



New Senior Investment Group Quarterly Investor Presentation

Fourth Quarter 2014

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain items in this presentation constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements regarding our ability to complete acquisitions and the timing thereof, and the expected NOI yield of completed acquisitions. These statements are not historical facts. They represent management’s current expectations regarding future events and are subject to a number of trends and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those described in the forward-looking statements. Accordingly, you should not place undue reliance on any forward-looking statements contained herein. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K, which is, or will be, available on the Company’s website (www.newseniortinv.com). New risks and uncertainties emerge from time to time, and it is not possible for New Senior to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Forward-looking statements contained herein speak only as of the date of this presentation, and New Senior expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in New Senior’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Executive Summary

New Senior Investment Group (NYSE: SNR) is a \$2+ billion publicly traded REIT focused on independent living (IL) & assisted living/memory care (AL/MC) senior housing assets⁽¹⁾

- **Only pure-play, publicly-traded senior housing REIT – spun from Newcastle Investment Corp. on November 6, 2014**
 - 90% of portfolio NOI comprised of private pay senior housing properties
 - Diversified portfolio contains 124 properties with over 15,600 beds, across 32 states⁽²⁾

- **Continued strong portfolio performance in 4Q'14**
 - Total NOI of \$38.7 million – up from \$10.8 million in 4Q'13
 - Same-store NOI growth for managed portfolio of 10.0% (4Q'14 vs. 4Q'13)
 - Stable EBITDARM coverage for NNN portfolio of 1.32x

- **Normalized FFO per share of \$0.26 for 4Q'14**
 - Approximately \$200 million of uninvested cash on balance sheet during the quarter

- **Continue building acquisition track record with \$2 - \$3 billion investment pipeline⁽³⁾**
 - Approximately \$885 million of high-quality acquisitions completed and/or in contract since beginning of 2014⁽⁴⁾

1) \$2+ billion represents enterprise value as of December 31, 2014. Enterprise value is equal to market capitalization plus carrying value of mortgage notes payable, minus cash.

2) Represents portfolio as of the date hereof, plus counts attributable to \$533 million of pending acquisitions that are in contract. The completion of pending acquisitions is subject to a variety of risks and uncertainties, such as obtaining financing. There can be no assurance that such acquisitions will be completed. For details regarding portfolio as of December 31, 2014 (excluding acquisitions completed subsequent to year end), see Appendix.

3) Our ability to execute on our investment pipeline is subject to a variety of risks and uncertainties, and there can be no assurance that we will be able to source high quality assets, obtain adequate financing on attractive terms for new acquisitions, or complete acquisitions with attractive yields.

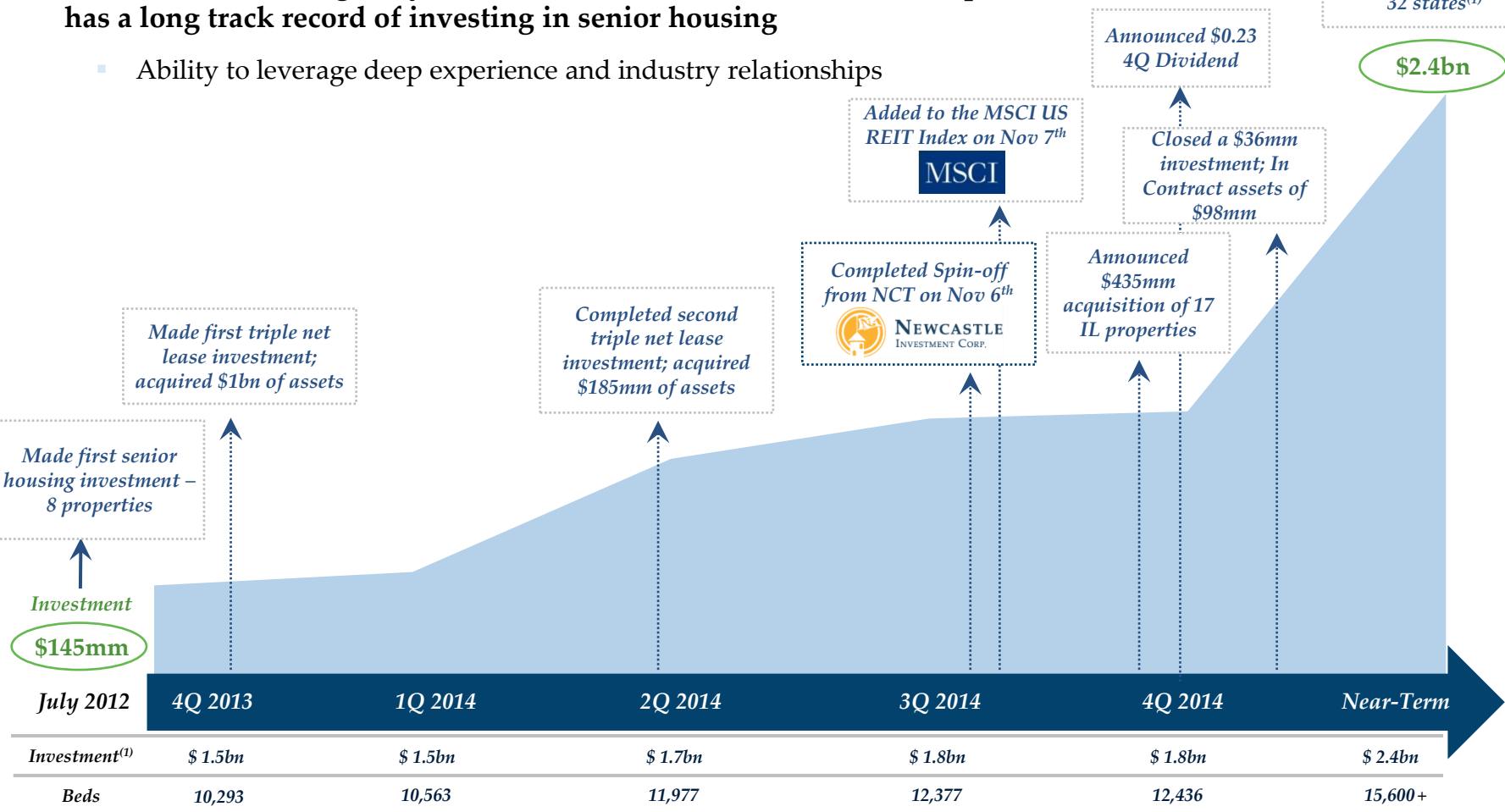
4) Includes \$533 million of pending acquisitions that are in contract. There can be no assurance that such acquisitions will be completed.

Evolution of New Senior

- Since 2012, New Senior has assembled one of the largest senior housing portfolios in the U.S. with \$2.4 billion of investments⁽¹⁾
- New Senior is managed by an affiliate of Fortress Investment Group (NYSE: FIG), which has a long track record of investing in senior housing
 - Ability to leverage deep experience and industry relationships

New Senior
Investment Group

\$2.4bn portfolio with
124 properties across
32 states⁽¹⁾



1) \$2.4 billion represents net real estate investments plus accumulated depreciation and amortization as of 12/31/2014, plus the purchase price of an acquisition that closed in January (\$36 million) and the aggregate purchase price of pending acquisitions in contract (\$533 million). There can be no assurance that pending acquisitions will be completed.

2014 – A Transformational Year for New Senior

1

Spun Off from Newcastle Investment Corp.

- Successfully created only pure play senior housing REIT among 16 public healthcare REITs
- Created Top 10 senior housing platform in the U.S.⁽¹⁾

2

Strong Portfolio Performance

- Increased total annualized NOI from \$43 million in 4Q'13 to \$155 million in 4Q'14
- Total portfolio occupancy increased from 83% in 4Q'13 to 86% in 4Q'14
- Same store NOI growth of 10% from 4Q'13 to 4Q'14 (31 properties)

3

Continued Track Record of Acquisitions at Attractive Valuations

- Approximately \$885 million of acquisitions completed or in contract since beginning of 2014⁽²⁾
- Acquisitions at attractive yields – blended NOI yield of ~7.5% for 2014 acquisitions⁽³⁾
- Grew portfolio from 84 properties at year end 2013 to 124 properties (including pending acquisitions)⁽⁴⁾

4

Capital Structure Improvements⁽⁵⁾

- Refinancing to take advantage of low rate environment
 - ✓ Expected coupon of approximately 2.5% - 3% versus existing 4%

1) 2013 ASHA 50 Report. Data as of June 2013.

