, the term “Buyer Default” shall mean the occurrence of either of the following: (A) the conditions to Buyers’ obligations to consummate the Transaction set forth in Section 6 have been satisfied and either Buyer defaults on its obligations under Section 3(b); or (B) either Buyer defaults in any material respect on any of its other performance obligations under this Agreement or has breached any of its representations and warranties under this Agreement and such default or breach is not cured within five (5) days after written notice from Seller.

(ii) **Seller Default.** If there is a Seller Default (as defined below) prior the consummation of the Closing, then, at Buyers’ election and as Buyers’ exclusive remedy, Buyers may either (x) terminate this Agreement, and if Buyers exercise such termination right, Sellers and Buyers shall direct Escrow Agent to return the Deposit to Buyers and reimburse Buyers for all of Buyers’ out-of-pocket costs in connection with this Agreement, and neither Sellers nor Buyers shall have any further obligation or liability to the other except with respect to those provisions of this Agreement which expressly survive a termination of
this Agreement; or (y) subject to the conditions below, seek specific performance of Sellers’ obligation to consummate the Transactions pursuant to and in accordance with this Agreement (but without seeking or collecting any damages); provided, however, that, if specific performance is not an available remedy or Buyers elect to commence such action but, notwithstanding diligent efforts in pursuing such remedy, are unsuccessful (other than due to a judicial determination that there was no Seller Default), then the Deposit will be returned to Buyers and Buyers may sue Sellers for all damages resulting from the Seller Default. Buyers may seek specific performance of Sellers’ obligation to consummate the Transaction only if, as a condition precedent to initiating such litigation for specific performance, (a) neither Buyer shall be in default under this Agreement and (b) Buyers shall file suit therefor with the court on or before the date that is sixty (60) days of the occurrence of the applicable Seller Default. If Buyers fail to file an action for specific performance within such sixty (60)-day period, then Buyers shall be deemed to have elected to terminate this Agreement and receive a return of the Deposit in accordance with clause (x) above. BUYERS ACKNOWLEDGE AND AGREE THAT THIS SECTION 6(f)(ii) IS INTENDED TO AND DOES LIMIT THE REMEDIES AVAILABLE TO BUYERS AND SHALL BE BUYERS’ EXCLUSIVE REMEDY AGAINST SELLERS HEREUNDER AND BOTH AT LAW AND IN EQUITY, ARISING FROM OR RELATED TO A SELLER DEFAULT PRIOR TO THE CONSUMMATION OF THE CLOSING. For the purposes of this Agreement, the term “Seller Default” shall mean the occurrence of either of the following: (A) the conditions to Sellers’ obligations to consummate the Transaction set forth in Section 6 have been satisfied and either Seller defaults on its obligations under Section 3(a); or (B) either Seller defaults in any material respect on any of its other performance obligations under this Agreement or has breached any of its representations and warranties under this Agreement, such default or breach results in the closing conditions set forth in Section 6(b) in not being satisfied as of the Closing Date and such default or breach is not cured within five (5) days after written notice from Buyers.

Section 7. Survival; Indemnification; Other Limitations.

(a) Survival; Other Limitations. The representations and warranties made in Section 5(a) and Section 5(b) shall survive the Closing Date for a period of twelve (12) months (the “Survival Period”). Each such representation and warranty shall automatically be null and void and of no further force and effect after the Survival Period unless, prior to the end of the Survival Period, the applicable Seller or Buyer shall have asserted in writing a claim with respect to the particular representation and warranty against the applicable other party (specifying in reasonable detail the nature of the claim and the factual and legal basis for any such claim and the provisions of this Agreement upon which such claim is made). Notwithstanding anything to the contrary contained in this Agreement, (i) no individual claim shall be permitted hereunder with respect to any breach of any representations and warranties by Sellers under Sections 5(a)(vi)-(xviii) unless the amount of such claim shall exceed Sixty Thousand Dollars ($60,000) (any such claim the amount of which does not exceed such amount, a “De Minimis Claim”), and (ii) if either Buyer has actual knowledge that any of the covenants of either Seller to be performed on or before the Closing Date has not been performed prior to the Closing, and Buyers consummate the Closing, then Buyers shall be deemed to have waived Sellers’ performance of any such covenants, and neither Buyer shall
have any recourse, right of action or claim against either Seller in respect of any such breach of covenant.

(b) Indemnification by Sellers. Subject to the other provisions of this Section 7 (including Section 7(e)), each Seller shall indemnify and hold each Buyer and their respective affiliates, shareholders, members, managers, partners, directors, officers employees and agents (collectively, the “Buyer Indemnified Parties”) harmless from and against any and all Damages (as defined below) suffered by any of the Buyer Indemnified Parties (without duplication) with respect to the Transferred Interests resulting from or arising out of (i) any breach of or inaccuracy in any of the representations made by a Seller under this Agreement or any document delivered to Buyers at the Closing, or (ii) any breach or default by either Seller under any of such Seller’s covenants or agreements under this Agreement, unless Buyers have waived the same as specifically provided herein (it being acknowledged and understood that Sellers shall have no indemnity obligations with respect to any Damages suffered by any of the Buyer Indemnified Parties with respect to the forty percent (40%) interest in the Companies and the Subsidiaries already owned by Buyers).

(c) Indemnification by Buyers. Subject to the other provisions of this Section 7, each Buyer shall indemnify and hold each Seller and their respective affiliates, shareholders, members, managers, partners, directors, officers employees and agents (collectively, the “Seller Indemnified Parties”) harmless from and against any and all Damages suffered by any of the Seller Indemnified Parties (without duplication) resulting from or arising out (i) any breach of or inaccuracy in any of the representations made by such a Buyer under this Agreement or any document delivered to Sellers at the Closing, or (ii) any breach or default by either Buyer under any of such Buyer’s covenants or agreements under this Agreement, unless Sellers have waived the same as specifically provided herein.

(d) Damages Definition. For the purposes of this Agreement, “Damages” shall mean all actions, suits, proceedings, governmental investigations, injunctions, demands, charges, claims, judgments, awards, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, fees and expenses (including court costs and reasonable and documented out-of-pocket attorneys’ and accountants’ fees and expenses); provided, however, that “Damages” shall not include punitive, consequential, special or indirect damages, including without limitation business interruption, loss of future revenue, profits or income, or loss of business reputation or diminution in value, except to the extent that such damages are payable by the party to be indemnified to a third party. In no event shall Sellers’ aggregate liability for Damages pursuant to Section 7(b) exceed $15,750,000.00 (“Sellers’ Maximum Liability”), and no claim may be made by any Buyer Indemnified Party, and neither Seller shall be liable for, (1) any De Minimis Claims or (2) any payments pursuant to Section 7(b) unless and until the aggregate amount of Damages incurred or suffered by Buyer Indemnified Parties (excluding Damages in connection with the De Minimis Claims) exceed $2,625,000.00 (“Sellers’ Floor”), in which event Sellers’ liability respecting any final judgment concurring such claim(s) shall be for any amount thereof in excess of Sellers’ Floor, subject to Sellers’ Maximum Liability. The Sellers’ Floor and Sellers’ Maximum Liability do not apply to Sellers’ liability with respect to prorations and adjustments under Section 4, Sellers’ obligation to pay taxes under Section 5, or Sellers’
indemnity under Section 11. In no event shall Buyers’ aggregate liability for Damages pursuant to Section 7(c) exceed $10,500,000.00 ("Buyers’ Maximum Liability"), and no claim may be made by any Seller Indemnified Party, and neither Buyer shall be liable for, any payments pursuant to Section 7(c) unless and until the aggregate amount of Damages incurred or suffered by Seller Indemnified Parties exceed $1,750,000.00 ("Buyers’ Floor"), in which event Buyers’ liability respecting any final judgment concurring such claim(s) shall be for any amount thereof in excess of Buyers’ Floor, subject to Buyers’ Maximum Liability. The Buyers’ Floor does not apply to Buyer’s liability with respect to prorations and adjustments under Section 4, Buyers’ obligation to pay taxes under Section 5, or Buyers’ indemnity under Section 11.

(e) REIT Savings Clause. Notwithstanding anything in this Agreement to the contrary, in no event shall any amount paid to any Buyer Indemnified Party or any Seller Indemnified Party pursuant to this Agreement in any taxable year exceed the maximum amount that can be paid in such year without causing any Buyer Indemnified Party, or any direct or indirect owner of such Buyer Indemnified Party, or any Seller Indemnified Party, or any direct or indirect owner of such Seller Indemnified Party, in each case which is a Real Estate Investment Trust (a “REIT”), to fail to meet the requirements of Sections 856(c)(2) and (3) of the Code (the “REIT Requirements”) for such year, determined as if the payment of such amount did not constitute income described in Section 856(C)(2)(A)-(I) and Section 856(C)(3)(A)-(I) of the Code (“Qualifying Income”) as determined by independent accountants to the applicable party. If the maximum amount that can be paid for any taxable year under the preceding sentence is less than the amount which the applicable party would otherwise be obligated to pay to the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, pursuant to this Section 7 (the amount of such deficit, the “Deficit Amount”), the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, shall so notify the other party, and the indemnifying party shall (at the sole cost and expense of the party to be indemnified) place the Deficit Amount in escrow and shall not execute any instrumentation permitting a release of any portion thereof to the party to be indemnified, and the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, shall not be entitled to any such amount, unless and until the indemnifying party and the escrow holder receive (all at the sole cost and expense of the party to be indemnified) notice from the other party, together with either (a) an opinion of the other party’s tax counsel to the effect that such amount, if and to the extent paid, would not constitute gross income which is not Qualifying Income, (b) a ruling from the IRS stating that the receipt by the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, of the Deficit Amount would either constitute Qualifying Income or would be excluded from gross income within the meaning of Sections 856(c)(2) and (3) of the Code or (c) a letter from the other party’s independent accountants indicating the maximum amount that can be paid at that time to the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, without causing any Buyer Indemnified Party (or any of its direct or indirect owners which is a REIT) or Seller Indemnified Party (or any of its direct or indirect owners which is a REIT), as applicable, to fail to meet the REIT Requirements for any relevant taxable year, together with either a ruling from the IRS issued to the other party or an opinion of the other party’s tax counsel to the effect that such payment would not be treated as includible in the income of the applicable Buyer Indemnified Party or Seller Indemnified Party, as applicable, for any prior taxable year, in which event the escrow holder shall pay such maximum amount. The obligation of the indemnifying party and the escrow holder to pay any Deficit Amounts shall terminate ten (10) years from the date of this Agreement

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and, upon such date, the escrow holder shall remit any remaining funds in escrow to the indemnifying party and the indemnifying party shall have no obligation to make any further payments to the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, notwithstanding that such Deficit Amounts have not been paid as of such date. For all purposes of this Agreement, (i) the Buyer Indemnified Parties and the Seller Indemnified Parties release the applicable indemnifying party from any claims that may arise from actions taken by such indemnifying party at the request of the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable (or their respective agents) under this Section 7(e), and (ii) the right of the Buyer Indemnified Parties and the Seller Indemnified Parties, as applicable, to receive Deficit Amounts shall be limited to the amounts in escrow and the indemnifying party shall have no obligation to make any further payments to any Buyer Indemnified Party or Seller Indemnified Party, as applicable, with respect to such Deficit Amounts.

Section 8. As-Is

(a) Each Buyer acknowledges that all materials which have been provided to it for its due diligence by either Seller or any person acting on behalf of either Seller, or any person or entity which prepared or provided any such materials, or any direct or indirect officer, director, partner, member, shareholder, employee, agent, representative, accountant, advisor, attorney, principal, affiliate, consultant, contractor, successor or assign of any of the foregoing parties (each Seller and all of the other parties described in the preceding portions of this sentence (other than either Buyer) shall be referred to herein collectively as the “Exculpated Parties”) have, except as otherwise specified in this Agreement or any document delivered by either Seller pursuant to Section 3(a), been provided without any warranty or representation, expressed or implied, as to their content, suitability for any purpose, accuracy, truthfulness or completeness and neither Buyer shall have any recourse against any Exculpated party in the event of any errors therein or omissions therefrom, except with respect to any express representations and warranties set forth in this Agreement or in any document delivered by Sellers at the closing.

