

VENTAS INC
Form 10-K
February 13, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 1-10989

VENTAS, INC.
(Exact Name of Registrant as Specified in Its Charter)
Delaware 61-1055020
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)
353 N. Clark Street, Suite 3300, Chicago, Illinois 60654
(Address of Principal Executive Offices) (Zip Code)
(877) 483-6827

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.25 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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(Do not check if a smaller reporting
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒
The aggregate market value of shares of the Registrant's common stock held by non-affiliates of the Registrant, computed by reference to the closing price of the common stock as reported on the New York Stock Exchange as of June 30, 2014, was \$18.8 billion. For purposes of the foregoing calculation only, all directors, executive officers and 10% beneficial owners of the Registrant have been deemed affiliates.

As of February 10, 2015, 330,809,789 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 14, 2015 are incorporated by reference into Part III, Items 10 through 14 of this Annual Report on Form 10-K.

CAUTIONARY STATEMENTS

Unless otherwise indicated or except where the context otherwise requires, the terms “we,” “us” and “our” and other similar terms in this Annual Report on Form 10-K refer to Ventas, Inc. and its consolidated subsidiaries.

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements regarding our or our tenants’, operators’, borrowers’ or managers’ expected future financial condition, results of operations, cash flows, funds from operations, dividends and dividend plans, financing opportunities and plans, capital markets transactions, business strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, dispositions, merger integration, growth opportunities, expected lease income, continued qualification as a real estate investment trust (“REIT”), plans and objectives of management for future operations, and statements that include words such as “anticipate,” “if,” “believe,” “plan,” “estimate,” “expect,” “intend,” “may,” “could,” “should,” “will,” and other similar expressions are forward-looking statements. These forward-looking statements are inherently uncertain, and actual results may differ from our expectations. We do not undertake a duty to update these forward-looking statements, which speak only as of the date on which they are made.

Our actual future results and trends may differ materially from expectations depending on a variety of factors discussed in our filings with the Securities and Exchange Commission (the “SEC”). These factors include without limitation:

The ability and willingness of our tenants, operators, borrowers, managers and other third parties to satisfy their obligations under their respective contractual arrangements with us, including, in some cases, their obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;

The ability of our tenants, operators, borrowers and managers to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation obligations under their existing credit facilities and other indebtedness;

Our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions and investments, including investments in different asset types and outside the United States;

Macroeconomic conditions such as a disruption of or lack of access to the capital markets, changes in the debt rating on U.S. government securities, default or delay in payment by the United States of its obligations, and changes in the federal or state budgets resulting in the reduction or nonpayment of Medicare or Medicaid reimbursement rates;

The nature and extent of future competition, including new construction in the markets in which our seniors housing communities and medical office buildings (“MOBs”) are located;

The extent of future or pending healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates;

Increases in our borrowing costs as a result of changes in interest rates and other factors;

The ability of our operators and managers, as applicable, to comply with laws, rules and regulations in the operation of our properties, to deliver high-quality services, to attract and retain qualified personnel and to attract residents and patients;

Changes in general economic conditions or economic conditions in the markets in which we may, from time to time, compete, and the effect of those changes on our revenues, earnings and capital sources;

Our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due;

Our ability and willingness to maintain our qualification as a REIT in light of economic, market, legal, tax and other considerations;

Final determination of our taxable net income for the year ended December 31, 2014 and for the year ending December 31, 2015;

The ability and willingness of our tenants to renew their leases with us upon expiration of the leases, our ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we exercise our right to replace an existing tenant, and obligations, including indemnification obligations, we may incur in connection with the replacement of an existing tenant;

Risks associated with our senior living operating portfolio, such as factors that can cause volatility in our operating income and earnings generated by those properties, including without limitation national and regional economic conditions, costs of food, materials, energy, labor and services, employee benefit costs, insurance costs and professional and general liability claims, and the timely delivery of accurate property-level financial results for those properties;

• Changes in exchange rates for any foreign currency in which we may, from time to time, conduct business;

• Year-over-year changes in the Consumer Price Index (“CPI”) or the UK Retail Price Index and the effect of those changes on the rent escalators contained in our leases and on our earnings;

• Our ability and the ability of our tenants, operators, borrowers and managers to obtain and maintain adequate property, liability and other insurance from reputable, financially stable providers;

The impact of increased operating costs and uninsured professional liability claims on our liquidity, financial condition and results of operations or that of our tenants, operators, borrowers and managers and our ability and the ability of our tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims;

• Risks associated with our MOB portfolio and operations, including our ability to successfully design, develop and manage MOBs, to accurately estimate our costs in fixed fee-for-service projects and to retain key personnel;

• The ability of the hospitals on or near whose campuses our MOBs are located and their affiliated health systems to remain competitive and financially viable and to attract physicians and physician groups;

• Our ability to build, maintain and expand our relationships with existing and prospective hospital and health system clients;

• Risks associated with our investments in joint ventures and unconsolidated entities, including our lack of sole decision-making authority and our reliance on our joint venture partners’ financial condition;

• The impact of market or issuer events on the liquidity or value of our investments in marketable securities;

Merger and acquisition activity in the healthcare and seniors housing industries resulting in a change of control of, or a competitor’s investment in, one or more of our tenants, operators, borrowers or managers or significant changes in the senior management of our tenants, operators, borrowers or managers;

• The impact of litigation or any financial, accounting, legal or regulatory issues that may affect us or our tenants, operators, borrowers or managers; and

• Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on our earnings.

Many of these factors, some of which are described in greater detail under “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K, are beyond our control and the control of our management.

Brookdale Senior Living, Kindred, Atria and Sunrise Information

Each of Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”) and Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”) is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Brookdale Senior Living and Kindred contained or referred to in this Annual Report on Form 10-K has been derived from SEC filings made by Brookdale Senior Living or Kindred, as the case may be, or other publicly available information or was provided to us by Brookdale Senior Living or Kindred, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you of its accuracy. We are providing this data for informational purposes only, and you are encouraged to obtain Brookdale Senior Living’s and Kindred’s publicly available filings, which can be found on the SEC’s website at www.sec.gov. Neither Atria Senior Living, Inc. (“Atria”) nor Sunrise Senior Living, LLC (together with its subsidiaries, “Sunrise”) is currently subject to the reporting requirements of the SEC. The information related to Atria and Sunrise contained or referred to in this Annual Report on Form 10-K has been derived from publicly available information or was provided to us by Atria or Sunrise, as the case may be, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you of its accuracy.

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PART I

ITEM 1. Business

BUSINESS

Overview

Ventas, Inc., an S&P 500 company, is a REIT with a highly diversified portfolio of seniors housing and healthcare properties located throughout the United States, Canada and the United Kingdom. As of December 31, 2014, we owned more than 1,500 properties (including properties classified as held for sale), consisting of seniors housing communities, MOBs, skilled nursing and other facilities, and hospitals, and we had one new property under development. Our company was originally founded in 1983 and is currently headquartered in Chicago, Illinois. We primarily invest in seniors housing and healthcare properties through acquisitions and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of December 31, 2014, we leased a total of 922 properties (excluding MOBs and properties classified as held for sale) to various healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and we engaged independent operators, such as Atria and Sunrise, to manage 270 seniors housing communities for us pursuant to long-term management agreements.

Through our Lillibridge Healthcare Services, Inc. (“Lillibridge”) subsidiary and our ownership interest in PMB Real Estate Services LLC (“PMBRES”), we also provide MOB management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States. In addition, from time to time, we make secured and unsecured loans and other investments relating to seniors housing and healthcare operators or properties.

We conduct our operations through three reportable business segments: triple-net leased properties; senior living operations; and MOB operations. See our Consolidated Financial Statements and the related notes, including “Note 2—Accounting Policies,” included in Part II, Item 8 of this Annual Report on Form 10-K.

Business Strategy

We aim to enhance shareholder value by delivering consistent, superior total returns through a strategy of:

(1) generating reliable and growing cash flows; (2) maintaining a balanced, diversified portfolio of high-quality assets; and (3) preserving our financial strength, flexibility and liquidity.

Generating Reliable and Growing Cash Flows

Generating reliable and growing cash flows from our seniors housing and healthcare assets enables us to pay regular cash dividends to stockholders and creates opportunities to increase shareholder value through profitable investments. The combination of steady contractual growth from our long-term triple-net leases, steady, reliable cash flows from our loan investments and stable cash flows from our MOBs with the higher growth potential inherent in our seniors housing operating communities drives our ability to generate sustainable, growing cash flows that are resilient to economic downturns.

Maintaining a Balanced, Diversified Portfolio

We believe that maintaining a balanced portfolio of high-quality assets diversified by investment type, geographic location, asset type, tenant/operator, revenue source and operating model diminishes the risk that any single factor or event could materially harm our business. Portfolio diversification also enhances the reliability of our cash flows by reducing our exposure to any individual tenant, operator or manager and making us less susceptible to single-state regulatory or reimbursement changes, regional climate events and local economic downturns.

Preserving Our Financial Strength, Flexibility and Liquidity

A strong, flexible balance sheet and excellent liquidity position us favorably to capitalize on strategic growth opportunities in the seniors housing and healthcare industries through acquisitions, investments, and development and redevelopment projects. We maintain our financial strength to pursue profitable investment opportunities by actively managing our leverage, improving our cost of capital and preserving our access to multiple sources of liquidity, including unsecured bank debt, mortgage financings and public debt and equity markets.

2014 Highlights and Other Recent Developments

In 2014, we paid an annual cash dividend on our common stock of \$2.965 per share.

During 2014, we made investments totaling approximately \$2.4 billion in seniors housing and healthcare assets, including 29 seniors housing communities located in Canada that we acquired from Holiday Retirement (the “Holiday Canada Acquisition”), three high-quality private hospitals located in the United Kingdom and a \$425.0 million secured mezzanine loan investment that has a blended annual interest rate of 8.1% and has contractual maturities ranging between 2016 and 2019.

In January 2015, we acquired publicly traded American Realty Capital Healthcare Trust, Inc. (“HCT”) in a stock and cash transaction (the “HCT Acquisition”), which added 152 properties (some of which are located on the same campus) to our portfolio. We funded the transaction through the issuance of approximately 28.4 million shares of our common stock, 1.1 million limited partnership units that are redeemable for shares of our common stock, cash and the assumption of debt.

In 2015, we made other investments totaling approximately \$320 million, including the acquisition of five triple-net leased properties in the United Kingdom and 12 skilled nursing facilities.

In April 2014, we issued and sold \$700 million aggregate principal amount of senior notes with a weighted average interest rate of 2.75% and a weighted average maturity of seven years.

In September 2014, we issued and sold CAD 650.0 million aggregate principal amount of senior notes, with an effective weighted average interest rate of 3.5% and a weighted average maturity of 6.9 years, on a private placement basis in Canada. We used the net proceeds from the sale to repay a portion of the CAD 791.0 million unsecured term loan we incurred to initially fund the Holiday Canada Acquisition.

- In January 2015, we issued and sold \$900 million aggregate principal amount of senior notes, with a weighted average interest rate of 3.8% and a weighted average maturity of 16.7 years, and we issued and sold CAD 250.0 million aggregate principal amount of senior notes, with an interest rate of 3.3% and a maturity of seven years, on a private placement basis in Canada.

Under our “at-the-market” equity offering program, during 2014 and 2015 we issued and sold a total of approximately 7.1 million shares of our common stock at a weighted average price of \$75.18 per share for aggregate net proceeds (after sales agent commissions) of \$528.1 million.

During 2014, we sold 22 properties for \$118.2 million and received loans receivable repayments of \$55.9 million.

In 2015, we sold 17 properties for \$275.1 million, including \$5.5 million of lease termination fees.

By the end of 2014, we had re-leased to Kindred, transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms with Kindred were scheduled to expire on September 30, 2014, and we expect to sell the remaining asset during 2015. See “Triple-Net Lease Expirations.”

Portfolio Summary

The following table summarizes our consolidated portfolio of properties and other investments (excluding properties included in discontinued operations during 2014 and properties classified as held for sale as of December 31, 2014) as of and for the year ended December 31, 2014:

Asset Type	# of Properties(1)	# of Units/ Sq. Ft./Beds (2)	Real Estate Property Investments			Revenues (3)		
			Real Estate Property Investment, at Cost	Percent of Total Real Estate Property Investments	Real Estate Property Investment Per Unit/Bed/Sq. Ft.	Revenue	Percent of Total Revenues	
			(Dollars in thousands)					
Seniors housing communities	746	67,189	\$15,636,077	65.6	% \$232.7	\$2,029,003	66.6	%
MOBs (4)	275	15,246,181	3,766,871	15.8	0.2	438,610	15.4	
Skilled nursing and other facilities	365	41,148	3,109,556	13.0	75.6	362,746	11.9	
Hospitals	47	3,820	498,441	2.1	130.5	127,975	4.2	
Total properties	1,433		23,010,945	96.5		2,958,334	98.1	
Loans and investments			829,756	3.5		55,169	1.8	
Other			—	—		4,267	0.1	
Total			\$23,840,701	100.0	%	\$3,017,770	100.0	%

As of December 31, 2014, we also owned 20 seniors housing communities, 17 MOBs and 14 skilled nursing facilities through investments in unconsolidated entities, and we classified five seniors housing communities, nine skilled nursing facilities, and 36 MOBs as held for sale. Our consolidated properties were located in 46 states, the District of Columbia, seven Canadian provinces and the United Kingdom and, excluding MOBs, were operated or (1) managed by 94 unaffiliated healthcare operating companies, including the following publicly traded companies or their subsidiaries: Brookdale (161 properties) (excluding six properties owned through investments in unconsolidated entities); Kindred (83 properties); 21st Century Oncology Holdings, Inc. (12 properties); Capital Senior Living Corporation (12 properties); Spire Healthcare plc (three properties); and HealthSouth Corp. (two properties).

(2) Seniors housing communities are measured in units; MOBs are measured by square footage; and skilled nursing and other facilities and hospitals are measured by bed count.

(3) Total revenues exclude revenues attributable to properties included in discontinued operations during 2014 and properties classified as held for sale as of December 31, 2014.

As of December 31, 2014, we leased 30 of our consolidated MOBs pursuant to triple-net leases, Lillibridge or (4) PMBRES managed 246 of our consolidated MOBs and 29 of our consolidated MOBs were managed by nine unaffiliated managers. Through Lillibridge and PMBRES, we also provided management and leasing services for 75 MOBs owned by third parties as of December 31, 2014.

Seniors Housing and Healthcare Properties

As of December 31, 2014, we owned a total of 1,484 seniors housing and healthcare properties (excluding properties classified as held for sale), including through our investments in unconsolidated entities, as follows:

	Consolidated (100% interest)	Consolidated (<100% interest)	Unconsolidated (5-25% interest)	Total
Seniors housing communities	731	15	20	766
MOBs	247	28	17	292
Skilled nursing and other facilities	359	6	14	379
Hospitals	46	1	—	47
Total	1,383	50	51	1,484

Seniors Housing Communities

Our seniors housing communities include independent and assisted living communities, continuing care retirement communities and communities providing care for individuals with Alzheimer's disease and other forms of dementia or memory loss. These communities offer studio, one bedroom and two bedroom residential units on a month-to-month basis primarily to elderly individuals requiring various levels of assistance. Basic services for residents of these communities include

housekeeping, meals in a central dining area and group activities organized by the staff with input from the residents. More extensive care and personal supervision, at additional fees, are also available for such needs as eating, bathing, grooming, transportation, limited therapeutic programs and medication administration, which allow residents certain conveniences and enable them to live as independently as possible according to their abilities. These services are often met by home health providers, close coordination with the resident's physician and skilled nursing facilities. Charges for room, board and services are generally paid from private sources.

Medical Office Buildings

Typically, our MOBs are multi-tenant properties leased to several unrelated medical practices, although in many cases they may be associated with a large single specialty or multi-specialty group. Tenants include physicians, dentists, psychologists, therapists and other healthcare providers, who require space devoted to patient examination and treatment, diagnostic imaging, outpatient surgery and other outpatient services. MOBs are similar to commercial office buildings, although they require greater plumbing, electrical and mechanical systems to accommodate physicians' requirements such as sinks in every room, brighter lights and specialized medical equipment. As of December 31, 2014, we owned or managed for third parties approximately 21 million square feet of MOBs that are predominantly located on or near an acute care hospital campus ("on campus").

Skilled Nursing and Other Facilities

Our skilled nursing facilities provide rehabilitative, restorative, skilled nursing and medical treatment for patients and residents who do not require the high technology, care-intensive, high cost setting of an acute care or rehabilitation hospital. Treatment programs include physical, occupational, speech, respiratory and other therapies, including sub-acute clinical protocols such as wound care and intravenous drug treatment. Charges for these services are generally paid from a combination of government reimbursement and private sources.

Our personal care facilities provide specialized care, including supported living services, neurorehabilitation, neurobehavioral management and vocational programs, for persons with acquired or traumatic brain injury.

Hospitals

Substantially all of our hospitals are operated as long-term acute care hospitals, which have a Medicare average length of stay of greater than 25 days and serve medically complex, chronically ill patients who require a high level of monitoring and specialized care, but whose conditions do not necessitate the continued services of an intensive care unit. The operators of these hospitals have the capability to treat patients who suffer from multiple systemic failures or conditions such as neurological disorders, head injuries, brain stem and spinal cord trauma, cerebral vascular accidents, chemical brain injuries, central nervous system disorders, developmental anomalies and cardiopulmonary disorders. Chronic patients often depend on technology for continued life support, such as mechanical ventilators, total parenteral nutrition, respiration or cardiac monitors and dialysis machines, and, due to their severe medical conditions, generally are not clinically appropriate for admission to a nursing facility or rehabilitation hospital. All of our long-term acute care hospitals are freestanding facilities, and we do not own any "hospitals within hospitals." We also own two hospitals focused on providing children's care and five rehabilitation hospitals devoted to the rehabilitation of patients with various neurological, musculoskeletal, orthopedic and other medical conditions following stabilization of their acute medical issues.

Geographic Diversification of Properties

Our portfolio of seniors housing and healthcare properties is broadly diversified by geographic location throughout the United States, Canada and the United Kingdom, with properties in only one state (California) accounting for more than 10% of our total revenues and total net operating income ("NOI," which is defined as total revenues, excluding interest and other income, less property-level operating expenses and medical office building services costs) (in each case excluding amounts in discontinued operations) for the year ended December 31, 2014.

The following table shows our rental income and resident fees and services by geographic location for the year ended December 31, 2014:

Geographic Location	Rental Income and Resident Fees and Services (1) (Dollars in thousands)	Percent of Total Revenues (1)	
California	\$462,467	15.0	%
New York	295,783	9.6	
Texas	213,094	6.9	
Illinois	139,138	4.5	
Florida	124,374	4.0	
Massachusetts	114,076	3.7	
Pennsylvania	109,452	3.6	
North Carolina	90,186	2.9	
Colorado	89,555	2.9	
New Jersey	89,275	2.9	
Other (36 states and the District of Columbia)	1,119,438	36.5	
Total U.S	2,846,838	92.5	%
Canada (seven provinces)	126,321	4.1	
United Kingdom	13,787	0.5	
Total	\$2,986,946	97.1	%(2)

(1) This presentation excludes revenues from properties included in discontinued operations during 2014.

(2) The remainder of our total revenues is medical office building and other services revenue, income from loans and investments and interest and other income.

The following table shows our NOI by geographic location for the year ended December 31, 2014:

Geographic Location	NOI (1) (Dollars in thousands)	Percent of Total NOI (1)	
California	\$255,427	13.7	%
Texas	148,418	8.0	
New York	125,707	6.8	
Illinois	87,742	4.7	
Florida	83,693	4.5	
Massachusetts	73,847	4.0	
Indiana	62,642	3.4	
North Carolina	62,349	3.4	
Pennsylvania	55,125	3.0	
Ohio	52,317	2.8	
Other (36 states and the District of Columbia)	774,613	41.6	
Total U.S	1,781,880	95.9	%
Canada (seven provinces)	63,622	3.4	
United Kingdom	13,787	0.7	
Total	\$1,859,289	100.0	%

(1) This presentation excludes NOI from properties included in discontinued operations during 2014.

See “Note 20—Segment Information” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for more information regarding the geographic diversification of our portfolio.

Certificates of Need

Our skilled nursing facilities and hospitals are generally subject to federal, state and local licensure statutes and statutes that may require regulatory approval, in the form of a certificate of need (“CON”) issued by a governmental agency with jurisdiction over healthcare facilities, prior to the expansion of existing facilities, construction of new facilities, addition of beds, acquisition of major equipment or introduction of new services. CON requirements, which are not uniform throughout the United States, may restrict our or our operators’ ability to expand our properties in certain circumstances.

The following table shows the percentages of our rental income (excluding amounts in discontinued operations) for the year ended December 31, 2014 that are derived by skilled nursing facilities and hospitals in states with and without CON requirements:

	Skilled Nursing Facilities		Hospitals		Total	
States with CON requirements	65.5	%	42.3	%	59.2	%
States without CON requirements	34.5		57.7		40.8	
Total	100.0	%	100.0	%	100.0	%

Loans and Investments

As of December 31, 2014, we had \$927.7 million of net loans receivable and investments relating to seniors housing and healthcare operators or properties. Our loans receivable and investments provide us with interest income, principal amortization and transaction fees and are typically secured by mortgage liens or leasehold mortgages on the underlying properties and corporate or personal guarantees by affiliates of the borrowing entity. In some cases, the loans are secured by a pledge of ownership interests in the entity or entities that own the related seniors housing or healthcare properties. From time to time, we also make investments in mezzanine loans, which are subordinated to senior secured loans held by other investors that

encumber the same real estate. See “Note 6—Loans Receivable and Investments” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Development and Redevelopment Projects

We are party to certain agreements that obligate us to develop seniors housing or healthcare properties funded through capital that we and, in certain circumstances, our joint venture partners provide. As of December 31, 2014, we had one new property under development pursuant to these agreements. In addition, from time to time, we engage in redevelopment projects with respect to our existing seniors housing communities to maximize the value, increase NOI, maintain a market-competitive position, achieve property stabilization or change the primary use of the property.

Segment Information

We evaluate our operating performance and allocate resources based on three reportable business segments: triple-net leased properties; senior living operations; and MOB operations. Non-segment assets, classified as “all other,” consist primarily of corporate assets, including cash, restricted cash, deferred financing costs, loans receivable and investments, and miscellaneous accounts receivable. For further information regarding our business segments, see “Note 20—Segment Information” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Significant Tenants, Operators and Managers

The following table summarizes certain information regarding our tenant, operator and manager concentration as of and for the year ended December 31, 2014 (excluding properties included in discontinued operations during 2014 and properties owned through investments in unconsolidated entities):

	Number of Properties Leased or Managed	Percent of Total Real Estate Investments (1)	Percent of Total Revenues	Percent of NOI
Senior living operations	270	36.0	% 50.6	% 27.8
Brookdale Senior Living (2)	160	10.2	5.5	9.2
Kindred	83	2.1	6.2	10.2

(1) Based on gross book value.

(2) Excludes six properties owned through investments in unconsolidated entities and one property managed by Brookdale Senior Living pursuant to a long-term management agreement.

Triple-Net Leased Properties

Each of our leases with Brookdale Senior Living and Kindred is a triple-net lease that obligates the tenant to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and to comply with the terms of the mortgage financing documents, if any, affecting the properties. In addition, each of these leases has guaranty and cross-default provisions tied to other leases with the same tenant or its affiliates, as well as bundled lease renewals (as described in more detail below).

The properties we lease to Brookdale Senior Living and Kindred accounted for a significant portion of our triple-net leased properties segment revenues and NOI for the year ended December 31, 2014. If either Brookdale Senior Living or Kindred becomes unable or unwilling to satisfy its obligations to us or to renew its leases with us upon expiration of the terms thereof, our financial condition and results of operations could decline and our ability to service our indebtedness and to make distributions to our stockholders could be impaired. We cannot assure you that Brookdale Senior Living and Kindred will have sufficient assets, income and access to financing to enable them to satisfy their respective obligations to us, and any failure, inability or unwillingness by Brookdale Senior Living or Kindred to do so could have a material adverse effect on our business, financial condition, results of operations or liquidity and our ability to service our indebtedness and other obligations and to make distributions to our stockholders, as required for us to continue to qualify as a REIT (a “Material Adverse Effect”). We also cannot assure you that Brookdale Senior Living and Kindred will elect to renew their respective leases with us upon expiration of the leases or that we will be able to reposition any non-renewed properties on a timely basis or on the same or better economic terms, if at all. See “Risks Factors—Risks Arising from Our Business—Our leases with Brookdale Senior Living and Kindred account for a significant portion of our triple-net leased properties segment revenues and operating income; Any failure, inability or

unwillingness by Brookdale Senior Living or Kindred to satisfy its obligations under our agreements could have a Material Adverse Effect on us” included in Item 1A of this Annual Report on Form 10-K.

Brookdale Senior Living Leases

As of December 31, 2014, after giving effect to Brookdale Senior Living's acquisition of Emeritus Senior Living on July 31, 2014, we leased 160 properties (excluding six properties owned through investments in unconsolidated entities and one property managed by Brookdale Senior Living pursuant to a long-term management agreement) to Brookdale Senior Living pursuant to multiple lease agreements.

Pursuant to our lease agreements, Brookdale Senior Living is obligated to pay base rent, which escalates annually at a specified rate over the prior period base rent. As of December 31, 2014, the aggregate 2015 contractual cash rent due to us from Brookdale Senior Living, excluding variable interest that Brookdale Senior Living is obligated to pay as additional rent based on certain floating rate mortgage debt, was approximately \$186.8 million, and the current aggregate contractual base rent (computed in accordance with U.S. generally accepted accounting principles ("GAAP")) due to us from Brookdale Senior Living, excluding the variable interest, was approximately \$182.5 million (in each case, excluding six properties owned through investments in unconsolidated entities as of December 31, 2014). See "Note 3—Concentration of Credit Risk" and "Note 14—Commitments and Contingencies" of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Kindred Leases

As of December 31, 2014, we leased 83 properties to Kindred pursuant to multiple lease agreements. The properties leased pursuant to our Kindred master leases are grouped into bundles, or "renewal groups," with each renewal group containing a varying number of geographically diversified properties. All properties within a single renewal group have the same current lease term of five to 12 years, and each renewal group is currently subject to one or more successive five-year renewal terms at Kindred's option, provided certain conditions are satisfied. Kindred's renewal option is "all or nothing" with respect to the properties contained in each renewal group.

The aggregate annual rent we receive under each Kindred master lease is referred to as "base rent." Base rent escalates annually at a specified rate over the prior period base rent, contingent, in the case of the remaining three original Kindred master leases, upon the satisfaction of specified facility revenue parameters. The annual rent escalator under two Kindred master leases is 2.7%, and the annual rent escalator under the other two Kindred master leases is based on year-over-year changes in CPI, subject to floors and caps.

As of December 31, 2014, we had re-leased to Kindred, transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms were scheduled to expire on September 30, 2014. We expect to sell the remaining asset during 2015; however, the transaction remains subject to customary due diligence conditions, and we cannot assure you that we will be able to successfully complete the sale on a timely basis or at all.

In December 2014, we entered into favorable agreements with Kindred to transition the operations of nine licensed healthcare assets, make certain modifications to the master leases governing 34 leased assets, and reimburse us for certain deferred capital expenditures at skilled nursing facilities previously transferred to new operators. In January 2015, Kindred paid us \$37 million in connection with these agreements, which will be amortized over the remaining lease term for the 34 assets governed by the modified master leases. We own or have the rights to all licenses and CONs at the nine properties to be transitioned, and Kindred has extensive and detailed obligations to cooperate and ensure an orderly transition of the properties to another operator.

Senior Living Operations

As of December 31, 2014, Atria and Sunrise, collectively, provided comprehensive property management and accounting services with respect to 269 seniors housing communities included in our senior living operations reportable business segment, for which we pay annual management fees pursuant to long-term management agreements. Most of our management agreements with Atria have initial terms expiring either July 31, 2024 or December 31, 2027, with successive automatic ten-year renewal periods. The management fees payable to Atria under most of the Atria management agreements range from 4.5% to 5% of revenues generated by the applicable properties, and Atria can earn up to an additional 1% of revenues based on the achievement of specified performance targets. Most of our management agreements with Sunrise have terms ranging from 25 to 30 years (which commenced as early as 2004 and as recently as 2012). The management fees payable to Sunrise under the Sunrise management agreements range from 5% to 7% of revenues generated by the applicable properties. For the year ended December 31, 2014, the management fees (including incentive fees) we paid pursuant to our Sunrise management agreements were equal to 6.5% of revenues generated by the applicable properties. See "Note 3—Concentration of Credit

Risk” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Because Atria and Sunrise manage our properties in exchange for the receipt of a management fee from us, we are not directly exposed to the credit risk of our managers in the same manner or to the same extent as our triple-net tenants. However,

we rely on our managers' personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our senior living operations efficiently and effectively. We also rely on our managers to set appropriate resident fees and to otherwise operate our seniors housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. Although we have various rights as the property owner under our management agreements, including various rights to terminate and exercise remedies under those agreements as provided therein, Atria's or Sunrise's failure, inability or unwillingness to satisfy its respective obligations under those agreements, to efficiently and effectively manage our properties or to provide timely and accurate accounting information with respect thereto could have a Material Adverse Effect on us. In addition, significant changes in Atria's or Sunrise's senior management or equity ownership or any adverse developments in their businesses and affairs or financial condition could have a Material Adverse Effect on us. See "Risk Factors—Risks Arising from Our Business—The properties managed by Atria and Sunrise account for a significant portion of our revenues and operating income; Adverse developments in Atria's or Sunrise's business and affairs or financial condition could have a Material Adverse Effect on us" and "—We have rights to terminate our management agreements with Atria and Sunrise in whole or with respect to specific properties under certain circumstances, and we may be unable to replace Atria or Sunrise if our management agreements are terminated or not renewed" included in Item 1A of this Annual Report on Form 10-K.

Our 34% ownership interest in Atria entitles us to certain rights and minority protections, as well as the right to appoint two of five members on the Atria board of directors.

Competition

We generally compete for investments in seniors housing and healthcare assets with publicly traded, private and non-listed healthcare REITs, real estate partnerships, healthcare providers, healthcare lenders and other investors, including developers, banks, insurance companies, pension funds, government-sponsored entities and private equity firms, some of whom may have greater financial resources and lower costs of capital than we do. Increased competition challenges our ability to identify and successfully capitalize on opportunities that meet our objectives, which is affected by, among other factors, the availability of suitable acquisition or investment targets, our ability to negotiate acceptable transaction terms and our access to and cost of capital. See "Risk Factors—Risks Arising from Our Business—Our pursuit of investments in and acquisitions of, or our development or redevelopment of, seniors housing and healthcare assets may be unsuccessful or fail to meet our expectations" included in Item 1A of this Annual Report on Form 10-K and "Note 10—Borrowing Arrangements" of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Our tenants, operators and managers also compete on a local and regional basis with other healthcare operating companies that provide comparable services. Seniors housing community, skilled nursing facility and hospital operators compete to attract and retain residents and patients to our properties based on scope and quality of care, reputation and financial condition, price, location and physical appearance of the properties, services offered, qualified personnel, physician referrals and family preferences. With respect to MOBs, we and our third-party managers compete to attract and retain tenants based on many of the same factors, in addition to quality of the affiliated health system, physician preferences and proximity to hospital campuses. The ability of our tenants, operators and managers to compete successfully could be affected by private, federal and state reimbursement programs and other laws and regulations. See "Risk Factors—Risks Arising from Our Business—Our tenants, operators and managers may be adversely affected by healthcare regulation and enforcement" and "—Changes in the reimbursement rates or methods of payment from third-party payors, including the Medicare and Medicaid programs, could have a material adverse effect on certain of our tenants and operators and on us" included in Item 1A of this Annual Report on Form 10-K.

Employees

As of December 31, 2014, we had 479 employees, including 299 employees associated with our MOB operations reportable business segment, but excluding 1,261 employees at our Canadian seniors housing communities under the supervision and control of our independent managers. Although the applicable manager is responsible for hiring and maintaining the labor force at each of our Canadian seniors housing communities, we bear many of the costs and risks generally borne by employers, particularly with respect to those properties with unionized labor. None of our employees is subject to a collective bargaining agreement, other than those employees in the Canadian seniors housing communities managed by Sunrise or Atria. We believe that relations with our employees are positive. See "Risk

Factors—Risks Arising from Our Business—Our operating assets expose us to various operational risks, liabilities and claims that could adversely affect our ability to generate revenues or increase our costs and could have a Material Adverse Effect on us” included in Item 1A of this Annual Report on Form 10-K.

Insurance

We maintain or require in our lease, management and other agreements that our tenants, operators and managers maintain all applicable lines of insurance on our properties and their operations. We believe that the amount and scope of insurance coverage provided by our policies and the policies required to be maintained by our tenants, operators and managers are customary for similarly situated companies in our industry. Although we regularly monitor our tenants', operators' and managers' compliance with their respective insurance requirements, we cannot assure you that they will maintain the required insurance coverages, and any failure, inability or unwillingness by our tenants, operators and managers to do so could have a Material Adverse Effect on us. We also cannot assure you that we will continue to require the same levels of insurance coverage under our lease, management and other agreements, that such insurance coverage will be available at a reasonable cost in the future or that the policies maintained will fully cover all losses related to our properties upon the occurrence of a catastrophic event, nor can we assure you of the future financial viability of the insurers.

We maintain the property insurance for all of our senior living operations, as well as the general and professional liability insurance for our seniors housing communities and related operations managed by Atria. However, Sunrise maintains the general and professional liability insurance for our seniors housing communities and related operations that it manages in accordance with the terms of our management agreements. Under our management agreements with Sunrise, we may elect, on an annual basis, whether we or Sunrise will bear responsibility for maintaining the required insurance coverage for the applicable properties, but the costs of such insurance are facility expenses paid from the revenues of those properties, regardless of who maintains the insurance.

Through our MOB operations, we provide engineering, construction and architectural services in connection with new development projects, and any design, construction or systems failures related to the properties we develop could result in substantial injury or damage to our clients or third parties. Any such injury or damage claims may arise in the ordinary course and may be asserted with respect to ongoing or completed projects. Although we maintain liability insurance to protect us against these claims, if any claim results in a loss, we cannot assure you that our policy limits would be adequate to cover the loss in full. If we sustain losses in excess of our insurance coverage, we may be required to pay the difference and we could lose our investment in, or experience reduced profits and cash flows from, the affected MOB, which could have a Material Adverse Effect on us.

For various reasons, including to reduce and manage costs, many healthcare companies utilize different organizational and corporate structures coupled with self-insurance trusts or captive programs that may provide less coverage than a traditional insurance policy. As a result, companies that self-insure could incur large funded and unfunded general and professional liability expenses, which could have a material adverse effect on their liquidity, financial condition and results of operations. The implementation of a trust or captive by any of our tenants, operators or managers could adversely affect such person's ability to satisfy its obligations under, or otherwise comply with the terms of, its respective lease, management and other agreements with us, which could have a Material Adverse Effect on us. Likewise, if we decide to implement a captive or self-insurance program, any large funded and unfunded general and professional liability expenses that we incur could have a Material Adverse Effect on us.

Additional Information

We maintain a website at www.ventasreit.com. The information on our website is not incorporated by reference in this Annual Report on Form 10-K, and our web address is included as an inactive textual reference only.

We make available, free of charge, through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, our Guidelines on Governance, our Global Code of Ethics and Business Conduct (including waivers from and amendments to that document) and the charters for each of our Audit and Compliance, Nominating and Corporate Governance and Executive Compensation Committees are available on our website, and we will mail copies of the foregoing documents to stockholders, free of charge, upon request to our Corporate Secretary at Ventas, Inc., 353 North Clark Street, Suite 3300, Chicago, Illinois 60654.

GOVERNMENTAL REGULATION

Healthcare Regulation

Overview

For the year ended December 31, 2014, approximately 16% of our total revenues and 26% of our total NOI (in each case excluding amounts in discontinued operations) were attributable to skilled nursing and other facilities and hospitals in which our third-party tenants receive reimbursement for their services under governmental healthcare programs, such as Medicare and Medicaid. We are neither a participant in, nor a direct recipient of, any reimbursement under these programs with respect to those facilities.

Although the properties within our portfolio may be subject to varying levels of governmental scrutiny, we expect that the healthcare industry, in general, will continue to face increased regulation and pressure in the areas of fraud, waste and abuse, cost control, healthcare management and provision of services, among others. We also expect that efforts by third-party payors, such as the federal Medicare program, state Medicaid programs and private insurance carriers (including health maintenance organizations and other health plans), to impose greater discounts and more stringent cost controls upon operators (through changes in reimbursement rates and methodologies, discounted fee structures, the assumption by healthcare providers of all or a portion of the financial risk or otherwise) will intensify and continue. A significant expansion of applicable federal, state or local laws and regulations, existing or future healthcare reform measures, new interpretations of existing laws and regulations, changes in enforcement priorities, or significant limits on the scope of services reimbursed or reductions in reimbursement rates could have a material adverse effect on certain of our operators' liquidity, financial condition and results of operations and, in turn, their ability to satisfy their contractual obligations, including making rental payments under and otherwise complying with the terms of our leases.

Licensure, Certification and CONs

In general, the operators of our skilled nursing facilities must be licensed on an annual or biannual basis and certified annually through various regulatory agencies that determine compliance with federal, state and local laws to participate in the Medicare and Medicaid programs. Legal requirements pertaining to such licensure and certification relate to the quality of nursing care provided by the operator, qualifications of the operator's administrative personnel and nursing staff, adequacy of the physical plant and equipment and continuing compliance with laws and regulations governing the operation of skilled nursing facilities. The failure to maintain or renew any required license or regulatory approval or to correct serious deficiencies identified in a compliance survey could prevent an operator from continuing operations at a property, and a loss of licensure or certification could adversely affect a skilled nursing facility operator's ability to receive payments from the Medicare and Medicaid programs, which, in turn, could adversely affect its ability to satisfy its contractual obligations, including making rental payments under and otherwise complying with the terms of our leases.

The operators of our hospitals must meet the applicable conditions of participation established by the U.S. Department of Health and Human Services ("HHS") and comply with state and local laws and regulations in order to receive Medicare and Medicaid reimbursement. Such conditions relate to the type of hospital and its equipment, personnel and standard of medical care, and hospital operators must undergo periodic on-site licensure surveys, which generally are limited if the hospital is accredited by The Joint Commission (formerly the Joint Commission on Accreditation of Healthcare Organizations) or other recognized accreditation organizations. A loss of licensure or certification could adversely affect a hospital operator's ability to receive payments from the Medicare and Medicaid programs, which, in turn, could adversely affect its ability to satisfy its contractual obligations, including making rental payments under and otherwise complying with the terms of our leases.

In addition, many of our skilled nursing facilities and hospitals are subject to state CON laws that require governmental approval prior to the development or expansion of healthcare facilities and services. The approval process in these states generally requires a facility to demonstrate the need for additional or expanded healthcare facilities or services. CONs, where applicable, are also sometimes necessary for changes in ownership or control of licensed facilities, addition of beds, investment in major capital equipment, introduction of new services or termination of services previously approved through the CON process. CON laws and regulations may restrict an operator's ability to expand our properties and grow its business in certain circumstances, which could have an adverse effect on the operator's revenues and, in turn, its ability to make rental payments under and otherwise comply with the

terms of our leases. See “Risk Factors—Risks Arising from Our Business—If we must replace any of our tenants or operators, we might be unable to reposition the properties on as favorable terms, or at all, and we could be subject to delays, limitations and expenses, which could have a Material Adverse Effect on us” included in Part I, Item 1A of this Annual Report on Form 10-K.

Compared to skilled nursing facilities and hospitals, seniors housing communities are subject to relatively few, if any, federal regulations. Instead, to the extent they are regulated, such regulation consists primarily of state and local laws governing licensure, provision of services, staffing requirements and other operational matters, which vary greatly from one

jurisdiction to another. Although recent growth in the U.S. seniors housing industry has attracted the attention of various federal agencies that believe more federal regulation of these properties is necessary, Congress thus far has deferred to state regulation of seniors housing communities. However, as a result of this growth and increased federal scrutiny, some states have revised and strengthened their regulation of seniors housing communities, and more states are expected to do the same in the future. Similarly, in Canada, seniors housing communities are currently generally subject to significantly less regulation than skilled nursing facilities and hospitals, and the regulation of such facilities is principally a matter of provincial and municipal jurisdiction. As a result, the regulatory regimes that apply to seniors housing communities vary depending on the province (and in certain circumstances, the city) in which a facility is located. Recently, certain Canadian provinces have taken steps to implement regulatory measures that could result in enhanced regulation for seniors housing communities in such provinces.

Fraud and Abuse Enforcement

Federal and state laws and regulations prohibit a wide variety of fraud and abuse by healthcare providers who participate in, receive payments from or make or receive referrals for work in connection with government-funded healthcare programs, including Medicare and Medicaid. These federal laws include, among others:

- The anti-kickback statute (Section 1128B(b) of the Social Security Act), which prohibits certain business practices and relationships, including the payment, receipt or solicitation of any remuneration, directly or indirectly, to induce a referral of any patient or service or item covered by a federal health care program, including Medicare, or a state health program, such as Medicaid;

- The physician self-referral prohibition (Ethics in Patient Referrals Act of 1989, commonly referred to as the “Stark Law”), which prohibits referrals by physicians of Medicare or Medicaid patients to providers of a broad range of designated healthcare services with which the physicians (or their immediate family members) have ownership interests or certain other financial arrangements;

- The False Claims Act, which prohibits any person from knowingly presenting false or fraudulent claims for payment by the federal government (including the Medicare and Medicaid programs);

- The Civil Monetary Penalties Law, which authorizes HHS to impose civil penalties administratively for fraudulent acts; and

- The Health Insurance Portability and Accountability Act of 1996 (commonly referred to as “HIPAA”), which among other things, protects the privacy and security of individually identifiable health information by limiting its use and disclosure.

Sanctions for violating these federal laws include criminal and civil penalties, such as punitive sanctions, damage assessments, monetary penalties, imprisonment, denial of Medicare and Medicaid payments, and exclusion from the Medicare and Medicaid programs. These laws also impose an affirmative duty on operators to ensure that they do not employ or contract with persons excluded from the Medicare and other governmental healthcare programs.

Many states have adopted or are considering legislative proposals similar to the federal anti-fraud and abuse laws, some of which extend beyond the Medicare and Medicaid programs, to prohibit the payment or receipt of remuneration for the referral of patients and physician self-referrals, regardless of whether the service was reimbursed by Medicare or Medicaid. Many states have also adopted or are considering legislative proposals to increase patient protections, such as minimum staffing levels, criminal background checks, and limiting the use and disclosure of patient specific health information. These state laws also impose criminal and civil penalties similar to the federal laws.

In the ordinary course of their business, the operators of our properties have been and are subject regularly to inquiries, investigations and audits by federal and state agencies that oversee applicable laws and regulations. Increased funding through recent federal and state legislation and the creation of a series of new healthcare crimes by HIPAA have led to a significant expansion in the number and scope of investigations and enforcement actions over the past several years. Private enforcement of healthcare fraud has also increased, due in large part to amendments to the civil False Claims Act in 1986 that were designed to encourage private individuals to sue on behalf of the government. These whistleblower suits by private individuals, known as qui tam suits, may be filed by almost anyone, including present and former patients or nurses and other employees.

As federal and state budget pressures persist, administrative agencies may continue to escalate their investigation and enforcement efforts to eliminate waste and control fraud and abuse in governmental healthcare programs. A violation

of federal or state anti-fraud and abuse laws or regulations by an operator of our properties could have a material adverse effect on the operator's liquidity, financial condition or results of operations, which could adversely affect its ability to satisfy its contractual obligations, including making rental payments under and otherwise complying with the terms of our leases.

Reimbursement

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, along with a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively, the “Affordable Care Act”). The passage of the Affordable Care Act has resulted in comprehensive reform legislation that is expected to expand health care coverage to millions of currently uninsured people beginning in 2014. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursement rates for various healthcare providers, including long-term acute care hospitals and skilled nursing facilities, as well as certain other changes to Medicare payment methodologies.

The Affordable Care Act, among other things, reduced the inflationary market basket increase included in standard federal payment rates for long-term acute care hospitals by 25 basis points in fiscal year 2010, 50 basis points in fiscal year 2011, 10 basis points in fiscal years 2012 and 2013, 30 basis points in fiscal year 2014, 20 basis points in fiscal years 2015 and 2016, and 75 basis points in fiscal years 2017 through 2019. In addition, under the Affordable Care Act, long-term acute care hospitals and skilled nursing facilities are subject to a rate adjustment to the annual market basket increase to reflect improvements in productivity. In July 2012, after considering the constitutionality of various provisions of the Affordable Care Act, the U.S. Supreme Court upheld the so-called individual mandate and, while it found the provisions expanding Medicaid eligibility unconstitutional, determined that the issue was appropriately remedied by circumscribing the Secretary of Health and Human Services’ enforcement authority, thus leaving the Medicaid expansion intact.

Healthcare is one of the largest industries in the United States and continues to attract a great deal of legislative interest and public attention. We cannot assure you that existing or future healthcare reform legislation or changes in the administration or implementation of governmental and non-governmental healthcare reimbursement programs will not have a material adverse effect on our operators’ liquidity, financial condition or results of operations, or on their ability to satisfy their obligations to us, which, in turn, could have a Material Adverse Effect on us.

In August 2011, President Obama and the U.S. Congress enacted the Budget Control Act of 2011 (the “Budget Control Act”) to increase the federal government’s borrowing authority (the so-called “debt ceiling”) and reduce the federal government’s projected operating deficit. Under the Budget Control Act, a 2% reduction in Medicare payments to long-term acute care hospitals and skilled nursing facilities (part of \$1.2 trillion in automatic spending cuts commonly referred to as “sequestration”) was expected to take effect on February 1, 2013. Although delayed by the American Taxpayer Relief Act of 2012, this 2% reduction became effective on April 1, 2013. These measures or any future federal legislation relating to the debt ceiling or deficit reduction could have a material adverse effect on our operators’ liquidity, financial condition or results of operations and their ability to satisfy their obligations to us, which, in turn, could have a Material Adverse Effect on us.

In October 2014, President Obama signed into law The Improving Medicare Post-Acute Transformation Act of 2014 (the “IMPACT Act”), which standardizes patient assessments among post-acute care providers (home health providers, skilled nursing facilities, long-term care hospitals and rehabilitation providers) and is designed to give Congress the data needed for major payment reforms, such as site-neutral and bundled payments, in the future. We have not yet determined the effect, if any, that the IMPACT Act may have on our operators or on us.

Medicare Reimbursement; Long-Term Acute Care Hospitals

The Balanced Budget Act of 1997 (“BBA”) mandated the creation of a prospective payment system for long-term acute care hospitals (“LTAC PPS”) for cost reporting periods commencing on or after October 1, 2002. LTAC PPS requires payment for a Medicare beneficiary at a predetermined, per discharge amount for each defined patient category (called “Long-Term Care—Diagnosis Related Groups” or “LTC-DRGs”), adjusted for differences in area wage levels. Updates to LTAC PPS payment rates are established by regulators and published annually for the long-term acute care hospital rate year, which coincides with annual updates to the LTC-DRG classification system and corresponds to the federal fiscal year (October 1 through September 30).

The Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. No. 110-173) (the “Medicare Extension Act”) significantly expanded medical necessity reviews by the Centers for Medicare & Medicaid Services (“CMS”) by requiring long-term acute care hospitals to institute a patient review process to better assess patients upon admission and on a continuing basis for appropriateness of care. In addition, the Medicare Extension Act, among other things, provided the following long-term acute care hospital payment policy changes for a period of three years, all of which

were extended for two additional years by the Affordable Care Act:

- Prevention of the application of the “25-percent rule,” which limits payments from referring co-located hospitals, to freestanding and grandfathered long-term acute care hospitals;

- Modification of the application of the 25-percent rule to certain urban and rural long-term acute care “hospitals-within-hospitals” and “satellite” facilities;

Prevention of the application of the “very short stay outlier” policy; and
 Prevention of any one-time adjustments to correct estimates used in implementing LTAC PPS.

Lastly, the Medicare Extension Act introduced a moratorium on new long-term acute care hospitals and beds for three years, which was subsequently extended by the Affordable Care Act and expired on December 29, 2012. In its May 2008 final rule, CMS delayed the extension of the 25-percent rule to freestanding and grandfathered long-term acute care hospitals and increased the patient percentage thresholds for certain urban and rural long-term acute care “hospitals-within-hospitals” and “satellite” facilities for three years, as mandated by the Medicare Extension Act, and set forth policies on implementing the moratorium on new long-term acute care hospitals and beds imposed by the Medicare Extension Act.

In its August 2009 final rule, CMS finalized policies to implement changes required by Section 124 of the Medicare Improvements for Patients & Providers Act of 2008 (Pub. L. No. 110-275), continuing reforms intended to improve the accuracy of Medicare payments for inpatient acute care through the severity-adjusted diagnosis-related group (MS-LTC-DRG) classification system for long-term acute care hospitals.

In its August 2012 final rule, CMS delayed the extension of the 25-percent rule to freestanding and grandfathered long-term acute care hospitals for another year until December 29, 2013.

On December 26, 2013, President Obama signed into law the Pathway for SGR Reform Act of 2013 (the “Pathway for SGR Reform Act”), which prevented a scheduled cut to the Medicare Part B physician fee schedules from taking effect on January 1, 2014. Also known as the “doc fix,” this reprieve from the Medicare payment cut was effective for a period of 90 days (until March 31, 2014), while Congress worked to find a permanent solution, and included several provisions impacting payments to long-term acute care hospitals. Among other things, the Pathway for SGR Reform Act established new patient criteria for long-term acute care hospitals to receive reimbursement for services to Medicare beneficiaries at the LTAC PPS rate, rather than the acute inpatient prospective payment system (“IPPS”) rate, and required CMS to establish a process for a long-term acute care hospital subject to the IPPS payment rate to re-qualify for payment under LTAC PPS. The Pathway for SGR Reform Act also delayed full implementation of the 25-percent rule for three years, through fiscal year 2017, and extended the current moratorium on establishing or increasing long-term acute care beds (with certain exceptions) through September 30, 2017.

On August 4, 2014, CMS released its final rule updating LTAC PPS for the 2015 fiscal year (October 1, 2014 through September 30, 2015). Under the final rule, the LTAC PPS standard federal payment rate will increase by 2.2% in fiscal year 2015, reflecting a 2.9% increase in the market basket index, less both a 0.5% productivity adjustment and a 0.2% adjustment mandated by the Affordable Care Act. After taking into account the last year of the three-year phase in of the permanent one-time budget neutrality adjustment (-1.3%), the LTAC PPS standard federal payment rate in fiscal year 2015 will increase under the final rule by slightly more than 1% over the rate for fiscal year 2014. In addition, the final rule provides for: the retroactive reinstatement and extension, for an additional four years, of the moratorium on the full implementation of the 25-percent rule to freestanding and grandfathered long-term acute care hospitals established under the Medicare, Medicaid and SCHIP Extension Act of 2007 and amended by subsequent legislation; and implementation of the moratorium on the establishment of new long-term acute care hospitals and satellite facilities and the moratorium on bed increases in long-term acute care hospitals under the Pathway for SGR Reform Act of 2013, as amended by the Protecting Access to Medicare Act of 2014, effective for the period beginning April 1, 2014 and ending September 30, 2017. CMS estimates that net payments to long-term acute care hospitals under the final rule will increase by approximately \$62 million, or 1.1%, in fiscal year 2015 due to the update to the standard federal payment rate, changes to the area wage adjustment and expected changes to short-stay and high-cost outlier payments. However, after taking into account the reinstatement of the moratorium on the implementation of the 25-percent rule, the implementation of the moratoria on the development of new long-term acute care hospitals and satellite facilities and additional beds, and the impact of certain other policy changes, CMS estimates that net payments to long-term acute care hospitals under the final rule will increase by approximately \$178 million in fiscal year 2015 relative to fiscal year 2014.

We regularly assess the financial implications of CMS’s rules and other federal legislation on the operators of our long-term acute care hospitals, but we cannot assure you that current rules or future updates to LTAC PPS, LTC-DRGs or Medicare reimbursement for long-term acute care hospitals will not materially adversely affect our operators, which, in turn, could have a Material Adverse Effect on us. See “Risk Factors—Risks Arising from Our

Business—Changes in the reimbursement rates or methods of payment from third-party payors, including the Medicare and Medicaid programs, could have a material adverse effect on certain of our tenants and operators and on us” included in Item 1A of this Annual Report on Form 10-K.

Medicare Reimbursement; Skilled Nursing Facilities

The BBA also mandated the creation of a prospective payment system for skilled nursing facilities (“SNF PPS”) offering Part A covered services. Under SNF PPS, payment amounts are based upon classifications determined through assessments of individual Medicare patients in the skilled nursing facility, rather than on the facility’s reasonable costs. SNF PPS payments,

which are made on a per diem basis for each resident, are generally intended to cover all inpatient services for Medicare patients, including routine nursing care, most capital-related costs associated with the inpatient stay and ancillary services, such as respiratory therapy, occupational and physical therapy, speech therapy and certain covered drugs.

In response to widespread healthcare industry concern about the reductions in payments under the BBA, the federal government enacted the Balanced Budget Refinement Act of 1999 (“BBRA”). The BBRA increased the per diem reimbursement rates for certain high acuity patients by 20% from April 1, 2000 until CMS refined the resource utilization groups (“RUGs”) used to determine the daily payment for beneficiaries in skilled nursing facilities in the 2006 fiscal year. The BBRA also imposed a two-year moratorium on the annual cap mandated by the BBA on physical, occupational and speech therapy services provided to a patient by outpatient rehabilitation therapy providers, including Part B covered therapy services in nursing facilities. Although extended multiple times by Congress, relief from the BBA therapy caps expired on December 31, 2009.

Under its final rule updating LTC-DRGs for the 2007 fiscal year, CMS reduced reimbursement of uncollectible Medicare coinsurance amounts for all beneficiaries (other than beneficiaries of both Medicare and Medicaid) from 100% to 70% for skilled nursing facility cost reporting periods beginning on or after October 1, 2005 and set forth various options for classifying and weighting patients transferred to a skilled nursing facility after a hospital stay less than the mean length of stay associated with that particular diagnosis-related group.

Under its final rule updating SNF PPS for the 2010 fiscal year, CMS recalibrated the case-mix indexes for RUGs used to determine the daily payment for beneficiaries in skilled nursing facilities and implemented the RUG-IV classification model for skilled nursing facilities for the 2011 fiscal year. However, the Affordable Care Act delayed the implementation of RUG-IV for one year, and CMS subsequently modified the implementation schedule in its notice updating SNF PPS for the 2011 fiscal year.

In its final rule updating the Medicare physician fee schedule for the 2012 calendar year, CMS set a \$1,880 cap on physical therapy and speech-language pathology services and a separate \$1,880 cap on occupational therapy services, including therapy provided in skilled nursing facilities, both without an exceptions process. However, in January 2013, the Middle Class Tax Relief and Job Creation Act of 2012 (Pub. L. No. 112-96) was enacted to lift the caps on therapy services and require a manual review process for those exceptions for which the beneficiary therapy services exceed \$3,700 in a year. The Pathway for SGR Reform Act maintained the status quo for outpatient therapy services by extending the exceptions process for outpatient therapy caps through March 31, 2014.

On August 4, 2014, CMS released its final rule updating SNF PPS for the 2015 fiscal year (October 1, 2014 through September 30, 2015). Under the final rule, the SNF PPS standard federal payment rate will increase by 2.0% in fiscal year 2015, reflecting a 2.5% increase in the market basket index, less a 0.5% productivity adjustment mandated by the Affordable Care Act. CMS estimates that net payments to skilled nursing facilities as a result of the final rule will increase by approximately \$750 million in fiscal year 2015.

We regularly assess the financial implications of CMS’s rules and other federal legislation on the operators of our skilled nursing facilities, but we cannot assure you that current rules or future updates to SNF PPS, therapy services or Medicare reimbursement for skilled nursing facilities will not materially adversely affect our operators, which, in turn, could have a Material Adverse Effect on us. See “Risk Factors—Risks Arising from Our Business—Changes in the reimbursement rates or methods of payment from third-party payors, including the Medicare and Medicaid programs, could have a material adverse effect on certain of our tenants and operators and on us” included in Item 1A of this Annual Report on Form 10-K.

Medicaid Reimbursement; Skilled Nursing Facilities

Approximately two-thirds of all skilled nursing facility residents are dependent on Medicaid. Medicaid reimbursement rates, however, typically are less than the amounts charged by the operators of our skilled nursing facilities. Although the federal government and the states share responsibility for financing Medicaid, states have a wide range of discretion, within certain federal guidelines, to determine eligibility and reimbursement methodology. In addition, federal legislation limits an operator’s ability to withdraw from the Medicaid program by restricting the eviction or transfer of Medicaid residents. As state budget pressures continue to escalate and in an effort to address actual or potential budget shortfalls, many state legislatures have enacted or proposed reductions to Medicaid expenditures by implementing “freezes” or cuts in Medicaid rates paid to providers, including hospitals and skilled nursing facilities, or

by restricting eligibility and benefits.

In the Deficit Reduction Act of 2005 (Pub. L. No. 109 171), Congress made changes to the Medicaid program that were estimated to result in \$10 billion in savings to the federal government over the five years following enactment of the legislation, primarily through the accounting practices some states use to calculate their matched payments and revising the qualifications for individuals who are eligible for Medicaid benefits. The changes made by CMS's final rule updating SNF PPS for the 2006 fiscal year were also anticipated to reduce Medicaid payments to skilled nursing facility operators, and as part of the Tax Relief and Health Care Act of 2006 (Pub. L. No. 109-432), Congress reduced the ceiling on taxes that states may impose on healthcare

providers and that would qualify for federal financial participation under Medicaid by 0.5%, from 6% to 5.5%, until October 1, 2011. However, it was anticipated that this reduction would have a negligible effect, impacting only those states with taxes in excess of 5.5%.

The American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (the “Recovery Act”), in contrast, temporarily increased federal payments to state Medicaid programs by \$86.6 billion through, among other things, a 6.2% increase in the federal share of Medicaid expenditures across the board, with additional funds available depending on a state’s federal medical assistance percentage and unemployment rate. Though the Medicaid federal assistance payments were originally expected to expire on December 31, 2010, the President’s fiscal year 2011 budget extended those payments through June 30, 2011. The Recovery Act also requires states to promptly pay nursing facilities under their Medicaid program, and precludes states, as a condition of receiving the additional funding, from heightening their Medicaid eligibility requirements.

We expect more states to adopt significant Medicaid rate freezes or cuts or other program changes as their reimbursement methodologies continue to evolve. In addition, the U.S. government may revoke, reduce or stop approving “provider taxes” that have the effect of increasing Medicaid payments to the states. We cannot predict the impact that any such actions would have on our skilled nursing facility operators, nor can we assure you that payments under Medicaid are now or in the future will be sufficient to fully reimburse those operators for the cost of providing skilled nursing services. Severe and widespread Medicaid rate cuts or freezes could materially adversely affect our skilled nursing facility operators, which, in turn, could adversely affect their ability to satisfy their contractual obligations, including making rental payments under and otherwise complying with the terms of our leases.

Environmental Regulation

As an owner of real property, we are subject to various federal, state and local laws and regulations regarding environmental, health and safety matters. These laws and regulations address, among other things, asbestos, polychlorinated biphenyls, fuel oil management, wastewater discharges, air emissions, radioactive materials, medical wastes, and hazardous wastes, and, in certain cases, the costs of complying with these laws and regulations and the penalties for non-compliance can be substantial. With respect to our properties that are operated or managed by third parties, we may be held primarily or jointly and severally liable for costs relating to the investigation and clean-up of any property from which there is or has been an actual or threatened release of a regulated material and any other affected properties, regardless of whether we knew of or caused the release. Such costs typically are not limited by law or regulation and could exceed the property’s value. In addition, we may be liable for certain other costs, such as governmental fines and injuries to persons, property or natural resources, as a result of any such actual or threatened release. See “Risk Factors—Risks Arising from Our Business—We could incur substantial liabilities and costs if any of our properties are found to be contaminated with hazardous substances or we become involved in any environmental disputes” included in Item 1A of this Annual Report on Form 10-K.

Under the terms of our lease, management and other agreements, we generally have a right to indemnification by the tenants, operators and managers of our properties for any contamination caused by them. However, we cannot assure you that our tenants, operators and managers will have the financial capability or willingness to satisfy their respective indemnification obligations to us, and any failure, inability or unwillingness to do so may require us to satisfy the underlying environmental claims. See “Risk Factors—Risks Arising from Our Business—Our leases with Brookdale Senior Living and Kindred generate a meaningful portion of our revenues and operating income; Any failure, inability or unwillingness by Brookdale Senior Living or Kindred to satisfy its obligations under our agreements could have a Material Adverse Effect on us” included in Item 1A of this Annual Report on Form 10-K.

In general, we have also agreed to indemnify our tenants and operators against any environmental claims (including penalties and clean-up costs) resulting from any condition arising in, on or under, or relating to, the leased properties at any time before the applicable lease commencement date. With respect to our senior living operating portfolio, we have agreed to indemnify our managers against any environmental claims (including penalties and clean-up costs) resulting from any condition on those properties, unless the manager caused or contributed to that condition.

We did not make any material capital expenditures in connection with environmental, health, and safety laws, ordinances and regulations in 2014 and do not expect that we will be required to make any such material capital expenditures during 2015.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to you as a holder of our stock. It is not tax advice, nor does it purport to address all aspects of U.S. federal income taxation that may be important to particular stockholders in light of their personal circumstances or to certain types of stockholders, such as insurance companies, tax-exempt organizations (except to the extent discussed below under “—Treatment of Tax-Exempt Stockholders”), financial institutions, pass-through entities (or investors in such entities) or broker-dealers, and non-U.S.

individuals and entities (except to the extent discussed below under “—Special Tax Considerations for Non-U.S. Stockholders”), that may be subject to special rules.

The statements in this section are based on the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury Regulations, Internal Revenue Service (“IRS”) rulings, and judicial decisions now in effect, all of which are subject to change or different interpretation, possibly with retroactive effect. The laws governing the U.S. federal income tax treatment of REITs and their stockholders are highly technical and complex, and this discussion is qualified in its entirety by the authorities listed above. We cannot assure you that new laws, interpretations of law or court decisions will not cause any statement herein to be inaccurate.

Federal Income Taxation of Ventas

We elected REIT status beginning with the year ended December 31, 1999. We believe that we have satisfied the requirements to qualify as a REIT for federal income tax purposes for all tax years starting in 1999, and we intend to continue to do so. By qualifying for taxation as a REIT, we generally are not subject to federal income tax on net income that we currently distribute to stockholders, which substantially eliminates the “double taxation” (i.e., taxation at both the corporate and stockholder levels) that results from investment in a C corporation (i.e., a corporation generally subject to full corporate-level tax).

Notwithstanding such qualification, we are subject to federal income tax on any undistributed taxable income, including undistributed net capital gains, at regular corporate rates. In addition, we are subject to a 4% excise tax if we do not satisfy specific REIT distribution requirements. See “—Requirements for Qualification as a REIT—Annual Distribution Requirements.” Under certain circumstances, we may be subject to the “alternative minimum tax” on our undistributed items of tax preference. If we have net income from the sale or other disposition of “foreclosure property” (as described below) held primarily for sale to customers in the ordinary course of business or certain other non-qualifying income from foreclosure property, we are subject to tax at the highest corporate rate on that income. See “—Requirements for Qualification as a REIT—Foreclosure Property.” In addition, if we have net income from “prohibited transactions” (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business), that income is subject to a 100% tax. We also may be subject to “Built-in Gains Tax” on any appreciated asset that we own or acquire that was previously owned by a C corporation. If we dispose of any such asset and recognize gain on the disposition during the ten-year period immediately after the asset was owned by a C corporation (either prior to our REIT election, or through stock acquisition or merger), then we generally are subject to regular corporate income tax on the gain equal to the lesser of the recognized gain at the time of disposition or the built-in gain in that asset as of the date it became a REIT asset. If we fail to satisfy either of the gross income tests for qualification as a REIT (as discussed below), but maintain such qualification under the relief provisions of the Code, we will be subject to a 100% tax on the gross income attributable to the amount by which we failed the applicable test, multiplied by a fraction intended to reflect our profitability. In addition, if we violate one or more of the REIT asset tests (as discussed below), we may avoid a loss of our REIT status if we qualify under certain relief provisions and, among other things, pay a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying asset during a specified period. If we fail to satisfy any requirement for REIT qualification, other than the gross income or assets tests mentioned above, but maintain such qualification by meeting certain other requirements, we may be subject to a \$50,000 penalty for each failure. Finally, we will incur a 100% excise tax on the income derived from certain transactions with a taxable REIT subsidiary (including rental income derived from leasing properties to a taxable REIT subsidiary) that are not conducted on an arm’s-length basis.

See “—Requirements for Qualification as a REIT” below for other circumstances in which we may be required to pay federal taxes.

Requirements for Qualification as a REIT

To qualify as a REIT, we must meet the requirements discussed below relating to our organization, sources of income, nature of assets and distributions of income to our stockholders.

Organizational Requirements

The Code defines a REIT as a corporation, trust or association: (i) that is managed by one or more directors or trustees; (ii) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest; (iii) that would be taxable as a domestic corporation but for Sections 856 through 859 of the Code;

(iv) that is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial ownership of which is held by 100 or more persons during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable

year (the “100 Shareholder Rule”); (vi) not more than 50% in value of the outstanding stock of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of each taxable year (the “5/50 Rule”); (vii) that makes an election to be a REIT (or has made such election for a prior taxable year) and satisfies all relevant filing and other administrative requirements established by the IRS that must be met in order to elect and to maintain REIT status; (viii) that uses a calendar year for federal income tax purposes; and (ix) that meets certain other tests, described below, regarding the nature of its income and assets.

We believe, but cannot assure you, that we have satisfied and will continue to satisfy the organizational requirements for qualification as a REIT. Although our certificate of incorporation contains certain limits on the ownership of our stock that are intended to prevent us from failing the 5/50 Rule or the 100 Shareholder Rule, we cannot assure you as to the effectiveness of those limits.

To qualify as a REIT, a corporation also may not have (as of the end of the taxable year) any earnings and profits that were accumulated in periods before it elected REIT status or that are from acquired non-REIT corporations. We believe that we have not had any accumulated earnings and profits that are attributable to non-REIT periods or from acquired corporations that were not REITs, although the IRS is entitled to challenge that determination.

Gross Income Tests

We must satisfy two annual gross income requirements to qualify as a REIT:

At least 75% of our gross income (excluding gross income from prohibited transactions) for each taxable year must consist of defined types of income derived directly or indirectly from investments relating to real property or mortgages on real property (including pledges of equity interest in certain entities holding real property and also including “rents from real property” (as defined in the Code)) and, in certain circumstances, interest on certain types of temporary investment income; and

At least 95% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property or temporary investments, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing.

We believe, but cannot assure you, that we have been and will continue to be in compliance with these gross income tests. If we fail to satisfy one or both tests for any taxable year, we nevertheless may qualify as a REIT for that year if we qualify under certain relief provisions of the Code, in which case we would be subject to a 100% tax on the gross income attributable to the amount by which we failed the applicable test. If we fail to satisfy one or both tests and do not qualify under the relief provisions for any taxable year, we will not qualify as a REIT for that year, which would have a Material Adverse Effect on us.

Asset Tests

At the close of each quarter of our taxable year, we must satisfy the following tests relating to the nature of our assets:

At least 75% of the value of our total assets must be represented by cash or cash items (including certain receivables), government securities, “real estate assets” (including interests in real property and in mortgages on real property and shares in other qualifying REITs) or, in cases where we raise new capital through stock or long-term (i.e., having a maturity of at least five years) debt offerings, temporary investments in stock or debt instruments during the one-year period following our receipt of such capital (the “75% asset test”); and

Of the investments not meeting the requirements of the 75% asset test, the value of any single issuer’s debt and equity securities that we own (other than our equity interests in any entity classified as a partnership for federal income tax purposes, the stock or debt of a taxable REIT subsidiary or the stock or debt of a qualified REIT subsidiary or other disregarded entity subsidiary) may not exceed 5% of the value of our total assets (the “5% asset test”), and we may not own more than 10% of any single issuer’s outstanding voting securities (the “10% voting securities test”) or more than 10% of the value of any single issuer’s outstanding securities (the “10% value test”), subject to limited “safe harbor” exceptions.

In addition, no more than 25% of the value of our total assets can be represented by securities of taxable REIT subsidiaries (the “25% TRS test”).

We believe, but cannot assure you, that we have been and will continue to be in compliance with the asset tests described above. If we fail to satisfy one or more asset tests at the end of any quarter, we nevertheless may continue to qualify as a REIT if we satisfied all of the asset tests at the close of the preceding calendar quarter and the discrepancy between the value of our assets and the asset test requirements is due to changes in the market values and not caused

in any part by our acquisition of non-qualifying assets.

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Furthermore, if we fail to satisfy any of the asset tests at the end of any calendar quarter without curing that failure within 30 days after quarter end, we would fail to qualify as a REIT unless we qualified under certain relief provisions enacted as part of the American Jobs Creation Act of 2004. Under one relief provision, we would continue to qualify as a REIT if our failure to satisfy the 5% asset test, the 10% voting securities test or the 10% value test is due to our ownership of assets having a total value not exceeding the lesser of 1% of our assets at the end of the relevant quarter or \$10 million and we disposed of those assets (or otherwise met such asset tests) within six months after the end of the quarter in which the failure was identified. If we fail to satisfy any of the asset tests for a particular quarter but do not qualify under the relief provision described in the preceding sentence, then we would be deemed to have satisfied the relevant asset test if: (i) following identification of the failure, we filed a schedule containing a description of each asset that caused the failure; (ii) the failure was due to reasonable cause and not willful neglect; (iii) we disposed of the non-qualifying asset (or otherwise met the relevant asset test) within six months after the end of the quarter in which the failure was identified; and (iv) we paid a penalty tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying asset during the period beginning on the first date of the failure and ending on the date we disposed of the asset (or otherwise cured the asset test failure). We cannot predict whether in all circumstances we would be entitled to the benefit of these relief provisions, and if we fail to satisfy any of the asset tests and do not qualify for the relief provisions, we will lose our REIT status, which would have a Material Adverse Effect on us.

Foreclosure Property

The foreclosure property rules permit us (by our election) to foreclose or repossess properties without being disqualified as a REIT as a result of receiving income that does not qualify under the gross income tests. However, in such a case, we would be subject to a corporate tax on the net non-qualifying income from “foreclosure property,” and the after-tax amount would increase the dividends we would be required to distribute to stockholders. See “—Annual Distribution Requirements”. The corporate tax imposed on non-qualifying income would not apply to income that qualifies as “good REIT income,” such as a lease of qualified healthcare property to a taxable REIT subsidiary, where the taxable REIT subsidiary engages an “eligible independent contractor” to manage and operate the property. Foreclosure property treatment will end on the first day on which we enter into a lease of the applicable property that will give rise to income that does not constitute “good REIT income” under Section 856(c)(3) of the Code, but will not end if the lease will give rise only to good REIT income. Foreclosure property treatment also will end if any construction takes place on the property (other than completion of a building or other improvement that was more than 10% complete before default became imminent). Foreclosure property treatment (other than for qualified healthcare property) is available for an initial period of three years and may, in certain circumstances, be extended for an additional three years. Foreclosure property treatment for qualified healthcare property is available for an initial period of two years and may, in certain circumstances, be extended for an additional four years.

Taxable REIT Subsidiaries

A taxable REIT subsidiary, or “TRS,” is a corporation subject to tax as a regular C corporation. Generally, a TRS can own assets that cannot be owned by a REIT directly and can perform tenant services (excluding the direct or indirect operation or management of a lodging or healthcare facility) that would otherwise disqualify the REIT’s rental income under the gross income tests. Notwithstanding general restrictions on related party rent, a REIT can lease healthcare properties to a TRS if the TRS does not manage or operate the properties and instead engages an eligible independent contractor to manage them. We are permitted to own up to 100% of a TRS, subject to the 25% TRS test, but the Code imposes certain limits on the ability of the TRS to deduct interest payments made to us. In addition, we are subject to a 100% penalty tax on any excess payments received by us or any excess expenses deducted by the TRS if the economic arrangements between the REIT, the REIT’s tenants and the TRS are not comparable to similar arrangements among unrelated parties.

Annual Distribution Requirements

In order to be taxed as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to the sum of (i) 90% of our “REIT taxable income” (computed without regard to the dividends paid deduction and our net capital gain) and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus the sum of certain items of non-cash income. These dividends must be paid in the taxable year to which they relate, but may be paid in the following taxable year if (i) they are declared in October, November

or December, payable to stockholders of record on a specified date in one of those months and actually paid during January of such following year or (ii) they are declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration, and we elect on our federal income tax return for the prior year to have a specified amount of the subsequent dividend treated as paid in the prior year. To the extent we do not distribute all of our net capital gain or at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at regular capital gains and ordinary corporate tax rates, except to the extent of our net operating loss or capital loss carryforwards. If we pay any

Built-in Gains Taxes, those taxes will be deductible in computing REIT taxable income. Moreover, if we fail to distribute during each calendar year (or, in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January following such year) at least the sum of 85% of our REIT ordinary income for such year, 95% of our REIT capital gain net income for such year (other than long-term capital gain we elect to retain and treat as having been distributed to stockholders), and any undistributed taxable income from prior periods, we will be subject to a 4% nondeductible excise tax on the excess of such required distribution over the amounts actually distributed.

We believe, but cannot assure you, that we have satisfied the annual distribution requirements for the year of our initial REIT election and each subsequent year through the year ended December 31, 2014. Although we intend to satisfy the annual distribution requirements to continue to qualify as a REIT for the year ending December 31, 2015 and thereafter, economic, market, legal, tax or other considerations could limit our ability to meet those requirements. We have net operating loss carryforwards that we may use to reduce our annual distribution requirements. See “Note 13—Income Taxes” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Failure to Continue to Qualify

If we fail to satisfy one or more requirements for REIT qualification, other than by violating a gross income or asset test for which relief is available under the circumstances described above, we would retain our REIT qualification if the failure is due to reasonable cause and not willful neglect and if we pay a penalty of \$50,000 for each such failure. We cannot predict whether in all circumstances we would be entitled to the benefit of this relief provision.

If our election to be taxed as a REIT is revoked or terminated in any taxable year (e.g., due to a failure to meet the REIT qualification tests without qualifying for any applicable relief provisions), we would be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates (for all open tax years beginning with the year our REIT election is revoked or terminated), and we would not be required to make distributions to stockholders, nor would we be entitled to deduct any such distributions. All distributions to stockholders (to the extent of our current and accumulated earnings and profits) would be taxable as ordinary income, except to the extent such dividends are eligible for the qualified dividends rate generally available to non-corporate holders, and, subject to certain limitations, corporate stockholders would be eligible for the dividends received deduction. In addition, we would be prohibited from re-electing REIT status for the four taxable years following the year during which we ceased to qualify as a REIT, unless certain relief provisions of the Code applied. We cannot predict whether we would be entitled to such relief.

Federal Income Taxation of U.S. Stockholders

As used in this discussion, the term “U.S. Stockholder” refers to any beneficial owner of our stock that is, for U.S. federal income tax purposes, an individual who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, an estate the income of which must be included in gross income for U.S. federal income tax purposes regardless of its source, or a trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (ii) the trust has elected under applicable U.S. Treasury Regulations to retain its pre-August 20, 1996 classification as a U.S. person. If an entity treated as a partnership for U.S. federal income tax purposes holds our stock, the tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partners in partnerships holding our stock should consult their tax advisors. This section assumes the U.S. Stockholder holds our stock as a capital asset (that is, for investment).

Provided we qualify as a REIT, distributions made to our taxable U.S. Stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) generally will be taxable to such U.S. Stockholders as ordinary income and will not be eligible for the qualified dividends rate generally available to non-corporate holders or for the dividends received deduction generally available to corporations. Distributions that are designated as capital gain dividends will be taxed as a long-term capital gain (to the extent such distributions do not exceed our actual net capital gain for the taxable year) without regard to the period for which the stockholder has held our stock. Distributions in excess of current and accumulated earnings and profits will not be taxable to a U.S. Stockholder to the extent they do not exceed the U.S. Stockholder’s adjusted basis of our stock (determined on a share-by-share basis),

but rather will reduce the U.S. Stockholder's adjusted basis of our stock. To the extent that distributions in excess of current and accumulated earnings and profits exceed the U.S. Stockholder's adjusted basis of our stock, such distributions will be included in income as capital gains and taxable at a rate that will depend on the U.S. Stockholder's holding period for our stock. Any distribution declared by us and payable to a stockholder of record on a specified date in October, November or December of any year will be treated as both paid by us and received by the stockholder on December 31 of that year, provided that we actually pay the distribution during January of the following calendar year.

We may elect to treat all or a part of our undistributed net capital gain as if it had been distributed to our stockholders. If we so elect, our U.S. Stockholders would be required to include in their income as long-term capital gain their proportionate share of our undistributed net capital gain, as designated by us. Each U.S. Stockholder would be deemed to have paid its proportionate share of the income tax imposed on us with respect to such undistributed net capital gain, and this amount would be credited or refunded to the U.S. Stockholder. In addition, the U.S. Stockholder's tax basis of our stock would be increased by its proportionate share of undistributed net capital gains included in its income, less its proportionate share of the income tax imposed on us with respect to such gains.

U.S. Stockholders may not include in their individual income tax returns any of our net operating losses or net capital losses. Instead, we may carry over those losses for potential offset against our future income, subject to certain limitations. Taxable distributions from us and gain from the disposition of our stock will not be treated as passive activity income, and, therefore, U.S. Stockholders generally will not be able to apply any "passive activity losses" (such as losses from certain types of limited partnerships in which the U.S. Stockholder is a limited partner) against such income. In addition, taxable distributions from us generally will be treated as investment income for purposes of the investment interest limitations.

We will notify stockholders after the close of our taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, return of capital and capital gain. To the extent that a portion of the distribution is designated as a capital gain dividend, we will notify stockholders as to the portion that is a "20% rate gain distribution" and the portion that is an unrecaptured Section 1250 distribution. A 20% rate gain distribution is a capital gain distribution to U.S. Stockholders that are individuals, estates or trusts that is taxable at a maximum rate of 20%. An unrecaptured Section 1250 gain distribution is taxable to U.S. Stockholders that are individuals, estates or trusts at a maximum rate of 25%.

Taxation of U.S. Stockholders on the Disposition of Shares of Stock

In general, a U.S. Stockholder must treat any gain or loss realized upon a taxable disposition of our stock as long-term capital gain or loss if the U.S. Stockholder has held the stock for more than one year, and otherwise as short-term capital gain or loss. However, a U.S. Stockholder must treat any loss upon a sale or exchange of shares of our stock held for six months or less as a long-term capital loss to the extent of capital gain dividends and any other actual or deemed distributions from us which the U.S. Stockholder treats as long-term capital gain. All or a portion of any loss that a U.S. Stockholder realizes upon a taxable disposition of our stock may be disallowed if the U.S. Stockholder purchases other shares of our stock (or certain options to acquire our stock) within 30 days before or after the disposition.