2) Includes \$533 million of pending acquisitions that are in contract. There can be no assurance that such acquisitions will be completed.

3) Blended NOI yield represents the expected annual NOI of the portfolio divided by the aggregate purchase price.

4) Includes 20 properties related to the pending acquisitions and four properties that New Senior acquired in 1Q 2015.

5) Capital structure improvements has not yet been implemented, and no assurance can be given that planned refinancing will be completed on expected terms and timeframe, or at all.

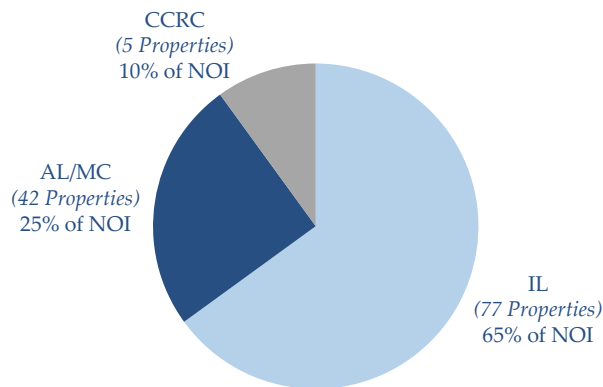
New Senior Overview

- One of largest publicly traded owners of senior housing properties⁽¹⁾
 - \$2.4 of investments and \$1.2 billion market cap⁽²⁾
 - 124 properties, 15,600 beds across 32 states⁽²⁾
- 90% of NOI private pay independent and assisted living properties
- 41% managed and 59% triple net leased (“NNN”)⁽²⁾

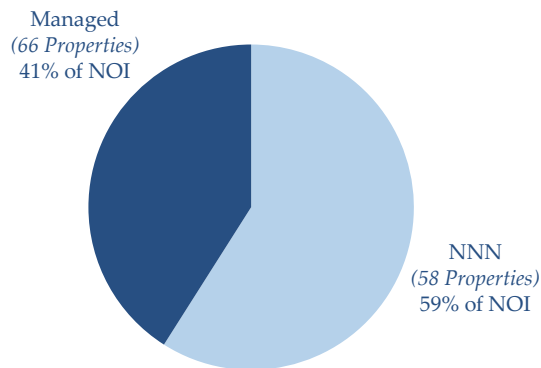


New Senior's Portfolio Composition (after pending acquisitions)⁽²⁾

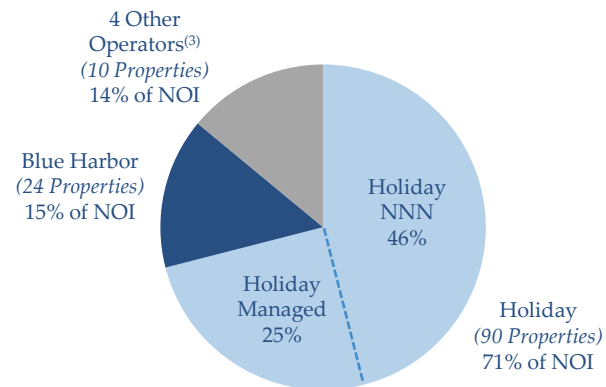
Majority Private Pay



Balanced Managed/NNN Mix



Strategically Diversifying Operator Mix



1) Estimated based on ASHA 2013 Top Senior Housing Owners report, published in June 2013 and management's estimates of third-party acquisitions since June 2013. Assumes New Senior completes pending acquisitions of 20 properties. There can be no assurance that such acquisitions will be completed.

2) \$2.4 billion represents net real estate investments plus accumulated depreciation and amortization as of 12/31/2014, plus the purchase price of an acquisition that closed in January (\$36 million) and the aggregate purchase price of the pending acquisitions (\$533 million). Market cap as of 2/24/2015. Portfolio data reflects properties owned as of the date hereof, plus properties attributable to pending acquisitions. See Appendix for data as of 12/31/2014.

3) Other Operators include two current operators (JEA and LCS) and two potential new operators for pending acquisitions.

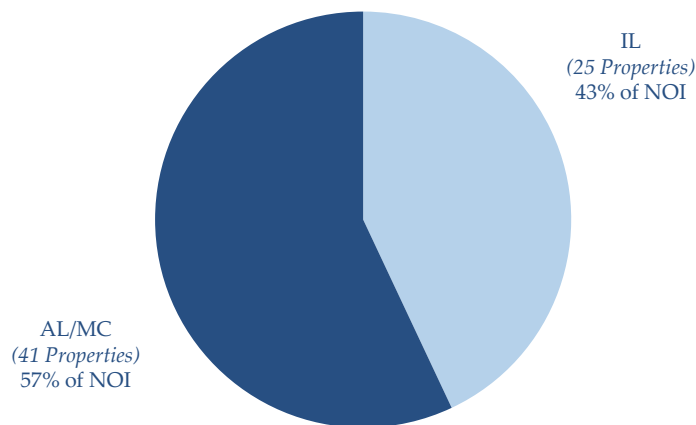
Overview of Managed Portfolio⁽¹⁾

- Acquisition strategy focused on undermanaged / higher growth properties
- 66 properties; 8,123 beds; 23 states⁽¹⁾
- 4 operator relationships⁽¹⁾
 - *Holiday: Largest IL operator in U.S.*
 - *Blue Harbor: Regional AL/MC operator with 25+ asset portfolio*
 - *2 other seasoned operators*

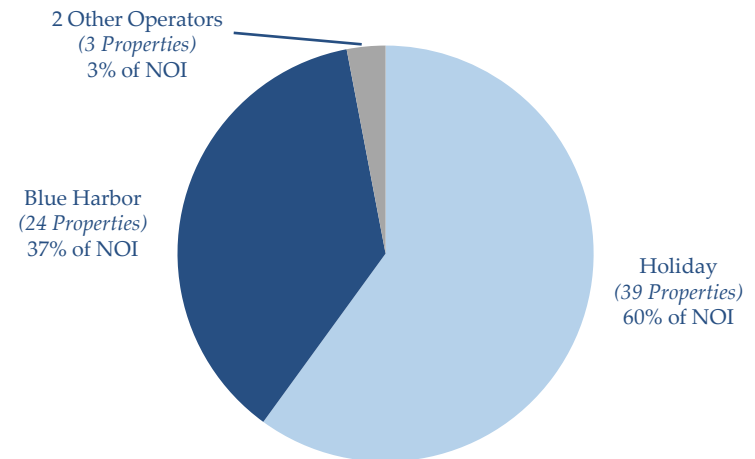
Geographic Diversification⁽¹⁾

State	Properties	% of NOI
Florida	20	24%
California	6	13%
Texas	3	9%
North Carolina	5	9%
Utah	5	8%
Other 17 States	27	37%
Total	66	100%

Property Type Diversification⁽¹⁾



Operator Diversification⁽¹⁾



1) Assumes completion of the acquisition of 19 managed properties, which would add 2,202 beds, 4 new states and 1 new operator. There can be no assurance that such acquisitions will be completed. See Appendix for portfolio data as of 12/31/2014.

