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NorthStar Healthcare Acquires Interest in \$1.1 Billion Senior Housing Investment

New York, NY (July 16, 2015) – NorthStar Healthcare Income, Inc. (NorthStar Healthcare), through a joint venture with Formation Capital, LLC (Formation) and Safanad Management Limited (Safanad), announced the closing of the acquisition of the U.S.-based operations of Extendicare International Inc., including a portfolio of 158 senior housing and care facilities for a total cost of approximately \$1.1 billion. NorthStar Healthcare acquired a 36.67% interest in the portfolio, while affiliates of Safanad and Formation collectively acquired the remaining 63.33% interest. In connection with the acquisition, NorthStar Healthcare also originated a \$75.0 million mezzanine loan to partially finance the transaction, which bears interest at a fixed rate of 10.0% per year and has a term of 67 months.

About the portfolio:

- Consists of 152 skilled nursing facilities and six assisted living facilities with over 15,000 beds located across 12 states, with the largest concentrations in Indiana, Kentucky, Ohio, Michigan and Wisconsin.
- Facilities leased to five third party operators pursuant to long-term net leases.
- Overall resident occupancy of approximately 83% as of March 31, 2015.

In addition to the mezzanine loan, the joint venture financed the acquisition with a combination of 75% fixed- and 25% floating-rate debt totaling approximately \$886 million, with a weighted average current interest rate of 4.8%. The financing consists of new and in-place financing provided by the U.S. Department of Housing and Urban Development and a number of leading institutional private lenders, in addition to the mezzanine loan provided by NorthStar Healthcare.

“Our strategic partnerships continue to drive transaction volume and accretive investment opportunities for NorthStar Healthcare and our growing healthcare portfolio,” said Ron Jeanneault, chief executive officer and president of NorthStar Healthcare. “The depth of our team combined with our strong industry relationships enabled us to execute on this complex transaction and expand our portfolio with quality healthcare real estate assets. We remain focused on continuing to build a diverse portfolio of needs-driven senior housing on behalf of our shareholders.”

NorthStar Healthcare's portfolio consists of 39 investments with an aggregate total cost of \$2.5 billion, including 34 equity investments with an aggregate total cost of \$2.3 billion and five debt investments with an aggregate principal amount of \$221 million as of July 14, 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 the joint venture; the ability of NorthStar Healthcare to achieve its targeted returns through the joint venture; the ability of the third party operators to successfully operate the portfolio; the borrowers’ ability to comply with the terms of the senior loans; the borrower’s ability to comply with the terms of the mezzanine loan; the impact to NorthStar Healthcare of any actions taken by Formation or Safanad regarding the joint venture; the impact of any losses from properties in the portfolio on cash flow and returns; our ability to utilize our strategic partnerships to drive transaction volume and accretive investment opportunities; our ability to execute on complex transactions and expand our portfolio with quality healthcare real estate assets; our ability to continue to build a diverse portfolio of needs-driven senior housing; 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 economies; 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 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 SEC. 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 of this report 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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