(b) Owner Buyer agrees to accept the owner seller’s interest subject to any and all conditions thereof and the condition of the Owner JV, the Owner JV Subsidiaries, the Projects and any other property owned, directly or indirectly, by the Owner JV. Owner Buyer is acquiring the owner seller’s interest based solely on its own independent investigation and inspection of the owner seller’s interest, the Owner JV, the Owner JV Subsidiaries and the Projects and not in reliance on any information provided by owner seller, or any of the other Exculpated Parties, except for the representations and warranties expressly set forth in this Agreement. Owner Buyer
EXPRESSLY DISCLAIMS ANY INTENT TO RELY ON ANY SUCH MATERIALS PROVIDED TO IT BY OWNER SELLER OR ANY OTHER EXCULPATED PARTY IN CONNECTION WITH ITS DUE DILIGENCE (EXCLUDING THE REPRESENTATIONS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT DELIVERED BY SELLERS AT THE CLOSING) AND AGREES THAT IT SHALL RELY SOLELY ON ITS OWN INDEPENDENTLY DEVELOPED OR VERIFIED INFORMATION.

(c) MANAGER BUYER AGREES TO ACCEPT THE MANAGER SELLER’S INTEREST SUBJECT TO ANY AND ALL CONDITIONS THEREOF AND THE CONDITION OF THE MANAGER JV, THE MANAGER AND ANY OTHER PROPERTY OWNED, DIRECTLY OR INDIRECTLY, BY THE MANAGER JV. MANAGER BUYER IS ACQUIRING THE MANAGER SELLER’S INTEREST BASED SOLELY ON ITS OWN INDEPENDENT INVESTIGATION AND INSPECTION OF THE MANAGER SELLER’S INTEREST, THE MANAGER JV AND THE MANAGER AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY MANAGER SELLER, OR ANY OF THE OTHER EXCULPATED PARTIES, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT DELIVERED BY SELLERS AT THE CLOSING. MANAGER BUYER EXPRESSLY DISCLAIMS ANY INTENT TO RELY ON ANY SUCH MATERIALS PROVIDED TO IT BY MANAGER SELLER OR ANY OTHER EXCULPATED PARTY IN CONNECTION WITH ITS DUE DILIGENCE (EXCLUDING THE REPRESENTATIONS EXPRESSLY SET FORTH IN THIS AGREEMENT) AND AGREES THAT IT SHALL RELY SOLELY ON ITS OWN INDEPENDENTLY DEVELOPED OR VERIFIED INFORMATION.


ANYTHING ELSE CONTAINED IN THIS AGREEMENT) SHALL NOT BE DEEMED TO
PROHIBIT BUYERS FROM RAISING ANY DEFENSE OR INTERPLEADING SELLERS IN
ANY LITIGATION IN CONNECTION WITH ANY GOVERNMENT OR THIRD PARTY CLAIM
RELATING TO EVENTS OCCURRING PRIOR TO THE CLOSING IF SUCH CLAIM IS MADE
AGAINST BUYERS WITH RESPECT TO THE TRANSFERRED INTERESTS (AND NOT
AGAINST THE SUBSIDIARIES OR THE COMPANIES).

Section 9. Closing Costs.

(a) Sellers shall be responsible for the payment of the following costs: (i) the
costs and expenses of their legal counsel, advisors and other professionals employed by them in
connection with the Transactions, (ii) seventy-five percent (75%) of all real estate transfer taxes,
sales taxes or similar taxes imposed with respect to the Transactions (collectively, the “Transfer
Taxes”) and of related local counsel fees, costs and expenses (the “Local Counsel Costs”), and
(iii) fifty percent (50%) of (x) any “Transfer Fee” (as defined in the Loan Agreements) charged by
Lender in connection with the Transactions and the Lender Consent and (y) all other fees, costs and
expenses payable to Lender in connection with the Transactions and the Lender Consent, including
any Review Fee (as defined in the Loan Agreements) and Lender’s legal fees, costs and expenses
(the items in clauses (x) and (y), collectively, the “Lender Fees”).

(b) Buyers shall be responsible for the payment of the following costs: (i) the
costs and expenses of their legal counsel, advisors and other professionals employed by them in
connection with the Transactions, (ii) twenty-five percent (25%) of the Transfer Taxes and of the
Local Counsel Costs, and (iii) fifty percent (50%) of the Lender Fees.

(c) The terms and provisions of this Section 9 shall survive any termination of
this Agreement.

Section 10. Notices. All notices or other communications required or permitted
hereunder must be in writing to be effective and shall be personally delivered or sent by registered
or certified mail, return receipt requested, or delivered via overnight mail (via Federal Express
or similar overnight courier) and shall be deemed received upon the earliest of: (a) the date of
delivery, if personally delivered or delivered via overnight mail or (b) three (3) Business Days
(as defined below) after the date of posting by U.S. postal service, if mailed. All such notices
or communications shall be addressed as follows:

If to either Seller: c/o NorthStar Asset Management Group Inc.
Attention: Ann B. Harrington
399 Park Avenue, 18th Floor
New York, NY 10022

cc: Paul, Weiss, Rifkind, Wharton & Garrison
Attention: Harris B. Freidus
1285 Avenue of the Americas
New York, NY 10019
Section 11. Broker.

(a) Each Buyer hereby represents and warrants to each Seller, and each Seller hereby represents and warrants to each Buyer, that there is no broker, finder or agent of any kind with whom such party has dealt in connection with the negotiation and execution of this Agreement.

(b) In the event of any claim by any person or entity claiming through or under either Buyer for a broker’s or finder’s fee or similar commission in connection with the negotiation, execution or consummation of this Agreement, Buyers, jointly and severally, shall indemnify, defend (with counsel reasonably acceptable to each Seller), protect and hold each Seller free and harmless from and against any and all such claims (including reasonable attorneys’ fees and costs, and court costs). Buyers’ obligations under this Section 11(b) shall survive any termination of this Agreement.

(c) In the event of any claim by any person or entity claiming through or under either Seller for a broker’s or finder’s fee or similar commission in connection with the negotiation, execution or consummation of this Agreement, Sellers, jointly and severally, shall indemnify, defend (with counsel reasonably acceptable to each Buyer), protect and hold each Buyer free and harmless from and against any and all such claims (including reasonable attorneys’ fees and costs, and court costs). Sellers’ obligations under this Section 11(c) shall survive any termination of this Agreement.

Section 12. Waiver of Jury Trial. THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT. The terms and provisions of this Section 12 shall survive any termination of this Agreement.

Section 13. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 14. No Third Party Beneficiary. The provisions of this Agreement and of the other agreements, documents and instruments to be executed and delivered pursuant hereto are and will be for the benefit of the parties hereto only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of any such other agreements, documents or instruments.
Section 16. No Personal Liability. Each Buyer acknowledges that this Agreement is entered into by and among each Seller and each Buyer, and each Buyer agrees that none of the Seller Indemnified Parties (other than Sellers) shall have any personal liability under this Agreement or any other agreements, documents or instruments executed in connection with the Transactions. Each Seller acknowledges that this Agreement is entered into by and among each Buyer and each Seller, and each Seller agrees that none of Buyer Indemnified Parties (other than Buyers) shall have any personal liability under this Agreement or any other agreements, documents or instruments executed in connection with the Transactions. The terms and provisions of this Section 16 shall survive any termination of this Agreement.

Section 17. Time of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to this Agreement and any aspect thereof.

Section 18. Time Periods. If any date set forth in this Agreement for the delivery of any document or the happening of any event should, under the terms hereof, fall on a non-Business Day, then such date shall be automatically extended to the next succeeding Business Day. As used herein, “Business Day” means any day other than Saturdays, Sundays, legal holidays and days on which banking institutions are generally authorized or obligated by law to close in the State of New York.

Section 19. Waiver. No delay or omission to exercise any right or power accruing upon any default, omission, or failure of performance hereunder shall impair any right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver, amendment, release, or modification of this Agreement shall be established by conduct, custom, or course of dealing and all waivers must be in writing and signed by the waiving party.

Section 20. Entire Agreement. This Agreement embodies the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and contracts, whether written or oral.

Section 21. Amendments. This Agreement shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by a written contract executed by all of the parties.

Section 22. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 23. Governing Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without giving effect to any principles regarding conflict of laws to the extent such principles would require or permit the
application of the laws of another jurisdiction. Each Seller and each Buyer shall submit to the exclusive jurisdiction of the state courts of the State of New York in New York County and to the jurisdiction of the United States District Court for the Southern District of New York for the purposes of each and every suit, action or other proceeding arising out of or based upon this Agreement or the subject matter hereof brought by the parties, it being expressly understood and agreed that this consent to jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners specified in this Agreement or as otherwise permitted by such law, shall be necessary in order to confer jurisdiction upon a party in any such court. Each Seller and each Buyer shall waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any suit, action or proceeding brought in any such court, any claim that such Seller or Buyer is not subject personally to the jurisdiction of the above-named courts, that such Seller’s or Buyer’s property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and further agrees to waive, to the fullest extent permitted under applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which any party or their successors or permitted assigns are entitled pursuant to the final judgment of any court having jurisdiction. The terms and provisions of this Section 23 shall survive any termination of this Agreement.

Section 24. Construction. Terms, captions, headings and titles of this Agreement are solely for convenience of reference and shall not affect its interpretation. No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; each party, being represented by counsel, having fully participated in the negotiation of this instrument.

Section 25. Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

Section 26. Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

Section 27. Counterparts; Facsimile and Electronic Signatures. This Agreement may be executed in a number of identical counterparts. This Agreement may be executed by facsimile signatures or electronic delivery of signatures which shall be binding on the parties hereto.

Section 28. Survival. Subject to the limitations set forth in Section 7(a) and Section 7(e), the terms and provisions of this Agreement (i) shall survive the Closing Date and the closing of the purchase and sale transaction pursuant to the terms of this Agreement and (ii) shall not be merged into the execution and delivery of the Owner Assignment and Assumption Agreement or the Manager Assignment and Assumption Agreement.

Section 29. Sellers Guarantor.
(a) Seller Guarantor acknowledges and agrees that it is an affiliate of each Seller and that the transactions contemplated by this Agreement will provide substantial and direct benefit to Seller Guarantor. As an inducement to Buyers to enter into this Agreement, Seller Guarantor, for value received, subject to the terms contained herein, does hereby unconditionally, absolutely and irrevocably, guarantee, as principal and not as surety, the due and punctual payment of all monetary obligations hereafter due and payable by either Seller pursuant to Section 7(b) of this Agreement (collectively, the “Seller Guaranty”). This Seller Guaranty is unconditional, absolute and irrevocable irrespective of circumstances which might otherwise constitute a legal or equitable discharge of, or any defense, setoff or counterclaim available to, Seller Guarantor. Seller Guarantor hereby waives diligence, presentment, demand of performance, filing of any claim, any right to require any proceeding first against either Seller, protest, notice and all demands whatsoever in connection with the payment of all monetary obligations hereafter due and payable by either Seller under Section 7(b) of this Agreement. The guarantee under this Section 29 constitutes a guarantee of payment when due and not merely of collection.

(b) For the purpose of inducing Buyers to enter into this Agreement and to consummate the transactions contemplated in this Agreement, Seller Guarantor represents and warrants to Buyers the following:

(i) Seller Guarantor is a limited partnership duly organized, validly existing and in good standing under the laws of Delaware.

(ii) Seller Guarantor, acting through any of its duly empowered and authorized partners, directors or officers, has full power and authority to enter into this Agreement and to perform its obligations hereunder, and no consent of any of Seller Guarantor’s partners, directors or officers that has not heretofore been obtained is required to so empower or authorize Seller Guarantor. The execution, delivery and compliance with or fulfillment of the terms and conditions hereof will not (i) conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any contract to which Seller Guarantor is a party or by which Seller Guarantor is otherwise bound, which conflict, breach or default would have a material adverse effect on Seller Guarantor’s ability to perform its obligations hereunder or (ii) result in a violation or breach, in any material respect, of any legal requirement applicable to Seller Guarantor or by which Seller Guarantor or the property of Seller Guarantor is bound.