Medicare Tax on Investment Income

Certain U.S. Stockholders who are individuals, estates or trusts and whose income exceeds certain thresholds are required to pay a 3.8% Medicare tax on dividends and certain other investment income, including capital gains from the sale or other disposition of our stock.

Treatment of Tax-Exempt Stockholders

Tax-exempt organizations, including qualified employee pension and profit sharing trusts and individual retirement accounts (collectively, "Exempt Organizations"), generally are exempt from U.S. federal income taxation but are subject to taxation on their unrelated business taxable income ("UBTI"). While many investments in real estate generate UBTI, a ruling published by the IRS states that dividend distributions by a REIT to an exempt employee pension trust do not constitute UBTI, provided that the shares of the REIT are not otherwise used in an unrelated trade or business of the exempt employee pension trust. Based on that ruling, and subject to the exceptions discussed below, amounts distributed by us to Exempt Organizations generally should not constitute UBTI. However, if an Exempt Organization finances its acquisition of our stock with debt, a portion of its income from us will constitute UBTI pursuant to the "debt-financed property" rules. Social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17) and (20), respectively, of Section 501(c) of the Code are subject to different UBTI rules, which generally require them to characterize distributions from us as UBTI, and in certain circumstances, a pension trust that owns more than 10% of our stock is required to treat a percentage of the dividends from us as UBTI.

Special Tax Considerations for Non-U.S. Stockholders

As used herein, the term “Non-U.S. Stockholder” refers to any beneficial owner of our stock that is, for U.S. federal income tax purposes, a nonresident alien individual, foreign corporation, foreign estate or foreign trust, but does not include any foreign stockholder whose investment in our stock is “effectively connected” with the conduct of a trade or business in the United States. Such a foreign stockholder, in general, is subject to U.S. federal income tax with respect to its investment in our stock in the same manner as a U.S. Stockholder (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, a foreign corporation receiving income that is treated as effectively connected with a U.S. trade or business also may be subject to an additional 30% “branch profits tax” on its

effectively connected earnings and profits (subject to adjustments) unless an applicable tax treaty provides a lower rate or an exemption. Certain certification requirements must be satisfied in order for effectively connected income to be exempt from withholding.

Distributions to Non-U.S. Stockholders that are not attributable to gain from sales or exchanges by us of U.S. real property interests and are not designated by us as capital gain dividends (or deemed distributions of retained capital gains) are treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. Such distributions ordinarily are subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates that tax. Distributions in excess of our current and accumulated earnings and profits are not taxable to a Non-U.S. Stockholder to the extent that such distributions do not exceed the Non-U.S. Stockholder's adjusted basis of our stock (determined on a share-by-share basis), but rather reduce the Non-U.S. Stockholder's adjusted basis of our stock. To the extent that distributions in excess of current and accumulated earnings and profits exceed the Non-U.S. Stockholder's adjusted basis of our stock, such distributions will give rise to tax liability if the Non-U.S. Stockholder would otherwise be subject to tax on any gain from the sale or disposition of our stock, as described below.

We expect to withhold U.S. tax at the rate of 30% on the gross amount of any dividends, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a Non-U.S. Stockholder, unless (i) a lower treaty rate applies and the required IRS Form W-8BEN or IRS Form W-8BEN-E evidencing eligibility for that reduced rate is filed with us or the appropriate withholding agent or (ii) the Non-U.S. Stockholder files an IRS Form W-8ECI or a successor form with us or the appropriate withholding agent properly claiming that the distributions are effectively connected with the Non-U.S. Stockholder's conduct of a U.S. trade or business.

For any year in which we qualify as a REIT, distributions to a Non-U.S. Stockholder that owns more than 5% of our shares at any time during the one-year period ending on the date of distribution and that are attributable to gain from sales or exchanges by us of U.S. real property interests will be taxed to the Non-U.S. Stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") as if such gain were effectively connected with a U.S. business. Accordingly, a Non-U.S. Stockholder that owns more than 5% of our shares will be taxed at the normal capital gain rates applicable to a U.S. Stockholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) and would be required to file a U.S. federal income tax return. Distributions subject to FIRPTA also may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits (subject to adjustments) if the recipient is a corporate Non-U.S. Stockholder not entitled to treaty relief or exemption. Under FIRPTA, we are required to withhold 35% (which is higher than the maximum rate on long-term capital gains of non-corporate persons) of any distribution to a Non-U.S. Stockholder that owns more than 5% of our shares which is or could be designated as a capital gain dividend attributable to U.S. real property interests. Moreover, if we designate previously made distributions as capital gain dividends attributable to U.S. real property interests, subsequent distributions (up to the amount of such prior distributions) will be treated as capital gain dividends subject to FIRPTA withholding. This amount is creditable against the Non-U.S. Stockholder's FIRPTA tax liability.

If a Non-U.S. Stockholder does not own more than 5% of our shares at any time during the one-year period ending on the date of a distribution, any capital gain distributions, to the extent attributable to sales or exchanges by us of U.S. real property interests, will not be considered to be effectively connected with a U.S. business, and the Non-U.S. Stockholder would not be required to file a U.S. federal income tax return solely as a result of receiving such a distribution. In that case, the distribution will be treated as an ordinary dividend to that Non-U.S. Stockholder and taxed as an ordinary dividend that is not a capital gain distribution (and subject to withholding), as described above. In addition, the branch profits tax will not apply to the distribution. Any capital gain distribution, to the extent not attributable to sales or exchanges by us of U.S. real property interests, generally will not be subject to U.S. federal income taxation (regardless of the amount of our shares owned by a Non-U.S. Stockholder). For so long as our stock continues to be regularly traded on an established securities market, the sale of such stock by any Non-U.S. Stockholder who is not a Five Percent Non-U.S. Stockholder (as defined below) generally will not be subject to U.S. federal income tax (unless the Non-U.S. Stockholder is a nonresident alien individual who was present in the United States for more than 182 days during the taxable year of the sale and certain other conditions apply, in which case

such gain (net of certain sources within the U.S., if any) will be subject to a 30% tax on a gross basis). A “Five Percent Non-U.S. Stockholder” is a Non-U.S. Stockholder who, at some time during the five-year period preceding such sale or disposition, beneficially owned (including under certain attribution rules) more than 5% of the total fair market value of our stock (as outstanding from time to time).

In general, the sale or other taxable disposition of our stock by a Five Percent Non-U.S. Stockholder also will not be subject to U.S. federal income tax if we are a “domestically controlled REIT.” A REIT is a “domestically controlled REIT” if, at all times during the five-year period preceding the disposition in question, less than 50% in value of its shares is held directly or indirectly by Non-U.S. Stockholders. Because our common stock is publicly traded, we believe, but cannot assure you, that we currently qualify as a domestically controlled REIT, nor can we assure you that we will so qualify at any time in the future.

If we do not constitute a domestically controlled REIT, a Five Percent Non-U.S. Stockholder generally will be taxed in the same manner as a U.S. Stockholder with respect to gain on the sale of our stock (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). A 30% withholding tax will currently be imposed on dividends paid on our stock and will be imposed on gross proceeds from a sale or redemption of our stock paid after December 31, 2016 to (i) foreign financial institutions including non-U.S. investment funds, unless they agree to collect and disclose to the IRS information regarding their direct and indirect U.S. account holders and (ii) certain other foreign entities, unless they certify certain information regarding their direct and indirect U.S. owners. To avoid withholding, foreign financial institutions will need to (i) enter into agreements with the IRS that state that they will provide the IRS information, including the names, addresses and taxpayer identification numbers of direct and indirect U.S. account holders, comply with due diligence procedures with respect to the identification of U.S. accounts, report to the IRS certain information with respect to U.S. accounts maintained, agree to withhold tax on certain payments made to non-compliant foreign financial institutions or to account holders who fail to provide the required information, and determine certain other information as to their account holders, or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, provide local revenue authorities with similar account holder information or otherwise comply with the terms of the intergovernmental agreement and implementing legislation. Other foreign entities will need to either provide the name, address, and taxpayer identification number of each substantial U.S. owner or certifications of no substantial U.S. ownership unless certain exceptions apply or agree to provide certain information to other revenue authorities for transmittal to the IRS.

Information Reporting Requirements and Backup Withholding

Information returns may be filed with the IRS and backup withholding (at a rate of 28%) may be collected in connection with distributions paid or required to be treated as paid during each calendar year and payments of the proceeds of a sale or other disposition of our stock by a stockholder, unless such stockholder is a corporation, non-U.S. person or comes within certain other exempt categories and, when required, demonstrates this fact or provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. A stockholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be offset by the amount of tax withheld. If backup withholding results in an overpayment of U.S. federal income taxes, a refund or credit may be obtained from the IRS, provided the required information is furnished timely thereto.

As a general matter, backup withholding and information reporting will not apply to a payment of the proceeds of a sale of our stock by or through a foreign office of a foreign broker. Information reporting (but not backup withholding) will apply, however, to a payment of the proceeds of a sale of our stock by a foreign office of a broker that is a U.S. person, a foreign partnership that engaged during certain periods in the conduct of a trade or business in the United States or more than 50% of whose capital or profit interests are owned during certain periods by U.S. persons, any foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, or a “controlled foreign corporation” for U.S. tax purposes, unless the broker has documentary evidence in its records that the holder is a Non-U.S. Stockholder and certain other conditions are satisfied, or the stockholder otherwise establishes an exemption. Payment to or through a U.S. office of a broker of the proceeds of a sale of our stock is subject to both backup withholding and information reporting unless the stockholder certifies under penalties of perjury that the stockholder is a Non-U.S. Stockholder or otherwise establishes an exemption. A stockholder may obtain a refund of any amounts withheld under the backup withholding rules in excess of its U.S. federal income tax liability by timely filing the appropriate claim for a refund with the IRS.

Other Tax Consequences

State and Local Taxes

We and our stockholders may be subject to taxation by various states and localities, including those in which we or a stockholder transact business, own property or reside. State and local tax treatment may differ from the U.S. federal income tax treatment described above. Consequently, stockholders should consult their own tax advisers regarding the effect of state and local tax laws, in addition to federal, foreign and other tax laws, in connection with an investment in

our stock.

Possible Legislative or Other Actions Affecting Tax Consequences

You should recognize that future legislative, judicial and administrative actions or decisions, which may be retroactive in effect, could adversely affect our federal income tax treatment or the tax consequences of an investment in shares of our stock. The rules dealing with U.S. federal income taxation are continually under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, resulting in statutory changes as well as promulgation of new, or revisions to

existing, regulations and revised interpretations of established concepts. We cannot predict the likelihood of passage of any new tax legislation or other provisions, either directly or indirectly, affecting us or our stockholders or the value of an investment in our stock.

ITEM 1A. Risk Factors

This section discusses the most significant factors that affect our business, operations and financial condition. It does not describe all risks and uncertainties applicable to us, our industry or ownership of our securities. If any of the following risks, or any other risks and uncertainties that are not addressed below or that we have not yet identified, actually occur, we could be materially adversely affected and the value of our securities could decline.

We have grouped these risk factors into three general categories:

Risks arising from our business;

Risks arising from our capital structure; and

Risks arising from our status as a REIT.

Risks Arising from Our Business

The properties managed by Atria and Sunrise account for a significant portion of our revenues and operating income; Adverse developments in Atria's or Sunrise's business and affairs or financial condition could have a Material Adverse Effect on us.

As of December 31, 2014, Atria and Sunrise, collectively, managed 269 of our seniors housing communities pursuant to long-term management agreements. These properties represent a substantial portion of our portfolio, based on their gross book value, and account for a significant portion of our revenues and NOI. Although we have various rights as the property owner under our management agreements, we rely on Atria's and Sunrise's personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our senior living operations efficiently and effectively. We also rely on Atria and Sunrise to set appropriate resident fees, to provide accurate property-level financial results for our properties in a timely manner and to otherwise operate our seniors housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. For example, we depend on Atria's and Sunrise's ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our seniors housing communities. A shortage of nurses or other trained personnel or general inflationary pressures may force Atria or Sunrise to enhance its pay and benefits package to compete effectively for such personnel, but it may not be able to offset these added costs by increasing the rates charged to residents. Any increase in labor costs and other property operating expenses, any failure by Atria or Sunrise to attract and retain qualified personnel, or significant changes in Atria's or Sunrise's senior management or equity ownership could adversely affect the income we receive from our seniors housing communities and have a Material Adverse Effect on us.

Because Atria and Sunrise manage our properties in exchange for the receipt of a management fee from us, we are not directly exposed to the credit risk of our managers in the same manner or to the same extent as our triple-net tenants. However, any adverse developments in Atria's or Sunrise's business and affairs or financial condition could impair its ability to manage our properties efficiently and effectively and could have a Material Adverse Effect on us. If Atria or Sunrise experiences any significant financial, legal, accounting or regulatory difficulties due to a weak economy or otherwise, such difficulties could result in, among other adverse events, acceleration of its indebtedness, impairment of its continued access to capital, the enforcement of default remedies by its counterparties, or the commencement of insolvency proceedings by or against it under the U.S. Bankruptcy Code, any one or a combination of which indirectly could have a Material Adverse Effect on us.

Our leases with Brookdale Senior Living and Kindred account for a significant portion of our triple-net leased properties segment revenues and operating income; Any failure, inability or unwillingness by Brookdale Senior Living or Kindred to satisfy its obligations under our agreements could have a Material Adverse Effect on us.

The properties we lease to Brookdale Senior Living and Kindred account for a significant portion of our triple-net leased properties segment revenues and NOI, and because our leases with Brookdale Senior Living and the Kindred Master Leases are triple-net leases, we depend on Brookdale Senior Living and Kindred to pay all insurance, taxes, utilities and maintenance and repair expenses in connection with the leased properties. We cannot assure you that Brookdale Senior Living and Kindred will have sufficient assets, income and access to financing to enable them to satisfy their respective obligations to us, and any failure, inability or unwillingness by Brookdale Senior Living or

Kindred to do so could have a Material Adverse Effect on us. In addition, any failure by Brookdale Senior Living or Kindred to effectively conduct its operations or to maintain and improve our properties could adversely affect its business reputation and its ability to attract and retain patients and residents in our

properties, which could have a Material Adverse Effect on us. Brookdale Senior Living and Kindred have agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their respective businesses, and we cannot assure you that Brookdale Senior Living and Kindred will have sufficient assets, income, access to financing and insurance coverage to enable them to satisfy their respective indemnification obligations.

We face potential adverse consequences of bankruptcy or insolvency by our tenants, operators, borrowers, managers and other obligors.

We are exposed to the risk that our tenants, operators, borrowers, managers or other obligors may become bankrupt or insolvent. Although our lease, loan and management agreements give us the right to exercise certain remedies in the event of default on the obligations owing to us or upon the occurrence of certain insolvency events, federal laws afford certain rights to a party that has filed for bankruptcy or reorganization. For example, a debtor-lessee may reject our lease in a bankruptcy proceeding, in which case our claim against the debtor-lessee for unpaid and future rents would be limited by the statutory cap of the U.S. Bankruptcy Code. This statutory cap could be substantially less than the remaining rent actually owed under the lease, and any claim we have for unpaid rent might not be paid in full. In addition, a debtor-lessee may assert in a bankruptcy proceeding that our lease should be re-characterized as a financing agreement, in which case our rights and remedies as a lender, compared to a landlord, generally would be more limited. If a debtor-manager seeks bankruptcy protection, the automatic stay provisions of the U.S. Bankruptcy Code would preclude us from enforcing our remedies against the manager unless relief is first obtained from the court having jurisdiction over the bankruptcy case. In any of these events, we also may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of our properties, avoid the imposition of liens on our properties or transition our properties to a new tenant, operator or manager.

We have rights to terminate our management agreements with Atria and Sunrise in whole or with respect to specific properties under certain circumstances, and we may be unable to replace Atria or Sunrise if our management agreements are terminated or not renewed.

We are parties to long-term management agreements pursuant to which Atria and Sunrise, collectively, provided comprehensive property management and accounting services with respect to 269 of our seniors housing communities as of December 31, 2014. Most of our management agreements with Atria have terms expiring either July 31, 2024 or December 31, 2027, with successive automatic ten-year renewal periods, and our management agreements with Sunrise have terms ranging from 25 to 30 years (which commenced as early as 2004 and as recently as 2012). Our ability to terminate these long-term management agreements is limited to specific circumstances set forth in the agreements and may relate to all properties or a specific property or group of properties.

We may terminate any of our Atria management agreements upon the occurrence of an event of default by Atria in the performance of a material covenant or term thereof (including, in certain circumstances, the revocation of any license or certificate necessary for operation), subject in most cases to Atria's right to cure such default, or upon the occurrence of certain insolvency events relating to Atria. In addition, we may terminate our management agreements with Atria based on the failure to achieve certain NOI targets or upon the payment of a fee.

Similarly, we may terminate any of our Sunrise management agreements upon the occurrence of an event of default by Sunrise in the performance of a material covenant or term thereof (including, in certain circumstances, the revocation of any license or certificate necessary for operation), subject in most cases to Sunrise's right to cure such default, or upon the occurrence of certain insolvency events relating to Sunrise. We also may terminate most of our management agreements with Sunrise based on the failure to achieve certain NOI targets or to comply with certain expense control covenants, subject to certain rights of Sunrise to make cure payments to us, and upon the occurrence of certain other events or the existence of certain other conditions.

We continually monitor and assess our contractual rights and remedies under our management agreements with Atria and Sunrise. When determining whether to pursue any existing or future rights or remedies under those agreements, including termination rights, we consider numerous factors, including legal, contractual, regulatory, business and other relevant considerations. In the event that we exercise our rights to terminate the Atria or Sunrise management agreements for any reason or such agreements are not renewed upon expiration of their terms, we would attempt to reposition the affected properties with another manager. Although we believe that many qualified national and regional seniors housing operators would be interested in managing our seniors housing communities, we cannot

assure you that we would be able to locate another suitable manager or, if we are successful in locating such a manager, that it would manage the properties effectively. Moreover, the transition to a replacement manager would require approval by the applicable regulatory authorities and, in most cases, the mortgage lenders for the properties, and we cannot assure you that such approvals would be granted on a timely basis, if at all. Any inability to replace, or a lengthy delay in replacing, Atria or Sunrise as the manager of our seniors housing

communities following termination or non-renewal of the applicable management agreements could have a Material Adverse Effect on us.

If we must replace any of our tenants or operators, we might be unable to reposition the properties on as favorable terms, or at all, and we could be subject to delays, limitations and expenses, which could have a Material Adverse Effect on us.

We cannot predict whether our tenants will renew existing leases beyond their current term. If our leases with Brookdale Senior Living, the Kindred Master Leases or any of our other triple-net leases are not renewed, we would attempt to reposition those properties with another tenant or operator. In case of non-renewal, we generally have one year prior to expiration of the lease term to arrange for repositioning of the properties and our tenants are required to continue to perform all of their obligations (including the payment of all rental amounts) for the non-renewed assets until such expiration. However, following expiration of a lease term or if we exercise our right to replace a tenant or operator in default, rental payments on the related properties could decline or cease altogether while we reposition the properties with a suitable replacement tenant or operator. We also might not be successful in identifying suitable replacements or entering into leases or other arrangements with new tenants or operators on a timely basis or on terms as favorable to us as our current leases, if at all, and we may be required to fund certain expenses and obligations (e.g., real estate taxes, debt costs and maintenance expenses) to preserve the value of, and avoid the imposition of liens on, our properties while they are being repositioned. In addition, we may incur certain obligations and liabilities, including obligations to indemnify the replacement tenant or operator, which could have a Material Adverse Effect on us.

In the event of non-renewal or a tenant default, our ability to reposition our properties with a suitable replacement tenant or operator could be significantly delayed or limited by state licensing, receivership, CON or other laws, as well as by the Medicare and Medicaid change-of-ownership rules, and we could incur substantial additional expenses in connection with any licensing, receivership or change-of-ownership proceedings. Our ability to locate and attract suitable replacement tenants also could be impaired by the specialized healthcare uses or contractual restrictions on use of the properties, and we may be forced to spend substantial amounts to adapt the properties to other uses. Any such delays, limitations and expenses could adversely impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for tenant default and could have a Material Adverse Effect on us.

Moreover, in connection with certain of our properties, we have entered into intercreditor agreements with the tenants' lenders or tri-party agreements with our lenders. Our ability to exercise remedies under the applicable leases or management agreements or to reposition the applicable properties may be significantly delayed or limited by the terms of the intercreditor agreement or tri-party agreement. Any such delay or limit on our rights and remedies could adversely affect our ability to mitigate our losses and could have a Material Adverse Effect on us.

Merger and acquisition activity or consolidation in the seniors housing and healthcare industries resulting in a change of control of, or a competitor's investment in, one or more of our tenants, operators or managers could have a Material Adverse Effect on us.

The seniors housing and healthcare industries have recently experienced increased consolidation, including among owners of real estate and care providers. We compete with other healthcare REITs, healthcare providers, healthcare lenders, real estate partnerships, banks, insurance companies, private equity firms and other investors that pursue a variety of investments, which may include investments in our tenants, operators or managers. A competitor's investment in one of our tenants, operators or managers could enable our competitor to influence that tenant's, operator's or manager's business and strategy in a manner that impairs our relationship with the tenant, operator or manager or is otherwise adverse to our interests. Depending on our contractual agreements and the specific facts and circumstances, we may have the right to consent to, or otherwise exercise rights and remedies, including termination rights, on account of, a competitor's investment in, a change of control of, or other transactions impacting a tenant, operator or manager. In deciding whether to exercise our rights and remedies, including termination rights, we assess numerous factors, including legal, contractual, regulatory, business and other relevant considerations. In addition, in connection with any change of control of a tenant, operator or manager, the tenant's, operator's or manager's management team may change, which could lead to a change in the tenant's, operator's or manager's strategy or adversely affect the business of the tenant, operator or manager, either of which could have a Material Adverse Effect on us.

Our pursuit of investments in and acquisitions of, or our development or redevelopment of, seniors housing and healthcare assets may be unsuccessful or fail to meet our expectations.

An important part of our business strategy is to continue to expand and diversify our portfolio through accretive acquisition, investment, development and redevelopment opportunities in domestic and international seniors housing and healthcare properties. Our execution of this strategy by successfully identifying, securing and consummating beneficial transactions is made more challenging by increased competition and can be affected by many factors, including our

relationships with current and prospective clients, our ability to obtain debt and equity capital at costs comparable to or better than our competitors, and our ability to negotiate favorable terms with property owners seeking to sell and other contractual counterparties. Our competitors for these opportunities include other healthcare REITs, real estate partnerships, healthcare providers, healthcare lenders and other investors, including developers, banks, insurance companies, pension funds, government-sponsored entities and private equity firms, some of whom may have greater financial resources and lower costs of capital than we do. See “Business—Competition” included in Item 1 of this Annual Report on Form 10-K. If we are unsuccessful at identifying and capitalizing on investment, acquisition, development and redevelopment opportunities, our growth and profitability may be adversely affected.

Investments in and acquisitions of seniors housing and healthcare properties entail risks associated with real estate investments generally, including risks that the investment will not achieve expected returns, that the cost estimates for necessary property improvements will prove inaccurate or that the tenant, operator or manager will fail to meet performance expectations. Investments outside the United States raise legal, economic and market risks associated with doing business in foreign countries, such as currency exchange fluctuations, costly regulatory requirements and foreign tax risks. Domestic and international real estate development and redevelopment projects present additional risks, including construction delays or cost overruns that increase expenses, the inability to obtain required zoning, occupancy and other governmental approvals and permits on a timely basis, and the incurrence of significant costs prior to completion of the project. Furthermore, healthcare properties are often highly customized and the development or redevelopment of such properties may require costly tenant-specific improvements. As a result, we cannot assure you that we will achieve the economic benefit we expect from acquisition, investment, development and redevelopment opportunities.

Our significant acquisition and investment activity presents certain risks to our business and operations.

We have made and expect to continue to make significant acquisitions and investments as part of our overall business strategy. Our significant acquisition and investment activity presents certain risks to our business and operations, including, among other things, that:

- We may be unable to successfully integrate the operations, personnel or systems of acquired companies, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of acquisitions and other investments within the anticipated time frame or at all;

- We may be unable to effectively monitor and manage our expanded portfolio of properties, retain key employees or attract highly qualified new employees;

- Projections of estimated future revenues, costs savings or operating metrics that we develop during the due diligence and integration planning process might be inaccurate;

- Our leverage could increase or our per share financial results could decline if we incur additional debt or issue equity securities to finance acquisitions and investments;

- Acquisitions and other new investments could divert management’s attention from our existing assets;

- The value of acquired assets or the market price of our common stock may decline; and

- We may be unable to continue paying dividends at the current rate.

We cannot assure you that we will be able to integrate acquisitions and investments without encountering difficulties or that any such difficulties will not have a Material Adverse Effect on us.

If the liabilities we assume in connection with acquisitions are greater than expected, or if there are unknown liabilities, our business could be materially and adversely affected.

We may assume or incur liabilities in connection with our acquisitions, including, in some cases, contingent liabilities. As we integrate these acquisitions, we may learn additional information about the sellers, the properties, their operations and their liabilities that adversely affects us, such as:

- Liabilities relating to the clean-up or remediation of undisclosed environmental conditions;

- Unasserted claims of vendors or other persons dealing with the sellers;

- Liabilities, claims and litigation, including indemnification obligations, whether or not incurred in the ordinary course of business, relating to periods prior to or following our acquisition;

- Claims for indemnification by general partners, directors, officers and others indemnified by the sellers; and

- Liabilities for taxes relating to periods prior to our acquisition.

As a result, we cannot assure you that our past or future acquisitions will be successful or will not, in fact, harm our business. Among other things, if the liabilities we assume in connection with acquisitions are greater than expected, or if we discover obligations relating to the acquired properties or businesses of which we were not aware at the time of acquisition, our business and results of operations could be materially adversely affected.

We expect to incur substantial expenses related to our acquisition of HCT.

The HCT Acquisition was completed in January 2015. We may incur substantial expenses in connection with integrating HCT's business, operations, networks, systems, technologies, policies and procedures with ours. While we expect to incur a certain level of integration expenses, factors beyond our control could affect the total amount or the timing of integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. As a result, the integration expenses associated with the HCT Acquisition could, particularly in the near term, exceed any savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses.

Our future results will suffer if we do not effectively manage our expanded portfolio and operations following the acquisition of HCT.

As a result of the HCT Acquisition, we have an expanded portfolio and operations and likely will continue to expand operations through additional acquisitions and other strategic transactions, some of which may involve complex challenges. Our future success will depend, in part, upon our ability to manage our expansion opportunities, integrate new operations into our existing business in an efficient and timely manner, successfully monitor our operations, costs, regulatory compliance and service quality, and maintain other necessary internal controls. It is possible that our expansion or acquisition opportunities will not be successful. It is also possible that we will not realize expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

Our investments are concentrated in seniors housing and healthcare real estate, making us more vulnerable economically to adverse changes in the real estate market and the seniors housing and healthcare industries than if our investments were diversified.

We invest primarily in seniors housing and healthcare properties and are constrained by the terms of our existing indebtedness from making investments outside those industries. This investment focus exposes us to greater economic risk than if our portfolio were to include real estate assets in other industries or assets unrelated to real estate.

The healthcare industry is highly regulated, and changes in government regulation and reimbursement can have material adverse consequences on its participants, some of which may be unintended. The healthcare industry is also highly competitive, and our operators and managers may encounter increased competition for residents and patients, including with respect to the scope and quality of care and services provided, reputation and financial condition, physical appearance of the properties, price and location. If our tenants, operators and managers are unable to successfully compete with other operators and managers by maintaining profitable occupancy and rate levels, their ability to meet their respective obligations to us may be materially adversely affected. We cannot assure you that future changes in government regulation will not adversely affect the healthcare industry, including our seniors housing and healthcare operations, tenants and operators, nor can we be certain that our tenants, operators and managers will achieve and maintain occupancy and rate levels that will enable them to satisfy their obligations to us. Any adverse changes in the regulation of the healthcare industry or the competitiveness of our tenants, operators and managers could have a more pronounced effect on us than if we had investments outside the seniors housing and healthcare industries.

Real estate investments are relatively illiquid, and our ability to quickly sell or exchange our properties in response to changes in economic or other conditions is limited. In the event we market any of our properties for sale, the value of those properties and our ability to sell at prices or on terms acceptable to us could be adversely affected by a downturn in the real estate industry or any economic weakness in the seniors housing and healthcare industries. In addition, transfers of healthcare properties may be subject to regulatory approvals that are not required for transfers of other types of commercial properties. We cannot assure you that we will recognize the full value of any property that we sell for liquidity or other reasons, and the inability to respond quickly to changes in the performance of our investments could adversely affect our business, results of operations and financial condition.

Our operating assets expose us to various operational risks, liabilities and claims that could adversely affect our ability to generate revenues or increase our costs and could have a Material Adverse Effect on us.

Our senior living and MOB operating assets expose us to various operational risks, liabilities and claims that could increase our costs or adversely affect our ability to generate revenues, thereby reducing our profitability. These operational

risks include fluctuations in occupancy levels, the inability to achieve economic resident fees (including anticipated increases in those fees), increases in the cost of food, materials, energy, labor (as a result of unionization or otherwise) or other services, rent control regulations, national and regional economic conditions, the imposition of new or increased taxes, capital expenditure requirements, professional and general liability claims, and the availability and cost of professional and general liability insurance. Any one or a combination of these factors could result in operating deficiencies in our senior living operations or MOB operations reportable business segments, which could have a Material Adverse Effect on us.

Our ownership of properties outside the United States exposes us to different risks than those associated with our domestic properties.

Our current or future ownership of properties outside the United States subjects us to risks that may be different or greater than those we face with our domestic properties. These risks include, but are not limited to:

- Challenges with respect to repatriation on foreign earnings and cash;

- Foreign ownership restrictions with respect to operations in countries;

- Regional or country-specific business cycles and economic instability;

- Challenges of complying with a wide variety of foreign laws and regulations, including those relating to real estate, corporate governance, operations, taxes, employment and legal proceedings;

- Differences in lending practices and the willingness of domestic or foreign lenders to provide financing; and

- Failure to comply with applicable laws and regulations in the United States that affect foreign operations, including, but not limited to, the U.S. Foreign Corrupt Practices Act.

Increased construction in the markets in which our seniors housing communities and MOBs are located could adversely affect our future occupancy rates, operating margins and profitability.

Limited barriers to entry in the seniors housing and MOB industries could lead to the development of new seniors housing communities or MOBs that outpaces demand. If development outpaces demand for those assets in the markets in which our properties are located, those markets may become saturated and we could experience decreased occupancy, reduced operating margins and lower profitability.

We have now, and may have in the future, exposure to contingent rent escalators, which could hinder our growth and profitability.

We derive a significant portion of our revenues from leasing properties pursuant to long-term triple-net leases that generally provide for fixed rental rates, subject to annual escalations. In certain cases, the annual escalations are contingent upon the achievement of specified revenue parameters or based on changes in CPI, with caps and floors. If, as a result of weak economic conditions or other factors, the properties subject to these leases do not generate sufficient revenue to achieve the specified rent escalation parameters or CPI does not increase, our growth and profitability may be hindered. If strong economic conditions result in significant increases in CPI, but the escalations under our leases are capped, our growth and profitability also may be limited.

We own certain properties subject to ground lease, air rights or other restrictive agreements that limit our uses of the properties, restrict our ability to sell or otherwise transfer the properties and expose us to loss of the properties if such agreements are breached by us or terminated.

Our investments in MOBs and other properties may be made through leasehold interests in the land on which the buildings are located, leases of air rights for the space above the land on which the buildings are located, or other similar restrictive arrangements. Many of these ground lease, air rights and other restrictive agreements impose significant limitations on our uses of the subject properties, restrict our ability to sell or otherwise transfer our interests in the properties or restrict the leasing of the properties. These restrictions may limit our ability to timely sell or exchange the properties, impair the properties' value or negatively impact our ability to find suitable tenants for the properties. In addition, we could lose our interests in the subject properties if the ground lease, air rights or other restrictive agreements are breached by us or terminated.

We may be unable to successfully foreclose on the collateral securing our loans and other investments, and even if we are successful in our foreclosure efforts, we may be unable to successfully sell any acquired equity interests or reposition any acquired properties, which could adversely affect our ability to recover our investments.

If a borrower defaults under mortgage or other secured loans for which we are the lender, we may attempt to foreclose on the collateral securing those loans, including by acquiring any pledged equity interests or acquiring title to the

subject properties, to protect our investment. In response, the defaulting borrower may contest our enforcement of foreclosure or other

available remedies, seek bankruptcy protection against our exercise of enforcement or other available remedies, or bring claims against us for lender liability. If a defaulting borrower seeks bankruptcy protection, the automatic stay provisions of the U.S. Bankruptcy Code would preclude us from enforcing foreclosure or other available remedies against the borrower unless relief is first obtained from the court with jurisdiction over the bankruptcy case. In addition, we may be subject to intercreditor or tri-party agreements that delay, impact, govern or limit our ability to foreclose on a lien securing a loan or otherwise delay or limit our pursuit of our rights and remedies. Any such delay or limit on our ability to pursue our rights or remedies could have a Material Adverse Effect on us.

Even if we successfully foreclose on the collateral securing our mortgage loans and other investments, costs related to enforcement of our remedies, high loan-to-value ratios or declines in the value of the collateral could prevent us from realizing the full amount of our secured loans, and we could be required to record a valuation allowance for such losses. Moreover, the collateral may include equity interests that we are unable to sell due to securities law restrictions or otherwise, or properties that we are unable to reposition with new tenants or operators on a timely basis, if at all, or without making improvements or repairs. Any delay or costs incurred in selling or repositioning acquired collateral could adversely affect our ability to recover our investments.

Some of our loan investments are subordinated to loans held by third parties.

Our mezzanine loan investments are subordinated to senior secured loans held by other investors that encumber the same real estate. If a senior secured loan is foreclosed, that foreclosure would extinguish our rights in the collateral for our mezzanine loan. In order to protect our economic interest in that collateral, we would need to be prepared, on an expedited basis, to advance funds to the senior lenders in order to cure defaults under the senior secured loans and prevent such a foreclosure. If a senior secured loan has matured or has been accelerated, then in order to protect our economic interest in the collateral, we would need to be prepared, on an expedited basis, to purchase or pay off that senior secured loan, which could require an infusion of fresh capital as large or larger than our initial investment. Our ability to sell or syndicate a mezzanine loan could be limited by transfer restrictions in the intercreditor agreement with the senior secured lenders. Our ability to negotiate modifications to the mezzanine loan documents with our borrowers could be limited by restrictions on modifications in the intercreditor agreement. Since mezzanine loans are typically secured by pledges of equity rather than direct liens on real estate, our mezzanine loan investments are more vulnerable than our mortgage loan investments to losses caused by competing creditor claims, unauthorized transfers, or bankruptcies.

Our tenants, operators and managers may be adversely affected by healthcare regulation and enforcement.

Regulation of the long-term healthcare industry generally has intensified over time both in the number and type of regulations and in the efforts to enforce those regulations. This is particularly true for large for-profit, multi-facility providers like Atria, Sunrise, Brookdale Senior Living and Kindred. Federal, state and local laws and regulations affecting the healthcare industry include those relating to, among other things, licensure, conduct of operations, ownership of facilities, addition of facilities and equipment, allowable costs, services, prices for services, qualified beneficiaries, quality of care, patient rights, fraudulent or abusive behavior, and financial and other arrangements that may be entered into by healthcare providers. In addition, changes in enforcement policies by federal and state governments have resulted in an increase in the number of inspections, citations of regulatory deficiencies and other regulatory sanctions, including terminations from the Medicare and Medicaid programs, bars on Medicare and Medicaid payments for new admissions, civil monetary penalties and even criminal penalties. See “Governmental Regulation—Healthcare Regulation” included in Item 1 of this Annual Report on Form 10-K. We are unable to predict the scope of future federal, state and local regulations and legislation, including the Medicare and Medicaid statutes and regulations, or the intensity of enforcement efforts with respect to such regulations and legislation, and any changes in the regulatory framework could have a material adverse effect on our tenants, operators and managers, which, in turn, could have a Material Adverse Effect on us.

If our tenants, operators and managers fail to comply with the extensive laws, regulations and other requirements applicable to their businesses and the operation of our properties, they could become ineligible to receive reimbursement from governmental and private third-party payor programs, face bans on admissions of new patients or residents, suffer civil or criminal penalties or be required to make significant changes to their operations. Our tenants, operators and managers also could face increased costs related to healthcare regulation, such as the Affordable Care Act, or be forced to expend considerable resources in responding to an investigation or other enforcement action under

applicable laws or regulations. In such event, the results of operations and financial condition of our tenants, operators and managers and the results of operations of our properties operated or managed by those entities could be adversely affected, which, in turn, could have a Material Adverse Effect on us.

Changes in the reimbursement rates or methods of payment from third-party payors, including the Medicare and Medicaid programs, could have a material adverse effect on certain of our tenants and operators and on us. Certain of our tenants and operators rely on reimbursement from third-party payors, including the Medicare and Medicaid programs, for substantially all of their revenues. Federal and state legislators and regulators have adopted or proposed various cost-containment measures that would limit payments to healthcare providers, and budget crises and financial shortfalls have caused states to implement or consider Medicaid rate freezes or cuts. See “Governmental Regulation—Healthcare Regulation” included in Item 1 of this Annual Report on Form 10-K. Private third-party payors also have continued their efforts to control healthcare costs. We cannot assure you that our tenants and operators who currently depend on governmental or private payor reimbursement will be adequately reimbursed for the services they provide. Significant limits by governmental and private third-party payors on the scope of services reimbursed or on reimbursement rates and fees, whether from legislation, administrative actions or private payor efforts, could have a material adverse effect on the liquidity, financial condition and results of operations of certain of our tenants and operators, which could affect adversely their ability to comply with the terms of our leases and have a Material Adverse Effect on us.

The hospitals on or near whose campuses our MOBs are located and their affiliated health systems could fail to remain competitive or financially viable, which could adversely impact their ability to attract physicians and physician groups to our MOBs.

Our MOB operations depend on the competitiveness and financial viability of the hospitals on or near whose campuses our MOBs are located and their ability to attract physicians and other healthcare-related clients to our MOBs. The viability of these hospitals, in turn, depends on factors such as the quality and mix of healthcare services provided, competition for patients, physicians and physician groups, demographic trends in the surrounding community, market position and growth potential, as well as the ability of the affiliated health systems to provide economies of scale and access to capital. If a hospital on or near whose campus one of our MOBs is located fails or becomes unable to meet its financial obligations, and if an affiliated health system is unable to support that hospital, the hospital may be unable to compete successfully or could be forced to close or relocate, which could adversely impact its ability to attract physicians and other healthcare-related clients. Because we rely on proximity to and affiliations with hospitals to create leasing demand in our MOBs, a hospital’s inability to remain competitive or financially viable, or to attract physicians and physician groups, could materially adversely affect our MOB operations and have a Material Adverse Effect on us.

We may not be able to maintain or expand our relationships with our existing and future hospital and health system clients.

The success of our MOB operations depends, to a large extent, on our past, current and future relationships with hospitals and their affiliated health systems. We invest significant amounts of time in developing our relationships with both new and existing clients, and these relationships have helped us to secure acquisition and development opportunities, as well as other advisory, property management and hospital project management projects. If our relationships with hospitals and their affiliated health systems deteriorate, or if a conflict of interest or non-compete arrangement prevents us from expanding these relationships, our ability to secure new acquisition and development opportunities or other advisory, property management and hospital project management projects could be impaired and our professional reputation within the industry could be damaged.

Our development and redevelopment projects, including projects undertaken on a fee-for-service basis or through our joint ventures, may not yield anticipated returns.

We consider and, when appropriate, invest in various development and redevelopment projects. In deciding whether to make an investment in a particular project, we make certain assumptions regarding the expected future performance of the property. Our assumptions are subject to risks generally associated with development and redevelopment projects, including, among others, that:

- ❖ We may be unable to obtain financing for the project on favorable terms or at all;
- ❖ We may not complete the project on schedule or within budgeted amounts;

We may encounter delays in obtaining or fail to obtain all necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations, or underestimate the costs necessary to develop or redevelop the property to market standards;

Construction or other delays may provide tenants or residents the right to terminate preconstruction leases or cause us to incur additional costs;

• Volatility in the price of construction materials or labor may increase our project costs;

- In the case of our MOB developments, hospitals or health systems may maintain significant decision-making authority with respect to the development schedule;
 - Our builders may fail to perform or satisfy the expectations of our clients or prospective clients;
 - We may incorrectly forecast risks associated with development in new geographic regions;
 - Tenants may not lease space at the quantity or rental rate levels or on the schedule projected;
 - Demand for our project may decrease prior to completion, including due to competition from other developments; and
 - Lease rates and rents at newly developed or redeveloped properties may fluctuate based on factors beyond our control, including market and economic conditions.
- In MOB development projects that we undertake on a fee-for-service basis, we generally construct properties for clients in exchange for a fixed fee, which creates additional risks such as the inability to pass on increased labor and construction material costs to our clients, development and construction delays that could give our counterparties the right to receive penalties from us, and bankruptcy or default by our contractors. We attempt to mitigate these risks by establishing certain limits on our obligations, shifting some of the risk to the general contractor or seeking other legal protections, but we cannot assure you that our mitigation efforts will be effective. In connection with these projects, we provide engineering, construction and architectural services, and any design, construction or systems failures related to the properties we develop could result in substantial injury or damage to clients or third parties. Any such injury or damage claims may arise in the ordinary course and may be asserted with respect to ongoing or completed projects. Although we maintain liability insurance to protect us against these claims, if any claim results in a loss, we cannot assure you that our policy limits would be adequate to cover the loss in full. If we sustain losses in excess of our insurance coverage, we may be required to fund the difference and could lose our investment in, or experience reduced profits and cash flows from, the affected MOB, which could have a Material Adverse Effect on us.
- If any of the risks described above occur, our development and redevelopment projects, including projects undertaken on a fee-for-service basis or through our joint ventures, may not yield anticipated returns, which could have a Material Adverse Effect on us.
- Our investments in joint ventures and unconsolidated entities could be adversely affected by our lack of sole decision-making authority, our reliance on our joint venture partners' financial condition, any disputes that may arise between us and our joint venture partners, and our exposure to potential losses from the actions of our joint venture partners.
- As of December 31, 2014, we owned 28 MOB's, 15 seniors housing communities, six skilled nursing facilities and one hospital through consolidated joint ventures, and we had ownership interests ranging between 5% and 25% in 17 MOB's, 20 seniors housing communities and 14 skilled nursing facilities through investments in unconsolidated entities. In addition, we had a 34% ownership interest in Atria as of December 31, 2014. These joint ventures and unconsolidated entities involve risks not present with respect to our wholly owned properties, including the following:
- We may be unable to take actions that are opposed by our joint venture partners under arrangements that require us to share decision-making authority over major decisions affecting the ownership or operation of the joint venture and any property owned by the joint venture, such as the sale or financing of the property or the making of additional capital contributions for the benefit of the property;
 - For joint ventures in which we have a noncontrolling interest, our joint venture partners may take actions that we oppose;
 - Our ability to sell or transfer our interest in a joint venture to a third party may be restricted if we fail to obtain the prior consent of our joint venture partners;
 - Our joint venture partners may become bankrupt or fail to fund their share of required capital contributions, which could delay construction or development of a property or increase our financial commitment to the joint venture;
 - Our joint venture partners may have business interests or goals with respect to a property that conflict with our business interests and goals, including with respect to the timing, terms and strategies for investment, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;
 - Disagreements with our joint venture partners could result in litigation or arbitration that increases our expenses, distracts our officers and directors, and disrupts the day-to-day operations of the property, including by delaying important decisions until the dispute is resolved; and

We may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments.

Events that adversely affect the ability of seniors and their families to afford daily resident fees at our seniors housing communities could cause our occupancy rates, resident fee revenues and results of operations to decline.

Assisted and independent living services generally are not reimbursable under government reimbursement programs, such as Medicare and Medicaid. Substantially all of the resident fee revenues generated by our senior living operations, therefore, are derived from private pay sources consisting of the income or assets of residents or their family members. In light of the significant expense associated with building new properties and staffing and other costs of providing services, typically only seniors with income or assets that meet or exceed the comparable region median can afford the daily resident and care fees at our seniors housing communities, and a weak economy, depressed housing market or changes in demographics could adversely affect their continued ability to do so. If the managers of our seniors housing communities are unable to attract and retain seniors that have sufficient income, assets or other resources to pay the fees associated with assisted and independent living services, the occupancy rates, resident fee revenues and results of operations of our senior living operations could decline, which, in turn, could have a Material Adverse Effect on us.

Termination of resident lease agreements in our seniors housing communities could adversely affect our revenues and earnings.

State regulations generally require assisted living communities to have a written lease agreement with each resident that permits the resident to terminate his or her lease for any reason on reasonable notice, unlike typical apartment lease agreements that have initial terms of one year or longer. Consistent with these regulations, the managers of our seniors housing communities generally enter into resident lease agreements that allow residents to terminate their lease agreements on 30 days' notice. Due to these lease termination rights and the advanced age of the residents, the resident turnover rate in our seniors housing communities may be difficult to predict. If a large number of resident lease agreements terminate at or around the same time, and if the affected units remain unoccupied, our revenues and earnings could be adversely affected, which, in turn, could have a Material Adverse Effect on us.

The amount and scope of insurance coverage provided by our policies and policies maintained by our tenants, operators and managers may not adequately insure against losses.

We maintain or require in our lease, management and other agreements that our tenants, operators and managers maintain all applicable lines of insurance on our properties and their operations. Although we regularly review the amount and scope of insurance provided by our policies and required to be maintained by our tenants, operators and managers and believe the coverage provided to be customary for similarly situated companies in our industry, we cannot assure you that we or our tenants, operators and managers will continue to be able to maintain adequate levels of insurance. We also cannot assure you that we or our tenants, operators and managers will maintain the required coverages, that we will continue to require the same levels of insurance under our lease, management and other agreements, that such insurance will be available at a reasonable cost in the future or that the policies maintained will fully cover all losses on our properties upon the occurrence of a catastrophic event, nor can we make any guaranty as to the future financial viability of the insurers that underwrite our policies and the policies maintained by our tenants, operators and managers.

For various reasons, including to reduce and manage costs, many healthcare companies utilize different organizational and corporate structures coupled with self-insurance trusts or captive programs that may provide less insurance coverage than a traditional insurance policy. Companies that insure any part of their general and professional liability risks through their own captive limited purpose entities generally estimate the future cost of general and professional liability through actuarial studies that rely primarily on historical data. However, due to the rise in the number and severity of professional claims against healthcare providers, these actuarial studies may underestimate the future cost of claims, and reserves for future claims may not be adequate to cover the actual cost of those claims. As a result, the tenants and operators of our properties who self-insure could incur large funded and unfunded general and professional liability expenses, which could materially adversely affect their liquidity, financial condition and results of operations and, in turn, their ability to satisfy their obligations to us. If we or the managers of our senior living operations decide to implement a captive or self-insurance program, any large funded and unfunded general and professional liability expenses incurred could have a Material Adverse Effect on us.

Should an uninsured loss or a loss in excess of insured limits occur, we could incur substantial liability or lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenues from the property. Following the occurrence of such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material uninsured losses, or losses in excess of insurance proceeds, will not occur in the future.

Significant legal actions or regulatory proceedings could subject us or our tenants, operators and managers to increased operating costs and substantial uninsured liabilities, which could materially adversely affect our or their liquidity, financial condition and results of operations.

From time to time, we may be subject to claims brought against us in lawsuits and other legal or regulatory proceedings arising out of our alleged actions or the alleged actions of our tenants, operators and managers for which such tenants, operators and managers may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such litigation or proceeding could materially adversely affect our or their liquidity, financial condition and results of operations and have a Material Adverse Effect on us.

In certain cases, we and our tenants, operators and managers may be subject to professional liability claims brought by plaintiffs' attorneys seeking significant punitive damages and attorneys' fees. Due to the historically high frequency and severity of professional liability claims against seniors housing and healthcare providers, the availability of professional liability insurance has decreased and the premiums on such insurance coverage remain costly. As a result, insurance protection against such claims may not be sufficient to cover all claims against us or our tenants, operators or managers, and may not be available at a reasonable cost. If we or our tenants, operators and managers are unable to maintain adequate insurance coverage or are required to pay punitive damages, we or they may be exposed to substantial liabilities.

The occurrence of cyber incidents could disrupt our operations, result in the loss of confidential information and/or damage our business relationships and reputation.

As our reliance on technology has increased, our business is subject to greater risk from cyber incidents, including attempts to gain unauthorized access to our or our managers' systems to disrupt operations, corrupt data or steal confidential information, and other electronic security breaches. While we and our managers have implemented measures to help mitigate these threats, such measures cannot guarantee that we will be successful in preventing a cyber incident. The occurrence of a cyber incident could disrupt our operations, or the operations of our managers, compromise the confidential information of our employees or the residents in our seniors housing communities, and/or damage our business relationships and reputation.

Reductions in federal government spending, tax reform initiatives or other federal legislation to address the federal government's projected operating deficit could have a material adverse effect on our operators' liquidity, financial condition or results of operations.

President Obama and members of the U.S. Congress have approved or proposed various spending cuts and tax reform initiatives that have resulted or could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. Any such existing or future federal legislation relating to deficit reduction that reduces reimbursement payments to healthcare providers could have a material adverse effect on certain of our operators' liquidity, financial condition or results of operations, which could adversely affect their ability to satisfy their obligations to us and could have a Material Adverse Effect on us.

Our operators may be sued under a federal whistleblower statute.

Our operators who engage in business with the federal government may be sued under a federal whistleblower statute designed to combat fraud and abuse in the healthcare industry. See "Governmental Regulation—Healthcare Regulation" included in Item 1 of this Annual Report on Form 10-K. These lawsuits can involve significant monetary damages and award bounties to private plaintiffs who successfully bring these suits. If any of these lawsuits were brought against our operators, such suits combined with increased operating costs and substantial uninsured liabilities could have a material adverse effect on our operators' liquidity, financial condition and results of operations and on their ability to satisfy their obligations under our leases, which, in turn, could have a Material Adverse Effect on us.

We could incur substantial liabilities and costs if any of our properties are found to be contaminated with hazardous substances or we become involved in any environmental disputes.

Under federal and state environmental laws and regulations, a current or former owner of real property may be liable for costs related to the investigation, removal and remediation of hazardous or toxic substances or petroleum that are released from or are present at or under, or that are disposed of in connection with such property. Owners of real property may also face other environmental liabilities, including government fines and penalties imposed by regulatory authorities and damages for injuries to persons, property or natural resources. Environmental laws and regulations often impose liability without regard to whether the owner was aware of, or was responsible for, the

presence, release or disposal of hazardous or toxic substances or petroleum. In certain circumstances, environmental liability may result from the activities of a current or former operator of the property. Although we generally have indemnification rights against the current operators of our properties for contamination caused by them, such indemnification may not adequately cover all environmental costs. See “Governmental Regulation—Environmental Regulation” included in Item 1 of this Annual Report on Form 10-K.

Volatility or disruption in the capital markets could prevent our counterparties from satisfying their obligations to us. Interest rate fluctuations, financial market volatility or credit market disruptions could limit the ability of our tenants, operators and managers to obtain capital to finance their businesses on acceptable terms, which could adversely affect their ability to satisfy their obligations to us. In addition, any difficulty in accessing capital or other financing sources experienced by our other counterparties, such as letters of credit issuers, insurance carriers, banking institutions, title companies and escrow agents, could prevent those counterparties from remaining viable entities or satisfying their obligations to us, which could have a Material Adverse Effect on us.

Our success depends, in part, on our ability to attract and retain talented employees, and the loss of any one of our key personnel could adversely impact our business.

The success of our business depends, in part, on the leadership and performance of our executive management team and key employees, and our ability to attract, retain and motivate talented employees could significantly impact our future performance. Competition for these individuals is intense, and we cannot assure you that we will retain our key officers and employees or that we will be able to attract and retain other highly qualified individuals in the future. Losing any one or more of these persons could have a Material Adverse Effect on us.

Failure to maintain effective internal control over financial reporting could harm our business, results of operations and financial condition.

Pursuant to the Sarbanes-Oxley Act of 2002, we are required to provide a report by management on internal control over financial reporting, including management's assessment of the effectiveness of such control. Because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud, effective internal controls over financial reporting may not prevent or detect misstatement and can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls as a result of changes to our business or otherwise, or if we experience difficulties in their implementation, our business, results of operations and financial condition could be materially adversely harmed and we could fail to meet our reporting obligations.

Economic and other conditions that negatively affect geographic locations to which a greater percentage of our NOI is attributed could adversely affect our financial results.

For the year ended December 31, 2014, approximately 37.7% of our total NOI (excluding amounts in discontinued operations) was derived from properties located in California (13.7%), Texas (8.0%), New York (6.8%), Illinois (4.7%), and Florida (4.5%). As a result, we are subject to increased exposure to adverse conditions affecting these regions, including downturns in the local economies or changes in local real estate conditions, increased construction and competition or decreased demand for our properties, regional climate events and changes in state-specific legislation, which could adversely affect our business and results of operations.

We may be adversely affected by fluctuations in currency exchange rates.

Our ownership of properties in Canada and the United Kingdom currently subjects us to fluctuations in the exchange rates between U.S. dollars and Canadian dollars or the British pound, which may, from time to time, impact our financial condition and results of operations. If we continue to expand our international presence through investments in, or acquisitions or development of, seniors housing or healthcare assets outside the United States, Canada or the United Kingdom, we may transact business in other foreign currencies. Although we may pursue hedging alternatives, including borrowing in local currencies, to protect against foreign currency fluctuations, we cannot assure you that such fluctuations will not have a Material Adverse Effect on us.

Risks Arising from Our Capital Structure

We may become more leveraged.

As of December 31, 2014, we had approximately \$10.9 billion of outstanding indebtedness. The instruments governing our existing indebtedness permit us to incur substantial additional debt, including secured debt, and we may satisfy our capital and liquidity needs through additional borrowings. A high level of indebtedness would require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, thereby reducing the funds available to implement our business strategy and make distributions to stockholders. A high level of indebtedness could also have the following consequences:

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Potential limits on our ability to adjust rapidly to changing market conditions and vulnerability in the event of a downturn in general economic conditions or in the real estate or healthcare industries;

Potential impairment of our ability to obtain additional financing to execute on our business strategy; and
• Potential downgrade in the rating of our debt securities by one or more rating agencies, which could have the effect of, among other things, limiting our access to capital and increasing our cost of borrowing.

In addition, from time to time, we mortgage certain of our properties to secure payment of indebtedness. If we are unable to meet our mortgage payments, then the encumbered properties could be foreclosed upon or transferred to the mortgagee with a resulting loss of income and asset value.

We are exposed to increases in interest rates, which could reduce our profitability and adversely impact our ability to refinance existing debt, sell assets or engage in acquisition, investment, development and redevelopment activity, and our decision to hedge against interest rate risk might not be effective.

We receive a significant portion of our revenues by leasing assets under long-term triple-net leases that generally provide for fixed rental rates subject to annual escalations, while certain of our debt obligations are floating rate obligations with interest and related payments that vary with the movement of LIBOR, Bankers' Acceptance or other indexes. The generally fixed rate nature of a significant portion of our revenues and the variable rate nature of certain of our debt obligations create interest rate risk. Although our operating assets provide a partial hedge against interest rate fluctuations, if interest rates rise, the costs of our existing floating rate debt and any new debt that we incur would increase. These increased costs could reduce our profitability, impair our ability to meet our debt obligations, or increase the cost of financing our acquisition, investment, development and redevelopment activity. An increase in interest rates also could limit our ability to refinance existing debt upon maturity or cause us to pay higher rates upon refinancing, as well as decrease the amount that third parties are willing to pay for our assets, thereby limiting our ability to promptly reposition our portfolio in response to changes in economic or other conditions.

We may seek to manage our exposure to interest rate volatility with hedging arrangements that involve additional risks, including the risks that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, that the amount of income we earn from hedging transactions may be limited by federal tax provisions governing REITs, and that these arrangements may cause us to pay higher interest rates on our debt obligations than otherwise would be the case. Moreover, no amount of hedging activity can fully insulate us from the risks associated with changes in interest rates. Failure to hedge effectively against interest rate risk, if we choose to engage in such activities, could adversely affect our results of operations and financial condition.

Limitations on our ability to access capital could have an adverse effect on our ability to make required payments on our debt obligations, make distributions to our stockholders or make future investments necessary to implement our business strategy.

We cannot assure you that we will be able to raise the capital necessary to meet our debt service obligations, make distributions to our stockholders or make future investments necessary to implement our business strategy, if our cash flow from operations is insufficient to satisfy these needs, and the failure to do so could have a Material Adverse Effect on us. Although we believe that we have sufficient access to capital and other sources of funding to meet our expected liquidity needs, we cannot assure you that conditions in the capital markets will not deteriorate or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings and our results of operation and financial condition. If we cannot access capital at an acceptable cost or at all, we may be required to liquidate one or more investments in properties at times that may not permit us to maximize the return on those investments or that could result in adverse tax consequences to us.

As a public company, our access to debt and equity capital depends, in part, on the trading prices of our senior notes and common stock, which, in turn, depend upon market conditions that change from time to time, such as the market's perception of our financial condition, our growth potential and our current and expected future earnings and cash distributions. Our failure to meet the market's expectation with regard to future earnings and cash distributions or a significant downgrade in the ratings assigned to our long-term debt could impact our ability to access capital or increase our borrowing costs. We also rely on the financial institutions that are parties to our unsecured revolving credit facility. If these institutions become capital constrained, tighten their lending standards or become insolvent or if they experience excessive volumes of borrowing requests from other borrowers within a short period of time, they may be unable or unwilling to honor their funding commitments to us, which would adversely affect our ability to

draw on our unsecured revolving credit facility and, over time, could negatively impact our ability to consummate acquisitions, repay indebtedness as it matures, fund capital expenditures or make distributions to our stockholders.

Covenants in the instruments governing our existing indebtedness limit our operational flexibility, and a covenant breach could materially adversely affect our operations.

The terms of the instruments governing our existing indebtedness require us to comply with certain customary financial and other covenants, such as maintaining debt service coverage, leverage ratios and minimum net worth requirements. Our continued ability to incur additional debt and to conduct business in general is subject to our compliance with these covenants, which limit our operational flexibility. Breaches of these covenants could result in defaults under the applicable debt instruments and could trigger defaults under any of our other indebtedness that is cross-defaulted against such instruments, even if we satisfy our payment obligations. Financial and other covenants that limit our operational flexibility, as well as defaults resulting from our breach of any of these covenants, could have a Material Adverse Effect on us.

Risks Arising from Our Status as a REIT

Loss of our status as a REIT would have significant adverse consequences for us and the value of our common stock. If we lose our status as a REIT (currently or with respect to any tax years for which the statute of limitations has not expired), we will face serious tax consequences that will substantially reduce the funds available to satisfy our obligations, to implement our business strategy and to make distributions to our stockholders for each of the years involved because:

- We would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;

- We could be subject to the federal alternative minimum tax and increased state and local taxes; and

- Unless we are entitled to relief under statutory provisions, we could not elect to be subject to tax as a REIT for four taxable years following the year during which we were disqualified.

In addition, in such event we would no longer be required to pay dividends to maintain REIT status, which could adversely affect the value of our common stock.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of factual matters and circumstances not entirely within our control, as well as new legislation, regulations, administrative interpretations or court decisions, may adversely affect our investors or our ability to remain qualified as a REIT for tax purposes. Although we believe that we currently qualify as a REIT, we cannot assure you that we will continue to qualify for all future periods. The 90% distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions.

To comply with the 90% distribution requirement applicable to REITs and to avoid the nondeductible excise tax, we must make distributions to our stockholders. See “Certain U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT—Annual Distribution Requirements” included in Item 1 of this Annual Report on Form 10-K. Such distributions reduce the funds we have available to finance our investment, acquisition, development and redevelopment activity and may limit our ability to engage in transactions that are otherwise in the best interests of our stockholders.

Although we do not anticipate any inability to satisfy the REIT distribution requirement, from time to time, we may not have sufficient cash or other liquid assets to do so. For example, timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand, or non-deductible expenses such as principal amortization or repayments or capital expenditures in excess of non-cash deductions may prevent us from having sufficient cash or liquid assets to satisfy the 90% distribution requirement.

In the event that timing differences occur or we decide to retain cash or to distribute such greater amount as may be necessary to avoid income and excise taxation, we may seek to borrow funds, issue additional equity securities, pay taxable stock dividends, distribute other property or securities or engage in a transaction intended to enable us to meet the REIT distribution requirements. Any of these actions may require us to raise additional capital to meet our obligations; however, see “—Risks Arising from Our Capital Structure—Limitations on our ability to access capital could have an adverse effect on our ability to make required payments on our debt obligations, make distributions to our stockholders or make future investments necessary to implement our business strategy.” The terms of the instruments governing our existing indebtedness restrict our ability to engage in certain of these transactions.

To preserve our qualification as a REIT, our certificate of incorporation contains ownership limits with respect to our capital stock that may delay, defer or prevent a change of control of our company.

To assist us in preserving our qualification as a REIT, our certificate of incorporation provides that if a person acquires beneficial ownership of more than 9.0% of our outstanding common stock or more than 9.9% of our outstanding preferred stock, the shares that are beneficially owned in excess of the applicable limit are considered “excess shares” and are automatically deemed transferred to a trust for the benefit of a charitable institution or other qualifying organization selected by our Board of Directors. The trust is entitled to all dividends with respect to the excess shares and the trustee may exercise all voting power over the excess shares. In addition, we have the right to purchase the excess shares for a price equal to the lesser of (i) the price per share in the transaction that created the excess shares or (ii) the market price on the day we purchase the shares, but if we do not purchase the excess shares, the trustee of the trust is required to transfer the shares at the direction of our Board of Directors. These ownership limits could delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or might otherwise be in the best interests of our stockholders.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Seniors Housing and Healthcare Properties

As of December 31, 2014, we owned more than 1,500 properties (including properties classified as held for sale), consisting of seniors housing communities, MOBs, skilled nursing and other facilities, and hospitals, and we had one new property under development. We believe that maintaining a balanced portfolio of high-quality assets diversified by investment type, geographic location, asset type, tenant/operator, revenue source and operating model makes us less susceptible to single-state regulatory or reimbursement changes, regional climate events and local economic downturns and diminishes the risk that any single factor or event could materially harm our business.

As of December 31, 2014, we had \$2.3 billion aggregate principal amount of mortgage loan indebtedness outstanding, secured by 178 of our properties. Excluding those portions attributed to our joint venture and operating partners, our share of mortgage loan indebtedness outstanding was \$2.2 billion.

The following table provides additional information regarding the geographic diversification of our portfolio of properties as of December 31, 2014 (including properties owned through investments in unconsolidated entities, but excluding properties classified as held for sale):

Geographic Location	Seniors Housing Communities		Skilled Nursing and Other Facilities		MOBs		Hospitals	
	Number of Properties	Units	Number of Properties	Licensed Beds	Number of Properties	Square Feet	Number of Properties	Licensed Beds
Alabama	7	435	2	329	4	468,887	—	—
Arizona	26	2,378	2	232	11	773,109	3	169
Arkansas	4	286	8	875	—	—	—	—
California	85	9,734	9	1,115	24	1,970,387	7	530
Colorado	19	1,742	4	460	12	828,693	1	68
Connecticut	14	1,626	4	432	—	—	—	—
District of Columbia	—	—	—	—	2	101,580	—	—
Florida	46	4,493	1	171	14	315,405	6	511
Georgia	12	1,217	5	620	14	1,152,857	—	—
Idaho	1	70	7	624	—	—	—	—
Illinois	17	2,606	1	82	30	1,109,898	4	430
Indiana	16	1,235	34	3,782	15	947,857	1	59
Kansas	12	724	4	325	—	—	—	—
Kentucky	10	910	29	3,273	4	172,977	2	424
Louisiana	1	58	—	—	4	343,223	1	168
Maine	6	879	8	654	—	—	—	—
Maryland	5	360	3	445	2	82,663	—	—
Massachusetts	20	2,176	42	4,882	—	—	2	109
Michigan	24	1,642	1	330	10	414,518	—	—
Minnesota	18	1,041	3	466	3	243,098	—	—
Mississippi	1	52	—	—	1	50,575	—	—
Missouri	1	87	12	1,086	19	1,053,579	2	227
Montana	2	189	2	276	—	—	—	—
Nebraska	1	135	—	—	—	—	—	—
Nevada	6	611	3	299	2	149,248	1	52
New Hampshire	1	125	3	502	—	—	—	—
New Jersey	14	1,241	1	153	—	—	—	—
New Mexico	4	482	—	—	—	—	1	61
New York	42	4,684	9	1,566	1	111,634	—	—
North Carolina	22	2,179	17	1,876	18	797,628	1	124
North Dakota	1	48	—	—	—	—	—	—
Ohio	26	1,753	20	2,624	28	1,221,020	1	50
Oklahoma	8	431	—	—	—	—	1	59
Oregon	24	2,528	14	1,112	1	105,375	—	—
Pennsylvania	32	2,351	7	934	7	565,562	2	115
Rhode Island	6	648	1	129	—	—	—	—
South Carolina	4	340	4	602	18	1,012,959	—	—
South Dakota	4	182	2	246	—	—	—	—
Tennessee	20	1,575	5	601	10	381,234	1	49
Texas	58	4,942	51	5,375	13	1,032,552	10	615

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Utah	4	501	5	476	—	—	—	—
Vermont	—	—	1	144	—	—	—	—
Virginia	8	655	9	1,323	3	126,500	—	—
Washington	21	2,183	18	1,788	10	578,975	—	—
West Virginia	2	124	4	326	—	—	—	—
Wisconsin	68	2,932	17	1,968	12	482,093	—	—
Wyoming	2	168	4	371	—	—	—	—
Total U.S.	725	64,758	376	42,874	292	16,594,086	47	3,820
Canada	41	4,478	—	—	—	—	—	—
United Kingdom	—	—	3	121	—	—	—	—
Total	766	69,236	379	42,995	292	16,594,086	47	3,820

Corporate Offices

Our headquarters are located in Chicago, Illinois, and we have additional corporate offices in: Louisville, Kentucky; Plano, Texas; and Irvine, California. We lease all of our corporate offices.

ITEM 3. Legal Proceedings

The information contained in “Note 16—Litigation” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated by reference into this Item 3. Except as set forth therein, we are not a party to, nor is any of our property the subject of, any material pending legal proceedings.

In July 2014, we voluntarily contacted the SEC to advise it of the determination by our former registered public accounting firm, Ernst & Young LLP (“EY”), that it was not independent of us due solely to an inappropriate personal relationship between an EY partner, who until June 30, 2014 was the lead audit partner on our 2014 audit and quarterly review and was previously an audit engagement partner on our 2013 and 2012 audits, and an individual in a financial reporting oversight role at our company. We have cooperated with the SEC and intend to continue to do so with respect to its inquiries related to this matter. At this time, the matter is ongoing and we cannot reasonably assess its timing or outcome.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock, par value \$0.25 per share, is listed and traded on the New York Stock Exchange (the “NYSE”) under the symbol “VTR.” The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as reported on the NYSE and the dividends declared per share.

	Sales Price of Common Stock		Dividends Declared
	High	Low	
2013			
First Quarter	\$73.20	\$64.68	\$0.67
Second Quarter	82.93	64.38	0.67
Third Quarter	72.16	58.86	0.67
Fourth Quarter	67.33	55.26	0.725
2014			
First Quarter	\$63.67	\$56.79	\$0.725
Second Quarter	68.40	61.29	0.725
Third Quarter	66.04	60.70	0.725
Fourth Quarter	74.44	62.48	0.79

As of February 10, 2015, we had 330,809,789 shares of our common stock outstanding held by approximately 5,284 stockholders of record.

Dividends and Distributions

We pay regular quarterly dividends to holders of our common stock to comply with the provisions of the Code governing REITs. In connection with the HCT Acquisition, on January 5, 2015, our Board of Directors declared a prorated first quarter dividend on our common stock in the amount of \$0.2107 per share, which was paid in cash on January 27, 2015 to stockholders of record on January 15, 2015. On February 13, 2015, our Board of Directors declared another prorated dividend on our common stock in the amount of \$0.5793 per share, payable in cash on March 31, 2015 to stockholders of record on March 6, 2015. Together, these two prorated amounts equate to the first quarterly installment of our 2015 dividend of \$0.79 per share.

We expect to distribute at least 100% of our taxable net income, after the use of any net operating loss carryforwards, to our stockholders for 2015. See “Certain U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT—Annual Distribution Requirements” included in Part I, Item 1 of this Annual Report on Form 10-K.

In general, our Board of Directors makes decisions regarding the nature, frequency and amount of our dividends on a quarterly basis. Because the Board considers many factors when making these decisions, including our present and future liquidity needs, our current and projected financial condition and results of operations and the performance and credit quality of our tenants, operators, borrowers and managers, we cannot assure you that we will maintain the practice of paying regular quarterly dividends to continue to qualify as a REIT. Please see “Cautionary Statements” and the risk factors included in Part I, Item 1A of this Annual Report on Form 10-K for a description of other factors that may affect our distribution policy.

Prior to its suspension in July 2014, our stockholders were entitled to reinvest all or a portion of any cash distribution on their shares of our common stock by participating in our Distribution Reinvestment and Stock Purchase Plan (“DRIP”), subject to the terms of the plan. See “Note 17—Permanent and Temporary Equity” of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. We may determine whether or not to reinstate the DRIP at any time, in our sole discretion.

Director and Employee Stock Sales

Certain of our directors, executive officers and other employees have adopted and, from time to time in the future, may adopt non-discretionary, written trading plans that comply with Rule 10b5-1 under the Exchange Act, or otherwise monetize, gift or transfer their equity-based compensation. These transactions typically are conducted for estate, tax and financial planning purposes and are subject to compliance with our Amended and Restated Securities Trading Policy and Procedures (“Securities Trading Policy”), the minimum stock ownership requirements contained in our Guidelines on Governance and all applicable laws and regulations.

Our Securities Trading Policy expressly prohibits our directors, executive officers and employees from buying or selling derivatives with respect to our securities or other financial instruments that are designed to hedge or offset a decrease in the market value of our securities and from engaging in short sales with respect to our securities. In addition, our Securities Trading Policy prohibits our directors and executive officers from holding our securities in margin accounts or pledging our securities to secure loans without the prior approval of our Audit and Compliance Committee. Each of our executive officers has advised us that he or she is in compliance with the Securities Trading Policy and has not pledged any of our equity securities to secure margin or other loans.

Stock Repurchases

The table below summarizes repurchases of our common stock made during the quarter ended December 31, 2014:

	Number of Shares Repurchased (1)	Average Price Per Share
October 1 through October 31	—	\$—
November 1 through November 30	988	\$61.50
December 1 through December 31	7,125	\$71.70

Repurchases represent shares withheld to pay taxes on the vesting of restricted stock granted to employees under our 2006 Incentive Plan or 2012 Incentive Plan or restricted stock units granted to employees under the Nationwide Health Properties, Inc. (“NHP”) 2005 Performance Incentive Plan and assumed by us in connection with our acquisition of NHP. The value of the shares withheld is the closing price of our common stock on the date the vesting or exercise occurred (or, if not a trading day, the immediately preceding trading day) or the fair market value of our common stock at the time of the exercise, as the case may be.

Unregistered Sales of Equity Securities

On November 14, 2014, we issued 92,993 shares of our common stock to Sarah M. Jensen as consideration for our acquisition of all of the outstanding shares of Jensen Construction Management, Inc. (“Jensen Construction”). In connection with the acquisition, we entered into waiver and release agreements with two Jensen Construction employees pursuant to which we issued 53,469 shares and 1,779 shares, respectively, of our common stock to those employees in exchange for, and in full satisfaction of, any right, interest, ownership or claim that they may have had

with respect to any interest in, or securities or assets of, Jensen Construction. The shares of our common stock were issued in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506(b) promulgated thereunder.

On December 1, 2014, NHP/PMB L.P. (“NHP/PMB”), a limited partnership in which we own a majority interest, issued 383,062 Class A limited partnership units (“OP Units”) in connection with the contribution of an MOB to NHP/PMB.

At any time following the first anniversary of their issuance, the OP Units may be redeemed at the election of the holder for cash or, at our option, 0.7866 shares of our common stock per unit, subject to adjustment in certain circumstances. The OP Units were issued solely to “accredited investors” (as such term is defined in Rule 501 under the Securities Act) in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

Stock Performance Graph

The following performance graph compares the cumulative total return (including dividends) to the holders of our common stock from December 31, 2009 through December 31, 2014, with the cumulative total returns of the NYSE Composite Index, the FTSE NAREIT Composite REIT Index (the “Composite REIT Index”) and the S&P 500 Index over the same period. The comparison assumes \$100 was invested on December 31, 2009 in our common stock and in each of the foregoing indexes and assumes reinvestment of dividends, as applicable. We have included the NYSE Composite Index in the performance graph because our common stock is listed on the NYSE, and we have included the S&P 500 Index because we are a member of the S&P 500. We have included the Composite REIT Index because we believe that it is most representative of the industries in which we compete, or otherwise provides a fair basis for comparison with us, and is therefore particularly relevant to an assessment of our performance. The figures in the table below are rounded to the nearest dollar.

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Ventas	\$100	\$125.41	\$137.67	\$168.38	\$155.51	\$203.61
NYSE Composite Index	\$100	\$113.76	\$109.70	\$127.54	\$161.21	\$172.27
Composite REIT Index	\$100	\$127.56	\$136.88	\$163.89	\$167.72	\$213.39
S&P 500 Index	\$100	\$115.06	\$117.48	\$136.27	\$180.39	\$205.07

ITEM 6. Selected Financial Data

You should read the following selected financial data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 of this Annual Report on Form 10-K and our Consolidated Financial Statements and the notes thereto included in Item 8 of this Annual Report on Form 10-K, as acquisitions, dispositions, changes in accounting policies and other items may impact the comparability of the financial data.

	As of and For the Years Ended December 31,				
	2014	2013	2012	2011	2010
	(Dollars in thousands, except per share data)				
Operating Data					
Rental income	\$1,433,995	\$1,327,383	\$1,180,731	\$795,214	\$518,616
Resident fees and services	1,552,951	1,406,005	1,227,124	865,800	445,157
Interest expense	376,842	334,909	288,717	224,344	170,133
Property-level operating expenses	1,195,098	1,109,632	966,422	645,082	314,985
General, administrative and professional fees	121,746	115,106	98,510	74,537	49,830
Income from continuing operations attributable to common stockholders, including real estate dispositions	473,661	489,788	308,814	362,900	212,284
Discontinued operations	2,106	(36,279)	) 53,986	1,593	33,883
Net income attributable to common stockholders	475,767	453,509	362,800	364,493	246,167
Per Share Data					
Income from continuing operations attributable to common stockholders, including real estate dispositions:					
Basic	\$1.61	\$1.67	\$1.06	\$1.59	\$1.35
Diluted	\$1.59	\$1.66	\$1.05	\$1.57	\$1.35
Net income attributable to common stockholders:					
Basic	\$1.62	\$1.55	\$1.24	\$1.60	\$1.57
Diluted	\$1.60	\$1.54	\$1.23	\$1.58	\$1.56
Dividends declared per common share	\$2.965	\$2.735	\$2.48	\$2.30	\$2.14
Other Data					
Net cash provided by operating activities	\$1,254,845	\$1,194,755	\$992,816	\$773,197	\$447,622
Net cash used in investing activities	(2,055,040)	) (1,282,760)	) (2,169,689)	) (997,439)	) (301,920)
Net cash provided by (used in) financing activities	758,057	114,996	1,198,914	248,282	(231,452)
FFO (1)	1,273,680	1,208,458	1,024,567	824,851	421,506
Normalized FFO (1)	1,330,018	1,220,709	1,120,225	776,963	453,981
Balance Sheet Data					
Real estate investments, at cost	\$23,010,945	\$21,403,592	\$19,745,607	\$17,830,262	\$6,747,699
Cash and cash equivalents	55,348	94,816	67,908	45,807	21,812
Total assets	21,226,171	19,731,494	18,980,000	17,271,910	5,758,021
Senior notes payable and other debt	10,888,092	9,364,992	8,413,646	6,429,116	2,900,044

We believe that net income, as defined by U.S. generally accepted accounting principles (“GAAP”), is the most (1) appropriate earnings measurement. However, we consider Funds From Operations (“FFO”) and normalized FFO to be

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appropriate measures of operating performance of an equity REIT. In particular, we believe that normalized FFO is useful because it allows investors, analysts and our management to compare our operating performance to the operating performance of other real estate companies and between periods on a consistent basis without having to account for differences caused by unanticipated items and other events such as transactions and litigation. In some cases, we provide information about identified non-cash components of FFO and normalized FFO because it allows investors, analysts and our management to assess the impact of those items on our financial statements.

We use the National Association of Real Estate Investment Trusts (“NAREIT”) definition of FFO. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property, including gain on re-measurement of equity method investments, and impairment write-downs of depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis. We define normalized FFO as FFO excluding the following income and expense items (which may be recurring in nature): (a) merger-related costs and expenses, including amortization of intangibles, transition and integration expenses, and deal costs and expenses, including expenses and recoveries relating to our acquisition lawsuits; (b) the impact of any expenses related to asset impairment and valuation allowances, the write-off of unamortized deferred financing fees, or additional costs, expenses, discounts, make-whole payments, penalties or premiums incurred as a result of early retirement or payment of our debt; (c) the non-cash effect of income tax benefits or expenses and derivative transactions that have non-cash mark-to-market impacts on our Consolidated Statements of Income; (d) the impact of future acquisitions, divestitures (including pursuant to tenant options to purchase) and capital transactions; (e) the financial impact of contingent consideration, severance-related costs, charitable donations made to the Ventas Charitable Foundation, gains and losses for non-operational foreign currency hedge agreements and changes in the fair value of financial instruments; and (f) expenses related to the re-audit and re-review in 2014 of our historical financial statements and related matters.

FFO and normalized FFO presented in this Annual Report on Form 10-K, or otherwise disclosed by us, may not be comparable to FFO and normalized FFO presented by other real estate companies due to the fact that not all real estate companies use the same definitions. FFO and normalized FFO (or either measure adjusted for non-cash items) should not be considered as alternatives to net income (determined in accordance with GAAP) as indicators of our financial performance or as alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of our liquidity, nor are FFO and normalized FFO (or either measure adjusted for non-cash items) necessarily indicative of sufficient cash flow to fund all of our needs. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Funds From Operations and Normalized Funds from Operations” included in Item 7 of this Annual Report on Form 10-K for a reconciliation of FFO and normalized FFO to our GAAP earnings.

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion provides information that management believes is relevant to an understanding and assessment of the consolidated financial condition and results of operations of Ventas, Inc. (together with its subsidiaries, unless otherwise indicated or except where the context otherwise requires, “we,” “us” or “our”). You should read this discussion in conjunction with our Consolidated Financial Statements and the notes thereto included in Item 8 of this Annual Report on Form 10-K, as it will help you understand:

- Our company and the environment in which we operate;
- Our 2014 highlights and other recent developments;
- Our critical accounting policies and estimates;
- Our results of operations for the last three years;
- How we manage our assets and liabilities;
- Our liquidity and capital resources;
- Our cash flows; and
- Our future contractual obligations.

