Risk Factors Comparison 2024-02-15 to 2023-02-10 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

This section discusses material 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. As set forth below, we believe that the risks we face generally fall into the following categories: ~~• Risks Related to the COVID- 19 Pandemic~~ • Risks Related to Our Business Operations and Strategy • Our Capital Structure Risks • Our Legal, Compliance and Regulatory Risks • Our REIT Status Risks ~~operations.~~ Macroeconomic trends including rising labor costs and historically low unemployment,increases in inflation,changes in exchange rates and rising interest rates may adversely affect our business and financial results.Macroeconomic trends,including rising labor costs and historically low unemployment,increases in inflation,changes in exchange rates and rising interest rates,may adversely impact our business,financial condition and results of operations.Increased labor costs and a shortage of available skilled and unskilled workers has and may continue to increase the cost of staffing our or our tenants',managers' or borrowers' workforce,including employees at our senior housing communities.To the extent we or our tenants,managers or borrowers cannot hire sufficient workers,we or they may become dependent on high- cost alternatives to meet labor needs,including contract and overtime labor.If we or they are unable to hire and fill necessary positions,our respective businesses may suffer,causing us or them to forego potential revenue and growth or affecting our or their ability to effectively manage risk.Rising labor expense may result in decreased operating net income.We and our tenants,managers and borrowers compete with various other companies in attracting and retaining qualified and skilled personnel who are responsible for our day- to- day operations.Competitive pressures,including historically low unemployment and rising inflation,may require that we or our tenants,managers ~~and~~ **or** borrowers enhance pay and benefits packages to compete effectively for such personnel or use more costly contract or overtime labor.We and our tenants,managers and borrowers may not be able to offset such additional costs by increasing the rates we charge,whether to residents,tenants or others.If there is an increase in these costs or if we or our tenants,managers and borrowers fail to attract and retain qualified and skilled personnel,our respective businesses and operating results could be adversely **affected.** The COVID- 19 pandemic ~~19 pandemic~~ ,policy and other actions taken in response to the pandemic and other recent events,such **as** the ~~conflict~~ **conflicts** between Russia and Ukraine **and in the Middle East** and supply chain disruptions,have exacerbated,and may continue to exacerbate,increases in the consumer price index.Many of our costs and the costs of our tenants,managers and borrowers,including operating and administrative expenses,interest expense and real estate acquisition and construction costs,are subject to inflation.These include expenses for property- related contracted services,utilities,repairs and maintenance and insurance and general and administrative costs including compensation costs,technology services and professional service fees.See also " — We may face increased risks and costs associated with volatility in materials and labor prices or as a result of supply chain or procurement disruptions,which may adversely affect the status of our construction projects." ~~.~~Property taxes are also impacted by inflationary changes because taxes in some jurisdictions are regularly reassessed based on changes in the fair value of our properties.We may not be able to offset such additional costs by passing them through,or increasing the rates we charge,to residents and tenants.If there is ~~an increase in and~~ **an increase in these costs, our business, cash flows and operating results could be adversely affected. U. S. government policies implemented to address inflation, including actions by the Board of Governors of the Federal Reserve System (the " U. S. Federal Reserve ") to increase interest rates, could negatively impact consumer spending, our and our tenants', managers' and borrowers' businesses, and future demand for our properties. In particular, primarily in response to concerns about inflation, the U. S. Federal Reserve significantly raised** its ~~extended consequences~~ **benchmark federal funds rate compared to recent historical levels, which has led to elevated interest rates in the credit markets and other impacts on the macroeconomic environment. Elevated interest rates may continue to** have ~~had and - of lower asset values,slowing economic growth and a recession.The increase in interest rates may continue to have~~ an adverse impact on us and our tenants,managers and borrowers.See also " — Market conditions and the actual and perceived state of the capital markets generally could negatively impact our business,financial condition and results of operations **.** "," — If our tenants',managers' or borrowers' financial condition or business prospects deteriorate,our business,financial condition and results of operations could be adversely affected." Macroeconomic conditions and other events or occurrences that affect areas in which our properties are geographically concentrated may impact financial results.We are exposed to general economic conditions,local,regional,national and international economic conditions and other events and occurrences that affect the markets in which we own properties.Our operating performance is impacted by the economic conditions of the specific markets in which we have concentrations of properties and could be adversely affected if conditions become less favorable in any such markets.A substantial portion of our value is derived from properties in California, **Illinois,** New York, **Pennsylvania,** Texas ~~,Pennsylvania~~ and ~~Illinois~~ **Quebec,Canada** ,and 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,changing demographics,increased construction and competition or decreased demand for our properties,regional climate events,such as wildfires or storms,and changes in state-specific legislation,which could adversely affect our business,financial condition **and results of operations.The secondary and tertiary effects of the COVID- 19 pandemic** may continue to have a material adverse effect on our business, financial condition and results of operations. The COVID- 19 pandemic, policy and other actions taken in response to the pandemic ~~and their respective extended consequences have~~ materially and negatively impacted our businesses in a number of ways **,** and **the**