(iii) This Agreement is a valid and binding agreement, enforceable against Seller Guarantor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and equitable principles and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(c) This Seller Guaranty shall terminate automatically on the date that is the earlier of (i) the date of expiration of the Survival Period, if no claim has been made by either Buyer or any other Buyer Indemnified Party pursuant to the terms of Section 7 prior to the date of expiration of the Survival Period or (ii) the date that all claims made by either Buyer or any other Buyer
Indemnified Party pursuant to the terms of Section 7 and prior to the expiration of the Survival Period have been paid in full or otherwise resolved.

(d) In the event that Seller Guarantor, after the Closing Date and prior to the termination of this Seller Guaranty pursuant to the terms of Section 28(c), enters into an agreement pursuant to which Seller Guarantor agrees to sell or transfer all or substantially all of its assets, or to consummate any other transaction, and the Net Worth of Seller Guarantor immediately following the consummation of such transaction (excluding the cash proceeds of such sale or transfer or other transaction) is reasonably estimated to be less than Seller’s Maximum Liability, Seller Guarantor shall, prior to or simultaneously with the consummation of such transaction, cause a replacement guarantor with a Net Worth of not less than Seller’s Maximum Liability to assume in writing the obligations of Seller Guarantor under this Seller Guaranty.

(e) As used in this Section 29, “Net Worth” means, as of the date of determination, for Seller Guarantor and, if applicable, any subsidiary or other entity the accounts of which would be consolidated with those of Seller Guarantor in its consolidated financial statements if such statements were prepared as of such date (collectively, the “Consolidated Subsidiaries”), determined on a consolidated basis, an amount equal to the book value of Seller Guarantor’s tangible assets as of such date, plus (i) (x) accumulated depreciation and (y) the Cumulative Straight-line Rent (to the extent reflected as a liability on the balance sheet of Seller Guarantor as of the applicable date of calculation), minus (ii) (x) the liabilities of Seller Guarantor as of such date, and (y) the Cumulative Straight-line Rent (to the extent reflected as an asset on the balance sheet of Seller Guarantor as of the applicable date of calculation), each as determined in accordance with GAAP. As used in this Section 29, “Cumulative Straight-line Rent” means the sum of all non-cash straight-line rent adjustments made by Seller Guarantor or the Consolidated Subsidiaries, whether made before or after the date of calculation, but only to the extent such adjustments remain directly reflected as an asset or as a liability on the balance sheet of Seller Guarantor as of the applicable date of calculation.

Section 30. Legal Representation.

(a) Each Seller has been represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP in connection with this Agreement, which has previously and continues to represent each Buyer in various matters. Each of Owner Seller, Manager Seller, Owner Buyer and Manager Buyer hereby expressly acknowledge the existence of such conflict of interest and waive such conflict of interest. Paul, Weiss, Rifkind, Wharton & Garrison LLP may represent either Seller or either Buyer in connection with any matters related to the Owner JV, the Manager JV, the Owner JV Subsidiaries, the Manager, the Projects and other matters, and each party consents to such representation and waives any conflict such representation may present.

(b) Each Buyer has been represented by Alston & Bird LLP in connection with this Agreement, which has previously and continues to represent each Seller in various matters. Each of Owner Seller, Manager Seller, Owner Buyer and Manager Buyer hereby expressly acknowledge the existence of such conflict of interest and waive such conflict of interest. Alston & Bird LLP may represent either Buyer or either Seller in connection with any matters related to the Owner JV, the Manager JV, the Owner JV Subsidiaries, the Manager, the Projects and other
matters, and each party consents to such representation and waives any conflict such representation may present.

(c) The terms and provisions of this Section 30 shall survive any termination of this Agreement.

[The remainder of this page is intentionally left blank. Signature pages follow.]
IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the Effective Date.

OWNER SELLER:

WINTERFELL HEALTHCARE HOLDINGS-T, LLC

By: /s/ Jonathan A. Langer
Name: Jonathan A. Langer
Title: Chief Executive Officer

MANAGER SELLER:

WINTERFELL HEALTHCARE-T CAM2, LLC

By: /s/ Jonathan A. Langer
Name: Jonathan A. Langer
Title: Chief Executive Officer

OWNER BUYER:

WINTERFELL HEALTHCARE HOLDINGS-NT-HCI, LLC

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel and Secretary
MANAGER BUYER:

WINTERFELL HEALTHCARE NT-HCI CAM2, LLC

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel and Secretary

SELLER GUARANTOR:

NORTHSTAR REALTY FINANCE LIMITED PARTNERSHIP

By: NORTHSTAR REALTY FINANCE CORP., Its general partner

By: /s/ Jonathan A. Langer
Name: Jonathan A. Langer
Title: Chief Executive Officer
CA Project Owners

1. Winterfell Carriage House (CA) Owner, LP
2. Winterfell Auburn Oaks (CA) Owner, LP
3. Winterfell Rock Spring (CA) Owner, LP
4. Winterfell Springs of El Cajon (CA) Owner, LP
5. Winterfell Vineyard Commons (CA) Owner, LP
6. Winterfell Vintage (CA) Owner, LP
7. Winterfell Yosemite Gardens (CA) Owner, LP
Schedule 2

Other Project Owners

1. Winterfell Madison (AZ) Owner, LLC
2. Winterfell Atrium of Grand Valley (CO) Owner, LLC
3. Winterfell Mesa View (CO) Owner, LLC
4. Winterfell Gables (CT) Owner, LLC
5. Winterfell Windham Falls (CT) Owner, LLC
6. Winterfell Essington Place (IL) Owner, LLC
7. Winterfell Tamarack (IL) Owner, LLC
8. Winterfell Sunbury Village (ME) Owner, LLC
9. Winterfell Boone (MO) Owner, LLC
10. Winterfell Carlyle (MO) Owner, LLC
11. Winterfell Lakeview (MO) Owner, LLC
12. Winterfell Golden Mesa (NM) Owner, LLC
13. Winterfell Maplewood (NY) Owner, LLC
14. Winterfell Montgomery Park (NY) Owner, LLC
15. Winterfell Cottonwood (TX) Owner, LLC
16. Winterfell Englewood (TX) Owner, LLC
17. Winterfell Harbor (TX) Owner, LLC
18. Winterfell Rio Norte (TX) Owner, LLC
19. Winterfell South Colleyvine Ranch (TX) Owner, LLC
20. Winterfell South Towne Ranch (UT) Owner, LLC
21. Winterfell Charbonneau (WA) Owner, LLC
22. Winterfell Evergreen (WA) Owner, LLC
23. Winterfell Fernwood (WA) Owner, LLC
24. Winterfell Parkway Chateau (WA) Owner, LLC
25. Winterfell Point Defiance Village (WA) Owner, LLC
## Projects

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Address</th>
<th>City</th>
<th>State</th>
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<tbody>
<tr>
<td>1. The Madison</td>
<td>18626 N. Spanish Garden Drive</td>
<td>Sun City West</td>
<td>AZ</td>
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<tr>
<td>2. Carriage House Estates</td>
<td>8200 Westwold Drive</td>
<td>Bakersfield</td>
<td>CA</td>
</tr>
<tr>
<td>3. Rock Spring</td>
<td>20594 Bear Valley Road</td>
<td>Apple Valley</td>
<td>CA</td>
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<td>4. The Oaks Of Auburn</td>
<td>3250 Blue Oaks Drive</td>
<td>Auburn</td>
<td>CA</td>
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<td>5. The Springs Of El Cajon</td>
<td>444 Prescott Avenue</td>
<td>El Cajon</td>
<td>CA</td>
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<td>6. The Vintage</td>
<td>2145 W. Kettleman Lane</td>
<td>Lodi</td>
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<td>7. Vineyard Commons</td>
<td>3585 Round Barn Boulevard</td>
<td>Santa Rosa</td>
<td>CA</td>
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<tr>
<td>8. Yosemite Gardens</td>
<td>2100 Fowler Avenue</td>
<td>Clovis</td>
<td>CA</td>
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<td>9. Mesa View</td>
<td>601 Horizon Place</td>
<td>Grand Junction</td>
<td>CO</td>
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<td>10. Atrium of Grand Valley</td>
<td>3260 N. 12th Street</td>
<td>Grand Junction</td>
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<td>11. The Gables At Guilford</td>
<td>201 Granite Road</td>
<td>Guilford</td>
<td>CT</td>
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<td>12. Windham Falls Estates</td>
<td>425 Drozdyk Drive</td>
<td>Groton</td>
<td>CT</td>
</tr>
<tr>
<td>13. Essington Place</td>
<td>901 Essington Road</td>
<td>Joliet</td>
<td>IL</td>
</tr>
<tr>
<td>14. Tamarack</td>
<td>55 S. Greeley Street</td>
<td>Palatine</td>
<td>IL</td>
</tr>
<tr>
<td>Property Name</td>
<td>Address</td>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------</td>
<td>--------------</td>
<td>-------</td>
</tr>
<tr>
<td>15. Sunbury Village</td>
<td>922 Ohio Street</td>
<td>Bangor</td>
<td>ME</td>
</tr>
<tr>
<td>16. Boone Landing</td>
<td>109 N. Keene Street</td>
<td>Columbia</td>
<td>MO</td>
</tr>
<tr>
<td>17. Lakeview Park</td>
<td>1393 Bowles Avenue</td>
<td>Fenton</td>
<td>MO</td>
</tr>
<tr>
<td>18. The Carlyle</td>
<td>1098 NE Independence Avenue</td>
<td>Lee’s Summit</td>
<td>MO</td>
</tr>
<tr>
<td>19. Golden Mesa</td>
<td>151 N. Roadrunner Parkway</td>
<td>Las Cruces</td>
<td>NM</td>
</tr>
<tr>
<td>20. Maplewood Estates</td>
<td>55 Ayrault Road</td>
<td>Fairport</td>
<td>NY</td>
</tr>
<tr>
<td>21. Montgomery Park</td>
<td>6363 Transit Road</td>
<td>East Amherst</td>
<td>NY</td>
</tr>
<tr>
<td>22. Cottonwood Estates</td>
<td>1940 W. Springcreek Parkway</td>
<td>Plano</td>
<td>TX</td>
</tr>
<tr>
<td>23. Englewood Estates</td>
<td>2603 Jones Road</td>
<td>Austin</td>
<td>TX</td>
</tr>
<tr>
<td>24. Harbor Place</td>
<td>5518 Lipes Blvd</td>
<td>Corpus Christi</td>
<td>TX</td>
</tr>
<tr>
<td>25. Rio Norte</td>
<td>1941 Saul Kleinfeld Drive</td>
<td>El Paso</td>
<td>TX</td>
</tr>
<tr>
<td>26. South Colleyvine Ranch</td>
<td>2300 Pool Rd</td>
<td>Grapevine</td>
<td>TX</td>
</tr>
<tr>
<td>27. South Towne Ranch</td>
<td>310 East 10600 South</td>
<td>Sandy</td>
<td>UT</td>
</tr>
<tr>
<td>28. Charbonneau</td>
<td>8264 W. Grandridge Blvd</td>
<td>Kennewick</td>
<td>WA</td>
</tr>
<tr>
<td>29. Evergreen Place</td>
<td>1414 Monroe Avenue Ne</td>
<td>Renton</td>
<td>WA</td>
</tr>
<tr>
<td></td>
<td>Property Name</td>
<td>Address</td>
<td>City</td>
</tr>
<tr>
<td>---</td>
<td>---------------------</td>
<td>------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>30.</td>
<td>Fernwood At The Park</td>
<td>17623 First Avenue S</td>
<td>Normandy Park</td>
</tr>
<tr>
<td>31.</td>
<td>Parkway Chateau</td>
<td>2818 Old Fairhaven Parkway</td>
<td>Bellingham</td>
</tr>
<tr>
<td>32.</td>
<td>Point Defiance Village</td>
<td>6414 N Park Way</td>
<td>Tacoma</td>
</tr>
</tbody>
</table>
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 2, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)

000-55190
(Commission File Number)

27-3663988
(I.R.S. Employer Identification No.)