Corporate and Operating Environment

We are a real estate investment trust (“REIT”) with a highly diversified portfolio of seniors housing and healthcare properties located throughout the United States, Canada and the United Kingdom. As of December 31, 2014, we owned more than 1,500 properties (including properties classified as held for sale), consisting of seniors housing communities, medical

office buildings (“MOBs”), skilled nursing and other facilities, and hospitals, and we had one new property under development. We are an S&P 500 company and currently headquartered in Chicago, Illinois.

We primarily invest in seniors housing and healthcare properties through acquisitions and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of December 31, 2014, we leased a total of 922 properties (excluding MOBs and properties classified as held for sale) to various healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and we engaged independent operators, such as Atria Senior Living, Inc. (“Atria”) and Sunrise Senior Living, LLC (together with its subsidiaries, “Sunrise”), to manage 270 of our seniors housing communities (excluding properties classified as held for sale) for us pursuant to long-term management agreements. Our two largest tenants, Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”) and Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”), leased from us 160 properties (excluding six properties owned through investments in unconsolidated entities and one property managed by Brookdale Senior Living pursuant to a long-term management agreement) and 83 properties, respectively, as of December 31, 2014.

Through our Lillibridge Healthcare Services, Inc. (“Lillibridge”) subsidiary and our ownership interest in PMB Real Estate Services LLC (“PMBRES”), we also provide MOB management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States. In addition, from time to time, we make secured and unsecured loans and other investments relating to seniors housing and healthcare operators or properties.

We conduct our operations through three reportable business segments: triple-net leased properties; senior living operations; and MOB operations. See “Note 20—Segment Information” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

As of December 31, 2014, our consolidated portfolio included 100% ownership interests in 1,383 properties and controlling joint venture interests in 50 properties, and we had non-controlling ownership interests in 51 properties through investments in unconsolidated entities. Through Lillibridge and PMBRES, we provided management and leasing services to third parties with respect to 75 MOBs as of December 31, 2014.

We aim to enhance shareholder value by delivering consistent, superior total returns through a strategy of:

(1) generating reliable and growing cash flows; (2) maintaining a balanced, diversified portfolio of high-quality assets; and (3) preserving our financial strength, flexibility and liquidity.

Our ability to access capital in a timely and cost-effective manner is critical to the success of our business strategy because it affects our ability to satisfy existing obligations, including the repayment of maturing indebtedness, and to make future investments. Factors such as general market conditions, interest rates, credit ratings on our securities, expectations of our potential future earnings and cash distributions, and the trading price of our common stock that are beyond our control and fluctuate over time all impact our access to and cost of external capital. For that reason, we generally attempt to match the long-term duration of our investments in real property with long-term financing through the issuance of shares of our common stock or the incurrence of long-term fixed rate debt. At December 31, 2014, 21.9% of our consolidated debt (excluding debt related to properties classified as held for sale) was variable rate debt.

2014 Highlights and Other Recent Developments

In 2014, we paid an annual cash dividend on our common stock of \$2.965 per share.

During 2014, we made investments totaling approximately \$2.4 billion in seniors housing and healthcare assets, including 29 seniors housing communities located in Canada that we acquired from Holiday Retirement (the “Holiday Canada Acquisition”), three high-quality private hospitals located in the United Kingdom and a \$425.0 million secured mezzanine loan investment that has a blended annual interest rate of 8.1% and has contractual maturities ranging between 2016 and 2019.

In January 2015, we acquired publicly traded American Realty Capital Healthcare Trust, Inc. (“HCT”) in a stock and cash transaction (the “HCT Acquisition”), which added 152 properties (some of which are located on the same campus) to our portfolio. We funded the transaction through the issuance of approximately 28.4 million shares of our common stock, 1.1 million limited partnership units that are redeemable for shares of our common stock, cash and the assumption of debt.

In 2015, we made other investments totaling approximately \$320 million, including the acquisition of five triple-net leased properties in the United Kingdom and 12 skilled nursing facilities.

In April 2014, we issued and sold \$700 million aggregate principal amount of senior notes with a weighted average interest rate of 2.75% and a weighted average maturity of seven years.

In September 2014, we issued and sold CAD 650.0 million aggregate principal amount of senior notes, with an effective weighted average interest rate of 3.5% and a weighted average maturity of 6.9 years, on a private placement basis in Canada. We used the net proceeds from the sale to repay a portion of the CAD 791.0 million unsecured term loan we incurred initially to fund the Holiday Canada Acquisition.

- In January 2015, we issued and sold \$900 million aggregate principal amount of senior notes, with a weighted average interest rate of 3.8% and a weighted average maturity of 16.7 years, and we issued and sold CAD 250.0 million aggregate principal amount of senior notes, with an interest rate of 3.3% and a maturity of seven years, on a private placement basis in Canada.

Under our “at-the-market” equity offering program, during 2014 and 2015 we issued and sold a total of approximately 7.1 million shares of our common stock at a weighted average price of \$75.18 per share for aggregate net proceeds (after sales agent commissions) of \$528.1 million.

During 2014, we sold 22 properties for \$118.2 million and received loans receivable repayments of \$55.9 million.

In 2015, we sold 17 properties for \$275.1 million, including \$5.5 million of lease termination fees.

As of December 31, 2014, we had re-leased to Kindred, transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms with Kindred were scheduled to expire on September 30, 2014, and we expect to sell the remaining asset during 2015. See “Triple-Net Lease Expirations.”

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) set forth in the Accounting Standards Codification (“ASC”), as published by the Financial Accounting Standards Board (“FASB”). GAAP requires us to make estimates and assumptions regarding future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base these estimates on our experience and assumptions we believe to be reasonable under the circumstances. However, if our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, we may have applied a different accounting treatment, resulting in a different presentation of our financial statements. We periodically reevaluate our estimates and assumptions, and in the event they prove to be different from actual results, we make adjustments in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. We believe that the critical accounting policies described below, among others, affect our more significant estimates and judgments used in the preparation of our financial statements. For more information regarding our critical accounting policies, see “Note 2—Accounting Policies” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Principles of Consolidation

The Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K include our accounts and the accounts of our wholly owned subsidiaries and the joint venture entities over which we exercise control. All intercompany transactions and balances have been eliminated in consolidation, and our net earnings are reduced by the portion of net earnings attributable to noncontrolling interests.

GAAP requires us to identify entities for which control is achieved through means other than voting rights and to determine which business enterprise is the primary beneficiary of variable interest entities (“VIEs”). A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; and (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We consolidate our investment in a VIE when we determine that we are its primary beneficiary. We may change our original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affects the characteristics or adequacy of the entity’s equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary.

We identify the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. We perform this analysis on an ongoing basis.

As it relates to investments in joint ventures, GAAP may preclude consolidation by the sole general partner in certain circumstances based on the type of rights held by the limited partner(s). We assess limited partners' rights and their impact on the presumption of control of the limited partnership by the sole general partner when an investor becomes the sole general partner, and we perform a reassessment when there is a change to the terms or in the exercisability of the rights of the limited partners, the sole general partner increases or decreases its ownership of limited partnership interests, or there is an increase or decrease in the number of outstanding limited partnership interests. We also apply this guidance to managing member interests in limited liability companies.

Business Combinations

We account for acquisitions using the acquisition method and allocate the cost of the businesses acquired among tangible and recognized intangible assets and liabilities based upon their estimated fair values as of the acquisition date. Recognized intangibles primarily include the value of in-place leases, acquired lease contracts, tenant and customer relationships, trade names/trademarks and goodwill. We do not amortize goodwill, which represents the excess of the purchase price paid over the fair value of the net assets of the acquired business and is included in other assets on our Consolidated Balance Sheets.

Our method for allocating the purchase price to acquired investments in real estate requires us to make subjective assessments for determining fair value of the assets acquired and liabilities assumed. This includes determining the value of the buildings, land and improvements, construction in progress, ground leases, tenant improvements, in-place leases, above and/or below market leases, purchase option intangible assets and/or liabilities, and any debt assumed. These estimates require significant judgment and in some cases involve complex calculations. These allocation assessments directly impact our results of operations, as amounts allocated to certain assets and liabilities have different depreciation or amortization lives. In addition, we amortize the value assigned to above and/or below market leases as a component of revenue, unlike in-place leases and other intangibles, which we include in depreciation and amortization in our Consolidated Statements of Income.

We estimate the fair value of buildings acquired on an as-if-vacant basis and depreciate the building value over the estimated remaining life of the building, not to exceed 35 years. We determine the allocated value of other fixed assets, such as site improvements and furniture, fixtures and equipment, based upon the replacement cost and depreciate such value over the assets' estimated remaining useful lives as determined at the applicable acquisition date. We determine the value of land either by considering the sales prices of similar properties in recent transactions or based on internal analysis of recently acquired and existing comparable properties within our portfolio. We generally determine the value of construction in progress based upon the replacement cost. However, for certain acquired properties that are part of a ground-up development, we determine fair value by using the same valuation approach as for all other properties and deducting the estimated cost to complete the development. During the remaining construction period, we capitalize interest expense until the development has reached substantial completion. Construction in progress, including capitalized interest, is not depreciated until the development has reached substantial completion.

The fair value of acquired lease-related intangibles, if any, reflects: (i) the estimated value of any above and/or below market leases, determined by discounting the difference between the estimated market rent and in-place lease rent; and (ii) the estimated value of in-place leases related to the cost to obtain tenants, including leasing commissions, and an estimated value of the absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period as if the acquired space was vacant. We amortize any acquired lease-related intangibles to revenue or amortization expense over the remaining life of the associated lease plus any assumed bargain renewal periods. If a lease is terminated prior to its stated expiration or not renewed upon expiration, we recognize all unamortized lease-related intangibles associated with that lease in operations at that time.

We estimate the fair value of purchase option intangible assets and liabilities by discounting the difference between the applicable property's acquisition date fair value and an estimate of its future option price. We do not amortize the resulting intangible asset or liability over the term of the lease, but rather adjust the recognized value of the asset or liability upon sale.

We estimate the fair value of tenant or other customer relationships acquired, if any, by considering the nature and extent of existing business relationships with the tenant or customer, growth prospects for developing new business with the tenant or customer, the tenant's credit quality, expectations of lease renewals with the tenant, and the potential

for significant, additional future leasing arrangements with the tenant, and we amortize that value over the expected life of the associated arrangements or leases, including the remaining terms of the related leases and any expected renewal periods. We estimate the fair value of trade names and trademarks using a royalty rate methodology and amortize that value over the estimated useful life of the trade name or trademark.

In connection with a business combination, we may assume rights and obligations under certain lease agreements pursuant to which we become the lessee of a given property. We assume the lease classification previously determined by the prior lessee absent a modification in the assumed lease agreement. We assess assumed operating leases, including ground

leases, to determine whether the lease terms are favorable or unfavorable to us given current market conditions on the acquisition date. To the extent the lease terms are favorable or unfavorable relative to market conditions on the acquisition date, we recognize an intangible asset or liability, as applicable, at fair value and amortize that asset or liability (excluding purchase option intangibles) to interest or rental expense in our Consolidated Statements of Income over the applicable lease term. We include all lease-related intangible assets and liabilities within acquired lease intangibles and accounts payable and other liabilities, respectively, on our Consolidated Balance Sheets. We determine the fair value of loans receivable acquired in connection with a business combination by discounting the estimated future cash flows using current interest rates at which similar loans on the same terms with the same length to maturity would be made to borrowers with similar credit ratings. We do not establish a valuation allowance at the acquisition date because the estimated future cash flows already reflect our judgment regarding their uncertainty. We recognize the difference between the acquisition date fair value and the total expected cash flows as interest income using an effective interest method over the life of the applicable loan. Subsequent to the acquisition date, we evaluate changes regarding the uncertainty of future cash flows and the need for a valuation allowance, as appropriate.

We estimate the fair value of noncontrolling interests assumed consistent with the manner in which we value all of the underlying assets and liabilities.

We base the initial carrying value of investments in unconsolidated entities on the fair value of the assets at the time we acquired the joint venture interest. We estimate fair values for our equity method investments based on discounted cash flow models that include all estimated cash inflows and outflows over a specified holding period and, where applicable, any estimated debt premiums or discounts. The capitalization rates, discount rates and credit spreads we use in these models are based upon assumptions that we believe to be within a reasonable range of current market rates for the respective investments.

We generally amortize any difference between our cost basis and the basis reflected at the joint venture level over the lives of the related assets and liabilities and include that amortization in our share of income or loss from unconsolidated entities. For earnings of equity method investments with pro rata distribution allocations, net income or loss is allocated between the partners in the joint venture based on their respective stated ownership percentages. In other instances, net income or loss is allocated between the partners in the joint venture based on the hypothetical liquidation at book value method.

We calculate the fair value of long-term debt by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings, which we approximate based on the rate at which we would expect to incur a replacement instrument on the date of acquisition, and recognize any fair value adjustments related to long-term debt as effective yield adjustments over the remaining term of the instrument.

Impairment of Long-Lived and Intangible Assets

We periodically evaluate our long-lived assets, primarily consisting of investments in real estate, for impairment indicators. If indicators of impairment are present, we evaluate the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying operations. In performing this evaluation, we consider market conditions and our current intentions with respect to holding or disposing of the asset. We adjust the net book value of leased properties and other long-lived assets to fair value if the sum of the expected future undiscounted cash flows, including sales proceeds, is less than book value. We recognize an impairment loss at the time we make any such determination.

If impairment indicators arise with respect to intangible assets with finite useful lives, we evaluate impairment by comparing the carrying amount of the asset to the estimated future undiscounted net cash flows expected to be generated by the asset. If estimated future undiscounted net cash flows are less than the carrying amount of the asset, then we estimate the fair value of the asset and compare the estimated fair value to the intangible asset's carrying value. We recognize any shortfall from carrying value as an impairment loss in the current period.

We evaluate our investments in unconsolidated entities for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value of our investment may exceed its fair value. If we determine that a decline in the fair value of our investment in an unconsolidated entity is other-than-temporary, and if such reduced fair value is below the carrying value, we record an impairment. The determination of the fair value of investments in unconsolidated entities involves significant judgment, and our estimates consider all available

evidence, including, as appropriate, the present value of the expected future cash flows discounted at market rates, general economic conditions and trends and other relevant factors.

We test goodwill for impairment at least annually, and more frequently if indicators arise. We first assess qualitative factors, such as current macroeconomic conditions, state of the equity and capital markets and our overall financial and operating performance, to determine the likelihood that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we proceed with the two-step approach to evaluating impairment. First, we estimate the fair value of the reporting unit and compare it to the

reporting unit's carrying value. If the carrying value exceeds fair value, we proceed with the second step, which requires us to assign the fair value of the reporting unit to all of the assets and liabilities of the reporting unit as if it had been acquired in a business combination at the date of the impairment test. The excess fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied value of goodwill and is used to determine the amount of impairment. We recognize an impairment loss to the extent the carrying value of goodwill exceeds the implied value in the current period.

Estimates of fair value used in our evaluation of goodwill, investments in real estate and intangible assets are based upon discounted future cash flow projections or other acceptable valuation techniques that are based, in turn, upon various estimates and assumptions, such as revenue and expense growth rates, capitalization rates, discount rates or other available market data. Our ability to accurately predict future operating results and cash flows and to estimate and allocate fair values impacts the timing and recognition of impairments. While we believe our assumptions are reasonable, changes in these assumptions may have a material impact on our financial results.

Loans Receivable

We record loans receivable, other than those acquired in connection with a business combination, on our Consolidated Balance Sheets (either in secured loans receivable and investments, net or other assets, in the case of unsecured loans receivable) at the unpaid principal balance, net of any deferred origination fees, purchase discounts or premiums and valuation allowances. We amortize net deferred origination fees, which are comprised of loan fees collected from the borrower net of certain direct costs, and purchase discounts or premiums over the contractual life of the loan using the effective interest method and immediately recognize in income any unamortized balances if the loan is repaid before its contractual maturity.

We regularly evaluate the collectibility of loans receivable based on factors such as corporate and facility-level financial and operational reports, compliance with financial covenants set forth in the applicable loan agreement, the financial strength of the borrower and any guarantor, the payment history of the borrower and current economic conditions. If our evaluation of these factors indicates it is probable that we will be unable to collect all amounts due under the terms of the applicable loan agreement, we provide a reserve against the portion of the receivable that we estimate may not be collected.

Fair Value

Fair value is a market-based measurement, not an entity-specific measurement, and we determine fair value based on the assumptions that we expect market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within levels one and two of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level three of the hierarchy).

Level one inputs utilize unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access. Level two inputs consist of inputs other than quoted prices included in level one that are directly or indirectly observable for the asset or liability. Level two inputs may include quoted prices for similar assets and liabilities in active markets and other inputs for the asset or liability that are observable at commonly quoted intervals, such as interest rates, foreign exchange rates and yield curves. Level three inputs are unobservable inputs for the asset or liability, which typically are based on our own assumptions, as there is little, if any, related market activity. If the determination of the fair value measurement is based on inputs from different levels of the hierarchy, the level within which the entire fair value measurement falls is the lowest level input that is significant to the fair value measurement in its entirety. If the volume and level of market activity for an asset or liability has decreased significantly relative to the normal market activity for such asset or liability (or similar assets or liabilities), then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that a transaction for an asset or liability is not orderly, little, if any, weight is placed on that transaction price as an indicator of fair value. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Revenue Recognition

Triple-Net Leased Properties and MOB Operations

Certain of our triple-net leases and most of our MOB leases provide for periodic and determinable increases in base rent. We recognize base rental revenues under these leases on a straight-line basis over the applicable lease term when collectibility is reasonably assured. Recognizing rental income on a straight-line basis generally results in recognized revenues during the first half of a lease term exceeding the cash amounts contractually due from our tenants, creating a straight-line rent receivable that is included in other assets on our Consolidated Balance Sheets.

Certain of our leases provide for periodic increases in base rent only if certain revenue parameters or other substantive contingencies are met. We recognize the increased rental revenue under these leases as the related parameters or contingencies are met, rather than on a straight-line basis over the applicable lease term.

Senior Living Operations

We recognize resident fees and services, other than move-in fees, monthly as services are provided. We recognize move-in fees on a straight-line basis over the average resident stay. Our lease agreements with residents generally have terms of 12 to 18 months and are cancelable by the resident upon 30 days' notice.

Other

We recognize interest income from loans and investments, including discounts and premiums, using the effective interest method when collectibility is reasonably assured. We apply the effective interest method on a loan-by-loan basis and recognize discounts and premiums as yield adjustments over the related loan term. We recognize interest income on an impaired loan to the extent our estimate of the fair value of the collateral is sufficient to support the balance of the loan, other receivables and all related accrued interest. When the balance of the loan, other receivables and all related accrued interest is equal to our estimate of the fair value of the collateral, we recognize interest income on a cash basis. We provide a reserve against an impaired loan to the extent our total investment in the loan exceeds our estimate of the fair value of the loan collateral.

We recognize income from rent, lease termination fees, development services, management advisory services, and all other income when all of the following criteria are met in accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin 104: (i) the applicable agreement has been fully executed and delivered; (ii) services have been rendered; (iii) the amount is fixed or determinable; and (iv) collectibility is reasonably assured.

Allowances

We assess the collectibility of our rent receivables, including straight-line rent receivables. We base our assessment of the collectibility of rent receivables (other than straight-line rent receivables) on several factors, including, among other things, payment history, the financial strength of the tenant and any guarantors, the value of the underlying collateral, if any, and current economic conditions. If our evaluation of these factors indicates it is probable that we will be unable to recover the full value of the receivable, we provide a reserve against the portion of the receivable that we estimate may not be recovered. We also base our assessment of the collectibility of straight-line rent receivables on several factors, including, among other things, the financial strength of the tenant and any guarantors, the historical operations and operating trends of the property, the historical payment pattern of the tenant and the type of property. If our evaluation of these factors indicates it is probable that we will be unable to receive the rent payments due in the future, we provide a reserve against the recognized straight-line rent receivable asset for the portion, up to its full value, that we estimate may not be recovered. If we change our assumptions or estimates regarding the collectibility of future rent payments required by a lease, we may adjust our reserve to increase or reduce the rental revenue recognized in the period we make such change in our assumptions or estimates.

Federal Income Tax

We have elected to be treated as a REIT under the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), for every year beginning with the year ended December 31, 1999. Accordingly, we generally are not subject to federal income tax on net income that we distribute to our stockholders, provided that we continue to qualify as a REIT. However, with respect to certain of our subsidiaries that have elected to be treated as "taxable REIT subsidiaries," we record income tax expense or benefit, as those entities are subject to federal income tax similar to regular corporations.

We account for deferred income taxes using the asset and liability method and recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our financial statements or tax returns. Under this method, we determine deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Any increase or decrease in the deferred tax liability that results from a change in circumstances, and that causes us to change our judgment about expected future tax consequences of events, is included in the tax provision when such changes occur. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. Any increase or decrease in the valuation allowance that results

from a change in circumstances, and that causes us to change our judgment about the realizability of the related deferred tax asset, is included in the tax provision when such changes occur.

Recently Issued or Adopted Accounting Standards

In 2014, the FASB issued Accounting Standards Update 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (“ASU 2014-08”), which raises the threshold for disposals to qualify as discontinued operations. A discontinued operation is defined as: (1) a component of an entity or group of components that has been disposed of or classified as held for sale and represents a strategic shift that has or will have a major effect on an entity’s operations and financial results; or (2) an acquired business that is classified as held for sale on the acquisition date. ASU 2014-08 also requires additional disclosures regarding discontinued operations, as well as material disposals that do not meet the definition of discontinued operations. The application of this guidance is prospective from the date of adoption and applies only to disposals (or new classifications to held for sale) that have not been reported as discontinued operations in our previously issued financial statements. We adopted ASU 2014-08 during the quarter ended March 31, 2014.

In 2014, the FASB also issued Accounting Standards Update 2014-09, Revenue From Contracts With Customers (“ASU 2014-09”), which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 states that “an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” While ASU 2014-09 specifically references contracts with customers, it may apply to certain other transactions such as the sale of real estate or equipment. ASU 2014-09 is effective for us beginning January 1, 2017. We are continuing to evaluate this guidance; however, we do not expect its adoption to have a significant impact on our consolidated financial statements, as a substantial portion of our revenue consists of rental income from leasing arrangements, which are specifically excluded from ASU 2014-09.

Results of Operations

As of December 31, 2014, we operated through three reportable business segments: triple-net leased properties; senior living operations and MOB operations. In our triple-net leased properties segment, we invest in seniors housing and healthcare properties throughout the United States and the United Kingdom and lease our properties to healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses. In our senior living operations segment, we invest in seniors housing communities throughout the United States and Canada and engage independent operators, such as Atria and Sunrise, to manage those communities. In our MOB operations segment, we primarily acquire, own, develop, lease, and manage MOBs. Information provided for “all other” includes income from loans and investments and other miscellaneous income and various corporate-level expenses not directly attributable to our three reportable business segments. Assets included in “all other” consist primarily of corporate assets, including cash, restricted cash, deferred financing costs, loans receivable and miscellaneous accounts receivable.

Years Ended December 31, 2014 and 2013

The table below shows our results of operations for the years ended December 31, 2014 and 2013 and the effect of changes in those results from period to period on our net income attributable to common stockholders.

	For the Year Ended December 31,		Increase (Decrease) to Net Income		
	2014	2013	\$	%	
	(Dollars in thousands)				
Segment NOI:					
Triple-Net Leased Properties	\$974,942	\$881,745	\$93,197	10.6	%
Senior Living Operations	516,395	449,321	67,074	14.9	
MOB Operations	310,513	300,921	9,592	3.2	
All Other	57,439	59,471	(2,032)	(3.4))
Total segment NOI	1,859,289	1,691,458	167,831	9.9	
Interest and other income	4,267	2,047	2,220	> 100	
Interest expense	(376,842)	(334,909)	(41,933)	(12.5))
Depreciation and amortization	(826,911)	(722,075)	(104,836)	(14.5))
General, administrative and professional fees	(121,746)	(115,106)	(6,640)	(5.8))
Loss on extinguishment of debt, net	(5,564)	(1,201)	(4,363)	(> 100))
Merger-related expenses and deal costs	(45,051)	(21,634)	(23,417)	(> 100))
Other	(38,925)	(18,732)	(20,193)	(> 100))
Income before loss from unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interest	448,517	479,848	(31,331)	(6.5))
Loss from unconsolidated entities	(139)	(508)	369	72.6	
Income tax benefit	8,732	11,828	(3,096)	(26.2))
Income from continuing operations	457,110	491,168	(34,058)	(6.9))
Discontinued operations	2,106	(36,279)	38,385	> 100	
Gain on real estate dispositions	17,970	—	17,970	nm	
Net income	477,186	454,889	22,297	4.9	
Net income attributable to noncontrolling interest	1,419	1,380	(39)	(2.8))
Net income attributable to common stockholders	\$475,767	\$453,509	22,258	4.9	

nm—not meaningful

Segment NOI—Triple-Net Leased Properties

NOI for our triple-net leased properties reportable business segment equals the rental income and other services revenue earned from our triple-net assets. We incur no direct operating expenses for this segment.

The following table summarizes results of continuing operations in our triple-net leased properties reportable business segment:

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2014	2013	\$	%	
	(Dollars in thousands)				
Segment NOI—Triple-Net Leased Properties:					
Rental income	\$970,377	\$877,276	\$93,101	10.6	%
Other services revenue	4,565	4,469	96	2.1	
Segment NOI	\$974,942	\$881,745	93,197	10.6	

Triple-net leased properties segment NOI increased in 2014 over the prior year primarily due to rent from the properties we acquired during 2014 and 2013, contractual escalations in rent pursuant to the terms of our leases, and increases in base and other rent under certain of our leases.

In our triple-net leased properties segment, our revenues generally consist of fixed rental amounts (subject to annual contractual escalations) received from our tenants in accordance with the applicable lease terms and do not vary based on the underlying operating performance of the properties. Therefore, while occupancy rates may affect the profitability of our tenants' operations, they do not have a direct impact on our revenues or financial results. The following table sets forth average continuing occupancy rates related to the triple-net leased properties we owned at December 31, 2014 for the trailing 12 months ended September 30, 2014 (which is the most recent information available to us from our tenants) and average continuing occupancy rates related to the triple-net leased properties we owned at December 31, 2013 for the trailing 12 months ended September 30, 2013.

	Number of Properties at December 31, 2014 (1)	Average Occupancy for the Trailing 12 Months Ended September 30, 2014 (1)		Number of Properties at December 31, 2013 (1)	Average Occupancy for the Trailing 12 Months Ended September 30, 2013 (1)	
Seniors Housing Communities	439	88.3	%	412	87.1	%
Skilled Nursing Facilities	242	80.1		242	80.8	
Hospitals	46	56.4		46	56.6	

Excludes properties included in discontinued operations during 2014 and properties classified as held for sale as of December 31, 2014, non-stabilized properties, properties owned through investments in unconsolidated entities and (1)certain properties for which we do not receive occupancy information. Also excludes properties acquired during the years ended December 31, 2014 and 2013, respectively, and properties that transitioned operators for which we do not have eight full quarters of results subsequent to the transition.

The following table compares results of continuing operations for our 829 same-store triple-net leased properties. Throughout this discussion, "same-store" refers to properties that we owned for the full period in both comparison periods.

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2014	2013	\$	%	
	(Dollars in thousands)				
Same-Store Segment NOI—Triple-Net Leased Properties:					
Rental income	\$ 876,846	\$ 846,552	\$ 30,294	3.6	%
Other services revenue	4,565	4,469	96	2.1	
Segment NOI	\$ 881,411	\$ 851,021	30,390	3.6	

Segment NOI—Senior Living Operations

The following table summarizes results of continuing operations in our senior living operations reportable business segment:

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2014	2013	\$	%	
	(Dollars in thousands)				
Segment NOI—Senior Living Operations:					
Total revenues	\$1,552,951	\$1,406,005	\$146,946	10.5	%
Less:					
Property-level operating expenses	(1,036,556)	(956,684)	(79,872)	(8.3)	
Segment NOI	\$516,395	\$449,321	67,074	14.9	

Revenues attributed to our senior living operations segment consist of resident fees and services, which include all amounts earned from residents at our seniors housing communities, such as rental fees related to resident leases,

extended

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health care fees and other ancillary service income. Our senior living operations segment revenues increased in 2014 over the prior year primarily due to the Holiday Canada Acquisition and other seniors housing communities we acquired during 2014 and 2013.

Property-level operating expenses related to our senior living operations segment include labor, food, utilities, marketing, management and other costs of operating the properties. Property-level operating expenses also increased year over year primarily due to the acquired properties described above.

The following table compares results of continuing operations for our 220 same-store senior living operating communities.

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2014	2013	\$	%	
(Dollars in thousands)					
Same-Store Segment NOI—Senior Living Operations:					
Total revenues	\$1,391,869	\$1,363,696	\$28,173	2.1	%
Less:					
Property-level operating expenses	(942,169)	(929,968)	(12,201)	(1.3))
Segment NOI	\$449,700	\$433,728	15,972	3.7	

The following table sets forth average unit occupancy rates and the average monthly revenue per occupied room related to continuing operations in our senior living operations segment for the years ended December 31, 2014 and 2013:

	Number of Properties at December 31,		Average Unit Occupancy for the Year Ended December 31,		Average Monthly Revenue Per Occupied Room for the Year Ended December 31,	
	2014	2013	2014	2013	2014	2013
Total seniors housing communities	270	237	91.1	% 91.1	% \$5,407	\$5,470
Same-store seniors housing communities	220	220	91.1	91.2	5,653	5,533

Segment NOI—MOB Operations

The following table summarizes results of continuing operations in our MOB operations reportable business segment:

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2014	2013	\$	%	
(Dollars in thousands)					
Segment NOI—MOB Operations:					
Rental income	\$463,618	\$450,107	\$13,511	3.0	%
Medical office building services revenue	22,529	12,077	10,452	86.5	
Total revenues	486,147	462,184	23,963	5.2	
Less:					
Property-level operating expenses	(158,542)	(152,948)	(5,594)	(3.7))
Medical office building services costs	(17,092)	(8,315)	(8,777)	(105.6))
Segment NOI	\$310,513	\$300,921	9,592	3.2	

The increase in our MOB operations segment rental income in 2014 over the prior year is attributed primarily to the MOBs we acquired during 2014 and 2013 and slightly higher base rents. The increase in our MOB property-level operating expenses is due primarily to those acquired MOBs and increases in utilities, snow removal, payroll and insurance expenses, partially offset by decreases in operating costs resulting from expense controls.

Medical office building services revenue and costs both increased in 2014 over the prior year primarily due to increased construction activity during 2014 compared to 2013.

The following table compares results of continuing operations for our 295 same-store MOBs.

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2014	2013	\$	%	
	(Dollars in thousands)				
Same-Store Segment NOI—MOB Operations:					
Rental income	\$ 440,463	\$ 435,494	\$ 4,969	1.1	%
Less:					
Property-level operating expenses	(150,282)	(147,693)	(2,589)	(1.8))
Segment NOI	\$ 290,181	\$ 287,801	2,380	0.8	

The following table sets forth occupancy rates and the annualized average rent per occupied square foot related to continuing operations in our MOB operations segment at and for the years ended December 31, 2014 and 2013:

	Number of Properties at December 31,		Occupancy at December 31,		Annualized Average Rent Per Occupied Square Foot for the Year Ended Ended December 31,	
	2014	2013	2014	2013	2014	2013
Total MOBs	309	307	90.1	% 90.2	% \$31	\$29
Same-store MOBs	295	295	90.1	90.1	30	29

Segment NOI—All Other

All other NOI consists solely of income from loans and investments. Income from loans and investments decreased in 2014 over the prior year due primarily to final repayments and sales of portions of certain loans receivable throughout 2013.

Interest Expense

The \$38.2 million increase in total interest expense, including interest allocated to discontinued operations of \$1.7 million and \$5.5 million for the years ended December 31, 2014 and 2013, respectively, is attributed primarily to \$50.9 million of additional interest due to higher debt balances, partially offset by a \$15.6 million reduction in interest due to lower effective interest rates, including the amortization of any fair value adjustments. Our effective interest rate was 3.7% for 2014, compared to 3.8% for 2013.

Depreciation and Amortization

Depreciation and amortization expense increased \$104.8 million in 2014 primarily due to real estate acquisitions we made in 2013 and 2014.

General, Administrative and Professional Fees

General, administrative and professional fees increased \$6.6 million in 2014 primarily due to our continued organizational growth.

Loss on Extinguishment of Debt, Net

The loss on extinguishment of debt, net in 2014 resulted primarily from various debt repayments. The loss on extinguishment of debt, net in 2013 resulted primarily from the write-off of unamortized deferred financing fees as a result of replacing our previous \$2.0 billion unsecured revolving credit facility with a new \$3.0 billion unsecured credit facility and the repayment of certain mortgage debt.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs in both years consist of transition, integration, deal and severance-related expenses primarily related to pending and consummated transactions required by GAAP to be expensed rather than capitalized into the asset value. The \$23.4 million increase in merger-related expenses and deal costs in 2014 over the prior year is primarily due to increased 2014 investment activity.

Other

Other primarily includes building rent expense paid to lease certain of our senior living operating communities, as well as certain unreimbursable expenses related to our triple-net leased portfolio. For the year ended December 31, 2014, other also includes expenses related to the re-audit and re-review of our historical financial statements.

Income Tax Benefit

Income tax benefit for 2014 was due primarily to the income tax benefit of ordinary losses and restructuring related to certain taxable REIT subsidiaries ("TRS" or "TRS entities"). Income tax benefit for 2013 was due primarily to the release of valuation allowances against certain deferred tax assets of one of our TRS entities.

Discontinued Operations

Discontinued operations for 2014 reflects activity related to 17 properties, 12 of which were sold during 2014, resulting in a net gain of \$1.2 million, and five of which were classified as held for sale as of December 31, 2014. Discontinued operations for 2013 reflects activity related to 39 properties, 22 of which were sold during 2013, resulting in a net gain of \$3.6 million.

Gain on Real Estate Dispositions

The gain on real estate dispositions in 2014 resulted primarily from the sale of ten properties that are not classified as discontinued operations in accordance with ASU 2014-08, resulting in a net gain of \$18.0 million. Gains on real estate dispositions in 2013 are classified in discontinued operations.

Net Income/Loss Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest for 2014 represents our partners' joint venture interests in 51 properties. Net loss attributable to noncontrolling interest for 2013 represents our partners' joint venture interests in 58 properties.

Years Ended December 31, 2013 and 2012

The table below shows our results of operations for the years ended December 31, 2013 and 2012 and the effect of changes in those results from period to period on our net income attributable to common stockholders.

	For the Year Ended December 31,		Increase (Decrease) to Net Income		
	2013	2012	\$	%	
	(Dollars in thousands)				
Segment NOI:					
Triple-Net Leased Properties	\$881,745	\$824,320	\$57,425	7.0	%
Senior Living Operations	449,321	386,102	63,219	16.4	
MOB Operations	300,921	241,869	59,052	24.4	
All Other	59,471	39,913	19,558	49.0	
Total segment NOI	1,691,458	1,492,204	199,254	13.4	
Interest and other income	2,047	1,106	941	85.1	
Interest expense	(334,909)	(288,717)	(46,192)	(16.0))
Depreciation and amortization	(722,075)	(714,967)	(7,108)	(1.0))
General, administrative and professional fees	(115,106)	(98,510)	(16,596)	(16.8))
Loss on extinguishment of debt, net	(1,201)	(37,640)	36,439	96.8	
Merger-related expenses and deal costs	(21,634)	(63,183)	41,549	65.8	
Other	(18,732)	(6,940)	(11,792)	(> 100)	
Income before (loss) income from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	479,848	283,353	196,495	69.3	
(Loss) income from unconsolidated entities	(508)	18,154	(18,662)	(> 100)	
Income tax benefit	11,828	6,282	5,546	88.3	
Income from continuing operations	491,168	307,789	183,379	59.6	
Discontinued operations	(36,279)	53,986	(90,265)	(> 100)	
Net income	454,889	361,775	93,114	25.7	
Net income (loss) attributable to noncontrolling interest, net of tax	1,380	(1,025)	(2,405)	(> 100)	
Net income attributable to common stockholders	\$453,509	\$362,800	95,519	26.3	
Segment NOI—Triple-Net Leased Properties					

The following table summarizes results of continuing operations in our triple-net leased properties reportable business segment:

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2013	2012	\$	%	
	(Dollars in thousands)				
Segment NOI—Triple-Net Leased Properties:					
Rental income	\$877,276	\$819,882	\$57,394	7.0	%
Other services revenue	4,469	4,438	31	0.7	
Segment NOI	\$881,745	\$824,320	57,425	7.0	

Triple-net leased properties segment NOI increased in 2013 over the prior year primarily due to contractual rent escalations pursuant to the terms of our leases, increases in base and other rent under certain of our existing triple-net leases and rent from the properties we acquired during 2013 and 2012.

The following table compares results of continuing operations for our 807 same-store triple-net leased properties.

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2013	2012	\$	%	
	(Dollars in thousands)				
Same-Store Segment NOI—Triple-Net Leased Properties:					
Rental income	\$823,380	\$806,267	\$17,113	2.1	%
Other services revenue	4,469	4,438	31	0.7	
Segment NOI	\$827,849	\$810,705	17,144	2.1	
Segment NOI—Senior Living Operations					

The following table summarizes results of continuing operations in our senior living operations reportable business segment:

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2013	2012	\$	%	
	(Dollars in thousands)				
Segment NOI—Senior Living Operations:					
Total revenues	\$1,406,005	\$1,227,124	\$178,881	14.6	%
Less:					
Property-level operating expenses	(956,684)	(841,022)	(115,662)	(13.8))
Segment NOI	\$449,321	\$386,102	63,219	16.4	

Our senior living operations segment revenues increased in 2013 over the prior year primarily due to the seniors housing communities we acquired during 2013 and 2012, including 16 seniors housing communities managed by Sunrise that we acquired in May 2012 (the “Sunrise-Managed 16 Communities”) and 25 seniors housing communities whose operations we transitioned to Atria at the time of closing, and higher average unit occupancy rates and higher average monthly revenue per occupied room in our communities.

Property-level operating expenses increased in 2013 over the prior year primarily due to the acquired properties described above, increases in salaries, taxes and insurance costs and higher management fees as a result of increased revenues.

The following table compares results of continuing operations for our 195 same-store senior living operating communities.

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2013	2012	\$	%	
	(Dollars in thousands)				
Same-Store Segment NOI—Senior Living Operations:					
Total revenues	\$1,215,185	\$1,158,422	\$56,763	4.9	%
Less:					
Property-level operating expenses	(830,076)	(793,828)	(36,248)	(4.6))
Segment NOI	\$385,109	\$364,594	20,515	5.6	

Same-store senior living operations NOI increased in 2013 over the prior year primarily due to higher average unit occupancy rates and higher average monthly revenue per occupied room, partially offset by increases in salaries, taxes and insurance costs and higher management fees as a result of increased revenues.

The following table sets forth average unit occupancy rates and the average monthly revenue per occupied room related to continuing operations in our senior living operations segment for the years ended December 31, 2013 and 2012:

	Number of Properties at December 31,		Average Unit Occupancy for the Year Ended December 31,		Average Monthly Revenue Per Occupied Room for the Year Ended December 31,	
	2013	2012	2013	2012	2013	2012
Total seniors housing communities	237	220	91.1	% 89.8	% \$5,470	\$5,349
Same-store seniors housing communities	195	195	91.3	90.0	5,557	5,356

Segment NOI—MOB Operations

The following table summarizes results of continuing operations in our MOB operations reportable business segment:

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2013	2012	\$	%	
	(Dollars in thousands)				
Segment NOI—MOB Operations:					
Rental income	\$450,107	\$360,849	\$89,258	24.7	%
Medical office building services revenue	12,077	16,303	(4,226)	(25.9))
Total revenues	462,184	377,152	85,032	22.5	
Less:					
Property-level operating expenses	(152,948)	(125,400)	(27,548)	(22.0))
Medical office building services costs	(8,315)	(9,883)	1,568	15.9	
Segment NOI	\$300,921	\$241,869	59,052	24.4	

The increases in our MOB operations segment revenues and property-level operating expenses in 2013 over the prior year are primarily due to our acquisition of Cogdell Spencer Inc. ("Cogdell") in April 2012, the August 2012 and March 2013 acquisitions of the controlling interests in 38 MOB's that we had previously accounted for as investments in unconsolidated entities and other MOB's we acquired during 2013 and 2012.

Medical office building services revenue and costs both decreased year over year primarily due to a reduction in construction activity during 2013 compared to 2012 and our acquisitions of the controlling interests in 38 MOB's that we had previously accounted for as investments in unconsolidated entities, which reduced our management fee revenue.

The following table compares results of continuing operations for our 184 same-store MOB's.

	For the Year Ended December 31,		Increase (Decrease) to Segment NOI		
	2013	2012	\$	%	
	(Dollars in thousands)				
Same-Store Segment NOI—MOB Operations:					
Rental income	\$257,085	\$256,684	\$401	0.2	%
Less:					
Property-level operating expenses	(85,219)	(86,890)	1,671	1.9	
Segment NOI	\$171,866	\$169,794	2,072	1.2	

Same-store MOB operations NOI increased primarily due to lower expenses as a result of savings in contract cleaning, real estate taxes, repairs and maintenance, and management fees throughout 2013.

The following table sets forth occupancy rates and the annualized average rent per occupied square foot related to continuing operations in our MOB operations segment at and for the years ended December 31, 2013 and 2012:

	Number of Properties at December 31,		Occupancy at December 31,		Annualized Average Rent Per Occupied Square Foot for the Year Ended December 31,	
	2013	2012	2013	2012	2013	2012
Total MOBs	309	298	90.2	% 90.5	% \$29	\$29
Same-store MOBs	184	184	88.8	89.6	30	30
Segment NOI—All Other						

All other NOI consists solely of income from loans and investments. Income from loans and investments increased in 2013 over the prior year due primarily to \$446.0 million aggregate amount of secured loans and other investments we made in December 2012 and thereafter, which had a weighted average effective interest rate of 9.3% at issuance, partially offset by final repayments on and the sales of portions of certain loans receivable throughout 2013.

Interest Expense

The \$38.4 million increase in total interest expense, including interest allocated to discontinued operations of \$5.5 million and \$13.3 million for the years ended December 31, 2013 and 2012, respectively, is attributed primarily to \$55.3 million of additional interest due to higher debt balances, partially offset by a \$14.8 million reduction in interest due to lower effective interest rates, including the amortization of any fair value adjustments. Our effective interest rate, excluding activity related to our capital leases in 2012, was 3.8% for 2013, as compared to 4.0% for 2012.

General, Administrative and Professional Fees

General, administrative and professional fees increased in 2013 primarily due to our continued organizational growth, as a result of the Cogdell acquisition and subsequent thereto.

Loss on Extinguishment of Debt, Net

The loss on extinguishment of debt, net in 2013 resulted primarily from the write-off of unamortized deferred financing fees as a result of replacing our previous \$2.0 billion unsecured revolving credit facility with a new \$3.0 billion unsecured credit facility and the repayment of certain mortgage debt. The loss on extinguishment of debt, net in 2012 resulted primarily from our redemption in March 2012 of all \$200.0 million principal amount outstanding of our 6½% senior notes due 2016 and our redemption in May 2012 of all \$225.0 million principal amount then outstanding of our 6¾% senior notes due 2017, partially offset by gains recognized on the repayment of certain mortgage debt.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs in both years consist of transition and integration expenses related to consummated transactions and deal costs required by GAAP to be expensed rather than capitalized into the asset value. The \$41.5 million decrease in merger-related expenses and deal costs in 2013 over the prior year reflects lower transition and integration costs attributable to a decline in investment activity in 2013 compared to 2012.

Other

Other consists primarily of building rent expense paid to lease certain of our senior living operating communities. Certain of these leasing arrangements were acquired in late December 2012.

Loss/Income from Unconsolidated Entities

Loss/income from unconsolidated entities in 2013 and 2012 relates to our interests in joint ventures that we account for under the equity method of accounting. Income from unconsolidated entities for the year ended December 31, 2012 is attributed primarily to a gain of \$16.6 million as a result of the re-measurement of equity interest upon our acquisition of the controlling interests (ranging from 80% to 95%) in 36 MOBs that we previously accounted for as investments in unconsolidated entities. Since the acquisition date, operations relating to these properties have been consolidated in our Consolidated Statements of Income. As of December 31, 2013, we had ownership interests ranging between 5% and 25% in joint ventures with respect to 18 MOBs, 20 seniors housing communities and 14 skilled nursing facilities, and we had a 34% ownership interest in Atria, which we acquired in late December 2012.

Income Tax Benefit

Income tax benefit for 2013 was due primarily to the release of valuation allowances against certain deferred tax assets of one of our TRS entities. Income tax benefit for 2012 was due primarily to the income tax benefit of ordinary losses related to our TRS entities, partially offset by a valuation allowance recorded against certain deferred tax assets of one of our other TRS entities.

Discontinued Operations

Discontinued operations for 2013 reflects activity related to 39 properties, 22 of which were sold during 2013, resulting in a net gain of \$3.6 million. Discontinued operations for 2012 reflects activity related to 82 properties, 43 of which were sold during 2012, resulting in a net gain of \$81.0 million.

Net Income/Loss Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest for 2013 represents our partners' joint venture interests in 58 properties. Net loss attributable to noncontrolling interest for 2012 represents our partners' joint venture interests in 57 properties.

Non-GAAP Financial Measures

We believe that net income, as defined by GAAP, is the most appropriate earnings measurement. However, we consider certain non-GAAP financial measures to be useful supplemental measures of our operating performance. A non-GAAP financial measure is a measure of historical or future financial performance, financial position or cash flows that excludes or includes amounts that are not so excluded from or included in the most directly comparable measure calculated and presented in accordance with GAAP. Described below are the non-GAAP financial measures used by management to evaluate our operating performance and that we consider most useful to investors, together with reconciliations of these measures to the most directly comparable GAAP measures.

The non-GAAP financial measures we present in this Annual Report on Form 10-K may not be comparable to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. You should not consider these measures as alternatives to net income (determined in accordance with GAAP) as indicators of our financial performance or as alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of our liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. In order to facilitate a clear understanding of our consolidated historical operating results, you should examine these measures in conjunction with net income as presented in our Consolidated Financial Statements and other financial data included elsewhere in this Annual Report on Form 10-K.

Funds From Operations and Normalized Funds From Operations

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. However, since real estate values historically have risen or fallen with market conditions, many industry investors deem presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. For that reason, we consider Funds From Operations ("FFO") and normalized FFO to be appropriate measures of operating performance of an equity REIT. In particular, we believe that normalized FFO is useful because it allows investors, analysts and our management to compare our operating performance to the operating performance of other real estate companies and between periods on a consistent basis without having to account for differences caused by unanticipated items and other events such as transactions and litigation. In some cases, we provide information about identified non-cash components of FFO and normalized FFO because it allows investors, analysts and our management to assess the impact of those items on our financial results.

We use the National Association of Real Estate Investment Trusts ("NAREIT") definition of FFO. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property, including gain on re-measurement of equity method investments, and impairment write-downs of depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis. We define normalized FFO as FFO excluding the following income and expense items (which may be recurring in nature): (a) merger-related costs and expenses, including amortization of intangibles, transition and integration expenses, and deal costs and expenses, including expenses and recoveries relating to our acquisition lawsuits; (b) the impact of any expenses related to asset impairment and valuation allowances, the write-off of unamortized deferred financing fees, or additional costs, expenses, discounts, make-whole payments,

penalties or premiums incurred as a result of early retirement or payment of our debt; (c) the non-cash effect of income tax benefits or expenses and derivative transactions that have non-cash mark-to-market impacts on our Consolidated Statements of Income; (d) the impact of future acquisitions, divestitures (including pursuant to tenant options to purchase) and

capital transactions; (e) the financial impact of contingent consideration, severance-related costs, charitable donations made to the Ventas Charitable Foundation, gains and losses for non-operational foreign currency hedge agreements and changes in the fair value of financial instruments; and (f) expenses related to the re-audit and re-review in 2014 of our historical financial statements and related matters.

The following table summarizes our FFO and normalized FFO for each of the five years ended December 31, 2014. Our normalized FFO for the year ended December 31, 2014 increased over the prior year due primarily to our 2014 and 2013 investments, net of capital costs, and same-store growth across our portfolio of properties, partially offset by higher general and administrative expenses and loan repayments since January 1, 2013.

	For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
Net income attributable to common stockholders	\$475,767	\$453,509	\$362,800	\$364,493	\$246,167
Adjustments:					
Real estate depreciation and amortization	820,344	716,412	710,544	442,046	197,650
Real estate depreciation related to noncontrolling interest	(10,314)	(10,512)	(8,503)	(3,471)	(6,217)
Real estate depreciation related to unconsolidated entities	5,792	6,543	7,516	6,552	2,367
Gain on re-measurement of equity interest upon acquisition, net	—	(1,241)	(16,645)	—	—
Gain on real estate dispositions	(17,970)	—	—	—	—
Discontinued operations:					
Gain on real estate dispositions	(1,494)	(4,059)	(80,952)	—	(25,241)
Depreciation on real estate assets	1,555	47,806	49,807	15,231	6,780
FFO	1,273,680	1,208,458	1,024,567	824,851	421,506
Adjustments:					
Litigation proceeds, net	—	—	—	(202,259)	—
Change in fair value of financial instruments	5,121	449	99	2,959	—
Income tax (benefit) expense	(9,431)	(11,828)	(6,286)	(31,137)	2,930
Loss on extinguishment of debt, net	5,013	1,048	37,640	27,604	9,791
Merger-related expenses, deal costs and re-audit costs	54,389	21,560	63,183	153,923	19,243
Amortization of other intangibles	1,246	1,022	1,022	1,022	511
Normalized FFO	\$1,330,018	\$1,220,709	\$1,120,225	\$776,963	\$453,981

Adjusted EBITDA

We consider Adjusted EBITDA an important supplemental measure to net income because it provides another manner in which to evaluate our operating performance and serves as another indicator of our ability to service debt. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding gains or losses on extinguishment of debt, merger-related expenses and deal costs, expenses related to the re-audit and re-review of our historical financial statements, net gains on real estate activity and changes in the fair value of financial instruments (including amounts in discontinued operations). The following table sets forth a reconciliation of our Adjusted EBITDA to net income (including amounts in discontinued operations) for the years ended December 31, 2014, 2013 and 2012:

	For the Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Net income	\$477,186	\$454,889	\$361,775
Adjustments:			
Interest	378,556	340,381	302,031
Loss on extinguishment of debt, net	5,564	1,048	37,640
Taxes (including amounts in general, administrative and professional fees)	(4,770)	(7,166)	(2,627)
Depreciation and amortization	828,466	769,881	764,774
Non-cash stock-based compensation expense	20,994	20,653	20,784
Merger-related expenses, deal costs and re-audit costs	53,847	21,634	63,183
Gain on real estate dispositions	(19,183)	(3,617)	(80,952)
Changes in fair value of financial instruments	5,121	449	99
Gain on re-measurement of equity interest upon acquisition, net	—	(1,241)	(16,645)
Adjusted EBITDA	\$1,745,781	\$1,596,911	\$1,450,062

NOI

We also consider NOI an important supplemental measure to net income because it enables investors, analysts and our management to assess our unlevered property-level operating results and to compare our operating results with the operating results of other real estate companies and between periods on a consistent basis. We define NOI as total revenues, less interest and other income, property-level operating expenses and medical office building services costs (including amounts in discontinued operations). Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies. The following table sets forth a reconciliation of our NOI to net income (including amounts in discontinued operations) for the years ended December 31, 2014, 2013 and 2012:

	For the Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Net income	\$477,186	\$454,889	\$361,775
Adjustments:			
Interest and other income	(5,017	) (2,047	) (6,158
Interest	378,556	340,381	302,031
Depreciation and amortization	828,466	769,881	764,774
General, administrative and professional fees	121,746	115,109	98,813
Loss on extinguishment of debt, net	5,564	1,048	37,640
Merger-related expenses and deal costs	45,051	21,634	63,183
Other	39,337	18,325	8,842
Loss (income) from unconsolidated entities	139	508	(18,154
Income tax benefit	(8,732	) (11,828	) (6,286
Gain on real estate dispositions	(19,183	) (3,617	) (80,952
NOI	1,863,113	1,704,283	1,525,508
Discontinued operations	(3,824	) (12,825	) (33,304
NOI (excluding amounts in discontinued operations)	\$1,859,289	\$1,691,458	\$1,492,204

Asset/Liability Management

Asset/liability management, a key element of enterprise risk management, is designed to support the achievement of our business strategy, while ensuring that we maintain appropriate and tolerable levels of market risk (primarily interest rate risk and foreign currency exchange risk) and credit risk. Effective management of these risks is a contributing factor to the absolute levels and variability of our FFO and net worth. The following discussion addresses our integrated management of assets and liabilities, including the use of derivative financial instruments.

Market Risk

Market risk related to changes in interest rates, such as LIBOR or prime rates, has a direct impact on borrowings under our unsecured revolving credit facility and our unsecured term loans, certain of our mortgage loans that are floating rate obligations, mortgage loans receivable that bear interest at floating rates and marketable debt securities. To mitigate these risks, we continuously monitor our level of floating rate debt with respect to total debt and other factors, including our expectations regarding current and future economic conditions.

The table below sets forth certain information with respect to our debt, excluding premiums, discounts and capital lease obligations.

	As of December 31,					
	2014		2013		2012	
	(Dollars in thousands)					
Balance:						
Fixed rate:						
Senior notes and other	\$6,677,875		\$5,418,543		\$4,079,643	
Mortgage loans and other (1)	1,810,716		2,155,155		2,442,652	
Variable rate:						
Unsecured revolving credit facilities	919,099		376,343		540,727	
Unsecured term loans	990,634		1,000,702		685,336	
Mortgage loans and other	474,047		369,734		437,957	
Total	\$10,872,371		\$9,320,477		\$8,186,315	
Percent of total debt:						
Fixed rate:						
Senior notes and other	61.4	%	58.1	%	49.8	%
Mortgage loans and other (1)	16.6		23.1		29.8	
Variable rate:						
Unsecured revolving credit facilities	8.5		4.0		6.6	
Unsecured term loans	9.1		10.7		8.4	
Mortgage loans and other	4.4		4.1		5.4	
Total	100.0	%	100.0	%	100.0	%
Weighted average interest rate at end of period:						
Fixed rate:						
Senior notes and other	3.5	%	3.7	%	4.0	%
Mortgage loans and other (1)	5.9		6.0		6.1	
Variable rate:						
Unsecured revolving credit facilities	1.4		1.2		1.5	
Unsecured term loans	1.3		1.3		1.6	
Mortgage loans and other	2.3		1.7		1.9	
Total	3.5		3.8		4.1	

Excludes mortgage debt of \$43.5 million, \$13.1 million and \$23.2 million related to real estate assets classified as (1) held for sale as of December 31, 2014, 2013 and 2012, respectively, which debt is included in accounts payable and other liabilities on our Consolidated Balance Sheets.

The variable rate debt in the table above reflects, in part, the effect of \$153.6 million notional amount of interest rate swaps with a maturity of March 21, 2016 that effectively convert fixed rate debt to variable rate debt. In addition, the fixed rate debt in the table above reflects, in part, the effect of \$59.0 million notional amount of interest rate swaps with maturities ranging from March 2, 2015 to April 1, 2019, in each case that effectively convert variable rate debt to fixed rate debt. The increase in our outstanding variable rate debt at December 31, 2014 compared to December 31, 2013 is attributable primarily to 2014 borrowings under our unsecured revolving credit facility. Pursuant to the terms of certain leases with one of our tenants, if interest rates increase on certain variable rate debt that we have totaling \$80.0 million as of December 31, 2014, our tenant is required to pay us additional rent (on a dollar-for-dollar basis) in an amount equal to the increase in interest expense resulting from the increased interest rates. Therefore, the increase in interest expense related to this debt is equally offset by an increase in additional rent due to us from the tenant. Assuming no change in our variable rate debt outstanding as of December 31, 2014, if the weighted average interest rate related to our variable rate debt were to increase 100 basis points, interest expense for 2015 would increase by approximately \$23.8 million, or \$0.08 per diluted common share.

As of December 31, 2014 and 2013, our joint venture and operating partners' aggregate share of total debt was \$141.4 million and \$174.5 million, respectively, with respect to certain properties we owned through consolidated joint ventures and an operating partnership. Total debt does not include our portion of debt related to investments in unconsolidated entities, which was \$97.5 million and \$89.3 million as of December 31, 2014 and 2013, respectively. The fair value of our fixed and variable rate debt is based on current interest rates at which we could obtain similar borrowings. For fixed rate debt, interest rate fluctuations generally affect fair value, but not our earnings or cash flows. Therefore, interest rate risk does not significantly impact our fixed rate debt obligations until their maturity or earlier prepayment and refinancing. If interest rates have risen at the time we seek to refinance our fixed rate debt, whether at maturity or otherwise, our future earnings and cash flows could be adversely affected by increased borrowing costs. Conversely, lower interest rates at the time of refinancing may reduce our overall borrowing costs. To highlight the sensitivity of our fixed rate debt to changes in interest rates, the following summary shows the effects of a hypothetical instantaneous change of 100 basis points ("BPS") in interest rates as of December 31, 2014 and 2013:

	As of December 31,	
	2014	2013
	(In thousands)	
Gross book value	\$8,488,591	\$7,573,698
Fair value (1)	8,817,982	7,690,196
Fair value reflecting change in interest rates (1):		
-100 BPS	9,256,492	8,069,013
+100 BPS	8,406,735	7,320,251

(1) The change in fair value of our fixed rate debt from December 31, 2013 to December 31, 2014 was due primarily to 2014 senior note issuances, partially offset by mortgage loan repayments.

As of December 31, 2014 and 2013, the fair value of our secured and unsecured loans receivable, based on our estimates of currently prevailing rates for comparable loans, was \$798.0 million and \$395.7 million, respectively. See "Note 6—Loans Receivable and Investments" and "Note 11—Fair Values of Financial Instruments" of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

As a result of our Canadian and United Kingdom operations, we are subject to fluctuations in certain foreign currency exchange rates that may, from time to time, affect our financial condition and operating performance. Based solely on our results for the year ended December 31, 2014 (on a pro forma basis after giving effect to the Holiday Canada Acquisition, our 2014 Canadian senior note issuances, our U.K. hospital acquisition, and including the impact of existing hedging arrangements), if the value of the U.S. dollar relative to the British pound and Canadian dollar were to increase or decrease by 10% compared to the average exchange rate during that year, our 2014 normalized FFO per share would have decreased or increased, as applicable, by less than \$0.02 and \$0.02 per share, respectively. We will continue to mitigate these risks through a layered approach to hedging looking out for the next year and continual assessment of our foreign operational capital structure. Nevertheless, we cannot assure you that any such fluctuations will not have an effect on our earnings.

Concentration and Credit Risk

We use concentration ratios to identify, understand and evaluate the potential impact of economic downturns and other adverse events that may affect our asset types, geographic locations, business models, and tenants, operators and managers. We evaluate concentration risk in terms of investment mix and operations mix. Investment mix measures the percentage of our investments that is concentrated in a specific asset type or that is operated or managed by a particular tenant, operator or manager. Operations mix measures the percentage of our operating results that is attributed to a particular tenant, operator or manager, geographic location or business model. The following tables reflect our concentration risk as of the dates and for the periods presented:

	As of December 31,		
	2014	2013	
Investment mix by asset type (1):			
Seniors housing communities	65.5	% 64.2	%
MOBs	15.8	18.2	
Skilled nursing and other facilities	13.1	13.6	
Hospitals	2.1	2.3	
Secured loans receivable and investments, net	3.5	1.7	
Investment mix by tenant, operator and manager (1):			
Atria	23.6	% 19.9	%
Sunrise	12.3	13.9	
Brookdale Senior Living	10.2	9.7	
Kindred	2.0	3.2	
All other	51.9	53.3	

(1) Ratios are based on the gross book value of real estate investments (excluding assets classified as held for sale) as of each reporting date.

	For the Year Ended December 31,			
	2014	2013	2012	
Operations mix by tenant and operator and business model:				
Revenues (1):				
Senior living operations	50.6	% 50.2	% 49.8	%
Kindred	6.2	8.1	10.3	
Brookdale Senior Living (2)	5.5	5.6	6.3	
All others	37.7	36.1	33.6	
Adjusted EBITDA (3):				
Senior living operations	28.4	% 27.1	% 26.0	%
Kindred	10.1	13.3	16.1	
Brookdale Senior Living (2)	9.2	9.4	10.9	
All others	52.3	50.2	47.0	
NOI (4):				
Senior living operations	27.8	% 26.6	% 25.9	%
Kindred	10.2	13.4	17.1	
Brookdale Senior Living (2)	9.2	9.2	10.5	
All others	52.8	50.8	46.5	
Operations mix by geographic location (5):				
California	15.0	% 14.5	% 14.1	%
New York	9.6	10.0	10.0	
Texas	6.9	6.8	6.0	
Illinois	4.5	4.7	5.0	
Florida	4.0	4.1	4.1	
All others	60.0	59.9	60.8	

(1) Total revenues include medical office building and other services revenue, revenue from loans and investments and interest and other income (excluding amounts in discontinued operations).

(2) Excludes one seniors housing community included in senior living operations.

(3) Includes amounts in discontinued operations.

(4) Excludes amounts in discontinued operations.

(5) Ratios are based on total revenues (excluding amounts in discontinued operations) for each period presented.

See “Non-GAAP Financial Measures” included elsewhere in this Annual Report on Form 10-K for additional disclosure and reconciliations of Adjusted EBITDA and NOI to our net income as computed in accordance with GAAP.

We derive a significant portion of our revenues by leasing assets under long-term triple-net leases in which the rental rate is generally fixed with annual escalators, subject to certain limitations. Some of our triple-net lease escalators are contingent upon the satisfaction of specified facility revenue parameters or based on increases in the Consumer Price Index (“CPI”), with caps, floors or collars. We also earn revenues directly from individual residents in our seniors housing communities that are managed by independent operators, such as Atria and Sunrise, and tenants in our MOB. For the year ended December 31, 2014, 44.0% of our Adjusted EBITDA (including amounts in discontinued operations) was derived from our senior living operations and MOB operations, for which rental rates may fluctuate more frequently upon lease rollovers and renewals due to shorter term leases and changing economic or market conditions.

The concentration of our triple-net leased properties segment revenues and operating income that are attributed to Brookdale Senior Living and Kindred creates credit risk. If either Brookdale Senior Living or Kindred becomes unable or unwilling to satisfy its obligations to us, our financial condition and results of operations could be weakened and our ability to service our indebtedness and to make distributions to our stockholders could be limited. We cannot assure you that Brookdale Senior Living and Kindred will have sufficient assets, income and access to financing to

enable them to satisfy their respective

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obligations to us, and any failure, inability or unwillingness by Brookdale Senior Living or Kindred to do so could have a Material Adverse Effect on us. In addition, any failure, inability or unwillingness by Brookdale Senior Living or Kindred to effectively conduct its operations or to maintain and improve our properties could adversely affect its business reputation and its ability to attract and retain patients and residents in our properties, which could have an indirect Material Adverse Effect on us. See “Risk Factors—Risks Arising from Our Business—Our leases with Brookdale Senior Living and Kindred account for a significant portion of our triple-net leased properties segment revenues and operating income; Any failure, inability or unwillingness by Brookdale Senior Living or Kindred to satisfy its obligations under our agreements could have a Material Adverse Effect on us” included in Part I, Item 1A of this Annual Report on Form 10-K and “Note 3—Concentration of Credit Risk” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

We regularly monitor and assess any changes in the relative credit risk of our significant tenants, and in particular those tenants that have recourse obligations under our triple-net leases. The ratios and metrics we use to evaluate a significant tenant’s liquidity and creditworthiness depend on facts and circumstances specific to that tenant and the industry or industries in which it operates, including without limitation the tenant’s credit history and economic conditions related to the tenant, its operations and the markets in which the tenant operates, that may vary over time. Among other things, we may (i) review and analyze information regarding the real estate, seniors housing and healthcare industries generally, publicly available information regarding the significant tenant, and information required to be provided by the tenant under the terms of its lease agreements with us, (ii) examine monthly and/or quarterly financial statements of the significant tenant to the extent publicly available or otherwise provided under the terms of our lease agreements, and (iii) participate in periodic discussions and in-person meetings with representatives of the significant tenant. Using this information, we calculate multiple financial ratios (which may, but do not necessarily, include net debt to EBITDAR or EBITDARM, fixed charge coverage and tangible net worth), after making certain adjustments based on our judgment, and assess other metrics we deem relevant to an understanding of the significant tenant’s credit risk.

Because Atria and Sunrise manage our properties in exchange for the receipt of a management fee from us, we are not directly exposed to the credit risk of our managers in the same manner or to the same extent as our triple-net tenants. However, we rely on our managers’ personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our senior living operations efficiently and effectively. We also rely on our managers to set appropriate resident fees and to otherwise operate our seniors housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. Although we have various rights as the property owner under our management agreements, including various rights to terminate and exercise remedies under the agreements as provided therein, Atria’s or Sunrise’s failure, inability or unwillingness to satisfy its respective obligations under those agreements, to efficiently and effectively manage our properties or to provide timely and accurate accounting information with respect thereto could have a Material Adverse Effect on us. In addition, significant changes in Atria’s or Sunrise’s senior management or equity ownership or any adverse developments in their businesses and affairs or financial condition could have a Material Adverse Effect on us. See “Risk Factors—Risks Arising from Our Business—The properties managed by Atria and Sunrise account for a significant portion of our revenues and operating income; Adverse developments in Atria’s or Sunrise’s business and affairs or financial condition could have a Material Adverse Effect on us” and “—We have rights to terminate our management agreements with Atria and Sunrise in whole or with respect to specific properties under certain circumstances, and we may be unable to replace Atria or Sunrise if our management agreements are terminated or not renewed” included in Part I, Item 1A of this Annual Report on Form 10-K.

In December 2012, we acquired a 34% ownership interest in Atria, which entitles us to certain rights and minority protections as well as the right to appoint two of five members on the Atria board of directors.

Triple-Net Lease Expirations

As our triple-net leases expire, we face the risk that our tenants may elect not to renew those leases and, in the event of non-renewal, we may be unable to reposition the applicable properties on a timely basis or on the same or better economic terms, if at all. Although the non-renewal of some or all of our triple-net leases could have a Material Adverse Effect on us, during the year ended December 31, 2014, none of our triple-net lease renewals or expirations without renewal had a material impact on our financial condition or results of operations for that period. See “Risk

Factors—Risks Arising from Our Business—If we must replace any of our tenants or operators, we might be unable to reposition the properties on as favorable terms, or at all, and we could be subject to delays, limitations and expenses, which could have a Material Adverse Effect on us” included in Part I, Item 1A of this Annual Report on Form 10-K.

The following table summarizes our triple-net lease expirations currently scheduled to occur over the next ten years (excluding leases related to assets classified as held for sale as of December 31, 2014):

	Number of Properties	2014 Annual Rental Income	% of 2014 Total Triple-Net Leased Properties Segment Rental Income	
	(Dollars in thousands)			
2015	14	\$8,016	0.8	%
2016	13	8,023	0.8	
2017	28	20,425	2.1	
2018	37	59,088	6.1	
2019	87	129,617	13.4	
2020	140	123,390	12.7	
2021	82	72,704	7.5	
2022	51	58,893	6.1	
2023	64	78,203	8.1	
2024	45	27,880	2.9	

As of December 31, 2014, we had re-leased to Kindred, transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms with Kindred were scheduled to expire on September 30, 2014, and we expect to sell the remaining asset during 2015; however, this transaction remains subject to customary due diligence conditions, and we cannot assure you that we will be able to successfully complete the sale on a timely basis or at all.

Liquidity and Capital Resources

As of December 31, 2014, we had a total of \$55.3 million of unrestricted cash and cash equivalents, operating cash and cash related to our senior living operations and MOB operations reportable business segments that is deposited and held in property-level accounts. Funds maintained in the property-level accounts are used primarily for the payment of property-level expenses, debt service payments and certain capital expenditures. As of December 31, 2014, we also had escrow deposits and restricted cash of \$71.8 million and \$1.1 billion of unused borrowing capacity available under our unsecured revolving credit facility.

During 2014, our principal sources of liquidity were cash flows from operations, borrowings under our unsecured revolving credit facility and CAD unsecured term loan, proceeds from the issuance of debt and equity securities, proceeds from asset sales and cash on hand.

For the next 12 months, our principal liquidity needs are to: (i) fund operating expenses; (ii) meet our debt service requirements; (iii) repay maturing mortgage and other debt, including \$634.4 million of senior notes; (iv) fund capital expenditures; (v) fund acquisitions, investments and commitments, including development and redevelopment activities; and (vi) make distributions to our stockholders and unitholders, as required for us to continue to qualify as a REIT. In addition, we may elect to prepay outstanding indebtedness prior to maturity based on our analysis of various factors. We expect that these liquidity needs generally will be satisfied by a combination of the following: cash flows from operations, cash on hand, debt assumptions and financings (including secured financings), issuances of debt and equity securities, dispositions of assets (in whole or in part through joint venture arrangements with third parties) and borrowings under our unsecured revolving credit facility. However, an inability to access liquidity through multiple capital sources concurrently could have a Material Adverse Effect on us. See “Risk Factors—Risks Arising from Our Capital Structure—Limitations on our ability to access capital could have an adverse effect on our ability to make required payments on our debt obligations, make distributions to our stockholders or make future investments necessary to implement our business strategy” included in Part I, Item 1A of this Annual Report on Form 10-K. In January 2015, we funded the HCT Acquisition through the issuance of approximately 28.4 million shares of our common stock and 1.1 million limited partnership units that are redeemable for shares of our common stock, the payment of approximately \$11 million in cash (excluding cash in lieu of fractional shares) and the assumption or repayment of debt, net of HCT cash in hand.

Unsecured Credit Facility and Unsecured Term Loans

Our unsecured credit facility is comprised of a \$2.0 billion revolving credit facility priced at LIBOR plus 1.0% as of December 31, 2014, and a \$200.0 million four-year term loan and an \$800.0 million five-year term loan, each priced at LIBOR plus 1.05% as of December 31, 2014. The revolving credit facility matures in January 2018, but may be extended, at our option subject to the satisfaction of certain conditions, for an additional period of one year. The \$200.0 million and \$800.0 million term loans mature in January 2018 and January 2019, respectively. The unsecured credit facility also includes an accordion feature that permits us to increase our aggregate borrowing capacity thereunder to up to \$3.5 billion.

As of December 31, 2014, we had \$919.1 million of borrowings outstanding, \$13.3 million of letters of credit outstanding and \$1.1 billion of unused borrowing capacity available under our unsecured revolving credit facility. In July 2014, we entered into a new CAD 791.0 million unsecured term loan to initially fund the Holiday Canada Acquisition. The term loan was scheduled to mature on July 30, 2015, but in September 2014, we repaid CAD 660.0 million of borrowings principally with proceeds from the sale of unsecured senior notes issued by our wholly owned subsidiary, Ventas Canada Finance Limited, and in December 2014, we repaid in full all remaining amounts outstanding under the term loan.

The agreement governing our unsecured credit facility requires us to comply with various financial and other restrictive covenants. See “Note 10—Borrowing Arrangements” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. We were in compliance with all of these covenants at December 31, 2014.

Senior Notes

As of December 31, 2014, we had \$5.8 billion aggregate principal amount of senior notes issued by our subsidiary, Ventas Realty, Limited Partnership (“Ventas Realty”), and guaranteed by Ventas, Inc. outstanding as follows:

- \$400.0 million principal amount of 3.125% senior notes due 2015;
- \$550.0 million principal amount of 1.55% senior notes due 2016;
- \$300.0 million principal amount of 1.250% senior notes due 2017;
- \$700.0 million principal amount of 2.00% senior notes due 2018;
- \$600.0 million principal amount of 4.00% senior notes due 2019;
- \$500.0 million principal amount of 2.700% senior notes due 2020;
- \$700.0 million principal amount of 4.750% senior notes due 2021;
- \$600.0 million principal amount of 4.25% senior notes due 2022;
- \$500.0 million principal amount of 3.25% senior notes due 2022;
- \$400.0 million principal amount of 3.750% senior notes due 2024;
- \$258.8 million principal amount of 5.45% senior notes due 2043; and
- \$300.0 million principal amount of 5.70% senior notes due 2043.

With the exception of the senior notes due 2016, the senior notes due 2017, the senior notes due 2024, and the 5.70% senior notes due 2043, all of these senior notes were co-issued with Ventas Realty’s wholly owned subsidiary, Ventas Capital Corporation.

As of December 31, 2014, we had \$309.8 million aggregate principal amount of senior notes of our subsidiary, Nationwide Health Properties, LLC (“NHP LLC”), as successor to NHP, outstanding as follows:

- \$234.4 million principal amount of 6% senior notes due 2015;
- \$52.4 million principal amount of 6.90% senior notes due 2037 (subject to earlier repayment at the option of the holder); and
- \$23.0 million principal amount of 6.59% senior notes due 2038 (subject to earlier repayment at the option of the holder).

In addition, as of December 31, 2014, we had \$559.3 million aggregate principal amount of senior notes of our wholly owned subsidiary, Ventas Canada Finance Limited, and guaranteed by Ventas, Inc. outstanding as follows:

\$344.2 million (CAD 400.0 million) principal amount of 3.00% senior notes, series A due 2019; and
\$215.1 million (CAD 250.0 million) principal amount of 4.125% senior notes, series B due 2024.

In January 2015, we issued and sold \$600.0 million aggregate principal amount of 3.500% senior notes due 2025 at a public offering price equal to 99.663% of par, for total proceeds of \$598.0 million before the underwriting discount and expenses, and \$300.0 million aggregate principal amount of 4.375% senior notes due 2045 at a public offering price equal to 99.500% of par, for total proceeds of \$298.5 million before the underwriting discount and expenses. The notes are guaranteed by Ventas, Inc.

Also in January 2015, our wholly owned subsidiary, Ventas Canada Finance Limited, issued and sold CAD 250.0 million aggregate principal amount of 3.30% senior notes, series C due 2022 at an offering price equal to 99.992% of par, for total proceeds of CAD 250.0 million before the agent fees and expenses. The notes are guaranteed by Ventas, Inc. and were offered on a private placement basis in Canada.

2014 Activity

In April 2014, we issued and sold \$300.0 million aggregate principal amount of 1.250% senior notes due 2017 at a public offering price equal to 99.815% of par, for total proceeds of \$299.4 million before the underwriting discount and expenses, and \$400.0 million aggregate principal amount of 3.750% senior notes due 2024 at a public offering price equal to 99.304% of par, for total proceeds of \$397.2 million before the underwriting discount and expenses.

In September 2014, our wholly owned subsidiary, Ventas Canada Finance Limited, issued and sold CAD 400.0 million aggregate principal amount of 3.00% senior notes, series A due 2019 at an offering price equal to 99.713% of par, for total proceeds of CAD 398.9 million before the agent fees and expenses, and CAD 250.0 million aggregate principal amount of 4.125% senior notes, series B due 2024 at an offering price equal to 99.601% of par, for total proceeds of CAD 249.0 million before the agent fees and expenses. The notes were offered on a private placement basis in Canada. We used the proceeds from the issuance to repay a portion of the CAD 791.0 million unsecured term loan.

2013 Activity

In February 2013, we repaid in full, at par, \$270.0 million principal amount then outstanding of our 6.25% senior notes due 2013 upon maturity.

In March 2013, we issued and sold: \$258.8 million aggregate principal amount of 5.45% senior notes due 2043 at a public offering price equal to par, for total proceeds of \$258.8 million before the underwriting discounts and expenses; and \$500.0 million aggregate principal amount of 2.700% senior notes due 2020 at a public offering price equal to 99.942% of par, for total proceeds of \$499.7 million before the underwriting discount and expenses.

In September 2013, we issued and sold: \$550.0 million aggregate principal amount of 1.55% senior notes due 2016 at a public offering price equal to 99.910% of par, for total proceeds of \$549.5 million before the underwriting discount and expenses; and \$300.0 million aggregate principal amount of 5.70% senior notes due 2043 at a public offering price equal to 99.628% of par, for total proceeds of \$298.9 million before the underwriting discount and expenses.

2012 Activity

In February 2012, we issued and sold \$600.0 million aggregate principal amount of 4.25% senior notes due 2022 at a public offering price equal to 99.214% of par, for total proceeds of \$595.3 million before the underwriting discount and expenses.

In April 2012, we issued and sold \$600.0 million aggregate principal amount of 4.00% senior notes due 2019 at a public offering price equal to 99.489% of par, for total proceeds of \$596.9 million before the underwriting discount and expenses.

In August 2012, we initially issued and sold \$275.0 million aggregate principal amount of 3.25% senior notes due 2022 ("2022 notes") at a public offering price equal to 99.027% of par, for total proceeds of \$272.3 million before the underwriting discount and expenses. In December 2012, we issued and sold an additional \$225.0 million principal amount of 2022 notes at a public offering price equal to 98.509% of par, for total proceeds of \$221.6 million before the underwriting discount and expenses.

Also in December 2012, we issued and sold \$700.0 million aggregate principal amount of 2.00% senior notes due 2018 at a public offering price equal to 99.739% of par, for total proceeds of \$698.2 million before the underwriting discount and expenses.

During 2012, we repaid in full, at par, \$155.4 million aggregate principal amount then outstanding of our 9% senior notes due 2012 and our 8.25% senior notes due 2012 upon maturity, and we redeemed: all \$225.0 million principal amount then outstanding of our 6¾% senior notes due 2017 at a redemption price equal to 103.375% of par, plus accrued and unpaid interest to the redemption date; and all \$200.0 million principal amount then outstanding of our 6½% senior notes due 2016 at a redemption price equal to 103.25% of par, plus accrued and unpaid interest to the redemption date, in each case pursuant to the terms of the applicable indenture governing the notes. As a result of these redemptions, we recognized a total loss on extinguishment of debt of \$39.7 million.

We may, from time to time, seek to retire or purchase our outstanding senior notes for cash or in exchange for equity securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, prospects for future access to capital and other factors. The amounts involved may be material.

The indentures governing our outstanding senior notes require us to comply with various financial and other restrictive covenants. See “Note 10—Borrowing Arrangements” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. We were in compliance with all of these covenants at December 31, 2014.

Mortgage Loan Obligations

As of December 31, 2014 and 2013, our consolidated aggregate principal amount of mortgage debt outstanding was \$2.3 billion and \$2.5 billion, respectively, of which our share was \$2.2 billion and \$2.4 billion, respectively.

During 2014, we assumed or originated mortgage debt of \$246.8 million and repaid in full mortgage loans outstanding in the aggregate principal amount of \$398.0 million. We recognized a net loss on extinguishment of debt of \$2.3 million in connection with these repayments.

During 2013, we assumed or originated mortgage debt of \$178.8 million in connection with our \$1.8 billion of gross investments, and we repaid in full mortgage loans outstanding in the aggregate principal amount of \$493.7 million.

We recognized a net gain on extinguishment of debt of \$0.5 million in connection with these repayments.

During 2012, we assumed \$380.3 million of mortgage debt and repaid in full mortgage loans outstanding in the aggregate principal amount of \$344.2 million. We recognized a gain on extinguishment of debt of \$2.1 million in connection with these repayments.

