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NorthStar Healthcare Closes Strategic Joint Venture; Completes Multiple Acquisitions

New York, NY (January 9, 2014) – NorthStar Healthcare Income, Inc. (NorthStar Healthcare) announced the closing of a strategic joint venture with The Freshwater Group (Freshwater), a leading developer, owner, and operator of senior living facilities. The joint venture plans to acquire and manage a portfolio of senior housing assets located throughout the United States and has initially identified three properties with a combined purchase price of \$86.6 million, plus closing costs. NorthStar Healthcare owns a 97% interest in the joint venture.

The joint venture's initial investment consists of a 125-unit independent living facility located in Milford, Ohio, which was acquired for a total cost of \$16.3 million. The joint venture is also under contract to purchase a 184-unit independent and assisted living facility located in Denver, Colorado for \$31.5 million, plus closing costs, which is expected to close in January 2014. A third property with a purchase price of \$39.5 million has been identified by the joint venture and is currently under due diligence review. An affiliate of Freshwater will manage these properties as well as any additional assets purchased by the joint venture.

NorthStar Healthcare also announced the \$10.1 million acquisition of a 56-unit memory care facility located in Smyrna, Georgia, which will be operated by an affiliate of Peregrine Health Management Company (Peregrine). Inclusive of this asset, Peregrine operates three of NorthStar Healthcare's senior living facilities totaling 118 units with a combined cost of \$24.3 million and the companies continue to explore additional opportunities.

Daniel R. Gilbert, chief executive officer of NorthStar Healthcare commented, "We are pleased with the closing of our strategic joint venture with Freshwater as well as the expansion of our existing relationship with Peregrine. We intend to continue to build on these partnerships with experienced managers and operators of senior housing facilities, which provide us with the ability to execute deals efficiently and drive value at our properties." Mr. Gilbert continued, "We believe these recent closings demonstrate our ability to acquire high-quality senior housing assets in line with our business plan and reflect the momentum we are gaining in the market."

As of January 8, 2014, NorthStar Healthcare has invested in seven assets with a total cost of \$67.0 million, consisting of six equity investments totaling \$55.7 million and one senior loan totaling \$11.3 million.

About NorthStar Healthcare Income, Inc.

NorthStar Healthcare is a public, non-traded corporation that intends to qualify as a real estate investment trust (REIT). NorthStar Healthcare was formed to originate, acquire and asset manage a diversified portfolio of debt and equity investments in the healthcare real estate sector with a focus on the mid-acuity senior housing sector, which we define as assisted living, memory care, skilled nursing and independent living facilities that have an emphasis on private pay patients.

This press release 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,” “plans,” 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 to acquire and manage additional assets located throughout the United States, if at all, the ability to close on assets under contract, the joint venture’s ability to acquire additional properties, the ability to close additional transactions with Peregrine, the ability to build on strategic partnerships with experienced managers and operators of senior housing facilities, the ability to execute deals efficiently and drive value at our properties, the ability to acquire a high-quality senior housing assets in line with our business plan, the ability of our property operators to successfully manage our properties, the impact of any losses from our properties on cash flows and returns, market rental rates and property level cash flows, changes in economic conditions generally and the real estate and debt markets specifically, the ability to maintain a qualified diversified portfolio, the impact of local economics, the ability to successfully implement an exit strategy, availability of investment opportunities, availability of capital, the ability to achieve its targeted returns, 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, 2012 and in Part II, Item 1A of NorthStar Healthcare’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, 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 press release are based upon information available to NorthStar Healthcare on the date hereof and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this press release to conform these statements to actual results.

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