Continued Strong Performance Across Managed Portfolio

Seasoned properties driving growth in managed portfolio

- **4Q 2014 Occupancy up 50bps over prior year**
 - 2012 acquisitions grew 30bps in 4Q 2014
- **4Q 2014 Revenue and NOI up over prior year, 34.6% and 35.4%, respectively**
 - 2012 acquisitions revenue grew 7.4% and NOI grew 12.5% over prior year
- **4Q 2014 NOI margin up 10bps over prior year**
 - 2012 acquisitions grew NOI margin 140bps over prior year⁽¹⁾

Acquisition Period	4Q Occupancy			4Q Revenue			4Q NOI			4Q NOI Margin ⁽¹⁾		
	2013	2014	Δ	2013	2014	Δ	2013	2014	Δ	2013	2014	Δ
2012 (same-store)	88.3%	88.6%	0.3%	13,983	15,013	7.4%	4,259	4,793	12.5%	30.5%	31.9%	1.4%
2013	80.5%	80.5%	--	18,490	20,858	12.8%	4,597	5,161	12.3%	24.9%	24.7%	(0.2%)
2014	--	86.7%	--	--	7,835	--	--	2,041	--	--	26.0%	--
Total Managed Investments	83.1%	83.6%	0.5%	32,473	43,706	34.6%	8,856	11,995	35.4%	27.3%	27.4%	0.1%

1) Represents NOI of the portfolio divided by revenue.

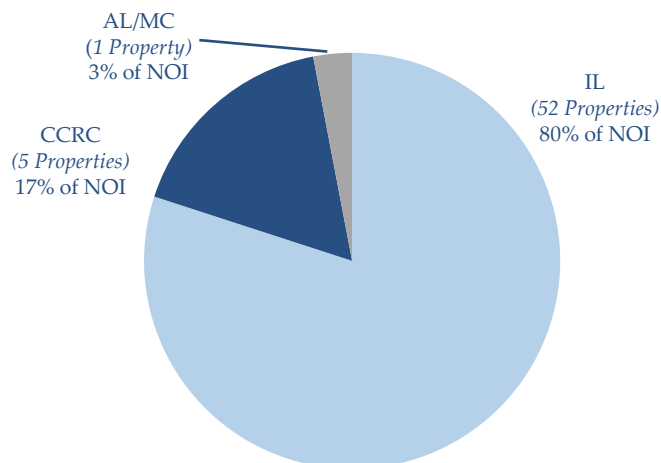
Overview of Triple Net Portfolio⁽¹⁾

- Triple net portfolio provides stable and predictable cash flow⁽²⁾
 - 4+% blended annual escalators through 2017⁽¹⁾
- 58 properties; 7,537 beds; 24 states⁽¹⁾
- 3 operator relationships⁽¹⁾
 - *Holiday: Largest IL operator in U.S.*
 - *LCS: 3rd largest senior housing operator in U.S.*
 - *1 other operator with 20+ years of experience*

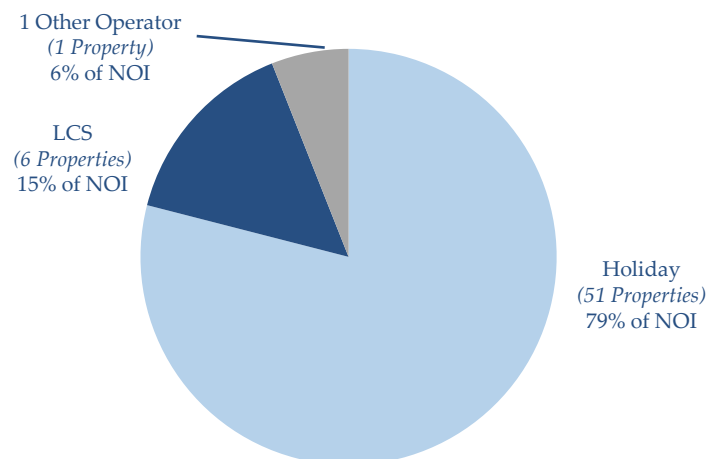
Geographic Diversification⁽¹⁾

State	Properties	% of NOI
Texas	14	27%
Pennsylvania	4	11%
Oregon	6	8%
Missouri	3	5%
Colorado	4	5%
Other 19 States	27	44%
Total	58	100%

Property Type Diversification⁽¹⁾



Operator Diversification⁽¹⁾



1) Assumes completion of the acquisition of 1 triple net lease property, which would add 463 beds and 1 new operator. There can be no assurance that such acquisitions will be completed. See Appendix for portfolio data as of 12/31/2014.

2) Assumes tenant-operator compliance with terms of lease, which is subject to risks.

Strong Triple-Net Lease Portfolio Performance



Triple-Net Portfolio Statistics

	Sequential Quarter Comparison	
	3Q'14	4Q'14
Properties	57	57
Beds	7,074	7,074
TTM Occupancy ⁽¹⁾	88.9%	87.8%
TTM EBITDARM Coverage ⁽¹⁾	1.28x	1.32x

Holiday Transaction – Closed December 2013

- Diversified portfolio of 51 properties across 24 states
- \$1.0 billion acquisition and 17-year triple net lease with Holiday
 - ✓ GAAP yield of 8.9%⁽²⁾
 - ✓ Initial cash lease yield of 6.5% with 4.5% annual escalators in years 2 to 4 and minimum of 3.5% thereafter⁽²⁾

LCS Transaction – Closed June 2014

- Regional Texas portfolio with four rental CCRC's, one IL property, and one AL/MC property (6 assets total)
- \$185 million acquisition and 15-year triple net lease with subsidiary of LCS
 - ✓ GAAP yield of 9.5%⁽²⁾
 - ✓ Initial cash lease yield of 7.6% with 3.75% annual escalators in years 2 to 4 and 2.5% thereafter⁽²⁾

1) Occupancy and EBITDARM coverage is presented one quarter in arrears from the date reported on a trailing twelve month basis.

2) GAAP yield and cash lease yield represent first year GAAP revenue or lease payment required by contract, as applicable, divided by property purchase price.

New Senior's Business Model to Drive Earnings Growth⁽¹⁾

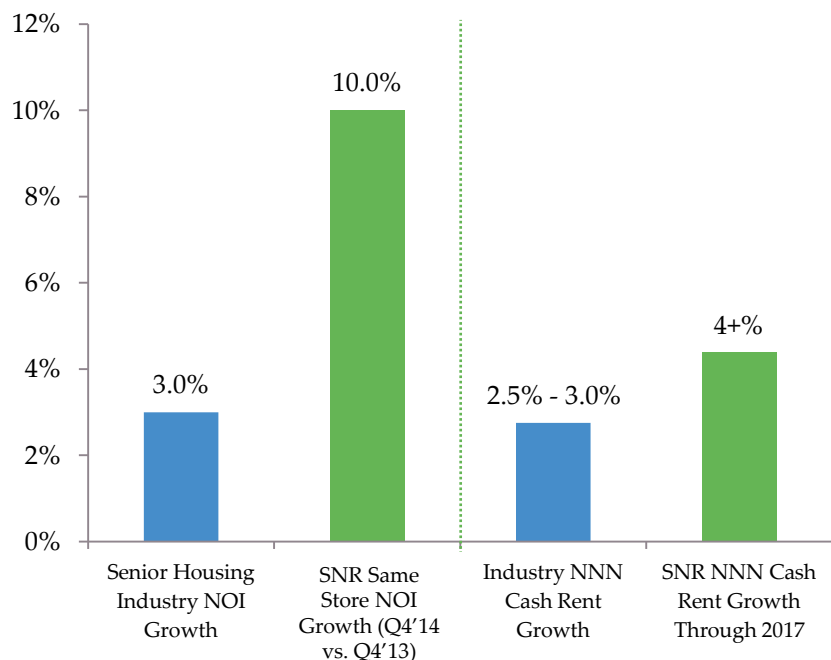


1) There can be no assurance that New Senior will be able to execute its business strategy or refinancing plans as anticipated. Management's business strategy is subject to change.

Strong Growth of Existing Portfolio⁽¹⁾

- We expect our existing portfolio's organic growth to outperform the healthcare industry's average growth
 - ✓ Strong managed portfolio performance to date → 10.0% same store NOI growth (4Q'13 to 4Q'14)⁽²⁾
 - ✓ 4+% escalators in NNN portfolio through 2017

Growth Compared to Industry Averages^(2,3)



Key Organic Growth Drivers – Managed Portfolio

Investment Focus

- Focus on investing in undervalued or undermanaged assets

Centralized Sales Program

- Utilize best-in-class team to execute results-driven sales & marketing program

Lower Operating Costs

- Implement staffing efficiencies and corporate purchasing programs

1) Statements regarding expected growth are forward-looking statements and subject to factors outside our control.