See “Note 4—Acquisitions of Real Estate Property” and “Note 10—Borrowing Arrangements” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Dividends

In order to continue to qualify as a REIT, we must make annual distributions to our stockholders of at least 90% of our REIT taxable income (excluding net capital gain). In 2014, our Board of Directors declared and we paid cash dividends on our common stock aggregating \$2.965 per share, which exceeds 100% of our 2014 estimated taxable income after the use of any net operating loss carryforwards. We intend to pay dividends greater than 100% of our taxable income, after the use of any net operating loss carryforwards, for 2015. In connection with the HCT Acquisition, on January 5, 2015, our Board of Directors declared a prorated first quarter dividend on our common stock in the amount of \$0.2107 per share, which was paid in cash on January 27, 2015 to stockholders of record on January 15, 2015. On February 13, 2015, our Board of Directors declared another prorated dividend on our common stock in the amount of \$0.5793 per share, payable in cash on March 31, 2015 to stockholders of record on March 6, 2015. Together, these two prorated amounts equate to the first quarterly installment of our 2015 dividend of \$0.79 per share.

We expect that our cash flows will exceed our REIT taxable income due to depreciation and other non-cash deductions in computing REIT taxable income and that we will be able to satisfy the 90% distribution requirement. However, from time to time, we may not have sufficient cash on hand or other liquid assets to meet this requirement or we may decide to retain cash or distribute such greater amount as may be necessary to avoid income and excise taxation. If we do not have sufficient cash on hand or other liquid assets to enable us to satisfy the 90% distribution requirement, or if we desire to retain cash, we may borrow funds, issue additional equity securities, pay taxable stock

dividends, if possible, distribute other property or securities or engage in a transaction intended to enable us to meet the REIT distribution requirements or any combination of the

foregoing. See “Certain U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT—Annual Distribution Requirements” included in Part I, Item 1 of this Annual Report on Form 10-K.

Capital Expenditures

The terms of our triple-net leases generally obligate our tenants to pay all capital expenditures necessary to maintain and improve our triple-net leased properties. However, from time to time, we may fund the capital expenditures for our triple-net leased properties through loans to the tenants or advances, which may increase the amount of rent payable with respect to the properties in certain cases. We expect to fund any capital expenditures for which we may become responsible upon expiration of our triple-net leases or in the event that our tenants are unable or unwilling to meet their obligations under those leases with cash flows from operations or through additional borrowings.

We also expect to fund capital expenditures related to our senior living operations and MOB operations reportable business segments with the cash flows from the properties or through additional borrowings. To the extent that unanticipated capital expenditure needs arise or significant borrowings are required, our liquidity may be affected adversely. Our ability to borrow additional funds may be restricted in certain circumstances by the terms of the instruments governing our outstanding indebtedness.

We are party to certain agreements that obligate us to develop seniors housing or healthcare properties funded through capital that we and, in certain circumstances, our joint venture partners provide. As of December 31, 2014, we had one new property under development pursuant to these agreements. Through December 31, 2014, we have funded \$3.4 million of our estimated total commitment over the projected development period (\$10.0 million to \$11.0 million) toward these projects. In addition, from time to time, we engage in redevelopment projects with respect to our existing seniors housing communities to maximize the value, increase NOI, maintain a market-competitive position, achieve property stabilization or change the primary use of the property.

Equity Offerings and Related Events

In March 2013, we established an “at-the-market” (“ATM”) equity offering program through which we may sell from time to time up to an aggregate of \$750 million of our common stock. During the year ended December 31, 2014, we issued and sold a total of 3,381,678 shares of common stock under the program for aggregate net proceeds of \$242.3 million (all of which was received in the fourth quarter of 2014), after sales agent commissions of \$3.7 million. As of December 31, 2014, approximately \$360.4 million of our common stock remained available for sale under our ATM equity offering program. In January 2015, we issued and sold a total of 3,750,202 shares of common stock under the ATM program for aggregate net proceeds of \$285.8 million, after sales agent commissions of \$4.4 million. During the year ended December 31, 2013, we issued and sold a total of 2,069,200 shares of common stock under the ATM program for aggregate net proceeds of \$141.5 million, after sales agent commissions of \$2.1 million. In December 2012, through our acquisition of certain private equity funds, we acquired 3.7 million shares of our common stock that were held in treasury and subsequently canceled in February 2014. See “Note 4—Acquisitions of Real Estate Property.”

In June 2012, we completed the public offering and sale of 5,980,000 shares of our common stock for \$342.5 million in aggregate proceeds.

In April 2012, we filed an automatic shelf registration statement on Form S-3 relating to the sale, from time to time, of an indeterminate amount of debt securities and related guarantees, common stock, preferred stock, depositary shares and warrants. This registration statement replaced our previous automatic shelf registration statement, which expired pursuant to the SEC’s rules.

Other

We received proceeds of \$26.2 million and \$6.1 million for the years ended December 31, 2014 and 2013, respectively, from the exercises of outstanding stock options. Future proceeds from the exercises of stock options will be affected primarily by the future trading price of our common stock and the number of options outstanding. The number of options outstanding increased to 2,460,628 as of December 31, 2014, from 2,258,763 as of December 31, 2013. The weighted average exercise price was \$57.45 as of December 31, 2014.

We issued approximately 19,000 and 29,000 shares of common stock under our Distribution Reinvestment and Stock Purchase Plan (“DRIP”) for net proceeds of \$1.2 million and \$1.9 million for the years ended December 31, 2014 and 2013, respectively. The DRIP was suspended effective July 3, 2014. We may determine whether or not to reinstate the DRIP at any time, in our sole discretion.

Cash Flows

The following table sets forth our sources and uses of cash flows for the years ended December 31, 2014 and 2013:

	For the Year Ended		Increase (Decrease)		
	December 31, 2014	2013	to Cash \$	%	
	(Dollars in thousands)				
Cash and cash equivalents at beginning of period	\$94,816	\$67,908	\$26,908	39.6	%
Net cash provided by operating activities	1,254,845	1,194,755	60,090	5.0	
Net cash used in investing activities	(2,055,040)	(1,282,760)	(772,280)	(60.2)	
Net cash provided by financing activities	758,057	114,996	643,061	> 100	
Effect of foreign currency translation on cash and cash equivalents	2,670	(83)	2,753	> 100	
Cash and cash equivalents at end of period	\$55,348	\$94,816	(39,468)	(41.6)	

Cash Flows from Operating Activities

Cash flows from operating activities increased in 2014 over the prior year primarily due to our 2013 and 2014 investments, net of capital costs, and same-store growth across our portfolio of properties, partially offset by higher general and administrative expenses and merger-related expenses and deal costs, and expenses related to the re-audit and re-review in 2014 of our historical financial statements and related matters.

Cash Flows from Investing Activities

Cash used in investing activities during 2014 and 2013 consisted primarily of cash paid for our investments in real estate (\$1.5 billion and \$1.4 billion in 2014 and 2013, respectively), investments in loans receivable (\$499.0 million and \$38.0 million in 2014 and 2013, respectively), purchase of marketable securities (\$96.7 million in 2014), capital expenditures (\$87.5 million and \$81.6 million in 2014 and 2013, respectively) and development project expenditures (\$107.0 million and \$95.7 million in 2014 and 2013, respectively). These uses were partially offset by proceeds from loans receivable (\$73.6 million and \$325.5 million in 2014 and 2013, respectively), proceeds from the sale or maturity of marketable debt securities (\$21.7 million and \$5.5 million in 2014 and 2013, respectively), and proceeds from real estate dispositions (\$118.2 million and \$35.6 million in 2014 and 2013, respectively).

Cash Flows from Financing Activities

Cash provided by financing activities during 2014 and 2013 consisted primarily of net borrowings under our unsecured revolving credit facility (\$540.2 million in 2014), net proceeds from the issuance of debt (\$2.0 billion and \$2.8 billion in 2014 and 2013, respectively) and net proceeds from the issuance of common stock (\$242.1 million and \$141.3 million in 2014 and 2013, respectively). These cash inflows were partially offset by debt repayments (\$1.2 billion and \$1.8 billion in 2014 and 2013, respectively), cash distributions to common stockholders, unitholders and noncontrolling interest parties (\$890.9 million and \$816.4 million in 2014 and 2013, respectively), net payments made on our unsecured revolving credit facility (\$164.0 million in 2013) and payments for deferred financing costs (\$14.2 million and \$31.3 million in 2014 and 2013, respectively).

Contractual Obligations

The following table summarizes the effect that minimum debt (which includes principal and interest payments) and other material noncancelable commitments are expected to have on our cash flow in future periods as of December 31, 2014:

	Total (In thousands)	Less than 1 year (4)	1 - 3 years (5)	3 - 5 years (6)	More than 5 years (7)
Long-term debt obligations (1) (2) (3)	\$ 13,732,517	\$ 1,115,801	\$ 2,353,837	\$ 4,800,182	\$ 5,462,697
Operating obligations, including ground lease obligations	628,432	33,259	52,307	33,682	509,184
Total	\$ 14,360,949	\$ 1,149,060	\$ 2,406,144	\$ 4,833,864	\$ 5,971,881

(1) Amounts represent contractual amounts due, including interest.

(2) Interest on variable rate debt was based on forward rates obtained as of December 31, 2014.

(3) Excludes \$43.5 million of mortgage debt related to real estate assets classified as held for sale as of December 31, 2014 that is scheduled to mature between 2015 and 2018.

(4) Includes \$400.0 million outstanding principal amount of our 3.125% senior notes due 2015 and \$234.4 million outstanding principal amount of our 6% senior notes due 2015.

(5) Includes \$550.0 million outstanding principal amount of our 1.55% senior notes due 2016 and \$300.0 million outstanding principal amount of our 1.250% senior notes due 2017.

Includes \$919.1 million of borrowings outstanding on our unsecured revolving credit facility, \$700.0 million outstanding principal amount of our 2.00% senior notes due 2018, \$200.0 million of borrowings under our (6) unsecured term loan due 2018, \$790.6 million of borrowings under our unsecured term loan due 2019, \$600.0 million outstanding principal amount of our 4.00% senior notes due 2019 and \$344.2 million outstanding principal amount of our 3.00% senior notes, series A due 2019.

Includes \$3.5 billion aggregate principal amount outstanding of our senior notes maturing between 2020 and 2043. \$52.4 million aggregate principal amount outstanding of our 6.90% senior notes due 2037 are subject to (7) repurchase, at the option of the holders, on October 1 in each of 2017 and 2027, and \$23.0 million aggregate principal amount outstanding of our 6.59% senior notes due 2038 are subject to repurchase, at the option of the holders, on July 7 in each of 2018, 2023 and 2028.

As of December 31, 2014, we had \$25.4 million of unrecognized tax benefits that are excluded from the table above, as we are unable to make a reasonable reliable estimate of the period of cash settlement, if any, with the respective tax authority.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

The information set forth in Item 7 of this Annual Report on Form 10-K under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Asset/Liability Management” is incorporated by reference into this Item 7A.

ITEM 8. Financial Statements and Supplementary Data

Ventas, Inc.

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MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Ventas, Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s internal control over financial reporting based on the original framework (1992 framework) established in a report entitled Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management has determined that the Company’s internal control over financial reporting as of December 31, 2014 was effective. The effectiveness of the Company’s internal control over financial reporting as of December 31, 2014 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors

Ventas, Inc.:

We have audited the accompanying consolidated balance sheets of Ventas, Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited the information in financial statement Schedules II, III and IV. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ventas, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the financial statement Schedules II, III and IV when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for discontinued operations in 2014 due to the adoption of Accounting Standards Update 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.

We have also audited, in accordance with the standards of the Public Company Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 13, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

February 13, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Stockholders and Board of Directors

Ventas, Inc.:

We have audited Ventas, Inc. and subsidiaries (the Company) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on the Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ventas Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2014, respectively, and our report dated February 13, 2015 expressed an unqualified opinion on those consolidated financial statements. Our report refers to a change in the method of accounting for discontinued operations.

/s/ KPMG LLP

Chicago, Illinois

February 13, 2015

VENTAS, INC.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2014 and 2013

(In thousands, except per share amounts)

	2014	2013
	(In thousands, except per share amounts)	
Assets		
Real estate investments:		
Land and improvements	\$1,956,128	\$1,855,968
Buildings and improvements	19,895,043	18,457,028
Construction in progress	120,123	80,415
Acquired lease intangibles	1,039,651	1,010,181
	23,010,945	21,403,592
Accumulated depreciation and amortization	(4,025,386)	(3,328,006)
Net real estate property	18,985,559	18,075,586
Secured loans receivable and investments, net	829,756	376,229
Investments in unconsolidated entities	91,872	91,656
Net real estate investments	19,907,187	18,543,471
Cash and cash equivalents	55,348	94,816
Escrow deposits and restricted cash	71,771	84,657
Deferred financing costs, net	60,328	62,215
Other assets	1,131,537	946,335
Total assets	\$21,226,171	\$19,731,494
Liabilities and equity		
Liabilities:		
Senior notes payable and other debt	\$10,888,092	\$9,364,992
Accrued interest	62,097	54,349
Accounts payable and other liabilities	1,005,232	1,001,515
Deferred income taxes	344,337	250,167
Total liabilities	12,299,758	10,671,023
Redeemable OP unitholder and noncontrolling interests	172,016	156,660
Commitments and contingencies		
Equity:		
Ventas stockholders' equity:		
Preferred stock, \$1.00 par value; 10,000 shares authorized, unissued	—	—
Common stock, \$0.25 par value; 600,000 shares authorized, 298,478 and 297,901 shares issued at December 31, 2014 and 2013, respectively	74,656	74,488
Capital in excess of par value	10,119,306	10,078,592
Accumulated other comprehensive income	13,121	19,659
Retained earnings (deficit)	(1,526,388)	(1,126,541)
Treasury stock, 7 and 3,712 shares at December 31, 2014 and 2013, respectively	(511)	(221,917)
Total Ventas stockholders' equity	8,680,184	8,824,281
Noncontrolling interest	74,213	79,530
Total equity	8,754,397	8,903,811
Total liabilities and equity	\$21,226,171	\$19,731,494
See accompanying notes.		

VENTAS, INC.

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2014, 2013 and 2012

	2014	2013	2012	
	(In thousands, except per share amounts)			
Revenues:				
Rental income:				
Triple-net leased	\$970,377	\$877,276	\$819,882	
Medical office buildings	463,618	450,107	360,849	
	1,433,995	1,327,383	1,180,731	
Resident fees and services	1,552,951	1,406,005	1,227,124	
Medical office building and other services revenue	29,364	17,809	20,741	
Income from loans and investments	55,169	58,208	39,913	
Interest and other income	4,267	2,047	1,106	
Total revenues	3,075,746	2,811,452	2,469,615	
Expenses:				
Interest	376,842	334,909	288,717	
Depreciation and amortization	826,911	722,075	714,967	
Property-level operating expenses:				
Senior living	1,036,556	956,684	841,022	
Medical office buildings	158,542	152,948	125,400	
	1,195,098	1,109,632	966,422	
Medical office building services costs	17,092	8,315	9,883	
General, administrative and professional fees	121,746	115,106	98,510	
Loss on extinguishment of debt, net	5,564	1,201	37,640	
Merger-related expenses and deal costs	45,051	21,634	63,183	
Other	38,925	18,732	6,940	
Total expenses	2,627,229	2,331,604	2,186,262	
Income before (loss) income from unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interest	448,517	479,848	283,353	
(Loss) income from unconsolidated entities	(139	) (508	) 18,154
Income tax benefit	8,732	11,828	6,282	
Income from continuing operations	457,110	491,168	307,789	
Discontinued operations	2,106	(36,279	) 53,986
Gain on real estate dispositions	17,970	—	—	
Net income	477,186	454,889	361,775	
Net income (loss) attributable to noncontrolling interest	1,419	1,380	(1,025)
Net income attributable to common stockholders	\$475,767	\$453,509	\$362,800	
Earnings per common share:				
Basic:				
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$1.61	\$1.67	\$1.06	
Discontinued operations	0.01	(0.12	) 0.18
Net income attributable to common stockholders	\$1.62	\$1.55	\$1.24	
Diluted:				
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$1.59	\$1.66	\$1.05	
Discontinued operations	0.01	(0.12) 0.18	

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Net income attributable to common stockholders	\$1.60	\$1.54	\$1.23
Weighted average shares used in computing earnings per common share:			
Basic	294,175	292,654	292,064
Diluted	296,677	295,110	294,488
See accompanying notes.			

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VENTAS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2014, 2013 and 2012

	2014 (In thousands)	2013	2012	
Net income	\$477,186	\$454,889	\$361,775	
Other comprehensive (loss) income:				
Foreign currency translation	(17,153	) (5,422	) 2,375	
Change in unrealized gain on marketable debt securities	7,001	(1,023	) (1,296)
Other	3,614	2,750	213	
Total other comprehensive (loss) income	(6,538	) (3,695	) 1,292	
Comprehensive income	470,648	451,194	363,067	
Comprehensive income (loss) attributable to noncontrolling interest	1,419	1,380	(1,025)
Comprehensive income attributable to common stockholders	\$469,229	\$449,814	\$364,092	
See accompanying notes.				

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VENTAS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, 2014, 2013 and 2012

	Common Stock Value	Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Treasury Stock	Total Ventas Stockholders' Equity	Non- controlling Interest	Total Equity
(In thousands, except per share amounts)									
Balance at January 1, 2012	\$72,240		\$9,593,583	\$22,062	\$(412,181)	\$(747)	\$9,274,957	\$80,987	\$9,355,944
Net income (loss)	—		—	—	362,800	—	362,800	(1,025)	361,775
Other comprehensive loss	—		—	1,292	—	—	1,292	—	1,292
Acquisition-related activity	—		(8,571)	—	—	(221,076)	(229,647)	(9,429)	(239,076)
Net change in noncontrolling interest	—		—	—	—	—	—	(5,194)	(5,194)
Dividends to common stockholders—\$2.48 per share	—		—	—	(728,546)	—	(728,546)	—	(728,546)
Issuance of common stock	1,495		340,974	—	—	—	342,469	—	342,469
Issuance of common stock for stock plans	128		22,126	—	—	2,841	25,095	—	25,095
Change in redeemable noncontrolling interest	—		(17,317)	—	—	—	(17,317)	4,896	(12,421)
Adjust redeemable OP unit holder interests to current fair value	—		(19,819)	—	—	—	(19,819)	—	(19,819)
Purchase of OP units ³	—		(1,651)	—	—	324	(1,324)	—	(1,324)
Grant of restricted stock, net of forfeitures	38		11,637	—	—	(2,507)	9,168	—	9,168
Balance at December 31, 2012	73,904		9,920,962	23,354	(777,927)	(221,165)	\$9,019,128	70,235	9,089,363
Net income (loss)	—		—	—	453,509	—	453,509	1,380	454,889
Other comprehensive income	—		—	(3,695)	—	—	(3,695)	—	(3,695)
Acquisition-related activity	—		(762)	—	—	—	(762)	12,717	11,955
Net change in noncontrolling interest	—		—	—	—	—	—	(8,202)	(8,202)

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Dividends to common stockholders—\$2.735 per share	—	—	(802,123)	—	(802,123)	—	(802,123)
Issuance of common stock	517	140,826	—	—	—	141,343	141,343
Issuance of common stock for stock plans	19	5,983	—	—	6,638	12,640	12,640
Change in redeemable noncontrolling interest	—	(13,751)	—	—	—	(13,751)	3,400 (10,351)
Adjust redeemable OP unitholder interests to current fair value	—	8,683	—	—	—	8,683	— 8,683
Purchase of OP units	—	(579)	—	—	502	(77)	— (77)
Grant of restricted stock, net of forfeitures	48	17,230	—	—	(7,892)	9,386	— 9,386
Balance at December 31, 2013	74,488	10,078,592	19,659	(1,126,541)	(221,917)	78,824,281	79,530 8,903,811
Net income	—	—	—	475,767	—	475,767	1,419 477,186
Other comprehensive loss	—	—	(6,538)	—	—	(6,538)	— (6,538)
Retirement of stock	(924)	(220,152)	—	—	221,076	—	— —
Acquisition-related activity	37	10,141	—	—	—	10,178	— 10,178
Net change in noncontrolling interest	—	1,163	—	—	—	1,163	(8,662) (7,499)
Dividends to common stockholders—\$2.965 per share	—	—	—	(875,614)	—	(875,614)	— (875,614)
Issuance of common stock	845	241,262	—	—	—	242,107	— 242,107
Issuance of common stock for stock plans	173	29,266	—	—	3,858	33,297	— 33,297
Change in redeemable noncontrolling interest	—	(1,082)	—	—	—	(1,082)	1,926 844
Adjust redeemable OP unitholder interests to current fair value	—	(32,993)	—	—	—	(32,993)	— (32,993)
Purchase of OP units	1	(83)	—	—	—	(82)	— (82)
Grant of restricted stock, net of forfeitures	36	13,192	—	—	(3,528)	9,700	— 9,700

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Balance at
December 31, 2014 \$74,656 \$10,119,306 \$13,121 \$(1,526,388) \$(511) \$8,680,184 \$74,213 \$8,754,397
See accompanying notes.

VENTAS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014, 2013 and 2012

	2014 (In thousands)	2013	2012
Cash flows from operating activities:			
Net income	\$477,186	\$454,889	\$361,775
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amounts in discontinued operations)	828,467	769,881	764,775
Amortization of deferred revenue and lease intangibles, net	(18,871)	(15,793)	(17,118)
Other non-cash amortization	(312)	(16,745)	(39,943)
Stock-based compensation	20,994	20,653	20,784
Straight-lining of rental income, net	(38,687)	(30,540)	(24,042)
Loss on extinguishment of debt, net	5,564	1,048	37,640
Gain on real estate dispositions (including amounts in discontinued operations)	(19,183)	(3,617)	(80,952)
Gain on real estate loan investments	(1,455)	(5,056)	(5,230)
Gain on sale of marketable securities	—	(856)	—
Income tax benefit (including amounts in discontinued operations)	(9,431)	(11,828)	(6,286)
Loss (income) from unconsolidated entities	139	1,748	(1,509)
Gain on re-measurement of equity interest upon acquisition, net	—	(1,241)	(16,645)
Other	15,739	8,407	10,414
Changes in operating assets and liabilities:			
Decrease (increase) in other assets	5,317	(690)	3,756
Increase in accrued interest	7,958	6,806	9,969
(Decrease) increase in accounts payable and other liabilities	(18,580)	17,689	(24,572)
Net cash provided by operating activities	1,254,845	1,194,755	992,816
Cash flows from investing activities:			
Net investment in real estate property	(1,468,286)	(1,437,002)	(1,453,065)
Purchase of private investment funds	—	—	(276,419)
Purchase of noncontrolling interest	(9,115)	(14,331)	(3,934)
Investment in loans receivable and other	(498,992)	(37,963)	(452,558)
Proceeds from real estate disposals	118,246	35,591	149,045
Proceeds from loans receivable	73,557	325,518	43,219
Purchase of marketable securities	(96,689)	—	—
Proceeds from sale or maturity of marketable securities	21,689	5,493	37,500
Funds held in escrow for future development expenditures	4,590	19,458	(28,050)
Development project expenditures	(106,988)	(95,741)	(114,002)
Capital expenditures	(87,454)	(81,614)	(69,430)
Other	(5,598)	(2,169)	(1,995)
Net cash used in investing activities	(2,055,040)	(1,282,760)	(2,169,689)
Cash flows from financing activities:			
Net change in borrowings under credit facilities	540,203	(164,029)	84,938
Proceeds from debt	2,007,707	2,767,546	2,710,405
Repayment of debt	(1,151,395)	(1,792,492)	(1,193,023)
Payment of deferred financing costs	(14,220)	(31,277)	(23,770)
Issuance of common stock, net	242,107	141,343	342,469
Cash distribution to common stockholders	(875,614)	(802,123)	(728,546)

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Cash distribution to redeemable OP unitholders	(5,762) (5,040) (4,446)
Purchases of redeemable OP units	(503) (659) (4,601)
Contributions from noncontrolling interest	491	2,395	38	
Distributions to noncontrolling interest	(9,559	) (9,286	) (5,215)
Other	24,602	8,618	20,665	
Net cash provided by financing activities	758,057	114,996	1,198,914	
Net (decrease) increase in cash and cash equivalents	(42,138	) 26,991	22,041	
Effect of foreign currency translation on cash and cash equivalents	2,670	(83	) 60	
Cash and cash equivalents at beginning of period	94,816	67,908	45,807	
Cash and cash equivalents at end of period	\$55,348	\$94,816	\$67,908	

VENTAS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2014, 2013 and 2012

	2014 (In thousands)	2013	2012
Supplemental disclosure of cash flow information:			
Interest paid including swap payments and receipts	\$361,144	\$338,311	\$329,655
Supplemental schedule of non-cash activities:			
Assets and liabilities assumed from acquisitions:			
Real estate investments	\$370,741	\$223,955	\$582,694
Utilization of funds held for an Internal Revenue Code Section 1031 exchange	—	—	(134,003)
Other assets acquired	15,280	6,635	77,730
Debt assumed	241,076	183,848	412,825
Other liabilities	24,039	29,868	70,391
Deferred income tax liability	110,728	5,181	4,299
Noncontrolling interests	—	11,693	34,580
Equity issued	10,178	—	4,326
Debt transferred on the sale of assets	—	—	14,535
See accompanying notes.			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Description of Business

Ventas, Inc. (together with its subsidiaries, unless otherwise indicated or except where the context otherwise requires, “we,” “us” or “our”), an S&P 500 company, is a real estate investment trust (“REIT”) with a highly diversified portfolio of seniors housing and healthcare properties located throughout the United States, Canada and the United Kingdom. As of December 31, 2014, we owned more than 1,500 properties (including properties classified as held for sale), consisting of seniors housing communities, medical office buildings (“MOBs”), skilled nursing and other facilities, and hospitals, and we had one property under development. Our company was originally founded in 1983 and is currently headquartered in Chicago, Illinois.

We primarily invest in seniors housing and healthcare properties through acquisitions and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of December 31, 2014, we leased a total of 922 properties (excluding MOBs and properties classified as held for sale) to various healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and we engaged independent operators, such as Atria Senior Living, Inc. (“Atria”) and Sunrise Senior Living, LLC (together with its subsidiaries, “Sunrise”), to manage 270 seniors housing communities for us pursuant to long-term management agreements. Our two largest tenants, Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”) and Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”) leased from us 160 properties (excluding six properties owned through investments in unconsolidated entities and one property managed by Brookdale Senior Living pursuant to a long-term management agreement) and 83 properties, respectively, as of December 31, 2014.

Through our Lillibridge Healthcare Services, Inc. (“Lillibridge”) subsidiary and our ownership interest in PMB Real Estate Services LLC (“PMBRES”), we also provide MOB management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States. In addition, from time to time, we make secured and unsecured loans and other investments relating to seniors housing and healthcare operators or properties.

Note 2—Accounting Policies

Principles of Consolidation

The accompanying Consolidated Financial Statements include our accounts and the accounts of our wholly owned subsidiaries and the joint venture entities over which we exercise control. All intercompany transactions and balances have been eliminated in consolidation, and our net earnings are reduced by the portion of net earnings attributable to noncontrolling interests.

U.S. generally accepted accounting principles (“GAAP”) requires us to identify entities for which control is achieved through means other than voting rights and to determine which business enterprise is the primary beneficiary of variable interest entities (“VIEs”). A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; and (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We consolidate our investment in a VIE when we determine that we are its primary beneficiary. We may change our original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affects the characteristics or adequacy of the entity’s equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary.

We identify the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. We perform this analysis on an ongoing basis.

As it relates to investments in joint ventures, GAAP may preclude consolidation by the sole general partner in certain circumstances based on the type of rights held by the limited partner(s). We assess limited partners' rights and their impact on the presumption of control of the limited partnership by the sole general partner when an investor becomes the sole general partner, and we reassess if there is a change to the terms or in the exercisability of the rights of the limited partners, the sole

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

general partner increases or decreases its ownership of limited partnership interests, or there is an increase or decrease in the number of outstanding limited partnership interests. We also apply this guidance to managing member interests in limited liability companies.

Investments in Unconsolidated Entities

We report investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. Under this method of accounting, our share of the investee's earnings or losses is included in our Consolidated Statements of Income.

We base the initial carrying value of investments in unconsolidated entities on the fair value of the assets at the time we acquired the joint venture interest. We estimate fair values for our equity method investments based on discounted cash flow models that include all estimated cash inflows and outflows over a specified holding period and, where applicable, any estimated debt premiums or discounts. The capitalization rates, discount rates and credit spreads we use in these models are based upon assumptions that we believe to be within a reasonable range of current market rates for the respective investments.

We generally amortize any difference between our cost basis and the basis reflected at the joint venture level over the lives of the related assets and liabilities and include that amortization in our share of income or loss from unconsolidated entities. For earnings of equity method investments with pro rata distribution allocations, net income or loss is allocated between the partners in the joint venture based on their respective stated ownership percentages. In other instances, net income or loss is allocated between the partners in the joint venture based on the hypothetical liquidation at book value method (the "HLBV method"). Under the HLBV method, net income or loss is allocated between the partners based on the difference between each partner's claim on the net assets of the joint venture at the end and beginning of the period, after taking into account contributions and distributions. Each partner's share of the net assets of the joint venture is calculated as the amount that the partner would receive if the joint venture were to liquidate all of its assets at net book value and distribute the resulting cash to creditors and partners in accordance with their respective priorities. Under this method, in any given period, we could record more or less income than the joint venture has generated, than actual cash distributions received or than the amount we may receive in the event of an actual liquidation.

Redeemable OP Unitholder and Noncontrolling Interests

We own a majority interest in NHP/PMB L.P. ("NHP/PMB"), a limited partnership formed in 2008 to acquire properties from entities affiliated with Pacific Medical Buildings LLC. We consolidate NHP/PMB, as our wholly owned subsidiary is the general partner and exercises control of the partnership. As of December 31, 2014, third party investors owned 2,821,627 Class A limited partnership units in NHP/PMB ("OP Units"), which represented 29.6% of the total units then outstanding, and we owned 6,710,261 Class B limited partnership units in NHP/PMB, representing the remaining 70.4%. At any time following the first anniversary of the date of their issuance, the OP Units may be redeemed at the election of the holder for cash or, at our option, 0.7866 shares of our common stock per unit, subject to adjustment in certain circumstances. We are party by assumption to a registration rights agreement with the holders of the OP Units that requires us, subject to the terms and conditions and certain exceptions set forth therein, to file and maintain a registration statement relating to the issuance of shares of our common stock upon redemption of OP Units. As redemption rights are outside of our control, the redeemable OP unitholder interests are classified outside of permanent equity on our Consolidated Balance Sheets. We reflect the redeemable OP unitholder interests at the greater of cost or fair value. As of December 31, 2014 and 2013, the fair value of the redeemable OP unitholder interests was \$159.1 million and \$111.6 million, respectively. We recognize changes in fair value through capital in excess of par value, net of cash distributions paid and purchases by us of any OP Units. Our diluted earnings per share ("EPS") includes the effect of any potential shares outstanding from redemption of the OP Units.

Certain noncontrolling interests of other consolidated joint ventures were also classified as redeemable at December 31, 2014 and 2013. Accordingly, we record the carrying amount of these noncontrolling interests at the greater of their initial carrying amount (increased or decreased for the noncontrolling interest's share of net income or loss and distributions) or the redemption value. Our joint venture partners have certain redemption rights with respect to their noncontrolling interests in these joint ventures that are outside of our control, and the redeemable

noncontrolling interests are classified outside of permanent equity on our Consolidated Balance Sheets. We recognize changes in carrying value of redeemable noncontrolling interests through capital in excess of par value.

Noncontrolling Interests

Excluding the redeemable noncontrolling interests described above, we present the portion of any equity that we do not own in entities that we control (and thus consolidate) as noncontrolling interests and classify those interests as a component of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

consolidated equity, separate from total Ventas stockholders' equity, on our Consolidated Balance Sheets. For consolidated joint ventures with pro rata distribution allocations, net income or loss is allocated between the joint venture partners based on their respective stated ownership percentages. In other instances, net income or loss is allocated between the joint venture partners based on the HLBV method. We account for purchases or sales of equity interests that do not result in a change of control as equity transactions, through capital in excess of par value. In addition, we include net income attributable to the noncontrolling interests in net income in our Consolidated Statements of Income.

Accounting Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions regarding future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business Combinations

We account for acquisitions using the acquisition method and allocate the cost of the businesses acquired among tangible and recognized intangible assets and liabilities based upon their estimated fair values as of the acquisition date. Recognized intangibles primarily include the value of in-place leases, acquired lease contracts, tenant and customer relationships, trade names/trademarks and goodwill. We do not amortize goodwill, which represents the excess of the purchase price paid over the fair value of the net assets of the acquired business and is included in other assets on our Consolidated Balance Sheets.

We estimate the fair value of buildings acquired on an as-if-vacant basis and depreciate the building value over the estimated remaining life of the building, generally not to exceed 35 years. We determine the allocated value of other fixed assets, such as site improvements and furniture, fixtures and equipment, based upon the replacement cost and depreciate such value over the assets' estimated remaining useful lives as determined at the applicable acquisition date. We determine the value of land either by considering the sales prices of similar properties in recent transactions or based on internal analyses of recently acquired and existing comparable properties within our portfolio. We generally determine the value of construction in progress based upon the replacement cost. However, for certain acquired properties that are part of a ground-up development, we determine fair value by using the same valuation approach as for all other properties and deducting the estimated cost to complete the development. During the remaining construction period, we capitalize interest expense until the development has reached substantial completion. Construction in progress, including capitalized interest, is not depreciated until the development has reached substantial completion.

The fair value of acquired lease-related intangibles, if any, reflects: (i) the estimated value of any above and/or below market leases, determined by discounting the difference between the estimated market rent and in-place lease rent; and (ii) the estimated value of in-place leases related to the cost to obtain tenants, including leasing commissions, and an estimated value of the absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period as if the acquired space was vacant. We amortize any acquired lease-related intangibles to revenue or amortization expense over the remaining life of the associated lease plus any assumed bargain renewal periods. If a lease is terminated prior to its stated expiration or not renewed upon expiration, we recognize all unamortized amounts of lease-related intangibles associated with that lease in operations at that time.

We estimate the fair value of purchase option intangible assets and liabilities by discounting the difference between the applicable property's acquisition date fair value and an estimate of its future option price. We do not amortize the resulting intangible asset or liability over the term of the lease, but rather adjust the recognized value of the asset or liability upon sale. Net real estate property for which we have recorded a tenant purchase option intangible liability (excluding properties classified as held for sale) was \$354.1 million and \$386.4 million at December 31, 2014 and 2013, respectively.

We estimate the fair value of tenant or other customer relationships acquired, if any, by considering the nature and extent of existing business relationships with the tenant or customer, growth prospects for developing new business with the tenant or customer, the tenant's credit quality, expectations of lease renewals with the tenant, and the potential

for significant, additional future leasing arrangements with the tenant, and we amortize that value over the expected life of the associated arrangements or leases, including the remaining terms of the related leases and any expected renewal periods. We estimate the fair value of trade names and trademarks using a royalty rate methodology and amortize that value over the estimated useful life of the trade name or trademark.

In connection with a business combination, we may assume rights and obligations under certain lease agreements pursuant to which we become the lessee of a given property. We assume the lease classification previously determined by the prior lessee absent a modification in the assumed lease agreement. We assess assumed operating leases, including ground leases, to determine whether the lease terms are favorable or unfavorable to us given current market conditions on the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

acquisition date. To the extent the lease terms are favorable or unfavorable to us relative to market conditions on the acquisition date, we recognize an intangible asset or liability at fair value and amortize that asset or liability to interest or rental expense in our Consolidated Statements of Income over the applicable lease term. We include all lease-related intangible assets and liabilities within acquired lease intangibles and accounts payable and other liabilities, respectively, on our Consolidated Balance Sheets.

We determine the fair value of loans receivable acquired in connection with a business combination by discounting the estimated future cash flows using current interest rates at which similar loans with the same terms and length to maturity would be made to borrowers with similar credit ratings. We do not establish a valuation allowance at the acquisition date because the estimated future cash flows already reflect our judgment regarding their uncertainty. We recognize the difference between the acquisition date fair value and the total expected cash flows as interest income using an effective interest method over the life of the applicable loan. Subsequent to the acquisition date, we evaluate changes regarding the uncertainty of future cash flows and the need for a valuation allowance, as appropriate.

We estimate the fair value of noncontrolling interests assumed consistent with the manner in which we value all of the underlying assets and liabilities.

We calculate the fair value of long-term debt by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings, which we approximate based on the rate at which we would expect to incur a replacement instrument on the date of acquisition, and recognize any fair value adjustments related to long-term debt as effective yield adjustments over the remaining term of the instrument.

Impairment of Long-Lived and Intangible Assets

We periodically evaluate our long-lived assets, primarily consisting of investments in real estate, for impairment indicators. If indicators of impairment are present, we evaluate the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying operations. In performing this evaluation, we consider market conditions and our current intentions with respect to holding or disposing of the asset. We adjust the net book value of leased properties and other long-lived assets to fair value if the sum of the expected future undiscounted cash flows, including sales proceeds, is less than book value. We recognize an impairment loss at the time we make any such determination.

If impairment indicators arise with respect to intangible assets with finite useful lives, we evaluate impairment by comparing the carrying amount of the asset to the estimated future undiscounted net cash flows expected to be generated by the asset. If estimated future undiscounted net cash flows are less than the carrying amount of the asset, then we estimate the fair value of the asset and compare the estimated fair value to the intangible asset's carrying value. We recognize any shortfall from carrying value as an impairment loss in the current period.

We evaluate our investments in unconsolidated entities for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value of our investment may exceed its fair value. If we determine that a decline in the fair value of our investment in an unconsolidated entity is other-than-temporary, and if such reduced fair value is below the carrying value, we record an impairment. The determination of the fair value of investments in unconsolidated entities involves significant judgment, and our estimates consider all available evidence, including, as appropriate, the present value of the expected future cash flows discounted at market rates, general economic conditions and trends and other relevant factors.

We test goodwill for impairment at least annually, and more frequently if indicators arise. We first assess qualitative factors, such as current macroeconomic conditions, state of the equity and capital markets and our overall financial and operating performance, to determine the likelihood that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we proceed with the two-step approach to evaluating impairment. First, we estimate the fair value of the reporting unit and compare it to the reporting unit's carrying value. If the carrying value exceeds fair value, we proceed with the second step, which requires us to assign the fair value of the reporting unit to all of the assets and liabilities of the reporting unit as if it had been acquired in a business combination at the date of the impairment test. The excess fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied value of goodwill and is used to determine the amount of impairment. We recognize an impairment loss to the extent the carrying value

of goodwill exceeds the implied value in the current period.

Estimates of fair value used in our evaluation of goodwill, investments in real estate, investments in unconsolidated entities and intangible assets are based upon discounted future cash flow projections or other acceptable valuation techniques that are based, in turn, upon level three inputs, such as revenue and expense growth rates, capitalization rates, discount rates or other available market data. Our ability to accurately predict future operating results and cash flows and to estimate and allocate fair values impacts the timing and recognition of impairments. While we believe our assumptions are reasonable, changes in these assumptions may have a material impact on our financial results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Assets Held for Sale and Discontinued Operations

We sell properties from time to time for various reasons, including favorable market conditions or the exercise of purchase options by tenants. We classify certain long-lived assets as held for sale once the criteria, as defined by GAAP, has been met. Long-lived assets to be disposed of are reported at the lower of their carrying amount or fair value minus cost to sell and are no longer depreciated.

In 2014, the FASB issued Accounting Standards Update 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity ("ASU 2014-08"), which raises the threshold for disposals to qualify as discontinued operations. A discontinued operation is defined as: (1) a component of an entity or group of components that has been disposed of or classified as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results; or (2) an acquired business that is classified as held for sale on the acquisition date. ASU 2014-08 also requires additional disclosures regarding discontinued operations, as well as material disposals that do not meet the definition of discontinued operations. The application of this guidance is prospective from the date of adoption and applies only to disposals (or new classifications to held for sale) that have not been reported as discontinued operations in our previously issued financial statements. We adopted ASU 2014-08 during the quarter ended March 31, 2014.

The results of operations for assets meeting the definition of discontinued operations are reflected in our Consolidated Statements of Income as discontinued operations for all periods presented. We allocate estimated interest expense to discontinued operations based on property values and our weighted average interest rate or the property's actual mortgage interest.

Loans Receivable

We record loans receivable, other than those acquired in connection with a business combination, on our Consolidated Balance Sheets (either in secured loans receivable and investments, net or other assets, in the case of unsecured loans receivable) at the unpaid principal balance, net of any deferred origination fees, purchase discounts or premiums and valuation allowances. We amortize net deferred origination fees, which are comprised of loan fees collected from the borrower net of certain direct costs, and purchase discounts or premiums over the contractual life of the loan using the effective interest method and immediately recognize in income any unamortized balances if the loan is repaid before its contractual maturity.

We regularly evaluate the collectibility of loans receivable based on factors such as corporate and facility-level financial and operational reports, compliance with financial covenants set forth in the applicable loan agreement, the financial strength of the borrower and any guarantor, the payment history of the borrower and current economic conditions. If our evaluation of these factors indicates it is probable that we will be unable to collect all amounts due under the terms of the applicable loan agreement, we provide a reserve against the portion of the receivable that we estimate may not be collected.

Cash Equivalents

Cash equivalents consist of highly liquid investments with a maturity date of three months or less when purchased. These investments are stated at cost, which approximates fair value.

Escrow Deposits and Restricted Cash

Escrow deposits consist of amounts held by us or our lenders to provide for future real estate tax and insurance expenditures and tenant improvements related to our properties and operations. Restricted cash represents amounts paid to us for security deposits and other similar purposes.

Deferred Financing Costs

We amortize deferred financing costs as a component of interest expense over the terms of the related borrowings using a method that approximates a level yield. Deferred financing costs, net of accumulated amortization, were approximately \$60.3 million and \$62.2 million at December 31, 2014 and 2013, respectively. Amortized costs of approximately \$16.9 million, \$13.5 million and \$10.5 million were included in interest expense for the years ended December 31, 2014, 2013 and 2012, respectively.

Marketable Debt and Equity Securities

We record marketable debt and equity securities (other than our interests in government-sponsored pooled loan investments, which are classified as secured loans receivable and investments, net on our Consolidated Balance Sheets) as available-for-sale and classify them as a component of other assets on our Consolidated Balance Sheets. We record these securities at fair value and include unrealized gains and losses recorded in stockholders' equity as a component of accumulated other comprehensive income on our Consolidated Balance Sheets. We report interest income, including discount or premium

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

amortization, on marketable debt securities and gains or losses on securities sold, which are based on the specific identification method, in income from loans and investments in our Consolidated Statements of Income.

Derivative Instruments

We recognize all derivative instruments in other assets or accounts payable and other liabilities on our Consolidated Balance Sheets at fair value as of the reporting date. We recognize changes in the fair value of derivative instruments in other expenses in our Consolidated Statements of Income or accumulated other comprehensive income on our Consolidated Balance Sheets, depending on the intended use of the derivative and our designation of the instrument. We do not use our derivative financial instruments, including interest rate caps, interest rate swaps and foreign currency forward contracts for trading or speculative purposes. Our foreign currency forward contracts and certain of our interest rate swaps (including the interest rate swap contracts of unconsolidated joint ventures) are designated as effectively hedging the variability of expected cash flows related to their underlying securities and, therefore, also are recorded on our Consolidated Balance Sheets at fair value, with changes in the fair value of these instruments recognized in accumulated other comprehensive income on our Consolidated Balance Sheets. We recognize our proportionate share of the change in fair value of swap contracts of our unconsolidated joint ventures in accumulated other comprehensive income on our Consolidated Balance Sheets. Certain of our other interest rate swaps and rate caps were not designated as having a hedging relationship with the underlying securities and therefore do not meet the criteria for hedge accounting under GAAP. Accordingly, these interest rate swaps are recorded on our Consolidated Balance Sheets at fair value, and we recognize changes in the fair value of these instruments in current earnings (in other expenses) in our Consolidated Statements of Income.

Fair Values of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement, and we determine fair value based on the assumptions that we expect market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within levels one and two of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level three of the hierarchy).

Level one inputs utilize unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access. Level two inputs are inputs other than quoted prices included in level one that are directly or indirectly observable for the asset or liability. Level two inputs may include quoted prices for similar assets and liabilities in active markets and other inputs for the asset or liability that are observable at commonly quoted intervals, such as interest rates, foreign exchange rates and yield curves. Level three inputs are unobservable inputs for the asset or liability, which typically are based on our own assumptions, because there is little, if any, related market activity. If the determination of the fair value measurement is based on inputs from different levels of the hierarchy, the level within which the entire fair value measurement falls is the lowest level input that is significant to the fair value measurement in its entirety. If the volume and level of market activity for an asset or liability has decreased significantly relative to the normal market activity for such asset or liability (or similar assets or liabilities), then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that a transaction for an asset or liability is not orderly, little, if any, weight is placed on that transaction price as an indicator of fair value. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

We use the following methods and assumptions in estimating the fair value of our financial instruments.

Cash and cash equivalents - The carrying amount of unrestricted cash and cash equivalents reported on our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.

Loans receivable - We estimate the fair value of loans receivable using level two and level three inputs: we discount future cash flows using current interest rates at which similar loans with the same terms and length to maturity would be made to borrowers with similar credit ratings.

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Marketable debt securities - We estimate the fair value of corporate bonds using level two inputs: we observe quoted prices for similar assets or liabilities in active markets that we have the ability to access. We estimate the fair value of certain government-sponsored pooled loan investments using level three inputs: we consider credit spreads, underlying asset performance and credit quality, default rates and any other applicable criteria.

Derivative instruments - With the assistance of a third party, we estimate the fair value of derivative instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts using level two inputs: for interest rate caps, we observe forward yield curves and other relevant information; for interest rate swaps, we

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

observe alternative financing rates derived from market-based financing rates, forward yield curves and discount rates; and for foreign currency forward contracts, we estimate the future values of the two currency tranches using forward exchange rates that are based on traded forward points and calculate a present value of the net amount using a discount factor based on observable traded interest rates.

Senior notes payable and other debt - We estimate the fair value of senior notes payable and other debt using level two inputs: we discount the future cash flows using current interest rates at which we could obtain similar borrowings. For mortgage debt, we may estimate fair value using level three inputs.

Redeemable OP unitholder interests - We estimate the fair value of our redeemable OP unitholder interests using level one inputs: we base fair value on the closing price of our common stock, as OP Units may be redeemed at the election of the holder for cash or, at our option, 0.7866 shares of our common stock per unit, subject to adjustment in certain circumstances.

Revenue Recognition

Triple-Net Leased Properties and MOB Operations

Certain of our triple-net leases and most of our MOB leases provide for periodic and determinable increases in base rent. We recognize base rental revenues under these leases on a straight-line basis over the applicable lease term when collectability is reasonably assured. Recognizing rental income on a straight-line basis generally results in recognized revenues during the first half of a lease term exceeding the cash amounts contractually due from our tenants, creating a straight-line rent receivable that is included in other assets on our Consolidated Balance Sheets. At December 31, 2014 and 2013, this cumulative excess totaled \$188.0 million (net of allowances of \$145.1 million) and \$150.8 million (net of allowances of \$101.4 million), respectively.

Certain of our leases provide for periodic increases in base rent only if certain revenue parameters or other substantive contingencies are met. We recognize the increased rental revenue under these leases as the related parameters or contingencies are met, rather than on a straight-line basis over the applicable lease term.

Senior Living Operations

We recognize resident fees and services, other than move-in fees, monthly as services are provided. We recognize move-in fees on a straight-line basis over the average resident stay. Our lease agreements with residents generally have terms of 12 to 18 months and are cancelable by the resident upon 30 days' notice.

Other

We recognize interest income from loans and investments, including discounts and premiums, using the effective interest method when collectability is reasonably assured. We apply the effective interest method on a loan-by-loan basis and recognize discounts and premiums as yield adjustments over the related loan term. We recognize interest income on an impaired loan to the extent our estimate of the fair value of the collateral is sufficient to support the balance of the loan, other receivables and all related accrued interest. When the balance of the loan, other receivables and all related accrued interest is equal to or less than our estimate of the fair value of the collateral, we recognize interest income on a cash basis. We provide a reserve against an impaired loan to the extent our total investment in the loan exceeds our estimate of the fair value of the loan collateral.

We recognize income from rent, lease termination fees, development services, management advisory services, and all other income when all of the following criteria are met in accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin 104: (i) the applicable agreement has been fully executed and delivered; (ii) services have been rendered; (iii) the amount is fixed or determinable; and (iv) collectability is reasonably assured.

Allowances

We assess the collectability of our rent receivables, including straight-line rent receivables. We base our assessment of the collectability of rent receivables (other than straight-line rent receivables) on several factors, including, among other things, payment history, the financial strength of the tenant and any guarantors, the value of the underlying collateral, if any, and current economic conditions. If our evaluation of these factors indicates it is probable that we will be unable to recover the full value of the receivable, we provide a reserve against the portion of the receivable that we estimate may not be recovered. We also base our assessment of the collectability of straight-line rent receivables on several factors, including, among other things, the financial strength of the tenant and any guarantors, the historical

operations and operating trends of the property, the historical payment pattern of the tenant and the type of property. If our evaluation of these factors indicates it is probable that we will be unable to receive the rent payments due in the future, we provide a reserve against the recognized straight-line rent receivable asset for the portion, up to its full value, that we estimate may not be recovered. If we change our assumptions or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

estimates regarding the collectibility of future rent payments required by a lease, we may adjust our reserve to increase or reduce the rental revenue recognized in the period we make such change in our assumptions or estimates.

Stock-Based Compensation

We recognize share-based payments to employees and directors, including grants of stock options, included in General, administrative and professional fees in our Consolidated Statements of Income generally on a straight-line basis over the requisite service period based on the grant date fair value of the award.

Gain on Sale of Assets

We recognize sales of assets only upon the closing of the transaction with the purchaser. We record payments received from purchasers prior to closing as deposits and classify them as other assets on our Consolidated Balance Sheets. We recognize gains on assets sold using the full accrual method upon closing if the collectibility of the sales price is reasonably assured, we are not obligated to perform any significant activities after the sale to earn the profit, we have received adequate initial investment from the purchaser, and other profit recognition criteria have been satisfied. We may defer recognition of gains in whole or in part until: (i) the profit is determinable, meaning that the collectibility of the sales price is reasonably assured or the amount that will not be collectible can be estimated; and (ii) the earnings process is virtually complete, meaning that we are not obliged to perform any significant activities after the sale to earn the profit.

Federal Income Tax

We have elected to be treated as a REIT under the applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), for every year beginning with the year ended December 31, 1999. Accordingly, we generally are not subject to federal income tax on net income that we distribute to our stockholders, provided that we continue to qualify as a REIT. However, with respect to certain of our subsidiaries that have elected to be treated as “taxable REIT subsidiaries,” we record income tax expense or benefit, as those entities are subject to federal income tax similar to regular corporations.

We account for deferred income taxes using the asset and liability method and recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our financial statements or tax returns. Under this method, we determine deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Any increase or decrease in the deferred tax liability that results from a change in circumstances, and that causes us to change our judgment about expected future tax consequences of events, is included in the tax provision when such changes occur. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances, and that causes us to change our judgment about the realizability of the related deferred tax asset, is included in the tax provision when such changes occur.

Foreign Currency

Certain of our subsidiaries’ functional currencies are the local currencies of their respective foreign jurisdictions. We translate the results of operations of our foreign subsidiaries into U.S. dollars using average rates of exchange in effect during the period, and we translate balance sheet accounts using exchange rates in effect at the end of the period. We record resulting currency translation adjustments in accumulated other comprehensive income, a component of stockholders’ equity, on our Consolidated Balance Sheets, and we record foreign currency transaction gains and losses in our Consolidated Statements of Income.

Segment Reporting

As of December 31, 2014, 2013 and 2012, we operated through three reportable business segments: triple-net leased properties; senior living operations; and MOB operations. In our triple-net leased properties segment, we invest in seniors housing and healthcare properties throughout the United States and the United Kingdom and lease those properties to healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses. In our senior living operations segment, we invest in seniors housing communities throughout the United States and Canada and engage independent operators, such as Atria and Sunrise, to manage

those communities. In our MOB operations segment, we primarily acquire, own, develop, lease, and manage MOBs throughout the United States. See “Note 20—Segment Information.”

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Operating Leases

We account for payments made pursuant to operating leases in our Consolidated Statements of Income based on actual rent paid, plus or minus a straight-line rent adjustment for leases that provide for periodic and determinable increases in base rent.

Recently Issued or Adopted Accounting Standards

In 2014, the FASB issued Accounting Standards Update 2014-09, Revenue From Contracts With Customers (“ASU 2014-09”), which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 states that “an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” While ASU 2014-09 specifically references contracts with customers, it may apply to certain other transactions such as the sale of real estate or equipment. ASU 2014-09 is effective for us beginning January 1, 2017. We are continuing to evaluate this guidance; however, we do not expect its adoption to have a significant impact on our consolidated financial statements, as a substantial portion of our revenue consists of rental income from leasing arrangements, which are specifically excluded from ASU 2014-09.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3—Concentration of Credit Risk

As of December 31, 2014, Atria, Sunrise, Brookdale Senior Living and Kindred managed or operated approximately 23.6%, 12.3%, 10.2% and 2.0%, respectively, of our real estate investments based on gross book value (excluding properties classified as held for sale as of December 31, 2014). Seniors housing communities constituted approximately 65.5% of our real estate investments based on gross book value (excluding properties classified as held for sale as of December 31, 2014), while MOBs, skilled nursing and other facilities, and hospitals collectively comprised the remaining 34.5%. Our properties were located in 46 states, the District of Columbia, seven Canadian provinces and the United Kingdom as of December 31, 2014, with properties in one state (California) accounting for more than 10% of our total revenues and total net operating income (“NOI,” which is defined as total revenues, excluding interest and other income, less property-level operating expenses and medical office building services costs) (in each case excluding amounts in discontinued operations) for each of the years ended December 31, 2014, 2013 and 2012.

Triple-Net Leased Properties

For the years ended December 31, 2014, 2013 and 2012, approximately 5.5%, 5.6% and 6.3%, respectively, of our total revenues and 9.2%, 9.2% and 10.5%, respectively, of our total NOI (in each case excluding amounts in discontinued operations) were derived from our lease agreements with Brookdale Senior Living. For the same periods, approximately 6.2%, 8.1% and 10.3%, respectively, of our total revenues and 10.2%, 13.4% and 17.1%, respectively, of our total NOI (in each case excluding amounts in discontinued operations) were derived from our lease agreements with Kindred. Each of our leases with Brookdale Senior Living and Kindred is a triple-net lease that obligates the tenant to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and to comply with the terms of the mortgage financing documents, if any, affecting the properties. In addition, each of these leases has guaranty and cross-default provisions tied to other leases with the same tenant or its affiliates, as well as bundled lease renewals.

The properties we lease to Brookdale Senior Living and Kindred accounted for a significant portion of our triple-net leased properties segment revenues and NOI for the years ended December 31, 2014, 2013 and 2012. If either Brookdale Senior Living or Kindred becomes unable or unwilling to satisfy its obligations to us or to renew its leases with us upon expiration of the terms thereof, our financial condition and results of operations could decline and our ability to service our indebtedness and to make distributions to our stockholders could be impaired. We cannot assure you that Brookdale Senior Living and Kindred will have sufficient assets, income and access to financing to enable them to satisfy their respective obligations to us, and any failure, inability or unwillingness by Brookdale Senior Living or Kindred to do so could have a material adverse effect on our business, financial condition, results of operations and liquidity, our ability to service our indebtedness and other obligations and our ability to make

distributions to our stockholders, as required for us to continue to qualify as a REIT (a “Material Adverse Effect”). We also cannot assure you that Brookdale Senior Living and Kindred will elect to renew their respective leases with us upon expiration of the leases or that we will be able to reposition any non-renewed properties on a timely basis or on the same or better economic terms, if at all.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In July 2014, Brookdale Senior Living completed its acquisition of Emeritus Corporation (“Emeritus”), which operates 15 of our triple-net leased properties. In connection with the transaction, we entered into favorable arrangements with Brookdale Senior Living and Emeritus regarding the terms of our existing leases. The transaction and those arrangements have not had, nor do we expect them to have, a material impact on our financial condition or results of operations.

As of December 31, 2014, we had re-leased to Kindred, transitioned to new operators or sold 107 of the 108 licensed healthcare assets whose lease terms with Kindred were scheduled to expire on September 30, 2014. We expect to sell the remaining asset during 2015; however, this transaction remains subject to customary due diligence conditions, and we cannot assure you that we will be able to successfully complete the sale on a timely basis or at all.

In December 2014, we entered into favorable agreements with Kindred to transition the operations of nine licensed healthcare assets, make modifications to the master leases governing 34 leased assets, and reimburse us for certain deferred capital expenditures at skilled nursing facilities previously transferred to new operators. In January 2015, Kindred paid us \$37 million in connection with these agreements, which will be amortized over the remaining lease term for the 34 assets governed by the modified master leases. We own or have the rights to all licenses and CONs at the nine properties to be transitioned, and Kindred has extensive and detailed obligations to cooperate and ensure an orderly transition of the properties to another operator.

The following table sets forth the future contracted minimum rentals, excluding contingent rent escalations, but including straight-line rent adjustments where applicable, for all of our triple-net and MOB leases as of December 31, 2014 (excluding properties owned through investments in unconsolidated entities and properties classified as held for sale as of December 31, 2014):

	Brookdale Senior Living (In thousands)	Kindred	Other	Total
2015	\$182,472	\$189,183	\$944,348	\$1,316,003
2016	182,625	181,470	911,457	1,275,552
2017	183,115	185,082	861,983	1,230,180
2018	183,321	154,440	822,930	1,160,691
2019	173,397	140,593	791,043	1,105,033
Thereafter	203,335	585,303	4,760,264	5,548,902
Total	\$1,108,265	\$1,436,071	\$9,092,025	\$11,636,361

Senior Living Operations

As of December 31, 2014, Atria and Sunrise, collectively, provided comprehensive property management and accounting services with respect to 269 of our seniors housing communities, for which we pay annual management fees pursuant to long-term management agreements.

Because Atria and Sunrise manage our properties in exchange for the receipt of a management fee from us, we are not directly exposed to the credit risk of our managers in the same manner or to the same extent as our triple-net tenants. However, we rely on our managers’ personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our senior living operations efficiently and effectively. We also rely on our managers to set appropriate resident fees and otherwise operate our seniors housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. Although we have various rights as the property owner under our management agreements, including various rights to terminate and exercise remedies under the agreements as provided therein, Atria’s or Sunrise’s failure, inability or unwillingness to satisfy its respective obligations under those agreements, to efficiently and effectively manage our properties or to provide timely and accurate accounting information with respect thereto could have a Material Adverse Effect on us. In addition, significant changes in Atria’s or Sunrise’s senior management or equity ownership or any adverse developments in their businesses and affairs or financial condition could have a Material Adverse Effect on us.

Our 34% ownership interest in Atria entitles us to certain rights and minority protections, as well as the right to appoint two of five members on the Atria board of directors.

Brookdale Senior Living, Kindred, Atria and Sunrise Information

Each of Brookdale Senior Living and Kindred is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Brookdale Senior Living and Kindred contained or referred to in this Annual Report on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Form 10-K has been derived from SEC filings made by Brookdale Senior Living or Kindred, as the case may be, or other publicly available information, or was provided to us by Brookdale Senior Living or Kindred, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you of its accuracy. We are providing this data for informational purposes only, and you are encouraged to obtain Brookdale Senior Living's and Kindred's publicly available filings, which can be found at the SEC's website at www.sec.gov.

Neither Atria nor Sunrise is currently subject to the reporting requirements of the SEC. The information related to Atria and Sunrise contained or referred to in this Annual Report on Form 10-K has been derived from publicly available information or was provided to us by Atria or Sunrise, as the case may be, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you of its accuracy.

Note 4—Acquisitions of Real Estate Property

The following summarizes our acquisition and development activities during 2014, 2013 and 2012. We invest in seniors housing and healthcare properties primarily to achieve an expected yield on our investment, to grow and diversify our portfolio and revenue base, and to reduce our dependence on any single tenant, operator or manager, geographic location, asset type, business model or revenue source.

2014 Acquisitions

Holiday Canada Acquisition

In August 2014, we acquired 29 seniors housing communities located in Canada from Holiday Retirement (the "Holiday Canada Acquisition") for a purchase price of CAD 957.0 million. We also paid CAD 26.9 million in costs relating to the early repayment of debt at closing. We funded the Holiday Canada Acquisition initially through borrowings under a CAD 791.0 million unsecured term loan that we incurred in July 2014 (and subsequently repaid primarily through a private placement of senior notes in Canada) and the assumption of CAD 193.7 million of debt.

Other 2014 Acquisitions

During the year ended December 31, 2014, we also acquired three triple-net leased private hospitals (located in the United Kingdom), 26 triple-net leased seniors housing communities and four seniors housing communities that are being operated by independent third-party managers for aggregate consideration of approximately \$812.0 million. We also paid \$18.8 million in costs relating to the early repayment of debt at closing of the applicable transactions. In addition, we acquired a construction design, planning and consulting business to complement our MOB operations through the issuance of 148,241 shares of our common stock.

Completed Developments

During 2014, we completed the development of two MOB's and one seniors housing community, representing \$41.2 million of net real estate property on our Consolidated Balance Sheets as of December 31, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Estimated Fair Value

We are accounting for our 2014 acquisitions under the acquisition method in accordance with ASC Topic 805, Business Combinations (“ASC 805”), and have completed our initial accounting, which is subject to further adjustment. The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed in our 2014 real estate acquisitions, which we determined using level two and level three inputs:

	Triple-Net Leased Properties (In thousands)	Senior Living Operations	Total
Land and improvements	\$45,586	\$100,281	\$145,867
Buildings and improvements	546,849	1,081,207	1,628,056
Acquired lease intangibles	28,883	36,452	65,335
Other assets	227	12,387	12,614
Total assets acquired	621,545	1,230,327	1,851,872
Notes payable and other debt	12,927	228,150	241,077
Other liabilities	8,609	124,897	133,506
Total liabilities assumed	21,536	353,047	374,583
Net assets acquired	600,009	877,280	1,477,289
Cash acquired	227	8,704	8,931
Total cash used	\$599,782	\$868,576	\$1,468,358

Aggregate Revenue and NOI

For the year ended December 31, 2014, aggregate revenues and NOI derived from our 2014 real estate acquisitions (for our period of ownership) were \$75.9 million and \$41.5 million, respectively.

Transaction Costs

As of December 31, 2014, we had incurred a total of \$26.2 million of acquisition-related costs related to our completed 2014 acquisitions, all of which were expensed as incurred and included in merger-related expenses and deal costs in our Consolidated Statements of Income for the applicable periods. For the year ended December 31, 2014, we expensed \$23.8 million of these acquisition-related costs related to our completed 2014 acquisitions.

2013 Acquisitions

During the year ended December 31, 2013, we acquired 27 triple-net leased seniors housing communities, 24 seniors housing communities that are being operated by independent third-party managers (eight of which we previously leased pursuant to a capital lease) and 11 MOB's for aggregate consideration of approximately \$1.8 billion.

Completed Developments

During the year ended December 31, 2013, we completed the development of two seniors housing communities, one MOB, and one hospital, representing \$65.5 million of net real estate property on our Consolidated Balance Sheets as of December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Estimated Fair Value

We accounted for our 2013 acquisitions under the acquisition method in accordance with ASC 805, and we have completed our accounting for these acquisitions. We accounted for the acquisition of the eight seniors housing communities that we previously leased pursuant to a capital lease in accordance with ASC Topic 840, Leases. The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed in our 2013 real estate acquisitions, which we determined using level two and level three inputs:

	Triple-Net Leased Properties (In thousands)	Senior Living Operations (1)	MOB Operations	Total
Land and improvements	\$51,419	\$45,566	\$3,923	\$100,908
Buildings and improvements	803,227	579,577	138,792	1,521,596
Acquired lease intangibles	8,945	16,920	10,362	36,227
Other assets	3,285	2,607	2,453	8,345
Total assets acquired	866,876	644,670	155,530	1,667,076
Notes payable and other debt	36,300	5,136	—	41,436
Other liabilities	11,423	12,285	6,510	30,218
Total liabilities assumed	47,723	17,421	6,510	71,654
Noncontrolling interest assumed	10,113	—	1,672	11,785
Net assets acquired	809,040	627,249	147,348	1,583,637
Cash acquired	753	—	1,397	2,150
Total cash used	\$808,287	\$627,249	\$145,951	\$1,581,487

(1) Includes settlement of a \$142.2 million capital lease obligation related to eight seniors housing communities.

2012 Acquisitions

Funds Acquisition

In December 2012, we acquired 100% of certain private equity funds previously managed by Lazard Frères Real Estate Investments LLC (“LFREI”) or its affiliates. The acquired funds primarily owned a 34% interest in Atria, which is recorded as an investment in unconsolidated entities on our Consolidated Balance Sheets, and approximately 3.7 million shares of our common stock. In conjunction with this acquisition, we also extinguished our obligation related to the “earnout,” a contingent performance-based payment arising out of our 2011 acquisition of the real estate assets of Atria Senior Living Group, Inc. (together with its affiliates, “ASLG”), for an additional \$44 million. This amount represented the discounted net present value of the potential future payment, which was previously reflected on our Consolidated Balance Sheets as a liability.

Cogdell Acquisition

In April 2012, we acquired Cogdell Spencer Inc. (together with its subsidiaries, “Cogdell”), including its 71 real estate assets (including properties owned through joint ventures) and its MOB property management business, which had existing agreements with third parties to manage 44 MOBs, in an all-cash transaction. At closing, our investment in Cogdell, including our share of debt, was approximately \$760 million and our joint venture partners’ share of net debt assumed was \$36.3 million.

Pursuant to the terms and subject to the conditions set forth in the agreement and plan of merger dated as of December 24, 2011, at the effective time of the merger, (a) each outstanding share of Cogdell common stock, and each outstanding unit of limited partnership interest in Cogdell’s operating partnership, Cogdell Spencer LP, that was not owned by subsidiaries of Cogdell was converted into the right to receive \$4.25 in cash, and (b) each outstanding share of Cogdell’s 8.500% Series A Cumulative Redeemable Perpetual Preferred Stock was converted into the right to receive an amount in cash equal to \$25.00, plus accrued and unpaid dividends through the date of closing. We funded the Cogdell acquisition through the assumption of \$203.8 million of existing Cogdell mortgage debt (inclusive of our joint venture partners’ share of \$36.3 million) and borrowings under our unsecured revolving credit facility. Prior to the closing, Cogdell completed the sale of its design-build and development business to an unaffiliated third party.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other 2012 Acquisitions

In May 2012, we acquired 16 seniors housing communities managed by Sunrise in an all-cash transaction. Sunrise continues to manage the acquired assets under existing long-term management agreements. During 2012, we also invested in 21 seniors housing communities, two skilled nursing facilities and 44 MOBs, including 36 MOBs that we had previously accounted for as investments in unconsolidated entities. See “Note 7—Investments in Unconsolidated Entities.”

Completed Developments

During 2012, we completed the development of three MOBs and two seniors housing communities, representing \$116.9 million of net real estate property on our Consolidated Balance Sheets as of December 31, 2012.

Estimated Fair Value

We accounted for our 2012 acquisitions under the acquisition method in accordance with ASC 805, and we have completed our accounting for these acquisitions. The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed in our 2012 real estate acquisitions, which we determined using level two and level three inputs:

	Triple-Net Leased Properties (In thousands)	Senior Living Operations	MOB Operations (1)	Total
Land and improvements	\$21,881	\$60,662	\$112,504	\$195,047
Buildings and improvements	225,950	413,750	1,085,148	1,724,848
Construction in progress	—	—	25,579	25,579
Acquired lease intangibles	2,323	18,070	182,406	202,799
Other assets	1,519	832	43,747	46,098
Total assets acquired	251,673	493,314	1,449,384	2,194,371
Notes payable and other debt	57,219	—	355,606	412,825
Other liabilities	13,851	11,806	106,367	132,024
Total liabilities assumed	71,070	11,806	461,973	544,849
Noncontrolling interest assumed	7,292	—	30,361	37,653
Net assets acquired	173,311	481,508	957,050	1,611,869
Cash acquired	1,250	—	24,115	25,365
Total cash used	\$172,061	\$481,508	\$932,935	\$1,586,504

(1) Includes the Cogdell acquisition.

HCT Acquisition

In January 2015, we acquired American Realty Capital Healthcare Trust, Inc. (“HCT”) in a stock and cash transaction, which added 152 properties (some of which are located on the same campus) to our portfolio. At the effective time of the merger, each share of HCT common stock outstanding (other than shares held by us, HCT or our respective subsidiaries, which shares were cancelled) was converted into the right to receive either 0.1688 shares of our common stock (with cash paid in lieu of fractional shares) or \$11.33 per share in cash, at the election of each HCT shareholder. Shares of HCT common stock for which a valid election was not made were converted into the stock consideration. We funded the transaction through the issuance of approximately 28.4 million shares of our common stock and 1.1 million limited partnership units that are redeemable for shares of our common stock and the payment of approximately \$11 million in cash (excluding cash in lieu of fractional shares). In addition, we assumed \$167 million of mortgage debt and repaid approximately \$740 million of debt, net of HCT cash on hand.

For the year ended December 31, 2014, we incurred a total of \$8.8 million of acquisition-related costs related to the HCT acquisition, all of which we expensed as incurred and included in merger-related expenses and deal costs on our Consolidated Statements of Income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited Pro Forma

The following table illustrates the effect on net income and earnings per share if we had consummated the HCT acquisition as of January 1, 2013.

	For the Year Ended December 31, 2014 (In thousands, except per share amounts)
Revenues	\$3,369,214
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$483,585
Earnings per common share:	
Basic:	
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$1.50
Diluted:	
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$1.48
Weighted average shares used in computing earnings per common share:	
Basic	322,590
Diluted	326,211

Acquisition-related costs related to the HCT acquisition are not expected to have a continuing impact and therefore have been excluded from these pro forma results. The pro forma results also do not include the impact of any synergies that may be achieved in the HCT acquisition, any lower costs of borrowing resulting from the acquisition or any strategies that management may consider in order to continue to efficiently manage our operations, nor do they give pro forma effect to any other acquisitions, dispositions or capital markets transactions that we completed during the periods presented. These pro forma results are not necessarily indicative of the operating results that would have been obtained had the HCT acquisition occurred at the beginning of the periods presented, nor are they necessarily indicative of future operating results.

Other 2015 Acquisitions

In 2015, we made other investments totaling approximately \$320 million, including the acquisition of five triple-net leased properties in the United Kingdom and 12 skilled nursing facilities.

Note 5—Dispositions

2014 Activity

During the year ended December 31, 2014, we sold 16 triple-net leased properties, two seniors housing communities included in our seniors housing operations reportable business segment and four properties included in our MOB operations reportable business segment for aggregate consideration of \$118.2 million. We recognized a net gain on the sales of these assets of \$21.3 million, \$1.5 million of which is reported within discontinued operations in our Consolidated Statements of Income.

2013 Activity

During 2013, we sold 19 triple-net leased properties, one seniors housing community included in our senior living operations reportable business segment and two properties included in our MOB operations reportable business segment for aggregate consideration of \$35.1 million, including lease termination fees of \$0.3 million. We recognized a net gain on the sales of these assets of \$5.0 million, all of which is reported within discontinued operations in our Consolidated Statements of Income.

2012 Activity

During 2012, we sold 38 triple-net leased properties (ten of which were pursuant to the exercise of tenant purchase options) and five properties included in our MOB operations reportable business segment for aggregate consideration of \$346.1 million, including fees of \$5.0 million. We recognized a net gain on the sales of these assets of \$85.5

million, all of which is reported within discontinued operations in our Consolidated Statements of Income. In June 2012, we declined to exercise our

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

renewal option on the operating leases (in which we were the tenant) related to two seniors housing communities we acquired as part of the ASLG acquisition that expired on June 30, 2012.

Discontinued Operations and Assets Held for Sale

We present separately, as discontinued operations in all periods presented, the results of operations for all real estate assets classified as held for sale as of December 31, 2014 and all real estate assets disposed of during the three-year period then ended that meet the criteria of discontinued operations.

The table below summarizes our real estate assets classified as held for sale as of December 31, 2014 and 2013, including the amounts reported within other assets and accounts payable and other liabilities on our Consolidated Balance Sheets.

	December 31, 2014			December 31, 2013		
	Number of Properties Held for Sale (1) (Dollars in thousands)	Other Assets	Accounts Payable and Other Liabilities	Number of Properties Held for Sale (2)	Other Assets	Accounts Payable and Other Liabilities
Triple-net leased properties	14	\$ 34,097	\$ 1,330	15	\$ 125,981	\$ 50,456
MOB operations (3)	36	176,366	48,895	4	29,359	14,044
Total	50	\$ 210,463	\$ 50,225	19	\$ 155,340	\$ 64,500

(1) The operations for three triple-net leased properties and two MOB's are reported in discontinued operations in our Consolidated Statements of Income.

(2) The operations for all properties listed are reported in discontinued operations in our Consolidated Statements of Income.

Includes 34 MOB's that are being marketed for sale and were classified as held for sale as of December 31, 2014.

(3) Aggregate NOI for this portfolio of assets was \$11.9 million, \$13.8 million, and \$14.1 million for the years ended December 31, 2014, 2013, and 2012 respectively. The sale of these MOB's does not meet the criteria for reporting as discontinued operations.

We recognized impairments of \$56.6 million, \$51.5 million and \$35.6 million for the years ended December 31, 2014, 2013 and 2012 respectively, which are recorded primarily as a component of depreciation and amortization. A portion of these impairments (\$1.5 million, \$39.7 million, and \$13.9 million, respectively) was recorded in discontinued operations for the years ended December 31, 2014 and 2013. For both 2014 and 2013, our recorded impairments were primarily the result of a change in our intent to hold the impaired assets. In each case, we recognized an impairment in the periods in which our change in intent was made. In December 2014, we executed an agreement to sell four triple-net leased seniors housing assets for a sales price of \$20.0 million. We recognized a \$30.6 million impairment loss on these assets, as the assets' carrying amount of \$49.5 million exceeded the estimated fair value (less costs to sell) of \$19.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Set forth below is a summary of our results of operations for properties within discontinued operations for the three years ended December 31, 2014, 2013 and 2012.

	2014 (In thousands)	2013	2012
Revenues:			
Rental income	\$4,331	\$14,060	\$34,840
Resident fees and services	—	759	6,435
Interest and other income	750	—	5,052
	5,081	14,819	46,327
Expenses:			
Interest	1,714	5,472	13,314
Depreciation and amortization	1,555	47,806	49,807
Property-level operating expenses	507	1,994	7,971
General, administrative and professional fees	—	3	303
Gain on extinguishment of debt, net	—	(153)) —
Other	412	(407)	) 1,902
	4,188	54,715	73,297
Income (loss) before income taxes and gain on real estate dispositions	893	(39,896)	) (26,970)
Income tax benefit	—	—	4
Gain on real estate dispositions	1,213	3,617	80,952
Discontinued operations	\$2,106	\$(36,279)	) \$53,986

Note 6—Loans Receivable and Investments

As of December 31, 2014 and 2013, we had \$927.7 million and \$414.8 million, respectively, of net loans receivable and investments relating to seniors housing and healthcare operators or properties. The following is a summary of our net loans receivable and investments as of December 31, 2014 and 2013, including amortized cost, fair value and unrealized gains (losses) on available-for-sale investments:

	December 31, 2014			
	Carrying Amount	Amortized Cost	Fair Value	Unrealized Gain (Loss)
	(In thousands)			
Secured mortgage loans and other	\$766,641	\$766,641	\$774,789	\$—
Government-sponsored pooled loan investments	63,115	61,377	63,115	1,738
Total investments reported as Secured loans receivable and investments, net	829,756	828,018	837,904	1,738
Unsecured loans receivable	21,862	21,862	23,164	—
Marketable securities	76,046	71,000	76,046	5,046
Total investments reported as Other assets	97,908	92,862	99,210	5,046
Total net loans receivable and investments	\$927,664	\$920,880	\$937,114	\$6,784

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2013			
	Carrying Amount (In thousands)	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Secured mortgage loans and other	\$354,775	\$354,775	\$355,223	\$—
Government-sponsored pooled loan investments	21,454	21,671	21,454	(217)
Total investments reported as Secured loans receivable and investments, net	376,229	376,446	376,677	(217)
Unsecured loans receivable	38,542	38,542	40,473	—
Total investments reported as Other assets	38,542	38,542	40,473	—
Total net loans receivable and investments	\$414,771	\$414,988	\$417,150	\$(217)

During the year ended December 31, 2014, we made a \$425.0 million secured mezzanine loan investment that has a blended annual interest rate of 8.1% and has contractual maturities ranging between 2016 and 2019, and we purchased \$71.0 million principal amount of senior unsecured corporate bonds, a \$38.7 million interest in a government-sponsored pooled loan investment, and \$21.7 million of marketable equity securities. During the year ended December 31, 2014, we sold all of our marketable equity securities for \$22.3 million and recognized a gain of \$0.6 million. Our investments in marketable debt securities and government-sponsored pooled loans are classified as available-for-sale, with contractual maturity dates in 2022 and 2023.

During the year ended December 31, 2014, we received aggregate proceeds of \$55.9 million in final repayment of three secured and two unsecured loans receivable. We recognized aggregate gains of \$5.2 million on the repayment of these loans receivable that are recorded in income from loans and investments in our Consolidated Statements of Income for the year ended December 31, 2014.

In 2013, we sold portions of a \$375.0 million secured loan receivable to third parties in separate transactions, as evidenced by separate notes. As of December 31, 2014, our remaining investment in this loan receivable was \$174.8 million, which bears interest at an all-in rate of 10.6% per annum. Under the terms of the loan agreement, we act as the administrative agent and will continue to receive the stated interest rate on our remaining loan receivable balance. During 2013, we received aggregate proceeds of \$102.3 million in final repayment of seven secured and three unsecured loans receivable and recognized aggregate gains of \$5.1 million.

Note 7—Investments in Unconsolidated Entities

We report investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. We are not required to consolidate these entities because our joint venture partners have significant participating rights, nor are these entities considered VIEs, as they are controlled by equity holders with sufficient capital. At December 31, 2014 and 2013, we had ownership interests (ranging from 5% to 25%) in joint ventures that owned 51 properties and 52 properties, respectively. We account for our interests in these joint ventures, as well as our 34% interest in Atria, under the equity method of accounting.

With the exception of our interest in Atria, we provide various services to each unconsolidated entity in exchange for fees and reimbursements. Total management fees earned in connection with these entities were \$8.4 million, \$7.0 million and \$7.3 million for the years ended December 31, 2014, 2013 and 2012, respectively (which is included in Medical office building and other services revenue in our Consolidated Statements of Income).

In March 2013, we acquired two MOBs for aggregate consideration of approximately \$55.6 million from a joint venture entity in which we have a 5% interest and that we account for as an equity method investment. In connection with this acquisition, we re-measured our previously held equity interest (associated with the acquired MOBs) and recognized a gain of \$1.3 million, which is included in income from unconsolidated entities in our Consolidated

Statements of Income. Since the acquisition, operations relating to these properties have been consolidated in our Consolidated Statements of Income.