399 Park Avenue, 18th Floor, New York, NY
(Address of principal executive offices)

10022
(Zip Code)

(212) 547-2600
(Registrant’s telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Election of Director

On March 2, 2016, the board of directors (the “Board”) of NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”) elected Robert C. Gatenio to serve as Vice Chairman and a member of the Board.

Mr. Gatenio, age 38, has been a Managing Director and Co-Head of Investments for NorthStar Asset Management Group Inc., our sponsor, since June 2014. Mr. Gatenio has also served as a Managing Director of NorthStar Realty Finance Corp. (“NorthStar Realty”), our prior sponsor, since 2010 and in various other positions at NorthStar Realty since joining in 2006. Mr. Gatenio, who has overseen acquisitions of healthcare investments for our sponsor since 2013, has had a lead role in building the healthcare platform across our sponsor’s managed companies, which currently includes a diversified portfolio of equity and debt healthcare real estate investments in excess of $9 billion. Prior to joining NorthStar Realty in 2006, Mr. Gatenio was with Goldman Sachs in its commercial mortgage origination and distribution group and, prior to that position, was with Goldman Sachs Asset Management on its Fixed Income Portfolio Management Team. Mr. Gatenio holds a Bachelor of Science in Finance from Syracuse University and a Master of Business Administration from Fordham University Business School.
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: March 8, 2016

By: /s/ Ronald J. Lieberman

Ronald J. Lieberman
Executive Vice President, General Counsel and Secretary
Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 7, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)

000-55190
(Commission File Number)

27-3663988
(I.R.S. Employer Identification No.)

399 Park Avenue, 18th Floor, New York, NY
(Address of principal executive offices)

10022
(Zip Code)

(212) 547-2600
(Registrant’s telephone number, including area code)

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
**8.01. Other Events**

**Determination of Estimated Value Per Share**

**Overview**

On April 7, 2016, upon the recommendation of the audit committee (the “Audit Committee”) of the board of directors (the “Board”) of NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”), the Board, including all of its independent directors, approved and established an estimated value per share of NorthStar Healthcare’s common stock of $8.63. The estimated value per share is based upon the estimated value of NorthStar Healthcare’s assets less the estimated value of NorthStar Healthcare’s liabilities as of December 31, 2015, divided by the number of shares of NorthStar Healthcare’s common stock outstanding as of December 31, 2015. The information used to generate the estimated value per share, including market information, investment- and property-level data and other information provided by third parties, was the most recent information practically available as of December 31, 2015.

The estimated value per share does not include the potential impact of investments made subsequent to December 31, 2015 of approximately $156.7 million of equity in $534.5 million of healthcare assets, and also excludes any market portfolio premiums that may be assigned by investors for investments in the types of healthcare real estate portfolios owned by NorthStar Healthcare. The estimated value per share of NorthStar Healthcare’s common stock also does not include any premium or benefit for the enterprise value that may be attributable to NorthStar Healthcare due to the size and diversity of its investment portfolio, including its exposure, either directly or through joint ventures, to approximately $9.6 billion in healthcare real estate investments as of December 31, 2015. In addition, during 2015, NorthStar Healthcare raised $748.9 million in aggregate net proceeds from its public offerings of common stock which has not been fully invested and, as of December 31, 2015, held approximately $354.2 million in uninvested cash on its balance sheet.

**Process**

The estimated value per share was calculated with the assistance of NorthStar Healthcare’s external advisor, NSAM J-NHSC Ltd (the “Advisor”), and Robert A. Stanger & Co., Inc. (“Stanger”), an experienced third-party independent valuation and consulting firm engaged by NorthStar Healthcare to assist with the valuation of its assets and liabilities. The engagement of Stanger was approved by the Board, including all of its independent directors. Stanger has extensive experience in conducting asset valuations, including appraisals of healthcare properties and debt investments similar to those owned by NorthStar Healthcare. In addition to its engagement by NorthStar Healthcare, Stanger was independently retained by NorthStar Real Estate Income II, Inc. (“Northstar Income II”), which is externally managed by an affiliate of NorthStar Asset Management Group Inc. (“NSAM”), NorthStar Healthcare’s sponsor, to perform valuation and other services for NorthStar Income II as of September 30, 2015. While NorthStar Healthcare and other entities managed or sponsored by affiliates of NSAM have engaged or may engage Stanger in the future for services of various kinds, NorthStar Healthcare believes that there are no material conflicts of interest with respect to its engagement of Stanger.

The Audit Committee recommended and the Board established the estimated value per share based upon the analyses and reports provided by Stanger and the Advisor, including an evaluation of NorthStar Healthcare’s assets and liabilities as of December 31, 2015. In arriving at its recommendation, the Audit Committee relied in part on valuation methodologies that the Advisor and Stanger believe are standard and acceptable in the real estate and non-traded real estate investment trust (“REIT”) industries for the types of assets and liabilities held by NorthStar Healthcare. The process for estimating the value of NorthStar Healthcare’s assets and liabilities was performed in accordance with the provisions of the Investment Program Association Practice Guideline 2013-01, Valuations of Publicly Registered Non-Listed REITs. NorthStar Healthcare believes that the valuation was developed in a manner reasonably designed to ensure its reliability.

On April 7, 2016, Stanger delivered its report related to the valuation of NorthStar Healthcare’s assets and liabilities as of December 31, 2015, including NorthStar Healthcare’s 29 healthcare real estate properties (the “Healthcare Properties”), six healthcare real estate investments held through unconsolidated joint ventures (the “Joint Venture Investments”) and four healthcare-related commercial real estate debt investments (the “Healthcare Debt Investments”), as further described below.

The Board currently expects that NorthStar Healthcare’s next estimated value per share will be based upon its assets and liabilities as of December 31, 2016 and that such value will be included in a report filed with the U.S. Securities and Exchange Commission. NorthStar Healthcare intends to publish estimated values per share annually, although NorthStar Healthcare may determine to publish such revised values more frequently.
Valuation Methodology

Valuation of Healthcare Properties

To estimate the value of the Healthcare Properties, Stanger conducted an appraisal for 13 Healthcare Properties and utilized recently completed third-party appraisals (the “Third-Party Appraisals”) for the remaining 16 Healthcare Properties acquired within 12 months of December 31, 2015, each performed in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. In determining the value of each Healthcare Property, Stanger utilized all information that it deemed relevant, including information from the Advisor and its own data sources, including trends in capitalization rates, leasing rates and other economic factors. In conducting its appraisals of the 13 Healthcare Properties, Stanger utilized a direct capitalization approach by applying a market capitalization rate for each Healthcare Property to the estimated forward-year annual net operating income at each property, which Stanger believes is the most appropriate methodology for valuing healthcare assets similar to those owned by NorthStar Healthcare. In selecting each capitalization rate, Stanger took into account, among other factors, prevailing capitalization rates in the healthcare property sector, the property’s location, age and condition, the property’s operating trends and lease coverage ratios, if applicable, and other unique property factors. As applicable, Stanger adjusted the capitalized value of each Healthcare Property it appraised for any excess land, deferred maintenance, rent abatements and lease-up costs to estimate the “as-is” value of each Healthcare Property. For the 16 recently acquired Healthcare Properties, Stanger reviewed and utilized the Third-Party Appraisals, all of which were completed within 12 months of December 31, 2015. Where applicable, Stanger made certain adjustments to the appraised values in order to account for changes in deferred maintenance and unit sales at the properties since the date of the Third-Party Appraisals based on information provided by the Advisor. As of December 31, 2015, the aggregate estimated value of the Healthcare Properties acquired by NorthStar Healthcare in 2015 was approximately $664.3 million. Stanger then adjusted the “as-is” property values as of December 31, 2015, as appropriate, for NorthStar Healthcare’s allocable ownership interest in the Healthcare Properties to account for the interests of any third-party investment partners, including any priority distributions. Stanger’s appraisal and the Third-Party Appraisals were certified by an appraiser licensed in the state in which the Healthcare Properties were located. The range of capitalization rates underlying the estimated value of the Healthcare Properties was 6.0% to 12.5% and the weighted average capitalization rate was approximately 7.0%.

As of December 31, 2015, the estimated value of the Healthcare Properties was $967.2 million, compared with an aggregate initial purchase price, including subsequent capital expenditures, of $932.6 million (the “Property Purchase Price”).

Valuation of Joint Venture Investments

The healthcare real estate portfolios held through Joint Venture Investments were valued similarly to the process described above in “Valuation of Healthcare Properties.” For Joint Venture Investments acquired more than 12 months prior to December 31, 2015, Stanger estimated the aggregate value of the underlying healthcare properties and added or subtracted, as appropriate, outstanding borrowings, after factoring in any adjustments for above- or below-market in-place financing, as deemed applicable based on information provided on such borrowings, and other balance sheet assets and liabilities to derive an estimated equity value of the Joint Venture Investment. Stanger then applied the terms of the applicable joint venture agreement, including any distribution priorities, to its equity value estimate to establish NorthStar Healthcare’s allocable share of these Joint Venture Investments. For two Joint Venture Investments acquired within 12 months of December 31, 2015, Stanger validated NorthStar Healthcare’s investment basis and determined that such investment basis materially approximated the value of NorthStar Healthcare’s investment as of December 31, 2015. Stanger reviewed projected operating results for these investments and observed the implied capitalization rates supporting NorthStar Healthcare’s investment basis, the level and estimated market value of outstanding borrowings and other balance sheet assets and liabilities as of December 31, 2015, the implied value of certain non-real estate business components of these investments and the terms of the applicable joint venture agreement, including any distribution priorities. For one Joint Venture Investment acquired in May 2015, Stanger reviewed and relied upon a recently completed appraisal of the joint venture’s properties to determine the value of NorthStar Healthcare’s interest in the joint venture as of December 31, 2015. Although the appraisal also included a portfolio premium reflecting that a potential investor may pay more for a portfolio of investments compared to individual properties, this premium was not factored into the estimated value of NorthStar Healthcare’s interest in the joint venture. As of December 31, 2015, the aggregate estimated value of the Joint Venture Investments completed in 2015 was approximately $378.4 million. The range of weighted average capitalization rates underlying the valuation of the Joint Venture Investments was 5.9% to 9.8% and the weighted average capitalization rate across all Joint Venture Investments was approximately 7.3%.

As of December 31, 2015, the estimated value of the Joint Venture Investments was $608.0 million, compared with an aggregate equity contribution, including subsequent capital contributions, of $587.5 million (the “Joint Venture Equity Contribution”).
Valuation of Healthcare Debt Investments

The estimated value of the Healthcare Debt Investments was established by performing a comparable market interest rate analysis for each investment as of December 31, 2015. Stanger evaluated the estimated value for each Healthcare Debt Investment by applying a discounted cash flow (“DCF”) analysis over the projected remaining term of the investment, taking into account prepayment and extension options available to each respective borrower, as appropriate. The cash flow estimates used in the DCF analysis were based on the investment’s contractual agreement and corresponding interest and principal cash flow. The expected cash flow was then discounted at an interest rate that Stanger estimated a current market participant would require for instruments with similar collateral and duration assuming an orderly market environment, taking into account, for example, remaining loan term, loan-to-value ratio, collateral type, debt service coverage, security position and other factors deemed relevant. The range of discount rates used by Stanger to estimate the value of the Healthcare Debt Investments was approximately 5.8% to 10.2% and the weighted average discount rate was approximately 9.1%.

As of December 31, 2015, the estimated value of the Healthcare Debt Investments was $196.4 million, compared with an aggregate outstanding principal amount of $193.4 million (the “Principal Amount”).

Valuation of Healthcare Real Estate Liabilities

Stanger estimated the fair value of NorthStar Healthcare’s long-term liabilities by discounting the stream of expected interest and principal payments for each liability by an interest rate that Stanger estimated a current market participant would require for instruments with similar collateral and duration assuming an orderly market environment, taking into account factors such as remaining loan term, loan-to-value ratio, collateral type, debt service coverage, security position and other factors deemed relevant.