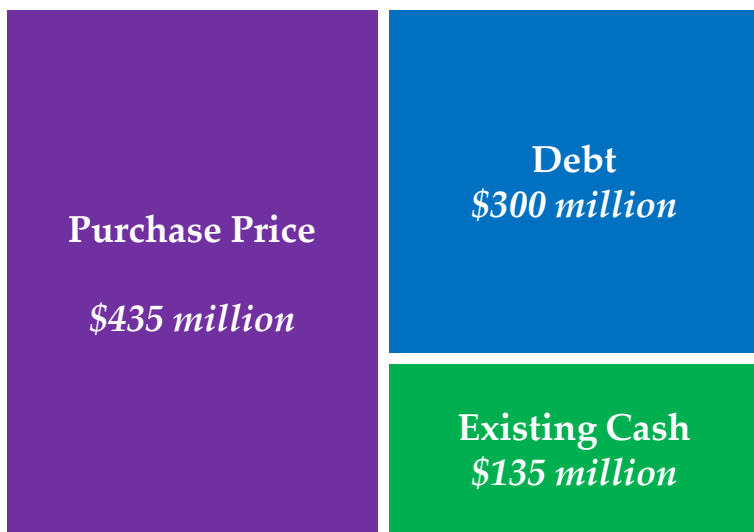
2) Past performance is not indicative of future results. NOI growth rate is subject to property stabilization.

3) Industry managed NOI growth for Big 3 healthcare REITs (VTR, HCN and HCP) is 3% for 2015 per Green Street Advisors (September 2014), and industry NNN rent growth average is 3% per management estimates.

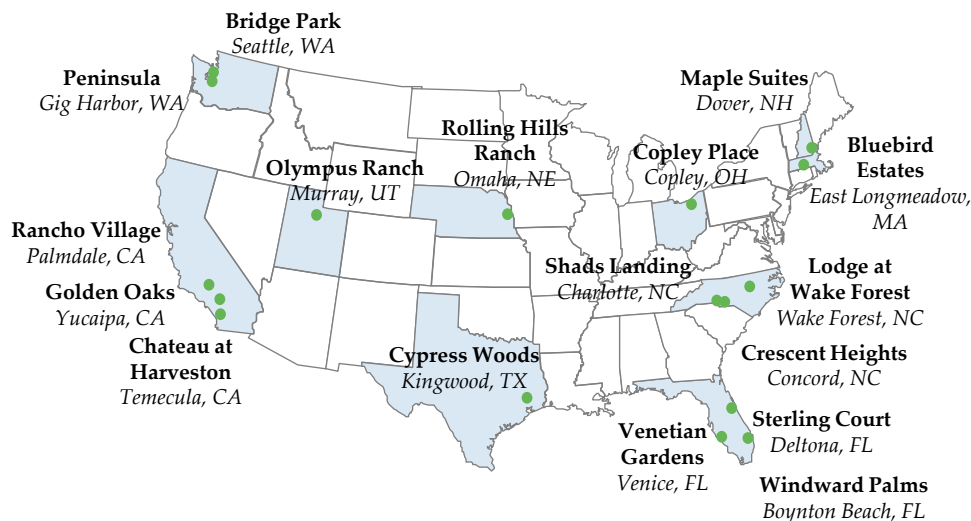
Recently Announced Acquisition – Hawthorn Retirement Corp.

- Expect to acquire 17 independent living assets for \$435 million⁽¹⁾
 - Expect to fund with approximately \$135 million of cash on hand and approximately \$300 million of debt
 - Expect NOI yield of 6.3% and strong margins of ~45%
- 17 properties - 2,082 units - located across 10 states - 100% private pay portfolio - average age of only 6 years
 - Occupancy of 92.0% as of December 2014
 - Strong geographic diversification with complementary footprint to SNR's existing portfolio

Targeted Sources & Uses⁽¹⁾



Diversified Geographic Footprint

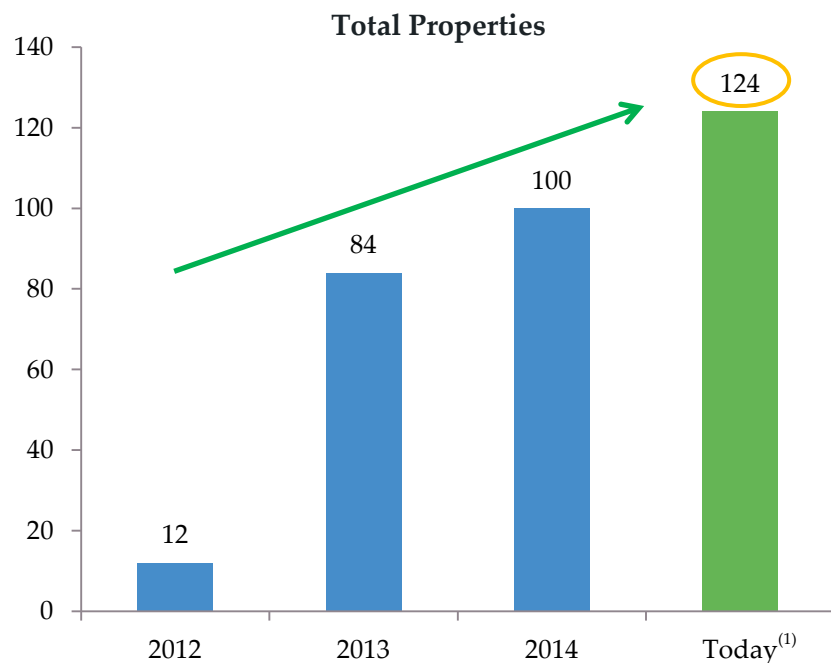


1) Purchase price, debt and cash amounts exclude transaction costs and potential debt prepayment penalties, and are subject to change. There can be no assurance that acquisition will be completed. Targeted financing may not be achieved on the expected terms or in the amount we expect, or at all. Expected NOI yield represents the expected annual NOI of the portfolio divided by the purchase price. Margin represents the historical NOI divided by the historical revenue of the portfolio.

Robust Investment Pipeline to Drive Growth

- **Proven track record of superior acquisition growth**
 - ✓ Grown portfolio from 12 properties in 2012 to 124 high-quality properties today⁽¹⁾
- **Active market with strong investment pipeline**
 - ✓ \$533 million of in contract deals; \$2 - \$3 billion “active pipeline”⁽²⁾

Significant Growth Over the Last 3 Years



Acquisition Pipeline Remains Strong⁽²⁾

Target off-market, non-brokered transactions with favorable yields

In Contract
Assets: \$533 million
20 properties

Active Pipeline
Assets: \$2 billion – \$3 billion
Equity: \$700 million – \$1.1 billion

1) Assumes completion of pending acquisitions for 20 properties.

2) “In contract deals” represents pending acquisitions under contract or letter of intent with binding exclusivity provisions. “Active pipeline” includes investments that we are actively pursuing but with respect to which we have not yet signed a purchase and sale agreement or letter of intent. The pipeline is subject to varying degrees of diligence, and there can be no assurance that we will complete the acquisition of any property in the pipeline.

Fourth Quarter 2014 Financial Overview

■ Balance Sheet

- ✓ Total investments: \$1.8 billion
- ✓ Total debt: \$1.3 billion
- ✓ Average uninvested cash of approximately **\$200** million

■ Earnings (non-GAAP)⁽¹⁾

- ✓ NOI of \$38.7 million
- ✓ Normalized FFO of \$17.3 million, or \$0.26 per share
- ✓ AFFO of \$12.9 million, or \$0.19 per share

	4Q 2014		4Q 2014 Annualized	
	(\$mm)	(\$/ WA basic/diluted share)	(\$mm)	(\$/ WA basic/diluted share)
<i><u>Earnings (non-GAAP)</u></i>				
NOI	\$38.7	--	\$154.8	--
Normalized FFO	17.3	\$ 0.26	69.2	\$ 1.04
AFFO	12.9	\$0.19	51.6	\$0.78
Common Dividend	15.3	\$ 0.23	61.2	\$ 0.92
<i><u>Balance Sheet</u></i>				
Total Investments	\$1,817.5	--	--	--
Total Debt	1,259.4	--	--	--
Uninvested Cash	~200	--	--	--

(1) For GAAP results, see Appendix.