In August 2012, we acquired 36 MOBs (plus one MOB that was being marketed for sale and has since been sold) from joint venture entities in which we had interests ranging between 5% and 20% and accounted for as equity method investments. We acquired these MOBs for approximately \$350.0 million, including the assumption of \$101.6 million in debt. In connection with this acquisition, we re-measured our previously held equity interests and recognized a net gain of \$16.6 million, which is

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included in income from unconsolidated entities in our Consolidated Statements of Income. Since the acquisition, operations relating to these properties have been consolidated in our Consolidated Statements of Income.

Note 8—Intangibles

The following is a summary of our intangibles as of December 31, 2014 and 2013:

	December 31, 2014		December 31, 2013	
	Balance	Remaining Weighted Average Amortization Period in Years	Balance	Remaining Weighted Average Amortization Period in Years
	(Dollars in thousands)			
Intangible assets:				
Above market lease intangibles	\$210,573	8.2	\$214,353	8.4
In-place and other lease intangibles	829,078	23.9	795,829	24.1
Goodwill and other intangibles	489,384	7.9	489,346	8.6
Accumulated amortization	(549,026)	) N/A	(458,919)	) N/A
Net intangible assets	\$980,009	19.9	\$1,040,609	19.8
Intangible liabilities:				
Below market lease intangibles	\$425,092	14.7	\$429,199	14.7
Other lease intangibles	32,103	26.1	32,103	24.8
Accumulated amortization	(158,480)	) N/A	(119,549)	) N/A
Purchase option intangibles	22,900	N/A	29,294	N/A
Net intangible liabilities	\$321,615	15.2	\$371,047	15.1

N/A—Not Applicable

Above market lease intangibles and in-place and other lease intangibles are included in acquired lease intangibles within real estate investments on our Consolidated Balance Sheets. Goodwill and other intangibles (including non-compete agreements, trade names and trademarks) are included in other assets on our Consolidated Balance Sheets. Below market lease intangibles, other lease intangibles and purchase option intangibles are included in accounts payable and other liabilities on our Consolidated Balance Sheets. For the years ended December 31, 2014, 2013 and 2012, our net amortization expense related to these intangibles was \$51.2 million, \$65.2 million and \$123.3 million, respectively. The estimated net amortization expense related to these intangibles for each of the next five years is as follows: 2015—\$58.8 million; 2016—\$29.1 million; 2017—\$16.2 million; 2018—\$10.0 million; and 2019—\$5.7 million.

Note 9—Other Assets

The following is a summary of our other assets as of December 31, 2014 and 2013:

	2014	2013
	(In thousands)	
Straight-line rent receivables, net	\$187,969	\$150,829
Unsecured loans receivable, net	21,862	38,542
Goodwill and other intangibles, net	472,052	476,483
Assets held for sale	210,463	155,340
Marketable securities	76,046	—
Other	163,145	125,141
Total other assets	\$1,131,537	\$946,335

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10—Borrowing Arrangements

The following is a summary of our senior notes payable and other debt as of December 31, 2014 and 2013:

	2014	2013
	(In thousands)	
Unsecured revolving credit facility (1)	\$919,099	\$376,343
3.125% Senior Notes due 2015	400,000	400,000
6% Senior Notes due 2015	234,420	234,420
1.55% Senior Notes due 2016	550,000	550,000
1.250% Senior Notes due 2017	300,000	—
2.00% Senior Notes due 2018	700,000	700,000
Unsecured term loan due 2018 (2)	200,000	200,000
Unsecured term loan due 2019 (2)	790,634	800,702
4.00% Senior Notes due 2019	600,000	600,000
3.00% Senior Notes, Series A due 2019 (3)	344,204	—
2.700% Senior Notes due 2020	500,000	500,000
4.750% Senior Notes due 2021	700,000	700,000
4.25% Senior Notes due 2022	600,000	600,000
3.25% Senior Notes due 2022	500,000	500,000
3.750% Senior Notes due 2024	400,000	—
4.125% Senior Notes, Series B due 2024 (3)	215,128	—
6.90% Senior Notes due 2037	52,400	52,400
6.59% Senior Notes due 2038	22,973	22,973
5.45% Senior Notes due 2043	258,750	258,750
5.70% Senior Notes due 2043	300,000	300,000
Mortgage loans and other (4)	2,284,763	2,524,889
Total	10,872,371	9,320,477
Unamortized fair value adjustment	41,853	69,611
Unamortized discounts	(26,132)	(25,096)
Senior notes payable and other debt	\$10,888,092	\$9,364,992

(1) \$164.1 million and \$7.3 million of aggregate borrowings are denominated in Canadian dollars as of December 31, 2014 and 2013, respectively.

These amounts represent in aggregate the approximate \$1.0 billion of unsecured term loan borrowings under our (2) unsecured credit facility, of which \$107.0 million of borrowings included in the 2019 tranche are denominated in Canadian dollar borrowings.

(3) These senior notes are denominated in Canadian dollars.

2014 excludes \$43.5 million of mortgage debt related to real estate assets classified as held for sale as of December 31, 2014 that is included in accounts payable and other liabilities on our Consolidated Balance Sheet.

(4) 2013 excludes \$13.1 million of mortgage debt that is included in accounts payable and other liabilities on our Consolidated Balance Sheet.

Unsecured Credit Facility and Unsecured Term Loans

Our unsecured credit facility is comprised of a \$2.0 billion revolving credit facility priced at LIBOR plus 1.0% as of December 31, 2014, and a \$200.0 million four-year term loan and an \$800.0 million five-year term loan, each priced at LIBOR plus 1.05% as of December 31, 2014. The revolving credit facility matures in January 2018, but may be extended, at our option subject to the satisfaction of certain conditions, for an additional period of one year. The \$200.0 million and \$800.0 million term loans mature in January 2018 and January 2019, respectively. The unsecured credit facility also includes an accordion feature that permits us to increase our aggregate borrowing capacity thereunder to up to \$3.5 billion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Our unsecured credit facility imposes certain customary restrictions on us, including restrictions pertaining to: (i) liens; (ii) investments; (iii) the incurrence of additional indebtedness; (iv) mergers and dissolutions; (v) certain dividend, distribution and other payments; (vi) permitted businesses; (vii) transactions with affiliates; (viii) agreements limiting certain liens; and (ix) the maintenance of certain consolidated total leverage, secured debt leverage, unsecured debt leverage and fixed charge coverage ratios and minimum consolidated adjusted net worth, and contains customary events of default.

As of December 31, 2014, we had \$919.1 million of borrowings outstanding, \$13.3 million of letters of credit outstanding and \$1.1 billion of unused borrowing capacity available under our unsecured revolving credit facility. In July 2014, we entered into a new CAD 791.0 million unsecured term loan to initially fund the Holiday Canada Acquisition. The term loan was scheduled to mature on July 30, 2015, but in September 2014, we repaid CAD 660.0 million of the unsecured term loan principally with proceeds from the sale of unsecured senior notes issued by our wholly owned subsidiary, Ventas Canada Finance Limited, and in December 2014, we repaid in full the remaining borrowings outstanding under the term loan.

We recognized a loss on extinguishment of debt of \$1.5 million for the year ended December 31, 2013 representing the write-off of unamortized deferred financing fees as a result of the replacement of our previous unsecured revolving credit facility.

Senior Notes

As of December 31, 2014, we had outstanding \$5.8 billion aggregate principal amount of senior notes issued by our subsidiary, Ventas Realty, Limited Partnership ("Ventas Realty") (\$4.3 billion of which was co-issued by Ventas Realty's wholly owned subsidiary, Ventas Capital Corporation), approximately \$309.8 million aggregate principal amount of senior notes issued by Nationwide Health Properties, Inc. ("NHP") and assumed by our subsidiary, Nationwide Health Properties, LLC ("NHP LLC"), as successor to NHP, in connection with our acquisition of NHP, and CAD 650.0 million aggregate principal amount of senior notes issued by our subsidiary, Ventas Canada Finance Limited. All of the senior notes issued by Ventas Realty and Ventas Canada Finance Limited are unconditionally guaranteed by Ventas, Inc.

In January 2015, Ventas Realty issued and sold \$600.0 million aggregate principal amount of 3.500% senior notes due 2025 at a public offering price equal to 99.663% of par, for total proceeds of \$598.0 million before the underwriting discount and expenses, and \$300.0 million aggregate principal amount of 4.375% senior notes due 2045 at a public offering price equal to 99.500% of par, for total proceeds of \$298.5 million before the underwriting discount and expenses.

Also in January 2015, Ventas Canada Finance Limited issued and sold CAD 250.0 million aggregate principal amount of 3.30% senior notes, series C due 2022 at an offering price equal to 99.992% of par, for total proceeds of CAD 250.0 million before the agent fees and expenses. The notes were offered on a private placement basis in Canada. In September 2014, Ventas Canada Finance Limited issued and sold CAD 400.0 million aggregate principal amount of 3.00% senior notes, series A due 2019 at an offering price equal to 99.713% of par, for total proceeds of CAD 398.9 million before the agent fees and expenses, and CAD 250.0 million aggregate principal amount of 4.125% senior notes, series B due 2024 at an offering price equal to 99.601% of par, for total proceeds of CAD 249.0 million before the agent fees and expenses. The notes were offered on a private placement basis in Canada.

In April 2014, Ventas Realty issued and sold \$300.0 million aggregate principal amount of 1.250% senior notes due 2017 at a public offering price equal to 99.815% of par, for total proceeds of \$299.4 million before the underwriting discount and expenses, and \$400.0 million aggregate principal amount of 3.750% senior notes due 2024 at a public offering price equal to 99.304% of par, for total proceeds of \$397.2 million before the underwriting discount and expenses.

In September 2013, Ventas Realty issued and sold: \$550.0 million aggregate principal amount of 1.55% senior notes due 2016 at a public offering price equal to 99.910% of par, for total proceeds of \$549.5 million before the underwriting discount and expenses; and \$300.0 million aggregate principal amount of 5.70% senior notes due 2043 at a public offering price equal to 99.628% of par, for total proceeds of \$298.9 million before the underwriting discount and expenses.

In March 2013, Ventas Realty issued and sold: \$258.8 million aggregate principal amount of 5.45% senior notes due 2043 at a public offering price equal to par, for total proceeds of \$258.8 million before the underwriting discounts and expenses; and \$500.0 million aggregate principal amount of 2.700% senior notes due 2020 at a public offering price equal to 99.942% of par, for total proceeds of \$499.7 million before the underwriting discount and expenses. In February 2013, we repaid in full, at par, \$270.0 million principal amount then outstanding of our 6.25% senior notes due 2013 upon maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In December 2012, Ventas Realty issued and sold \$700.0 million aggregate principal amount of 2.00% senior notes due 2018 at a public offering price equal to 99.739% of par, for total proceeds of \$698.2 million before the underwriting discount and expenses.

In August 2012, Ventas Realty initially issued and sold \$275.0 million aggregate principal amount of 3.25% senior notes due 2022 (the “2022 Notes”) at a public offering price equal to 99.027% of par, for total proceeds of \$272.3 million before the underwriting discount and expenses. In December 2012, Ventas Realty issued and sold an additional \$225.0 million principal amount of 2022 Notes at a public offering price equal to 98.509% of par, for total proceeds of \$221.6 million before the underwriting discount and expenses.

In April 2012, Ventas Realty issued and sold \$600.0 million aggregate principal amount of 4.00% senior notes due 2019 at a public offering price equal to 99.489% of par, for total proceeds of \$596.9 million before the underwriting discount and expenses.

In February 2012, Ventas Realty issued and sold \$600.0 million aggregate principal amount of 4.25% senior notes due 2022 at a public offering price equal to 99.214% of par, for total proceeds of \$595.3 million before the underwriting discount and expenses.

During 2012, we repaid in full, at par, \$155.4 million aggregate principal amount then outstanding of our 9% senior notes due 2012 and our 8.25% senior notes due 2012 upon maturity, and we redeemed: all \$225.0 million principal amount then outstanding of our 6¾% senior notes due 2017 at a redemption price equal to 103.375% of par, plus accrued and unpaid interest to the redemption date; and all \$200.0 million principal amount then outstanding of our 6½% senior notes due 2016 at a redemption price equal to 103.25% of par, plus accrued and unpaid interest to the redemption date, in each case pursuant to the terms of the applicable indenture governing the notes. As a result of these redemptions, we recognized a total loss on extinguishment of debt of \$39.7 million.

Ventas Realty’s senior notes are part of our and Ventas Realty’s general unsecured obligations, ranking equal in right of payment with all of our and Ventas Realty’s existing and future senior obligations and ranking senior in right of payment to all of our and Ventas Realty’s existing and future subordinated indebtedness. However, Ventas Realty’s senior notes are effectively subordinated to our and Ventas Realty’s secured indebtedness, if any, to the extent of the value of the assets securing that indebtedness. Ventas Realty’s senior notes are also structurally subordinated to the preferred equity and indebtedness, whether secured or unsecured, of our subsidiaries (other than Ventas Realty and, with respect to those senior notes co-issued by Ventas Capital Corporation, Ventas Capital Corporation).

Ventas Canada Finance Limited’s senior notes are part of our and Ventas Canada Finance Limited’s general unsecured obligations, ranking equal in right of payment with all of Ventas Canada Finance Limited’s existing and future subordinated indebtedness. However, Ventas Canada Finance Limited’s senior notes are effectively subordinated to our and Ventas Canada Finance Limited’s secured indebtedness, if any, to the extent of the value of the assets securing that indebtedness. Ventas Canada Finance Limited’s senior notes are also structurally subordinated to the preferred equity and indebtedness, whether secured or unsecured, of our subsidiaries (other than Ventas Canada Finance Limited).

NHP LLC’s senior notes are part of NHP LLC’s general unsecured obligations, ranking equal in right of payment with all of NHP LLC’s existing and future senior obligations and ranking senior to all of NHP LLC’s existing and future subordinated indebtedness. However, NHP LLC’s senior notes are effectively subordinated to NHP LLC’s secured indebtedness, if any, to the extent of the value of the assets securing that indebtedness. NHP LLC’s senior notes are also structurally subordinated to the preferred equity and indebtedness, whether secured or unsecured, of its subsidiaries.

Ventas Realty, Ventas Canada Finance Limited and NHP LLC may redeem each series of their respective senior notes (other than NHP LLC’s 6.90% senior notes due 2037 and 6.59% senior notes due 2038), in whole at any time or in part from time to time, prior to maturity at the redemption prices set forth in the applicable indenture (which include, in many instances, a make-whole premium), plus, in each case, accrued and unpaid interest thereon to the redemption date.

NHP LLC’s 6.90% senior notes due 2037 are subject to repurchase at the option of the holders, at par, on October 1 in each of 2017 and 2027, and its 6.59% senior notes due 2038 are subject to repurchase at the option of the holders, at

par, on July 7 in each of 2018, 2023 and 2028.

Mortgages

At December 31, 2014, we had 160 mortgage loans outstanding in the aggregate principal amount of \$2.3 billion and secured by 178 of our properties. Of these loans, 143 loans in the aggregate principal amount of \$1.8 billion bear interest at fixed rates ranging from 3.6% to 8.6% per annum, and 17 loans in the aggregate principal amount of \$474.0 million bear

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

interest at variable rates ranging from 0.7% to 3.5% per annum as of December 31, 2014. At December 31, 2014, the weighted average annual rate on our fixed rate mortgage loans was 5.9%, and the weighted average annual rate on our variable rate mortgage loans was 2.3%. Our mortgage loans had a weighted average maturity of 5.6 years as of December 31, 2014.

During 2014, we assumed or originated mortgage debt of \$246.8 million and repaid in full mortgage loans outstanding in the aggregate principal amount of \$398.0 million, and recognized a net loss on extinguishment of debt of \$2.3 million in connection with these repayments.

During 2013, we assumed or originated mortgage debt of \$178.8 million and repaid in full mortgage loans outstanding in the aggregate principal amount of \$493.7 million, and recognized a net gain on extinguishment of debt of \$0.5 million in connection with these repayments.

During 2012, we assumed mortgage debt of \$380.3 million and repaid in full mortgage loans outstanding in the aggregate principal amount of \$344.2 million, and recognized a gain on extinguishment of debt of \$2.1 million in connection with these repayments.

Scheduled Maturities of Borrowing Arrangements and Other Provisions

As of December 31, 2014, our indebtedness had the following maturities:

	Principal Amount Due at Maturity (In thousands)	Unsecured Revolving Credit Facility(1)	Scheduled Periodic Amortization	Total Maturities
2015 (2)	\$704,082	\$—	\$41,765	\$745,847
2016 (2)	861,817	—	37,913	899,730
2017 (2)	777,127	—	27,500	804,627
2018 (2)	1,075,209	919,099	21,585	2,015,893
2019	2,294,979	—	13,985	2,308,964
Thereafter (3)	3,952,366	—	144,944	4,097,310
Total maturities	\$9,665,580	\$919,099	\$287,692	\$10,872,371

(1) At December 31, 2014, we had \$55.3 million of unrestricted cash and cash equivalents, for \$863.8 million of net borrowings outstanding under our unsecured revolving credit facility.

(2) Excludes \$43.5 million of mortgage debt related to real estate assets classified as held for sale as of December 31, 2014 that is scheduled to mature between 2015 and 2018.

(3) Includes \$52.4 million aggregate principal amount of 6.90% senior notes due 2037 that is subject to repurchase, at the option of the holders, on October 1 in each of 2017 and 2027, and \$23.0 million aggregate principal amount of 6.59% senior notes due 2038 that is subject to repurchase, at the option of the holders, on July 7 in each of 2018, 2023 and 2028.

The instruments governing our outstanding indebtedness contain covenants that limit our ability and the ability of certain of our subsidiaries to, among other things: (i) incur debt; (ii) make certain dividends, distributions and investments; (iii) enter into certain transactions; and/or (iv) merge, consolidate or sell certain assets. Ventas Realty's and Ventas Canada Finance Limited's senior notes also require us and our subsidiaries to maintain total unencumbered assets of at least 150% of our unsecured debt. Our unsecured credit facility also requires us to maintain certain financial covenants pertaining to, among other things, our consolidated total leverage, secured debt, unsecured debt, fixed charge coverage and net worth.

As of December 31, 2014, we were in compliance with all of these covenants.

Derivatives and Hedging

In the normal course of our business, interest rate fluctuations affect future cash flows under our variable rate debt obligations, loans receivable and marketable debt securities and foreign currency exchange rate fluctuations affect our operating results. We follow established risk management policies and procedures, including the use of derivative

instruments, to mitigate the impact of these risks.

For interest rate exposures, we use derivatives primarily to fix the rate on our variable rate debt and to manage our borrowing costs. We do not use derivative instruments for trading or speculative purposes, and we have a policy of entering

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

into contracts only with major financial institutions based upon their credit ratings and other factors. When considered together with the underlying exposure that the derivative is designed to hedge, we do not expect that the use of derivatives in this manner would have any material adverse effect on our future financial condition or results of operations.

As of December 31, 2014, our variable rate debt obligations of \$2.4 billion reflect, in part, the effect of \$153.6 million notional amount of interest rate swaps with a maturity of March 21, 2016 that effectively convert fixed rate debt to variable rate debt. As of December 31, 2014, our fixed rate debt obligations of \$8.5 billion reflect, in part, the effect of \$59.0 million notional amount of interest rate swaps with maturities ranging from March 2, 2015 to April 1, 2019, in each case that effectively convert variable rate debt to fixed rate debt.

Unamortized Fair Value Adjustment

As of December 31, 2014, the unamortized fair value adjustment related to the long-term debt we assumed in connection with various acquisitions was \$41.9 million and will be recognized as effective yield adjustments over the remaining terms of the instruments. The estimated aggregate amortization of the fair value adjustment related to long-term debt (which is reflected as a reduction of interest expense) was \$20.6 million for the year ended December 31, 2014 and for each of the next five years will be as follows: 2015—\$13.6 million; 2016—\$9.2 million; 2017—\$5.4 million; 2018—\$2.1 million; and 2019—\$1.5 million.

Note 11—Fair Values of Financial Instruments

As of December 31, 2014 and 2013, the carrying amounts and fair values of our financial instruments were as follows:

	2014 Carrying Amount (In thousands)	Fair Value	2013 Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	\$55,348	\$55,348	\$94,816	\$94,816
Secured loans receivable, net	766,641	774,789	354,775	355,223
Unsecured loans receivable, net	21,862	23,164	38,542	40,473
Government-sponsored pooled loan investments	63,115	63,115	21,454	21,454
Marketable securities	76,046	76,046	—	—
Liabilities:				
Senior notes payable and other debt, gross	10,872,371	11,197,131	9,320,477	9,405,259
Derivative instruments and other liabilities	2,743	2,743	11,230	11,230
Redeemable OP unitholder interests	159,134	159,134	111,607	111,607

Fair value estimates are subjective in nature and based upon several important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented above are not necessarily indicative of the amounts we would realize in a current market exchange.

Note 12—Stock-Based Compensation

Compensation Plans

We currently have: five plans under which outstanding options to purchase common stock, shares of restricted stock or restricted stock units have been, or may in the future be, granted to our officers, employees and non-employee directors (the 2000 Incentive Compensation Plan (Employee Plan), the 2004 Stock Plan for Directors, the 2006 Incentive Plan, the 2006 Stock Plan for Directors, and the 2012 Incentive Plan); one plan under which executive officers may receive common stock in lieu of compensation (the Executive Deferred Stock Compensation Plan); and one plan under which certain non-employee directors have received or may receive common stock in lieu of director fees (the Nonemployee Directors' Deferred Stock Compensation Plan). These plans are referred to collectively as the "Plans."

During the year ended December 31, 2014, we were permitted to issue shares and grant options, restricted stock and restricted stock units only under the Executive Deferred Stock Compensation Plan, the Nonemployee Directors' Deferred Stock

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Compensation Plan and the 2012 Incentive Plan. The 2006 Incentive Plan and the 2006 Stock Plan for Directors (collectively, the “2006 Plans”) expired on December 31, 2012, and no additional grants were permitted under those Plans after that date.

The number of shares initially reserved for issuance and the number of shares available for future grants or issuance under these Plans as of December 31, 2014 were as follows:

Executive Deferred Stock Compensation Plan—500,000 shares were reserved initially for issuance to our executive officers in lieu of the payment of all or a portion of their salary, at their option, and 500,000 shares were available for future issuance as of December 31, 2014.

Nonemployee Directors’ Deferred Stock Compensation Plan—500,000 shares were reserved initially for issuance to nonemployee directors in lieu of the payment of all or a portion of their retainer and meeting fees, at their option, and 411,745 shares were available for future issuance as of December 31, 2014.

2012 Incentive Plan—8,836,614 shares (plus the number of shares or options outstanding under the 2006 Plans as of December 31, 2012 that were or are subsequently forfeited or expire unexercised) were reserved initially for grants or issuance to employees and non-employee directors, and 7,170,536 shares (plus the number of shares or options outstanding under the 2006 Plans as of December 31, 2014 that were or are subsequently forfeited or expire unexercised) were available for future issuance as of December 31, 2014.

Outstanding options issued under the Plans are exercisable at the market price on the date of grant, expire ten years from the date of grant, and vest or have vested over periods of two or three years. If provided in the applicable Plan or award agreement, the vesting of stock options may accelerate upon a change of control (as defined in the applicable Plan) of Ventas, Inc. and other specified events.

In connection with the NHP acquisition, we assumed certain outstanding options, shares of restricted stock and restricted stock units previously issued to NHP employees pursuant to the Nationwide Health Properties, Inc. 2005 Performance Incentive Plan, as amended (the “NHP Plan”). Any remaining outstanding awards continue to be subject to the terms and conditions of the NHP Plan and the applicable award agreements.

Stock Options

In determining the estimated fair value of our stock options as of the date of grant, we used the Black-Scholes option pricing model with the following assumptions:

	2014	2013	2012
Risk-free interest rate	1.3 - 1.4%	0.59 - 0.63%	0.68 - 1.39%
Dividend yield	5.00	% 5.00	% 6.75
Volatility factors of the expected market price for our common stock	17.8 - 18.0%	24.2 - 31.7%	35.9 - 42.9%
Weighted average expected life of options	4.17 years	4.17 years	4.25 - 7.0 years

The following is a summary of stock option activity in 2014:

	Shares	Range of Exercise Prices	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Intrinsic Value (\$000's)
Outstanding as of December 31, 2013	2,258,763	\$21.57- \$73.20	\$51.59		
Options granted	918,225	60.50 - 61.60	61.37		
Options exercised	(634,299)	) 21.57 - 70.34	41.26		
Options forfeited	(82,061)	) 55.39 - 73.20	65.10		
Outstanding as of December 31, 2014	2,460,628	28.96 - 70.34	57.45	7.3	\$35,068
Exercisable as of December 31, 2014	1,670,864	\$28.96 - \$70.34	\$54.99	6.6	\$27,921

Compensation costs for all share-based awards are based on the grant date fair value and are recognized on a straight-line basis during the requisite service periods. Compensation costs related to stock options for the years ended December 31, 2014, 2013 and 2012 were \$4.7 million, \$4.5 million and \$4.4 million, respectively. The total intrinsic value at the vesting date of options vested during the years ended December 31, 2014, 2013 and 2012 was \$0.7 million, \$3.0 million and \$1.8 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the status of our nonvested stock options as of December 31, 2014 and changes during the year then ended follows:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	534,686	\$9.54
Granted	918,225	4.37
Vested	(594,751)	) 7.30
Forfeited	(68,396)	) 6.35
Nonvested at end of year	789,764	\$5.49

As of December 31, 2014, we had \$1.5 million of total unrecognized compensation cost related to nonvested stock options granted under the Plans. We expect to recognize that cost over a weighted average period of 1.2 years.

Aggregate proceeds received from options exercised under the Plans or the NHP Plan for the years ended December 31, 2014, 2013 and 2012 were \$26.2 million, \$7.2 million and \$21.5 million, respectively. The total intrinsic value at exercise of options exercised during the years ended December 31, 2014, 2013 and 2012 was \$19.3 million, \$4.0 million and \$14.7 million, respectively.

Restricted Stock and Restricted Stock Units

We recognize the fair value of shares of restricted stock and restricted stock units on the grant date of the award as stock-based compensation expense over the requisite service period, with charges to general and administrative expenses of approximately \$16.2 million in 2014, \$16.1 million in 2013 and \$16.4 million in 2012. Restricted stock and restricted stock units generally vest over periods ranging from two to five years. If provided in the applicable Plan or award agreement, the vesting of restricted stock and restricted stock units may accelerate upon a change of control (as defined in the applicable Plan) of Ventas and other specified events.

A summary of the status of our nonvested restricted stock and restricted stock units as of December 31, 2014, and changes during the year ended December 31, 2014 follows:

	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2013	509,116	\$56.66	7,516	\$60.80
Granted	207,182	61.60	9,076	57.28
Vested	(282,448)	) 57.41	(5,155)	) 59.10
Forfeited	(31,109)	) 58.74	(45)	) 53.74
Nonvested at December 31, 2014	402,741	\$58.51	11,392	\$58.79

As of December 31, 2014, we had \$10.7 million of unrecognized compensation cost related to nonvested restricted stock and restricted stock units under the Plans. We expect to recognize that cost over a weighted average period of 1.6 years. The total fair value at the vesting date for restricted stock and restricted stock units that vested during the years ended December 31, 2014, 2013 and 2012 was \$17.7 million, \$16.9 million and \$17.5 million, respectively.

Employee and Director Stock Purchase Plan

We have in effect an Employee and Director Stock Purchase Plan ("ESPP") under which our employees and directors may purchase shares of our common stock at a discount. Pursuant to the terms of the ESPP, on each purchase date, participants may purchase shares of common stock at a price not less than 90% of the market price on that date (with respect to the employee tax-favored portion of the plan) and not less than 95% of the market price on that date (with respect to the additional employee and director portion of the plan). We initially reserved 2,500,000 shares for issuance under the ESPP. As of December 31, 2014, 69,395 shares had been purchased under the ESPP and 2,430,605 shares were available for future issuance.

Employee Benefit Plan

We maintain a 401(k) plan that allows eligible employees to defer compensation subject to certain limitations imposed by the Code. In 2014, we made contributions for each qualifying employee of up to 3.5% of his or her salary, subject to certain limitations. During 2014, 2013 and 2012, our aggregate contributions were approximately \$1,136,000, \$1,036,000 and \$768,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13—Income Taxes

We have elected to be taxed as a REIT under the applicable provisions of the Code for every year beginning with the year ended December 31, 1999. We have also elected for certain of our subsidiaries to be treated as taxable REIT subsidiaries (“TRS” or “TRS entities”), which are subject to federal, state and foreign income taxes. All entities other than the TRS entities are collectively referred to as the “REIT” within this Note 13. Certain REIT entities are subject to foreign income tax.

Although we intend to continue to operate in a manner that will enable us to qualify as a REIT, such qualification depends upon our ability to meet, on a continuing basis, various distribution, stock ownership and other tests. During the years ended December 31, 2014, 2013 and 2012, our tax treatment of distributions per common share was as follows:

	2014	2013	2012
Tax treatment of distributions:			
Ordinary income	\$2.61271	\$2.65787	\$2.23124
Qualified ordinary income	0.10474	0.03718	—
Long-term capital gain	0.16224	0.03995	0.18884
Unrecaptured Section 1250 gain	0.08531	—	0.05992
Distribution reported for 1099-DIV purposes	\$2.96500	\$2.73500	\$2.48000

We believe we have met the annual REIT distribution requirement by payment of at least 90% of our estimated taxable income for 2014, 2013 and 2012. Our consolidated benefit for income taxes for the years ended December 31, 2014, 2013 and 2012 was as follows:

	2014	2013	2012
	(In thousands)		
Current - Federal and state	\$878	\$2,684	\$1,208
Deferred - Federal and state	(5,110)	(14,256)	(6,789)
Current - Foreign	327	—	—
Deferred - Foreign	(4,827)	(256)	(701)
Total	\$(8,732)	\$(11,828)	\$(6,282)

The income tax benefit for the year ended December 31, 2014 is due primarily to the income tax benefit of ordinary losses and restructuring related to certain TRS entities. The income tax benefit for the year ended December 31, 2013 primarily relates to the release of valuation allowances against certain deferred tax assets of our TRS entities.

Although the TRS entities have paid minimal cash federal income taxes for the year ended December 31, 2014, their federal income tax liabilities may increase in future years as we exhaust net operating loss (“NOL”) carryforwards and as our senior living operations reportable business segment grows. Such increases could be significant.

A reconciliation of income tax expense and benefit, which is computed by applying the federal corporate tax rate for the years ended December 31, 2014, 2013 and 2012, to the income tax benefit is as follows:

	2014	2013	2012
	(In thousands)		
Tax at statutory rate on earnings from continuing operations before unconsolidated entities, noncontrolling interest and income taxes	\$156,981	\$167,947	\$99,174
State income taxes, net of federal benefit	(1,152)	(1,857)	(842)
Increase in valuation allowance	23,122	7,145	33,577
Increase (decrease) in ASC 740 income tax liability	878	2,805	656
Tax at statutory rate on earnings not subject to federal income taxes	(185,290)	(187,416)	(138,687)
Foreign rate differential and foreign taxes	3,230	—	—
Change in tax status of TRS	(7,380)	—	—
Other differences	879	(452)	(160)
Income tax expense (benefit)	\$(8,732)	\$(11,828)	\$(6,282)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The REIT made minimal state and foreign income tax payments and no Federal income tax payments for the years ended December 31, 2014, 2013 and 2012.

In connection with our acquisitions of Sunrise Senior Living Real Estate Investment Trust (“Sunrise REIT”) in 2007, and ASLG in 2011, and the Holiday Canada Acquisition in 2014, we established a beginning net deferred tax liability of \$306.3 million, \$44.6 million and \$107.7 million, respectively, related to temporary differences between the financial reporting and tax bases of assets acquired and liabilities assumed (primarily property, intangible and related assets, net of NOL carryforwards). No net deferred tax asset or liability was recorded for the Lillibridge acquisition in 2010 or the acquisition of three triple-net leased private hospitals (located in the United Kingdom) in 2014.

Each TRS is a tax paying component for purposes of classifying deferred tax assets and liabilities. The tax effects of temporary differences and carryforwards (in addition to the REIT carryforwards) included in the net deferred tax liabilities at December 31, 2014, 2013 and 2012 are summarized as follows:

	2014	2013	2012
	(In thousands)		
Property, primarily differences in depreciation and amortization, the tax basis of land assets and the treatment of interests and certain costs	\$ (406,023)	\$ (309,775)	\$ (310,756)
Operating loss and interest deduction carryforwards	398,859	377,645	366,590
Expense accruals and other	15,355	13,421	13,984
Valuation allowance	(352,528)	(331,458)	(326,837)
Net deferred tax liabilities (1)	\$ (344,337)	\$ (250,167)	\$ (257,019)

(1) Includes approximately \$0 million, \$0 million and \$2.7 million, respectively, of deferred tax assets included in other assets on our Consolidated Balance Sheets.

Due to uncertainty regarding the realization of certain deferred tax assets, we have established valuation allowances, primarily in connection with the NOL carryforward related to the REIT.

A rollforward of valuation allowances, for the years ended December 31, 2014, 2013 and 2012, is as follows:

	2014	2013	2012
	(In thousands)		
Beginning Balance	\$331,458	\$326,837	\$281,954
Additions:			
Purchase accounting	—	613	3,987
Expenses	28,364	31,540	41,445
Subtractions:			
Deductions	(2,344)	(23,622)	(3,611)
Other activity (not resulting in expense or deduction)	(4,950)	(3,910)	3,062
Ending balance	\$352,528	\$331,458	\$326,837

Our net deferred tax liability increased \$94.2 million during 2014 primarily due to \$107.7 million of recorded deferred tax liability as a result of the Holiday Canada Acquisition. Our net deferred tax liability decreased \$6.9 million during 2013 primarily due to the reversal of valuation allowances against deferred tax assets.

For the years ended December 31, 2014 and 2013, the net difference between tax bases and the reported amount of REIT assets and liabilities for federal income tax purposes was approximately \$4.1 billion and \$4.7 billion, respectively, less than the book bases of those assets and liabilities for financial reporting purposes.

We are subject to corporate level taxes for any asset dispositions during the ten-year period immediately after the assets were owned by a C corporation (either prior to our REIT election, through stock acquisition or merger) (“built-in gains tax”). The amount of income potentially subject to built-in gains tax is generally equal to the lesser of the excess of the fair value of the asset over its adjusted tax basis as of the date it became a REIT asset or the actual amount of gain. Some, but not all, future gains could be offset by available NOL carryforwards.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Generally, we are subject to audit under the statute of limitations by the Internal Revenue Service (“IRS”) for the year ended December 31, 2011 and subsequent years and are subject to audit by state taxing authorities for the year ended December 31, 2010 and subsequent years. We are subject to audit by the Canada Revenue Agency (“CRA”) and provincial authorities with respect to entities acquired or formed in connection with our 2007 acquisition of Sunrise Senior Living Real Estate Investment Trust generally for periods subsequent to the acquisition. We are also subject to audit in Canada for periods subsequent to the acquisition, and certain prior periods, with respect to the entities acquired in connection with the Holiday Canada Acquisition.

At December 31, 2014, we had a combined NOL carryforward of \$363.2 million related to the TRS entities and an NOL carryforward of \$717.3 million related to the REIT. These amounts can be used to offset future taxable income (and/or taxable income for prior years if an audit determines that tax is owed), if any. The REIT will be entitled to utilize NOLs and tax credit carryforwards only to the extent that REIT taxable income exceeds our deduction for dividends paid. Lillibridge and ASLG NOL carryforwards are limited as to their utilization by Section 382 of the Code. The NOL carryforwards begin to expire in 2024 with respect to the TRS entities and in 2016 for the REIT. As a result of our uncertainty regarding the use of existing REIT NOLs, we have not ascribed any net deferred tax benefit to REIT NOL carryforwards as of December 31, 2014 and 2013. The IRS may challenge our entitlement to these tax attributes during its review of the tax returns for the previous tax years. We believe we are entitled to these tax attributes but cannot assure you as to the outcome of these matters.

The following table summarizes the activity related to our unrecognized tax benefits:

	2014	2013
	(In thousands)	
Balance as of January 1	\$21,906	\$19,466
Additions to tax positions related to the current year	4,507	3,901
Additions to tax positions related to prior years	126	—
Subtractions to tax positions related to prior years	(129)	(513)
Subtractions to tax positions related to settlements	—	—
Subtractions to tax positions as a result of the lapse of the statute of limitations	(964)	(948)
Balance as of December 31	\$25,446	\$21,906

Included in these unrecognized tax benefits of \$25.4 million and \$21.9 million at December 31, 2014 and 2013, respectively, were \$23.9 million and \$20.4 million of tax benefits at December 31, 2014 and 2013, respectively, that, if recognized, would reduce our annual effective tax rate. We accrued interest of \$0.4 million related to the unrecognized tax benefits during 2014, but no penalties. We expect our unrecognized tax benefits to decrease by \$1.0 million during 2015.

Note 14—Commitments and Contingencies

Certain Obligations, Liabilities and Litigation

We may be subject to various obligations, liabilities and litigation assumed in connection with or arising out of our acquisitions or otherwise arising in connection with our business, some of which may be indemnifiable by third parties. If these liabilities are greater than expected or were not known to us at the time of acquisition, if we are not entitled to indemnification, or if the responsible third party fails to indemnify us, such obligations, liabilities and litigation could have a Material Adverse Effect on us. In addition, in connection with the sale or leasing of our properties, we may incur various obligations and liabilities, including indemnification obligations to the buyer or tenant, relating to the operations of those properties, which could have a Material Adverse Effect on us.

Other

With respect to certain of our properties, we are subject to operating and ground lease obligations that generally require fixed monthly or annual rent payments and may include escalation clauses and renewal options. These leases have terms that expire during the next 86 years, excluding extension options. Our future minimum lease obligations under non-cancelable operating and ground leases as of December 31, 2014 were \$33.3 million in 2015, \$29.6 million in 2016, \$22.7 million in 2017, \$18.4 million in 2018, \$15.3 million in 2019, and \$509.2 million thereafter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15—Earnings Per Share

The following table shows the amounts used in computing our basic and diluted earnings per common share:

	For the Year Ended December 31,		
	2014	2013	2012
	(In thousands, except per share amounts)		
Numerator for basic and diluted earnings per share:			
Income from continuing operations attributable to common stockholders	\$473,661	\$489,788	\$308,814
Discontinued operations	2,106	(36,279	) 53,986
Net income attributable to common stockholders	\$475,767	\$453,509	\$362,800
Denominator:			
Denominator for basic earnings per share—weighted average shares	294,175	292,654	292,064
Effect of dilutive securities:			
Stock options	495	534	496
Restricted stock awards	55	99	92
OP units	1,952	1,823	1,836
Denominator for diluted earnings per share—adjusted weighted average shares	296,677	295,110	294,488
Basic earnings per share:			
Income from continuing operations attributable to common stockholders	\$1.61	\$1.67	\$1.06
Discontinued operations	0.01	(0.12	) 0.18
Net income attributable to common stockholders	\$1.62	\$1.55	\$1.24
Diluted earnings per share:			
Income from continuing operations attributable to common stockholders	\$1.59	\$1.66	\$1.05
Discontinued operations	0.01	(0.12	) 0.18
Net income attributable to common stockholders	\$1.60	\$1.54	\$1.23
There were 479,291, 504,815 and 372,440 anti-dilutive options outstanding for the years ended December 31, 2014, 2013 and 2012, respectively.			

There were 479,291, 504,815 and 372,440 anti-dilutive options outstanding for the years ended December 31, 2014, 2013 and 2012, respectively.

Note 16—Litigation

Litigation Relating to the HCT Acquisition

In the weeks following the announcement on June 2, 2014 of our agreement to acquire HCT, a total of 13 putative class actions were filed by purported HCT stockholders challenging the transaction. Certain of the actions also purport to bring derivative claims on behalf of HCT. Among other things, the lawsuits allege that the directors of HCT breached their fiduciary duties by approving the transaction and that we and our subsidiaries, Stripe Sub, LLC and Stripe OP, LP, aided and abetted this purported breach of fiduciary duty. The complaints seek injunctive relief and damages.

Ten of these actions were filed in the Circuit Court for Baltimore City, Maryland and consolidated under the caption In re: American Realty Capital, Healthcare Trust, Inc. Shareholder & Derivative Litigation, Case No. 24-C-14-003534, two actions were filed in the Supreme Court of the State of New York, County of New York, and one action was filed in the United States District Court of Maryland.

On January 2, 2015, the parties to the consolidated state court action agreed to a memorandum of understanding regarding settlement of all claims asserted on behalf of each alleged class of HCT stockholders. In connection with the settlement contemplated by that memorandum of understanding, each action and all claims asserted therein will be dismissed, subject to approval by each applicable court. The proposed settlement terms require HCT to make certain additional disclosures related to the merger, which were set forth in HCT's Current Report on Form 8-K dated January 2, 2015. The memorandum of understanding further contemplates that the parties will enter into a stipulation of

settlement, which will be subject to customary conditions, including confirmatory discovery and court approval following notice to HCT's stockholders. If the parties enter into a stipulation of settlement, a hearing will be scheduled at which the court will consider the fairness, reasonableness and adequacy of the settlement. There can be no assurance that the parties will ultimately enter into a stipulation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of settlement, that the applicable court will approve any proposed settlement, or that any eventual settlement will be under the same terms as those contemplated by the memorandum of understanding.

On January 5, 2015, the parties to the federal action also agreed to a memorandum of understanding regarding settlement of all claims asserted on behalf of each alleged class of HCT stockholders. In connection with the settlement contemplated by that memorandum of understanding, each action and all claims asserted therein will be dismissed, subject to approval by each applicable court. The proposed settlement terms require HCT to make certain additional disclosures related to the merger, which were set forth in HCT's Current Report on Form 8-K dated January 5, 2015. The memorandum of understanding further contemplates that the parties will enter into a stipulation of settlement, which will be subject to customary conditions, including confirmatory discovery and court approval following notice to HCT's stockholders. If the parties enter into a stipulation of settlement, a hearing will be scheduled at which the court will consider the fairness, reasonableness and adequacy of the settlement. There can be no assurance that the parties will ultimately enter into a stipulation of settlement, that the applicable court will approve any proposed settlement, or that any eventual settlement will be under the same terms as those contemplated by the memorandum of understanding.

We believe that each of these actions is without merit.

Proceedings against Tenants, Operators and Managers

From time to time, Brookdale Senior Living, Kindred, Atria, Sunrise and our other tenants, operators and managers are parties to certain legal actions, regulatory investigations and claims arising in the conduct of their business and operations. Even though we generally are not party to these proceedings, the unfavorable resolution of any such actions, investigations or claims could, individually or in the aggregate, materially adversely affect such tenants', operators' or managers' liquidity, financial condition or results of operations and their ability to satisfy their respective obligations to us, which, in turn, could have a Material Adverse Effect on us.

Proceedings Indemnified and Defended by Third Parties

From time to time, we are party to certain legal actions, regulatory investigations and claims for which third parties are contractually obligated to indemnify, defend and hold us harmless. The tenants of our triple-net leased properties and, in some cases, their affiliates are required by the terms of their leases and other agreements with us to indemnify, defend and hold us harmless against certain actions, investigations and claims arising in the course of their business and related to the operations of our triple-net leased properties. In addition, third parties from whom we acquired certain of our assets and, in some cases, their affiliates are required by the terms of the related conveyance documents to indemnify, defend and hold us harmless against certain actions, investigations and claims related to the acquired assets and arising prior to our ownership or related to excluded assets and liabilities. In some cases, a portion of the purchase price consideration is held in escrow for a specified period of time as collateral for these indemnification obligations. We are presently being defended by certain tenants and other obligated third parties in these types of matters. We cannot assure you that our tenants, their affiliates or other obligated third parties will continue to defend us in these matters, that our tenants, their affiliates or other obligated third parties will have sufficient assets, income and access to financing to enable them to satisfy their defense and indemnification obligations to us or that any purchase price consideration held in escrow will be sufficient to satisfy claims for which we are entitled to indemnification. The unfavorable resolution of any such actions, investigations or claims could, individually or in the aggregate, materially adversely affect our tenants' or other obligated third parties' liquidity, financial condition or results of operations and their ability to satisfy their respective obligations to us, which, in turn, could have a Material Adverse Effect on us.

Proceedings Arising in Connection with Senior Living and MOB Operations; Other Litigation

From time to time, we are party to various legal actions, regulatory investigations and claims (some of which may not be insured and some of which may allege large damage amounts) arising in connection with our senior living and MOB operations or otherwise in the course of our business. In limited circumstances, the manager of the applicable seniors housing community or MOB may be contractually obligated to indemnify, defend and hold us harmless against such actions, investigations and claims. It is the opinion of management that, except as otherwise set forth in this Note 16, the disposition of any such actions, investigations and claims that are currently pending will not,

individually or in the aggregate, have a Material Adverse Effect on us. However, regardless of their merits, we may be forced to expend significant financial resources to defend and resolve these matters. We are unable to predict the ultimate outcome of these actions, investigations and claims, and if management's assessment of our liability with respect thereto is incorrect, such actions, investigations and claims could have a Material Adverse Effect on us.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 17—Permanent and Temporary Equity

Capital Stock

In March 2013, we established an “at-the-market” (“ATM”) equity offering program through which we may sell from time to time up to an aggregate of \$750 million of our common stock. For the year ended December 31, 2014, we issued and sold a total of 3,381,678 shares of common stock under the program for aggregate net proceeds of \$242.3 million (all of which was received in the fourth quarter of 2014), after sales agent commissions of \$3.7 million. As of December 31, 2014, approximately \$360.4 million of our common stock remained available for sale under our ATM equity offering program.

In January 2015, we issued and sold an additional 3,750,202 shares of common stock under the ATM for aggregate net proceeds of \$285.8 million, after sales agent commissions of \$4.4 million.

For the year ended December 31, 2013, we issued and sold a total of 2,069,200 shares of common stock under the ATM program for aggregate net proceeds of \$141.5 million, after sales agent commissions of \$2.1 million.

In December 2012, through our acquisition of certain private equity funds, we acquired 3.7 million shares of our common stock that we subsequently canceled in February 2014. See “Note 4—Acquisitions of Real Estate Property.”

In June 2012, we completed the public offering and sale of 5,980,000 shares of our common stock for \$342.5 million in aggregate proceeds.

Excess Share Provision

In order to preserve our ability to maintain REIT status, our Charter provides that if a person acquires beneficial ownership of more than 9% of our outstanding common stock or 9.9% of our outstanding preferred stock, the shares that are beneficially owned in excess of such limit are deemed to be excess shares. These shares are automatically deemed transferred to a trust for the benefit of a charitable institution or other qualifying organization selected by our Board of Directors. The trust is entitled to all dividends with respect to the shares and the trustee may exercise all voting power over the shares.

We have the right to buy the excess shares for a purchase price equal to the lesser of the price per share in the transaction that created the excess shares or the market price on the date we buy the shares, and we may defer payment of the purchase price for the excess shares for up to five years. If we do not purchase the excess shares, the trustee of the trust is required to transfer the excess shares at the direction of the Board of Directors. The owner of the excess shares is entitled to receive the lesser of the proceeds from the sale or the original purchase price for such excess shares, and any additional amounts are payable to the beneficiary of the trust.

Our Board of Directors is empowered to grant waivers from the excess share provisions of our Charter.

Distribution Reinvestment and Stock Purchase Plan

Prior to its suspension in July 2014, our Distribution Reinvestment and Stock Purchase Plan (“DRIP”) enabled existing stockholders to purchase shares of common stock by reinvesting all or a portion of the cash distribution on their shares of our common stock, subject to certain limits. Existing stockholders and new investors also could purchase shares of our common stock under the DRIP by making optional cash payments, subject to certain limits. In 2014, we offered a 1% discount on the purchase price of our common stock to shareholders who reinvested their dividends or made optional cash purchases through the DRIP. We may determine whether or not to reinstate the DRIP at any time at our sole discretion, and if so, the amount and availability of this discount will be at our discretion. The granting of a discount for one month or quarter, as applicable, will not insure the availability or amount of a discount in future periods, and each month or quarter, as applicable, we may lower or eliminate the discount without prior notice. In addition, we may change our determination as to whether common shares will be purchased by the plan administrator directly from us or in the open market without prior notice to investors.

Accumulated Other Comprehensive Income

The following is a summary of our accumulated other comprehensive income as of December 31, 2014 and 2013:

	2014	2013
	(In thousands)	
Foreign currency translation	\$866	\$18,019
Unrealized gain (loss) on marketable securities	6,785	(216)

Other	5,470	1,856
Total accumulated other comprehensive income	\$ 13,121	\$ 19,659

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Redeemable OP Unitholder and Noncontrolling Interest

The following is a rollforward of our redeemable OP unitholder interests and noncontrolling interests for 2014:

	Redeemable OP Unitholder Interests	Redeemable Noncontrolling Interests	Total Redeemable OP Unitholder and Noncontrolling Interests
	(In thousands)		
Balance as of December 31, 2013	\$ 111,607	\$45,053	\$ 156,660
New issuances	20,643	—	20,643
Change in valuation	33,062	(4,020	) 29,042
Distributions and other	(5,757	) (1,982	) (7,739
Redemptions	(421	) (26,169	) (26,590
Balance as of December 31, 2014	\$ 159,134	\$ 12,882	\$ 172,016

Note 18—Related Party Transactions

We own an MOB located on the Sutter Medical Center-Castro Valley campus that is subject to a ground lease from Sutter Health and is 100% leased by Sutter Health pursuant to long-term triple-net leases. We received \$2.2 million and \$2.1 million of base rent from Sutter Health for this MOB in 2014 and 2013, respectively. In 2014, we acquired an interest in another MOB (through our investment in an unconsolidated joint venture entity) that is 100% leased by Sutter Health. Our unconsolidated joint venture entity received \$0.8 million of base rent from Sutter Health for this MOB in 2014. Robert D. Reed, who was Senior Vice President and Chief Financial Officer of Sutter Health until his retirement on January 1, 2015, has served as a member of our Board of Directors since March 2008.

Upon consummation of the ASLG acquisition in May 2011, we entered into long-term management agreements with Atria to operate the acquired assets. During 2012, we paid Atria \$33.9 million in management fees under our agreements. Matthew J. Lustig, a member of our Board of Directors since May 2011, served as Chairman of Atria until our acquisition of certain private equity funds on December 21, 2012 (see “Note 4—Acquisitions of Real Estate Property”) and is employed by affiliates of LFREI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 19—Quarterly Financial Information (Unaudited)

Summarized unaudited consolidated quarterly information for the years ended December 31, 2014 and 2013 is provided below.

	For the Year Ended December 31, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
Revenues	\$741,470	\$751,254	\$779,035	\$803,987
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$118,016	\$138,653	\$109,391	\$107,601
Discontinued operations	3,031	(255	) (259	) (411
Net income attributable to common stockholders	\$121,047	\$138,398	\$109,132	\$107,190
Earnings per share:				
Basic:				
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$0.40	\$0.47	\$0.37	\$0.36
Discontinued operations	0.01	(0.00	) (0.00	) (0.00
Net income attributable to common stockholders	\$0.41	\$0.47	\$0.37	\$0.36
Diluted:				
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$0.40	\$0.47	\$0.37	\$0.36
Discontinued operations	0.01	(0.00	) (0.00	) (0.00
Net income attributable to common stockholders	\$0.41	\$0.47	\$0.37	\$0.36
Dividends declared per share	\$0.725	\$0.725	\$0.725	\$0.79

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For the Year Ended December 31, 2013			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
Revenues (1)	\$682,909	\$684,109	\$711,249	\$733,185
Income from continuing operations attributable to common stockholders (1)	\$120,624	\$133,139	\$127,470	\$108,555
Discontinued operations (1)	(8,431	) (18,559	) (9,174	) (115
Net income attributable to common stockholders	\$112,193	\$114,580	\$118,296	\$108,440
Earnings per share:				
Basic:				
Income from continuing operations attributable to common stockholders	\$0.41	\$0.45	\$0.43	\$0.37
Discontinued operations	(0.03	) (0.06	) (0.03	) (0.00
Net income attributable to common stockholders	\$0.38	\$0.39	\$0.40	\$0.37
Diluted:				
Income from continuing operations attributable to common stockholders	\$0.41	\$0.45	\$0.43	\$0.37
Discontinued operations	(0.03	) (0.06	) (0.03	) (0.00
Net income attributable to common stockholders	\$0.38	\$0.39	\$0.40	\$0.37
Dividends declared per share	\$0.67	\$0.67	\$0.67	\$0.725

(1) The amounts presented for the three months ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013 differ from the amounts previously reported in our Annual Report on Form 10-K for the year ended December 31, 2013 as a result of properties previously included in discontinued operations as of December 31, 2013.

	For the Three Months Ended			
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
	(In thousands, except per share amounts)			
Revenues, previously reported in Form 10-K	\$682,509	\$683,764	\$710,924	\$732,856
Revenues, previously reported in discontinued operations in Form 10-K	400	345	325	329
Total revenues disclosed in Form 10-K	\$682,909	\$684,109	\$711,249	\$733,185
Income from continuing operations attributable to common stockholders, previously reported in Form 10-K	\$120,429	\$132,895	\$127,268	\$108,338
Income from continuing operations attributable to common stockholders, previously reported in discontinued operations in Form 10-K	195	244	202	217
Income from continuing operations attributable to common stockholders disclosed in Form 10-K	\$120,624	\$133,139	\$127,470	\$108,555
Discontinued operations, previously reported in Form 10-K	\$(8,236	) \$(18,315	) \$(8,972	) \$102
Operations from properties previously reported in discontinued operations in Form 10-K	(195	) (244	) (202	) (217
Discontinued operations disclosed in Form 10-K	\$(8,431	) \$(18,559	) \$(9,174	) \$(115

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 20—Segment Information

As of December 31, 2014, 2013 and 2012 we operated through three reportable business segments: triple-net leased properties, senior living operations and MOB operations. Under our triple-net leased properties segment, we invest in seniors housing and healthcare properties throughout the United States and the United Kingdom and lease those properties to healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses. In our senior living operations segment, we invest in seniors housing communities throughout the United States and Canada and engage independent operators, such as Atria and Sunrise, to manage those communities. In our MOB operations segment, we primarily acquire, own, develop, lease, and manage MOBs throughout the United States. Information provided for “all other” includes income from loans and investments and other miscellaneous income and various corporate-level expenses not directly attributable to our three reportable business segments. Assets included in “all other” consist primarily of corporate assets, including cash, restricted cash, deferred financing costs, loans receivable and investments, and miscellaneous accounts receivable.

We evaluate performance of the combined properties in each reportable business segment based on segment profit, which we define as NOI adjusted for income/loss from unconsolidated entities. We define NOI as total revenues, less interest and other income, property-level operating expenses and medical office building services costs. We consider segment profit useful because it allows investors, analysts and our management to measure unlevered property-level operating results and to compare our operating results to the operating results of other real estate companies and between periods on a consistent basis. In order to facilitate a clear understanding of our historical consolidated historical operating results, segment profit should be examined in conjunction with net income as presented in our Consolidated Financial Statements and other financial data included elsewhere in this Annual Report on Form 10-K. Interest expense, depreciation and amortization, general, administrative and professional fees, income tax expense, discontinued operations and other non-property specific revenues and expenses are not allocated to individual reportable business segments for purposes of assessing segment performance. There are no intersegment sales or transfers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summary information by reportable business segment is as follows:

For the year ended December 31, 2014:

	Triple-Net Leased Properties (In thousands)	Senior Living Operations	MOB Operations	All Other	Total
Revenues:					
Rental income	\$970,377	\$—	\$463,618	\$—	\$1,433,995
Resident fees and services	—	1,552,951	—	—	1,552,951
Medical office building and other services revenue	4,565	—	22,529	2,270	29,364
Income from loans and investments	—	—	—	55,169	55,169
Interest and other income	—	—	—	4,267	4,267
Total revenues	\$974,942	\$1,552,951	\$486,147	\$61,706	\$3,075,746
Total revenues	\$974,942	\$1,552,951	\$486,147	\$61,706	\$3,075,746
Less:					
Interest and other income	—	—	—	4,267	4,267
Property-level operating expenses	—	1,036,556	158,542	—	1,195,098
Medical office building services costs	—	—	17,092	—	17,092
Segment NOI	974,942	516,395	310,513	57,439	1,859,289
Income (loss) from unconsolidated entities	859	(658	) 398	(738	) (139
Segment profit	\$975,801	\$515,737	\$310,911	\$56,701	1,859,150
Interest and other income					4,267
Interest expense					(376,842
Depreciation and amortization					(826,911
General, administrative and professional fees					(121,746
Loss on extinguishment of debt, net					(5,564
Merger-related expenses and deal costs					(45,051
Other					(38,925
Income tax benefit					8,732
Discontinued operations					2,106
Gain on real estate dispositions					17,970
Net income					\$477,186

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2013:

	Triple-Net Leased Properties (In thousands)	Senior Living Operations	MOB Operations	All Other	Total	
Revenues:						
Rental income	\$877,276	\$—	\$450,107	\$—	\$1,327,383	
Resident fees and services	—	1,406,005	—	—	1,406,005	
Medical office building and other services revenue	4,469	—	12,077	1,263	17,809	
Income from loans and investments	—	—	—	58,208	58,208	
Interest and other income	—	—	—	2,047	2,047	
Total revenues	\$881,745	\$1,406,005	\$462,184	\$61,518	\$2,811,452	
Total revenues	\$881,745	\$1,406,005	\$462,184	\$61,518	\$2,811,452	
Less:						
Interest and other income	—	—	—	2,047	2,047	
Property-level operating expenses	—	956,684	152,948	—	1,109,632	
Medical office building services costs	—	—	8,315	—	8,315	
Segment NOI	881,745	449,321	300,921	59,471	1,691,458	
Income (loss) from unconsolidated entities	475	(1,980) 1,451	(454) (508)
Segment profit	\$882,220	\$447,341	\$302,372	\$59,017	1,690,950	
Interest and other income					2,047	
Interest expense					(334,909)
Depreciation and amortization					(722,075)
General, administrative and professional fees					(115,106)
Loss on extinguishment of debt, net					(1,201)
Merger-related expenses and deal costs					(21,634)
Other					(18,732)
Income tax benefit					11,828	
Discontinued operations					(36,279)
Net income					\$454,889	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2012:

	Triple-Net Leased Properties (In thousands)	Senior Living Operations	MOB Operations	All Other	Total
Revenues:					
Rental income	\$819,882	\$—	\$360,849	\$—	\$1,180,731
Resident fees and services	—	1,227,124	—	—	1,227,124
Medical office building and other services revenue	4,438	—	16,303	—	20,741
Income from loans and investments	—	—	—	39,913	39,913
Interest and other income	—	—	—	1,106	1,106
Total revenues	\$824,320	\$1,227,124	\$377,152	\$41,019	\$2,469,615
Total revenues	\$824,320	\$1,227,124	\$377,152	\$41,019	\$2,469,615
Less:					
Interest and other income	—	—	—	1,106	1,106
Property-level operating expenses	—	841,022	125,400	—	966,422
Medical office building services costs	—	—	9,883	—	9,883
Segment NOI	824,320	386,102	241,869	39,913	1,492,204
Income (loss) from unconsolidated entities	1,313	(48	) 16,889	—	18,154
Segment profit	\$825,633	\$386,054	\$258,758	\$39,913	1,510,358
Interest and other income					1,106
Interest expense					(288,717)
Depreciation and amortization					(714,967)
General, administrative and professional fees					(98,510)
Loss on extinguishment of debt, net					(37,640)
Merger-related expenses and deal costs					(63,183)
Other					(6,940)
Income tax benefit					6,282
Discontinued operations					53,986
Net income					\$361,775

Assets by reportable business segment are as follows:

	As of December 31, 2014		2013		
	(Dollars in thousands)				
Assets:					
Triple-net leased properties	\$9,176,159	43.2	% \$8,919,360	45.2	%
Senior living operations	7,421,924	35.0	6,648,754	33.7	
MOB operations	3,526,217	16.6	3,701,344	18.8	
All other assets	1,101,871	5.2	462,036	2.3	
Total assets	\$21,226,171	100.0	% \$19,731,494	100.0	%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Capital expenditures, including investments in real estate property and development project expenditures, by reportable business segment are as follows:

	For the Year Ended December 31,		
	2014	2013	2012 (1)
	(In thousands)		
Capital expenditures:			
Triple-net leased properties	\$647,870	\$847,945	\$139,680
Senior living operations	977,997	576,459	758,371
MOB operations	36,861	189,953	1,003,865
Total capital expenditures	\$1,662,728	\$1,614,357	\$1,901,916

(1) Includes funds held in a Code Section 1031 exchange escrow account with a qualified intermediary as follows: triple-net leased – \$58.1 million; senior living – \$64.7 million; and MOB – \$11.2 million.

Our portfolio of properties and mortgage loan and other investments are located in the United States, Canada and the United Kingdom. Revenues are attributed to an individual country based on the location of each property.

Geographic information regarding our operations is as follows:

	For the Year Ended December 31,		
	2014	2013	2012
	(In thousands)		
Revenues:			
United States	\$2,935,524	\$2,718,234	\$2,373,646
Canada	126,435	93,218	95,969
United Kingdom	13,787	—	—
Total revenues	\$3,075,746	\$2,811,452	\$2,469,615

	As of December 31,	
	2014	2013
	(In thousands)	
Net real estate property:		
United States	\$17,547,255	\$17,705,962
Canada	1,269,710	369,624
United Kingdom	168,594	—
Total net real estate property	\$18,985,559	\$18,075,586

Note 21—Condensed Consolidating Information

Ventas, Inc. has fully and unconditionally guaranteed the obligation to pay principal and interest with respect to the outstanding senior notes issued by our 100% owned subsidiary, Ventas Realty, including the senior notes that were jointly issued with Ventas Capital Corporation. Ventas Capital Corporation is a direct 100% owned subsidiary of Ventas Realty that has no assets or operations, but was formed in 2002 solely to facilitate offerings of senior notes by a limited partnership. None of our other subsidiaries (such subsidiaries, excluding Ventas Realty and Ventas Capital Corporation, the “Ventas Subsidiaries”) is obligated with respect to Ventas Realty’s outstanding senior notes.

Ventas, Inc. has also fully and unconditionally guaranteed the obligation to pay principal and interest with respect to the outstanding senior notes issued by our 100% owned subsidiary, Ventas Canada Finance Limited. None of our other subsidiaries is obligated with respect to Ventas Canada Finance Limited’s outstanding senior notes, all of which were issued on a private placement basis in Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In connection with the NHP acquisition, our 100% owned subsidiary, NHP LLC, as successor to NHP, assumed the obligation to pay principal and interest with respect to the outstanding senior notes issued by NHP. Neither we nor any of our subsidiaries (other than NHP LLC) is obligated with respect to any of NHP LLC's outstanding senior notes. Under certain circumstances, contractual and legal restrictions, including those contained in the instruments governing our subsidiaries' outstanding mortgage indebtedness, may restrict our ability to obtain cash from our subsidiaries for the purpose of meeting our debt service obligations, including our payment guarantees with respect to Ventas Realty's and Ventas Canada Finance Limited's senior notes. Certain of our real estate assets are also subject to mortgages. The following summarizes our condensed consolidating information as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013, and 2012:

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 31, 2014

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Assets					
Net real estate investments	\$5,515	\$355,803	\$19,545,869	\$—	\$19,907,187
Cash and cash equivalents	24,857	—	30,491	—	55,348
Escrow deposits and restricted cash	2,102	1,424	68,245	—	71,771
Deferred financing costs, net	759	50,669	8,900	—	60,328
Investment in and advances to affiliates	10,827,772	3,466,998	—	(14,294,770)	—
Other assets	103,534	57,912	970,091	—	1,131,537
Total assets	\$10,964,539	\$3,932,806	\$20,623,596	\$(14,294,770)	\$21,226,171
Liabilities and equity					
Liabilities:					
Senior notes payable and other debt	\$—	\$7,422,975	\$3,465,117	\$—	\$10,888,092
Intercompany loans	5,555,128	(5,586,891)	31,763	—	—
Accrued interest	—	43,212	18,885	—	62,097
Accounts payable and other liabilities	105,037	83,158	817,037	—	1,005,232
Deferred income taxes	344,337	—	—	—	344,337
Total liabilities	6,004,502	1,962,454	4,332,802	—	12,299,758
Redeemable OP unitholder and noncontrolling interests	—	—	172,016	—	172,016
Total equity	4,960,037	1,970,352	16,118,778	(14,294,770)	8,754,397
Total liabilities and equity	\$10,964,539	\$3,932,806	\$20,623,596	\$(14,294,770)	\$21,226,171

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 31, 2013

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Assets					
Net real estate investments	\$7,009	\$374,590	\$18,161,872	\$—	\$18,543,471
Cash and cash equivalents	28,169	—	66,647	—	94,816
Escrow deposits and restricted cash	2,104	1,211	81,342	—	84,657
Deferred financing costs, net	758	54,022	7,435	—	62,215
Investment in and advances to affiliates	10,481,466	3,201,998	—	(13,683,464)	—
Other assets	29,450	14,102	902,783	—	946,335
Total assets	\$10,548,956	\$3,645,923	\$19,220,079	\$(13,683,464)	\$19,731,494
Liabilities and equity					
Liabilities:					
Senior notes payable and other debt	\$—	\$6,336,240	\$3,028,752	\$—	\$9,364,992
Intercompany loans	4,247,853	(4,682,119)	434,266	—	—
Accrued interest	—	39,561	14,788	—	54,349
Accounts payable and other liabilities	94,495	28,152	878,868	—	1,001,515
Deferred income taxes	250,167	—	—	—	250,167
Total liabilities	4,592,515	1,721,834	4,356,674	—	10,671,023
Redeemable OP unitholder and noncontrolling interests	—	—	156,660	—	156,660
Total equity	5,956,441	1,924,089	14,706,745	(13,683,464)	8,903,811
Total liabilities and equity	\$10,548,956	\$3,645,923	\$19,220,079	\$(13,683,464)	\$19,731,494

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended December 31, 2014

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Revenues:					
Rental income	\$2,789	\$282,174	\$1,149,032	\$—	\$1,433,995
Resident fees and services	—	—	1,552,951	—	1,552,951
Medical office building and other services revenues	—	—	29,364	—	29,364
Income from loans and investments	3,052	—	52,117	—	55,169
Equity earnings in affiliates	480,273	—	281	(480,554)	—
Interest and other income	3,314	26	927	—	4,267
Total revenues	489,428	282,200	2,784,672	(480,554)	3,075,746
Expenses:					
Interest	(18,209)	) 197,704	197,347	—	376,842
Depreciation and amortization	5,860	32,736	788,315	—	826,911
Property-level operating expenses	1	481	1,194,616	—	1,195,098
Medical office building services costs	—	—	17,092	—	17,092
General, administrative and professional fees	3,910	20,569	97,267	—	121,746
(Gain) loss on extinguishment of debt, net	(3)	) 3	5,564	—	5,564
Merger-related expenses and deal costs	27,841	2,110	15,100	—	45,051
Other	22,169	488	16,268	—	38,925
Total expenses	41,569	254,091	2,331,569	—	2,627,229
Income before income (loss) from unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interest	447,859	28,109	453,103	(480,554)	448,517
Income (loss) from unconsolidated entities	—	1,250	(1,389)	) —	(139)
Income tax benefit (expense)	8,732	—	—	—	8,732
Income from continuing operations	456,591	29,359	451,714	(480,554)	457,110
Discontinued operations	1,206	(1,198)	) 2,098	—	2,106
Gain on real estate dispositions	17,970	—	—	—	17,970
Net income	475,767	28,161	453,812	(480,554)	477,186
Net income attributable to noncontrolling interest	—	—	1,419	—	1,419
Net income attributable to common stockholders	\$475,767	\$28,161	\$452,393	\$(480,554)	\$475,767

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended December 31, 2013

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated	
Revenues:						
Rental income	\$2,486	\$278,288	\$1,046,609	\$—	\$1,327,383	
Resident fees and services	—	—	1,406,005	—	1,406,005	
Medical office building and other services revenues	—	(11	) 17,820	—	17,809
Income from loans and investments	1,262	908	56,038	—	58,208	
Equity earnings in affiliates	449,678	—	800	(450,478) —	
Interest and other income	2,963	26	(942	) —	2,047
Total revenues	456,389	279,211	2,526,330	(450,478	) 2,811,452
Expenses:						
Interest	(2,167	) 147,250	189,826	—	334,909
Depreciation and amortization	4,991	30,018	687,066	—	722,075	
Property-level operating expenses	—	514	1,109,118	—	1,109,632	
Medical office building services costs	—	—	8,315	—	8,315	
General, administrative and professional fees	2,695	21,160	91,251	—	115,106	
Loss (gain) on extinguishment of debt, net	3	1,510	(312	) —	1,201
Merger-related expenses and deal costs	11,917	—	9,717	—	21,634	
Other	884	44	17,804	—	18,732	
Total expenses	18,323	200,496	2,112,785	—	2,331,604	
Income before income (loss) from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	438,066	78,715	413,545	(450,478	) 479,848
Income (loss) from unconsolidated entities	—	673	(1,181) —	(508)
Income tax benefit	11,828	—	—	—	11,828	
Income from continuing operations	449,894	79,388	412,364	(450,478	) 491,168
Discontinued operations	3,615	605	(40,499) —	(36,279)
Net income	453,509	79,993	371,865	(450,478	) 454,889
Net income attributable to noncontrolling interest	—	—	1,380	—	1,380	
Net income attributable to common stockholders	\$453,509	\$79,993	\$370,485	\$(450,478	) \$453,509

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended December 31, 2012

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Revenues:					
Rental income	\$2,538	\$273,524	\$904,669	\$—	\$1,180,731
Resident fees and services	—	—	1,227,124	—	1,227,124
Medical office building and other services revenues	—	—	20,741	—	20,741
Income from loans and investments	2,944	1,871	35,098	—	39,913
Equity earnings in affiliates	322,662	—	997	(323,659)	—
Interest and other income	476	25	605	—	1,106
Total revenues	328,620	275,420	2,189,234	(323,659)	2,469,615
Expenses:					
Interest	(3,858)	) 92,692	199,883	—	288,717
Depreciation and amortization	2,777	35,511	676,679	—	714,967
Property-level operating expenses	—	535	965,887	—	966,422
Medical office building services costs	—	—	9,883	—	9,883
General, administrative and professional fees	3,682	30,317	64,511	—	98,510
Loss (gain) on extinguishment of debt, net	—	39,737	(2,097)	) —	37,640
Merger-related expenses and deal costs	53,200	—	9,983	—	63,183
Other	79	—	6,861	—	6,940
Total expenses	55,880	198,792	1,931,590	—	2,186,262
Income before income (loss) from unconsolidated entities, income taxes, discontinued operations, and noncontrolling interest	272,740	76,628	257,644	(323,659)	) 283,353
Income (loss) from unconsolidated entities	—	18,266	(112)	) —	18,154
Income tax benefit	6,282	—	—	—	6,282
Income from continuing operations	279,022	94,894	257,532	(323,659)	) 307,789
Discontinued operations	83,778	4,897	(34,689)	) —	53,986
Net income	362,800	99,791	222,843	(323,659)	) 361,775
Net loss attributable to noncontrolling interest	—	—	(1,025)	) —	(1,025)
Net income attributable to common stockholders	\$362,800	\$99,791	\$223,868	\$(323,659)	) \$362,800

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2014

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Net income	\$475,767	\$28,161	\$453,812	\$(480,554)	) \$477,186
Other comprehensive loss:					
Foreign currency translation	—	—	(17,153)	) —	(17,153)
Change in unrealized gain on marketable debt securities	7,001	—	—	—	7,001
Other	—	—	3,614	—	3,614
Total other comprehensive loss	7,001	—	(13,539)	) —	(6,538)
Comprehensive income	482,768	28,161	440,273	(480,554)	) 470,648
Comprehensive income attributable to noncontrolling interest	—	—	1,419	—	1,419
Comprehensive income attributable to common stockholders	\$482,768	\$28,161	\$438,854	\$(480,554)	) \$469,229

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2013

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Net income	\$453,509	\$79,993	\$371,865	\$(450,478)	) \$454,889
Other comprehensive loss:					
Foreign currency translation	—	—	(5,422)	) —	(5,422)
Change in unrealized gain on marketable debt securities	(1,023)	) —	—	—	(1,023)
Other	—	—	2,750	—	2,750
Total other comprehensive loss	(1,023)	) —	(2,672)	) —	(3,695)
Comprehensive income	452,486	79,993	369,193	(450,478)	) 451,194
Comprehensive loss attributable to noncontrolling interest	—	—	1,380	—	1,380
Comprehensive income attributable to common stockholders	\$452,486	\$79,993	\$367,813	\$(450,478)	) \$449,814

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2012

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Net income	\$ 362,800	\$ 99,791	\$ 222,843	\$ (323,659)	\$ 361,775
Other comprehensive (loss) income:					
Foreign currency translation	—	—	2,375	—	2,375
Change in unrealized gain on marketable debt securities	(1,296)	—	—	—	(1,296)
Other	—	—	213	—	213
Total other comprehensive (loss) income	(1,296)	—	2,588	—	1,292
Comprehensive income	361,504	99,791	225,431	(323,659)	363,067
Comprehensive loss attributable to noncontrolling interest	—	—	(1,025)	—	(1,025)
Comprehensive income attributable to common stockholders	\$ 361,504	\$ 99,791	\$ 226,456	\$ (323,659)	\$ 364,092

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Net cash (used in) provided by operating activities	\$(57,307)	\$93,013	\$1,219,139	\$—	\$1,254,845
Net cash used in investing activities	(1,358,256)	(7,725)	(689,059)	—	(2,055,040)
Cash flows from financing activities:					
Net change in borrowings under credit facilities	—	386,000	154,203	—	540,203
Proceeds from debt	—	696,661	1,311,046	—	2,007,707
Repayment of debt	—	—	(1,151,395)	—	(1,151,395)
Net change in intercompany debt	1,344,782	(904,772)	(440,010)	—	—
Payment of deferred financing costs	—	(6,608)	(7,612)	—	(14,220)
Issuance of common stock, net	242,107	—	—	—	242,107
Cash distribution from (to) affiliates	694,481	(256,574)	(437,907)	—	—
Cash distribution to common stockholders	(875,614)	—	—	—	(875,614)
Cash distribution to redeemable OP unitholders	(5,762)	—	—	—	(5,762)
Purchases of redeemable OP units	(503)	—	—	—	(503)
Contributions from noncontrolling interest	—	—	491	—	491
Distributions to noncontrolling interest	—	—	(9,559)	—	(9,559)
Other	24,597	5	—	—	24,602
Net cash provided by (used in) financing activities	1,424,088	(85,288)	(580,743)	—	758,057
Net increase (decrease) in cash and cash equivalents	8,525	—	(50,663)	—	(42,138)
Effect of foreign currency translation on cash and cash equivalents	(11,837)	—	14,507	—	2,670
Cash and cash equivalents at beginning of period	28,169	—	66,647	—	94,816
Cash and cash equivalents at end of period	\$24,857	\$—	\$30,491	\$—	\$55,348

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Net cash (used in) provided by operating activities	\$(1,362)	\$129,023	\$1,067,094	\$—	\$1,194,755
Net cash (used in) provided by investing activities	(1,416,336)	22,835	110,741	—	(1,282,760)
Cash flows from financing activities:					
Net change in borrowings under revolving credit facility	—	(168,000)	3,971	—	(164,029)
Proceeds from debt	—	2,330,435	437,111	—	2,767,546
Repayment of debt	—	(400,000)	(1,392,492)	—	(1,792,492)
Net change in intercompany debt	2,186,519	(1,890,234)	(296,285)	—	—
Payment of deferred financing costs	—	(29,586)	(1,691)	—	(31,277)
Issuance of common stock, net	141,343	—	—	—	141,343
Cash distribution (to) from affiliates	(99,525)	5,610	93,915	—	—
Cash distribution to common stockholders	(802,123)	—	—	—	(802,123)
Cash distribution to redeemable OP unitholders	(5,040)	—	—	—	(5,040)
Purchases of redeemable OP units	(659)	—	—	—	(659)
Contributions from noncontrolling interest	—	—	2,395	—	2,395
Distributions to noncontrolling interest	—	—	(9,286)	—	(9,286)
Other	8,618	—	—	—	8,618
Net cash provided by (used in) financing activities	1,429,133	(151,775)	(1,162,362)	—	114,996
Net increase in cash and cash equivalents	11,435	83	15,473	—	26,991
Effect of foreign currency translation on cash and cash equivalents	—	(83)	—	—	(83)
Cash and cash equivalents at beginning of period	16,734	—	51,174	—	67,908
Cash and cash equivalents at end of period	\$28,169	\$—	\$66,647	\$—	\$94,816

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

	Ventas, Inc. (In thousands)	Ventas Realty (1)	Ventas Subsidiaries	Consolidated Elimination	Consolidated
Net cash (used in) provided by operating activities	\$ (761)	\$ 193,544	\$ 800,033	\$ —	\$ 992,816
Net cash used in investing activities	(1,364,125)	(100)	(805,464)	—	(2,169,689)
Cash flows from financing activities:					
Net change in borrowings under revolving credit facilities	—	92,000	(7,062)	—	84,938
Proceeds from debt	—	2,364,360	346,045	—	2,710,405
Repayment of debt	—	(521,527)	(671,496)	—	(1,193,023)
Net change in intercompany debt	2,151,815	(2,085,801)	(66,014)	—	—
Payment of deferred financing costs	—	(21,404)	(2,366)	—	(23,770)
Issuance of common stock, net	342,469	—	—	—	342,469
Cash distribution (to) from affiliates	(398,071)	(21,132)	419,203	—	—
Cash distribution to common stockholders	(728,546)	—	—	—	(728,546)
Cash distribution to redeemable OP unitholders	(4,446)	—	—	—	(4,446)
Purchases of redeemable OP units	(4,601)	—	—	—	(4,601)
Contributions from noncontrolling interest	—	—	38	—	38
Distributions to noncontrolling interest	—	—	(5,215)	—	(5,215)
Other	20,665	—	—	—	20,665
Net cash provided by (used in) financing activities	1,379,285	(193,504)	13,133	—	1,198,914
Net increase (decrease) in cash and cash equivalents	14,399	(60)	7,702	—	22,041
Effect of foreign currency translation on cash and cash equivalents	—	60	—	—	60
Cash and cash equivalents at beginning of period	2,335	—	43,472	—	45,807
Cash and cash equivalents at end of period	\$ 16,734	\$ —	\$ 51,174	\$ —	\$ 67,908

(1) Certain of Ventas Realty's outstanding senior notes were issued jointly with our 100% owned subsidiary, Ventas Capital Corporation, which has no assets or operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VENTAS, INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

December 31, 2014

(Dollars in Thousands)