Cash, Other Assets and Other Liabilities

The fair value of NorthStar Healthcare’s cash, other tangible assets and liabilities was estimated by the Advisor to approximate carrying value as of December 31, 2015 and Stanger relied upon and utilized such amounts in its determination of the net asset value per share.

Estimated Net Asset Value Per Share

Based on the above valuations and estimates and subject to the assumptions and limiting conditions contained in its report, Stanger estimated the net asset value per fully diluted common share outstanding of NorthStar Healthcare as of December 31, 2015 to be $8.63 per share.

The table below sets forth the calculation of NorthStar Healthcare’s estimated value per share as of December 31, 2015 ($ in thousands, except per share values):

<table>
<thead>
<tr>
<th>Estimated Value</th>
<th>Estimated Value Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Properties</td>
<td>$967,168</td>
</tr>
<tr>
<td>Joint Venture Investments</td>
<td>$608,010</td>
</tr>
<tr>
<td>Healthcare Debt Investments</td>
<td>$196,407</td>
</tr>
<tr>
<td>Cash and other assets</td>
<td>$381,195</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$(607,607)</td>
</tr>
<tr>
<td>Estimated net asset value as of December 31, 2015</td>
<td>$1,545,172</td>
</tr>
</tbody>
</table>

In the aggregate, the estimated value of NorthStar Healthcare’s Healthcare Properties, Joint Venture Investments and Healthcare Debt Investments of approximately $1.8 billion represents an approximate 3.4% increase in value over the aggregate value of the Property Purchase Price, the Joint Venture Equity Contribution and the Principal Amount.
As previously described, the estimated net asset value per share recommended by the Advisor and the Audit Committee and approved by the Board does not reflect NorthStar Healthcare’s “enterprise value,” which may include a premium or discount for:

- the large size of NorthStar Healthcare’s portfolio, as some buyers may pay more for a portfolio of investments compared to prices for individual investments;
- the characteristics of NorthStar Healthcare’s working capital, leverage, credit facilities and other financial structures where some buyers may ascribe different values based on synergies, cost savings or other attributes;
- disposition and other expenses that would be necessary to realize the value;
- the services being provided by personnel of the Advisor under the advisory agreement and NorthStar Healthcare’s potential ability to secure the services of a management team on a long-term basis; or
- the potential difference in per share value if NorthStar Healthcare were to list its shares of common stock on a national securities exchange.

On April 7, 2016, Stanger delivered its final valuation report to the Audit Committee. The Audit Committee was given an opportunity to confer with the Advisor and Stanger regarding the methodologies and assumptions used therein and determined to recommend to the Board the estimated value per share of NorthStar Healthcare’s common stock.

The Board is ultimately and solely responsible for the establishment of the estimated value per share of NorthStar Healthcare’s common stock. In arriving at its determination of the estimated value per share, the Board considered all information provided in light of its own familiarity with NorthStar Healthcare’s assets and unanimously approved the estimated value recommended by the Audit Committee.

**Sensitivity Analysis**

Changes to the key assumptions used to arrive at the estimated value per share, including the capitalization rates and discount rates used to value the Healthcare Properties, Joint Venture Investments and Healthcare Debt Investments, would have a significant impact on the underlying value of NorthStar Healthcare’s assets. The following table presents the impact on the estimated value per share of NorthStar Healthcare’s common stock resulting from a 5.0% increase and decrease to (1) the capitalization rates used to value the Healthcare Properties and the Joint Venture Investments and (2) the discount rates used to value the Healthcare Debt Investments:

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Net Asset Value Per Share</td>
<td>$7.90</td>
<td>$8.63</td>
<td>$9.42</td>
</tr>
<tr>
<td>Weighted Average Capitalization Rate (Healthcare Properties)</td>
<td>7.3%</td>
<td>7.0%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Weighted Average Capitalization Rate (Joint Venture Investments)</td>
<td>7.6%</td>
<td>7.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Weighted Average Discount Rate (Healthcare Debt Investments)</td>
<td>9.6%</td>
<td>9.1%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

The following table presents the impact on the estimated value per share of NorthStar Healthcare’s common stock resulting from a 5.0% increase and decrease to (1) the capitalization rates used to value the Healthcare Properties and the Joint Venture Investments and (2) the discount rates used to value the Healthcare Debt Investments, with the impact of each asset class within NorthStar Healthcare’s portfolio shown in isolation:

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Properties (Capitalization Rates)</td>
<td>8.38</td>
<td>8.63</td>
<td>8.89</td>
</tr>
<tr>
<td>Healthcare Joint Venture Investments (Capitalization Rates)</td>
<td>8.15</td>
<td>8.63</td>
<td>9.14</td>
</tr>
<tr>
<td>Healthcare Debt Investments (Discount Rates)</td>
<td>8.61</td>
<td>8.63</td>
<td>8.64</td>
</tr>
<tr>
<td>All investments</td>
<td>7.90</td>
<td>8.63</td>
<td>9.42</td>
</tr>
</tbody>
</table>
**Limitations and Risks**

As with any valuation methodology, the methodologies used to determine the estimated value per share are based upon a number of estimates and assumptions that may prove later to be inaccurate or incomplete. Further, different market participants using different assumptions and estimates could derive different estimated values.

Although the Board relied on estimated values of NorthStar Healthcare’s assets and liabilities in establishing the estimated value per share, the estimated value per share may bear no relationship to NorthStar Healthcare’s book or asset value. In addition, the estimated value per share may not represent the price at which the shares of NorthStar Healthcare’s common stock would trade on a national securities exchange, the amount realized in a sale, merger or liquidation of NorthStar Healthcare or the amount a stockholder would realize in a private sale of shares.

The estimated value of NorthStar Healthcare’s assets and liabilities is as of a specific date and such value is expected to fluctuate over time in response to future events, including but not limited to, changes to commercial real estate values, particularly healthcare-related commercial real estate, changes in market interest rates for commercial real estate debt investments, changes in capitalization rates, rental and growth rates, changes in laws or regulations impacting the healthcare industry, demographic changes, returns on competing investments, changes in administrative expenses and other costs, the amount of distributions on NorthStar Healthcare’s common stock, repurchases of NorthStar Healthcare’s common stock, changes in the number of shares of NorthStar Healthcare’s common stock outstanding, the proceeds obtained for any common stock transactions, local and national economic factors and the factors specified in in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. There is no assurance that the methodologies used to establish the estimated value per share would be acceptable to the Financial Industry Regulatory Authority, Inc. or in compliance with Employee Retirement Income Security Act guidelines with respect to their reporting requirements.

**Distribution Reinvestment Plan**

In connection with its determination of the estimated value per share, the Board has determined to amend and restate NorthStar Healthcare’s distribution reinvestment plan (the “DRP”), effective upon the date following ten days’ written notice to participants of the changes to the DRP, to provide that distributions may be reinvested in shares of NorthStar Healthcare’s common stock at a price of $8.63, which is equal to the current estimated value per share, until such time as NorthStar Healthcare establishes a new estimated per share value, at which time the purchase price will adjust to 100% of such estimated value per share.

The foregoing description of the DRP does not purport to be complete and is subject to, and qualified in its entirety by, the DRP that is filed as Exhibit 4.1 to this Current Report on Form 8-K, which DRP is incorporated herein by reference.

**Share Repurchase Plan**

In connection with its determination of the estimated value per share, the Board approved an amended share repurchase program (the “Amended SRP”), effective upon the date following ten days’ written notice to participants of the changes set forth in the Amended SRP. Pursuant to the Amended SRP, unless the shares are being repurchased in connection with a stockholder’s death or qualifying disability, repurchases will be made at a price of $8.63, which is equal to the current estimated value per share, until such time as NorthStar Healthcare establishes a new estimated value per share, at which time the purchase price will adjust to 100% of such estimated value per share. Shares repurchased in connection with a stockholder’s death or qualifying disability will continue to be repurchased at the higher of the price paid for the shares, as adjusted for any stock dividends, combinations, splits, recapitalizations or any similar transaction with respect to the shares of common stock, or NorthStar Healthcare’s estimated value per share, as more fully described in the Amended SRP.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Amended and Restated Distribution Reinvestment Plan</td>
</tr>
</tbody>
</table>
Safe Harbor Statement

This Current Report on Form 8-K contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “will,” “may,” “plans,” “intends,” “expects” or other similar words or expressions. These statements are based on NorthStar Healthcare’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward looking statements; NorthStar Healthcare can give no assurance that its expectations will be attained. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Factors that could cause actual results to differ materially from NorthStar Healthcare’s expectations include, but are not limited to, the actual value of NorthStar Healthcare’s common stock upon a listing, if any, the amount realized by a stockholder in the event of a sale, merger or liquidation of NorthStar Healthcare or a private sale of shares, variations in facts underlying the assumptions used to estimate the valuation of NorthStar Healthcare’s common stock, changes in market interest rates for healthcare real estate debt investments, changes to healthcare real estate values, fluctuations in portfolio premiums and enterprise value and the extent to which these factors may impact NorthStar Healthcare’s estimated net asset value per share in the future, the impact of uninvested cash on NorthStar Healthcare’s estimated net asset value per share, changes in capitalization rates, rental and growth rates, returns on competing investments, changes in administrative expenses and other costs, the amount of distributions on NorthStar Healthcare’s common stock, repurchases of NorthStar Healthcare’s common stock, changes in the number of shares of NorthStar Healthcare’s common stock outstanding and the proceeds obtained for any common stock transactions, changes in the size and diversity of NorthStar Healthcare’s portfolio, the impact of any losses from NorthStar Healthcare’s investments on cash flow and returns, property level cash flow, the availability of investment opportunities and ability to deploy capital, the ability to achieve targeted returns, the impact of actions taken by joint venture partners, changes in economic conditions generally and the real estate and debt markets specifically, availability of capital, changes to generally accepted accounting principles, policies and rules applicable to REITs and the factors specified in in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as in NorthStar Healthcare’s other filings with the SEC. The foregoing list of factors is not exhaustive. All forward-looking statements included in this Current Report on Form 8-K are based upon information available to NorthStar Healthcare on the date of this report and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this report to conform these statements to actual results.
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: April 8, 2016

By: /s/ Ronald J. Lieberman

Ronald J. Lieberman
Executive Vice President, General Counsel and Secretary
<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Amended and Restated Distribution Reinvestment Plan</td>
</tr>
</tbody>
</table>
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT
(Amendment No. 1)

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 24, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation) 000-55190 27-3663988
(Commission File Number) (I.R.S. Employer Identification No.)

399 Park Avenue, 18th Floor, New York, NY, 10022
(Address of principal executive offices, including Zip Code)

(212) 547-2600
(Registrant’s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
On March 1, 2016, NorthStar Healthcare Income, Inc. (the “Company”) completed the acquisition of NorthStar Realty Finance Corp.’s 60% interest in a joint venture (the “Joint Venture”) which owns 32 private pay independent living facilities (the “Winterfell Portfolio”) for a purchase price of $534.5 million, excluding escrows and subject to customary proration and adjustments as set forth in the purchase agreement (the “Acquisition”). The Company originally acquired a 40% interest in the Joint Venture in connection with the acquisition of the Winterfell Portfolio by the Joint Venture on May 19, 2015 from affiliates of Harvest Facility Holdings LP and, following the Acquisition, owns all of the interests in the Winterfell Portfolio.

This Amendment No. 1 to the Current Report on Form 8-K filed on March 1, 2016 is being filed to provide additional financial information in connection with the Acquisition.

**Item 9.01. Financial Statements and Exhibits**

In accordance with Rule 3-14 and Article 11 of Regulation S-X, the Company hereby files the following: (i) financial statement information relating to the Winterfell Portfolio and (ii) pro forma financial information of the Company to give effect to the Company’s acquisition of the Winterfell Portfolio. As the Winterfell Portfolio is directly or indirectly owned or managed by entities that have elected to be treated as real estate investment trusts (as specified under sections 856-860 of the Internal Revenue Code of 1986) for Federal income tax purposes, a presentation of estimated taxable operating results is not applicable.