secondary and tertiary effects of the COVID- 19 pandemic are expected to continue to do so. For instance, our financial results **were** ~~have been~~ adversely impacted by increased operating costs at our senior housing communities as a result of labor pressures, public health measures and other operational and regulatory dynamics attributable or related to the pandemic and decreased revenues due to a reduction in occupancy in these communities. Many of our tenants, managers and borrowers ~~have~~ also incurred significant costs or losses or are under increased financial pressure as a result of the pandemic and its ~~extended consequences~~ **secondary and tertiary effects**, including as a result of increased expenses due to labor and inflationary pressures and ~~rising~~ **elevated** interest rates and decreased revenues, which ~~increases~~ **increased** the risk that they are unable to comply with their obligations to us. ~~The~~ **Across our asset classes, the policy and other actions taken in response to the pandemic and its secondary and tertiary** effects **have created a heightened risk** of ~~shelter~~ **financial deterioration, including bankruptcy or insolvency, of our tenants, borrowers, managers and other obligors due to factors such as continued decreased occupancy (which remains lower than pre** - **pandemic levels)** ~~in- place and stay- at- home orders~~ , ~~if re- imposed, and the trend toward~~ increased ~~remote~~ **labor** and ~~hybrid work arrangements~~ **other operating expenses, elevated interest rates and exposure to increased litigation and regulatory risk. See also " — If our tenants', managers' or borrowers' financial condition or business prospects deteriorate, our business, financial condition and results of operations** could **be adversely affected** ~~strain our business continuity plans, increase operational risk, including cybersecurity risk, and impair our ability to manage our business~~ . **"** ~~As a result of the pandemic, our non- field- based employees have operated in a primarily fully or partially remote working environment. Those employees have now shifted to a hybrid work model that supports a blend of in- office~~ and **" —** ~~remote work. While a hybrid work model offers flexibility to employees that may support our talent acquisition, retention and engagement efforts, it also creates inherent productivity, connectivity and oversight challenges.~~ We ~~may experience increased costs and disruption as we adjust to this work model or as the work model continues to evolve. We may~~ face ~~challenges in operating effectively and maintaining~~ **potential adverse consequences from the bankruptcy, insolvency** ~~our~~ - **or** ~~corporate culture~~ **financial deterioration of our tenants, managers, borrowers and other obligors** . **"** Senior housing communities **were** ~~have been~~ disproportionately impacted by COVID- 19 **and its secondary and tertiary effects** . Lower labor force participation rates and inflationary pressures affecting wages **drove** ~~have driven~~ increased labor expenses across senior housing communities, with our tenants, managers and borrowers implementing higher wage rates, more costly overtime and usage of contract labor to address these challenges. Our tenants, managers and borrowers have experienced significant cost increases as a result of **inflationary pressures,** increased health and safety measures, increased governmental regulation and compliance, vaccine mandates and other operational changes necessitated either directly or indirectly by the COVID- 19 pandemic. Many of these expenses have remained at these higher levels even as the COVID- 19 pandemic has subsided **and labor force participation has increased above pre- pandemic levels and inflation increases have begun to mitigate** . Increases in labor or other operating costs affects the net operating income of our SHOP segment and could affect the ability of our triple- net tenants and borrowers to meet their obligations to us, which in turn, could adversely affect our triple- net leased segment. The ~~ongoing~~ **secondary and tertiary effects of the** COVID- 19 pandemic ~~has also, to varying degrees during the course of the pandemic, prevented prospective occupants and their families from visiting our senior housing communities and limited the ability of new occupants to move into our senior housing communities. The ongoing impact of the pandemic and its extended consequences~~ on occupancy remains uncertain, especially as new strains of COVID- 19 and other viruses and infections, such as flu and respiratory syncytial virus (RSV), arise and spread and clinical trends fluctuate. Any decrease in occupancy would affect the net operating income of our SHOP segment and could affect the ability of our triple- net tenants and borrowers to meet their obligations to us, which in turn, could adversely affect our triple- net leased segment. **The secondary and tertiary effects** ~~Across our asset classes, the ongoing impact~~ of the COVID- 19 pandemic, policy and other actions taken in response to the pandemic ~~and their respective extended consequences create a heightened risk of financial deterioration, including