Allowance Accounts		Additions		Deductions		
Year Ended December 31,	Balance at Beginning of Year	Charged to Earnings	Acquired Properties	Uncollectible Accounts Written-off	Disposed Properties	Balance at End of Year
2014						
Allowance for doubtful accounts	11,017	8,204	—	(4,272	) (419	) \$14,530
Straight-line rent receivable allowance	101,436	46,502	—	462	(3,253	) \$145,147
	112,453	54,706	—	(3,810	) (3,672	) 159,677
2013						
Allowance for doubtful accounts	10,960	6,071	—	(6,013	) (1	) \$11,017
Straight-line rent receivable allowance	59,731	42,940	—	(1,252	) 17	\$101,436
	70,691	49,011	—	(7,265	) 16	112,453
2012						
Allowance for doubtful accounts	10,850	8,235	—	(7,739	) (386	) \$10,960
Straight-line rent receivable allowance	17,552	43,042	—	(636	) (227	) \$59,731
	28,402	51,277	—	(8,375	) (613	) 70,691

VENTAS, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2014
(Dollars in Thousands)

	For the Years Ended December 31,		
	2014	2013	2012
	(In thousands)		
Reconciliation of real estate:			
Carrying cost:			
Balance at beginning of period	\$20,393,411	\$18,763,903	\$17,029,404
Additions during period:			
Acquisitions	1,769,790	1,623,648	1,889,592
Capital expenditures	189,711	183,929	184,675
Dispositions:			
Sales and/or transfers to assets held for sale	(293,842)	(155,184)	(349,456)
Foreign currency translation	(87,776)	(22,885)	9,688
Balance at end of period	\$21,971,294	\$20,393,411	\$18,763,903
Accumulated depreciation:			
Balance at beginning of period	\$2,881,950	\$2,289,783	\$1,729,976
Additions during period:			
Depreciation expense	725,485	674,141	620,076
Dispositions:			
Sales and/or transfers to assets held for sale	(107,663)	(78,061)	(61,583)
Foreign currency translation	(6,081)	(3,913)	1,314
Balance at end of period	\$3,493,691	\$2,881,950	\$2,289,783

VENTAS, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2014
(Dollars in Thousands)

Property Name	City	State / Province	Initial Cost to Company		Gross Amount Carried at Close of Period		Land and Buildings and Improvements to Acquisition	Land and Buildings and Improvements to Acquisition	Total	Accumulated Depreciation	NBV	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
			Land and Improvements	Buildings and Improvements	Land and Improvements	Buildings and Improvements								
KINDRED SKILLED NURSING FACILITIES														
Canyonwood Nursing and Rehab Center	Redding	CA	−401	3,784	−401	3,784	4,185	2,208	1,977	1989		1989	45 years	
The Tunnell Center for Rehabilitation & Healthcare	San Francisco	CA	−1,902	7,531	−1,902	7,531	9,433	5,837	3,596	1967		1993	28 years	
Lawton Healthcare Center	San Francisco	CA	−943	514	−943	514	1,457	496	961	1962		1996	20 years	
Village Square Nursing and Rehabilitation Center	San Marcos	CA	−766	3,507	−766	3,507	4,273	1,838	2,435	1989		1993	42 years	
Valley Gardens Health Care & Rehabilitation Center	Stockton	CA	−516	3,405	−516	3,405	3,921	2,059	1,862	1988		1988	29 years	
Aurora Care Center	Aurora	CO	−197	2,328	−197	2,328	2,525	1,755	770	1962		1995	30 years	
Windsor Rehabilitation and Healthcare Center	Windsor	CT	−368	2,520	−368	2,520	2,888	2,138	750	1965		1994	30 years	
Lafayette Nursing and Rehab Center	Fayetteville	GA	−598	6,623	−598	6,623	7,221	6,410	811	1989		1995	20 years	

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Canyon West Health and Rehabilitation Center	Caldwell	ID	—312	2,050	—312	2,050	2,362	979	1,383	1974	1998	45 years
Mountain Valley Care & Rehabilitation Center	Kellogg	ID	—68	1,280	—68	1,280	1,348	1,304	44	1971	1984	25 years
Lewiston Rehabilitation & Care Center	Lewiston	ID	—133	3,982	—133	3,982	4,115	3,490	625	1964	1984	29 years
Aspen Park Healthcare	Moscow	ID	—261	2,571	—261	2,571	2,832	2,501	331	1955	1990	25 years
Nampa Care Center	Nampa	ID	—252	2,810	—252	2,810	3,062	2,700	362	1950	1983	25 years
Weiser Rehabilitation & Care Center	Weiser	ID	—157	1,760	—157	1,760	1,917	1,827	90	1963	1983	25 years
Wedgewood Healthcare Center	Clarksville	IN	—119	5,115	—119	5,115	5,234	3,477	1,757	1985	1995	35 years
Columbus Health and Rehabilitation Center	Columbus	IN	—345	6,817	—345	6,817	7,162	6,408	754	1966	1991	25 years
Harrison Health and Rehabilitation Centre	Corydon	IN	—125	6,068	—125	6,068	6,193	2,307	3,886	1998	1998	45 years
Valley View Health Care Center	Elkhart	IN	—87	2,665	—87	2,665	2,752	2,319	433	1985	1993	25 years
Wildwood Health Care Center	Indianapolis	IN	—134	4,983	—134	4,983	5,117	4,306	811	1988	1993	25 years
Windsor Estates Health & Rehab Center	Kokomo	IN	—256	6,625	—256	6,625	6,881	4,379	2,502	1962	1995	35 years
Rolling Hills Health Care Center	New Albany	IN	—81	1,894	—81	1,894	1,975	1,654	321	1984	1993	25 years
Southwood Health & Rehabilitation Center	Terre Haute	IN	—90	2,868	—90	2,868	2,958	2,491	467	1988	1993	25 years

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period			Accumulated Depreciation	NBV	Year of Construction	Year Acquired	Life Which Depreciation in Income Tax State is Computed
	City	State / Province	Land and Land Improvements	Buildings and Building Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Land Improvements	Buildings and Building Improvements	Total					
Maple Manor Health Care Center	Greenville	KY	59	3,187	—	59	3,187	3,246	2,621	625	1968	1990	30 years
Great Barrington Rehabilitation and Nursing Center	Great Barrington	MA	60	1,142	—	60	1,142	1,202	1,147	55	1967	1969	40 years
Hallmark Nursing and Rehabilitation Center	New Bedford	MA	202	2,694	—	202	2,694	2,896	2,535	361	1968	1982	26 years
Eagle Pond Rehabilitation and Living Center	South Dennis	MA	296	6,896	—	296	6,896	7,192	3,991	3,201	1985	1987	50 years
Harrington House Nursing and Rehabilitation Center	Walpole	MA	4	4,444	—	4	4,444	4,448	2,384	2,064	1991	1991	45 years
Parkview Acres Care and Rehabilitation Center	Dillon	MT	207	2,578	—	207	2,578	2,785	1,984	801	1965	1993	29 years
Park Place Health Care Center	Great Falls	MT	600	6,311	—	600	6,311	6,911	4,829	2,082	1963	1993	28 years
Rose Manor Healthcare Center	Durham	NC	200	3,527	—	200	3,527	3,727	3,167	560	1972	1991	26 years
Guardian Care of Elizabeth City	Elizabeth City	NC	71	561	—	71	561	632	632	—	1977	1982	20 years
Guardian Care of Henderson	Henderson	NC	206	1,997	—	206	1,997	2,203	1,530	673	1957	1993	29 years
Greenbriar Terrace Healthcare Center	Nashua	NH	776	6,011	—	776	6,011	6,787	5,587	1,200	1963	1990	25 years
Wasatch Care Center	Ogden	UT	373	597	—	373	597	970	603	367	1964	1990	25 years
	St. George	UT	419	4,465	—	419	4,465	4,884	3,112	1,772	1976	1993	29 years

St. George Care and Rehabilitation Center														
Nansemond Pointe Rehabilitation and Healthcare Center	Suffolk	VA	−534	6,990	—	534	6,990	7,524	5,143	2,381	1963		1991	32 y
River Pointe Rehabilitation and Healthcare Center	Virginia Beach	VA	−770	4,440	—	770	4,440	5,210	4,224	986	1953		1991	25 y
Bay Pointe Medical and Rehabilitation Center	Virginia Beach	VA	−805	2,886	(380)	425	2,886	3,311	2,159	1,152	1971		1993	29 y
Birchwood Terrace Healthcare Arden Rehabilitation and Healthcare Center	Burlington	VT	−45	4,656	—	15	4,656	4,671	4,506	165	1965		1990	27 y
Lakewood Healthcare Center	Seattle	WA	−1,111	4,013	—	1,111	4,013	5,124	3,081	2,043	1950		1993	28.5
Vancouver Health & Rehabilitation Center	Tacoma	WA	−504	3,511	—	504	3,511	4,015	2,268	1,747	1989		1989	45 y
Mountain Towers Healthcare and Rehabilitation Center	Vancouver	WA	−449	2,964	—	449	2,964	3,413	2,333	1,080	1970		1993	28 y
South Central Wyoming Healthcare and Rehabilitation Center	Cheyenne	WY	−342	3,468	—	342	3,468	3,810	2,608	1,202	1964		1992	29 y
Wind River Healthcare and Rehabilitation Center	Rawlins	WY	−451	1,738	—	151	1,738	1,889	1,326	563	1955		1993	29 y
TOTAL KINDRED SKILLED NURSING FACILITIES	Riverton	WY	−479	1,559	—	179	1,559	1,738	1,168	570	1967		1992	29 y
NON-KINDRED SKILLED			−46,444	162,335	(380)	16,064	162,335	178,399	125,821	52,578				

NURSING
FACILITIES

Whitesburg Gardens Health Care Center	Huntsville	AL	-534	4,216	328	534	4,544	5,078	4,025	1,053	1968	1991	25 y
Azalea Gardens of Mobile	Mobile	AL	-5	2,981	319	8	3,297	3,305	2,426	879	1967	1992	29 y
Heartland	Benton	AR	-650	13,540	18	650	13,558	14,208	1,581	12,627	1992	2011	35 y
Southern Trace	Bryant	AR	-480	12,455	—	480	12,455	12,935	1,462	11,473	1989	2011	35 y

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Location			Initial Cost to Company		Gross Amount Carried at Close of Period								
Property Name	City	State / Province	Land Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings and Improvements	Total	Accumulated Depreciation NBY	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed	
Beverly Health Care Golflinks	Hot Springs	AR	500	11,311	—	500	11,311	11,811	1,387	10,424	1978	2011	35 years
Lake Village	Lake Village	AR	560	8,594	23	560	8,617	9,177	1,071	8,106	1998	2011	35 years
Belle View	Monticello	AR	260	9,542	—	260	9,542	9,802	1,121	8,681	1995	2011	35 years
River Chase	Morrilton	AR	240	9,476	—	240	9,476	9,716	1,111	8,605	1988	2011	35 years
Brookridge Cove	Morrilton	AR	440	11,069	4	410	11,073	11,483	1,323	10,160	1996	2011	35 years
River Ridge	Wynne	AR	290	10,763	1	290	10,764	11,054	1,251	9,803	1990	2011	35 years
Kachina Point Health Care and Rehabilitation Center	Sedona	AZ	364	4,179	197	364	4,376	4,740	3,214	1,526	1983	1984	45 years
Villa Campana Health Care Center	Tucson	AZ	533	2,201	395	533	2,596	3,129	1,584	1,545	1983	1993	35 years
Bay View Nursing and Rehabilitation Center	Alameda	CA	1,462	25,981	282	1,462	26,263	7,725	4,862	2,863	1967	1993	45 years
Chowchilla Convalescent Center	Chowchilla	CA	1,780	5,097	—	1,780	5,097	6,877	634	6,243	1965	2011	35 years
Driftwood Gilroy	Gilroy	CA	3,330	13,665	—	3,330	13,665	16,995	1,638	15,357	1968	2011	35 years
Orange Hills Convalescent Hospital	Orange	CA	960	20,968	—	960	20,968	21,928	2,369	19,559	1987	2011	35 years
Brighton Care Center	Brighton	CO	282	3,377	468	282	3,845	4,127	2,741	1,386	1969	1992	30 years
Cherry Hills Health Care Center	Englewood	CO	241	2,180	194	241	2,374	2,615	1,724	891	1960	1995	30 years
Malley Healthcare and Rehabilitation Center	Northglenn	CO	501	8,294	243	501	8,537	9,038	6,182	2,856	1971	1993	29 years
	Enfield	CT	337	3,607	203	337	3,810	4,147	3,077	1,070	1968	1994	28 years

Parkway Pavilion Healthcare													
The Crossings West Campus	New London	CT	202	2,363	129	202	2,492	2,694	1,877	817	1969	1994	28 years
The Crossings East Campus	New London	CT	401	2,776	263	401	3,039	3,440	2,371	1,069	1968	1992	29 years
Beverly Health - Ft. Pierce	Fort Pierce	FL	840	16,318	—	840	16,318	17,158	1,939	15,219	1960	2011	35 years
Willowwood Health & Rehab Center	Flowery Branch	GA	1,130	9,219	—	1,130	9,219	10,349	1,100	9,249	1970	2011	35 years
Specialty Care of Marietta	Marietta	GA	241	2,782	377	241	3,159	3,400	2,269	1,131	1968	1993	28.5 years
Savannah Rehabilitation & Nursing Center	Savannah	GA	213	2,772	345	213	3,117	3,330	2,192	1,138	1968	1993	28.5 years
Savannah Specialty Care Center	Savannah	GA	157	2,219	228	157	2,447	2,604	2,023	581	1972	1991	26 years
Boise Health and Rehabilitation Center	Boise	ID	256	3,593	281	256	3,874	4,130	1,677	2,453	1977	1998	45 years
Westbury Meadowbrooke	Lisle	IL	730	9,270	—	730	9,270	10,000	2,128	7,872	1990	2009	35 years
Rehab Centre & Suites	Anderson	IN	1,600	6,710	—	1,600	6,710	8,310	864	7,446	1967	2011	35 years
Chalet Village Meadowvale	Berne	IN	590	1,654	—	590	1,654	2,244	320	1,924	1986	2011	35 years
Health and Rehabilitation Center	Bluffton	IN	7	787	576	7	1,363	1,370	689	681	1962	1995	22 years
Bremen Health Care Center	Bremen	IN	409	3,354	548	409	3,902	4,011	2,256	1,755	1982	1996	45 years
Vermillion Convalescent Center	Clinton	IN	700	11,057	—	700	11,057	11,757	1,328	10,429	1971	2011	35 years
Willow Crossing Health & Rehab Center	Columbus	IN	880	4,963	—	880	4,963	5,843	672	5,171	1988	2011	35 years
Greenhill Manor	Fowler	IN	380	7,659	—	380	7,659	8,039	896	7,143	1973	2011	35 years

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings and Improvements	Total	Accumulated Depreciation	Net Book Value				
Twin City Healthcare	Gas City	IN	350	3,012	—	350	3,012	3,362	433	2,929	1974		2011	35 years
Hanover Nursing Center	Hanover	IN	1,070	3,903	—	1,070	3,903	4,973	641	4,332	1975		2011	35 years
Bridgewater Center for Health & Rehab	Hartford City	IN	470	1,855	—	470	1,855	2,325	337	1,988	1988		2011	35 years
Oakbrook Village	Huntington	IN	600	1,950	—	600	1,950	2,550	303	2,247	1987		2011	35 years
Lakeview Manor	Indianapolis	IN	2,780	7,927	—	2,780	7,927	10,707	1,128	9,579	1968		2011	35 years
Wintersong Village	Knox	IN	420	2,019	—	420	2,019	2,439	291	2,148	1984		2011	35 years
Woodland Hills Care Center	Lawrenceburg	IN	340	3,757	—	340	3,757	4,097	571	3,526	1966		2011	35 years
Parkwood Health Care Center	Lebanon	IN	421	4,512	1,291	121	5,803	5,924	4,003	1,921	1977		1993	25 years
Whispering Pines	Monticello	IN	460	8,461	—	460	8,461	8,921	1,001	7,920	1988		2011	35 years
Muncie Health & Rehabilitation Center	Muncie	IN	408	4,202	1,259	170	5,399	5,569	3,786	1,783	1980		1993	25 years
Willow Bend Living Center	Muncie	IN	1,080	4,026	—	1,080	4,026	5,106	524	4,582	1976		2011	35 years
Liberty Village	Muncie	IN	1,520	7,542	—	1,520	7,542	9,062	931	8,131	2001		2011	35 years
Petersburg Health Care Center	Petersburg	IN	310	8,443	—	310	8,443	8,753	1,025	7,728	1970		2011	35 years
Persimmon Ridge Center	Portland	IN	400	9,597	—	400	9,597	9,997	1,163	8,834	1964		2011	35 years
Oakridge Convalescent Center	Richmond	IN	640	11,128	—	640	11,128	11,768	1,355	10,413	1975		2011	35 years

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Royal Oaks Health Care and Rehabilitation Center	Terre Haute	IN	418	5,779	1,209	428	6,978	7,406	2,869	4,537	1995	1995	45 years
Westridge Healthcare Center	Terre Haute	IN	690	5,384	—	690	5,384	6,074	675	5,399	1965	2011	35 years
Washington Nursing Center	Washington	IN	220	10,054	—	220	10,054	10,274	1,240	9,034	1968	2011	35 years
Pine Knoll Rehabilitation Center	Winchester	IN	730	6,039	—	730	6,039	6,769	722	6,047	1986	2011	35 years
Belleville Health Care Center	Belleville	KS	590	4,170	—	590	4,170	4,760	558	4,202	1977	2011	35 years
Smokey Hill Rehab Center	Salina	KS	360	3,705	—	360	3,705	4,065	575	3,490	1981	2011	35 years
Westwood Manor	Topeka	KS	250	3,735	—	250	3,735	3,985	486	3,499	1973	2011	35 years
Infinia at Wichita	Wichita	KS	350	13,065	—	350	13,065	13,415	1,476	11,939	1965	2011	35 years
Jackson Manor	Annville	KY	431	4,442	—	131	4,442	4,573	1,036	3,537	1989	2006	35 years
Colonial Health & Rehabilitation Center	Bardstown	KY	38	2,829	—	38	2,829	2,867	660	2,207	1968	2006	35 years
Rosewood Health Care Center	Bowling Green	KY	248	5,371	496	248	5,867	6,115	4,434	1,681	1970	1990	30 years
Riverside Manor Healthcare Center	Calhoun	KY	403	2,119	184	103	2,303	2,406	1,772	634	1963	1990	30 years
Oakview Nursing and Rehabilitation Center	Calvert City	KY	424	2,882	1,005	124	3,887	4,011	2,459	1,552	1967	1990	30 years
Green Valley Health & Rehabilitation Center	Carrollton	KY	29	2,325	—	29	2,325	2,354	542	1,812	1978	2006	35 years
Summit Manor Health & Rehabilitation Center	Columbia	KY	38	12,510	—	38	12,510	12,548	2,919	9,629	1965	2006	35 years
Danville Centre for	Danville	KY	322	3,538	536	322	4,074	4,396	2,574	1,822	1962	1995	30 years

Health and
Rehabilitation
Woodland

Terrace Health	Elizabethtown KY	246	1,795	315	216	2,110	2,326	1,938	388	1969	1982	26 years
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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land and Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation	Net BV				
Glasgow Health & Rehabilitation Center	Glasgow	KY	24	2,997	—	21	2,997	3,018	699	2,319	1968		2006	35 years
Harrodsburg Health Care Center	Harrodsburg	KY	437	1,830	642	137	2,472	2,609	1,694	915	1974		1985	35 years
Professional Care Health & Rehabilitation Center	Hartford	KY	22	7,905	—	22	7,905	7,927	1,844	6,083	1967		2006	35 years
Hart County Health Center	Horse Cave	KY	68	6,059	—	68	6,059	6,127	1,414	4,713	1993		2006	35 years
Heritage Hall Health & Rehabilitation Center	Lawrenceburg	KY	38	3,920	—	38	3,920	3,958	915	3,043	1973		2006	35 years
Tanbark Health & Rehabilitation Center	Lexington	KY	868	6,061	—	868	6,061	6,929	1,414	5,515	1989		2006	35 years
Northfield Centre for Health and Rehabilitation	Louisville	KY	285	1,555	692	285	2,247	2,532	1,491	1,041	1969		1985	30 years
Jefferson Manor	Louisville	KY	2,169	4,075	—	2,169	4,075	6,244	951	5,293	1982		2006	35 years
Jefferson Place	Louisville	KY	1,307	9,175	—	1,307	9,175	10,482	2,141	8,341	1991		2006	35 years
Meadowview Health & Rehabilitation Center	Louisville	KY	317	4,666	—	317	4,666	4,983	1,089	3,894	1973		2006	35 years
Rockford Health & Rehabilitation Center	Louisville	KY	364	9,568	—	364	9,568	9,932	2,233	7,699	1975		2006	35 years
Summerfield Health &	Louisville	KY	1,089	10,756	—	1,089	10,756	11,845	2,510	9,335	1979		2006	35 years

Rehabilitation Center Hillcrest Health Care Center	Owensboro	KY	544	2,619	993	544	3,612	4,156	2,782	1,374	1963	1982	22 years
McCreary Health & Rehabilitation Center	Pine Knot	KY	73	2,443	—	73	2,443	2,516	570	1,946	1990	2006	35 years
North Hardin Health & Rehabilitation Center	Radcliff	KY	218	11,944	—	218	11,944	12,162	2,787	9,375	1986	2006	35 years
Monroe Health & Rehabilitation Center	Tompkinsville	KY	32	8,756	—	32	8,756	8,788	2,043	6,745	1969	2006	35 years
Fountain Circle Health and Rehabilitation Colony House Nursing and Rehabilitation Center	Winchester	KY	437	6,120	1,055	137	7,175	7,312	5,123	2,189	1967	1990	30 years
Wingate at Andover Blueberry Hill Skilled Nursing & Rehabilitation Center	Abington	MA	432	999	194	132	1,193	1,325	1,153	172	1965	1969	40 years
Wingate at Andover Blueberry Hill Skilled Nursing & Rehabilitation Center	Andover	MA	1,450	14,798	—	1,450	14,798	16,248	1,803	14,445	1992	2011	35 years
Wingate at Brighton Walden Rehabilitation and Nursing Center	Beverly	MA	429	4,290	571	129	4,861	4,990	3,462	1,528	1965	1968	40 years
Sachem Skilled Nursing & Rehabilitation Center	Brighton	MA	1,070	7,383	—	1,070	7,383	8,453	1,026	7,427	1995	2011	35 years
Chestnut Hill Rehab & Nursing Crawford Skilled Nursing and Rehabilitation Center	Concord	MA	481	1,347	178	181	1,525	1,706	1,403	303	1969	1968	40 years
East Bridgewater	East Bridgewater	MA	529	1,238	232	529	1,470	1,999	1,655	344	1968	1982	27 years
East Longmeadow	East Longmeadow	MA	3,050	5,392	—	3,050	5,392	8,442	806	7,636	1985	2011	35 years
Fall River	Fall River	MA	427	1,109	312	127	1,421	1,548	1,144	404	1968	1982	29 years

Franklin Skilled Nursing and Rehabilitation Center	Franklin	MA	456	757	158	156	915	1,071	815	256	1967	1969	40 years
Wingate at Haverhill	Haverhill	MA	840	9,288	—	810	9,288	10,098	1,238	8,860	1973	2011	35 years

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings and Improvements	Total	Accumulated Depreciation	NBV				
Skilled Care Center at Silver Lake	Kingston	MA	3,230	19,870	—	3,230	19,870	23,100	2,610	20,490	1992		2011	35 years
River Terrace Healthcare	Lancaster	MA	268	957	147	268	1,104	1,372	1,144	228	1969		1969	40 years
Wentworth Skilled Care Center	Lowell	MA	820	11,220	—	820	11,220	12,040	1,352	10,688	1966		2011	35 years
Bolton Manor Nursing and Rehabilitation Center	Marlborough	MA	222	2,431	228	222	2,659	2,881	2,247	634	1973		1984	34.5 years
The Eliot Healthcare Center	Natick	MA	249	1,328	230	249	1,558	1,807	1,452	355	1996		1982	31 years
Wingate at Needham	Needham Heights	MA	920	9,236	—	920	9,236	10,156	1,234	8,922	1996		2011	35 years
Brigham Manor Nursing and Rehabilitation Center	Newburyport	MA	426	1,708	134	426	1,842	1,968	1,665	303	1806		1982	27 years
Country Rehabilitation and Nursing Center	Newburyport	MA	499	3,004	378	499	3,382	3,581	2,965	616	1968		1982	27 years
Quincy Rehabilitation and Nursing Center	Quincy	MA	246	2,911	204	246	3,115	3,331	2,854	477	1965		1984	24 years
Wingate at Reading	Reading	MA	920	7,499	—	920	7,499	8,419	1,016	7,403	1988		2011	35 years
Den-Mar Rehabilitation and Nursing Center	Rockport	MA	23	1,560	187	23	1,747	1,770	1,547	223	1963		1985	30 years
Wingate at South Hadley	South Hadley	MA	4,870	15,572	—	4,870	15,572	17,442	1,864	15,578	1988		2011	35 years
Ring East	Springfield	MA	4,250	13,561	—	4,250	13,561	14,811	1,697	13,114	1987		2011	35 years

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Blue Hills Alzheimer's Care Center	Stoughton	MA	5 11	1,026	175	511	1,201	1,712	1,425	287	1965	1982	28 years
Wingate at Sudbury Country Gardens	Sudbury	MA	1,540 8,100	—	1,540	8,100	9,640	1,158	8,482	1997		2011	35 years
Skilled Nursing & Rehabilitation Center	Swansea	MA	4 15	2,675	180	415	2,855	3,270	2,590	680	1969	1984	27 years
Brookside Rehabilitation and Nursing Center	Webster	MA	4 02	1,154	173	102	1,327	1,429	1,193	236	1967	1982	31 years
Newton and Wellesley Alzheimer Center	Wellesley	MA	2 97	3,250	172	297	3,422	3,719	2,970	749	1971	1984	30 years
Riverdale Gardens Rehab & Nursing	West Springfield	MA	2,140 6,997	107	2,140	7,104	9,244	1,178	8,066	1960		2011	35 years
Wingate at Wilbraham Worcester Skilled Care Center	Wilbraham	MA	4,070 10,777	—	4,070	10,777	14,847	1,411	13,436	1988		2011	35 years
Cumberland Villa Nursing Center	Worcester	MA	6 20	10,958	—	620	10,958	11,578	1,459	10,119	1970	2011	35 years
Colton Villa Westminster Nursing & Convalescent Center	Cumberland	MD	6 60	23,970	—	660	23,970	24,630	2,667	21,963	1968	2011	35 years
Augusta Rehabilitation Center	Hagerstown	MD	1,550 16,973	—	1,550	16,973	18,523	2,011	16,512	1971		2011	35 years
Eastside Rehabilitation and Living Center	Westminster	MD	2,160 15,931	—	2,160	15,931	18,091	1,886	16,205	1973		2011	35 years
Westgate Manor Winship Green Nursing Center	Augusta	ME	4 52	1,074	146	152	1,220	1,372	1,120	252	1968	1985	30 years
Brewer Rehabilitation and Living	Bangor	ME	3 16	1,349	134	316	1,483	1,799	1,354	445	1967	1985	30 years
	Bangor	ME	2 87	2,718	151	287	2,869	3,156	2,607	549	1969	1985	31 years
	Bath	ME	4 10	1,455	128	110	1,583	1,693	1,320	373	1974	1985	35 years
	Brewer	ME	2 28	2,737	304	228	3,041	3,269	2,407	862	1974	1985	33 years

Center

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Property Name	Location		Initial Cost to Company		Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land and Improvements	Buildings and Improvements	Costs Capitalized to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation				
Kennebunk Nursing and Rehabilitation Center	Kennebunk	ME	99	1,898	161	99	2,059	2,158	1,601	1557	1977	1985	35 years
Norway Rehabilitation & Living Center	Norway	ME	433	1,658	118	133	1,776	1,909	1,376	533	1972	1985	39 years
Brentwood Rehabilitation and Nursing Center	Yarmouth	ME	481	2,789	146	181	2,935	3,116	2,347	769	1945	1985	45 years
Autumn Woods Residential Health Care Facility	Warren	MI	4,495	26,015	—	—	1,495	26,015	27,510	2,292	2012	2012	35 years
Hopkins Healthcare	Hopkins	MN	4,470	21,409	—	—	4,470	21,409	25,879	2,442	1961	2011	35 years
Andrew Care Home	Minneapolis	MN	3,280	5,083	243	—	3,280	5,326	8,606	1,043	1941	2011	35 years
Golden Living Center - Rochester East	Rochester	MN	639	3,497	—	639	3,497	4,136	3,561	1575	1967	1982	28 years
Ashland Healthcare	Ashland	MO	770	4,400	—	770	4,400	5,170	555	4,615	1993	2011	35 years
South Hampton Place	Columbia	MO	710	11,279	—	710	11,279	11,989	1,320	10,669	1994	2011	35 years
Dixon Nursing & Rehab	Dixon	MO	570	3,342	—	570	3,342	3,912	449	3,463	1989	2011	35 years
Current River Nursing	Doniphan	MO	450	7,703	—	450	7,703	8,153	992	7,161	1991	2011	35 years
Forsyth Care Center	Forsyth	MO	710	6,731	—	710	6,731	7,441	902	6,539	1993	2011	35 years
Maryville Health Care Center	Maryville	MO	630	5,825	—	630	5,825	6,455	790	5,665	1972	2011	35 years
	Seymour	MO	670	3,737	—	670	3,737	4,407	488	3,919	1990	2011	35 years

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Glenwood Healthcare Silex Community Care	Silex	MO	730	2,689	—	730	2,689	3,419	387	3,032	1991	2011	35 years
Gravios Nursing Center	St. Louis	MO	1,560	10,582	301	1,560	10,883	12,443	1,394	11,049	1954	2011	35 years
Bellefontaine Gardens	St. Louis	MO	1,610	4,314	—	1,610	4,314	5,924	631	5,293	1988	2011	35 years
Strafford Care Center	Strafford	MO	1,670	8,251	—	1,670	8,251	9,921	980	8,941	1995	2011	35 years
Windsor Healthcare	Windsor	MO	510	3,345	—	510	3,345	3,855	449	3,406	1996	2011	35 years
Chapel Hill Rehabilitation and Healthcare Center	Chapel Hill	NC	347	3,029	450	347	3,479	3,826	2,478	1,348	1984	1993	28 years
Pettigrew Rehabilitation and Healthcare Center	Durham	NC	401	2,889	223	101	3,112	3,213	2,345	868	1969	1993	28 years
Rehabilitation and Health Center of Gastonia	Gastonia	NC	458	2,359	450	158	2,809	2,967	1,969	998	1968	1992	29 years
Lakewood Manor	Hendersonville	NC	1,610	7,759	—	1,610	7,759	9,369	1,039	8,330	1979	2011	35 years
Kinston Rehabilitation and Healthcare Center	Kinston	NC	486	3,038	502	186	3,540	3,726	2,342	1,384	1961	1993	29 years
Lincoln Nursing Center	Lincolnton	NC	39	3,309	197	39	3,506	3,545	2,746	799	1976	1986	35 years
Rehabilitation and Nursing Center of Monroe	Monroe	NC	485	2,654	368	185	3,022	3,207	2,187	1,020	1963	1993	28 years
Sunnybrook Healthcare and Rehabilitation Specialists	Raleigh	NC	487	3,409	360	187	3,769	3,956	3,244	712	1971	1991	25 years
Raleigh Rehabilitation & Healthcare Center	Raleigh	NC	316	5,470	581	316	6,051	6,367	5,182	1,185	1969	1991	25 years

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Guardian Care of Roanoke Rapids	Roanoke Rapids	NC	339	4,132	550,339	4,682	5,021	3,898	1,123	1967	1991	25 years
Guardian Care of Rocky Mount	Rocky Mount	NC	240	1,732	302,240	2,034	2,274	1,573	701	1975	1997	25 years
Cypress Pointe Rehabilitation and Health Care Centre	Wilmington	NC	233	3,710	258,233	3,968	4,201	3,013	1,188	1966	1993	28.5 years

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			Land and Improvements	Buildings and Improvements	Costs Capitalized and Subsequent to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation	NBV			
Silas Creek Manor	Winston-Salem	NC	241	1,893	408	211	2,301	2,512	1,520	992	1966	1993	28.5 years
Guardian Care of Zebulon	Zebulon	NC	479	1,933	150	179	2,083	2,262	1,507	755	1973	1993	29 years
Dover Rehabilitation and Living Center	Dover	NH	355	3,797	217	355	4,014	4,369	3,840	529	1969	1990	25 years
Hanover Terrace Healthcare	Hanover	NH	326	1,825	252	326	2,077	2,403	1,415	988	1969	1993	29 years
Lopatcong Center	Phillipsburg	NJ	1,490	12,336	—	1,490	12,336	13,826	4,855	8,971	1982	2004	30 years
Las Vegas Healthcare and Rehabilitation Center	Las Vegas	NV	454	1,018	187	454	1,205	1,659	746	913	1940	1992	30 years
Torrey Pines Care Center	Las Vegas	NV	256	1,324	270	256	1,594	1,850	1,203	647	1971	1992	29 years
Hearthstone of Northern Nevada	Sparks	NV	1,400	9,365	—	1,400	9,365	10,765	1,210	9,555	1988	2011	35 years
Wingate at St. Francis	Beacon	NY	1,900	18,115	—	1,900	18,115	20,015	2,174	17,841	2002	2011	35 years
Garden Gate	Cheektowaga	NY	760	15,643	30	760	15,673	16,433	1,931	14,502	1979	2011	35 years
Brookhaven	East Patchogue	NY	1,100	25,840	30	1,100	25,870	26,970	2,897	24,073	1988	2011	35 years
Wingate at Dutchess	Fishkill	NY	1,300	19,685	—	1,300	19,685	20,985	2,338	18,647	1996	2011	35 years
Autumn View	Hamburg	NY	1,190	24,687	34	1,190	24,721	25,911	2,902	23,009	1983	2011	35 years
Wingate at Ulster	Highland	NY	1,500	18,223	—	1,500	18,223	19,723	2,083	17,640	1998	2011	35 years
North Gate	North Tonawanda	NY	1,010	14,801	40	1,010	14,841	15,851	1,870	13,981	1982	2011	35 years
Seneca	West Seneca	NY	1,400	13,491	5	1,400	13,496	14,896	1,654	13,242	1974	2011	35 years
Harris Hill	Williamsville	NY	1,240	33,574	33	1,240	33,607	34,847	3,744	31,103	1992	2011	35 years
Cambridge Health & Rehabilitation	Cambridge	OH	408	2,642	199	108	2,841	2,949	2,336	613	1975	1993	25 years

Center Winchester Place Nursing and Rehabilitation Center	Canal Winchester	OH	454	7,149	283	454	7,432	7,886	6,015	1,871	1974	1993	28 years
Center Chillicothe Nursing & Rehabilitation Center	Chillicothe	OH	428	3,481	313	128	3,794	3,922	3,114	808	1976	1985	34 years
Center Burlington House Franklin Woods	Cincinnati	OH	948	5,087	3,010	918	8,097	9,015	1,752	7,263	1989	2004	35 years
Center Nursing and Rehabilitation Center	Columbus	OH	490	4,712	202	190	4,914	5,104	2,890	2,214	1986	1992	38 years
Center Minerva Park Nursing and Rehabilitation Center	Columbus	OH	210	3,684	354	210	4,038	4,248	1,744	2,504	1973	1997	45 years
Center Regency Manor	Columbus	OH	606	16,424	401	606	16,825	17,431	11,275	6,156	1883	2004	35 years
Center Coshocton Health & Rehabilitation Center	Coshocton	OH	203	1,979	326	203	2,305	2,508	1,778	730	1974	1993	25 years
Center Olentangy Woods	Galion	OH	540	6,324	(1,463)	540	4,861	5,401	611	4,790	1967	2011	35 years
Center Lebanon Country Manor	Lebanon	OH	405	3,617	140	105	3,757	3,862	2,565	1,297	1984	1986	43 years
Center Logan Health Care Center	Logan	OH	469	3,750	271	169	4,021	4,190	2,996	1,194	1979	1991	30 years
Center Marietta Convalescent Center	Marietta	OH	458	3,266	75	158	3,341	3,499	2,922	577	1972	1993	25 years
Center Pickerington Nursing & Rehabilitation Center	Pickerington	OH	312	4,382	349	312	4,731	5,043	2,754	2,289	1984	1992	37 years
Center Renaissance North	Warren	OH	4,100	8,196	(3,182)	1,059	5,055	6,114	4,566	1,548	1967	2011	35 years
Center Country Glenn	Washington Court House	OH	490	13,460	(1,120)	490	12,340	12,830	1,361	11,469	1984	2011	35 years

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period					Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land and Improvements	Buildings and Improvements	Costs Capitalized to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation				
Avamere Rehab of Coos Bay	Coos Bay	OR	1,920	3,394	—	1,920	3,394	5,314	464	4,850	1968	2011	35 years
Avamere Riverpark of Eugene	Eugene	OR	1,960	17,622	—	1,960	17,622	19,582	2,012	17,570	1988	2011	35 years
Avamere Rehab of Eugene	Eugene	OR	1,080	7,257	—	1,080	7,257	8,337	904	7,433	1966	2011	35 years
Avamere Rehab of Clackamas	Gladstone	OR	820	3,844	—	820	3,844	4,664	507	4,157	1961	2011	35 years
Avamere Rehab of Hillsboro	Hillsboro	OR	1,390	8,628	—	1,390	8,628	10,018	1,056	8,962	1973	2011	35 years
Avamere Rehab of Junction City	Junction City	OR	590	5,583	—	590	5,583	6,173	671	5,502	1966	2011	35 years
Avamere Rehab of King City	King City	OR	1,290	10,646	—	1,290	10,646	11,936	1,249	10,687	1975	2011	35 years
Avamere Rehab of Lebanon	Lebanon	OR	980	12,954	—	980	12,954	13,934	1,470	12,464	1974	2011	35 years
Medford Rehabilitation and Healthcare Center	Medford	OR	362	4,610	222	362	4,832	5,194	3,687	1,507	1961	1991	34 years
Newport Rehabilitation & Specialty Care Center	Newport	OR	380	3,420	813	380	4,233	4,613	488	4,125	1997	2011	35 years
Mountain View	Oregon City	OR	1,056	6,831	—	1,056	6,831	7,887	560	7,327	1977	2012	35 years
Avamere Crestview of Portland	Portland	OR	1,610	13,942	—	1,610	13,942	15,552	1,613	13,939	1964	2011	35 years
	Salem	OR	1,512	2,249	217	1,512	2,466	3,978	1,597	2,381	1981	1991	30 years

Sunnyside Care Center																	
Avamere																	
Twin Oaks of Sweet Home	Sweet Home	OR	290	4,536	—	290	4,536	4,826	541	4,285	1972		2011	35 years			
Balanced Care at Bloomsburg	Bloomsburg	PA	621	1,371	—	621	1,371	1,992	320	1,672	1997		2006	35 years			
The Belvedere Mountain	Chester	PA	822	7,203	—	822	7,203	8,025	2,823	5,202	1899		2004	30 years			
View Nursing Home	Greensburg	PA	580	12,817	223	580	13,040	13,620	1,563	12,057	1971		2011	35 years			
Pennsburg Manor	Pennsburg	PA	1,091	7,871	—	1,091	7,871	8,962	3,146	5,816	1982		2004	30 years			
Chapel Manor Wyomissing	Philadelphia	PA	1,595	13,982	1,358	1,595	15,340	16,935	5,960	10,975	1948		2004	30 years			
Nursing and Rehabilitation Center	Reading	PA	61	5,095	272	61	5,367	5,428	2,439	2,989	1966		1993	45 years			
Wayne Center Oak Hill	Strafford	PA	662	6,872	850	662	7,722	8,384	3,168	5,216	1875		2004	30 years			
Nursing and Rehabilitation Center	Pawtucket	RI	91	6,724	335	91	7,059	7,150	3,248	3,902	1966		1990	45 years			
Epic- Bayview Dundee	Beaufort	SC	890	14,311	—	890	14,311	15,201	1,773	13,428	1970		2011	35 years			
Nursing Home	Bennettsville	SC	320	8,693	—	320	8,693	9,013	1,076	7,937	1958		2011	35 years			
Epic-Conway Mt. Pleasant	Conway	SC	1,090	16,880	—	1,090	16,880	17,970	2,042	15,928	1975		2011	35 years			
Nursing Center	Mount Pleasant	SC	1,810	9,079	—	1,810	9,079	10,889	1,158	9,731	1977		2011	35 years			
Firesteel Fountain	Mitchell	SD	690	15,360	—	690	15,360	16,050	1,824	14,226	1966		2011	35 years			
Springs Healthcare Center	Rapid City	SD	940	28,647	—	940	28,647	29,587	3,078	26,509	1989		2011	35 years			
Masters Health Care Center	Algood	TN	524	4,370	390	524	4,760	5,284	3,410	1,874	1981		1987	38 years			
Brookewood Health Care Center	Decatur	TN	470	4,617	—	470	4,617	5,087	625	4,462	1981		2011	35 years			
Tri-State Comp Care Center	Harrogate	TN	1,520	11,515	—	1,520	11,515	13,035	1,364	11,671	1990		2011	35 years			
Madison Healthcare and Rehabilitation Center	Madison	TN	168	1,445	269	168	1,714	1,882	1,219	663	1968		1992	29 years			
Primacy Healthcare	Memphis	TN	1,222	8,344	294	1,222	8,638	9,860	5,852	4,008	1980		1990	37 years			

and
Rehabilitation
Center

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period							Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land	Buildings	Costs	Land	Buildings	Total	Accumulated Depreciation	NBV					
			End Improvements	Improvements	Capitalized and Subsequent to Acquisition	Improvements	Improvements								
Green Acres - Baytown	Baytown	TX	490	9,104	—	490	9,104	9,594	1,070	8,524	1970	2011	35 years		
Allenbrook Healthcare	Baytown	TX	470	11,304	—	470	11,304	11,774	1,345	10,429	1975	2011	35 years		
Summer Place Nursing and Rehab	Beaumont	TX	1,160	15,934	—	1,160	15,934	17,094	1,872	15,222	2009	2011	35 years		
Green Acres - Center	Center	TX	200	5,446	—	200	5,446	5,646	714	4,932	1972	2011	35 years		
Regency Nursing Home	Clarksville	TX	380	8,711	—	380	8,711	9,091	1,093	7,998	1989	2011	35 years		
Park Manor - Conroe	Conroe	TX	1,310	22,318	—	1,310	22,318	23,628	2,463	21,165	2001	2011	35 years		
Trisun Care Center	Corpus Christi	TX	440	8,624	—	440	8,624	9,064	1,038	8,026	1973	2011	35 years		
Westwood Trisun Care Center	Corpus Christi	TX	890	7,695	—	890	7,695	8,585	988	7,597	1994	2011	35 years		
Ridge Heritage Oaks West	Corsicana	TX	510	15,806	—	510	15,806	16,316	1,848	14,468	1995	2011	35 years		
Park Manor Hill	DeSoto	TX	1,080	14,484	—	1,080	14,484	15,564	1,736	13,828	1987	2011	35 years		
Country Care	Dripping Springs	TX	740	3,973	16	756	3,973	4,729	521	4,208	1986	2011	35 years		
Sandstone Ranch	El Paso	TX	1,580	8,396	—	1,580	8,396	9,976	1,492	8,484	2010	2011	35 years		
Pecan Tree Rehab & Healthcare	Gainesville	TX	430	11,499	—	430	11,499	11,929	1,378	10,551	1990	2011	35 years		

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Pleasant Valley Health & Rehab	Garland	TX	4,0409,383	—	1,0409,383	10,423	1,1989,225	2008	2011	35 years			
Upshur Manor	Gilmer	TX	770	8,126	—	770	8,126	8,896	1,0197,877	1990	2011	35 years	
Beechnut Manor	Houston	TX	4,080	12,030	—	1,080	12,030	13,110	1,474	11,636	1982	2011	35 years
Park Manor - Cypress Station	Houston	TX	4,450	19,542	—	1,450	19,542	20,992	2,196	18,796	2003	2011	35 years
Park Manor of Westchase	Houston	TX	2,760	16,715	—	2,760	16,715	19,475	1,917	17,558	2005	2011	35 years
Park Manor - Cyfair Green	Houston	TX	4,720	14,717	—	1,720	14,717	16,437	1,697	14,740	1999	2011	35 years
Acres - Humble Park	Humble	TX	2,060	6,738	—	2,060	6,738	8,798	900	7,898	1972	2011	35 years
Manor - Humble Green	Humble	TX	4,650	17,257	—	1,650	17,257	18,907	1,968	16,939	2003	2011	35 years
Acres - Huntsville Legend	Huntsville	TX	290	2,568	—	290	2,568	2,858	414	2,444	1968	2011	35 years
Oaks Healthcare	Jacksonville	TX	760	9,639	—	760	9,639	10,399	1,184	9,215	2006	2011	35 years
Avalon Kirbyville	Kirbyville	TX	260	7,713	—	260	7,713	7,973	980	6,993	1987	2011	35 years
Millbrook Healthcare	Lancaster	TX	750	7,480	—	750	7,480	8,230	1,011	7,219	2008	2011	35 years
Nexion Health at Linden	Linden	TX	680	3,495	—	680	3,495	4,175	562	3,613	1968	2011	35 years
SWLTC	Marshall	TX	840	10,093	—	840	10,093	10,903	1,272	9,631	2008	2011	35 years
Conroe McKinney Healthcare & Rehab	McKinney	TX	4,450	10,345	—	1,450	10,345	11,795	1,297	10,498	2006	2011	35 years
Park Manor of McKinney	McKinney	TX	4,540	11,049	(2,345)	1,540	8,704	10,244	1,116	9,128	1993	2011	35 years
Midland Nursing Center	Midland	TX	530	13,311	—	530	13,311	13,841	1,538	12,303	2008	2011	35 years
Park Manor of City	Missouri City	TX	4,920	16,841	—	1,920	16,841	18,761	1,926	16,835	2005	2011	35 years

Quail Valley Nexion Health at Mt. Pleasant The Meadows Nursing and Rehab Cypress Glen Nursing and Rehab Cypress Glen East Trisun Care Center Coastal Palms	Mount Pleasant	TX	520	5,050	—	520	5,050	5,570	735	4,835	1970	2011	35 years
	Orange	TX	380	10,777	—	380	10,777	11,157	1,321	9,836	2006	2011	35 years
	Port Arthur	TX	1,340	14,142	—	1,340	14,142	15,482	1,749	13,733	2000	2011	35 years
	Port Arthur	TX	490	10,663	—	490	10,663	11,153	1,293	9,860	1986	2011	35 years
	Portland	TX	390	8,548	—	390	8,548	8,938	1,037	7,901	1998	2011	35 years

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed	
	City	State / Province	Land	Buildings	Costs	Land	Buildings	Total	Accumulated Depreciation	NBV					
			End Improvements	Improvements	Subsequent to Acquisition	and Improvements									
Legend Oaks Healthcare San Angelo	San Angelo	TX	870	12,282	—	870	12,282	13,152	1,467	11,685	2006	2011	35 years		
Parklane West San Pedro Manor	San Antonio	TX	770	10,242	—	770	10,242	11,012	1,283	9,729	1988	2011	35 years		
Nexion Health at Sherman	San Antonio	TX	740	11,498	(2,768)	740	8,730	9,470	1,132	8,338	1986	2011	35 years		
Avalon Trinity	Sherman	TX	250	6,636	—	250	6,636	6,886	875	6,011	1971	2011	35 years		
Renfro Nursing Home	Trinity	TX	330	9,413	—	330	9,413	9,743	1,156	8,587	1985	2011	35 years		
Avalon Wharton	Waxahachie	TX	510	7,602	—	510	7,602	8,112	1,033	7,079	1976	2011	35 years		
Federal Heights Rehabilitation Center	Wharton	TX	270	5,107	—	270	5,107	5,377	729	4,648	1988	2011	35 years		
Infinia at Granite Hills	Salt Lake City	UT	201	2,322	247	201	2,569	2,770	1,939	831	1962	1992	29 years		
Crosslands Rehabilitation & Healthcare Center	Salt Lake City	UT	740	1,247	700	756	1,931	2,687	404	2,283	1972	2011	35 years		
Sleepy Hollow Manor	Sandy	UT	334	4,300	275	334	4,575	4,909	2,666	2,243	1987	1992	40 years		
The Cedars Nursing Home	Annandale	VA	7,210	13,562	—	7,210	13,562	20,772	1,801	18,971	1963	2011	35 years		
Emporia Manor	Charlottesville	VA	2,810	10,763	—	2,810	10,763	13,573	1,362	12,211	1964	2011	35 years		
Harbour Pointe Medical and Rehabilitation Center	Emporia	VA	620	7,492	15	635	7,492	8,127	980	7,147	1971	2011	35 years		
Walnut Hill Convalescent Center	Norfolk	VA	427	4,441	1,033	427	5,474	5,901	3,698	2,203	1969	1993	28 years		
	Petersburg	VA	930	11,597	—	930	11,597	12,527	1,378	11,149	1972	2011	35 years		
	Petersburg	VA	1,010	12,489	—	1,010	12,489	13,499	1,467	12,032	1976	2011	35 years		

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Battlefield Park Convalescent Center Bellingham Health Care and Rehabilitation Services	Bellingham	WA	441	3,824	153	441	3,977	4,418	3,023	1,395	1972	1993	28.5 years
St. Francis of Bellingham Evergreen North	Bellingham	WA	1,740	23,581	—	1,740	23,581	25,321	2,598	22,723	1984	2011	35 years
Cascades Everett Rehabilitation & Care	Bellingham	WA	1,220	7,554	—	1,220	7,554	8,774	1,029	7,745	1999	2011	35 years
Northwest Continuum Care Center	Everett	WA	2,750	27,337	—	2,750	27,337	30,087	2,978	27,109	1995	2011	35 years
SunRise Care & Rehab	Longview	WA	145	2,563	171	145	2,734	2,879	2,031	1,848	1955	1992	29 years
Moses Lake SunRise Care & Rehab	Moses Lake	WA	660	17,439	—	660	17,439	18,099	1,964	16,135	1972	2011	35 years
Moses Lake SunRise Care & Rehab	Moses Lake	WA	660	8,866	—	660	8,866	9,526	1,046	8,480	1988	2011	35 years
Ridge Rainier Vista Care Center	Puyallup	WA	520	4,780	305	520	5,085	5,605	2,819	2,786	1986	1991	40 years
Queen Anne Healthcare	Seattle	WA	570	2,750	228	570	2,978	3,548	2,267	1,281	1970	1993	29 years
Richmond Beach Rehab	Seattle	WA	2,930	16,199	231	2,930	16,430	19,360	1,921	17,439	1993	2011	35 years
Avamere Olympic Rehab of Sequim	Sequim	WA	590	16,896	—	590	16,896	17,486	1,935	15,551	1974	2011	35 years
Shelton Nursing Home	Shelton	WA	510	8,570	—	510	8,570	9,080	1,013	8,067	1998	2011	35 years
Avamere Heritage Rehab of Tacoma	Tacoma	WA	1,760	4,616	—	1,760	4,616	6,376	635	5,741	1968	2011	35 years
Avamere Skilled Nursing Tacoma	Tacoma	WA	1,320	1,544	2,050	1,320	3,594	4,914	370	4,544	1972	2011	35 years
Cascade Park Care Center	Vancouver	WA	1,860	14,854	—	1,860	14,854	16,714	1,670	15,044	1991	2011	35 years
Eastview Medical and Rehabilitation	Antigo	WI	200	4,047	236	200	4,283	4,483	3,727	756	1962	1991	28 years

Center

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Property Name	Location		Initial Cost to Company		Gross Amount Carried at Close of Period				Accumulated Depreciation		Year of Construction
	City	State / Province	Land and Buildings Improvements	Buildings Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Buildings Improvements	Buildings and Total Improvements				
Colony Oaks Care Center	Appleton	WI	353	3,571	280	353	3,851	4,204	2,994	1,210	1967
Mount Carmel Medical and Rehabilitation Center	Burlington	WI	274	7,205	299	274	7,504	7,778	5,122	2,656	1971
Chilton Health and Rehab	Chilton	WI	440	6,114	—	440	6,114	6,554	2,932	3,622	1963
Florence Villa	Florence	WI	340	5,631	—	340	5,631	5,971	719	5,252	1970
San Luis Medical and Rehabilitation Center	Green Bay	WI	259	5,299	224	259	5,523	5,782	4,582	1,200	1968
Western Village	Green Bay	WI	1,310	4,882	—	1,310	4,882	6,192	716	5,476	1965
Sheridan Medical Complex	Kenosha	WI	282	4,910	134	282	5,044	5,326	4,542	784	1964
Woodstock Health and Rehabilitation Center	Kenosha	WI	562	7,424	331	562	7,755	8,317	7,096	1,221	1970
North Ridge Medical and Rehabilitation Center	Manitowoc	WI	206	3,785	147	206	3,932	4,138	3,066	1,072	1964
Vallhaven Care Center	Neenah	WI	337	5,125	368	337	5,493	5,830	4,201	1,629	1966
Kennedy Park Medical & Rehabilitation Center	Schofield	WI	301	3,596	399	301	3,995	4,296	3,748	548	1966
Greendale Health & Rehab	Sheboygan	WI	880	1,941	—	880	1,941	2,821	325	2,496	1967
South Shore Manor	St. Francis	WI	630	2,300	—	630	2,300	2,930	309	2,621	1960
Waukesha Springs (Westmoreland)	Waukesha	WI	1,380	16,205	—	1,380	16,205	17,585	2,072	15,513	1973
Colonial Manor Medical and Rehabilitation Center	Wausau	WI	169	3,370	183	169	3,553	3,722	2,419	1,303	1964

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Wisconsin Dells Health & Rehab Center	Wisconsin Dells	WI	730	18,994	—	730	18,994	19,724	2,086	17,638	1972
Logan Center	Logan	WV	300	12,959	—	300	12,959	13,259	1,426	11,833	1987
Ravenswood Healthcare Center	Ravenswood	WV	320	12,710	—	320	12,710	13,030	1,402	11,628	1987
Valley Center	South Charleston	WV	750	24,115	—	750	24,115	24,865	2,690	22,175	1987
White Sulphur	White Sulphur Springs	WV	250	13,055	—	250	13,055	13,305	1,450	11,855	1987
Sage View Care Center	Rock Springs	WY	287	2,392	158	287	2,550	2,837	1,903	934	1964
TOTAL NON-KINDRED SKILLED NURSING FACILITIES											
			236,050	2,398,083	35,259	236,131	2,433,261	2,669,392	575,467	2,093,925	
TOTAL FOR SKILLED NURSING FACILITIES											
			252,494	2,560,418	34,879	252,195	2,595,596	2,847,791	701,288	2,146,503	
KINDRED HOSPITALS											
Kindred Hospital - Arizona - Phoenix	Phoenix	AZ	226	3,359	—	226	3,359	3,585	2,604	981	1980
Kindred Hospital - Tucson	Tucson	AZ	130	3,091	—	130	3,091	3,221	2,827	394	1969
Kindred Hospital - Brea	Brea	CA	3,144	2,611	—	3,144	2,611	5,755	1,258	4,497	1990
Kindred Hospital - Ontario	Ontario	CA	523	2,988	—	523	2,988	3,511	2,759	752	1950
Kindred Hospital - San Diego	San Diego	CA	670	11,764	—	670	11,764	12,434	10,940	1,494	1965
Kindred Hospital - San Francisco Bay Area	San Leandro	CA	2,735	5,870	—	2,735	5,870	8,605	6,059	2,546	1962

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	City	State / Province	Land and Improvements	Building and Improvements	Costs Land and Building Subsequent to Acquisition	Land and Improvements	Building and Improvements	Total	Accumulated Depreciation	NBV				
Kindred Hospital - Westminster	Westminster	CA	727	7,384	727	7,384	8,111	7,549	562	1973		1993	20 years	
Kindred Hospital - Denver	Denver	CO	896	6,367	896	6,367	7,263	6,664	599	1963		1994	20 years	
Kindred Hospital - South Florida - Coral Gables	Coral Gables	FL	1,071	15,348	1,071	15,348	6,419	4,724	1,695	1956		1992	30 years	
Kindred Hospital - South Florida - Ft. Lauderdale	Fort Lauderdale	FL	1,758	14,080	1,758	14,080	15,838	13,282	2,556	N/A		1989	30 years	
Kindred Hospital - North Florida	Green Cove Springs	FL	445	4,613	445	4,613	4,758	4,247	511	1956		1994	20 years	
Kindred Hospital - South Florida - Hollywood	Hollywood	FL	605	5,229	605	5,229	5,834	5,220	614	1937		1995	20 years	
Kindred Hospital - Bay Area - St. Petersburg	St. Petersburg	FL	1,401	16,706	1,401	16,706	18,107	13,624	4,483	1968		1997	40 years	
Kindred Hospital - Central Tampa	Tampa	FL	2,732	27,676	2,732	27,676	10,408	4,760	5,648	1970		1993	40 years	
Kindred Hospital - Chicago (North Campus)	Chicago	IL	1,583	19,980	1,583	19,980	21,563	18,697	2,866	1949		1995	25 years	
Kindred Hospital - Chicago - Lakeshore	Chicago	IL	1,513	9,525	1,513	9,525	11,038	9,381	1,657	1995		1976	20 years	

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Kindred Hospital - Chicago (Northlake Campus)	Northlake	IL	8 50	6,498	8 50	6,498	7,348	5,609	1,739	1960	1991	30 years
Kindred Hospital - Sycamore	Sycamore	IL	7 7	8,549	7 7	8,549	8,626	7,732	894	1949	1993	20 years
Kindred Hospital - Indianapolis	Indianapolis	IN	9 85	3,801	9 85	3,801	4,786	3,243	1,543	1955	1993	30 years
Kindred Hospital - Louisville	Louisville	KY	3 ,041	12,279	3 ,041	12,279	15,320	11,776	3,544	1964	1995	20 years
Kindred Hospital - New Orleans	New Orleans	LA	6 48	4,971	6 48	4,971	5,619	4,330	1,289	1968	1978	20 years
Kindred Hospital - Boston	Brighton	MA	4 ,551	9,796	4 ,551	9,796	11,347	9,003	2,344	1930	1994	25 years
Kindred Hospital - Boston North Shore	Peabody	MA	5 43	7,568	5 43	7,568	8,111	5,418	2,693	1974	1993	40 years
Kindred Hospital - Kansas City	Kansas City	MO	2 77	2,914	2 77	2,914	3,191	2,561	630	N/A	1992	30 years
Kindred Hospital - St. Louis	St. Louis	MO	4 ,126	2,087	4 ,126	2,087	3,213	1,830	1,383	1984	1991	40 years
Kindred Hospital - Greensboro	Greensboro	NC	4 ,010	7,586	4 ,010	7,586	8,596	7,490	1,106	1964	1994	20 years
Kindred Hospital - Albuquerque	Albuquerque	NM	4 4	4,253	4 4	4,253	4,264	2,713	1,551	1985	1993	40 years
Kindred Hospital - Las Vegas (Sahara)	Las Vegas	NV	4 ,110	2,177	4 ,110	2,177	3,287	1,299	1,988	1980	1994	40 years
Kindred Hospital - Oklahoma City	Oklahoma City	OK	2 93	5,607	2 93	5,607	5,900	4,368	1,532	1958	1993	30 years
Kindred Hospital - Pittsburgh	Oakdale	PA	6 62	12,854	6 62	12,854	13,516	9,398	4,118	1972	1996	40 years
Kindred Hospital - Philadelphia	Philadelphia	PA	4 35	5,223	4 35	5,223	5,358	3,072	2,286	N/A	1995	35 years
	Chattanooga	TN	7 56	4,415	7 56	4,415	5,171	3,915	1,256	1975	1993	22 years

Kindred Hospital - Chattanooga																				
Kindred Hospital - Tarrant County (Fort Worth Southwest)	Fort Worth	TX	2,342 7,458	2,342 7,458	9,800	7,352	2,448	1987		1986	20 years									
Kindred Hospital - Fort Worth	Fort Worth	TX	648	10,608	648	10,608	11,256	8,506	2,750	1960		1994	34 years							
Kindred Hospital (Houston Northwest)	Houston	TX	1,699 6,788	1,699 6,788	8,487	5,238	3,249	1986		1985	40 years									
Kindred Hospital - Houston	Houston	TX	33	7,062	33	7,062	7,095	6,575	520	N/A		1994	20 years							
Kindred Hospital - Mansfield	Mansfield	TX	267	2,462	267	2,462	2,729	1,843	886	1983		1990	40 years							

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	
	City	State / Province	Land and Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation	NBV				
Kindred Hospital - San Antonio	San Antonio	TX	249	11,413	—	249	11,413	11,662	8,445	3,217		1981	1993	3
TOTAL FOR KINDRED HOSPITALS			38,172	272,960	—	38,172	272,960	311,132	236,311	74,821				
NON-KINDRED HOSPITALS														
Southern Arizona Rehab	Tucson	AZ	770	25,589	—	770	25,589	26,359	2,673	23,686		1992	2011	3
HealthBridge Children's Hospital	Orange	CA	1,330	9,317	—	1,330	9,317	10,647	1,002	9,645		2000	2011	3
HealthSouth Rehabilitation Hospital	Tustin	CA	2,810	25,248	—	2,810	25,248	28,058	2,688	25,370		1991	2011	3
Gateway Rehabilitation Hospital at Florence University Hospitals	Florence	KY	3,600	4,924	—	3,600	4,924	8,524	1,149	7,375		2001	2006	3
Rehabilitation Hospital	Beachwood	OH	1,800	16,444	—	1,800	16,444	18,244	827	17,417		2013	2012	3
The Ranch/Touchstone Highlands	Conroe	TX	2,710	28,428	8,500	2,710	36,928	39,638	2,999	36,639		1992	2011	3
Regional Rehabilitation Hospital	El Paso	TX	1,900	23,616	—	1,900	23,616	25,516	5,510	20,006		1999	2006	3
Houston Children's Hospital	Houston	TX	1,800	15,770	—	1,800	15,770	17,570	1,676	15,894		1999	2011	3
Beacon Specialty Hospital	Spring	TX	960	6,498	—	960	6,498	7,458	708	6,750		1995	2011	3
TOTAL FOR NON-KINDRED HOSPITALS			47,680	155,834	8,500	17,680	164,334	182,014	19,232	162,782				
TOTAL FOR HOSPITALS			55,852	428,794	8,500	55,852	437,294	493,146	255,543	237,603				

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period			Total	Accumulated Depreciation	NBV	Year of Construction	Year Acquired	Life Which Depreciation is C
	City	State / Province		Land	Buildings	Costs Capitalized and Subsequent Improvements to Acquisition	Land	Buildings	Improvements						
BROOKDALE SENIORS HOUSING COMMUNITIES															
Wellington Place at Muscle Shoals	Muscle Shoals	AL	—	340	4,017	—	340	4,017	4,357	511	3,846	1999	2011	35 y	
Sterling House of Chandler	Chandler	AZ	—	2,000	6,538	—	2,000	6,538	8,538	784	7,754	1998	2011	35 y	
Park Regency Premier Club	Chandler	AZ	—	2,260	19,338	—	2,260	19,338	21,598	2,531	19,067	1992	2011	35 y	
The Springs of East Mesa	Mesa	AZ	—	2,747	24,918	—	2,747	24,918	27,665	8,902	18,763	1986	2005	35 y	
Sterling House of Mesa	Mesa	AZ	—	655	6,998	—	655	6,998	7,653	2,475	5,178	1998	2005	35 y	
Clare Bridge of Oro Valley	Oro Valley	AZ	—	666	6,169	—	666	6,169	6,835	2,182	4,653	1998	2005	35 y	
Sterling House of Peoria	Peoria	AZ	—	598	4,872	—	598	4,872	5,470	1,723	3,747	1998	2005	35 y	
Clare Bridge of Tempe	Tempe	AZ	—	611	4,066	—	611	4,066	4,677	1,438	3,239	1997	2005	35 y	
Sterling House on East Speedway	Tucson	AZ	—	506	4,745	—	506	4,745	5,251	1,678	3,573	1998	2005	35 y	
Emeritus at Fairwood Manor	Anaheim	CA	—	2,464	7,908	—	2,464	7,908	10,372	2,501	7,871	1977	2005	35 y	
Woodside Terrace	Redwood City	CA	—	7,669	66,691	—	7,669	66,691	74,360	24,066	50,294	1988	2005	35 y	
The Atrium	San Jose	CA	—	6,240	66,329	8,970	6,240	75,299	81,539	22,886	58,653	1987	2005	35 y	
Brookdale Place	San Marcos	CA	—	4,288	36,204	—	4,288	36,204	40,492	13,159	27,333	1987	2005	35 y	
Emeritus at Heritage Place	Tracy	CA	—	1,110	13,296	—	1,110	13,296	14,406	3,864	10,542	1986	2005	35 y	
Ridge Point Assisted Living Inn	Boulder	CO	—	1,290	20,683	—	1,290	20,683	21,973	2,301	19,672	1985	2011	35 y	
Wynwood of Colorado Springs	Colorado Springs	CO	—	715	9,279	—	715	9,279	9,994	3,282	6,712	1997	2005	35 y	
Wynwood of Pueblo	Pueblo	CO	5,012	840	9,403	—	840	9,403	10,243	3,326	6,917	1997	2005	35 y	
The Gables at Farmington	Farmington	CT	—	3,995	36,310	—	3,995	36,310	40,305	12,966	27,339	1984	2005	35 y	

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Emeritus at South Windsor	South Windsor	CT	—	2,187	12,682	—	2,187	12,682	14,869	3,937	10,932	1999	2004	35 y
Chatfield	West Hartford	CT	—	2,493	22,833	1,644	2,493	24,477	26,970	8,139	18,831	1989	2005	35 y
Emeritus at Bonita Springs	Bonita Springs	FL	9,029	1,540	10,783	—	1,540	10,783	12,323	3,756	8,567	1989	2005	35 y
Emeritus at Boynton Beach	Boynton Beach	FL	13,838	2,317	16,218	—	2,317	16,218	18,535	5,471	13,064	1999	2005	35 y
Emeritus at Deer Creek	Deerfield Beach	FL	—	1,399	9,791	—	1,399	9,791	11,190	3,649	7,541	1999	2005	35 y
Clare Bridge of Ft. Myers	Fort Myers	FL	—	1,510	7,862	—	1,510	7,862	9,372	871	8,501	1996	2011	35 y
Wellington Place at Ft Walton	Fort Walton Beach	FL	—	2,610	11,041	—	2,610	11,041	13,651	1,221	12,430	2000	2011	35 y
Sterling House of Merrimac	Jacksonville	FL	—	860	16,745	—	860	16,745	17,605	1,775	15,830	1997	2011	35 y
Clare Bridge of Jacksonville	Jacksonville	FL	—	1,300	9,659	—	1,300	9,659	10,959	1,054	9,905	1997	2011	35 y
Emeritus at Jensen Beach	Jensen Beach	FL	12,417	1,831	12,820	—	1,831	12,820	14,651	4,450	10,201	1999	2005	35 y
Sterling House of Ormond Beach	Ormond Beach	FL	—	1,660	9,738	—	1,660	9,738	11,398	1,071	10,327	1997	2011	35 y
Sterling House of Palm Coast	Palm Coast	FL	—	470	9,187	—	470	9,187	9,657	1,020	8,637	1997	2011	35 y
Sterling House of Pensacola	Pensacola	FL	—	633	6,087	—	633	6,087	6,720	2,153	4,567	1998	2005	35 y
Sterling House of Englewood (FL)	Rotonda West	FL	—	1,740	4,331	—	1,740	4,331	6,071	580	5,491	1997	2011	35 y
Clare Bridge of Tallahassee	Tallahassee	FL	4,451	667	6,168	—	667	6,168	6,835	2,182	4,653	1998	2005	35 y
Sterling House of Tavares	Tavares	FL	—	280	15,980	—	280	15,980	16,260	1,702	14,558	1997	2011	35 y

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period			Accumulated Depreciation	NBV	Year of Construction	Year Acquired	Life in Years
	City	State / Province		Land	Buildings	Costs Capitalized and Subsequent Improvements to Acquisition	Land	Buildings and Improvements	Total					
Clare Bridge of West Melbourne	West Melbourne	FL	6,343	586	5,481	—	586	5,481	6,067	1,939	4,128	2000	2005	35
The Classic at West Palm Beach	West Palm Beach	FL	25,512	3,758	33,072	—	3,758	33,072	36,830	11,901	24,929	1990	2005	35
Clare Bridge Cottage of Winter Haven	Winter Haven	FL	—	232	3,006	—	232	3,006	3,238	1,063	2,175	1997	2005	35
Sterling House of Winter Haven	Winter Haven	FL	—	438	5,549	—	438	5,549	5,987	1,963	4,024	1997	2005	35
Wynwood of Twin Falls	Twin Falls	ID	—	703	6,153	—	703	6,153	6,856	2,176	4,680	1997	2005	35
The Hallmark	Chicago	IL	—	11,057	107,517	3,266	11,057	110,783	121,840	38,314	83,526	1990	2005	35
The Kenwood of Lake View	Chicago	IL	—	3,072	26,668	—	3,072	26,668	29,740	9,628	20,112	1950	2005	35
The Heritage	Des Plaines	IL	32,000	6,871	60,165	—	6,871	60,165	67,036	21,676	45,360	1993	2005	35
Devonshire of Hoffman Estates	Hoffman Estates	IL	—	3,886	44,130	—	3,886	44,130	48,016	15,025	32,991	1987	2005	35
The Devonshire	Lisle	IL	33,000	7,953	70,400	—	7,953	70,400	78,353	25,297	53,056	1990	2005	35
Seasons at Glenview	Northbrook	IL	—	1,988	39,762	—	1,988	39,762	41,750	12,671	29,079	1999	2004	35
Hawthorn Lakes	Vernon Hills	IL	—	4,439	35,044	—	4,439	35,044	39,483	12,956	26,527	1987	2005	35
The Willows	Vernon Hills	IL	—	1,147	10,041	—	1,147	10,041	11,188	3,618	7,570	1999	2005	35
Sterling House of Evansville	Evansville	IN	3,571	357	3,765	—	357	3,765	4,122	1,332	2,790	1998	2005	35
Berkshire of Castleton	Indianapolis	IN	—	1,280	11,515	—	1,280	11,515	12,795	4,122	8,673	1986	2005	35

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Sterling House of Marion	Marion	IN	—	207	3,570	—	207	3,570	3,777	1,263	2,514	1998	2005	35
Sterling House of Portage	Portage	IN	—	128	3,649	—	128	3,649	3,777	1,291	2,486	1999	2005	35
Sterling House of Richmond	Richmond	IN	—	495	4,124	—	495	4,124	4,619	1,459	3,160	1998	2005	35
Sterling House of Derby	Derby	KS	—	440	4,422	—	440	4,422	4,862	502	4,360	1994	2011	35
Clare Bridge of Leawood	Leawood	KS	3,637	117	5,127	—	117	5,127	5,244	1,814	3,430	2000	2005	35
Sterling House of Salina II	Salina	KS	—	300	5,657	—	300	5,657	5,957	646	5,311	1996	2011	35
Clare Bridge Cottage of Topeka	Topeka	KS	4,870	370	6,825	—	370	6,825	7,195	2,414	4,781	2000	2005	35
Sterling House of Wellington	Wellington	KS	—	310	2,434	—	310	2,434	2,744	303	2,441	1994	2011	35
Emeritus at Farm Pond	Framingham	MA	—	5,819	33,361	1,894	5,819	35,255	41,074	9,852	31,222	1999	2004	35
Emeritus at Cape Cod (White Hall)	Hyannis	MA	6,372	1,277	9,063	—	1,277	9,063	10,340	2,594	7,746	1999	2005	35
River Bay Club	Quincy	MA	—	6,101	57,862	—	6,101	57,862	63,963	20,462	43,501	1986	2005	35
Woven Hearts of Davison	Davison	MI	—	160	3,189	2,543	160	5,732	5,892	717	5,175	1997	2011	35
Clare Bridge of Delta Charter	Delta Township	MI	—	730	11,471	—	730	11,471	12,201	1,246	10,955	1998	2011	35
Woven Hearts of Delta Charter	Delta Township	MI	—	820	3,313	—	820	3,313	4,133	505	3,628	1998	2011	35
Clare Bridge of Farmington Hills I	Farmington Hills	MI	—	580	10,497	—	580	10,497	11,077	1,283	9,794	1994	2011	35
Clare Bridge of Farmington Hills II	Farmington Hills	MI	—	700	10,246	—	700	10,246	10,946	1,300	9,646	1994	2011	35
Wynwood of Meridian Lansing II	Haslett	MI	—	1,340	6,134	—	1,340	6,134	7,474	756	6,718	1998	2011	35

Clare Bridge
of Grand
Blanc I

Holly

MI

—

450

12,373

—

450

12,373

12,823

1,350

11,473 1998

2011

35

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period			Total Depreciation	Accumulated NBV	Year of Construction	Year Acquired	Life in Years
	City	State / Province		Land	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land	Buildings and Improvements						
Wynwood of Grand Blanc II	Holly	MI	—	620	14,627	—	620	14,627	15,247	1,618	13,629	1998	2011	35
Wynwood of Northville	Northville	MI	7,161	407	6,068	—	407	6,068	6,475	2,146	4,329	1996	2005	35
Clare Bridge of Troy I	Troy	MI	—	630	17,178	—	630	17,178	17,808	1,848	15,960	1998	2011	35
Wynwood of Troy II	Troy	MI	—	950	12,503	—	950	12,503	13,453	1,451	12,002	1998	2011	35
Wynwood of Utica	Utica	MI	—	1,142	11,808	—	1,142	11,808	12,950	4,177	8,773	1996	2005	35
Clare Bridge of Utica	Utica	MI	—	700	8,657	—	700	8,657	9,357	1,004	8,353	1995	2011	35
Sterling House of Blaine	Blaine	MN	—	150	1,675	—	150	1,675	1,825	593	1,232	1997	2005	35
Clare Bridge of Eden Prairie	Eden Prairie	MN	—	301	6,228	—	301	6,228	6,529	2,203	4,326	1998	2005	35
Woven Hearts of Faribault	Faribault	MN	—	530	1,085	—	530	1,085	1,615	156	1,459	1997	2011	35
Sterling House of Inver Grove Heights	Inver Grove Heights	MN	2,825	253	2,655	—	253	2,655	2,908	939	1,969	1997	2005	35
Woven Hearts of Mankato	Mankato	MN	—	490	410	—	490	410	900	113	787	1996	2011	35
Edina Park Plaza	Minneapolis	MN	15,040	3,621	33,141	7,271	3,621	40,412	44,033	11,816	32,217	1998	2005	35
Clare Bridge of North Oaks	North Oaks	MN	—	1,057	8,296	—	1,057	8,296	9,353	2,934	6,419	1998	2005	35
Clare Bridge of Plymouth	Plymouth	MN	—	679	8,675	—	679	8,675	9,354	3,068	6,286	1998	2005	35
Woven Hearts of Sauk Rapids	Sauk Rapids	MN	—	480	3,178	—	480	3,178	3,658	369	3,289	1997	2011	35
Woven Hearts of Wilmar	Wilmar	MN	—	470	4,833	—	470	4,833	5,303	531	4,772	1997	2011	35
Woven Hearts of Winona	Winona	MN	—	800	1,390	—	800	1,390	2,190	312	1,878	1997	2011	35
The Solana West County	Ballwin	MO	—	3,100	35,074	—	3,100	35,074	38,174	470	37,704	2012	2014	35
Wellington Place of	Greenville	MS	—	600	1,522	—	600	1,522	2,122	258	1,864	1999	2011	35

Greenville																	
Clare Bridge of Cary	Cary	NC	—	724	6,466	—	724	6,466	7,190	2,287	4,903	1997	2005	35			
Sterling House of Hickory	Hickory	NC	—	330	10,981	—	330	10,981	11,311	1,196	10,115	1997	2011	35			
Clare Bridge of Winston-Salem	Winston-Salem	NC	—	368	3,497	—	368	3,497	3,865	1,237	2,628	1997	2005	35			
Brendenwood	Voorhees Township	NJ	17,770	3,158	29,909	—	3,158	29,909	33,067	10,580	22,487	1987	2005	35			
Clare Bridge of Westampton	Westampton	NJ	—	881	4,741	—	881	4,741	5,622	1,677	3,945	1997	2005	35			
Sterling House of Deptford	Woodbury	NJ	—	1,190	5,482	—	1,190	5,482	6,672	665	6,007	1998	2011	35			
Ponce de Leon	Santa Fe	NM	—	—	28,178	—	—	28,178	28,178	9,697	18,481	1986	2005	35			
Westwood Assisted Living	Sparks	NV	—	1,040	7,376	—	1,040	7,376	8,416	1,015	7,401	1991	2011	35			
Westwood Active Retirement	Sparks	NV	—	1,520	9,280	—	1,520	9,280	10,800	1,353	9,447	1993	2011	35			
Wynwood of Kenmore	Buffalo	NY	13,352	1,487	15,170	—	1,487	15,170	16,657	5,366	11,291	1995	2005	35			
Villas of Sherman Brook	Clinton	NY	—	947	7,528	—	947	7,528	8,475	2,663	5,812	1991	2005	35			
Wynwood of Liberty (Manlius)	Manlius	NY	—	890	28,237	—	890	28,237	29,127	3,010	26,117	1994	2011	35			
Clare Bridge of Perinton	Pittsford	NY	—	611	4,066	—	611	4,066	4,677	1,438	3,239	1997	2005	35			
The Gables at Brighton	Rochester	NY	—	1,131	9,498	—	1,131	9,498	10,629	3,457	7,172	1988	2005	35			
Clare Bridge of Niskayuna	Schenectady	NY	—	1,021	8,333	—	1,021	8,333	9,354	2,947	6,407	1997	2005	35			
Wynwood of Niskayuna	Schenectady	NY	16,758	1,884	16,103	—	1,884	16,103	17,987	5,696	12,291	1996	2005	35			
Villas of Summerfield	Syracuse	NY	—	1,132	11,434	—	1,132	11,434	12,566	4,044	8,522	1991	2005	35			
Clare Bridge of Williamsville	Williamsville	NY	6,903	839	3,841	—	839	3,841	4,680	1,359	3,321	1997	2005	35			

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land Encumbrances	Land Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Buildings	Buildings and Accumulated Depreciation	Total	Net Book Value				
Sterling House of Alliance	Alliance	OH	2,263	392	6,283	—	392	6,283	6,675	2,222	4,453	1998	2005	35 years
Clare Bridge Cottage of Austintown	Austintown	OH	—	151	3,087	—	151	3,087	3,238	1,092	2,146	1999	2005	35 years
Sterling House of Barberton	Barberton	OH	—	440	10,884	—	440	10,884	11,324	1,186	10,138	1997	2011	35 years
Sterling House of Beaver Creek	Beavercreek	OH	—	587	5,381	—	587	5,381	5,968	1,903	4,065	1998	2005	35 years
Sterling House of Englewood (OH)	Clayton	OH	—	630	6,477	—	630	6,477	7,107	745	6,362	1997	2011	35 years
Emeritus at Lakeview	Columbus	OH	—	770	11,220	—	770	11,220	11,990	1,310	10,680	1998	2011	35 years
Sterling House of Westerville	Columbus	OH	1,857	267	3,600	—	267	3,600	3,867	1,274	2,593	1999	2005	35 years
Sterling House of Greenville	Greenville	OH	—	490	4,144	—	490	4,144	4,634	562	4,072	1997	2011	35 years
Sterling House of Lancaster	Lancaster	OH	—	460	4,662	—	460	4,662	5,122	564	4,558	1998	2011	35 years
Sterling House of Marion	Marion	OH	—	620	3,306	—	620	3,306	3,926	432	3,494	1998	2011	35 years
Emeritus at Camelot Place	Medina	OH	—	340	21,566	—	340	21,566	21,906	2,377	19,529	1995	2011	35 years
Emeritus at Medina	Medina	OH	—	1,110	24,700	—	1,110	24,700	25,810	2,685	23,125	2000	2011	35 years
Emeritus at Hillenvale	Mount Vernon	OH	—	1,100	12,493	—	1,100	12,493	13,593	1,443	12,150	2001	2011	35 years
	Salem	OH	—	634	4,659	—	634	4,659	5,293	1,648	3,645	1998	2005	35 years