Operating Segment Overview

Operating Results for Total Portfolio:

- Average occupancy increased 300 bps from 4Q'13 to 4Q'14 – from 83% to 86%
- NOI increased \$28 million from 4Q'13 to 4Q'14 – from \$11 million to \$39 million

	4Q'13	1Q'14	2Q'14	3Q'14	4Q'14	YoY Δ
Total Portfolio						
# of Properties	84	86	95	99	100	16
Rentable Beds	10,293	10,563	11,977	12,377	12,436	2,143
Avg. Occupancy	83%	83%	87%	87%	86%	300 bps
NOI (\$mm)	\$11	\$32	\$33	\$38	\$39	\$28
Managed Portfolio						
# of Properties	33	35	38	42	43	10
Rentable Beds	4,453	4,723	4,870	5,303	5,362	909
Avg. Occupancy ⁽¹⁾	83%	83%	83%	84%	84%	50 bps
NOI (\$mm)	\$9	\$10	\$11	\$12	\$12	\$3
NNN Portfolio						
# of Properties	51	51	57	57	57	6
Rentable Beds	5,840	5,840	7,107	7,074	7,074	1,234
Avg. Occupancy ⁽¹⁾	n/a	n/a	89%	90%	88%	n/a
NOI (\$mm)	\$2	\$22	\$22	\$27	\$27	\$25

1) Managed and NNN properties occupancy are based on average occupied beds divided by average available beds for each of the respective periods in the quarter. NNN occupancy is presented one quarter in arrears from the date reported.

4Q'14 Summary & Looking Forward

1

Transformational 2014

- Successfully spun out of Newcastle
- Significantly grew NOI from 4Q'13 to 4Q'14

2

High Quality Portfolio with Strong Organic Growth

- Majority private pay with attractive mix of NNN and managed
- Strong organic growth from portfolio

3

Robust Acquisition Pipeline

- Continued focus on acquiring high quality private pay senior housing assets
- Competitive market but well positioned with unique acquisition strategy

Appendix: Supplemental Information

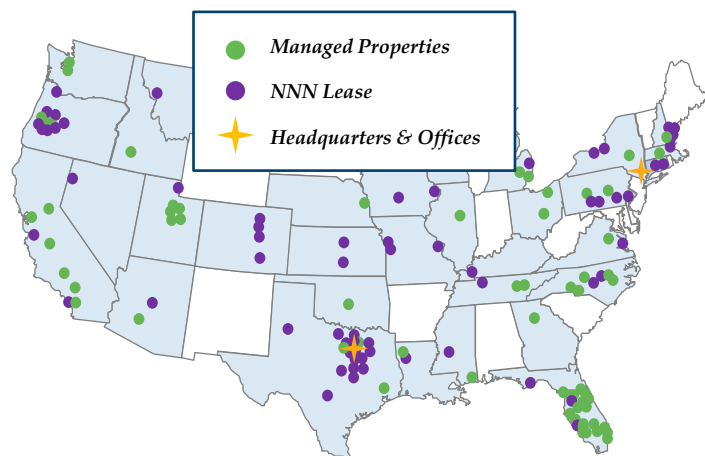
Portfolio Overview⁽¹⁾

Portfolio Summary⁽²⁾

(\$ thousands)

	Properties	Beds	States	Investment	TTM Results			4Q Annualized	
					EBITDARM Coverage	Rev. Quality Mix	4Q 2014 Occupancy	Revenue	NOI ⁽³⁾
Senior Housing – Managed	43	5,362	17	\$632,486	N/A	95%	83.6%	\$174,825	\$47,980
Senior Housing – NNN	57	7,074	24	1,185,058	1.32x	100%	87.8%	106,703	106,703
Total	100	12,436	27	\$1,817,544		98%		\$281,528	\$154,683

Portfolio Diversification



Financial Summary⁽³⁾

(\$ in millions, except per share amounts)

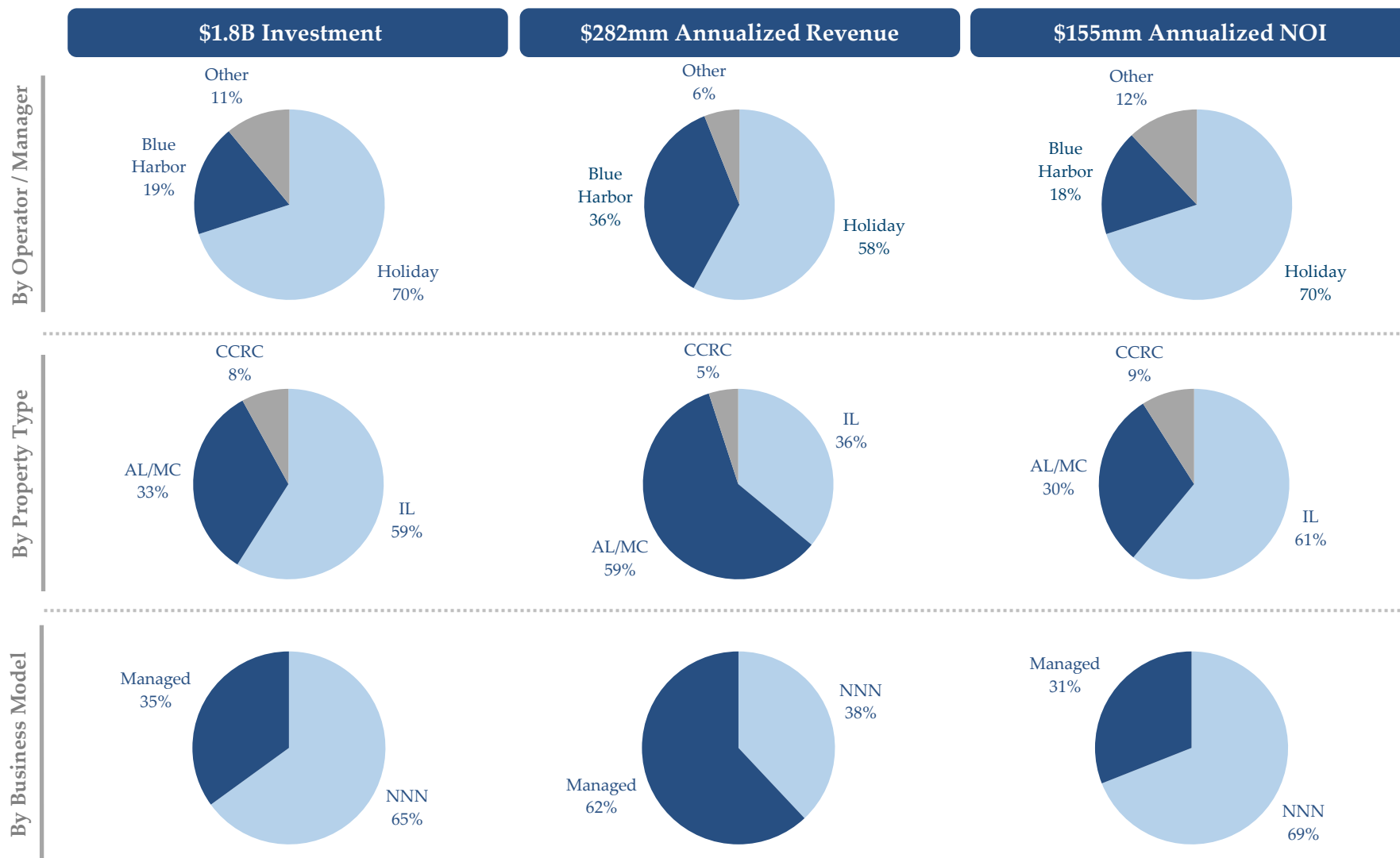
	4Q'14	
	Amount	Per Share
Segment NOI		
Managed Properties	\$12.0	--
NNN Lease Properties	\$26.7	--
Total Segment NOI (unlevered)	\$38.7	--
NFFO	\$17.3	\$0.26

1) See glossary included at the end of this presentation for definitions of various terms used on this page and throughout the presentation.

