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NorthStar Healthcare Closes \$639.3 Million Senior Housing Portfolio

New York, NY (June 12, 2015) – NorthStar Healthcare Income, Inc. (NorthStar Healthcare) announced the closing of the acquisition of a \$639.3 million portfolio of continuing care retirement communities (CCRCs) from subsidiaries of Fountains Senior Living Holdings, LLC. The portfolio will continue to be operated by Watermark Retirement Communities, Inc. (Watermark), a national operator of senior living facilities and affiliate of The Freshwater Group, Inc. (Freshwater). In connection with the acquisition, NorthStar Healthcare obtained fixed rate financing through Freddie Mac's Multifamily-Seniors Housing Loan Program, with an aggregate principal amount of approximately \$410 million and a fixed interest rate of 3.92% and a term of 7 years.

About the portfolio:

- Consists of 15 CCRCs and 23 contracted life estate units, with approximately 3,637 units located in 11 states, with the largest concentrations in New York, California, Florida and Michigan.
- The six entrance fee properties were acquired directly by NorthStar Healthcare and leased to affiliates of Freshwater pursuant to a master net lease.
- The nine rental properties were purchased by a joint venture between NorthStar Healthcare and an affiliate of Freshwater, which own 97% and 3% of the joint venture, respectively, and will be operated by an affiliate of Freshwater pursuant to long-term management agreements under a RIDEA structure.
- Overall resident occupancy of the portfolio was approximately 85% as of March 31, 2015.

“Watermark is a valued relationship, with this investment representing the fourth transaction that we have completed together,” said Ron Jeanneault, chief executive officer and president of NorthStar Healthcare. “NorthStar Healthcare’s ability to leverage established relationships with premier sponsors provides access to significant investment opportunities to further expand and diversify our senior housing portfolio. This transaction demonstrates our positive reputation, our ability to deploy capital into high quality portfolios and the strength of our investment platform, which continues to drive NorthStar Healthcare’s positive momentum.”

NorthStar Healthcare's portfolio consists of 37 investments with an aggregate total cost of \$2.1 billion, including 33 equity investments with an aggregate total cost of \$1.9 billion and four debt investments with an aggregate principal amount of \$145.9 million as of June 12, 2015.

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 acquire, originate and asset manage a diversified portfolio of equity, debt and securities investments in healthcare real estate, with a focus on the mid-acuity senior housing sector, which we define as assisted living, memory care, skilled nursing and independent living facilities. NorthStar Healthcare also invests in other healthcare property types, including medical office buildings, continuing care retirement communities, hospitals and rehabilitation facilities.

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, NorthStar Healthcare’s ability to realize the anticipated benefits of its joint venture with Freshwater; the ability of NorthStar Healthcare to achieve its targeted returns through the joint venture; the ability of Watermark to successfully operate the portfolio; the ability to comply with the terms of the financing secured by the portfolio; the impact to NorthStar Healthcare of any actions taken by Freshwater regarding the joint venture; the impact of any losses from properties in the portfolio on cash flow and returns; the ability to leverage our relationships with premier or other sponsors to access significant investment opportunities to further expand and diversify our senior housing portfolio; our failure to maintain our positive reputation; 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 deploy capital into high quality assets or at all and establish or maintain a strong investment platform; the ability to achieve targeted returns; changes to generally accepted accounting principles; policies and rules applicable to real estate investment trusts; 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 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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