0119,263	1997	2011	35 years
32211,305	1996	2011	35 years
299,650	1997	2011	35 years
3 1,676	1994	2011	35 years
6 12,666	1996	2011	35 years
7610,777	1994	2011	35 years
1010,393	1988	2011	35 years
0257,766	1989	2011	35 years
34415,011	2001	2011	35 years
8 4,348	2000	2011	35 years
30965,772	1985	2011	35 years
3 7,709	1996	2011	35 years
4 3,340	1996	2011	35 years
79624,567	2001	2011	35 years
3017,523	1998	2011	35 years
51514,675	1999	2011	35 years
75415,256	1999	2011	35 years

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Sterling House of Kerrville	Kerrville	TX	—	460	8,548	—	460	8,548	9,008	933	8,075	1997	2011	35 years
Sterling House of Lancaster	Lancaster	TX	—	410	1,478	—	410	1,478	1,888	230	1,658	1997	2011	35 years
Sterling House of Paris	Paris	TX	—	360	2,411	—	360	2,411	2,771	323	2,448	1996	2011	35 years
Hampton at Pearlland	Pearland	TX	—	1,250	12,869	—	1,250	12,869	14,119	1,500	12,619	1998	2011	35 years
Sterling House of San Antonio	San Antonio	TX	—	1,400	10,051	—	1,400	10,051	11,451	1,115	10,336	1997	2011	35 years

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Property Name	Location		Encumbrances	Initial Cost to Company		Costs Capitalized and Subsequent Improvements to Acquisition	Gross Amount Carried at Close of Period			Accumulated Depreciation	NBV	Year Cons
	City	State / Province		Land and Improvements	Buildings Improvements		Land and Improvements	Buildings Improvements	Total			
Sterling House of Temple	Temple	TX	—	330	5,081	—	330	5,081	5,411	599	4,812	1997
Emeritus at Ridgewood Gardens	Salem	VA	—	1,900	16,219	—	1,900	16,219	18,119	5,238	12,881	1998
Clare Bridge of Lynwood	Lynnwood	WA	—	1,219	9,573	—	1,219	9,573	10,792	3,386	7,406	1999
Clare Bridge of Puyallup	Puyallup	WA	9,732	1,055	8,298	—	1,055	8,298	9,353	2,935	6,418	1998
Columbia Edgewater	Richland	WA	—	960	23,270	—	960	23,270	24,230	2,613	21,617	1990
Park Place Crossings at Allenmore	Spokane	WA	—	1,622	12,895	—	1,622	12,895	14,517	4,759	9,758	1915
Union Park at Allenmore	Tacoma	WA	—	620	16,186	—	620	16,186	16,806	1,756	15,050	1997
Crossings at Yakima	Tacoma	WA	—	1,710	3,326	—	1,710	3,326	5,036	586	4,450	1988
Sterling House of Fond du Lac	Yakima	WA	—	860	15,276	—	860	15,276	16,136	1,709	14,427	1998
Clare Bridge of Kenosha	Fond du Lac	WI	—	196	1,603	—	196	1,603	1,799	567	1,232	2000
Woven Hearts of Kenosha	Kenosha	WI	—	551	5,431	2,772	551	8,203	8,754	2,425	6,329	2000
Clare Bridge Cottage of La Crosse	Kenosha	WI	—	630	1,694	—	630	1,694	2,324	220	2,104	1997
Sterling House of La Crosse	La Crosse	WI	—	621	4,056	1,126	621	5,182	5,803	1,640	4,163	2004
Sterling House of Middleton	La Crosse	WI	—	644	5,831	2,637	644	8,468	9,112	2,544	6,568	1998
Woven Hearts of Onalaska	Middleton	WI	—	360	5,041	—	360	5,041	5,401	555	4,846	1997
Woven Hearts of Oshkosh	Neenah	WI	—	340	1,030	—	340	1,030	1,370	151	1,219	1996
Woven Hearts of Sun Prairie	Onalaska	WI	—	250	4,949	—	250	4,949	5,199	542	4,657	1995
TOTAL FOR BROOKDALE	Oshkosh	WI	—	160	1,904	—	160	1,904	2,064	241	1,823	1996
	Sun Prairie	WI	—	350	1,131	—	350	1,131	1,481	161	1,320	1994
			255,484	218,194	2,112,392	38,533	219,127	2,149,992	2,369,119	546,213	1,822,906	

SENIORS
HOUSING
COMMUNITIES
SUNRISE
SENIORS
HOUSING
COMMUNITIES

Sunrise of Chandler	Chandler	AZ	—	4,344	14,455	246	4,439	14,606	19,045	1,423	17,622	2007
Sunrise of Scottsdale	Scottsdale	AZ	—	2,229	27,575	466	2,255	28,015	30,270	6,570	23,700	2007
Sunrise of River Road	Tucson	AZ	—	2,971	12,399	65	2,971	12,464	15,435	1,117	14,318	2008
Sunrise of Lynn Valley	Vancouver	BC	—	11,759	37,424	(6,469)	10,057	32,657	42,714	7,599	35,115	2002
Sunrise of Vancouver	Vancouver	BC	—	6,649	31,937	445	6,663	32,368	39,031	7,992	31,039	2005
Sunrise of Victoria	Victoria	BC	—	8,332	29,970	(4,863)	7,144	26,295	33,439	6,261	27,178	2001
Sunrise at La Costa	Carlsbad	CA	—	4,890	20,590	1,067	4,960	21,587	26,547	5,607	20,940	1999
Sunrise of Carmichael	Carmichael	CA	—	1,269	14,598	210	1,269	14,808	16,077	1,368	14,709	2009
Sunrise of Fair Oaks	Fair Oaks	CA	10,452	1,456	23,679	1,471	2,265	24,341	26,606	6,049	20,557	2001
Sunrise of Mission Viejo	Mission Viejo	CA	—	3,802	24,560	1,036	3,827	25,571	29,398	6,346	23,052	1998
Sunrise at Canyon Crest	Riverside	CA	—	5,486	19,658	1,023	5,530	20,637	26,167	5,186	20,981	2006
Sunrise of Rocklin	Rocklin	CA	—	1,378	23,565	651	1,413	24,181	25,594	5,734	19,860	2007
Sunrise of San Mateo	San Mateo	CA	—	2,682	35,335	1,255	2,686	36,586	39,272	8,570	30,702	1999
Sunrise of Sunnyvale	Sunnyvale	CA	—	2,933	34,361	715	2,948	35,061	38,009	8,278	29,731	2000
Sunrise at Sterling Canyon	Valencia	CA	16,495	3,868	29,293	3,811	3,966	33,006	36,972	8,289	28,683	1998

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Property Name	Location		Encumbrances	Initial Cost to Company		Gross Amount Carried at Close of Period		Total	Accumulated Depreciation	Year of Construction	Year Acquired	Life Which Depreciation State is Computed On		
	City	State / Province		Land Improvements	Buildings and Improvements	Capitalized and Subsequent Improvements	Land and Buildings							
Sunrise of Westlake Village	Westlake Village	CA	—	4,935	30,722	842	5,006	31,493	36,499	7,406	29,093	2004	2007	35 years
Sunrise at Yorba Linda	Yorba Linda	CA	—	1,689	25,240	1,066	1,714	26,281	27,995	6,163	21,832	2002	2007	35 years
Sunrise at Cherry Creek	Denver	CO	—	1,621	28,370	836	1,703	29,124	30,827	7,027	23,800	2000	2007	35 years
Sunrise at Pinehurst	Denver	CO	—	1,417	30,885	1,457	1,431	32,328	33,759	8,040	25,719	1998	2007	35 years
Sunrise at Orchard	Littleton	CO	10,382	1,813	22,183	1,040	1,846	23,190	25,036	5,825	19,211	1997	2007	35 years
Sunrise of Westminster	Westminster	CO	7,432	2,649	16,243	1,020	2,686	17,226	19,912	4,299	15,613	2000	2007	35 years
Sunrise of Stamford	Stamford	CT	—	4,612	28,533	1,228	4,646	29,727	34,373	7,511	26,862	1999	2007	35 years
Sunrise of Jacksonville	Jacksonville	FL	—	2,390	17,671	139	2,405	17,695	20,100	1,674	18,426	2009	2012	35 years
Sunrise of Ivey Ridge	Alpharetta	GA	5,064	1,507	18,516	908	1,513	19,418	20,931	4,949	15,982	1998	2007	35 years
Sunrise of Huntcliff I	Atlanta	GA	30,197	4,232	66,161	13,563	4,226	79,730	83,956	17,802	66,154	1987	2007	35 years
Sunrise of Huntcliff II	Atlanta	GA	4,864	2,154	17,137	1,577	2,160	18,708	20,868	4,667	16,201	1998	2007	35 years
Sunrise at East Cobb	Marietta	GA	9,330	1,797	23,420	1,248	1,799	24,666	26,465	5,970	20,495	1997	2007	35 years
Sunrise of Barrington	Barrington	IL	—	859	15,085	248	859	15,333	16,192	1,442	14,750	2007	2012	35 years
Sunrise of Bloomingdale	Bloomingdale	IL	—	1,287	38,625	1,289	1,382	39,819	41,201	9,430	31,771	2000	2007	35 years
Sunrise of Buffalo Grove	Buffalo Grove	IL	—	2,154	28,021	824	2,251	28,748	30,999	7,076	23,923	1999	2007	35 years
Sunrise of Lincoln Park	Chicago	IL	—	3,485	26,687	534	3,504	27,202	30,706	6,304	24,402	2003	2007	35 years
Sunrise of Naperville	Naperville	IL	—	1,946	28,538	1,711	1,990	30,205	32,195	7,451	24,744	1999	2007	35 years
Sunrise of Palos Park	Palos Park	IL	18,651	2,363	42,205	893	2,369	43,092	45,461	10,271	35,190	2001	2007	35 years
Sunrise of Park Ridge	Park Ridge	IL	—	5,533	39,557	1,831	5,612	41,309	46,921	9,592	37,329	1998	2007	35 years

Sunrise of Willowbrook	Willowbrook	IL	18,515	1,454	60,738	1,934	2,047	62,079	64,126	13,030	51,096	2000	2007	35 y
Sunrise of Old Meridian	Carmel	IN	—	8,550	31,746	43	8,550	31,789	40,339	2,995	37,344	2009	2012	35 y
Sunrise of Leawood	Leawood	KS	—	651	16,401	317	719	16,650	17,369	1,426	15,943	2006	2012	35 y
Sunrise of Overland Park	Overland Park	KS	—	650	11,015	308	651	11,322	11,973	1,070	10,903	2007	2012	35 y
Sunrise of Baton Rouge	Baton Rouge	LA	7,972	1,212	23,547	1,160	1,253	24,666	25,919	5,889	20,030	2000	2007	35 y
Sunrise of Arlington	Arlington	MA	17,077	86	34,393	712	107	35,084	35,191	8,609	26,582	2001	2007	35 y
Sunrise of Norwood	Norwood	MA	—	2,230	30,968	1,509	2,269	32,438	34,707	7,666	27,041	1997	2007	35 y
Sunrise of Columbia	Columbia	MD	—	1,780	23,083	1,682	1,855	24,690	26,545	5,966	20,579	1996	2007	35 y
Sunrise of Rockville	Rockville	MD	—	1,039	39,216	990	1,066	40,179	41,245	9,238	32,007	1997	2007	35 y
Sunrise of Bloomfield Hills	Bloomfield Hills	MI	—	3,736	27,657	1,296	3,742	28,947	32,689	6,887	25,802	2006	2007	35 y
Sunrise of Cascade	Grand Rapids	MI	—	1,273	21,782	112	1,284	21,883	23,167	1,980	21,187	2007	2012	35 y
Sunrise of Northville	Plymouth	MI	—	1,445	26,090	860	1,525	26,870	28,395	6,653	21,742	1999	2007	35 y
Sunrise of Rochester	Rochester	MI	—	2,774	38,666	1,003	2,778	39,665	42,443	9,427	33,016	1998	2007	35 y
Sunrise of Troy	Troy	MI	—	1,758	23,727	577	1,833	24,229	26,062	6,001	20,061	2001	2007	35 y
Sunrise of Edina	Edina	MN	8,809	3,181	24,224	2,287	3,212	26,480	29,692	6,481	23,211	1999	2007	35 y
Sunrise on Providence	Charlotte	NC	—	1,976	19,472	1,524	1,988	20,984	22,972	5,021	17,951	1999	2007	35 y
Sunrise at North Hills	Raleigh	NC	—	749	37,091	3,411	762	40,489	41,251	9,451	31,800	2000	2007	35 y
Sunrise of East Brunswick	East Brunswick	NJ	—	2,784	26,173	1,432	3,031	27,358	30,389	6,976	23,413	1999	2007	35 y

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Property Name	Location		Initial Cost to Company		Gross Amount Carried at Close of Period									
	City	State / Province	Encumbrances	Land Improvements	Buildings	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings	Total	Accumulated Depreciation	Net Book Value	Year of Construction	Year Acquired	Life on Which Depreciated in Income Statement is Computed
Sunrise of Jackson	Jackson	NJ	—	4,009	15,029	174	4,014	15,198	19,212	1,497	17,715	2008	2012	35 years
Sunrise of Morris Plains	Morris Plains	NJ	18,473	1,492	32,052	1,471	1,517	33,498	35,015	7,906	27,109	1997	2007	35 years
Sunrise of Old Tappan	Old Tappan	NJ	17,156	2,985	36,795	1,446	3,033	38,193	41,226	9,028	32,198	1997	2007	35 years
Sunrise of Wall	Wall Township	NJ	9,443	1,053	19,101	1,627	1,063	19,718	20,781	4,973	15,808	1999	2007	35 years
Sunrise of Wayne	Wayne	NJ	13,627	1,288	24,990	1,360	1,352	26,286	27,638	6,372	21,266	1996	2007	35 years
Sunrise of Westfield	Westfield	NJ	18,058	5,057	23,803	1,457	5,117	25,200	30,317	6,173	24,144	1996	2007	35 years
Sunrise of Woodcliff Lake	Woodcliff Lake	NJ	—	3,493	30,801	1,984	3,537	31,741	35,278	7,853	27,425	2000	2007	35 years
Sunrise of North Lynbrook	Lynbrook	NY	—	4,622	38,087	1,396	4,700	39,405	44,105	9,917	34,188	1999	2007	35 years
Sunrise at Fleetwood	Mount Vernon	NY	—	4,381	28,434	1,776	4,400	30,191	34,591	7,439	27,152	1999	2007	35 years
Sunrise of New City	New City	NY	—	1,906	27,323	935	1,948	28,216	30,164	6,947	23,217	1999	2007	35 years
Sunrise of Smithtown	Smithtown	NY	12,727	2,853	25,621	1,509	3,038	26,945	29,983	7,123	22,860	1999	2007	35 years
Sunrise of Staten Island	Staten Island	NY	—	7,237	23,910	(21)	7,284	23,842	31,126	7,462	23,664	2006	2007	35 years
Sunrise at Parma	Cleveland	OH	—	695	16,641	1,912	806	17,442	18,248	4,230	14,018	2000	2007	35 years
Sunrise of Cuyahoga Falls	Cuyahoga Falls	OH	—	626	10,239	778	631	11,012	11,643	2,795	8,848	2000	2007	35 years
Sunrise of Aurora	Aurora	ON	—	1,570	36,113	(4,750)	1,349	31,584	32,933	7,459	25,474	2002	2007	35 years
Sunrise of Burlington	Burlington	ON	—	1,173	24,448	455	1,193	24,883	26,076	5,809	20,267	2001	2007	35 years
Sunrise of Unionville	Markham	ON	—	2,322	41,140	(5,300)	2,038	36,124	38,162	8,417	29,745	2000	2007	35 years
	Mississauga	ON	—	3,554	33,631	(4,412)	3,080	29,693	32,773	6,915	25,858	2000	2007	35 years

Sunrise of Mississauga															
Sunrise of Erin Mills	Mississauga	ON	—	1,957	27,020	(3,670)	1,676	23,631	25,307	5,938	19,369	2007	2007	35 years	
Sunrise of Oakville	Oakville	ON	—	2,753	37,489	641	2,756	38,127	40,883	8,779	32,104	2002	2007	35 years	
Sunrise of Richmond Hill	Richmond Hill	ON	—	2,155	41,254	(5,486)	1,850	36,073	37,923	8,266	29,657	2002	2007	35 years	
Thorne Mill of Steeles	Vaughan	ON	—	2,563	57,513	(5,551)	1,251	53,274	54,525	11,357	43,168	2003	2007	35 years	
Sunrise of Windsor	Windsor	ON	—	1,813	20,882	587	1,836	21,446	23,282	5,087	18,195	2001	2007	35 years	
Sunrise of Abington	Abington	PA	23,207	1,838	53,660	3,069	1,980	56,587	58,567	13,247	45,320	1997	2007	35 years	
Sunrise of Blue Bell	Blue Bell	PA	—	1,765	23,920	1,877	1,814	25,748	27,562	6,427	21,135	2006	2007	35 years	
Sunrise of Exton	Exton	PA	—	1,123	17,765	1,171	1,155	18,904	20,059	4,734	15,325	2000	2007	35 years	
Sunrise of Haverford	Haverford	PA	7,281	941	25,872	1,419	962	27,270	28,232	6,481	21,751	1997	2007	35 years	
Sunrise at Granite Run	Media	PA	11,206	1,272	31,781	1,739	1,341	33,451	34,792	7,800	26,992	1997	2007	35 years	
Sunrise of Westtown	West Chester	PA	—	1,547	22,996	1,116	1,566	24,093	25,659	6,319	19,340	1999	2007	35 years	
Sunrise of Lower Makefield	Yardley	PA	—	3,165	21,337	198	3,165	21,535	24,700	2,024	22,676	2008	2012	35 years	
Sunrise of Hillcrest	Dallas	TX	—	2,616	27,680	444	2,626	28,114	30,740	6,801	23,939	2006	2007	35 years	
Sunrise of Fort Worth	Fort Worth	TX	—	2,024	18,587	316	2,017	18,910	20,927	1,747	19,180	2007	2012	35 years	
Sunrise of Frisco	Frisco	TX	—	2,523	14,547	108	2,535	14,643	17,178	1,224	15,954	2009	2012	35 years	
Sunrise of Cinco Ranch	Katy	TX	—	2,512	21,600	333	2,538	21,907	24,445	2,003	22,442	2007	2012	35 years	
Sunrise of Holladay	Holladay	UT	—	2,542	44,771	241	2,542	45,012	47,554	4,070	43,484	2008	2012	35 years	
Sunrise of Sandy	Sandy	UT	—	2,576	22,987	(66)	2,618	22,879	25,497	5,655	19,842	2007	2007	35 years	
Sunrise of Alexandria	Alexandria	VA	5,185	88	14,811	1,312	171	16,040	16,211	4,374	11,837	1998	2007	35 years	
Sunrise of Richmond	Richmond	VA	—	1,120	17,446	1,054	1,148	18,472	19,620	4,702	14,918	1999	2007	35 years	

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period				Accumulated Depreciation	Year of Construction
	City	State / Province		Land and Improvements	Buildings and Improvements	Costs Capitalized Subsequent to Acquisition	Land and Improvements	Buildings and Improvements	Total			
Sunrise of Bon Air	Richmond	VA	—	2,047	22,079	293	2,032	22,387	24,419	2,089	22,330	2008
Sunrise of Springfield	Springfield	VA	8,337	4,440	18,834	2,210	4,454	21,030	25,484	4,999	20,485	1997
TOTAL FOR SUNRISE SENIORS HOUSING COMMUNITIES ATRIA SENIORS HOUSING COMMUNITIES			309,940	245,515	2,532,176	58,592	244,300	2,591,983	2,836,283	576,492	2,259,791	
Arbour Lake	Calgary	AB	—	2,512	39,188	—	2,512	39,188	41,700	460	41,240	2003
Canyon Meadows	Calgary	AB	—	1,617	30,803	—	1,617	30,803	32,420	371	32,049	1995
Churchill Manor	Edmonton	AB	—	2,865	30,482	—	2,865	30,482	33,347	374	32,973	1999
View at Lethbridge	Lethbridge	AB	—	2,503	24,770	—	2,503	24,770	27,273	325	26,948	2007
Victoria Park	Red Deer	AB	9,952	1,188	22,554	—	1,188	22,554	23,742	298	23,444	1999
Ironwood Estates	St. Albert	AB	—	3,639	22,519	—	3,639	22,519	26,158	295	25,863	1998
Atria Regency	Mobile	AL	—	950	11,897	824	953	12,718	13,671	1,987	11,684	1996
Atria Chandler Villas	Chandler	AZ	7,570	3,650	8,450	873	3,692	9,281	12,973	2,004	10,969	1988
Atria Sierra Pointe	Scottsdale	AZ	—	10,930	65,372	—	10,930	65,372	76,302	887	75,415	2000
Atria Campana Del Rio	Tucson	AZ	—	5,861	37,284	1,072	5,896	38,321	44,217	5,712	38,505	1964
Atria Valley Manor	Tucson	AZ	—	1,709	60	288	1,709	348	2,057	148	1,909	1963
Atria Bell Court Gardens	Tucson	AZ	18,170	3,010	30,969	537	3,016	31,500	34,516	4,190	30,326	1964
Longlake Chateau	Nanaimo	BC	10,401	1,874	22,910	—	1,874	22,910	24,784	304	24,480	1990
Prince George	Prince George	BC	10,239	2,066	22,761	—	2,066	22,761	24,827	305	24,522	2005
The Victorian	Victoria	BC	—	3,419	16,351	—	3,419	16,351	19,770	230	19,540	1988
Victorian at McKenzie	Victoria	BC	—	4,801	25,712	—	4,801	25,712	30,513	329	30,184	2003
Atria Burlingame	Burlingame	CA	7,291	2,494	12,373	738	2,523	13,082	15,605	1,870	13,735	1977
Atria Las Posas	Camarillo	CA	—	4,500	28,436	509	4,508	28,937	33,445	3,771	29,674	1997
Atria Carmichael Oaks	Carmichael	CA	18,993	2,118	49,694	632	2,128	50,316	52,444	2,569	49,875	1992

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Atria El Camino Gardens	Carmichael	CA	—	6,930	32,318	1,660	6,971	33,937	40,908	4,608	36,300	1984
Atria Covina	Covina	CA	—	170	4,131	388	184	4,505	4,689	825	3,864	1977
Atria Daly City	Daly City	CA	7,425	3,090	13,448	632	3,090	14,080	17,170	1,939	15,231	1975
Atria Covell Gardens	Davis	CA	18,788	2,163	39,657	7,159	2,272	46,707	48,979	5,970	43,009	1987
Atria Encinitas	Encinitas	CA	—	5,880	9,212	721	5,891	9,922	15,813	1,563	14,250	1984
Atria Escondido	Escondido	CA	—	1,196	7,155	—	1,196	7,155	8,351	179	8,172	2002
Atria Grass Valley	Grass Valley	CA	11,840	1,965	28,414	181	1,983	28,577	30,560	1,583	28,977	2000
Atria Golden Creek	Irvine	CA	—	6,900	23,544	671	6,921	24,194	31,115	3,548	27,567	1985
Atria Woodbridge	Irvine	CA	—	—	5	1,173	9	1,169	1,178	148	1,030	1997
Atria Lafayette	Lafayette	CA	19,942	5,679	56,922	83	5,686	56,998	62,684	2,804	59,880	2007
Atria Del Sol	Mission Viejo	CA	—	3,500	12,458	3,579	3,502	16,035	19,537	1,769	17,768	1985
Atria Tamalpais Creek	Novato	CA	—	5,812	24,703	417	5,827	25,105	30,932	3,329	27,603	1978
Atria Pacific Palisades	Pacific Palisades	CA	7,348	4,458	17,064	863	4,461	17,924	22,385	4,715	17,670	2001

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation is Computed
				Land	Buildings	Costs Incurred Subsequent to Acquisition	Land	Buildings	and Improvements	Total	Accumulated Depreciation	NBV			
	City	State / Province														Land Improvements	Buildings Improvements	Capitalized and Subsequent Improvements	Buildings and Improvements	Total	Accumulated Depreciation	NBV
Atria Palm Desert	Palm Desert	CA	—	2,887	9,843	876	3,100	10,506	13,606	2,594	11,012	1988	2011	35 years	
Atria Hacienda	Palm Desert	CA	—	6,680	85,900	1,770	6,805	87,545	94,350	10,535	83,815	1989	2011	35 years	
Atria Paradise	Paradise	CA	5,245	2,265	28,262	346	2,309	28,564	30,873	1,459	29,414	1999	2013	35 years	
Atria Del Rey	Rancho Cucamonga	CA	—	3,290	17,427	4,380	3,446	21,651	25,097	3,809	21,288	1987	2011	35 years	
Atria Collwood	San Diego	CA	—	290	10,650	444	316	11,068	11,384	1,744	9,640	1976	2011	35 years	
Atria Rancho Park	San Dimas	CA	—	4,066	14,306	946	4,556	14,762	19,318	2,492	16,826	1975	2011	35 years	
Atria Chateau Gardens	San Jose	CA	—	39	487	379	39	866	905	459	446	1977	2011	35 years	
Atria Willow Glen	San Jose	CA	—	8,521	43,168	1,824	8,526	44,987	53,513	4,774	48,739	1976	2011	35 years	
Atria Chateau San Juan	San Juan Capistrano	CA	—	5,110	29,436	7,900	5,305	37,141	42,446	6,145	36,301	1985	2011	35 years	
Atria Hillsdale	San Mateo	CA	—	5,240	15,956	1,036	5,251	16,981	22,232	2,332	19,900	1986	2011	35 years	
Atria Bayside Landing	Stockton	CA	—	—	467	351	—	818	818	437	381	1998	2011	35 years	
Atria Sunnyvale	Sunnyvale	CA	—	6,120	30,068	3,296	6,217	33,267	39,484	4,018	35,466	1977	2011	35 years	
Atria Tarzana	Tarzana	CA	—	960	47,547	301	960	47,848	48,808	2,203	46,605	2008	2013	35 years	
Atria Vintage Hills	Temecula	CA	—	4,674	44,341	817	4,713	45,119	49,832	2,488	47,344	2000	2013	35 years	
Atria Grand Oaks	Thousand Oaks	CA	22,350	5,994	50,309	119	6,024	50,398	56,422	2,754	53,668	2002	2013	35 years	
Atria Hillcrest	Thousand Oaks	CA	—	6,020	25,635	9,187	6,612	34,230	40,842	4,920	35,922	1987	2011	35 years	
		CA	—	6,910	15,797	11,189	6,910	26,986	33,896	2,808	31,088	1978	2011	35 years	

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Location		Initial Cost to Company			Gross Amount Carried at Close of Period									
Property Name	City	State / Province	Encumbrances	Land Improvements	Buildings	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings	Improvements	Total	Accumulated Depreciation	Year of Construction	Year Acquired	Life of Which Depreciation in Income Tax is Computed
Atria Buckhead	Atlanta	GA	—	3,660	5,274	544	3,678	5,800	9,478	1,102	8,376	1996	2011	35 years
Atria Mableton	Austell	GA	—	1,911	18,879	997	1,912	18,975	20,887	1,108	19,779	2000	2013	35 years
Atria Johnson Ferry	Marietta	GA	—	990	6,453	212	990	6,665	7,655	1,037	6,618	1995	2011	35 years
Atria Tucker	Tucker	GA	—	1,103	20,679	127	1,103	20,806	21,909	1,197	20,712	2000	2013	35 years
Atria Glen Ellyn	Glen Ellyn	IL	—	2,455	34,064	1,597	2,475	35,641	38,116	8,633	29,483	2000	2007	35 years
Atria Newburgh	Newburgh	IN	—	1,150	22,880	401	1,150	23,281	24,431	2,965	21,466	1998	2011	35 years
Atria Hearthstone East	Topeka	KS	—	1,150	20,544	567	1,167	21,094	22,261	2,911	19,350	1998	2011	35 years
Atria Hearthstone West	Topeka	KS	—	1,230	28,379	1,209	1,230	29,588	30,818	4,295	26,523	1987	2011	35 years
Atria Highland Crossing	Covington	KY	11,062	1,677	14,393	905	1,687	15,288	16,975	2,526	14,449	1988	2011	35 years
Atria Summit Hills	Crestview Hills	KY	6,081	1,780	15,769	614	1,784	16,379	18,163	2,352	15,811	1998	2011	35 years
Atria Elizabethtown	Elizabethtown	KY	—	850	12,510	364	869	12,855	13,724	1,733	11,991	1996	2011	35 years
Atria St. Matthews	Louisville	KY	7,324	939	9,274	512	941	9,784	10,725	1,874	8,851	1998	2011	35 years
Atria Stony Brook	Louisville	KY	—	1,860	17,561	403	1,888	17,936	19,824	2,540	17,284	1999	2011	35 years
Atria Springdale	Louisville	KY	—	1,410	16,702	582	1,410	17,284	18,694	2,436	16,258	1999	2011	35 years
Atria Marland Place	Andover	MA	—	1,831	34,592	12,635	1,834	47,224	49,058	4,483	44,575	1996	2011	35 years
Atria Longmeadow Place	Burlington	MA	—	5,310	58,021	878	5,310	58,899	64,209	6,994	57,215	1998	2011	35 years
Atria Fairhaven (Alden)	Fairhaven	MA	—	1,100	16,093	511	1,100	16,604	17,704	2,127	15,577	1999	2011	35 years
Atria Woodbriar	Falmouth	MA	30,000	4,630	—	32,630	6,433	30,827	37,260	1,983	35,277	2013	2011	CIP

Atria Woodbriar Place	Falmouth	MA	—	1,970	43,693	6,422	1,974	50,111	52,085	5,203	46,882	1975	2011	35 years
Atria Draper Place	Hopedale	MA	—	1,140	17,794	968	1,154	18,748	19,902	2,416	17,486	1998	2011	35 years
Atria Merrimack Place	Newburyport	MA	—	2,774	40,645	931	2,801	41,549	44,350	4,933	39,417	2000	2011	35 years
Atria Marina Place	Quincy	MA	—	2,590	33,899	1,002	2,606	34,885	37,491	4,494	32,997	1999	2011	35 years
Riverheights Terrace	Brandon	MB	10,716	799	27,708	—	799	27,708	28,507	351	28,156	2001	2014	35 years
Amber Meadow	Winnipeg	MB	—	3,047	17,821	—	3,047	17,821	20,868	260	20,608	2000	2014	35 years
The Westhaven	Winnipeg	MB	—	871	23,162	—	871	23,162	24,033	302	23,731	1988	2014	35 years
Atria Manresa	Annapolis	MD	—	4,193	19,000	1,123	4,449	19,867	24,316	2,638	21,678	1920	2011	35 years
Atria Salisbury	Salisbury	MD	—	1,940	24,500	306	1,940	24,806	26,746	3,055	23,691	1995	2011	35 years
Atria Kennebunk	Kennebunk	ME	—	1,090	23,496	586	1,096	24,076	25,172	3,161	22,011	1998	2011	35 years
Atria Ann Arbor	Ann Arbor	MI	—	1,703	15,857	1,486	1,674	17,372	19,046	4,297	14,749	2001	2007	35 years
Atria Kinghaven	Riverview	MI	13,781	1,440	26,260	886	1,496	27,090	28,586	3,833	24,753	1987	2011	35 years
Atria Shorehaven	Sterling Heights	MI	—	—	8	610	—	618	618	90	528	1989	2012	35 years
Ste. Anne's Court	Fredericton	NB	—	1,221	29,626	—	1,221	29,626	30,847	369	30,478	2002	2014	35 years
Chateau De Champlain	St. John	NB	10,065	796	24,577	—	796	24,577	25,373	320	25,053	2002	2014	35 years
Atria Merrywood	Charlotte	NC	—	1,678	36,892	1,653	1,678	38,545	40,223	5,397	34,826	1991	2011	35 years
Atria Southpoint	Durham	NC	16,936	2,130	25,920	87	2,130	26,007	28,137	1,531	26,606	2009	2013	35 years
Atria Oakridge	Raleigh	NC	15,708	1,482	28,838	139	1,512	28,947	30,459	1,713	28,746	2009	2013	35 years
Atria Cranford	Cranford	NJ	26,511	8,260	61,411	2,586	8,313	63,944	72,257	8,225	64,032	1993	2011	35 years
Atria Tinton Falls	Tinton Falls	NJ	—	6,580	13,258	845	6,593	14,090	20,683	2,377	18,306	1999	2011	35 years

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Property Name	Location		Initial Cost to Company					Gross Amount Carried at Close of Period					Year of Construction	Year Acquired	Life Which Depreciation in Income State is Computed
	City	State / Province	Encumbrances	Land Improvements	Buildings Improvements	Costs Capitalized and Subsequent to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation	Net Book Value				
Atria Vista del Rio	Albuquerque	NM	—	—	36	641	27	650	677	102	575	1997	2012	35 years	
Atria Sunlake	Las Vegas	NV	—	7	732	463	7	1,195	1,202	676	526	1998	2011	35 years	
Atria Sutton	Las Vegas	NV	—	—	863	707	35	1,535	1,570	824	746	1998	2011	35 years	
Atria Seville	Las Vegas	NV	—	—	796	632	11	1,417	1,428	727	701	1999	2011	35 years	
Atria Summit Ridge	Reno	NV	—	4	407	249	4	656	660	377	283	1997	2011	35 years	
Atria Shaker	Albany	NY	12,103	1,520	29,667	653	1,626	30,214	31,840	3,919	27,921	1997	2011	35 years	
Atria Crossgate	Albany	NY	—	1,080	20,599	402	1,080	21,001	22,081	2,840	19,241	1980	2011	35 years	
Atria Woodlands	Ardsley	NY	46,880	7,660	65,581	1,208	7,682	66,767	74,449	8,346	66,103	2005	2011	35 years	
Atria Bay Shore	Bay Shore	NY	15,275	4,440	31,983	919	4,448	32,894	37,342	4,263	33,079	1900	2011	35 years	
Atria Briarcliff Manor	Briarcliff Manor	NY	—	6,560	33,885	1,396	6,585	35,256	41,841	4,638	37,203	1997	2011	35 years	
Atria Riverdale	Bronx	NY	21,612	1,020	24,149	6,664	1,035	30,798	31,833	3,733	28,100	1999	2011	35 years	
Atria Delmar Place	Delmar	NY	—	1,201	24,850	242	1,204	25,089	26,293	869	25,424	2004	2013	35 years	
Atria East Northport	East Northport	NY	—	9,960	34,467	10,973	9,960	45,440	55,400	4,715	50,685	1996	2011	35 years	
Atria Glen Cove	Glen Cove	NY	—	2,035	25,190	759	2,049	25,935	27,984	6,450	21,534	1997	2011	35 years	
Atria Great Neck	Great Neck	NY	—	3,390	54,051	1,033	3,390	55,084	58,474	6,521	51,953	1998	2011	35 years	
Atria Cutter Mill	Great Neck	NY	34,937	2,750	47,919	1,411	2,756	49,324	52,080	6,022	46,058	1999	2011	35 years	
Atria Huntington	Huntington Station	NY	—	8,190	1,169	1,342	8,207	2,494	10,701	1,012	9,689	1987	2011	35 years	
Atria Hertlin House	Lake Ronkonkoma	NY	—	7,886	16,391	770	7,886	17,161	25,047	1,312	23,735	2002	2012	35 years	
Atria Lynbrook	Lynbrook	NY	—	3,145	5,489	533	3,147	6,020	9,167	1,308	7,859	1996	2011	35 years	
Atria Tanglewood	Lynbrook	NY	25,670	4,120	37,348	380	4,142	37,706	41,848	4,626	37,222	2005	2011	35 years	

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Atria 86th Street	New York	NY	—	80	73,685	3,903	167	77,501	77,668	9,878	67,790	1998	2011	35 ye
Atria on the Hudson	Ossining	NY	—	8,123	63,089	2,285	8,141	65,356	73,497	8,733	64,764	1972	2011	35 ye
Atria Penfield	Penfield	NY	—	620	22,036	417	622	22,451	23,073	2,977	20,096	1972	2011	35 ye
Atria Plainview	Plainview	NY	13,430	2,480	16,060	820	2,630	16,730	19,360	2,361	16,999	2000	2011	35 ye
Atria Rye Brook	Port Chester	NY	43,757	9,660	74,936	788	9,682	75,702	85,384	9,287	76,097	2004	2011	35 ye
Atria Kew Gardens	Queens	NY	27,855	3,051	66,013	2,728	3,051	68,741	71,792	8,001	63,791	1999	2011	35 ye
Atria Forest Hills	Queens	NY	—	2,050	16,680	494	2,050	17,174	19,224	2,376	16,848	2001	2011	35 ye
Atria Greece	Rochester	NY	—	410	14,967	723	610	15,490	16,100	2,109	13,991	1970	2011	35 ye
Atria on Roslyn Harbor	Roslyn	NY	65,000	12,909	72,720	987	12,965	73,651	86,616	8,879	77,737	2006	2011	35 ye
Atria Guilderland	Slingerlands	NY	—	1,170	22,414	277	1,171	22,690	23,861	2,917	20,944	1950	2011	35 ye
Atria South Setauket	South Setauket	NY	—	8,450	14,534	785	8,776	14,993	23,769	3,016	20,753	1967	2011	35 ye
Atria Northgate Park	Cincinnati	OH	—	—	—	335	—	335	335	81	254	1985	2012	35 ye
The Court at Brooklin	Brooklin	ON	—	2,515	35,602	—	2,515	35,602	38,117	424	37,693	2004	2014	35 ye
Burlington Gardens	Burlington	ON	—	7,560	50,744	—	7,560	50,744	58,304	583	57,721	2008	2014	35 ye
The Court at Rushdale	Hamilton	ON	15,881	1,799	34,633	—	1,799	34,633	36,432	415	36,017	2004	2014	35 ye
Kingsdale Chateau	Kingston	ON	16,640	2,221	36,272	—	2,221	36,272	38,493	435	38,058	2000	2014	35 ye
Crystal View Lodge	Nepean	ON	—	1,587	37,243	—	1,587	37,243	38,830	443	38,387	2000	2014	35 ye

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Property Name	Location		Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition	Gross Amount Carried at Close of Period			Accumulated Depreciation	NBV	Year Completed
	City	State / Province		Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total			
The Court at Barrhaven	Nepean	ON	—	1,778	33,922	—	1,778	33,922	35,700	409	35,291	2006
Stamford Estates	Niagara Falls	ON	12,922	1,414	29,439	—	1,414	29,439	30,853	362	30,491	2006
Sherbrooke Heights	Peterborough	ON	15,922	2,485	33,747	—	2,485	33,747	36,232	410	35,822	2006
Anchor Pointe	St. Catharines	ON	15,034	8,214	24,056	—	8,214	24,056	32,270	332	31,938	2006
The Court at Pringle Creek	Whitby	ON	—	2,965	39,206	—	2,965	39,206	42,171	472	41,699	2006
Atria Bethlehem	Bethlehem	PA	—	2,479	22,870	360	2,479	23,230	25,709	3,300	22,409	1999
Atria Center City	Philadelphia	PA	23,234	3,460	18,291	1,561	3,460	19,852	23,312	2,975	20,337	1999
Atria Woodbridge Place	Phoenixville	PA	—	1,510	19,130	387	1,510	19,517	21,027	2,695	18,332	1999
Atria South Hills	Pittsburgh	PA	—	880	10,884	283	895	11,152	12,047	1,820	10,227	1999
La Residence Steger	Saint-Laurent	QC	6,355	1,995	10,926	—	1,995	10,926	12,921	178	12,743	1999
Primrose Chateau	Saskatoon	QC	15,845	2,611	32,729	—	2,611	32,729	35,340	396	34,944	1999
Atria Bay Spring Village	Barrington	RI	—	2,000	33,400	1,821	2,074	35,147	37,221	5,047	32,174	2006
Atria Harborhill Place	East Greenwich	RI	—	2,089	21,702	651	2,113	22,329	24,442	2,921	21,521	1899
Atria Lincoln Place	Lincoln	RI	—	1,440	12,686	465	1,464	13,127	14,591	2,034	12,557	2006
Atria Aquidneck Place	Portsmouth	RI	—	2,810	31,623	402	2,810	32,025	34,835	3,825	31,010	1999
Atria Forest Lake	Columbia	SC	—	670	13,946	488	680	14,424	15,104	1,887	13,217	1999
Mulberry Estates	Moose Jaw	SK	15,909	2,173	31,791	—	2,173	31,791	33,964	391	33,573	2006
Queen Victoria	Regina	SK	—	3,018	34,109	—	3,018	34,109	37,127	409	36,718	2006
Atria Weston Place	Knoxville	TN	9,703	793	7,961	811	967	8,598	9,565	1,374	8,191	1999
Atria Village at Arboretum	Austin	TX	—	8,280	61,764	289	8,292	62,041	70,333	4,573	65,760	2006
Atria Collier Park	Beaumont	TX	—	—	—	520	2	518	520	133	387	1999
Atria Carrollton	Carrollton	TX	7,189	360	20,465	815	364	21,276	21,640	2,824	18,816	1999
Atria Grapevine	Grapevine	TX	—	2,070	23,104	254	2,070	23,358	25,428	3,055	22,373	1999
Atria Westchase	Houston	TX	—	2,318	22,278	401	2,318	22,679	24,997	3,043	21,954	1999
Atria Kingwood	Kingwood	TX	—	1,170	4,518	334	1,179	4,843	6,022	886	5,136	1999
Atria at Hometown	North Richland Hills	TX	—	1,932	30,382	343	1,955	30,702	32,657	1,835	30,822	2006
	Plano	TX	—	3,110	45,999	304	3,125	46,288	49,413	2,718	46,695	2006

Atria Canyon Creek												
Atria Richardson	Richardson	TX	—	1,590	23,662	505	1,590	24,167	25,757	3,127	22,630	199
Atria Cypresswood	Spring	TX	9,175	880	9,192	336	880	9,528	10,408	1,371	9,037	199
Atria Sugar Land	Sugar Land	TX	—	970	17,542	532	971	18,073	19,044	2,359	16,685	199
Atria Copeland	Tyler	TX	9,945	1,879	17,901	410	1,881	18,309	20,190	2,520	17,670	199
Atria Willow Park	Tyler	TX	—	920	31,271	532	927	31,796	32,723	4,430	28,293	199
Atria Sandy	Sandy	UT	—	3,356	18,805	1,453	3,499	20,115	23,614	3,245	20,369	199
Atria Virginia Beach (Hilltop)	Virginia Beach	VA	—	1,749	33,004	411	1,749	33,415	35,164	4,446	30,718	199
Other Projects			—	—	1,938	—	—	1,938	1,938	—	1,938	CI
TOTAL FOR ATRIA SENIORS HOUSING COMMUNITIES												
			959,138	520,385	4,710,535	233,570	527,898	4,936,592	5,464,490	498,245	4,966,245	

Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciated in Income Statement is Computed
	City	State / Province	Land and Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Improvements	Buildings and Improvements	Total	Accumulated Depreciation	NBV				
OTHER SENIORS HOUSING COMMUNITIES														
Elmcroft of Grayson Valley	Birmingham	AL	—	1,040	19,145	474	1,046	19,613	20,659	2,237	18,422	2000	2011	35 years
Elmcroft of Byrd Springs	Huntsville	AL	—	1,720	11,270	440	1,723	11,707	13,430	1,460	11,970	1999	2011	35 years
Elmcroft of Heritage Woods	Mobile	AL	—	1,020	10,241	458	1,020	10,699	11,719	1,349	10,370	2000	2011	35 years
Elmcroft of Halcyon	Montgomery	AL	—	220	5,476	—	220	5,476	5,696	1,278	4,418	1999	2006	35 years
Rosewood Manor (AL)	Scottsboro	AL	—	680	4,038	—	680	4,038	4,718	469	4,249	1998	2011	35 years
West Shores	Hot Springs	AR	—	1,326	10,904	—	1,326	10,904	12,230	3,009	9,221	1988	2005	35 years
Elmcroft of Maumelle	Maumelle	AR	—	1,252	7,601	—	1,252	7,601	8,853	1,774	7,079	1997	2006	35 years
Elmcroft of Mountain Home	Mountain Home	AR	—	204	8,971	—	204	8,971	9,175	2,093	7,082	1997	2006	35 years
Elmcroft of Sherwood	Sherwood	AR	—	1,320	5,693	—	1,320	5,693	7,013	1,328	5,685	1997	2006	35 years
Chandler Memory Care Community	Chandler	AZ	—	2,910	—	9,066	3,094	8,882	11,976	977	10,999	2011	2011	35 years
Cottonwood Village	Cottonwood	AZ	—	1,200	15,124	—	1,200	15,124	16,324	4,144	12,180	1986	2005	35 years
Silver Creek Inn														
Memory Care Community	Gilbert	AZ	—	890	5,918	—	890	5,918	6,808	532	6,276	2012	2012	35 years
Prestige Assisted Living at Green Valley	Green Valley	AZ	—	1,227	13,977	—	1,227	13,977	15,204	39	15,165	1998	2014	35 years
Prestige Assisted Living at Lake Havasu City	Lake Havasu	AZ	—	594	14,792	—	594	14,792	15,386	41	15,345	1999	2014	35 years
Arbor Rose	Mesa	AZ	—	1,100	11,880	2,434	1,100	14,314	15,414	2,179	13,235	1999	2011	35 years
The Stratford	Phoenix	AZ	—	1,931	33,576	—	1,931	33,576	35,507	93	35,414	2001	2014	35 years
Amber Creek Inn	Scottsdale	AZ	—	2,310	6,322	(5,365)	2,040	1,227	3,267	—	3,267	1986	2011	35 years
Memory Care	Sierra Vista	AZ	—	295	13,224	—	295	13,224	13,519	37	13,482	1999	2014	35 years

[illegible]

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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period						Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province	Land Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings and Improvements	Total	Accumulated Depreciation	NBV				
Prestige Assisted Living at Marysville Mountview Retirement Residence	Marysville	CA	741	7,467	—	741	7,467	8,208	21	8,187	1999		2014	35 years
Redwood Retirement	Montrose	CA	1,089	15,449	—	1,089	15,449	16,538	3,605	12,933	1974		2006	35 years
Prestige Assisted Living at Oroville	Napa	CA	2,798	12,639	—	2,798	12,639	15,437	540	14,897	1986		2013	35 years
Villa de Palma	Oroville	CA	638	8,079	—	638	8,079	8,717	23	8,694	1999		2014	35 years
Valencia Commons	Placentia	CA	1,260	10,174	—	1,260	10,174	11,434	1,290	10,144	1982		2011	35 years
Mission Hills	Rancho Cucamonga	CA	1,439	36,363	—	1,439	36,363	37,802	1,516	36,286	2002		2013	35 years
Shasta Estates	Rancho Mirage	CA	6,800	3,637	—	6,800	3,637	10,437	752	9,685	1999		2011	35 years
The Vistas	Redding	CA	1,180	23,463	—	1,180	23,463	24,643	979	23,664	2009		2013	35 years
Elmcroft of Point Loma	Redding	CA	1,290	22,033	—	1,290	22,033	23,323	2,487	20,836	2007		2011	35 years
Regency of Evergreen Valley	San Diego	CA	2,117	6,865	—	2,117	6,865	8,982	1,602	7,380	1999		2006	35 years
Villa del Obispo	San Jose	CA	2,700	7,994	—	2,700	7,994	10,694	1,229	9,465	1998		2011	35 years
Villa Santa Barbara	San Juan Capistrano	CA	2,660	9,560	—	2,660	9,560	12,220	1,191	11,029	1985		2011	35 years
Skyline Place Senior Living	Santa Barbara	CA	1,219	12,426	—	1,219	12,426	13,645	3,419	10,226	1977		2005	35 years
Oak Terrace Memory Care	Sonora	CA	1,815	28,472	—	1,815	28,472	30,287	229	30,058	1996		2014	35 years
Eagle Lake Village	Soulsbyville	CA	1,146	5,275	—	1,146	5,275	6,421	44	6,377	1999		2014	35 years
	Susanville	CA	1,165	6,719	—	1,165	6,719	7,884	551	7,333	2006		2012	35 years

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Bonaventure, The Prestige Assisted Living at Visalia Vista Village Rancho Vista Westminster Terrace Highland Trail Caley Ridge Garden Square at Westlake Garden Square of Greeley Lakewood Estates Sugar Valley Estates Devonshire Acres Gardenside Terrace Hearth at Tuxis Pond White Oaks Hampton Manor Bellevue Sabal House Bristol Park of Coral Springs	Ventura Visalia Vista Vista Vista Westminster Broomfield Englewood Greeley Greeley Lakewood Loveland Sterling Branford Madison Manchester Bellevue Cantonment Coral Springs	CA CA CA CA CA CO CO CO CO CO CO CO CT CT CT FL FL FL	5 ,29432,747— 1 ,3008,378 — 1 ,6305,640 61 6 ,73021,828— 1 ,70011,514— 2 ,51126,431— 1 ,15713,133— 6 30 8,211 — 3 30 2,735 — 1 ,30621,137— 1 ,25521,837— 950 13,569(3,501) 7 ,00031,518— 1 ,61044,322— 2 ,58434,507— 3 90 8,337 — 430 5,902 — 3 ,28011,877—	5,29432,74738,0411,38836,6532005 1,3008,378 9,678 24 9,654 1998 1,6305,701 7,331 816 6,515 1980 6,73021,82828,5585,09323,4651982 1,70011,51413,2141,32111,8932001 2,51126,43128,9421,11027,8322009 1,15713,13314,2901,07713,2131999 630 8,211 8,841 979 7,862 1998 330 2,735 3,065 339 2,726 1995 1,30621,13722,443884 21,5591988 1,25521,83723,092913 22,1792009 950 10,06811,0181,2299,789 1979 7,00031,51838,5183,56134,9571999 1,61044,32245,9324,76341,1692002 2,58434,50737,0911,44535,6462007 390 8,337 8,727 990 7,737 1988 430 5,902 6,332 682 5,650 1999 3,28011,87715,1571,45513,7021999	2013 2014 2011 2006 2011 2013 2012 2011 2011 2013 2013 2011 2011 2011 2013 2011 2011 2011 2011 2011	35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years
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Property Name	Location		Initial Cost to Company			Gross Amount Carried at Close of Period			Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed	
	City	State / Province	Land and Improvements	Buildings and Improvements	Costs Capitalized and Subsequent to Acquisition	Land and Improvements	Buildings and Improvements	Total					
Stanley House	Defuniak Springs	FL	440	5,659	—	410	5,659	6,069	654	5,415	1999	2011	35 years
The Peninsula Elmcroft of Timberlin Parc	Hollywood	FL	3,660	9,122	—	3,660	9,122	12,782	1,294	11,488	1972	2011	35 years
Forsyth House	Jacksonville	FL	455	5,905	—	455	5,905	6,360	1,378	4,982	1998	2006	35 years
The Carlisle Naples	Milton	FL	640	6,503	—	610	6,503	7,113	742	6,371	1999	2011	35 years
Naples ALZ Development	Naples	FL	8,406	78,091	—	8,406	78,091	86,497	8,393	78,104	N/A	2011	35 years
Hampton Manor at 24th Road	Naples	FL	2,983	—	—	2,983	—	2,983	—	2,983	CIP	2014	CIP
Hampton Manor at Deerwood	Ocala	FL	690	8,767	—	690	8,767	9,457	1,002	8,455	1996	2011	35 years
Las Palmas Outlook	Ocala	FL	790	5,605	—	790	5,605	6,395	717	5,678	2005	2011	35 years
Pointe at Pensacola	Palm Coast	FL	984	30,009	—	984	30,009	30,993	1,250	29,743	2009	2013	35 years
Magnolia House	Pensacola	FL	2,230	2,362	—	2,230	2,362	4,592	451	4,141	1999	2011	35 years
Outlook	Quincy	FL	400	5,190	—	400	5,190	5,590	611	4,979	1999	2011	35 years
Pointe at Tallahassee	Tallahassee	FL	2,430	17,745	—	2,430	17,745	20,175	2,133	18,042	1999	2011	35 years
Magnolia Place	Tallahassee	FL	640	8,013	—	640	8,013	8,653	897	7,756	1999	2011	35 years
Bristol Park of Tamarac	Tamarac	FL	3,920	14,130	—	3,920	14,130	18,050	1,674	16,376	2000	2011	35 years
Elmcroft of Carrolwood	Tampa	FL	5,410	20,944	601	5,410	21,545	26,955	2,513	24,442	2001	2011	35 years
Augusta Gardens	Augusta	GA	530	10,262	—	530	10,262	10,792	1,201	9,591	1997	2011	35 years
Elmcroft of Mt. Zion	Jonesboro	GA	4,140	15,447	(16,587)	—	—	—	—	—	2000	2011	35 years
Elmcroft of Milford	Marietta	GA	3,350	7,431	(10,781)	—	—	—	—	—	2000	2011	35 years

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Chase Elmcroft of Martinez	Martinez	GA	408	6,764	—	408	6,764	7,172	1,449	5,723	1997	2007	35 years
Elmcroft of Roswell	Roswell	GA	1,867	15,835	—	1,867	15,835	17,702	—	17,702	1997	2014	35 years
Crownpointe of Carmel	Carmel	IN	1,110	1,933	—	1,110	1,933	3,043	324	2,719	1998	2011	35 years
Azalea Hills	Floyds Knobs	IN	2,370	8,708	—	2,370	8,708	11,078	1,035	10,043	2008	2011	35 years
Georgetowne Place	Fort Wayne	IN	1,315	18,185	—	1,315	18,185	19,500	4,853	14,647	1987	2005	35 years
Crown Pointe Senior Living Community	Greensburg	IN	420	1,764	—	420	1,764	2,184	263	1,921	1999	2011	35 years
Summit West	Indianapolis	IN	1,240	7,922	—	1,240	7,922	9,162	992	8,170	1998	2011	35 years
The Harrison Lakeview Commons	Indianapolis	IN	1,200	5,740	—	1,200	5,740	6,940	1,664	5,276	1985	2005	35 years
Assisted Living	Monticello	IN	250	5,263	—	250	5,263	5,513	588	4,925	1999	2011	35 years
Elmcroft of Muncie	Muncie	IN	244	11,218	—	244	11,218	11,462	2,404	9,058	1998	2007	35 years
Wood Ridge	South Bend	IN	590	4,850	(35)	590	4,815	5,405	598	4,807	1990	2011	35 years
Drury Place at Alvamar	Lawrence	KS	1,700	9,156	40	1,700	9,196	10,896	1,112	9,784	1995	2011	35 years
Drury Place at Salina	Salina	KS	1,302	1,738	26	1,302	1,762	3,064	348	2,716	1989	2011	35 years
Drury Place Retirement Apartments	Topeka	KS	390	6,217	29	390	6,246	6,636	743	5,893	1986	2011	35 years
Elmcroft of Florence	Florence	KY	1,535	21,826	—	1,535	21,826	23,361	—	23,361	2010	2014	35 years
Hartland Hills	Lexington	KY	1,468	23,929	—	1,468	23,929	25,397	1,000	24,397	2001	2013	35 years
Elmcroft of Mount Washington	Mount Washington	KY	758	12,048	—	758	12,048	12,806	—	12,806	2005	2014	35 years
Heritage Woods	Agawam	MA	1,249	4,625	—	1,249	4,625	5,874	1,990	3,884	1997	2004	30 years

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Location			Initial Cost to Company		Gross Amount Carried at Close of Period													
Property Name	City	State / Province	Encumbrances	Land Improvements	Buildings	Costs Incurred to Acquisition	Land and Buildings	Capitalized Improvements	Total	Accumulated Depreciation	Net Book Value	Year of Construction	Year Acquired	Life in Years	Which State is Co	Depreciated in State		
Wingate at Silver Lake	Kingston	MA	—	3,330	20,624	—	3,330	20,624	23,954	2,622	21,332	1996	2011	35	MA	MA		
Devonshire Estates	Lenox	MA	—	1,832	31,124	—	1,832	31,124	32,956	1,301	31,655	1998	2013	35	MA	MA		
Outlook Pointe at Hagerstown	Hagerstown	MD	—	2,010	1,293	—	2,010	1,293	3,303	316	2,987	1999	2011	35	MD	MD		
Clover Healthcare	Auburn	ME	—	1,400	26,895	—	1,400	26,895	28,295	3,238	25,057	1982	2011	35	ME	ME		
Gorham House	Gorham	ME	—	1,360	33,147	1,472	1,527	34,452	35,979	3,648	32,331	1990	2011	35	ME	ME		
Kittery Estates	Kittery	ME	—	1,531	30,811	—	1,531	30,811	32,342	1,286	31,056	2009	2013	35	ME	ME		
Woods at Canco	Portland	ME	—	1,441	45,578	—	1,441	45,578	47,019	1,898	45,121	2000	2013	35	ME	ME		
Sentry Hill	York Harbor	ME	—	3,490	19,869	—	3,490	19,869	23,359	2,232	21,127	2000	2011	35	ME	ME		
Elmcroft of Downriver	Brownstown Charter Township	MI	—	320	32,652	415	371	33,016	33,387	3,596	29,791	2000	2011	35	MI	MI		
Independence Village of East Lansing	East Lansing	MI	7,025	1,956	18,122	—	1,956	18,122	20,078	1,393	18,685	1989	2012	35	MI	MI		
Elmcroft of Kentwood	Kentwood	MI	—	510	13,976	499	510	14,475	14,985	1,804	13,181	2001	2011	35	MI	MI		
Primrose Austin	Austin	MN	—	2,540	11,707	—	2,540	11,707	14,247	1,284	12,963	2002	2011	35	MN	MN		
Primrose Duluth	Duluth	MN	—	6,190	8,296	—	6,190	8,296	14,486	1,045	13,441	2003	2011	35	MN	MN		
Primrose Mankato	Mankato	MN	—	1,860	8,920	—	1,860	8,920	10,780	1,070	9,710	1999	2011	35	MN	MN		
Rose Arbor	Maple Grove	MN	—	1,140	12,421	—	1,140	12,421	13,561	4,571	8,990	2000	2006	35	MN	MN		
Wildflower Lodge	Maple Grove	MN	—	504	5,035	—	504	5,035	5,539	1,858	3,681	1981	2006	35	MN	MN		
Lodge at White Bear	White Bear Lake	MN	—	732	24,999	—	732	24,999	25,731	1,041	24,690	2002	2013	35	MN	MN		
Canyon Creek Inn Memory Care	Billings	MT	—	420	11,217	77	420	11,224	11,644	1,172	10,472	2011	2011	35	MT	MT		
Springs at Missoula	Missoula	MT	16,318	1,975	34,390	—	1,975	34,390	36,365	2,546	33,819	2004	2012	35	MT	MT		
Carillon ALF of Asheboro	Asheboro	NC	—	680	15,370	—	680	15,370	16,050	1,713	14,337	1998	2011	35	NC	NC		

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Elmcroft of Little Avenue Carillon ALF	Charlotte	NC	—	250	5,077	—	250	5,077	5,327	1,185	4,142	1997	2006	35 y
of Cramer Mountain Carillon ALF	Cramerton	NC	—	530	18,225	—	530	18,225	18,755	2,050	16,705	1999	2011	35 y
of Harrisburg Carillon ALF	Harrisburg	NC	—	1,660	15,130	—	1,660	15,130	16,790	1,692	15,098	1997	2011	35 y
of Hendersonville	Hendersonville	NC	—	2,210	7,372	—	2,210	7,372	9,582	937	8,645	2005	2011	35 y
Carillon ALF of Hillsborough	Hillsborough	NC	—	1,450	19,754	—	1,450	19,754	21,204	2,172	19,032	2005	2011	35 y
Willow Grove Carillon ALF	Matthews	NC	—	763	27,544	—	763	27,544	28,307	1,146	27,161	2009	2013	35 y
of Newton Independence	Newton	NC	—	540	14,935	—	540	14,935	15,475	1,665	13,810	2000	2011	35 y
Village of Olde Raleigh	Raleigh	NC	9,757	1,989	18,648	—	1,989	18,648	20,637	1,464	19,173	1991	2012	35 y
Elmcroft of Northridge	Raleigh	NC	—	184	3,592	—	184	3,592	3,776	838	2,938	1984	2006	35 y
Carillon ALF of Salisbury	Salisbury	NC	—	1,580	25,026	—	1,580	25,026	26,606	2,730	23,876	1999	2011	35 y
Carillon ALF of Shelby	Shelby	NC	—	660	15,471	—	660	15,471	16,131	1,730	14,401	2000	2011	35 y
Elmcroft of Southern Pines	Southern Pines	NC	—	1,196	10,766	—	1,196	10,766	11,962	1,461	10,501	1998	2010	35 y
Carillon ALF of Southport	Southport	NC	—	1,330	10,356	—	1,330	10,356	11,686	1,236	10,450	2005	2011	35 y
Primrose Bismarck	Bismarck	ND	—	1,210	9,768	—	1,210	9,768	10,978	1,108	9,870	1994	2011	35 y
Crown Pointe	Omaha	NE	—	1,316	11,950	—	1,316	11,950	13,266	3,311	9,955	1985	2005	35 y

Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period			Total	Accumulated Depreciation	Year of Construction	Year Acquired	Life of Which Depreciation is Computed
	City	State / Province		Land	Buildings	Costs Capitalized and Subsequent Improvements to Acquisition	Land	Buildings	Improvements					
Birch Heights	Derry	NH	—	1,413	30,267	—	1,413	30,267	31,680	1,263	30,417	2009	2013	35 years
Brandywine at Brick	Brick	NJ	—	1,490	16,747	—	1,490	16,747	18,237	3,996	14,241	1999	2011	35 years
Bear Canyon Estates	Albuquerque	NM	—	1,879	36,223	—	1,879	36,223	38,102	1,512	36,590	1997	2013	35 years
Elmcroft of Quintessence	Albuquerque	NM	—	1,150	26,527	406	1,165	26,918	28,083	2,941	25,142	1998	2011	35 years
The Amberleigh Castle Gardens	Buffalo	NY	—	3,498	19,097	—	3,498	19,097	22,595	5,471	17,124	1988	2005	35 years
Elmcroft of Lima	Vestal	NY	—	1,830	20,312	2,230	1,885	22,487	24,372	2,912	21,460	1994	2011	35 years
Elmcroft of Ontario	Lima	OH	—	490	3,368	—	490	3,368	3,858	786	3,072	1998	2006	35 years
Elmcroft of Medina	Mansfield	OH	—	523	7,968	—	523	7,968	8,491	1,859	6,632	1998	2006	35 years
Elmcroft of Washington Township	Medina	OH	—	661	9,788	—	661	9,788	10,449	2,284	8,165	1999	2006	35 years
Elmcroft of Sagamore Hills	Miamisburg	OH	—	1,235	12,611	—	1,235	12,611	13,846	2,943	10,903	1998	2006	35 years
Elmcroft of Lorain	Northfield	OH	—	980	12,604	—	980	12,604	13,584	2,941	10,643	2000	2006	35 years
Elmcroft of Xenia	Vermilion	OH	—	500	15,461	499	557	15,903	16,460	1,902	14,558	2000	2011	35 years
Arbor House of Mustang	Xenia	OH	—	653	2,801	—	653	2,801	3,454	654	2,800	1999	2006	35 years
Arbor House of Norman	Mustang	OK	—	372	3,587	—	372	3,587	3,959	240	3,719	1999	2012	35 years
Arbor House Reminisce Center	Norman	OK	—	444	7,525	—	444	7,525	7,969	501	7,468	2000	2012	35 years
Arbor House of Midwest City	Norman	OK	—	438	3,028	—	438	3,028	3,466	204	3,262	2004	2012	35 years
Elmcroft of Quail Springs	Oklahoma City	OK	—	544	9,133	—	544	9,133	9,677	608	9,069	2004	2012	35 years
	Oklahoma City	OK	—	500	16,632	(17,132)	—	—	—	—	—	1999	2011	35 years

Mansion at Waterford	Oklahoma City	OK	—	2,077	14,184	—	2,077	14,184	16,261	1,164	15,097	1999	2012	35 ye
Meadowbrook Place	Baker City	OR	—	1,430	5,311	—	1,430	5,311	6,741	44	6,697	1965	2014	35 ye
Edgewood Downs	Beaverton	OR	—	2,356	15,476	—	2,356	15,476	17,832	655	17,177	1977	2013	35 ye
Avamere at Hillsboro	Hillsboro	OR	—	4,400	8,353	1,065	4,400	9,418	13,818	1,107	12,711	2000	2011	35 ye
The Springs at Tanasbourne	Hillsboro	OR	35,354	4,689	55,035	—	4,689	55,035	59,724	3,431	56,293	2009	2013	35 ye
Avamere court at Keizer	Keizer	OR	—	1,260	30,183	—	1,260	30,183	31,443	3,486	27,957	1970	2011	35 ye
Keizer River ALZ Facility	Keizer	OR	—	—	—	7,382	922	6,460	7,382	53	7,329	2012	2012	35 ye
The Stafford	Lake Oswego	OR	—	1,800	16,122	—	1,800	16,122	17,922	1,926	15,996	2008	2011	35 ye
The Pearl at Kruse Way	Lake Oswego	OR	—	2,000	12,880	—	2,000	12,880	14,880	1,500	13,380	2005	2011	35 ye
Avamere at Three Fountains	Medford	OR	—	2,340	33,187	—	2,340	33,187	35,527	3,787	31,740	1974	2011	35 ye
The Springs at Clackamas Woods (ILF)	Milwaukie	OR	10,731	1,264	22,429	—	1,264	22,429	23,693	1,661	22,032	1999	2012	35 ye
Clackamas Woods Assisted Living	Milwaukie	OR	5,741	681	12,077	—	681	12,077	12,758	894	11,864	1999	2012	35 ye
Avamere at Newberg	Newberg	OR	—	1,320	4,664	383	1,320	5,047	6,367	654	5,713	1999	2011	35 ye
Avamere Living at Berry Park	Oregon City	OR	—	1,910	4,249	2,147	1,910	6,396	8,306	674	7,632	1972	2011	35 ye
McLoughlin Place Senior Living	Oregon City	OR	—	2,418	26,819	—	2,418	26,819	29,237	217	29,020	1997	2014	35 ye
Avamere at Bethany	Portland	OR	—	3,150	16,740	—	3,150	16,740	19,890	1,973	17,917	2002	2011	35 ye
Avamere at Sandy	Sandy	OR	—	1,000	7,309	226	1,000	7,535	8,535	931	7,604	1999	2011	35 ye
Suzanne Elise ALF	Seaside	OR	—	1,940	4,027	—	1,940	4,027	5,967	652	5,315	1998	2011	35 ye
Avamere at Sherwood	Sherwood	OR	—	1,010	7,051	203	1,010	7,254	8,264	906	7,358	2000	2011	35 ye

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Property Name	Location	State / Province	Initial Cost to Company		Gross Amount Carried at Close of Period		Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed			
			Land Improvements	Buildings and Improvements	Costs Capitalized and Subject to Acquisition	Land Improvements					Buildings and Improvements	Total	
Chateau Gardens	Springfield	OR	4,550	4,197	—	1,550	4,197	5,747	483	5,264	1991	2011	35 years
Avamere at St Helens	St. Helens	OR	4,410	10,496	378	1,410	10,874	12,284	1,256	11,028	2000	2011	35 years
Flagstone Senior Living	The Dalles	OR	4,631	17,786	—	1,631	17,786	19,417	144	19,273	1991	2014	35 years
Elmcroft of Allison Park	Allison Park	PA	4,171	5,686	—	1,171	5,686	6,857	1,327	5,530	1986	2006	35 years
Elmcroft of Chippewa	Beaver Falls	PA	4,394	8,586	—	1,394	8,586	9,980	2,003	7,977	1998	2006	35 years
Elmcroft of Berwick	Berwick	PA	441	6,741	—	111	6,741	6,852	1,573	5,279	1998	2006	35 years
Outlook Pointe at Lakemont	Bridgeville	PA	4,660	12,624	—	1,660	12,624	14,284	1,552	12,732	1999	2011	35 years
Elmcroft of Dillsburg	Dillsburg	PA	432	7,797	—	432	7,797	8,229	1,819	6,410	1998	2006	35 years
Elmcroft of Altoona	Hollidaysburg	PA	331	4,729	—	331	4,729	5,060	1,104	3,956	1997	2006	35 years
Elmcroft of Lebanon	Lebanon	PA	240	7,336	—	240	7,336	7,576	1,712	5,864	1999	2006	35 years
Elmcroft of Lewisburg	Lewisburg	PA	232	5,666	—	232	5,666	5,898	1,322	4,576	1999	2006	35 years
Lehigh Commons	Macungie	PA	420	4,406	450	420	4,856	5,276	1,917	3,359	1997	2004	30 years
Elmcroft of Loyalsock	Montoursville	PA	413	3,412	—	413	3,412	3,825	796	3,029	1999	2006	35 years
Highgate at Paoli Pointe	Paoli	PA	4,151	9,079	—	1,151	9,079	10,230	3,461	6,769	1997	2004	30 years
Elmcroft of Mid Valley	Peckville	PA	619	11,662	—	619	11,662	12,281	—	12,281	1998	2014	35 years
Sanatoga Court	Pottstown	PA	360	3,233	—	360	3,233	3,593	1,300	2,293	1997	2004	30 years
Berkshire Commons	Reading	PA	470	4,301	—	470	4,301	4,771	1,727	3,044	1997	2004	30 years
Mifflin Court	Reading	PA	689	4,265	351	689	4,616	5,305	1,568	3,737	1997	2004	35 years
Elmcroft of Reading	Reading	PA	638	4,942	—	638	4,942	5,580	1,153	4,427	1998	2006	35 years
Elmcroft of Reedsville	Reedsville	PA	489	5,170	—	489	5,170	5,359	1,206	4,153	1998	2006	35 years
	Saxonburg	PA	770	5,949	—	770	5,949	6,719	1,388	5,331	1994	2006	35 years

Elmcroft of Saxonburg	Shippensburg	PA	203	7,634	—	203	7,634	7,837	1,781	6,056	1999	2006	35 years
Elmcroft of Shippensburg	State College	PA	320	7,407	—	320	7,407	7,727	1,728	5,999	1997	2006	35 years
Elmcroft of State College	York	PA	1,260	6,923	—	1,260	6,923	8,183	849	7,334	1999	2011	35 years
Outlook Pointe at York	Columbia	SC	1,058	27,471	—	1,058	27,471	128,529	1,145	27,384	1997	2013	35 years
Forest Pines	Florence	SC	108	7,620	—	108	7,620	7,728	1,778	5,950	1998	2006	35 years
Elmcroft of Florence SC	Aberdeen	SD	850	659	—	850	659	1,509	179	1,330	1991	2011	35 years
Primrose Aberdeen	Aberdeen	SD	310	3,242	—	310	3,242	3,552	385	3,167	2000	2011	35 years
Primrose Place	Rapid City	SD	860	8,722	—	860	8,722	9,582	1,028	8,554	1997	2011	35 years
Primrose Rapid City	Sioux Falls	SD	2,180	12,936	—	2,180	12,936	15,116	1,544	13,572	2002	2011	35 years
Primrose Sioux Falls	Bristol	TN	470	16,006	—	470	16,006	16,476	1,769	14,707	1999	2011	35 years
Outlook Pointe of Bristol	Chattanooga	TN	87	4,248	—	87	4,248	4,335	991	3,344	1998	2006	35 years
Elmcroft of Hamilton Place	Chattanooga	TN	580	7,568	455	582	8,021	8,603	1,097	7,506	1999	2011	35 years
Elmcroft of Shallowford	Hendersonville	TN	600	5,304	—	600	5,304	5,904	—	5,904	1999	2014	35 years
Elmcroft of Hendersonville	Hixson	TN	140	6,611	—	140	6,611	6,751	764	5,987	2000	2011	35 years
Regency House	Jackson	TN	768	16,840	—	768	16,840	17,608	—	17,608	1998	2014	35 years
Elmcroft of Jackson	Johnson City	TN	590	10,043	—	590	10,043	10,633	1,145	9,488	1999	2011	35 years
Outlook Pointe at Johnson City	Kingsport	TN	22	7,815	—	22	7,815	7,837	1,823	6,014	2000	2006	35 years
Elmcroft of Kingsport	Knoxville	TN	387	4,948	—	387	4,948	5,335	—	5,335	1998	2014	35 years
Elmcroft of Halls													

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period							Year of Construction	Year Acquired	Life of Which Depreciation in Income Statement is Computed
	City	State / Province		Land	Buildings	Costs Capitalized and Subject to Acquisition	Land	Buildings	and Accumulated							
									Improvements	Improvements	Total	Depreciation	NBV			
Elmcroft of West Knoxville	Knoxville	TN	—	439	10,697	—	439	10,697	11,136	2,496	8,640	2000	2006	35 years		
Elmcroft of Lebanon	Lebanon	TN	—	180	7,086	—	180	7,086	7,266	1,653	5,613	2000	2006	35 years		
Elmcroft of Twin Hills	Madison	TN	—	860	8,208	(9,068)	—	—	—	—	—	1999	2011	35 years		
Elmcroft of Bartlett	Memphis	TN	—	570	25,552	343	570	25,895	26,465	2,860	23,605	1999	2011	35 years		
Kennington Place	Memphis	TN	—	1,820	4,748	761	1,820	5,509	7,329	911	6,418	1989	2011	35 years		
Glenmary Senior Manor	Memphis	TN	—	510	5,860	224	510	6,084	6,594	946	5,648	1964	2011	35 years		
Outlook Pointe at Murfreesboro	Murfreesboro	TN	—	940	8,030	—	940	8,030	8,970	959	8,011	1999	2011	35 years		
Elmcroft of Brentwood	Nashville	TN	—	960	22,020	603	960	22,623	23,583	2,610	20,973	1998	2011	35 years		
Trenton Health Care Center	Trenton	TN	—	460	6,058	—	460	6,058	6,518	3,560	2,958	1974	2011	35 years		
Elmcroft of Arlington	Arlington	TX	—	2,650	14,060	473	2,650	14,533	17,183	1,768	15,415	1998	2011	35 years		
Meadowbrook ALZ	Arlington	TX	—	755	4,677	940	755	5,617	6,372	374	5,998	2012	2012	35 years		
Elmcroft of Austin	Austin	TX	—	2,770	25,820	534	2,770	26,354	29,124	2,969	26,155	2000	2011	35 years		
Elmcroft of Bedford	Bedford	TX	—	770	19,691	493	770	20,184	20,954	2,306	18,648	1999	2011	35 years		
Highland Estates	Cedar Park	TX	—	1,679	28,943	—	1,679	28,943	30,622	1,210	29,412	2009	2013	35 years		
Elmcroft of Rivershire	Conroe	TX	—	860	32,671	689	860	33,360	34,220	3,679	30,541	1997	2011	35 years		
Heritage Oaks Retirement Village	Corsicana	TX	—	790	30,636	—	790	30,636	31,426	3,425	28,001	1996	2011	35 years		
Flower Mound	Flower Mound	TX	—	900	5,512	—	900	5,512	6,412	646	5,766	1995	2011	35 years		
	Granbury	TX	—	390	8,186	—	390	8,186	8,576	544	8,032	2007	2012	35 years		

Arbor House Granbury Copperfield Estates	Houston	TX	—	1,216	21,135	—	1,216	21,135	22,351	883	21,468	2009	2013	35	yea
Elmcroft of Braeswood	Houston	TX	—	3,970	15,919	626	3,970	16,545	20,515	1,979	18,536	1999	2011	35	yea
Elmcroft of Cy-Fair	Houston	TX	—	1,580	21,801	419	1,593	22,207	23,800	2,501	21,299	1998	2011	35	yea
Elmcroft of Irving	Irving	TX	—	1,620	18,755	455	1,620	19,210	20,830	2,208	18,622	1999	2011	35	yea
Whitley Place	Keller	TX	—	—	5,100	—	—	5,100	5,100	1,008	4,092	1998	2008	35	yea
Elmcroft of Lake Jackson	Lake Jackson	TX	—	710	14,765	417	710	15,182	15,892	1,777	14,115	1998	2011	35	yea
Arbor House Lewisville	Lewisville	TX	—	824	10,308	—	824	10,308	11,132	688	10,444	2007	2012	35	yea
Elmcroft of Vista Ridge	Lewisville	TX	—	6,280	10,548	654	6,303	11,179	17,482	1,442	16,040	1998	2011	35	yea
Polo Park Estates	Midland	TX	—	765	29,447	—	765	29,447	30,212	1,225	28,987	1996	2013	35	yea
Arbor Hills Memory Care Community	Plano	TX	—	—	—	6,733	1,014	5,719	6,733	284	6,449	2013	2011	35	yea
Arbor House of Rockwall	Rockwall	TX	—	1,537	12,883	—	1,537	12,883	14,420	864	13,556	2009	2012	35	yea
Elmcroft of Windcrest	San Antonio	TX	—	920	13,011	526	920	13,537	14,457	1,667	12,790	1999	2011	35	yea
Paradise Springs	Spring	TX	—	1,488	24,556	—	1,488	24,556	26,044	1,027	25,017	2007	2013	35	yea
Arbor House of Temple	Temple	TX	—	473	6,750	—	473	6,750	7,223	450	6,773	2008	2012	35	yea
Elmcroft of Cottonwood	Temple	TX	—	630	17,515	405	630	17,920	18,550	2,045	16,505	1997	2011	35	yea
Elmcroft of Mainland	Texas City	TX	—	520	14,849	504	520	15,353	15,873	1,786	14,087	1996	2011	35	yea
Elmcroft of Victoria	Victoria	TX	—	440	13,040	425	440	13,465	13,905	1,573	12,332	1997	2011	35	yea
Arbor House of Weatherford	Weatherford	TX	—	233	3,347	—	233	3,347	3,580	223	3,357	1994	2012	35	yea
Elmcroft of Wharton	Wharton	TX	—	320	13,799	658	320	14,457	14,777	1,708	13,069	1996	2011	35	yea
Mountain Ridge	South Ogden	UT	11,840	1,243	24,659	—	1,243	24,659	25,902	68	25,834	2001	2014	35	yea