bankruptcy or insolvency, of our tenants, borrowers, managers and other obligors due to factors such as decreased occupancy, increased labor and other operating expenses, increased interest rates, medical practice disruptions resulting from increased hospitalizations or restrictions on elective procedures, difficulty procuring necessary products and services, delays and suspensions in the issuance of permits or other required authorizations and exposure to increased litigation and regulatory risk. Various federal, state, local and foreign governments have in the past enacted, and may in the future enact, laws, regulations or moratoriums that limit our ability to terminate a lease, evict a tenant or pursue other remedies where the tenant has been impacted by the COVID- 19 pandemic. Where such laws, regulations or moratoriums are in effect, we may incur significant costs and it may take a significant amount of time to ultimately evict or pursue remedies against a tenant who is not meeting its contractual rent or other obligations. See also " — If our tenants', managers' or borrowers' financial condition or business prospects deteriorate, our business, financial condition and results of operations could be adversely affected " and " — We face potential adverse consequences from the bankruptcy, insolvency or financial deterioration of our tenants, managers, borrowers and other obligors. ". The COVID- 19 pandemic, policy and other actions taken in response to the pandemic and their respective extended consequences~~ have impacted the macroeconomic environment and global financial markets in significant ways, including through increased rates of inflation and interest rates and increasing labor pressure. These consequences have adversely impacted and may continue to adversely impact our business, financial condition and results of operations and that of our tenants, managers and borrowers. See also " — Risks Related to Our Business Operations and Strategy- Macroeconomic trends including rising labor costs and historically low unemployment, increases in inflation **, changes in exchange rates** and rising interest rates may adversely affect our business and financial results. " ~~.~~ The **extent of the secondary and tertiary effects of the** COVID- 19 pandemic, policy and other actions taken in response to the pandemic ~~and their respective consequences have exacerbated, and may continue to exacerbate, the magnitude of other risks. Today, the trajectory and future impact of the COVID- 19 pandemic, policy and other actions taken in response to the pandemic and their respective extended consequences remain highly uncertain. This uncertainty itself has impacted our business, including our ability to plan for and execute on~~

~~strategic initiatives, to take defensive or offensive actions to effectively and efficiently manage risk and to manage the dynamic forces of volatile and tightening labor markets. The extent of the continuing effect of the pandemic, policy and other actions taken in response to the pandemic and their respective extended consequences~~ on our operational and financial performance will depend on a variety of factors, including the rise of new variants of the COVID- 19 virus and the effectiveness of available vaccines and therapeutics against those variants; the availability and accuracy of testing; the rate of acceptance of available vaccines, vaccine boosters and therapeutics; the speed at which available vaccines, including boosters and updated versions of vaccines, and therapeutics can be successfully deployed; the rise and spread of other health conditions, such as flu and RSV; ongoing clinical experience, which may differ considerably across **governmental and regulatory bodies and** regions and fluctuate over time; the ongoing impact on the macroeconomic environment and global financial markets, including on inflation, interest rates and the labor market; and on other future developments, including the ultimate duration, spread and intensity of new outbreaks of COVID- 19 and other conditions, such as flu and RSV, the extent to which governments impose, rollback or re- impose preventative restrictions and the availability of ongoing government financial support to our business, tenants, managers and borrowers . There is a high degree of......, financial condition and results of operations . Our success depends, in part, on our ability to attract and retain talented employees. The loss of any one of our key personnel or the inability to maintain appropriate staffing 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 the ability to maintain appropriate staffing levels across our organization. Failure to attract, retain and motivate highly qualified employees, or failure to develop and implement a viable succession plan, could result in loss of institutional knowledge or important skills sets or an ineffective culture, significantly impacting our performance and adversely affecting our business. The historically low unemployment rate and tight labor market may make it difficult for us to hire skilled and unskilled employees to meet our staffing needs. Competition for talented employees is intense, and we cannot assure you that we will retain our employees or that we will be able to attract and retain other highly qualified individuals in the future ~~. The COVID- 19 pandemic and its extended consequences could negatively affect the health, availability and productivity of our current personnel and have impacted our ability to recruit and attract new employees and retain current employees, particularly as remote and hybrid work arrangements and their impact on the market for talent remains uncertain~~ . If our long- term compensation and retention plans and succession plans are not effective, if we lose any one or more of our key officers and employees or are unable to maintain appropriate staffing or operate below capacity – causing us to forego potential revenue and growth opportunities