(a) **Financial Statement of Winterfell Portfolio**

Report of Independent Certified Public Accountants
Combined Statement of Revenues and Certain Operating Expenses for the year ended December 31, 2015
Notes to Combined Statement of Revenues and Certain Operating Expenses

(b) **Unaudited Pro Forma Financial Information**

Unaudited Pro Forma Consolidated Statement of Operations of NorthStar Healthcare Income, Inc. for the year ended December 31, 2015
Notes to Unaudited Pro Forma Consolidated Financial Statement of NorthStar Healthcare Income, Inc.

(d) **Exhibits**

The Exhibit Index appearing immediately after the signature page of this Form 8-K/A is incorporated herein by reference.

<table>
<thead>
<tr>
<th>Exhibit No.</th>
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</tr>
</thead>
<tbody>
<tr>
<td>23.1</td>
<td>Consent of Delap LLP</td>
</tr>
<tr>
<td>99.1</td>
<td>Combined statement of revenues and certain operating expenses of the Winterfell Portfolio for the year ended December 31, 2015</td>
</tr>
<tr>
<td>99.2</td>
<td>Pro forma financial information of NorthStar Healthcare Income, Inc.</td>
</tr>
</tbody>
</table>
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: May 17, 2016

By: /s/ Ann B. Harrington

Ann B. Harrington

General Counsel and Secretary
## EXHIBIT INDEX

<table>
<thead>
<tr>
<th>Exhibit No.</th>
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<tbody>
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</tr>
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<td>Pro forma consolidated financial information of NorthStar Healthcare Income, Inc.</td>
</tr>
</tbody>
</table>
CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333-208377) of NorthStar Healthcare Income, Inc. of our report dated May 17, 2016, with respect to the combined statement of revenues and certain operating expenses of the Winterfell Portfolio for the year ended December 31, 2015 included in this Current Report on Form 8-K/A.

/s/ Delap LLP
Lake Oswego, Oregon
May 17, 2016
# WINTERFELL PORTFOLIO

**INDEX TO THE COMBINED STATEMENT OF REVENUES AND CERTAIN OPERATING EXPENSES**

<table>
<thead>
<tr>
<th>Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Independent Certified Public Accountants</td>
<td>2</td>
</tr>
<tr>
<td>Combined Statement of Revenues and Certain Operating Expenses for the year ended December 31, 2015</td>
<td>3</td>
</tr>
<tr>
<td>Notes to the Combined Statement of Revenues and Certain Operating Expenses for the year ended December 31, 2015</td>
<td>4</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders of
NorthStar Healthcare Income, Inc.

We have audited the accompanying combined statement of revenues and certain operating expenses of the Winterfell Portfolio (the Portfolio) for the year ended December 31, 2015 and the related notes to the financial statement.

Management’s Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the statement of revenues and certain operating expenses in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement of revenues and certain operating expenses that is free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the statement of revenues and certain operating expenses based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and certain operating expenses is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of revenues and certain operating expenses. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statement of revenues and certain operating expenses, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the statement of revenues and certain operating expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of revenues and certain operating expenses.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of revenues and certain operating expenses referred to above presents fairly, in all material respects the revenues and certain operating expenses described in Note 1 of the Portfolio for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the statement of revenues and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the United States Securities and Exchange Commission (for inclusion in this form 8-K/A of NorthStar Healthcare Income, Inc.) and is not intended to be a complete presentation of the Portfolio’s revenues and expenses. Our opinion is not modified with respect to this matter.

/s/ Delap LLP

Lake Oswego, Oregon

May 17, 2016
## WINTERFELL PORTFOLIO

### COMBINED STATEMENT OF REVENUES AND CERTAIN OPERATING EXPENSES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>$111,571</td>
</tr>
<tr>
<td>Other revenue</td>
<td>3,947</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>115,518</td>
</tr>
<tr>
<td><strong>Certain operating expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Property operating expenses</td>
<td>53,588</td>
</tr>
<tr>
<td>Real estate taxes</td>
<td>5,656</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>59,244</td>
</tr>
<tr>
<td><strong>Revenues in excess of certain operating expenses</strong></td>
<td>$56,274</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this combined statement of revenues and certain operating expenses.
WINTERFELL PORTFOLIO

NOTES TO THE COMBINED STATEMENT OF REVENUES AND CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

1. Basis of Presentation

On March 1, 2016, NorthStar Healthcare Income, Inc. (the “Company”) completed the acquisition of NorthStar Realty Finance Corp.’s (“NorthStar Realty”) 60% interest in a joint venture (the “Joint Venture”) which owns 32 private pay independent living facilities (the “Winterfell Portfolio”) for a purchase price of $534.5 million, excluding escrows and subject to customary proration and adjustments as set forth in the purchase agreement (the “Acquisition”). The Company originally acquired a 40% interest in the Joint Venture in connection with the acquisition of the Winterfell Portfolio by the Joint Venture on May 19, 2015 from affiliates of Harvest Facility Holdings LP and, following the Acquisition, owns all of the interests in the Winterfell Portfolio.

The Winterfell Portfolio contains approximately four thousand units located in 12 states, with the largest concentrations in California, Washington and Texas.

In connection with the Acquisition, on March 1, 2016, subsidiaries of the Company (collectively, the “Borrowers”) assumed Northstar Realty’s 60% share of 32 separate, cross-collateralized loans (each, a “Loan”) with an aggregate principal amount of approximately $648 million. Each Loan is through Fannie Mae’s Multifamily DUS Loan Program, has a fixed interest rate of 4.17% and an original term of ten years from the Joint Venture’s date of acquisition. Each Loan is non-recourse, subject to a limited “non-recourse carveout” guaranty originally provided by NorthStar Realty Finance Limited Partnership, NorthStar Realty’s operating partnership, and assumed by NorthStar Healthcare Income Operating Partnership, LP, the Company’s operating partnership, in connection with the Acquisition. The Loans contain standard representations, warranties and covenants for borrowings of this type.

The combined statement of revenues and certain operating expenses (the “Statement”) has been prepared for the purpose of complying with the provision of Article 3-14 of Regulation S-X promulgated by the United States Securities and Exchange Commission (the “SEC”), which requires certain information with respect to real estate operations to be included in certain filings with the SEC. The Statement represents the historical revenues and certain operating expenses of the Winterfell Portfolio, excluding items which may not be directly attributable to the future operations of the Winterfell Portfolio. Material amounts excluded consist of interest expense, depreciation and amortization, property management fees and corporate general and administrative expenses. The Winterfell Portfolio is not a legal entity, but rather a combination of limited liability companies and partnership interests under common control and management; therefore the Statement of the Winterfell Portfolio have been combined in accordance with Rule 3A-02 of Regulation S-X.

2. Summary of Significant Accounting Policies

Revenue Recognition

Rental income from operating real estate is derived from the leasing of space to residential tenants. The initial leases are for a three month period and then tenancies are month-to-month with average tenant occupancy of three years. Other revenue is derived from property related services and is recognized as it is earned.

Use of Estimates

The preparation of the combined financial statement in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) requires management to make estimates and assumptions that could affect the amounts reported in the combined financial statement and accompanying notes. Actual results could materially differ from those estimates and assumptions.

Commitments and Contingencies

In connection with the ownership and operation of the Winterfell Portfolio, the Company may be potentially liable for costs and damages related to environmental matters. The Company has not been notified by any governmental authority of any non-compliance, liability or other claim related to environmental matters regarding the Winterfell Portfolio and the Company is not aware of any other environmental condition that it believes will have a material adverse effect on the Winterfell Portfolio’s revenues and certain operating expenses.

3. Subsequent Events

Management has evaluated the events and transactions that have occurred through May 17, 2016, the date on which the Statement was available to be issued, and noted no items requiring adjustment of the Statement or additional disclosure.
NORTHSTAR HEALTHCARE INCOME, INC. AND SUBSIDIARIES
INDEX TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENT

NorthStar Healthcare Income, Inc. and Subsidiaries Unaudited Pro Forma Consolidated Financial Statement 2
NorthStar Healthcare Income, Inc. and Subsidiaries Unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2015 3
NorthStar Healthcare Income, Inc. and Subsidiaries Notes to Unaudited Pro Forma Consolidated Financial Statement 4
NORTHSTAR HEALTHCARE INCOME, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENT

The following unaudited pro forma consolidated statement of operations for the year ended December 31, 2015 is presented as if NorthStar Healthcare Income, Inc. (the “Company”) completed the acquisition of NorthStar Realty Finance Corp.’s 60% interest in a joint venture (the “Joint Venture”) which owns 32 private pay independent living facilities (the “Winterfell Portfolio”) for a purchase price of $34.5 million, excluding escrows and subject to customary proration and adjustments as set forth in the purchase agreement (the “Acquisition”), on January 1, 2015. The Company acquired the Winterfell Portfolio on March 1, 2016. The Company originally acquired a 40% interest in the Joint Venture in connection with the acquisition of the Winterfell Portfolio by the Joint Venture on May 19, 2015 from affiliates of Harvest Facility Holdings LP and, following the Acquisition, owns all of the interests in the Winterfell Portfolio.

The allocation of the purchase price of the Winterfell Portfolio reflected in this unaudited pro forma consolidated financial statements has been based upon preliminary estimates of the fair value of assets acquired. A final determination of the fair value of the acquired assets will be based on the valuation of the tangible and intangible assets and liabilities of the Winterfell Portfolio that exist as of the date of completion of the Acquisition. Consequently, amounts preliminarily allocated to identifiable tangible and intangible assets and liabilities could change significantly from those used in the pro forma consolidated financial statement presented and could result in a material change in amortization of tangible and intangible assets and liabilities. The fair value allocation is a preliminary estimate and may be adjusted within one year of the Acquisition in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”).

This unaudited pro forma consolidated financial information should be read in conjunction with the historical consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 and the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2016 and is not necessarily indicative of what the actual financial position or results of operations would have been had the Company completed the Acquisition as of the beginning of the period presented, nor is it necessarily indicative of future results. In the opinion of the Company’s management, the pro forma consolidated financial statement includes all significant necessary adjustments that can be factually supported to reflect the effects of the Acquisition.
The accompanying notes are an integral part of this unaudited pro forma consolidated financial statement.
(1) Represents the Company’s consolidated statement of operation for the year ended December 31, 2015, as reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

(2) Represents the Winterfell Portfolio’s audited statement of revenues and certain operating expenses for the year ended December 31, 2015.

(3) The pro forma adjustments represent the Acquisition as if it had occurred on January 1, 2015 for the statement of operations for the year ended December 31, 2015.

(4) Represents community fee revenue for the year ended December 31, 2015.

(5) Represents the impact of the contractual property management fee of 5% of gross revenue (net of bad debt) for the year ended December 31, 2015.

(6) Represents the interest expense on new borrowings and amortization of deferred financing costs of $27.4 million and $0.4 million, respectively, for the year ended December 31, 2015. In connection with the acquisition of the Winterfell Portfolio, the Company assumed ten-year senior debt financing with an aggregate principal amount of approximately $648.2 million and a fixed interest rate of 4.17%.

(7) Transaction costs related to the Acquisition are excluded from the pro forma adjustments.

(8) Represents the impact of the acquisition fee and asset management fee expenses payable to the Company’s advisor as a result of the Acquisition.

(9) Represents depreciation expense for the year ended December 31, 2015 based on a preliminary purchase price allocation for the Winterfell Portfolio. The value of the buildings are depreciated based on estimated useful lives of 40 years.

(10) Represents the reversal of the Company’s equity in losses recorded for the year ended December 31, 2015 while the non-controlling interest was accounted for using the equity method.
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 14, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)
000-55190
(Commission File Number)
27-3663988
(I.R.S. Employer Identification No.)