2) As of December 31, 2014. Annualized revenue and annualized NOI represent 4Q 2014 revenue and NOI, respectively, multiplied by four. Occupancy of managed and triple net (“NNN”) properties is based on average occupied beds divided by average available beds for each of the respective periods in the quarter. NNN occupancy and EBITDARM coverage is presented one quarter in arrears from the date reported on a trailing twelve month basis.

3) NOI, Segment NOI, Total Segment NOI and NFFO are non-GAAP measures. See reconciliation to the most comparable GAAP measures at the end of this presentation.

Portfolio Diversification⁽¹⁾



1) Investment as of December 31, 2014. Annualized revenue and annualized NOI represent 4Q 2014 revenue and NOI, respectively, multiplied by four.

Portfolio Diversification

By State⁽¹⁾

State	Managed			NNN			Total		
	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total
Texas	2	\$5.9	12%	14	\$30.9	29%	16	\$36.8	24%
Florida	16	13.7	29%	3	5.8	5%	19	19.5	13%
Oregon	2	3.8	8%	6	8.7	8%	8	12.5	8%
California	3	5.6	12%	2	4.5	4%	5	10.1	6%
Pennsylvania	2	2.5	5%	3	6.6	6%	5	9.1	6%
New York	1	1.9	4%	2	4.6	4%	3	6.5	4%
Utah	4	4.7	10%	1	1.9	2%	5	6.6	4%
North Carolina	1	1.8	4%	2	4.5	4%	3	6.3	4%
Missouri	-	-	0%	3	6.0	6%	3	6.0	4%
Colorado	-	-	0%	4	5.9	6%	4	5.9	4%
Other States	12	8.1	16%	17	27.3	26%	29	35.4	23%
Total	43	\$48.0	100%	57	\$106.7	100%	100	\$154.7	100%

By Operator / Manager⁽¹⁾

Operator/ Manager	Managed			NNN			Total		
	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total
Holiday	20	\$19.5	41%	51	\$89.2	84%	71	\$108.7	70%
Blue Harbor	22	28.0	58%	0	0	0	22	28.0	18%
Other 2 operators	1	0.5	1%	6	17.5	16%	7	18.0	12%
Total	43	\$48.0	100%	57	\$106.7	100%	100	\$154.7	100%

1) Dollars in millions. Annualized NOI represents 4Q 2014 NOI, multiplied by four.

Senior Housing Managed Portfolio

Managed Portfolio Statistics

(\$ in thousands, except for average monthly RevPOR)

	Year Over Year Comparison						Sequential Quarter Comparison					
	Total			Same Store			Total			Same Store		
	4Q'13	4Q'14	Δ	4Q'13	4Q'14	Δ	3Q'14	4Q'14	Δ	3Q'14	4Q'14	Δ
Ending Properties	33	43	10	31	31	--	42	43	1	38	38	--
Avg. Available Beds	4,217	5,318	1,101	4,177	4,180	3	4,951	5,318	367	4,871	4,865	(6)
Avg. Occupancy	83.1%	83.6%	50bps	83.3%	83.1%	(20bps)	84.0%	83.6%	(40bps)	83.8%	83.5%	(30bps)
Avg. Monthly RevPOR	\$3,089	\$3,277	6.1%	\$3,060	\$3,261	6.6%	\$3,244	\$3,277	1.0%	\$3,194	\$3,225	1.0%
Revenue	\$32,473	\$43,706	34.6%	\$31,941	\$33,982	6.4%	\$40,473	\$43,706	8.0%	\$39,119	\$39,300	0.5%
Operating expenses	(21,611)	(29,106)	34.7%	(21,285)	(22,323)	4.9%	(26,334)	(29,106)	10.5%	(25,536)	(26,135)	2.3%
EBITDARM⁽¹⁾	\$10,862	\$14,600	34.4%	\$10,656	\$11,659	9.4%	\$14,139	\$14,600	3.3%	\$13,583	\$13,165	(3.1%)
Property management fees	(2,006)	(2,605)	29.9%	(1,977)	(2,109)	6.7%	(2,442)	(2,605)	6.7%	(2,361)	(2,343)	(0.8%)
Segment NOI	\$8,856	\$11,995	35.4%	\$8,679	\$9,550	10.0%	\$11,697	\$11,995	2.5%	\$11,222	\$10,822	(3.6%)
EBITDARM Margin	33.4%	33.4%	--	33.4%	34.3%	+90bps	34.9%	33.4%	(150bps)	34.7%	33.5%	(120bps)
Segment NOI Margin	27.3%	27.4%	+10bps	27.2%	28.1%	+90bps	28.9%	27.4%	(150bps)	28.7%	27.5%	(120bps)

1) EBITDARM is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this presentation.

Triple-Net Lease Portfolio



Holiday Transaction – Closed December 2013

- Diversified portfolio of 51 properties across 24 states
- \$1.0 billion acquisition and 17-year triple net lease with Holiday
 - ✓ GAAP yield of 8.9%⁽²⁾
 - ✓ Initial cash lease yield of 6.5% with 4.5% annual escalators in years 2 to 4 and minimum of 3.5% thereafter⁽²⁾

Triple-Net Portfolio Statistics

	Sequential Quarter Comparison	
	3Q'14	4Q'14
Properties	57	57
Beds	7,074	7,074
TTM Occupancy ⁽¹⁾	88.9%	87.8%
TTM EBITDARM Coverage ⁽¹⁾	1.28x	1.32x

LCS Transaction – Closed June 2014

- Regional Texas portfolio with four rental CCRC's, one IL property, and one AL/MC property
- \$185 million acquisition and 15-year triple net lease with subsidiary of LCS
 - ✓ GAAP yield of 9.5%⁽²⁾
 - ✓ Initial cash lease yield of 7.6% with 3.75% annual escalators in years 2 to 4 and 2.5% thereafter⁽²⁾

1) Occupancy and EBITDARM coverage is presented one quarter in arrears from the date reported on a trailing twelve month basis.

2) GAAP yield and cash lease yield represent first year GAAP revenue or lease payment required by contract, as applicable, divided by property purchase price.

Investment Activity

Historical Investment Activity

(\$ in thousands)

		Properties	Investment	Type	Beds
2012	Managed	12	\$190,697	IL/AL/MC	1,427
2013	Triple Net	51	1,000,475	IL	5,840
	Managed	21	308,579	IL/AL/MC	3,029
	Total	72	1,309,054		8,869
1Q'14	Managed	2	23,235	IL/AL/MC	262
2Q'14	Triple Net	6	184,583	IL/AL/MC/CCRC	1,234
	Managed	3	21,667	AL/MC	147
3Q'14	Managed	4	72,608	IL/AL/MC	431
4Q'14	Managed	1	15,700	AL/MC	66
	Total	16	317,793		2,140
TOTAL SINCE INCEPTION		100	\$1,817,544		12,436