and affecting our ability to effectively manage risk – our business could be adversely affected. Our third- party managers and tenants operate or exert substantial control over the properties that they manage for or rent from us, which limits our control and influence over operations and results. A significant portion of our properties are either managed for us by third- party managers or leased from us by third- party tenants. Our third- party managers and tenants are ultimately in control of the day- to- day business of the properties that they manage for or lease from us. We have limited rights to direct or influence the business or operations of those properties, even though we have approval rights with respect to certain matters and the right to review operational and financial reporting information with respect to a majority of our portfolio. We depend on third parties to operate these properties in a manner that complies with applicable law and regulation, minimizes legal risk and maximizes the value of our investment. The failure by these third parties to operate these properties efficiently and effectively and adequately manage the related risks could adversely affect our business, financial condition and results of operations. Our operating assets may expose us to various operational risks, liabilities and claims that could adversely affect our ability to generate revenues or increase our costs and could adversely affect our business, financial condition and results of operations. ~~We~~ **Under the REIT tax rules, the senior housing communities in our SHOP segment that are " qualified healthcare properties " generally must be operated and managed for us by third- party managers and we** have limited rights to direct or influence the business or operations of ~~the~~ **those communities. A number of our non- qualified healthcare** properties ~~in our senior housing operating portfolio~~ **are also managed by third- party managers** . However, **in each case,** ~~as the owner and manager of senior housing properties~~ we **nonetheless participate directly in the financial performance of the communities' operations and** are ultimately responsible for all operational risks and other liabilities of such properties, other than those arising out of certain actions by our managers, such as gross negligence, fraud or willful misconduct. These risks include, and our ~~resulting revenues are~~ **financial performance is** impacted by, among other things, fluctuations in occupancy levels, the inability to charge desirable resident fees (including anticipated increases in those fees), increases in the cost of food, ~~materials~~ **supplies** , energy, labor (as a result of labor shortages, unionization, inflation or otherwise) or other services, rent control regulations, national and regional economic conditions, the imposition of new or increased taxes, capital expenditure requirements, changes in management or equity, accounting misstatements, professional and general liability claims, litigation and regulatory actions, and the availability and cost of insurance. Any one or a combination of these factors could ~~result in deficiencies in~~ **impact the performance of** our SHOP segment, which could adversely affect our business, financial condition and results of operations. Such ~~operational~~ risks could also arise as a result of our ownership of ~~office~~ **outpatient medical and research** buildings, and which could also adversely affect our business, financial condition and results of operations. We generally hold the applicable healthcare license and enroll in applicable government healthcare programs on behalf of the properties in our SHOP segment. This subjects us to potential liability under various healthcare laws and regulations. Healthcare laws and regulations are wide- ranging, and noncompliance may result in the imposition of civil, criminal and administrative penalties, including: the loss or suspension of accreditation, licenses or certificates of need; suspension of or non- payment for new admissions; denial of reimbursement; fines; suspension, decertification, or exclusion from federal, state and foreign healthcare programs or community closure. A significant portion of our revenues and operating income is dependent on a limited number of tenants and managers, including Brookdale ~~Senior Living~~ , Ardent, Kindred, Atria and Sunrise. **The portfolios managed or leased by** ~~As of December 31, 2022,~~ Atria **,** ~~managed 242 of our consolidated senior housing communities and~~ Sunrise ~~managed 92 of our consolidated senior housing communities pursuant to long- term~~

~~management agreements. As of December 31, 2022, our three largest tenants~~ , Brookdale ~~Senior Living~~ , Ardent and Kindred ~~leased from us 121 properties, 30 properties and 29 properties, respectively. 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. We rely on Atria and Sunrise to manage a significant portion of the properties in our SHOP segment, including by setting appropriate resident fees, managing expenses, providing accurate property- level financial results in a timely manner and otherwise operating our senior housing communities profitably and in compliance with the terms of our management agreements and all applicable law and regulation. Any adverse developments in such managers' business and affairs or financial condition could impair their ability to manage our properties efficiently and effectively and could adversely affect the financial performance of our properties and our business, financial condition and results of operations. If either Atria or Sunrise experience financial, legal, accounting, regulatory or other difficulties that impact their financial stability **or ability to operate** , our business, financial condition and results of operations could be adversely affected. We depend on Brookdale ~~Senior Living~~ , Ardent and Kindred 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, if