399 Park Avenue, 18th Floor, New York, NY
(Address of principal executive offices)
10022
(Zip Code)

(212) 547-2600
(Registrant’s telephone number, including area code)

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 8.01. Other Events

On June 2, 2016, NorthStar Asset Management Group Inc. (“NSAM”), the sponsor and an affiliate of the advisor to NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”), announced that it entered into a definitive merger agreement (the “Merger Agreement”) with NorthStar Realty Finance Corp. (“NorthStar Realty”) and Colony Capital, Inc. (“Colony”). The Merger Agreement provides for the combination of NSAM, NorthStar Realty and Colony into a wholly-owned subsidiary of NSAM, as the surviving publicly-traded company for the combined organization that, upon and following the effective time of the mergers, will be renamed Colony NorthStar, Inc. (“Colony NorthStar”). As a result of the mergers, Colony NorthStar will be an internally-managed equity REIT, with a diversified real estate and investment management platform. In addition, following the mergers, NorthStar Healthcare’s advisor will be a subsidiary of Colony NorthStar.

The transaction is expected to close during the first quarter of 2017, subject to customary closing conditions, including regulatory approvals, and approval by the NSAM, NorthStar Realty and Colony shareholders. Each of NSAM, NorthStar Realty and Colony are publicly-traded companies with their respective shares listed on the New York Stock Exchange.

NorthStar Healthcare does not expect that this transaction will have a material impact on its operations.

Safe Harbor Statement

This Current Report on Form 8-K contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “will,” “may,” “plans,” “intends,” “expects” or other similar words or expressions. These statements are based on NorthStar Healthcare’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward looking statements; NorthStar Healthcare can give no assurance that its expectations will be attained. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Factors that could cause actual results to differ materially from NorthStar Healthcare’s expectations include, but are not limited to, the ability of NSAM, NorthStar Realty and Colony to close the merger transaction on the contemplated terms or time frame, or at all, the structure of NorthStar Healthcare’s advisor following the completion of the merger transaction, the impact of the merger transaction on NorthStar Healthcare’s operations and the factors specified in in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as in NorthStar Healthcare’s other filings with the Securities and Exchange Commission. The foregoing list of factors is not exhaustive. All forward-looking statements included in this Current Report on Form 8-K are based upon information available to NorthStar Healthcare on the date of this report and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this report to conform these statements to actual results.
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: June 14, 2016

By: /s/ Ann B. Harrington
   Ann B. Harrington
   General Counsel and Secretary
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 7, 2016

NorthStar Healthcare Income, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

000-55190
(Commission File
Number)

27-3663988
(I.R.S. Employer
Identification No.)

399 Park Avenue, 18th Floor, New York, NY
(Address of principal executive offices)

10022
(Zip Code)

(212) 547-2600
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☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
8.01. Other Events

Determination of Estimated Value Per Share

Overview

On December 7, 2016, upon the recommendation of the audit committee (the “Audit Committee”) of the board of directors (the “Board”) of NorthStar Healthcare Income, Inc. (“NorthStar Healthcare”), the Board, including all of its independent directors, approved and established an estimated value per share of NorthStar Healthcare’s common stock of $9.10. The estimated value per share is based upon the estimated value of NorthStar Healthcare’s assets less the estimated value of NorthStar Healthcare’s liabilities as of June 30, 2016, divided by the number of shares of NorthStar Healthcare’s common stock outstanding as of June 30, 2016. The information used to generate the estimated value per share, including market information, investment- and property-level data and other information provided by third parties, was the most recent information practically available as of June 30, 2016.

The determination to update NorthStar Healthcare’s estimated value per share as of June 30, 2016 was made by the Audit Committee based upon the recommendation of NorthStar Healthcare’s external advisor, NSAM J-NSHC Ltd (the “Advisor”). The Advisor recommended updating the previous estimated value per share, which was determined as of December 31, 2015, to reflect the impact of subsequent events, including significant investment activity completed by NorthStar Healthcare following the previous valuation date. The estimated value per share of NorthStar Healthcare’s common stock does not include the potential impact of subsequent investments after June 30, 2016, or, as further described below, any premium or benefit for the enterprise value that may be attributable to NorthStar Healthcare due to the size and diversity of its investment portfolio, including its exposure, either directly or through joint ventures, to approximately $9.8 billion in healthcare real estate investments as of June 30, 2016.

Process

The estimated value per share was calculated with the assistance of the Advisor and Robert A. Stanger & Co., Inc. (“Stanger”), an experienced third-party independent valuation and consulting firm engaged by NorthStar Healthcare to assist with the valuation of its assets and liabilities. The engagement of Stanger was approved by the Board, including all of its independent directors. Stanger has extensive experience in conducting asset valuations, including appraisals of healthcare properties and debt investments similar to those owned by NorthStar Healthcare. While NorthStar Healthcare and other entities managed or sponsored by affiliates of NorthStar Asset Management Group Inc. have engaged or may engage Stanger in the future for services of various kinds, NorthStar Healthcare believes that there are no material conflicts of interest with respect to its engagement of Stanger.

The Audit Committee recommended and the Board established the estimated value per share based upon the analyses and reports provided by Stanger and the Advisor, including an evaluation of NorthStar Healthcare’s assets and liabilities as of June 30, 2016. The initial analysis provided by Stanger included a range of estimated value per share of $8.47 and $9.70 per share, with a midpoint value of $9.10 per share. The Advisor and the Audit Committee recommended that Board adopt Stanger’s midpoint value estimate, or $9.10 per share. In arriving at its recommendation, the Audit Committee relied in part on valuation methodologies that the Advisor and Stanger believe are standard and acceptable in the real estate and non-traded real estate investment trust (“REIT”) industries for the types of assets and liabilities held by NorthStar Healthcare. The process for estimating the value of NorthStar Healthcare’s assets and liabilities was performed in accordance with the provisions of the Investment Program Association Practice Guideline 2013-01, Valuations of Publicly Registered Non-Listed REITs. NorthStar Healthcare believes that the valuation was developed in a manner reasonably designed to ensure its reliability.

On December 7, 2016, Stanger delivered its final report related to the valuation of NorthStar Healthcare’s assets and liabilities as of June 30, 2016, reflecting the midpoint of its estimated range of values, including NorthStar Healthcare’s 61 healthcare real estate properties (the “Healthcare Properties”), five healthcare real estate investments held through unconsolidated joint ventures (the “Joint Venture Investments”), four healthcare-related commercial real estate debt investments (the “Healthcare Debt Investments”) and 24 healthcare real estate liabilities (“Healthcare Borrowings”) as further described below.

The Board currently expects that NorthStar Healthcare’s next estimated value per share will be based upon its assets and liabilities as of June 30, 2017 and that such value will be included in a report filed with the U.S. Securities and Exchange Commission. NorthStar Healthcare intends to publish estimated values per share annually, although NorthStar Healthcare may determine to publish such revised values more frequently.
Valuation Methodology

Valuation of Healthcare Properties

To estimate the value of the Healthcare Properties, Stanger conducted an appraisal for ten Healthcare Properties and relied upon recently completed third-party appraisals (the “Third-Party Appraisals”) for the remaining 51 Healthcare Properties, each performed in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. In determining the value of each Healthcare Property, Stanger and the other third-party appraisers utilized all information that they deemed relevant, including information from the Advisor and its own data sources, including trends in capitalization rates, leasing rates and other economic factors. In conducting its appraisals of the ten Healthcare Properties, Stanger utilized a direct capitalization approach by applying a market capitalization rate for each Healthcare Property to the estimated forward-year annual net operating income at each property, which Stanger believes is the most appropriate methodology for valuing healthcare assets similar to those owned by NorthStar Healthcare. In selecting each capitalization rate, Stanger took into account, among other factors, prevailing capitalization rates in the healthcare property sector, the property’s location, age and condition, the property’s operating trends and lease coverage ratios, if applicable, and other unique property factors. As applicable, Stanger adjusted the capitalized value of each Healthcare Property it appraised for any excess land, deferred maintenance, rent abatements, lease-up costs and other lease-related costs to estimate the “as-is” value of each of the Healthcare Properties it appraised. For the 51 Healthcare Properties that were recently appraised by independent third parties, Stanger reviewed and relied upon the Third-Party Appraisals, all of which were completed within six months of June 30, 2016. The Third-Party Appraisals utilized a direct capitalization approach for 45 Healthcare Properties and a discounted future cash flow (“DCF”) approach for the remaining six Healthcare Properties. Discount and capitalization rates were selected by the appraisers by taking into account, among other factors, prevailing discount and capitalization rates in the healthcare property sector as deemed appropriate for each property. Stanger adjusted the “as-is” property values as of June 30, 2016, as appropriate, for NorthStar Healthcare’s allocable ownership interest in the Healthcare Properties to account for the interests of any third-party investment partners, including any priority distributions. Stanger’s appraisal and the Third-Party Appraisals were certified by an appraiser licensed in the state in which the Healthcare Properties were located. For Healthcare Properties valued using a direct capitalization approach, the range of capitalization rates applied was 5.8% to 8.5% and the weighted average capitalization rate was approximately 6.4%. For Healthcare Properties valued using a discounted cash flow approach, the range of discount rates applied was 6.3% to 7.5% and the weighted average discount rate was approximately 7.0%, and the range of terminal capitalization rates applied was 7.0% to 8.3% and the weighted average terminal capitalization rate was approximately 7.8%.

As of June 30, 2016, the estimated value of the Healthcare Properties was $2.0 billion, compared with an aggregate initial purchase price, including subsequent capital expenditures, of $1.8 billion (the “Property Purchase Price”).

Valuation of Joint Venture Investments

The healthcare real estate portfolios held through Joint Venture Investments were valued similarly to the process described above in “Valuation of Healthcare Properties.” For each Joint Venture Investment, Stanger estimated the aggregate value of the underlying healthcare properties and added or subtracted, as appropriate, outstanding borrowings, after factoring in any adjustments for above- or below-market in-place financing, as deemed applicable based on information provided on such borrowings, and other balance sheet assets and liabilities to derive an estimated equity value of the Joint Venture Investment. Stanger then applied the terms of the applicable joint venture agreement, including any distribution priorities, to its equity value estimate to establish NorthStar Healthcare’s allocable share of these Joint Venture Investments. The range of weighted average capitalization rates applied to the Joint Venture Investments was 5.9% to 10.0% and the weighted average capitalization rate across all Joint Venture Investments was approximately 7.7%.

As of June 30, 2016, the estimated value of the Joint Venture Investments was $538.4 million, compared with an aggregate equity contribution, including subsequent capital contributions, of $505.8 million (the “Joint Venture Equity Contribution”).

Valuation of Healthcare Debt Investments

The estimated value of the Healthcare Debt Investments was established by performing a comparable market interest rate analysis for each investment as of June 30, 2016. For two Healthcare Debt Investments that were repaid in full subsequent to June 30, 2016, Stanger attributed an estimated value equal to the outstanding principal amount. For the remaining Healthcare Debt Investments, Stanger evaluated the estimated value by applying a DCF analysis over the projected remaining term of the investment, taking into account prepayment and extension options available to each respective borrower, as appropriate. The cash flow estimates used in the DCF analysis were based on the investment’s contractual agreement and corresponding interest and principal cash flow. The expected cash flow was then discounted at an interest rate that Stanger estimated a current market participant would require for instruments with similar collateral and duration assuming an orderly market environment, taking into account, for example,

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remaining loan term, loan-to-value ratio, collateral type, debt service coverage, security position and other factors deemed relevant. The range of discount rates used by Stanger to estimate the value of the Healthcare Debt Investments (excluding the two recently repaid Healthcare Debt Investments described above) was approximately 8.6% to 10.4% and the weighted average discount rate was approximately 10.1%.

As of June 30, 2016, the estimated value of the Healthcare Debt Investments was $192.9 million, compared with an aggregate outstanding principal amount of $193.5 million (the “Principal Amount”).

Valuation of Healthcare Real Estate Liabilities

Stanger estimated the fair value of NorthStar Healthcare’s long-term liabilities by discounting the stream of expected interest and principal payments for each liability by an interest rate that Stanger estimated a current market participant would require for instruments with similar collateral and duration assuming an orderly market environment, taking into account factors such as remaining loan term, loan-to-value ratio, collateral type, debt service coverage, security position and other factors deemed relevant. The range of discount rates used by Stanger to estimate the value of the Healthcare Borrowings was approximately 3.0% to 4.8% and the weighted average discount rate was approximately 4.3%.