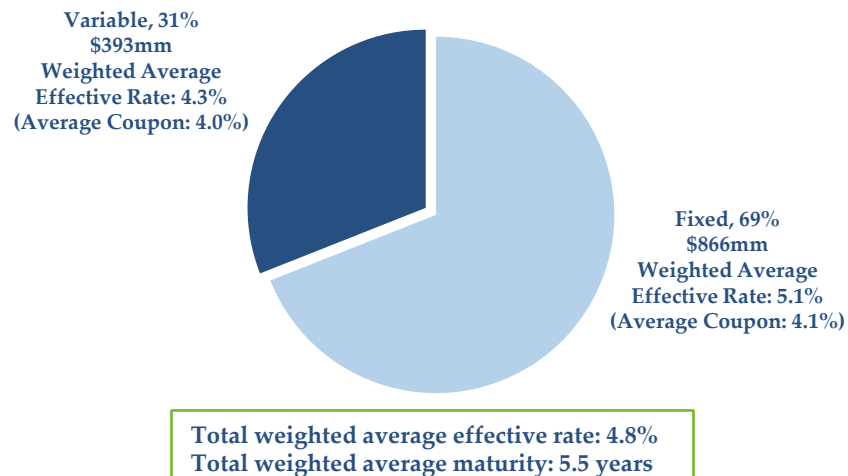
Capitalization⁽¹⁾

(\$ in millions)

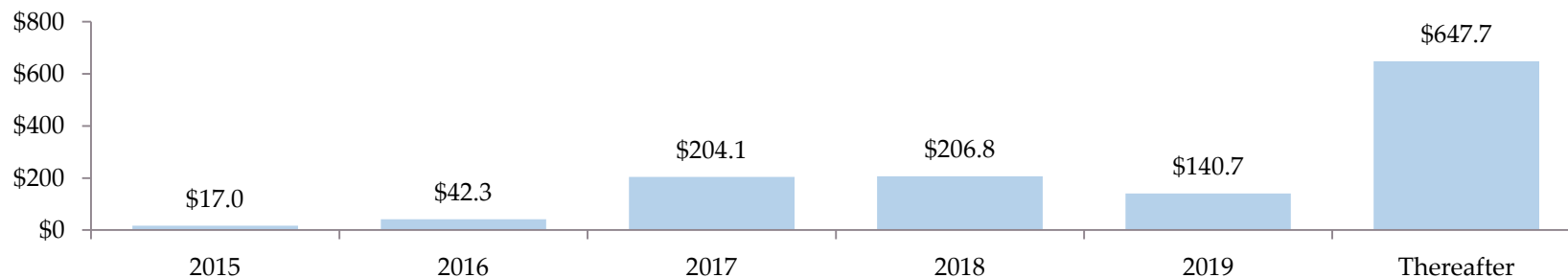
Capital Structure

Price as of 12/31/2014	\$16.45
Shares outstanding	66.4
Market capitalization	\$1,092.5
Mortgage notes payable	1,259.4
Cash	(226.4)
Net debt	\$1,033.0
Enterprise Value	\$2,125.5
Debt / Gross Assets	58.9%
Debt / Enterprise Value	59.3%

Debt Characteristics



Debt Maturities



1) Debt information is as of December 31, 2014.

Consolidated Balance Sheet

(\$ in thousands)

Consolidated Balance Sheet

<u>Assets</u>	12/31/2014
<u>Real estate investments:</u>	
Land	\$138,799
Building, improvements and other	1,500,130
Accumulated depreciation	(56,988)
Net real estate property	<u>1,581,941</u>
Acquired lease and other intangible assets	178,615
Accumulated amortization	(79,021)
Net real estate intangibles	<u>99,594</u>
Net real estate investments	1,681,535
Cash and cash equivalents	226,377
Receivables and other assets, net	58,247
Deferred financing costs, net	36,206
Total Assets	\$2,002,365
<u>Liabilities and Equity</u>	
Mortgage notes payable	\$1,259,430
Due to affiliates	6,882
Accrued expenses and other liabilities	72,241
Dividends payable	15,276
Total Liabilities	1,353,829
Common stock	\$ 664
Additional paid-in capital	672,587
Accumulated deficit	(24,715)
Equity	648,536
Total Liabilities and Equity	\$2,002,365

Consolidated Income Statement

(\$ in thousands, except per share data)

Consolidated Income Statement

	4Q'14	2014
Revenues		
Resident fees and services	\$43,706	\$156,993
Rental revenue	26,676	97,992
Total Revenues	70,382	254,985
Expenses		
Property operating expense	(31,711)	(112,242)
Depreciation and amortization	(28,597)	(103,279)
Interest expense	(15,494)	(57,026)
Acquisition, transaction & integration expense	(1,972)	(14,295)
Management fee to affiliate	(2,706)	(8,470)
General and administrative expense	(4,363)	(7,416)
Other income (expense)	-	1,500
Total Expenses	(84,843)	(301,228)
Loss before income taxes	(14,461)	(46,243)
Income tax expense	1,177	(160)
Net Loss	\$(13,284)	\$(46,403)
<i>Basic and diluted loss per share</i>	<i>\$(0.20)</i>	<i>\$(0.70)</i>
<i>Weighted average basic and diluted shares outstanding</i>	<i>66,404</i>	<i>66,401</i>

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

(\$ in thousands)

	4Q'14	2014
<u>Cash Flow from Operating Activities</u>		
Net income (loss)	\$(13,284)	\$(46,403)
Adjustments:		
Depreciation and amortization	28,716	103,398
Amortization of deferred financing fees	2,188	8,331
Amortization of deferred community fees	(436)	(1,420)
Amortization of premium on mortgage notes payable	215	850
Non cash straight line rent	(6,898)	(25,932)
Change in fair value of contingent consideration	-	(1,500)
Changes in:		
Receivables and other assets, net	2,865	(5,131)
Due to affiliates	(5,345)	989
Accrued expenses and other liabilities	(7,420)	13,429
Net cash provided by operating activities	\$601	\$46,611
<u>Cash Flow from Investing Activities</u>		
Acquisition of real estate investments	(15,691)	(314,935)
Capital expenditures	(2,712)	(8,538)
Funds reserved for future capital expenditures	(2,512)	(3,530)
Deposits paid for investments	(4,700)	(4,855)
Net cash used in investing activities	\$(25,615)	\$(331,858)
<u>Cash Flow from Financing Activities</u>		
Proceeds from mortgage notes payable	115,000	195,144
Principal payments of mortgage notes payable	(3,794)	(13,736)
Payment of deferred financing costs	(1,590)	(2,557)
Contributions	213,743	461,218
Distributions	(114,659)	(158,980)
Issuance of common stock and exercise of options	142	142
Net cash provided by financing activities	\$208,842	\$481,231
Net increase in cash and cash equivalents	183,828	195,984
Cash and cash equivalents, beginning of period	42,549	30,393
Cash and cash equivalents, end of period	\$226,377	\$226,377

Non-GAAP Reconciliation

Total NOI Reconciliation

(\$ in thousands)

	4Q'14		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
Revenue	\$26,676	\$43,706	\$70,382
Property operating expense	-	(31,711)	(31,711)
Segment / Total NOI	\$26,676	\$11,995	\$38,671
Depreciation and amortization			(28,597)
Interest expense			(15,494)
Acquisition, transaction & integration expense			(1,972)
Management fee to affiliate			(2,706)
General and administrative expense			(4,363)
Income tax benefit			1,177
Net loss			\$(13,284)

Non-GAAP Reconciliation

Cash Revenue Reconciliation

(\$ in thousands)

	4Q'14		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
Cash revenue	\$19,812	\$43,755	\$63,567
Straight-line rent	6,898	-	6,898
Amortization of deferred community fees and other ¹⁾	(34)	(49)	(83)
Revenue	\$26,676	\$43,706	\$70,382
Property operating expense			(31,711)
Depreciation and amortization			(28,597)
Interest expense			(15,494)
Acquisition, transaction & integration expense			(1,972)
Management fee to affiliate			(2,706)
General and administrative expense			(4,363)
Income tax benefit			1,177
Net loss			\$(13,284)

1) Includes net change in deferred community fees, above/below market lease amortization and other non-cash GAAP adjustments.

Non-GAAP Reconciliation

Cash NOI Reconciliation

(\$ in thousands)

	4Q'14		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
Cash NOI	\$19,812	\$12,044	\$31,856
Straight-line rent	6,898	-	6,898
Amortization of deferred community fees and other ⁽¹⁾	(34)	(49)	(83)
Segment / Total NOI	\$26,676	\$11,995	\$38,671
Depreciation and amortization			(28,597)
Interest expense			(15,494)
Acquisition, transaction & integration expense			(1,972)
Management fee to affiliate			(2,706)
General and administrative expense			(4,363)
Income tax benefit			1,177
Net loss			\$(13,284)

1) Includes net change in deferred community fees, above/below market lease amortization and other non-cash GAAP adjustments.