any, affecting the properties they lease from us. These tenants have also agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their respective businesses. We cannot assure you that they will be able to, or will continue to, satisfy their obligations to us, and any failure, inability or unwillingness by them to do so could adversely affect our business, financial condition and results of operations. Any failure by any one of Brookdale ~~Senior Living~~ , Ardent or Kindred to effectively conduct its operations or to maintain and improve the properties they lease from us could adversely affect their financial condition and, in turn, our business, financial condition and results of operations. If we need to replace any of our tenants or managers,we may be unable to do so on as favorable terms,if at all,and we could be subject to delays,limitations and expenses,which could adversely affect our business,financial condition and results of operations.Our **tenants may not renew their** leases **with us,** and **our managers may not renew their** management agreements ~~have set~~ **with us,beyond their current** terms.For example, ~~if not renewed,~~ our ~~lease~~ **leases** of 23 LTACs to Kindred ~~is set to expire on April 30,2025~~ and ~~our lease of~~ 121 senior living assets to Brookdale ~~is~~ **are** set to expire **in** ~~on December 31,~~ 2025 ~~.While our leases and management agreements may be renewed~~ , ~~either pursuant to prenegotiated renewal rights or through~~ - **though** ~~negotiation,~~ **Kindred has** ~~there~~ -- **the right to extend** ~~can be no assurance that our tenants will renew their~~ -- **the term of its** ~~leases~~ - **lease** ~~with us,or~~ **for** ~~our managers will renew~~ **an additional 5 years and Brookdale has** ~~their~~ -- **the** ~~management agreements with us~~ **right to extend the term of its lease for an additional 10 years** .Even if a tenant renews its lease with us,or a manager renews its management agreement with us,we cannot assure you that the renewals will be on favorable terms. ~~This risk may be exacerbated if market conditions at the time of the renewal are not as favorable as they were at the time the lease or management agreement was initially entered into or if the tenant or manager is subject to financial or operational difficulties.For instance,the financial performance of the properties leased to Kindred has declined since the end of the COVID- 19 pandemic and the termination of the public health emergency,increasing the risk that Kindred will not renew its lease,either in whole or in part,or,even if the lease is renewed,that it will be on terms are not as favorable to us.See " Our Businesses — Senior Housing Operating Portfolio (SHOP) — Triple- Net Leased Properties — Kindred Lease " in Part I,Item 1 of this Annual Report.~~ Our leases and management agreements provide us,our tenants and our managers with termination rights in certain circumstances.If our leases or management agreements are not renewed or are otherwise terminated,we may attempt to reposition those properties with **another** ~~one or more tenants~~ - **tenant** or ~~managers~~ - **manager** ,as applicable ~~,or for an alternative use~~ .We may not be successful in identifying suitable replacements or entering into leases,management agreements or other arrangements with new tenants or managers on a timely basis or on terms as favorable to us as our current leases or management agreements,if at all.We may be required to fund certain expenses and obligations (such as real estate taxes,debt costs and maintenance expenses) ~~or provide certain indemnities~~ to preserve the value of,and avoid the imposition of liens on,our properties while they are being repositioned.If our leases are not renewed or are otherwise terminated at some properties,we may attempt to sell those properties.We may not be successful in identifying suitable buyers or entering into sale agreements with buyers on a timely basis or on favorable terms,if at all,and we may be required to fund some expenses and obligations (such as 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 sold.During transition periods to new tenants or managers ~~or as a result of a repositioning for an alternative use~~ ,the attention of existing tenants or managers may be diverted from the performance of the properties,which could cause the financial and operational performance at those properties to decline.Our ability to reposition our properties with a suitable replacement tenant or manager ~~or for an alternative use~~ could be significantly delayed or limited by state licensing,receivership,certificates of need,Medicaid change- of- ownership rules or other legal and regulatory requirements or restrictions.We could incur substantial additional expenses in connection with any licensing,receivership or change- of- ownership proceedings.In the case of **our leased properties,following expiration of a lease term,or if we exercise our right to replace a tenant in default,rental payments on the related properties could decline or cease altogether while we attempt to reposition the properties with a suitable replacement tenant.This risk could be exacerbated by laws and regulations in certain jurisdictions that limit our ability to take remedial action against defaulted tenants under certain circumstances.Market conditions in effect at the time of the expiration or default of a lease may require us to reduce our rental rates below those we currently charge to retain tenants or obtain new suitable replacement tenants.Our ability to locate and attract suitable replacement tenants could be impaired by the specialized healthcare use or contractual restrictions on use of the property,and we may be forced to spend substantial amounts to adapt the properties to other uses.If a borrower defaults,we may be unable to obtain payment,successfully foreclose on collateral or realize the value of any collateral,which could adversely affect our ability to recover our investment.