As of June 30, 2016, the estimated value of the Healthcare Borrowings was $1.21 billion, compared with an aggregate outstanding principal amount of $1.23 billion (the “Principal Amount”).

Cash, Other Assets and Other Liabilities

The fair value of NorthStar Healthcare’s cash, other tangible assets and liabilities was estimated by the Advisor to approximate carrying value as of June 30, 2016 and Stanger relied upon and utilized such amounts in its determination of the estimated net asset value per share.

Estimated Net Asset Value Per Share

Based on the above valuations and estimates and subject to the assumptions and limiting conditions contained in its final report, Stanger estimated the net asset value per fully diluted common share outstanding of NorthStar Healthcare as of June 30, 2016 to be $9.10 per share.

The table below sets forth the calculation of NorthStar Healthcare’s estimated value per share as of June 30, 2016 ($ in thousands, except per share values):

<table>
<thead>
<tr>
<th></th>
<th>Estimated Value</th>
<th>Estimated Value Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Properties</td>
<td>$1,994,780</td>
<td>$10.94</td>
</tr>
<tr>
<td>Joint Venture Investments</td>
<td>538,360</td>
<td>2.95</td>
</tr>
<tr>
<td>Healthcare Debt Investments</td>
<td>192,901</td>
<td>1.06</td>
</tr>
<tr>
<td>Cash and other assets</td>
<td>187,804</td>
<td>1.03</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>(1,255,633)</td>
<td>(6.89)</td>
</tr>
<tr>
<td>Estimated net asset value as of June 30, 2016</td>
<td>$1,658,213</td>
<td>$9.10</td>
</tr>
<tr>
<td>Estimated enterprise value per share</td>
<td>None assumed</td>
<td></td>
</tr>
</tbody>
</table>

Shares outstanding (in thousands) 182,307

In the aggregate, the estimated value of NorthStar Healthcare’s Healthcare Properties, Joint Venture Investments and Healthcare Debt Investments of approximately $2.7 billion represents an approximate 7.1% increase in value over the aggregate value of the Property Purchase Price, the Joint Venture Equity Contribution and the Principal Amount.
As previously described, the estimated net asset value per share recommended by the Advisor and the Audit Committee and approved by the Board does not reflect NorthStar Healthcare’s “enterprise value,” which may include a premium or discount for:

- the large size of NorthStar Healthcare’s portfolio, as some buyers may pay more for a portfolio of investments compared to prices for individual investments;
- the characteristics of NorthStar Healthcare’s working capital, leverage, credit facilities and other financial structures where some buyers may ascribe different values based on synergies, cost savings or other attributes;
- disposition and other expenses that would be necessary to realize the value;
- the services being provided by personnel of the Advisor under the advisory agreement and NorthStar Healthcare’s potential ability to secure the services of a management team on a long-term basis; or
- the potential difference in per share value if NorthStar Healthcare were to list its shares of common stock on a national securities exchange.

On December 7, 2016, Stanger delivered its final valuation report to the Audit Committee. The Audit Committee was given an opportunity to confer with the Advisor and Stanger regarding the methodologies and assumptions used therein, and determined to recommend to the Board the estimated value per share of NorthStar Healthcare’s common stock.

The Board is ultimately and solely responsible for the establishment of the estimated value per share of NorthStar Healthcare’s common stock. In arriving at its determination of the estimated value per share, the Board considered all information provided in light of its own familiarity with NorthStar Healthcare’s assets and unanimously approved the estimated value recommended by the Audit Committee.

**Sensitivity Analysis**

Changes to the key assumptions used to arrive at the estimated value per share, including the capitalization rates and discount rates used to value the Healthcare Properties, Joint Venture Investments and Healthcare Debt Investments, would have a significant impact on the underlying value of NorthStar Healthcare’s assets. The following table presents the impact on the estimated value per share of NorthStar Healthcare’s common stock resulting from a 5.0% increase and decrease to (1) the capitalization rates or discount rates used to value the Healthcare Properties, (2) the capitalization rates used to value the Joint Venture Investments and (3) the discount rates used to value the Healthcare Debt Investments:

<table>
<thead>
<tr>
<th>Range of Value</th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Net Asset Value Per Share</td>
<td>$8.13</td>
<td>$9.10</td>
<td>$10.13</td>
</tr>
<tr>
<td>Weighted Average Capitalization Rate (Healthcare Properties)</td>
<td>6.7%</td>
<td>6.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Weighted Average Discount Rate (Healthcare Properties)</td>
<td>7.4%</td>
<td>7.0%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Weighted Average Terminal Capitalization Rate (Healthcare Properties)</td>
<td>8.2%</td>
<td>7.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Weighted Average Capitalization Rate (Joint Venture Investments)</td>
<td>7.9%</td>
<td>7.7%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Weighted Average Discount Rate (Healthcare Debt Investments)</td>
<td>10.7%</td>
<td>10.5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Weighted Average Discount Rate (Healthcare Borrowings)</td>
<td>4.1%</td>
<td>4.3%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

The following table presents the impact on the estimated value per share of NorthStar Healthcare’s common stock resulting from a 5.0% increase and decrease to (1) the capitalization rates or discount rates used to value the Healthcare Properties, (2) the capitalization rates used to value the Joint Venture Investments and (3) the discount rates used to value the Healthcare Debt Investments, with the impact of each asset class within NorthStar Healthcare’s portfolio shown in isolation:

<table>
<thead>
<tr>
<th>Range of Value</th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Properties (Capitalization Rates and Discount Rates)</td>
<td>$8.58</td>
<td>$9.10</td>
<td>$9.65</td>
</tr>
<tr>
<td>Healthcare Joint Venture Investments (Capitalization Rates)</td>
<td>$8.74</td>
<td>$9.10</td>
<td>$9.48</td>
</tr>
<tr>
<td>Healthcare Debt Investments (Discount Rates)</td>
<td>$9.09</td>
<td>$9.10</td>
<td>$9.10</td>
</tr>
<tr>
<td>Healthcare Borrowings (Discount Rates)</td>
<td>$9.01</td>
<td>$9.10</td>
<td>$9.18</td>
</tr>
<tr>
<td>All investments</td>
<td>$8.13</td>
<td>$9.10</td>
<td>$10.13</td>
</tr>
</tbody>
</table>
The above sensitivity differs from the methodology employed by Stanger to generate the range of estimated per share values in its initial report. To

generate the range of estimated per share values presented to the Audit Committee and Board, the valuation assumptions were adjusted for all of

NorthStar Healthcare’s investments other than its 32-property Winterfell portfolio (the “Winterfell Portfolio”), which was a Third Party Appraisal

that did not contain a range of values. The above sensitivity analysis reflects adjustments to the valuation assumptions for all of NorthStar

Healthcare’s investments, including the Winterfell Portfolio, resulting in a wider range of values. Additionally, the sensitivity analysis above

assumes a 5.0% increase and decrease to the underlying valuation assumptions, which generally differs from the adjustments to the valuation

assumptions employed by Stanger in its initial valuation report.

Limitations and Risks

As with any valuation methodology, the methodologies used to determine the estimated value per share are based upon a number of estimates and

assumptions that may prove later to be inaccurate or incomplete. Further, different market participants using different assumptions and estimates
could derive different estimated values.

Although the Board relied on estimated values of NorthStar Healthcare’s assets and liabilities in establishing the estimated value per share, the

estimated value per share may bear no relationship to NorthStar Healthcare’s book or asset value. In addition, the estimated value per share may
not represent the price at which the shares of NorthStar Healthcare’s common stock would trade on a national securities exchange, the amount
realized in a sale, merger or liquidation of NorthStar Healthcare or the amount a stockholder would realize in a private sale of shares.

The estimated value of NorthStar Healthcare’s assets and liabilities is as of a specific date and such value is expected to fluctuate over time in
response to future events, including but not limited to, changes to commercial real estate values, particularly healthcare-related commercial real
estate, changes in market interest rates for commercial real estate debt investments, changes in capitalization rates, rental and growth rates, changes
in laws or regulations impacting the healthcare industry, demographic changes, returns on competing investments, changes in administrative
expenses and other costs, the amount of distributions on NorthStar Healthcare’s common stock, repurchases of NorthStar Healthcare’s common
stock, changes in the number of shares of NorthStar Healthcare’s common stock outstanding, the proceeds obtained for any common stock
transactions, local and national economic factors and the factors specified in in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-
K for the fiscal year ended December 31, 2015. There is no assurance that the methodologies used to establish the estimated value per share would
be acceptable to the Financial Industry Regulatory Authority, Inc. or in compliance with guidelines pursuant to the Employee Retirement Income
Security Act of 1974 with respect to their reporting requirements.

Distribution Reinvestment Plan

In accordance with the terms of NorthStar Healthcare’s distribution reinvestment plan (the “DRP”), effective immediately, distributions may be
reinvested in shares of NorthStar Healthcare’s common stock at a price of $9.10, which is equal to the current estimated value per share, until such
time as NorthStar Healthcare establishes a new estimated per share value, at which time the purchase price will adjust to 100% of such estimated
value per share.
Share Repurchase Plan

In accordance with the terms of NorthStar Healthcare’s share repurchase program (the “SRP”), effective immediately, unless the shares are being repurchased in connection with a stockholder’s death or qualifying disability, repurchases will be made at a price of $9.10, which is equal to the current estimated value per share, until such time as NorthStar Healthcare establishes a new estimated value per share, at which time the purchase price will adjust to 100% of such estimated value per share. Shares repurchased in connection with a stockholder’s death or qualifying disability will continue to be repurchased at the higher of the price paid for the shares, as adjusted for any stock dividends, combinations, splits, recapitalizations or any similar transaction with respect to the shares of common stock, or NorthStar Healthcare’s estimated value per share, as more fully described in the SRP.

Safe Harbor Statement

This Current Report on Form 8-K contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “will,” “may,” “plans,” “intends,” “expects” or other similar words or expressions. These statements are based on NorthStar Healthcare’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward looking statements; NorthStar Healthcare can give no assurance that its expectations will be attained. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material. Factors that could cause actual results to differ materially from NorthStar Healthcare’s expectations include, but are not limited to, the actual value of NorthStar Healthcare’s common stock upon a listing, if any, the amount realized by a stockholder in the event of a sale, merger or liquidation of NorthStar Healthcare or a private sale of shares, variations in facts underlying the assumptions used to estimate the valuation of NorthStar Healthcare’s common stock, changes in market interest rates for healthcare real estate debt investments, changes to healthcare real estate values, fluctuations in portfolio premiums and enterprise value and the extent to which these factors may impact NorthStar Healthcare’s estimated net asset value per share in the future, the impact of uninvested cash on NorthStar Healthcare’s estimated net asset value per share, changes in capitalization rates, rental and growth rates, returns on competing investments, changes in administrative expenses and other costs, the amount of distributions on NorthStar Healthcare’s common stock, repurchases of NorthStar Healthcare’s common stock, changes in the number of shares of NorthStar Healthcare’s common stock outstanding and the proceeds obtained for any common stock transactions, changes in the size and diversity of NorthStar Healthcare’s portfolio, the impact of any losses from NorthStar Healthcare’s investments on cash flow and returns, property level cash flow, the availability of investment opportunities and ability to deploy capital, the ability to achieve targeted returns, the impact of actions taken by joint venture partners, changes in economic conditions generally and the real estate and debt markets specifically, availability of capital, changes to generally accepted accounting principles, policies and rules applicable to REITs and the factors specified in in Part I, Item 1A of NorthStar Healthcare’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as in NorthStar Healthcare’s other filings with the SEC. The foregoing list of factors is not exhaustive. All forward-looking statements included in this Current Report on Form 8-K are based upon information available to NorthStar Healthcare on the date of this report and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this report to conform these statements to actual results.
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NorthStar Healthcare Income, Inc.

Date: December 9, 2016

By: /s/ Ann B. Harrington

Ann B. Harrington
General Counsel and Secretary