Non-GAAP Reconciliation

EBITDARM Reconciliation

(\$ in thousands)

	4Q'13			3Q'14			4Q'14		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
EBITDARM	\$1,918	\$10,862	\$12,780	\$26,672	\$14,139	\$40,811	\$26,676	\$14,600	\$41,276
Property management fees	-	(2,006)	(2,006)	-	(2,442)	(2,442)	-	(2,605)	(2,605)
Segment / Total NOI	\$1,918	\$8,856	\$10,774	\$26,672	\$11,697	\$38,369	\$26,676	\$11,995	\$38,671
Depreciation and amortization			(11,389)			(28,670)			(28,597)
Interest expense			(5,184)			(14,130)			(15,494)
Acquisition, transaction & integration expense			(7,434)			(4,087)			(1,972)
Management fee to affiliate			(706)			(2,385)			(2,706)
General and administrative expense			(1,243)			(1,398)			(4,363)
Other income			-			1,500			-
Income tax benefit (expense)			58			(350)			1,177
Net loss			\$(15,124)			\$(11,151)			\$(13,284)

Non-GAAP Reconciliation

Same-Store EBITDARM Reconciliation

(\$ in thousands)

	4Q '13				4Q '14			
	<u>NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>	<u>NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>
EBITDARM	\$1,918	\$10,656	\$206	\$12,780	\$26,676	\$11,659	\$2,941	\$41,276
Property management fees	-	(1,977)	(29)	(2,006)	-	(2,109)	(496)	(2,605)
Segment / Total NOI	\$1,918	\$8,679	\$177	\$10,774	\$26,676	\$9,550	\$2,445	\$38,671
Depreciation and amortization				(11,389)				(28,597)
Interest expense				(5,184)				(15,494)
Acquisition, transaction & integration expense				(7,434)				(1,972)
Management fee to affiliate				(706)				(2,706)
General and administrative expense				(1,243)				(4,363)
Income tax benefit				58				1,177
Net loss				\$(15,124)				\$(13,284)

Non-GAAP Reconciliation

Same-Store EBITDARM Reconciliation

(\$ in thousands)

	3Q '14				4Q '14			
	NNN Properties	Same Store Managed Properties	Non-Same Store Managed Properties	Total	NNN Properties	Same Store Managed Properties	Non-Same Store Managed Properties	Total
EBITDARM	\$26,672	\$13,583	\$556	\$40,811	\$26,676	\$13,165	\$1,435	\$41,276
Property management fees	-	(2,361)	(81)	(2,442)	-	(2,343)	(262)	(2,605)
Segment / Total NOI	\$26,672	\$11,222	\$475	\$38,369	\$26,676	\$10,822	\$1,173	\$38,671
Depreciation and amortization				(28,670)				(28,597)
Interest expense				(14,130)				(15,494)
Acquisition, transaction & integration expense				(4,087)				(1,972)
Management fee to affiliate				(2,385)				(2,706)
General and administrative expense				(1,398)				(4,363)
Other income				1,500				-
Income tax benefit (expense)				(350)				1,177
Net loss				\$(11,151)				\$(13,284)

GAAP Reconciliation of FFO, Normalized FFO and AFFO

(\$ in thousands, except per share data)

FFO, Normalized FFO and AFFO Reconciliation

	4Q'14
Net loss	\$(13,284)
Add (Deduct):	
Depreciation and amortization	28,597
FFO	\$15,313
FFO per Share	\$0.23
Acquisition, transaction & integration expense	1,972
Normalized FFO	\$17,285
Normalized FFO per Share	\$0.26
Straight-line rent	(6,898)
Amortization of deferred financing costs	2,188
Amortization of premium on mortgage notes payable	215
Amortization of deferred community fees and other ⁽¹⁾	83
AFFO	\$12,873
AFFO per Share	\$0.19
Weighted average diluted shares outstanding	66,404

1) Includes net change in deferred community fees, above/below market lease amortization and other non-cash GAAP adjustments.

Glossary

Cash Revenue

Cash Revenue is a non-GAAP measure that represents Revenue excluding the effects of straight-line rents and amortization of deferred community fees and other, which includes the net change in deferred community fees, above/below market lease amortization and other non-cash GAAP adjustments.

EBITDARM Coverage

Facility EBITDARM divided by the aggregate of base rent and any additional rent due to us for the same period. EBITDARM coverage is a supplemental measure of a property's ability to generate cash flows for the operator/tenant (not for us) to meet the operator's/tenant's related rent and other obligations to us.

Gross Assets

The carrying amount of total assets, after adding back accumulated depreciation and amortization, as reported in our consolidated financial statements.

EBITDARM

EBITDARM is a non-GAAP measure and represents earnings before interest, taxes, depreciation, amortization, rent and management fees for the period stated unless otherwise noted. We use EBITDARM in determining coverage and as a supplemental measure of the ability of the property to generate sufficient liquidity to meet related obligations to us. For our triple net lease portfolio, all facility financial performance data was derived solely from information provided by operators/tenants without independent verification by us. EBITDARM does not represent net income or cash flow from operation and should not be considered an alternative to those indications.

Investment

Represents the carrying amount of real estate assets, including intangibles, after adding back accumulated depreciation and amortization, as reported in our consolidated financial statements.

Net Operating Income ("NOI") and Cash NOI

NOI and Cash NOI are non-GAAP measures. We define NOI as total revenue less property operating expenses, which include property management fees and travel cost reimbursements to affiliates. We define Cash NOI as NOI excluding the effects of straight-line rents and amortization of deferred community fees and other, which includes the net change in deferred community fees, above/below market lease amortization and other non-cash GAAP adjustments. We consider NOI as an important supplemental measure used to evaluate the operating performance of our segments because it allows investors, analysts and our management to assess our unleveraged property-level operating results and to compare our operating results with other real estate companies, and between periods on a consistent basis.

FFO, Normalized FFO and AFFO

We use the National Association of Real Estate Investment Trusts ("NAREIT") definition of funds from operations ("FFO"). NAREIT defines FFO as net income (computed in accordance with GAAP) excluding gains (losses) from sales of depreciable real estate assets, impairment charges of depreciable real estate, plus real estate related depreciation and amortization, and after adjustments for unconsolidated entities and joint ventures 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) acquisition, transaction and integration related expenses; (b) the write off of unamortized deferred financing fees, or additional costs, make whole payments, penalties or premiums incurred as a result of early retirement or payment of debt; and (c) changes in the fair value of contingent consideration and financial instruments.

We define "AFFO" as Normalized FFO excluding the impact of the following: (a) straight-line rents; (b) amortization of above / below market lease intangibles; (c) amortization of deferred financing costs; (d) amortization of premium on mortgage notes payable and (e) amortization of deferred community fees and other, which includes the net change in deferred community fees and other non-cash GAAP adjustments.

Occupancy

For the managed portfolio, occupancy represents the facilities' average operating occupancy for the trailing three-month period. For the triple net lease portfolio, occupancy is based on the period reported unless otherwise noted. The percentages are calculated based on available beds. All occupancy data was derived solely from information provided by operators/tenants without independent verification by us.

Glossary

Revenue Quality Mix

Non-Medicaid revenues as a percent of total revenues for the trailing 12 months and one quarter in arrears from the period presented.

RevPOR

Represents average GAAP revenues per occupied room per month. We use RevPOR to evaluate the revenue generating potential of our senior housing portfolio independent of fluctuating occupancy rates.

Same Store Portfolio

Properties that remained in operations and were consistently reported as leased properties or managed properties for the duration of both comparison periods presented. Same store statistics allow management to evaluate the performance of our real estate portfolio under a consistent population, which eliminates changes in the composition of our portfolio.