** We rely heavily on our tenants, managers and borrowers and their ability to perform their obligations to us, regardless of whether our relationship is structured as a triple- net lease, as a management contract or as a loan. Any of our tenants, managers or borrowers may experience a weakening in their overall financial condition, including as a result of deteriorating operating performance, changes in industry or market conditions, including supply- demand dynamics, rising **or elevated** interest rates or inflation, or other factors. If their financial condition deteriorates, they may be unable or unwilling to make payments or perform their obligations to us in a timely manner **,** if at all. Although we generally have the right under specified circumstances to terminate a lease, evict a tenant, terminate our management agreements, demand immediate repayment of outstanding loan amounts or pursue other remedies, we may not be able to enforce these rights, or we may determine it is not prudent to do so if we believe that enforcement of our rights would be more detrimental to our business than seeking alternative approaches. In some cases, our tenants, managers and borrowers may rely on reimbursements from governmental programs for a portion of their revenues. Changes in reimbursement policies and other governmental regulation resulting from actions by the U. S. Congress, U. S. executive orders or other governmental or regulatory agencies may result in reductions in our tenants', managers' or borrowers' revenues, operations and cash flows and affect our tenants', managers' or borrowers' ability to meet their obligations to us. Failure to comply with reimbursement regulations or other laws applicable to healthcare providers could result in penalties, fines, litigation costs, lost revenue or other consequences, which could adversely impact our tenants' ability to make contractual rent payments to us or adversely impact our cash flows from operations under a management arrangement. Our tenants, managers and borrowers who operate senior housing communities often depend on private pay sources consisting of the income or assets of residents or their family members to pay fees. Costs associated with independent and assisted living services generally are not reimbursable under government reimbursement programs, such as Medicare and Medicaid. Our tenants, managers and borrowers depend on their ability to attract seniors, patients and other users of their services to their businesses, which may be affected by many factors, including, among other factors: (i) prevailing economic conditions and market trends, including market volatility, inflation and the strength of the economy generally and the housing market in particular; (ii) the ability to pay for such services, either through private resources or government reimbursement programs; (iii) consumer confidence; (iv) demographics; (v) property conditions; (vi) clinical conditions and safety, including as a result of a severe cold and flu season, an epidemic or any other widespread illness, such as that seen throughout the COVID- 19 pandemic; (vi) public perception about such healthcare services; and (vii) social and environmental factors. If our tenants, managers or borrowers fail to effectively conduct their operations, or to maintain and improve our properties on our behalf, it could adversely affect (i) their ability to attract and retain patients and residents in our properties, which could have an adverse effect on our and our tenants', managers' or borrowers' business, financial condition or results of operations and (ii) our business reputation as the owner of the properties and the business reputation of our tenants, managers or borrowers. Further, if a tenant, manager or borrower defaults or fails to pay its outstanding obligations at a time when terminating our agreement with, or replacing, such tenant, manager or borrower may be extremely difficult or impossible, including as a result of the COVID- 19 pandemic, we may elect instead to amend such agreement with such tenant, manager or borrower. However, such amendments may be on terms that are less favorable to us than the original agreements and may have a material adverse effect on our results of operations and financial condition. ~~Our tenants, managers and borrowers have, and may continue to seek to, offset losses attributable to the COVID- 19 pandemic by obtaining funds under the CARES Act or other similar legislative initiatives at the state and local level. We cannot determine when or if these government funds will ultimately be received by our tenants, managers and borrowers or whether these funds may materially offset the cash flow disruptions experienced by them. If they are unable to obtain these funds within a reasonable time period or at all, or the conditions precedent to receiving these funds are overly burdensome or not feasible, it may substantially affect their ability to make payments or perform their obligations when due to us.~~ We lease a significant number of our properties to tenants, operate a significant number of our properties through third- party managers and provide financing to third- party borrowers. We have limited control over the success or failure of our tenants', managers' and borrowers' businesses, and, at any time, a tenant, borrower or manager may experience a downturn in its business that weakens its financial condition. If that happens, the tenant, borrower or manager may fail to make payments or meet its other obligations to us, which could have an adverse impact on our results of operations and financial condition. A downturn in any one of our tenants', borrowers' or managers' businesses could ultimately lead to its bankruptcy if it is unable to timely resolve the underlying causes, which may be largely outside of its control. Bankruptcy and insolvency laws afford certain rights to a party that has filed for bankruptcy