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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period			Accumulated Depreciation			Year of Construction	Year Acquired	Life on Which Depreciated in Income Statement is Computed
	City	State / Province		Land Improvements	Buildings Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land Improvements	Buildings Improvements	Total						
Elmcroft of Chesterfield	Richmond	VA	—	829	6,534	—	829	6,534	7,363	1,525	5,838	1999	2006	35 years	
Pheasant Ridge	Roanoke	VA	—	1,813	9,027	—	1,813	9,027	10,840	741	10,099	1999	2012	35 years	
Cascade Valley Senior Living	Arlington	WA	—	1,413	6,294	—	1,413	6,294	7,707	180	7,527	1995	2014	35 years	
Cooks Hill Manor	Centralia	WA	—	520	6,144	—	520	6,144	6,664	775	5,889	1993	2011	35 years	
The Sequoia	Olympia	WA	—	1,490	13,724	—	1,490	13,724	15,214	1,615	13,599	1995	2011	35 years	
Bishop Place Senior Living	Pullman	WA	—	1,780	33,608	—	1,780	33,608	35,388	34	35,354	1998	2014	35 years	
Willow Gardens	Puyallup	WA	—	1,959	35,492	—	1,959	35,492	37,451	1,483	35,968	1996	2013	35 years	
Birchview	Sedro-Woolley	WA	—	210	14,145	—	210	14,145	14,355	1,522	12,833	1996	2011	35 years	
Discovery Memory care	Sequim	WA	—	320	10,544	—	320	10,544	10,864	1,193	9,671	1961	2011	35 years	
The Academy Retirement Comm	Spokane	WA	—	650	3,741	—	650	3,741	4,391	571	3,820	1959	2011	35 years	
The Village Retirement & Assisted Living	Tacoma	WA	—	2,200	5,938	—	2,200	5,938	8,138	928	7,210	1976	2011	35 years	
Matthews of Appleton I	Appleton	WI	—	130	1,834	(41)	130	1,793	1,923	225	1,698	1996	2011	35 years	
Matthews of Appleton II	Appleton	WI	—	140	2,016	(49)	140	1,967	2,107	245	1,862	1997	2011	35 years	
Hunters Ridge Harbor	Beaver Dam	WI	—	260	2,380	—	260	2,380	2,640	289	2,351	1998	2011	35 years	
House Beloit Harbor	Beloit	WI	—	150	4,356	—	150	4,356	4,506	483	4,023	1990	2011	35 years	
House Beloit Harbor	Clinton	WI	—	290	4,390	—	290	4,390	4,680	487	4,193	1991	2011	35 years	

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Clinton Creeside	Cudahy	WI	—	760	1,693	—	760	1,693	2,453	224	2,229	2001	2011	35 years
Harmony of Denmark Harbor	Denmark	WI	1,112	220	2,228	—	220	2,228	2,448	274	2,174	1995	2011	35 years
House Eau Claire	Eau Claire	WI	—	210	6,259	—	210	6,259	6,469	677	5,792	1996	2011	35 years
Chapel Valley	Fitchburg	WI	—	450	2,372	—	450	2,372	2,822	292	2,530	1998	2011	35 years
Matthews of Milwaukee II	Fox Point	WI	—	1,810	943	37	1,820	970	2,790	165	2,625	1999	2011	35 years
Harmony of Brenwood Park	Franklin	WI	5,810	1,870	13,804	—	1,870	13,804	15,674	1,498	14,176	2003	2011	35 years
Laurel Oaks	Glendale	WI	—	2,390	43,587	—	2,390	43,587	45,977	4,821	41,156	1988	2011	35 years
Harmony of Green Bay	Green Bay	WI	2,896	640	5,008	—	640	5,008	5,648	587	5,061	1990	2011	35 years
Layton Terrace	Greenfield	WI	7,195	3,490	39,201	—	3,490	39,201	42,691	4,426	38,265	1999	2011	35 years
Matthews of Hartland	Hartland	WI	—	640	1,663	43	652	1,694	2,346	243	2,103	1985	2011	35 years
Matthews of Horicon	Horicon	WI	—	340	3,327	(95)	345	3,227	3,572	433	3,139	2002	2011	35 years
Jefferson	Jefferson	WI	—	330	2,384	—	330	2,384	2,714	289	2,425	1997	2011	35 years
Harmony of Kenosha Harbor	Kenosha	WI	3,769	1,180	8,717	—	1,180	8,717	9,897	964	8,933	1999	2011	35 years
House Kenosha	Kenosha	WI	—	710	3,254	520	710	3,774	4,484	376	4,108	1996	2011	35 years
Harmony of Madison	Madison	WI	3,902	650	4,279	—	650	4,279	4,929	537	4,392	1998	2011	35 years
Harmony of Manitowoc Harbor	Manitowoc	WI	4,579	450	10,101	—	450	10,101	10,551	1,116	9,435	1997	2011	35 years
House Manitowoc	Manitowoc	WI	—	140	1,520	—	140	1,520	1,660	178	1,482	1997	2011	35 years
Harmony of McFarland	McFarland	WI	3,498	640	4,647	—	640	4,647	5,287	561	4,726	1998	2011	35 years
Adare II	Menasha	WI	—	110	537	20	110	557	667	84	583	1994	2011	35 years
Adare IV	Menasha	WI	—	110	537	5	110	542	652	80	572	1994	2011	35 years
Adare III	Menasha	WI	—	90	557	5	90	562	652	86	566	1993	2011	35 years
Adare I	Menasha	WI	—	90	557	5	90	562	652	82	570	1993	2011	35 years

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Property Name	Location		Initial Cost to Company				Gross Amount Carried at Close of Period				Year of Construction	Year Acquired	Life on Which Depreciation is Computed	
	City	State / Province	Land Encumbrances	Land Improvements	Buildings and Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land Encumbrances	Land Improvements	Buildings and Improvements	Total				Accumulated Depreciation	NBV
Riverview Village	Menomonee Falls	WI	5,545	2,170	11,758	—	2,170	11,758	13,928	1,291	12,637	2003	2011	35 years
The Arboretum	Menomonee Falls	WI	4,920	5,640	49,083	583	5,640	49,666	55,306	5,694	49,612	1989	2011	35 years
Matthews of Milwaukee I	Milwaukee	WI	—	1,800	935	119	1,800	1,054	2,854	164	2,690	1999	2011	35 years
Hart Park Square	Milwaukee	WI	6,600	1,900	21,628	—	1,900	21,628	23,528	2,458	21,070	2005	2011	35 years
Harbor House Monroe	Monroe	WI	—	490	4,964	—	490	4,964	5,454	559	4,895	1990	2011	35 years
Matthews of Neenah I	Neenah	WI	—	710	1,157	64	713	1,218	1,931	184	1,747	2006	2011	35 years
Matthews of Neenah II	Neenah	WI	—	720	2,339	(50)	720	2,289	3,009	305	2,704	2007	2011	35 years
Matthews of Irish Road	Neenah	WI	—	320	1,036	87	320	1,123	1,443	172	1,271	2001	2011	35 years
Matthews of Oak Creek	Oak Creek	WI	—	800	2,167	(2)	812	2,153	2,965	275	2,690	1997	2011	35 years
Wilkinson Woods of Oconomowoc	Oconomowoc	WI	—	1,100	12,436	—	1,100	12,436	13,536	1,395	12,141	1992	2011	35 years
Harbor House Oshkosh	Oshkosh	WI	—	190	949	—	190	949	1,139	146	993	1993	2011	35 years
Harmony of Racine	Racine	WI	9,173	590	11,726	—	590	11,726	12,316	1,271	11,045	1998	2011	35 years
Harmony of Commons of Racine	Racine	WI	—	630	11,245	—	630	11,245	11,875	1,231	10,644	2003	2011	35 years
Harmony of Sheboygan	Sheboygan	WI	8,488	810	17,908	—	810	17,908	18,718	1,952	16,766	1996	2011	35 years
Harbor House Sheboygan	Sheboygan	WI	—	1,060	6,208	—	1,060	6,208	7,268	684	6,584	1995	2011	35 years
Matthews of St. Francis I	St. Francis	WI	—	1,370	1,428	(113)	1,389	1,296	2,685	198	2,487	2000	2011	35 years
Matthews of St. Francis II	St. Francis	WI	—	1,370	1,666	15	1,377	1,674	3,051	225	2,826	2000	2011	35 years
Howard Village of St. Francis	St. Francis	WI	5,040	2,320	17,232	—	2,320	17,232	19,552	2,004	17,548	2001	2011	35 years

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Harmony of Stevens Point	Stevens Point	WI	7,746	790	10,081	—	790	10,081	10,871	1,133	9,738	2002	2011	35 years
Harmony Commons of Stevens Point	Stevens Point	WI	—	760	2,242	—	760	2,242	3,002	334	2,668	2005	2011	35 years
Harmony of Stoughton	Stoughton	WI	1,539	490	9,298	—	490	9,298	9,788	1,028	8,760	1997	2011	35 years
Harbor House Stoughton	Stoughton	WI	—	450	3,191	—	450	3,191	3,641	389	3,252	1992	2011	35 years
Harmony of Two Rivers	Two Rivers	WI	2,471	330	3,538	—	330	3,538	3,868	421	3,447	1998	2011	35 years
Matthews of Pewaukee	Waukesha	WI	—	1,180	4,124	206	1,197	4,313	5,510	564	4,946	2001	2011	35 years
Oak Hill Terrace	Waukesha	WI	4,975	2,040	40,298	—	2,040	40,298	42,338	4,561	37,777	1985	2011	35 years
Harmony of Terrace Court	Wausau	WI	6,894	430	5,037	—	430	5,037	5,467	583	4,884	1996	2011	35 years
Harmony of Terrace Commons	Wausau	WI	—	740	6,556	—	740	6,556	7,296	765	6,531	2000	2011	35 years
Harbor House Rib Mountain	Wausau	WI	—	350	3,413	—	350	3,413	3,763	389	3,374	1997	2011	35 years
Library Square	West Allis	WI	5,150	1,160	23,714	—	1,160	23,714	24,874	2,687	22,187	1996	2011	35 years
Harmony of Wisconsin Rapids	Wisconsin Rapids	WI	1,030	520	4,349	—	520	4,349	4,869	533	4,336	2000	2011	35 years
Matthews of Wrightstown	Wrightstown	WI	—	140	376	12	140	388	528	85	443	1999	2011	35 years
Outlook														
Pointe at Teays Valley	Hurricane	WV	—	1,950	14,489	—	1,950	14,489	16,439	1,594	14,845	1999	2011	35 years
Elmcroft of Martinsburg	Martinsburg	WV	—	248	8,320	—	248	8,320	8,568	1,941	6,627	1999	2006	35 years
Garden Square														
Assisted Living of Casper	Casper	WY	—	355	3,197	—	355	3,197	3,552	321	3,231	1996	2011	35 years
Whispering Chase	Cheyenne	WY	—	1,800	20,354	—	1,800	20,354	22,154	854	21,300	2008	2013	35 years

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Location			Initial Cost to Company		Gross Amount Carried at Close of Period						
Property Name	City	State / Province	Encumbrances	Costs						Accumulated Depreciation	
				Land and Buildings Improvements	Land and Buildings Improvements	Capitalized Subsequent Improvements to Acquisition	Land and Buildings Improvements	Land and Buildings Improvements	Total		
TOTAL FOR OTHER SENIORS HOUSING COMMUNITIES			199,098	427,854	4,125,784	(10,950)	424,333	4,118,355	4,542,688	450,160	4
TOTAL FOR SENIORS HOUSING COMMUNITIES			1,723,660	1,411,948	13,480,887	319,745	1,415,658	13,796,922	15,212,580	2,071,110	1
PERSONAL CARE AND OTHER FACILITIES											
ResCare Tangram - Hacienda	Kingsbury	TX	—	31	841	84	78	878	956	692	2
ResCare Tangram - Texas Hill Country School	Maxwell	TX	—	54	934	8	62	934	996	759	2
ResCare Tangram - Chaparral	Maxwell	TX	—	82	552	150	82	702	784	465	3
ResCare Tangram - Sierra Verde & Roca Vista	Maxwell	TX	—	20	910	56	20	966	986	748	2
ResCare Tangram - 618 W. Hutchinson	San Marcos	TX	—	226	1,175	(480)	126	795	921	646	2
ResCare Tangram - Ranch	Seguin	TX	—	147	806	113	147	919	1,066	669	3
ResCare Tangram - Mesquite	Seguin	TX	—	15	1,078	140	15	1,218	1,233	882	3
ResCare Tangram - Loma Linda	Seguin	TX	—	40	220	—	40	220	260	179	8
Spire Hull and East Riding Hospital	Anlaby	Hull	—	3,194	81,613	—	3,194	81,613	84,807	1,250	8
Spire Fylde Coast Hospital	Blackpool	Lan-cashire	—	2,446	28,896	—	2,446	28,896	31,342	449	3
Spire Clare Park Hospital	Farnham	Surrey	—	6,263	26,119	—	6,263	26,119	32,382	422	3
TOTAL FOR PERSONAL CARE AND OTHER FACILITIES			—	12,518	143,144	71	12,473	143,260	155,733	7,161	1

CARE
FACILITIES

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Location			Initial Cost to Company		Gross Amount Carried at Close of Period							
Property Name	City	State / Province	Encumbrances	Land Improvements	Buildings and Subsequent Improvements to Acquisition	Costs Capitalized and Subsequent Improvements to Acquisition	Land Encumbrances	Buildings and Subsequent Improvements	Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
MEDICAL OFFICE BUILDINGS												
St. Vincent's Medical Center East #46	Birmingham	AL	—	—	25,298,820	—	29,118,294	4,836,242	2005		2010	35 years
St. Vincent's Medical Center East #48	Birmingham	AL	—	—	12,698,391	—	13,089,130	3,561,793	2009		2010	35 years
St. Vincent's Medical Center East #52	Birmingham	AL	—	—	7,608 923	—	8,531 8,531	821 6,710	2005		2010	35 years
Crestwood Medical Pavilion	Huntsville	AL	4,553	625	16,178	76	625 16,254	16,870 14,899	2011		2011	35 years
Canyon Springs Medical Plaza	Gilbert	AZ	15,653	—	27,497	66	27,563	27,563 24,600	2007		2012	35 years
Mercy Gilbert Medical Plaza	Gilbert	AZ	7,779	720	11,277	273	720 11,550	12,170 10,369	2007		2011	35 years
Thunderbird Paseo Medical Plaza	Glendale	AZ	—	—	12,904	509	— 13,413	13,413 11,909	2007		2011	35 years
Thunderbird Paseo Medical Plaza II	Glendale	AZ	—	—	8,100	222	— 8,322	8,322 7,320	2001		2011	35 years
Desert Medical Pavilion	Mesa	AZ	—	—	32,768	11	— 32,779	32,779 30,800	2003		2013	35 years
Desert Samaritan Medical Building I	Mesa	AZ	—	—	11,923	445	— 12,368	12,368 11,008	2007		2011	35 years
Desert Samaritan	Mesa	AZ	—	—	7,395	44	— 7,439	7,439 6,544	2008		2011	35 years

Medical Building II Desert Samaritan Medical Building III	Mesa	AZ	—	—	13,665,657	—	14,322,143,272	12,798,6	2011	35 years
Deer Valley Medical Office Building II	Phoenix	AZ	13,261	—	22,663,492	14	23,141,23,552	20,688,2	2011	35 years
Deer Valley Medical Office Building III	Phoenix	AZ	10,931	—	19,521,21	12	19,530,19,542	17,409,9	2011	35 years
Papago Medical Park	Phoenix	AZ	—	—	12,172,305	—	12,477,12,476	22 10,898,9	2011	35 years
Burbank Medical Plaza	Burbank	CA	—	1,242,322	412	1,242,373	424,975	2 21,608,4	2011	35 years
Burbank Medical Plaza II	Burbank	CA	35,606	491	45,641,156	491	45,797	46,385 8 41,080,8	2011	35 years
Eden Medical Plaza	Castro Valley	CA	—	258,245	5 139	258,259	4 2,859,1	2,269,98	2011	25 years
PMB Chula Vista	Chula Vista	CA	15,421	2,964	49,393,169	2,964	49,562	22,327,97 19,209,1	2011	35 years
NorthBay Corporate Headquarters	Fairfield	CA	—	—	19,187	—	19,187	19,187 25 17,960,8	2012	35 years
Gateway Medical Plaza	Fairfield	CA	—	—	12,872	24	—	12,896 12,896 12,096,6	2012	35 years
Solano NorthBay Health Plaza	Fairfield	CA	—	—	8,880	—	—	8,880 8,880 8,318,90	2012	35 years
NorthBay Healthcare MOB	Fairfield	CA	—	—	8,507	2,280	—	10,787 10,787 10,621,7	2013	CIP
Verdugo Hills Professional Bldg I	Glendale	CA	—	6,688	8,589 115	6,688	8,704 16,387	7 14,696,2	2012	23 years
Verdugo Hills Professional Bldg II	Glendale	CA	—	4,464	731 179	4,464	910 8,396	2 7,412,87	2012	19 years
St. Francis Lynwood Medical	Lynwood	CA	—	688,385	532	688,917	9,605	810 7,799,93	2011	32 years
PMB Mission Hills	Mission Hills	CA	—	15,468	116,729	15,468	84,550,310	99 48,204,2	2012	35 years
PDP Mission Viejo	Mission Viejo	CA	44,242	1,917	7,022,183	1,917	7,205	79,921 53 69,268,7	2011	35 years

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Location			Initial Cost to Company	Gross Amount Carried at Close of Period									
Property Name	City	State / Province	Encumbrances	Land Improvements	Buildings Improvements	Costs Capitalized Subsequent to Acquisition	Land Improvements	Buildings Improvements	Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed	
PDP Orange NHP/PMB	Orange	CA	47,267	1,752	61,647	85	1,761	61,723	363,485	155,208	2008	35 years	
Pasadena Western University of Health Sciences Medical Pavilion	Pasadena	CA	—	3,138	33,412	84	3,138	31,896	95,034	782,260	2009	35 years	
Pomerado Outpatient Pavilion	Pomona	CA	—	91	31,523	—	91	31,523	31,615	2528,080	2009	35 years	
Sutter Medical Center	Poway	CA	—	3,237	31,435	2,852	3,237	34,287	77,925	6867,280	2007	35 years	
San Gabriel Valley Medical	San Diego	CA	—	—	25,088	1,371	—	26,459	26,459	24,200	2012	35 years	
Santa Clarita Valley Medical	San Gabriel	CA	8,881	914	5,510	186	914	5,696	6,610	1425,468	2004	35 years	
Kenneth E Watts Medical Plaza	Santa Clarita	CA	21,850	9,700	20,020	325	9,720	20,327	30,050	27,368	2005	35 years	
Vaca Valley Health Plaza	Torrance	CA	—	262	6,945	749	291	7,665	7,916	5646,392	2009	23 years	
Potomac Medical Plaza	Vacaville	CA	—	—	9,634	—	—	9,634	9,634	9,015	2008	35 years	
Briargate Medical Campus	Aurora	CO	—	2,401	1,118	2,081	2,401	1,136	13,407	9,319	2006	35 years	
Printers Park Medical Plaza	Colorado Springs	CO	—	1,238	2,301	1,300	1,244	2,595	13,835	10,260	2002	35 years	
Green Valley Ranch MOB	Colorado Springs	CO	—	2,641	7,507	1,420	2,641	8,927	51,568	398,169	2009	35 years	
	Denver	CO	5,939	—	12,139	144	235	12,048	12,785	11,240	2007	35 years	
	Lafayette	CO	—	—	10,436	1,330	—	11,766	11,766	9,723	2004	35 years	

Community Physicians Pavilion Exempla Good Samaritan Medical Center	Lafayette	CO	—	—	4,393	5	—	4,398	4,398	4,200	4,113	2013	35 years
Avista Two Medical Plaza	Louisville	CO	—	—	17,330	1,644	—	18,974	18,974	14,888	14,886	2009	35 years
The Sierra Medical Building	Parker	CO	491	1,444	4,059	3,071	1,477	17,100	18,371	14,468	14,406	2009	35 years
Crown Point Healthcare Plaza	Parker	CO	—	852	5,210	—	852	5,210	6,062	6,286	5,726	2013	35 years
Lutheran Medical Office Building II	Wheat Ridge	CO	—	—	2,655	819	—	3,474	3,474	2,692	2,976	2010	35 years
Lutheran Medical Office Building IV	Wheat Ridge	CO	—	—	7,266	883	—	8,149	8,149	6,955	6,991	2010	35 years
Lutheran Medical Office Building III	Wheat Ridge	CO	—	—	11,947	11	—	11,958	11,258	9,777	9,780	2010	35 years
DePaul Professional Office Building	WashingtonDC		—	—	6,424	1,775	—	8,199	8,199	6,126	6,079	2010	35 years
Providence Medical Office Building	WashingtonDC		—	—	2,473	509	—	2,982	2,982	2,089	2,075	2010	35 years
RTS Arcadia	Arcadia	FL	—	345	2,884	—	345	2,884	3,229	3,295	2,819	2011	30 years
RTS Cape Coral	Cape Coral	FL	—	368	5,448	—	368	5,448	5,866	5,862	5,159	2011	34 years
RTS Englewood	Englewood	FL	—	1,073	1,516	—	1,073	1,516	4,583	4,538	4,119	2011	35 years
RTS Ft. Myers	Fort Myers	FL	—	1,158	1,127	—	1,158	1,127	5,280	5,280	4,679	2011	31 years
RTS Key West	Key West	FL	—	486	4,380	—	486	4,380	4,866	4,864	4,392	2011	35 years

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Location			Initial Cost to Company	Gross Amount Carried at Close of Period							Life on Which Depreciation in Income Statement is Computed	
Property Name	City	State / Province	Encumbrances	Land Improvements	Costs Building Improvements Subsequent to Acquisition	Land Improvements	Buildings Improvements	Buildings Improvements	Accumulated Depreciation	Year of Construction	Year Acquired	
JFK Medical Plaza	Lake Worth	FL	—	4531,711	139	4531,850	2,363	2	1,671	1999	2004	35 years
Palms West Building 6	Loxahatchee	FL	—	9652,678	45	9652,723	3,688	5	2,868	2000	2004	35 years
Aventura Heart & Health	Miami	FL	15,978	—	25,361	2,961	—	28,322	28,829	19,406	2007	35 years
RTS Naples Woodlands	Naples	FL	—	1,152	726	—	1,152	726	4,848	4,410	1999	35 years
Center for Specialized Med	Pensacola	FL	15,298	2,514	14,006	29	2,514	14,035	26,257	23,989	2012	35 years
RTS Pt. Charlotte	Pt Charlotte	FL	—	9664,581	—	9664,581	5,559	1	4,916	1085	2011	34 years
RTS Sarasota University	Sarasota	FL	—	1,914	489	—	1,914	489	5,863	5,279	1996	35 years
Medical Office Building	Tamarac	FL	—	—	6,690	132	—	6,822	6,822	204,800	2006	35 years
RTS Venice Augusta	Venice	FL	—	1,536	104	—	1,536	104	5,650	5,109	1997	35 years
Medical Plaza	Augusta	GA	—	5944,847	422	5945,269	5,863	159	4,709	1972	2011	25 years
Augusta Professional Building	Augusta	GA	—	6876,057	458	6916,511	7,202	499	5,709	1983	2011	27 years
Augusta POB I	Augusta	GA	—	2337,894	502	2338,396	8,629	176	6,419	1978	2012	14 years
Augusta POB II	Augusta	GA	—	73513,717	1	73513,718	14,256	9	11,888	1987	2012	23 years
Augusta POB III	Augusta	GA	—	5353,857	144	5354,001	4,586	5	3,671	1994	2012	22 years
Augusta POB IV	Augusta	GA	—	6752,182	827	6753,009	3,682	1	3,066	1995	2012	23 years
Cobb Physicians Center	Austell	GA	—	1,145	6,805	867	1,145	6,721	8,189	15,992	2011	35 years
Columbia Medical	Evans	GA	—	2681,497	131	2681,628	1,894	62	1,419	1940	2011	23 years

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Plaza Parkway Physicians Center	Ringgold	GA	—	47610,017366	47610,38310,85601 9,23804	2011	35 years
Eastside Physicians Center	Snellville	GA	—	1,2825,0191,814	1,2926,82628,62263 21,9994	2008	35 years
Eastside Physicians Plaza	Snellville	GA	6,533	29412,948(28)	29712,91713,21777 10,4003	2008	35 years
Good Shepherd Physician Office Building I	Barrington	IL	—	1523,224 59	1523,283 3,4350 3,27979	2013	35 years
Good Shepherd Physician Office Building II	Barrington	IL	—	51212,977106	51213,08313,5957 12,9986	2013	35 years
Trinity Hospital Physician Office Building	Chicago	IL	—	1393,329 11	1393,340 3,4793 3,28071	2013	35 years
Physicians Plaza East	Decatur	IL	—	— 791 612	— 1,403 1,4098 9051976	2010	35 years
Physicians Plaza West	Decatur	IL	—	— 1,943 226	— 2,169 2,1696 1,51987	2010	35 years
Kenwood Medical Center	Decatur	IL	—	— 3,900 39	— 3,939 3,939156 2,78996	2010	35 years
304 W Hay Building	Decatur	IL	—	— 8,702 146	— 8,848 8,848784 7,00002	2010	35 years
302 W Hay Building	Decatur	IL	—	— 3,467 122	— 3,589 3,5890 2,59993	2010	35 years
ENTA	Decatur	IL	—	— 1,150 —	— 1,150 1,1509 9011996	2010	35 years
301 W Hay Building	Decatur	IL	—	— 640 —	— 640 640192 4481980	2010	35 years

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	Location			Initial Cost to Company	Gross Amount Carried at Close of Period									
Property Name	City	State / Province	Encumbrances	Land Improvements	Costs Buildings and Improvements Subsequent to Acquisition	Land Improvements	Buildings and Improvements	Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed			
South Shore Medical Building	Decatur	IL	—	902	129	—	902	129	1,031	912	1991	2010	35 years	
SIU Family Practice Corporate Health Services	Decatur	IL	—	—	1,689	19	—	1,708	1,708	1,299	1997	2010	35 years	
Rock Springs Medical	Decatur	IL	—	934	1,386	—	934	1,386	2,326	1,912	1996	2010	35 years	
575 W Hay Building	Decatur	IL	—	399	495	—	399	495	894	140	754	1990	2010	35 years
Good Samaritan Physician Office Building I	Downers Grove	IL	—	111	739	—	111	739	850	176	674	1984	2010	35 years
Good Samaritan Physician Office Building II	Downers Grove	IL	—	407	10,337	115	407	10,452	10,814	10,347	1956	2013	35 years	
Eberle Medical Office Building ("Eberle MOB")	Elk Grove Village	IL	—	1,012	5,370	43	1,012	5,413	26,426	25,109	1995	2013	35 years	
1425 Hunt Club Road MOB	Gurnee	IL	—	249	1,452	62	249	1,514	1,763	1,430	2005	2011	34 years	
1445 Hunt Club Drive	Gurnee	IL	—	216	1,405	297	216	1,702	1,948	1,430	2002	2011	31 years	
Gurnee Imaging Center	Gurnee	IL	—	82	2,731	—	82	2,731	2,813	2,400	2002	2011	35 years	
Gurnee Center Club	Gurnee	IL	—	627	17,851	—	627	17,851	18,474	16,060	2001	2011	35 years	
	Hazel Crest	IL	—	191	4,370	2	191	4,372	4,563	4,319	1989	2013	35 years	

2005	2009	35 years
1990	2011	18 years
1980	2011	26 years
1988	2011	35 years
1966	2013	35 years
1984	2011	13 years
1986	2011	15 years
1992	2010	35 years
1995	2010	35 years
1973	2010	35 years
1985	2012	30 years
1989	2012	33 years
2001	2012	35 years
1994	2011	32 years
1973	2012	28 years
1995	2012	35 years

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Property Name	Location		Encumbrances	Initial Cost to Company		Gross Amount Carried at Close of Period		Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province		Land Improvements	Buildings and Improvements	Land and Buildings	Capitalized Subsequent Improvements				
Oncology Medical Office Building	Indianapolis	IN	—	4705,703	152	4705,855	6,325	5,520	2003	2012	35 years
St. Francis South Medical Office Building	Indianapolis	IN	—	—	20,649	469	—	21,118	2013	2013	35 years
Methodist Professional Center I	Indianapolis	IN	—	61	37,411	2,142	61	39,553	2012	2012	25 years
LaPorte	La Porte	IN	746	553	1,309	—	553	1,309	2011	2011	34 years
Mishawaka	Mishawaka	IN	3,440	3,787	543	—	3,787	543	2011	2011	35 years
South Bend	South Bend	IN	1,416	792	2,530	—	792	2,530	2011	2011	34 years
OLBH Same Day Surgery Center	Ashland	KY	—	101	19,066	144	101	19,210	2012	2012	26 years
St. Elizabeth Covington	Covington	KY	—	345	12,790	(16)	345	12,774	2012	2012	35 years
St. Elizabeth Florence MOB	Florence	KY	—	402	8,279	702	402	8,981	2012	2012	35 years
Jefferson Clinic	Louisville	KY	—	—	673	2,018	—	2,691	2013	2013	35 years
East Jefferson Medical Plaza	Metairie	LA	—	168	17,264	81	168	17,345	2012	2012	32 years
East Jefferson MOB	Metairie	LA	—	107	15,137	154	107	15,291	2012	2012	28 years
Lakeside POB I	Metairie	LA	—	3,334	974	1,979	3,334	953	2011	2011	22 years
Lakeside POB II	Metairie	LA	—	1,046	802	419	1,046	221	2011	2011	7 years
RTS Berlin Charles O. Fisher Medical Building	Berlin	MD	—	—	2,216	—	—	2,216	2011	2011	29 years
Westminster Medical Specialties	Westminster	MD	11,298	—	13,795	1,290	—	15,085	2009	2009	35 years
	Kalamazoo	MI	—	—	19,242	252	—	20,194	2010	2010	35 years

Building North Professional Building Borgess Navigation Center Borgess Health & Fitness Center Heart Center Building Medical Commons Building RTS Madison Heights RTS Monroe Pro Med Center Plainwell Plainwell Pro Med Center Richland Cogdell Duluth MOB HealthPartners Medical & Dental Clinics Arnold Urgent Care	Kalamazoo Kalamazoo Kalamazoo Kalamazoo Kalamazoo Kalamazoo Madison Heights Monroe Plainwell Richland Duluth Sartell Arnold	MI MI MI MI MI MI MI MI MI MI MI MN MN MO	— — — — — — — — — — — — — — —	— — — — — — — — — — — — — — —	7,228 617 2,391 11,959 170 8,420 345 661 6 4012,946 2813,450 697 2332,267 30 33,406 (19) 2,491 5,694 46 1,055 6 82	— — — — — — — — — — — — — — —	7,845 7,845 383 6,462 83 2,391 2,391 909 1,882 76 12,129 12,129 2,255 9,571 84 8,765 8,765 805 6,960 80 667 667 139 528 979 4012,946 3,337 6 2,920 02 2813,450 3,734 4 3,239 97 697 697 166 531 1991 2332,297 2,546 2 2,078 96 33,387 33,387 330 31,081 2 2,503 5,729 18,133 7 16,305 0 1,095 99 1,628 2 1,414 99	2010 2010 2010 2010 2010 2010 2011 2011 2010 2010 2010 2012 2012 2012 2011	35 years 35 years 35 years 35 years 35 years 35 years 35 years 31 years 35 years 35 years 35 years 35 years 35 years 35 years 35 years
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Property Name	Location		Encumbrances	Initial	Gross		Land and Buildings	Total	Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province		Cost to Company	Amount Carried at Close of Period							
				Land Improvements	Costs Capitalized and Subsequent Improvements to Acquisition	Land and Buildings Improvements						
DePaul Health Center North	Bridgeton	MO	—	99610,045	472	99610,517	11,317	889,712	1976		2012	21 years
DePaul Health Center South	Bridgeton	MO	—	91012,169	358	91012,527	13,435	211,789	1992		2012	30 years
St. Mary's Health Center MOB D	Clayton	MO	—	1032,780	438	1033,218	3,336	3263	2,751	1984	2012	22 years
Fenton Urgent Care Center	Fenton	MO	—	1832,714	137	1832,851	3,035	592	2,426	2003	2011	35 years
St. Joseph Medical Building	Kansas City	MO	—	3057,445	2,154	3059,599	9,909	95	9,109	1988	2012	32 years
St. Joseph Medical Mall	Kansas City	MO	—	5309,115	183	5309,298	9,818	095	8,731	1995	2012	33 years
Carondelet Medical Building	Kansas City	MO	—	74512,437	389	74512,826	13,575	187	11,987	1979	2012	29 years
St. Joseph Hospital	Lake Saint Louis	MO	—	5243,229	142	5243,371	3,895	150	3,426	2005	2012	35 years
West Medical Office Building II	Lake Saint Louis	MO	—	5243,229	142	5243,371	3,895	150	3,426	2005	2012	35 years
St. Joseph O'Fallon Medical Office Building	O'Fallon	MO	—	9405,556	9	9405,565	6,566	92	5,911	1992	2012	35 years
St. Joseph Health Center Medical Building 1	St. Charles	MO	—	5034,336	306	5034,642	5,145	152	4,299	1987	2012	20 years
St. Joseph Health	St. Charles	MO	—	3692,963	85	3693,048	3,447	161	2,916	1999	2012	32 years

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Center Medical Building 2 Physicians Office Center 12700 Southford Road	St. Louis	MO	—	1,445,825278	1,445,10315,24833 12,2063	2011	35 years
Medical Plaza St Anthony's MOB A	St. Louis	MO	—	4094,687 487	4095,174 5,583,250 4,33975	2011	20 years
St Anthony's MOB B	St. Louis	MO	—	3503,942 235	3504,177 4,517,202 3,321980	2011	21 years
Lemay Urgent Care Center	St. Louis	MO	—	2,313,120 285	2,333,383 5,79277 4,74983	2011	22 years
St. Mary's Health Center MOB B	St. Louis	MO	—	1194,161 570	1194,731 4,8503 4,12979	2012	23 years
St. Mary's Health Center MOB C	St. Louis	MO	—	1366,018 230	1366,248 6,3877 5,50969	2012	20 years
University Physicians - Grants Ferry	Flowood	MS	9,579 2,796,125(13)	2,796,11214,90810 13,4980	2012	35 years	
Randolph Mallard Crossing I	Charlotte	NC	—	6,370,929 332	6,370,261 9,631,839 7,79273	2012	4 years
Medical Arts Building	Charlotte	NC	—	3,223,072 351	3,223,423 5,6834 4,81897	2012	25 years
Gateway Medical Office Building	Concord	NC	—	70111,734170	70111,90412,60516 10,51897	2012	31 years
Copperfield Medical Mall	Concord	NC	—	1,100,904 284	1,100,18811,28590 9,62805	2012	35 years
Weddington Internal & Pediatric Medicine	Concord	NC	—	1,980,846 256	1,980,102 5,0834 4,39889	2012	25 years
Gaston Professional Center	Gastonia	NC	—	574688 4	574692 1,2661 1,02600	2012	27 years
Harrisburg Family Physicians	Harrisburg	NC	—	83324,885593	83325,47826,21923 23,3887	2012	35 years
Harrisburg Medical Mall	Harrisburg	NC	—	6791,646 5	6791,651 2,3302 2,11896	2012	35 years
			—	1,333,292 148	1,333,440 3,76946 3,13997	2012	27 years

Northcross HuntersvilleNC — 623278 (1) 623277 900153 7471993 2012 22 years

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Property Name	Location		Encumbrances	Initial Cost to Company		Costs Incurred Subsequent to Acquisition	Gross Amount Carried at Close of Period		Accumulated Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province		Land	Buildings		Land	Buildings				
REX Knightdale MOB & Wellness Center	Knightdale	NC	—	—	22,823	—	—	22,823	22,823	21,386	2012	35 years
Alamance Regional Mebane Outpatient Ctr.	Mebane	NC	11,793	1,968	4,291	(9)	1,968	4,282	16,245	14,048	2012	35 years
Midland Medical Park	Midland	NC	—	1,228	47	19	1,228	466	2,087	1,784	2012	25 years
East Rocky Mount Kidney Center	Rocky Mount	NC	—	803	998	(2)	803	996	1,792	1,520	2012	33 years
Rocky Mount Kidney Center	Rocky Mount	NC	—	479	1,297	39	479	1,336	1,828	1,530	2012	25 years
Rocky Mount Medical Park	Rocky Mount	NC	—	2,552	779	292	2,557	704	10,622	9,385	2012	30 years
English Road Medical Center	Rocky Mount	NC	4,519	1,321	747	4	1,321	751	5,071	4,326	2012	35 years
Rowan Outpatient Surgery Center	Salisbury	NC	—	1,039	184	(5)	1,039	179	6,268	5,585	2012	35 years
Del E Webb Medical Plaza	Henderson	NV	—	1,028	6,993	844	1,028	7,837	18,867	16,079	2011	35 years
The Terrace at South Meadows	Reno	NV	6,835	504	9,966	442	504	10,408	10,912	9,207	2011	35 years

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			2007						2008							
			Jan.		Mar.		May		Jul.		Sep.		Nov.			
			(\$)	(K)	(\$)	(K)	(\$)	(K)	(\$)	(K)	(\$)	(K)	(\$)	(K)		
Central NY Medical Center	Syracuse	NY	24,500	1,786	26,101	1,219	1,786	27,320	29,806	59	25,649	77			2012	33 years
Anderson Medical Arts Building I	Cincinnati	OH	—	—	9,632	1,617	—	11,249	11,249	52	7,891	784			2007	35 years
Anderson Medical Arts Building II	Cincinnati	OH	—	—	15,123	2,247	—	17,370	17,370	72	12,508	7			2007	35 years
Riverside North Medical Office Building	Columbus	OH	8,420	785	8,519	658	785	9,177	9,962	508	8,414	62			2012	25 years
Riverside South Medical Office Building	Columbus	OH	6,311	586	7,298	526	586	7,824	8,410	67	7,349	85			2012	27 years
340 East Town Medical Office Building	Columbus	OH	5,862	10	9,443	443	10	9,886	9,896	178	8,718	84			2012	29 years
393 East Town Medical Office Building	Columbus	OH	3,288	61	4,760	43	61	4,803	4,864	3	4,131	70			2012	20 years
141 South Sixth Medical Office Building	Columbus	OH	1,544	80	1,113	(1)	80	1,112	1,192	68	924	1971			2012	14 years
Doctors West Medical Office Building	Columbus	OH	4,705	414	5,362	505	414	5,867	6,285	50	5,531	98			2012	35 years
Eastside Health Center	Columbus	OH	4,399	956	3,472	(2)	956	3,470	4,426	5	3,641	77			2012	15 years
East Main Medical Office Building	Columbus	OH	5,226	440	4,771	47	440	4,818	5,258	2	4,720	66			2012	35 years
Heart Center Medical Office	Columbus	OH	—	1,068	2,140	157	1,068	2,297	13,369	4	11,800	4			2012	35 years

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Building Wilkins Medical Office	Columbus	OH	—	123	18,062	26	123	18,088	18,117	166	16,406	2012	35 years
Building Grady Medical Office	Delaware	OH	1,824	239	2,263	253	239	2,516	2,743	50	2,315	2012	25 years
Building Dublin Northwest Medical Office	Dublin	OH	3,118	342	3,278	12	342	3,290	3,643	62	3,170	2012	34 years
Building Preserve III Medical Office	Dublin	OH	9,684	2,449	025	(66)	2,449	959	9,408	87	8,420	2012	35 years
Building Zanesville Surgery Center	Zanesville	OH	—	172	9,403	—	172	9,403	9,575	145	8,430	2011	35 years

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Property Name	Location		Encumbrances	Initial Cost to Company		Gross Amount Carried at Close of Period		Total Depreciation	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
	City	State / Province		Land and Improvements	Costs Buildings and Subsequent Improvements to Acquisition	Land and Improvements	Buildings and Improvements				
Dialysis Center	Zanesville	OH	—	534,855	28	534,883	1,428,414	1,139,600	2011	2011	21 years
Genesis Children's Center	Zanesville	OH	—	538,781	—	538,781	4,369,800	3,680,006	2011	2011	30 years
Medical Arts Building I	Zanesville	OH	—	429,240	115	436,253	2,959,999	2,350,700	2011	2011	20 years
Medical Arts Building II	Zanesville	OH	—	485,013	289	490,629	6,787,530	5,251,995	2011	2011	25 years
Medical Arts Building III	Zanesville	OH	—	94,124	8	94,132	1,342,890	1,051,970	2011	2011	25 years
Primecare Building	Zanesville	OH	—	130,134	79	130,423	1,553,833	1,170,778	2011	2011	20 years
Outpatient Rehabilitation Building	Zanesville	OH	—	82,154	1	82,155	1,628,131	1,349,855	2011	2011	28 years
Radiation Oncology Building	Zanesville	OH	—	105,120	1	105,121	1,300,670	1,049,988	2011	2011	25 years
Healthplex Physicians Pavilion	Zanesville	OH	—	2,485,849	540	2,486,389	18,877,878	16,099,000	2011	2011	32 years
Zanesville Northside Pharmacy Bethesda	Zanesville	OH	—	422,629	292	422,589	7,013,396	5,611,990	2011	2011	25 years
Campus MOB III	Zanesville	OH	—	42,635	—	42,635	677,120	557,198	2011	2011	28 years
Tuality 7th Avenue Medical Plaza	Hillsboro	OR	—	188,137	116	193,248	1,444,242	1,199,778	2011	2011	25 years
Professional Office Building I	Chester	PA	—	—	6,283	1,251	7,534	7,534,055	4,419,778	2004	30 years
DCMH Medical Office Building	Drexel Hill	PA	—	—	10,424	1,213	11,637	11,637,116	6,389,740	2004	30 years
	Hershey	PA	57,415	—	55,439	—	55,439	55,837,068	46,600,008	2010	35 years

Penn State University Outpatient Center Lancaster Rehabilitation Hospital	Lancaster	PA	—	95916,610(16)	95916,59417,5824 15,2007	2012	35 years
Lancaster ASC MOB St. Joseph Medical Office Building Doylestown Health & Wellness Center	Lancaster	PA	9,272	59317,117(4)	59317,11317,20612 15,3007	2012	35 years
Roper Medical Office Building St. Francis Medical Plaza (Charleston)	Reading	PA	—	— 10,823784	— 11,60711,6076 9,53006	2010	35 years
Providence MOB I Providence MOB II Providence MOB III One Medical Park Three Medical Park St. Francis Millennium Medical Office Building 200 Andrews	Warrington	PA	—	4,4527,383286	4,4977,62422,2426 19,6061	2012	34 years
	Charleston	SC	8,571	12714,7371,595	12716,33216,45916 14,1990	2012	28 years
	Charleston	SC	—	4473,946 298	4474,244 4,6079 4,01003	2012	35 years
	Columbia	SC	—	2254,274 79	2254,353 4,578056 3,51279	2012	18 years
	Columbia	SC	—	1221,834 12	1221,846 1,9487 1,51985	2012	18 years
	Columbia	SC	—	7664,406 221	7664,627 5,3832 4,56990	2012	23 years
	Columbia	SC	—	2107,939 116	2148,051 8,26562 6,60984	2012	19 years
	Columbia	SC	—	40 10,650326	40 10,97611,01879 9,13988	2012	25 years
	Greenville	SC	15,358—	13,06210,49530	23,52723,55724 17,4009	2009	35 years
	Greenville	SC	—	7892,014 51	7892,065 2,8642 2,23294	2012	29 years

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Location			Initial Cost to Company	Gross Amount Carried at Close of Period									
Property Name	City	State / Province	Encumbrances	Land Improvements	Buildings Improvements	Capitalized Costs Subsequent to Acquisition	Land Improvements	Buildings Improvements	Total	Accumulated Depreciation and NBV	Year of Construction	Year Acquired	Life on Which Depreciation in Income Statement is Computed
St. Francis CMOB	Greenville	SC	—	5017,661	528	5018,189	8,696	7,730	101			2012	35 years
St. Francis Outpatient Surgery Center	Greenville	SC	—	1,007,538	(16)	1,007,522	17,328	715,400	1			2012	35 years
St. Francis Professional Medical Center	Greenville	SC	—	3426,337	283	3606,602	6,962	10495,919	1984			2012	24 years
St. Francis Women's	Greenville	SC	—	3224,877	70	3224,947	5,269	784,199	1991			2012	24 years
St. Francis Medical Plaza (Greenville)	Greenville	SC	—	88 5,876	27	88 5,903	5,996	5,025	998			2012	24 years
Irmo Professional MOB	Irmo	SC	—	1,726,414	64	1,726,478	7,200	4706,130	1004			2011	35 years
River Hills Medical Plaza	Little River	SC	—	1,406,813	19	1,406,832	3,238	4	2,839	1999		2012	27 years
Mount Pleasant Medical Office	Mount Pleasant	SC	—	6704,455	72	6704,527	5,197	6	4,220	101		2012	34 years
Longpoint Mary Black Westside Medical Office Bldg	Spartanburg	SC	—	2915,057	81	2915,138	5,489	9	4,619	1991		2012	31 years
Health Park Medical Office Building	Chattanooga	TN	6,421	2,308,949	26	2,308,975	11,289	910,280	1004			2012	35 years
Peerless Crossing Medical Center	Cleveland	TN	6,781	1,267,464	(7)	1,267,457	7,673	2	6,920	2006		2012	35 years

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Medical Center Physicians Tower	Jackson	TN	13,575,549	27,074 (7)	54,927,067	27,612,224,304	2012	35 years
Seton Medical Park Tower	Austin	TX	—	80541,527	1,028 80542,555	43,360,839,498	2012	35 years
Seton Northwest Health Plaza	Austin	TX	—	44422,632	1,299 44423,932	4,375,121,968	2012	35 years
Seton Southwest Health Plaza	Austin	TX	—	2945,311	32 2945,343	5,6326 5,12004	2012	35 years
Seton Southwest Health Plaza II	Austin	TX	—	44710,154	20 44710,174	0,026 9,62609	2012	35 years
East Houston MOB, LLC	Houston	TX	—	3562,877 (286)	3282,619	2,947,010,938	2011	15 years
East Houston Medical Plaza	Houston	TX	—	671426 275	671701 1,3423	959,982	2011	11 years
Seton Williamson Medical Plaza	Round Rock	TX	—	— 15,074	28 — 15,502	5,3025 12,3008	2010	35 years
251 Medical Center	Webster	TX	—	1,158,078	81 1,158,109	3,2663 11,2006	2011	35 years
253 Medical Center	Webster	TX	—	1,181,862—	1,181,862	3,04379 11,2609	2011	35 years
MRMC MOB I	Mechanicsville	VA	—	1,669,024	307 1,669,331	9,000373 7,62993	2012	31 years
Henrico MOB	Richmond	VA	—	9686,189	263 9686,452	7,420385 6,03576	2011	25 years
St. Mary's MOB North (Floors 6 & 7)	Richmond	VA	—	2272,961	196 2273,157	3,3641 2,74968	2012	22 years
Bonney Lake Medical Office Building	Bonney Lake	WA	10,943,517	6,375156	5,176,531	19,780617,2011	2012	35 years
Good Samaritan Medical Office Building	Puyallup	WA	14,32078	130,368(130)	78130,238	1,019,227,2071	2012	35 years
Holy Family Hospital Central MOB	Spokane	WA	—	— 19,082	30 — 19,315	19,3125 918,0067	2012	35 years

Physician's Pavilion	Vancouver	WA	—	1,482,939	253	1,488,192	34,684	229,760	2011	35 years
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Property Name	Location		Encumbrances	Initial Cost to Company			Gross Amount Carried at Close of Period			Accum Deprec
	City	State / Province		Land and Improvements	Buildings and Improvements	Costs Capitalized Subsequent to Acquisition	Land and Improvements	Buildings and Improvements	Total	
Administration Building	Vancouver	WA	—	296	7,856	—	296	7,856	8,152	1,090
Medical Center Physician's Building	Vancouver	WA	—	1,225	31,246	1,626	1,225	32,872	34,097	4,222
Memorial MOB	Vancouver	WA	—	663	12,626	215	690	12,814	13,504	1,777
Salmon Creek MOB	Vancouver	WA	—	1,325	9,238	—	1,325	9,238	10,563	1,267
Fisher's Landing MOB	Vancouver	WA	—	1,590	5,420	—	1,590	5,420	7,010	896
Columbia Medical Plaza	Vancouver	WA	—	281	5,266	131	281	5,397	5,678	788
Appleton Heart Institute	Appleton	WI	—	—	7,775	1	—	7,776	7,776	1,453
Appleton Medical Offices West	Appleton	WI	—	—	5,756	18	—	5,774	5,774	1,068
Appleton Medical Offices South	Appleton	WI	—	—	9,058	167	—	9,225	9,225	1,727
Brookfield Clinic	Brookfield	WI	—	2,638	4,093	—	2,638	4,093	6,731	697
Hartland Clinic	Hartland	WI	—	321	5,050	—	321	5,050	5,371	733
Theda Clark Medical Center	Neenah	WI	—	—	7,080	96	—	7,176	7,176	1,267
Office Pavilion										
Aylward Medical Building	Neenah	WI	—	—	4,462	—	—	4,462	4,462	807
Condo Floors 3 & 4										
New Berlin Clinic	New Berlin	WI	—	678	7,121	—	678	7,121	7,799	1,110
WestWood Health & Fitness	Pewaukee	WI	—	823	11,649	—	823	11,649	12,472	1,832
Watertown Clinic	Watertown	WI	—	166	3,234	—	166	3,234	3,400	453
Southside Clinic	Waukesha	WI	—	218	5,273	—	218	5,273	5,491	748
	Waukesha	WI	—	372	15,636	—	372	15,636	16,008	1,943

Rehabilitation
Hospital
TOTAL FOR
MEDICAL
OFFICE
BUILDINGS
TOTAL FOR
ALL
PROPERTIES

561,101	219,188	2,925,201	117,655	219,950	3,042,094	3,262,044	458,588
\$2,284,761	\$1,952,000	\$19,538,444	\$480,850	\$1,956,128	\$20,015,166	\$21,971,294	\$3,493,493

VENTAS, INC.
SCHEDULE IV
REAL ESTATE MORTGAGE LOANS
December 31, 2014
(Dollars in Thousands)

Location	Number of RE Assets	Interest Rate	Fixed / Variable	Maturity Date	Monthly Debt Service	Face Value	Net Book Value	Prior Liens
First Mortgages								
Florida	1	9.75%	F	12/31/2018	\$50	\$5,564	\$5,249	\$—
Washington	1	8.00%	F	8/1/2020	167	25,000	24,795	—
Washington	1	6.00%	F	7/5/2017	44	6,335	6,208	—
Multiple	27	8.93%	V	3/31/2017	577	83,107	83,107	—
California	11	9.42%	F	12/31/2017	1,627	179,495	174,790	—
Multiple	3	9.21%	V	6/30/2019	131	17,023	17,023	—
Texas	1	9.00%	F	12/1/2017	13	419	—	—
Second Mortgages								
Multiple	9	10.50%	V	10/23/2019	45	5,000	4,959	*
Mezzanine Loans								
Virginia	1	10.00%	F	12/10/2019	16	3,131	3,131	—
Multiple**	217	8.14%	F/V	12/9/2016	2,953	421,268	421,268	2,191,230
Construction Loans								
Colorado	1	8.75%	V	2/6/2021	4	1,114	229	—

* The Second Mortgage loan is a \$5 million participation in a second lien term loan with an aggregate commitment of \$215 million

** The variable portion of this investment has a maturity date of 12/9/2016, with extension options to 12/9/2019.

Mortgage Loan Reconciliation

	2014 (in thousands)	2013	2012
Beginning Balance	\$335,656	\$622,139	\$206,050
Additions:			
New Loans	451,269	3,500	440,000
Construction Draws	—	694	12,119
Total additions	451,269	4,194	452,119
Deductions:			
Principal Repayments	(15,548)	(75,738)	(36,030)
Conversions to Real Property	(18,310)	—	—
Sales and Syndications	(5,611)	(214,939)	—
Total deductions	(39,469)	(290,677)	(36,030)
Ending Balance	\$747,456	\$335,656	\$622,139

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2014. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of December 31, 2014, at the reasonable assurance level.

Internal Control over Financial Reporting

The information set forth under “Management Report on Internal Control over Financial Reporting” and “Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting” included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated by reference into this Item 9A.

Internal Control Changes

During the fourth quarter of 2014, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 is incorporated by reference to the material under the headings “Proposals Requiring Your Vote—Proposal 1: Election of Directors,” “Our Executive Officers,” “Securities Ownership—Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance—Governance Policies” and “Audit and Compliance Committee” in our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which we will file with the SEC not later than April 30, 2015.

ITEM 11. Executive Compensation

The information required by this Item 11 is incorporated by reference to the material under the headings “Executive Compensation,” “Non-Employee Director Compensation” and “Executive Compensation Committee” in our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which we will file with the SEC not later than April 30, 2015.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 is incorporated by reference to the material under the headings “Equity Compensation Plan Information” and “Securities Ownership” in our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which we will file with the SEC not later than April 30, 2015.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 is incorporated by reference to the material under the headings “Corporate Governance—Transactions with Related Persons,” “Our Board of Directors—Director Independence,” “Audit and Compliance

Committee,” “Executive Compensation Committee” and “Nominating and Corporate Governance Committee” in our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which we will file with the SEC not later than April 30, 2015.

ITEM 14. Principal Accountant Fees and Services

The information required by this Item 14 is incorporated by reference to the material under the heading “Proposals Requiring Your Vote—Proposal 2: Ratification of the Selection of KPMG LLP as Our Independent Registered Public Accounting Firm for Fiscal Year 2015” in our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which we will file with the SEC not later than April 30, 2015.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

Financial Statements and Financial Statement Schedules

The following documents have been included in Part II, Item 8 of this Annual Report on Form 10-K:

	Page
Report of Independent Registered Public Accounting Firm	<u>79</u>
Consolidated Balance Sheets as of December 31, 2014 and 2013	<u>81</u>
Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012	<u>82</u>
Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012	<u>83</u>
Consolidated Statements of Equity for the years ended December 31, 2014, 2013 and 2012	<u>84</u>
Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012	<u>85</u>
Notes to Consolidated Financial Statements	<u>87</u>
Consolidated Financial Statement Schedules	
Schedule II — Valuation and Qualifying Accounts	<u>137</u>
Schedule III — Real Estate and Accumulated Depreciation	<u>138</u>
Schedule IV — Mortgage Loans on Real Estate	<u>185</u>
All other schedules have been omitted because they are inapplicable, not required or the information is included elsewhere in the Consolidated Financial Statements or notes thereto.	

Exhibits

Exhibit Number	Description of Document	Location of Document
2.1	Agreement and Plan of Merger dated as of June 1, 2014 by and among Ventas, Inc., Stripe Sub, LLC, Stripe OP, LP, American Realty Capital Healthcare Trust, Inc. and American Realty Capital Healthcare Trust Operating Partnership, L.P.	Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on June 5, 2014.
2.2	First Amendment to Agreement and Plan of Merger dated as of September 15, 2014 by and among Ventas, Inc., Stripe Sub, LLC, Stripe OP, LP, American Realty Capital Healthcare Trust, Inc. and American Realty Capital Healthcare Trust Operating Partnership, L.P.	Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on September 16, 2014.
3.1	Amended and Restated Certificate of Incorporation, as amended, of Ventas, Inc.	Incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
3.2	Fourth Amended and Restated Bylaws, as amended, of Ventas, Inc.	Incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
4.1	Specimen common stock certificate.	Incorporated by reference to Exhibit 4.1 to our Annual Report on Form 10-K for the year ended December 31, 2012.
4.2	Indenture dated as of September 19, 2006 by and among Ventas, Inc., Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuer(s), the Guarantors named therein, as Guarantors, and U.S. Bank National Association, as Trustee.	Incorporated by reference to Exhibit 4.9 to our Registration Statement on Form S-3, filed on April 7, 2006, File No. 333-133115.
4.3	Third Supplemental Indenture dated as of November 16, 2010 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.125% Senior Notes due 2015.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on November 18, 2010.
4.4	Fourth Supplemental Indenture dated as of May 17, 2011 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on May 20, 2011.

4.750% Senior Notes due 2021.

4.5	<p>Fifth Supplemental Indenture dated as of February 10, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.250% Senior Notes due 2022.</p>	<p>Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on February 14, 2012.</p>
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4.6	<p>Sixth Supplemental Indenture dated as of April 17, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.000% Senior Notes due 2019.</p>	<p>Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on April 18, 2012.</p>
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4.7	<p>Seventh Supplemental Indenture dated as of August 3, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.250% Senior Notes due 2022.</p>	<p>Incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.</p>
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Exhibit Number	Description of Document	Location of Document
4.8	Eighth Supplemental Indenture dated as of December 13, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 2.000% Senior Notes due 2018.	Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed on December 13, 2012.
4.9	Ninth Supplemental Indenture dated as of March 7, 2013 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.450% Senior Notes due 2043.	Incorporated by reference to Exhibit 4.2 to our Registration Statement on Form 8-A, filed on March 7, 2013.
4.10	Tenth Supplemental Indenture dated as of March 19, 2013 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 2.700% Senior Notes due 2020.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on March 19, 2013.
4.11	Indenture dated as of September 26, 2013 by and among Ventas, Inc., Ventas Realty, Limited Partnership, as Issuer, the Guarantors named therein, as Guarantors, and U.S. Bank National Association, as Trustee.	Incorporated by reference to Exhibit 4.7 to our Registration Statement on Form S-3, filed on April 2, 2012, File No. 333-180521.
4.12	First Supplemental Indenture dated as of September 26, 2013 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 1.550% Senior Notes due 2016.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on September 26, 2013.
4.13	Second Supplemental Indenture dated as of September 26, 2013 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.700% Senior Notes due 2043.	Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed on September 26, 2013.
4.14		

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	Third Supplemental Indenture dated as of April 17, 2014 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 1.250% Senior Notes due 2017.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on April 17, 2014.
4.15	Fourth Supplemental Indenture dated as of April 17, 2014 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.750% Senior Notes due 2024.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on April 17, 2014.
4.16	Fifth Supplemental Indenture dated as of January 14, 2015 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.500% Senior Notes due 2025.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on January 14, 2015.
4.17	Sixth Supplemental Indenture dated as of January 14, 2015 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.375% Senior Notes due 2045.	Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed on January 14, 2015.
4.18	Indenture dated as of August 19, 1997 by and between Nationwide Health Properties, Inc. and The Bank of New York, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Nationwide Health Properties, Inc. Registration Statement on Form S-3, filed on July 25, 1997, File No. 333-32135.

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Exhibit Number	Description of Document	Location of Document
4.19	Indenture dated as of January 13, 1999 by and between Nationwide Health Properties, Inc. and Chase Manhattan Bank and Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Nationwide Health Properties, Inc. Registration Statement on Form S-3, filed on January 15, 1999, File No. 333-70707.
4.20	First Supplemental Indenture dated as of May 18, 2005 by and between Nationwide Health Properties, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Nationwide Health Properties, Inc. Current Report on Form 8-K, filed on May 11, 2005, File No. 001-09028.
4.21	Indenture dated as September 24, 2014 by and among Ventas, Inc., Ventas Canadian Finance Limited, the Guarantors parties thereto from time to time and Computershare Trust Company of Canada, as Trustee.	Incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.22	First Supplemental Indenture dated as of September 24, 2014 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 3.00% Senior Notes, Series A due 2019.	Incorporated by reference to Exhibit 4.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.23	Second Supplemental Indenture dated as of September 24, 2014 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 4.125% Senior Notes, Series B due 2024.	Incorporated by reference to Exhibit 4.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.24	Third Supplemental Indenture dated as of January 13, 2015 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 3.30% Senior Notes, Series C due 2022.	Filed herewith.
10.1	First Amended and Restated Agreement of Limited Partnership of Ventas Realty, Limited Partnership.	Incorporated by reference to Exhibit 3.5 to our Registration Statement on Form S-4, as amended, File No. 333-89312.
10.2	Amended and Restated Credit and Guaranty Agreement, dated as of December 9, 2013, among Ventas Realty, Limited Partnership, Ventas SSL Ontario II, Inc. and Ventas SSL Ontario III, Inc., as Borrowers, Ventas, Inc., as Guarantor, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, Swing Line	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on December 9, 2013.

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Lender, L/C Issuer and Alternative Currency
Fronting Lender.

10.3*	Ventas, Inc. 2004 Stock Plan for Directors, as amended.	Incorporated by reference to Exhibit 10.16.1 to our Annual Report on Form 10-K for the year ended December 31, 2004.
10.4.1*	Ventas, Inc. 2006 Incentive Plan, as amended.	Incorporated by reference to Exhibit 10.10.1 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.4.2*	Form of Stock Option Agreement—2006 Incentive Plan.	Incorporated by reference to Exhibit 10.15.2 to our Annual Report on Form 10-K for the year ended December 31, 2006.
10.4.3*	Form of Restricted Stock Agreement—2006 Incentive Plan.	Incorporated by reference to Exhibit 10.15.3 to our Annual Report on Form 10-K for the year ended December 31, 2006.
10.5.1*	Ventas, Inc. 2006 Stock Plan for Directors, as amended.	Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.

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Exhibit Number	Description of Document	Location of Document
10.5.2*	Form of Stock Option Agreement—2006 Stock Plan for Directors.	Incorporated by reference to Exhibit 10.11.2 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.5.3*	Form of Amendment to Stock Option Agreement—2006 Stock Plan for Directors.	Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.
10.5.4*	Form of Restricted Stock Unit Agreement—2006 Stock Plan for Directors.	Incorporated by reference to Exhibit 10.11.4 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.6.1*	Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 23, 2012.
10.6.2*	Form of Stock Option Agreement (Employees) under the Ventas, Inc. 2012 Incentive Plan.	Filed herewith.
10.6.3*	Form of Restricted Stock Agreement (Employees) under the Ventas, Inc. 2012 Incentive Plan.	Filed herewith.
10.6.4*	Form of Stock Option Agreement (Directors) under the Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.4 to our Registration Form on S-8, filed on August 7, 2012, File No. 333-183121.
10.6.5*	Form of Restricted Stock Agreement (Directors) under the Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.5 to our Registration Form on S-8, filed on August 7, 2012, File No. 333-183121.
10.6.6*	Form of Restricted Stock Unit Agreement (Directors) under the Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.6 to our Registration Form on S-8, filed on August 7, 2012, File No. 333-183121.
10.7.1*	Ventas Executive Deferred Stock Compensation Plan, as amended.	Incorporated by reference to Exhibit 10.12.1 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.7.2*	Deferral Election Form under the Ventas Executive Deferred Stock Compensation Plan.	Incorporated by reference to Exhibit 10.12.2 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.8.1*	Ventas Nonemployee Directors' Deferred Stock Compensation Plan, as amended.	Incorporated by reference to Exhibit 10.13.1 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.8.2*		

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	Deferral Election Form under the Ventas Nonemployee Directors' Deferred Stock Compensation Plan.	Incorporated by reference to Exhibit 10.13.2 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.9.1*	Nationwide Health Properties, Inc. 2005 Performance Incentive Plan.	Incorporated by reference to Appendix B to the Nationwide Health Properties, Inc. definitive Proxy Statement for the 2005 Annual Meeting, filed on March 24, 2005, File No. 001-09028.
10.9.2*	First Amendment to the Nationwide Health Properties, Inc. 2005 Performance Incentive Plan, dated October 28, 2008.	Incorporated by reference to Exhibit 10.1 to the Nationwide Health Properties, Inc. Current Report on Form 8-K, filed on November 3, 2008, File No. 001-09028.
10.10.1*	Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.1 to the Nationwide Health Properties, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, File No. 001-09028.

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Exhibit Number	Description of Document	Location of Document
10.10.2*	Amendment to the Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.9 to the Nationwide Health Properties, Inc. Current Report on Form 8-K, filed on November 3, 2008, File No. 001-09028.
10.11*	Second Amended and Restated Employment Agreement dated as of March 22, 2011 between Ventas, Inc. and Debra A. Cafaro.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on March 24, 2011.
10.12.1*	Employment Agreement dated as of July 31, 1998 between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.15.2.1 to our Annual Report on Form 10-K for the year ended December 31, 2002.
10.12.2*	Amendment dated as of September 30, 1999 to Employment Agreement between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.15.2.2 to our Annual Report on Form 10-K for the year ended December 31, 2002.
10.12.3*	Amendment dated as of March 19, 2007 to Employment Agreement between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on March 23, 2007.
10.12.4*	Amendment dated as of December 31, 2008 to Employment Agreement between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.15.4 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.12.5*	Amended and Restated Change-in-Control Severance Agreement dated as of March 22, 2011 between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on March 24, 2011.
10.13*	Consulting Agreement dated December 31, 2014 between Ventas, Inc. and Richard A. Schweinhart.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on January 7, 2015.
10.14.1*	Employment Agreement dated as of September 18, 2002 between Ventas, Inc. and Raymond J. Lewis.	Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.
10.14.2*	Amendment dated as of March 19, 2007 to Employment Agreement between Ventas, Inc. and Raymond J. Lewis.	Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on March 23, 2007.
10.14.3*	Amendment dated as of December 31, 2008 to Employment Agreement between Ventas, Inc. and Raymond J. Lewis.	Incorporated by reference to Exhibit 10.17.3 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.15*	Employment Agreement dated as of June 22, 2010 between Ventas, Inc. and Todd W. Lillibridge.	Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

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10.16*	Employee Protection and Noncompetition Agreement dated as of October 21, 2013 between Ventas, Inc. and John D. Cobb.	Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.17.1*	Offer Letter dated September 16, 2014 from Ventas, Inc. to Robert F. Probst.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on September 29, 2014.
10.17.2*	Employee Protection and Noncompetition Agreement dated September 16, 2014 between Ventas, Inc. and Robert F. Probst.	Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on September 29, 2014.
10.18*	Ventas Employee and Director Stock Purchase Plan, as amended.	Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K for the year ended December 31, 2008.
12	Statement Regarding Computation of Ratios of Earnings to Fixed Charges.	Filed herewith.
21	Subsidiaries of Ventas, Inc.	Filed herewith.
23	Consent of KPMG LLP.	Filed herewith.

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Exhibit Number	Description of Document	Location of Document
31.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(a) under the Exchange Act.	Filed herewith.
31.2	Certification of Robert F. Probst, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) under the Exchange Act.	Filed herewith.
32.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. 1350.	Filed herewith.
32.2	Certification of Robert F. Probst, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. 1350.	Filed herewith.
101	Interactive Data File.	Filed herewith.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 13, 2015

VENTAS, INC.

By: /s/ DEBRA A. CAFARO
Debra A. Cafaro
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DEBRA A. CAFARO Debra A. Cafaro	Chairman and Chief Executive Officer (Principal Executive Officer)	February 13, 2015
/s/ ROBERT F. PROBST Robert F. Probst	Executive Vice President, Chief Financial Officer and Acting Chief Accounting Officer (Principal Financial and Accounting Officer)	February 13, 2015
/s/ MELODY C. BARNES Melody C. Barnes	Director	February 13, 2015
/s/ DOUGLAS CROCKER II Douglas Crocker II	Director	February 13, 2015
/s/ RONALD G. GEARY Ronald G. Geary	Director	February 13, 2015
/s/ JAY M. GELLERT Jay M. Gellert	Director	February 13, 2015
/s/ RICHARD I. GILCHRIST Richard I. Gilchrist	Director	February 13, 2015
/s/ MATTHEW J. LUSTIG Matthew J. Lustig	Director	February 13, 2015
/s/ DOUGLAS M. PASQUALE Douglas M. Pasquale	Director	February 13, 2015

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Signature	Title	Date
/s/ ROBERT D. REED Robert D. Reed	Director	February 13, 2015
/s/ GLENN J. RUFRANO Glenn J. Rufrano	Director	February 13, 2015
/s/ JAMES D. SHELTON James D. Shelton	Director	February 13, 2015

EXHIBIT INDEX

Exhibit Number	Description of Document	Location of Document
2.1	Agreement and Plan of Merger dated as of June 1, 2014 by and among Ventas, Inc., Stripe Sub, LLC, Stripe OP, LP, American Realty Capital Healthcare Trust, Inc. and American Realty Capital Healthcare Trust Operating Partnership, L.P.	Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on June 5, 2014.
2.2	First Amendment to Agreement and Plan of Merger dated as of September 15, 2014 by and among Ventas, Inc., Stripe Sub, LLC, Stripe OP, LP, American Realty Capital Healthcare Trust, Inc. and American Realty Capital Healthcare Trust Operating Partnership, L.P.	Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on September 16, 2014.
3.1	Amended and Restated Certificate of Incorporation, as amended, of Ventas, Inc.	Incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
3.2	Fourth Amended and Restated Bylaws, as amended, of Ventas, Inc.	Incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
4.1	Specimen common stock certificate.	Incorporated by reference to Exhibit 4.1 to our Annual Report on Form 10-K for the year ended December 31, 2012.
4.2	Indenture dated as of September 19, 2006 by and among Ventas, Inc., Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuer(s), the Guarantors named therein, as Guarantors, and U.S. Bank National Association, as Trustee.	Incorporated by reference to Exhibit 4.9 to our Registration Statement on Form S-3, filed on April 7, 2006, File No. 333-133115.
4.3	Third Supplemental Indenture dated as of November 16, 2010 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.125% Senior Notes due 2015.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on November 18, 2010.
4.4	Fourth Supplemental Indenture dated as of May 17, 2011 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.750% Senior Notes due 2021.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on May 20, 2011.

- 4.5 Fifth Supplemental Indenture dated as of February 10, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.250% Senior Notes due 2022. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on February 14, 2012.
- 4.6 Sixth Supplemental Indenture dated as of April 17, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.000% Senior Notes due 2019. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on April 18, 2012.
- 4.7 Seventh Supplemental Indenture dated as of August 3, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.250% Senior Notes due 2022. Incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.

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Exhibit Number	Description of Document	Location of Document
4.8	Eighth Supplemental Indenture dated as of December 13, 2012 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 2.000% Senior Notes due 2018.	Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed on December 13, 2012.
4.9	Ninth Supplemental Indenture dated as of March 7, 2013 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.450% Senior Notes due 2043.	Incorporated by reference to Exhibit 4.2 to our Registration Statement on Form 8-A, filed on March 7, 2013.
4.10	Tenth Supplemental Indenture dated as of March 19, 2013 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 2.700% Senior Notes due 2020.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on March 19, 2013.
4.11	Indenture dated as of September 26, 2013 by and among Ventas, Inc., Ventas Realty, Limited Partnership, as Issuer, the Guarantors named therein, as Guarantors, and U.S. Bank National Association, as Trustee.	Incorporated by reference to Exhibit 4.7 to our Registration Statement on Form S-3, filed on April 2, 2012, File No. 333-180521.
4.12	First Supplemental Indenture dated as of September 26, 2013 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 1.550% Senior Notes due 2016.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on September 26, 2013.
4.13	Second Supplemental Indenture dated as of September 26, 2013 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 5.700% Senior Notes due 2043.	Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed on September 26, 2013.
4.14	Third Supplemental Indenture dated as of April 17, 2014 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 1.250% Senior Notes due 2017.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on April 17, 2014.
4.15		

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	Fourth Supplemental Indenture dated as of April 17, 2014 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.750% Senior Notes due 2024.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on April 17, 2014.
4.16	Fifth Supplemental Indenture dated as of January 14, 2015 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 3.500% Senior Notes due 2025.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on January 14, 2015.
4.17	Sixth Supplemental Indenture dated as of January 14, 2015 by and among Ventas Realty, Limited Partnership, as Issuer, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee, relating to the 4.375% Senior Notes due 2045.	Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed on January 14, 2015.
4.18	Indenture dated as of August 19, 1997 by and between Nationwide Health Properties, Inc. and The Bank of New York, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Nationwide Health Properties, Inc. Registration Statement on Form S-3, filed on July 25, 1997, File No. 333-32135.

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Exhibit Number	Description of Document	Location of Document
4.19	Indenture dated as of January 13, 1999 by and between Nationwide Health Properties, Inc. and Chase Manhattan Bank and Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Nationwide Health Properties, Inc. Registration Statement on Form S-3, filed on January 15, 1999, File No. 333-70707.
4.20	First Supplemental Indenture dated as of May 18, 2005 by and between Nationwide Health Properties, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to the Nationwide Health Properties, Inc. Current Report on Form 8-K, filed on May 11, 2005, File No. 001-09028.
4.21	Indenture dated as September 24, 2014 by and among Ventas, Inc., Ventas Canadian Finance Limited, the Guarantors parties thereto from time to time and Computershare Trust Company of Canada, as Trustee.	Incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.22	First Supplemental Indenture dated as of September 24, 2014 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 3.00% Senior Notes, Series A due 2019.	Incorporated by reference to Exhibit 4.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.23	Second Supplemental Indenture dated as of September 24, 2014 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 4.125% Senior Notes, Series B due 2024.	Incorporated by reference to Exhibit 4.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
4.24	Third Supplemental Indenture dated as of January 13, 2015 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 3.30% Senior Notes, Series C due 2022.	Filed herewith.
10.1	First Amended and Restated Agreement of Limited Partnership of Ventas Realty, Limited Partnership.	Incorporated by reference to Exhibit 3.5 to our Registration Statement on Form S-4, as amended, File No. 333-89312.
10.2	Amended and Restated Credit and Guaranty Agreement, dated as of December 9, 2013, among Ventas Realty, Limited Partnership, Ventas SSL Ontario II, Inc. and Ventas SSL Ontario III, Inc., as Borrowers, Ventas, Inc., as Guarantor, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, Swing Line	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on December 9, 2013.

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Lender, L/C Issuer and Alternative Currency
Fronting Lender.

10.3*	Ventas, Inc. 2004 Stock Plan for Directors, as amended.	Incorporated by reference to Exhibit 10.16.1 to our Annual Report on Form 10-K for the year ended December 31, 2004.
10.4.1*	Ventas, Inc. 2006 Incentive Plan, as amended.	Incorporated by reference to Exhibit 10.10.1 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.4.2*	Form of Stock Option Agreement—2006 Incentive Plan.	Incorporated by reference to Exhibit 10.15.2 to our Annual Report on Form 10-K for the year ended December 31, 2006.
10.4.3*	Form of Restricted Stock Agreement—2006 Incentive Plan.	Incorporated by reference to Exhibit 10.15.3 to our Annual Report on Form 10-K for the year ended December 31, 2006.

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Exhibit Number	Description of Document	Location of Document
10.5.1*	Ventas, Inc. 2006 Stock Plan for Directors, as amended.	Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.
10.5.2*	Form of Stock Option Agreement—2006 Stock Plan for Directors.	Incorporated by reference to Exhibit 10.11.2 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.5.3*	Form of Amendment to Stock Option Agreement—2006 Stock Plan for Directors.	Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.
10.5.4*	Form of Restricted Stock Unit Agreement—2006 Stock Plan for Directors.	Incorporated by reference to Exhibit 10.11.4 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.6.1*	Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 23, 2012.
10.6.2*	Form of Stock Option Agreement (Employees) under the Ventas, Inc. 2012 Incentive Plan.	Filed herewith.
10.6.3*	Form of Restricted Stock Agreement (Employees) under the Ventas, Inc. 2012 Incentive Plan.	Filed herewith.
10.6.4*	Form of Stock Option Agreement (Directors) under the Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.4 to our Registration Form on S-8, filed on August 7, 2012, File No. 333-183121.
10.6.5*	Form of Restricted Stock Agreement (Directors) under the Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.5 to our Registration Form on S-8, filed on August 7, 2012, File No. 333-183121.
10.6.6*	Form of Restricted Stock Unit Agreement (Directors) under the Ventas, Inc. 2012 Incentive Plan.	Incorporated by reference to Exhibit 10.6 to our Registration Form on S-8, filed on August 7, 2012, File No. 333-183121.
10.7.1*	Ventas Executive Deferred Stock Compensation Plan, as amended.	Incorporated by reference to Exhibit 10.12.1 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.7.2*	Deferral Election Form under the Ventas Executive Deferred Stock Compensation Plan.	Incorporated by reference to Exhibit 10.12.2 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.8.1*		

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	Ventas Nonemployee Directors' Deferred Stock Compensation Plan, as amended.	Incorporated by reference to Exhibit 10.13.1 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.8.2*	Deferral Election Form under the Ventas Nonemployee Directors' Deferred Stock Compensation Plan.	Incorporated by reference to Exhibit 10.13.2 to our Annual Report on Form 10-K fir the year ended December 31, 2008.
10.9.1*	Nationwide Health Properties, Inc. 2005 Performance Incentive Plan.	Incorporated by reference to Appendix B to the Nationwide Health Properties, Inc. definitive Proxy Statement for the 2005 Annual Meeting, filed on March 24, 2005, File No. 001-09028.
10.9.2*	First Amendment to the Nationwide Health Properties, Inc. 2005 Performance Incentive Plan, dated October 28, 2008.	Incorporated by reference to Exhibit 10.1 to the Nationwide Health Properties, Inc. Current Report on Form 8-K, filed on November 3, 2008, File No. 001-09028.

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Exhibit Number	Description of Document	Location of Document
10.10.1*	Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.1 to the Nationwide Health Properties, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, File No. 001-09028.
10.10.2*	Amendment to the Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.9 to the Nationwide Health Properties, Inc. Current Report on Form 8-K, filed on November 3, 2008, File No. 001-09028.
10.11*	Second Amended and Restated Employment Agreement dated as of March 22, 2011 between Ventas, Inc. and Debra A. Cafaro.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on March 24, 2011.
10.12.1*	Employment Agreement dated as of July 31, 1998 between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.15.2.1 to our Annual Report on Form 10-K for the year ended December 31, 2002.
10.12.2*	Amendment dated as of September 30, 1999 to Employment Agreement between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.15.2.2 to our Annual Report on Form 10-K for the year ended December 31, 2002.
10.12.3*	Amendment dated as of March 19, 2007 to Employment Agreement between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on March 23, 2007.
10.12.4*	Amendment dated as of December 31, 2008 to Employment Agreement between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.15.4 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.12.5*	Amended and Restated Change-in-Control Severance Agreement dated as of March 22, 2011 between Ventas, Inc. and T. Richard Riney.	Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on March 24, 2011.
10.13*	Consulting Agreement dated December 31, 2014 between Ventas, Inc. and Richard A. Schweinhart.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on January 7, 2015.
10.14.1*	Employment Agreement dated as of September 18, 2002 between Ventas, Inc. and Raymond J. Lewis.	Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.
10.14.2*	Amendment dated as of March 19, 2007 to Employment Agreement between Ventas, Inc. and Raymond J. Lewis.	Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on March 23, 2007.
10.14.3*	Amendment dated as of December 31, 2008 to Employment Agreement between Ventas, Inc. and	Incorporated by reference to Exhibit 10.17.3 to our Annual Report on Form 10-K for the year ended

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Raymond J. Lewis.

December 31, 2008.

10.15*	Employment Agreement dated as of June 22, 2010 between Ventas, Inc. and Todd W. Lillibridge.	Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.
10.16*	Employee Protection and Noncompetition Agreement dated as of October 21, 2013 between Ventas, Inc. and John D. Cobb.	Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.17.1*	Offer Letter dated September 16, 2014 from Ventas, Inc. to Robert F. Probst.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on September 29, 2014.
10.18*	Ventas Employee and Director Stock Purchase Plan, as amended.	Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K for the year ended December 31, 2008.
12	Statement Regarding Computation of Ratios of Earnings to Fixed Charges.	Filed herewith.

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Exhibit Number	Description of Document	Location of Document
21	Subsidiaries of Ventas, Inc.	Filed herewith.
23	Consent of KPMG LLP.	Filed herewith.
31.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(a) under the Exchange Act.	Filed herewith.
31.2	Certification of Robert F. Probst, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) under the Exchange Act.	Filed herewith.
32.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. 1350.	Filed herewith.
32.2	Certification of Robert F. Probst, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) under the Exchange Act and 18 U.S.C. 1350.	Filed herewith.
101	Interactive Data File.	Filed herewith.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.