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NorthStar Healthcare Closes More Than \$170.0 Million of Investments in September

New York, NY (October 7, 2014) – NorthStar Healthcare Income, Inc. (NorthStar Healthcare) announced that it recently invested more than \$170.0 million in two healthcare real estate transactions, including one assisted living portfolio acquisition and one mezzanine loan backed by a portfolio of skilled nursing and assisted living facilities.

NorthStar Healthcare acquired a 570-unit portfolio of senior housing assets for \$125.0 million, plus closing costs. The properties are located in Long Island, NY and consist of four assisted living facilities totaling 404,000 square feet.

- The facilities are 100 percent leased to Arcadia Management, Inc. (Arcadia), which has managed the properties since 2005. Each lease contains annual rent escalations.
- The properties are located in a market with high barriers to entry, given that New York is a Certificate of Need state and that zoning restrictions limit overbuilding.
- The portfolio's overall resident occupancy was 89 percent as of July 31, 2014.
- The portfolio is currently unlevered and NorthStar Healthcare intends to secure attractive financing for the investment.

Additionally, NorthStar Healthcare closed an investment in a \$45.0 million mezzanine loan secured by a pledge of an ownership interest in a portfolio of 16 healthcare properties (14 skilled nursing facilities and two assisted living facilities) located in nine states. Affiliates of Sava Senior Care (Sava), the nation's sixth largest operator of skilled nursing facilities, will continue to manage the facilities. Including this transaction, NorthStar Healthcare has closed two mezzanine loans totaling \$120.0 million with the borrower and operator, following [an initial \\$75.0 million loan that closed in June 2014](#).

"These investments represent strategic additions to the NorthStar Healthcare portfolio and highlight our commitment to generating value through relationships with strong senior housing owners and operators," said Daniel R. Gilbert, executive chairman. "We believe these assets advance our business plan while efficiently deploying significant capital and further diversifying NorthStar Healthcare's portfolio."

NorthStar Healthcare's portfolio consists of 19 investments with an aggregate total cost of \$491.2 million, including 15 equity investments with an aggregate total cost of \$345.3 million and four debt investments with an aggregate principal amount of \$145.9 million, as of October 7, 2014.

About NorthStar Healthcare Income, Inc.

NorthStar Healthcare is a public, non-traded real estate investment trust (REIT) sponsored by NorthStar Asset Management Group Inc. NorthStar Healthcare was formed to originate, acquire and asset manage a diversified portfolio of equity and debt 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," 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, Arcadia's ability to successfully manage the portfolio, Arcadia's ability to provide a lower-cost alternative to nearby competitors, Arcadia's ability to comply with the terms of the underlying facility leases, the ability to secure attractive financing for the portfolio acquisition, Sava's ability to effectively manage the portfolio securing the loan, the ability of the borrower to comply with the terms, including financial and other covenants, of the loan and debt senior in priority to the loan, the ability to generate value through relationships with strong senior housing operators, the ability to efficiently deploy capital, whether or not the assets help advance NorthStar Healthcare's business plan and further diversify NorthStar Healthcare's portfolio, the impact of any losses from our properties 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, 2013 and in its other filings with the Securities and Exchange Commission. The foregoing list of factors is not exhaustive. All forward-looking statements included in this release are based upon information available to NorthStar Healthcare on the date of this release and NorthStar Healthcare is under no duty to update any of the forward-looking statements after the date of this release to conform these statements to actual results.

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