or reorganization that may render certain of our rights and remedies unenforceable or delay our ability to pursue such rights and remedies and realize any recoveries. For example, we cannot evict a tenant solely because it has filed a bankruptcy petition. A debtor- lessee may reject our lease in a bankruptcy proceeding, and any claim we have for unpaid rent might not be paid in full. We also may be required to fund certain expenses and obligations (such as 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 or manager. Bankruptcy or insolvency proceedings may result in increased costs and require significant management attention and resources. If we are unable to transition affected properties efficiently and effectively, such properties could experience prolonged operational disruption, leading to lower occupancy rates and further depressed revenues. Publicity about a tenant' s, borrower' s or manager' s financial condition and insolvency proceedings may negatively impact its reputation, which could result in decreased customer demand and revenues. Any or all of these risks could adversely affect our business, financial condition and results of operations. These risks would be magnified where we lease multiple properties to a single third party, as a failure or default would expose us to these risks across multiple properties. See also " — If a borrower defaults, we may be unable to obtain payment, successfully foreclose on collateral or realize the value of any collateral, which could adversely affect our ability to recover our investment **.** " below. We may be required to recognize reserves, allowances, credit losses or impairment charges. Declines in the value of our properties or other assets or loan collateral, financial deterioration of our borrowers or other obligors or other factors may result in the recognition of reserves, allowances, credit losses or impairment charges. Our determination of such reserves, allowances or credit losses relies on estimates regarding the fair value of any loan collateral, which is a complex and subjective process. In addition, we evaluate our assets for impairments based on various triggers, including market conditions, our current intentions with respect to holding or disposing of the assets and the expected future undiscounted cash flows from the assets. Impairments, reserves, allowances and credit losses are based on estimates and assumptions that are inherently uncertain, may increase or decrease in the future and may not represent or reflect the ultimate value of, or loss that we ultimately realize with respect to, the relevant assets. Any such impairment, reserve, allowance or credit loss, or any change in any of the foregoing, could have an adverse impact on our results of operations and financial condition. See also " — If a borrower defaults, we may be unable to obtain payment, successfully foreclose on collateral or realize the value of any collateral, which could adversely affect our ability to recover our investment **.** " and " — We face potential adverse consequences from the bankruptcy, insolvency or financial deterioration of our tenants, managers, borrowers and other obligors. " If we need to replace any of...... our ability to recover our investment. If a borrower defaults under a mortgage or other loan for which we are the lender, we may attempt to obtain payment in full or foreclose on the collateral securing the loan, including by acquiring any pledged equity interests or acquiring title to the subject properties, to protect our investment. The defaulting borrower may not be able to repay us even if we are legally entitled to full repayment of the debt. 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. Any such delay or limit on our ability to pursue our rights or remedies could adversely affect our business, financial condition and results of operations. See " — We face potential adverse consequences from the bankruptcy, insolvency or financial deterioration of our tenants, managers, borrowers and other obligors ~~,~~ **.** " above. Although our ~~lease,~~ loan ~~and management~~ agreements give us the right to exercise, under certain circumstances, certain remedies in the event of default on the obligations owing to us, we may decide not to exercise those remedies for one or more reasons. For example, we may not exercise remedies (or be successful in exercising remedies) if the terms are not enforceable, if the terms are too costly to enforce or if we believe that enforcement of our rights would be more detrimental to our business than seeking alternative approaches. We may also decide not to enforce other contractual protections, such as annual rent escalators, or the properties may not generate sufficient revenue to achieve the specified rent escalation parameters ~~. Any of the risks described above could be exacerbated by new laws and regulations enacted during the COVID- 19 pandemic or otherwise that limit our ability to enforce or terminate a lease, evict a tenant or pursue other remedies against tenants~~ . Even if we successfully foreclose on any collateral securing our mortgages and other loans, 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 investment and we could be required to record a reserve or valuation allowance with respect to such loans. The collateral securing our mortgages and other loans may include equity interests in an entity with unexpected liabilities that limits the value of those equity interests, or the equity interests may be subject to securities law restrictions that limit our ability to sell those interests in a timely manner, if at all. The mortgages and other loans we hold may have other limiting characteristics that result in us not having full recourse to the collateral securing those obligations or may limit our flexibility if we foreclose on ~~the collateral. For example, our mezzanine loan investments are subordinate to senior and / or secured indebtedness held by other investors that may encumber the same real estate, which may make foreclosing on such loans unfavorable and may afford such other investors the ability to extinguish our rights in~~ the collateral. In connection with any foreclosure on any loan, we may be required to assume, replace or otherwise incur indebtedness, which may have an adverse effect on our financial condition. We may be unable to reposition any real property included in acquired collateral on a timely basis, if at all, or without making significant improvements or repairs. Any delay or costs incurred in selling or repositioning acquired collateral could adversely affect our ability to recover the full amount of our investment. ~~As of December 31, 2022, we recognized a $ 20. 0 million allowance with respect to our $ 486. 1 million cash- pay mezzanine loan (the " Santerre Mezzanine Loan ") to Santerre Health Investors, which is subordinate to the rights of a $ 1. 0 billion principal amount senior loan (the " Santerre Senior Loan "). The Santerre Senior Loan is secured by a diverse pool of medical office, senior housing, skilled nursing and other healthcare assets and the Santerre Mezzanine Loan is secured by equity interests in entities that own those assets. Both loans are otherwise non- recourse to the borrower, subject to certain exceptions. There can be no assurance that the borrower will fully pay the principal and interest on the Santerre Mezzanine Loan when due, and we may be required to record additional allowances in the future, which may have an adverse impact on our results of operations and overall financial condition. In the event of a default under the Santerre Mezzanine Loan, and if we foreclose on the collateral securing the Santerre Mezzanine Loan, we may be required to repay, assume or refinance the existing $ 1. 0 billion non- recourse senior secured loan. If we elect to foreclose on the collateral, we will incur additional expenses and there can be no assurance that we will recognize the full value of our initial investment and such action may adversely impact our results of operations and overall financial condition, including our leverage profile and liquidity. We also may be unable to successfully integrate the operations, personnel or systems of foreclosed assets, maintain consistent standards, controls, policies and procedures, retain key personnel or realize the anticipated benefits from the collateral should we elect to foreclose. The borrower has also agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their business, and we cannot assure you that the borrower will have sufficient assets, income and insurance coverage to enable them to satisfy their indemnification obligations to us. See " Item 7 – Management' s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Loans Receivable and Investments ".~~ We are vulnerable to adverse changes affecting our specific asset classes and the real estate industry generally. We invest in a variety of assets classes in ~~healthcare~~ real estate, including senior housing, **outpatient** medical ~~office, life science~~ , research ~~and innovation~~ , hospitals, long- term acute care facilities and other healthcare properties. While we endeavor to invest in a diversified portfolio, there can be no assurance that in a particular economic or operational environment all assets will perform equally well or that our balance sheet will be appropriately balanced. Each of our asset classes are subject to their own dynamics and their own specific operational, financial, compliance, regulatory and market risks. A broad downturn or slowdown in the healthcare real estate sector could have a greater adverse impact on our business than if we had investments in multiple industries and could negatively impact the ability of our tenants, managers and borrowers to meet their obligations to us. A downturn or slowdown in any one of our asset classes could adversely affect the value of our properties in such asset class and our ability to sell such properties at prices or on terms acceptable or favorable to us if at all. We are exposed to the risks inherent in investments in real estate. 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. If 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. Transfers of healthcare real estate may be subject to regulatory approvals that are not required for transfers of other types of commercial real estate. We cannot assure you that we will recognize the full value of any property that we sell, and the inability to respond quickly to changes in the performance of our investments could adversely affect our business, financial condition and results of operations. To the extent that we or our tenants, managers and borrowers are unable to navigate successfully the trends impacting our or their businesses and the industries in which we or they operate, we may be adversely affected. Our tenants, managers and borrowers include senior housing managers, hospitals, post- acute facilities and other healthcare systems, medical ~~offices~~ **practices** and life sciences and technology companies that are subject to a complex set of trends affecting their businesses and the industries in which they operate. If we or they are unable to successfully navigate these trends, our business, financial condition and results and that of our tenants, managers and borrowers could be adversely affected. There have been, and there are expected to continue to be, advances and changes in technology, payment models, healthcare delivery models, regulation and consumer behavior and perception that could reduce demand for on- site activities provided at our properties. For example, the increased demand in telehealth solutions could broadly impact market demand for our properties and cause long- term structural changes in the marketplace. If our tenants, managers or borrowers are unable to adapt to long- term changes in demand, their financial condition could be materially impacted and our business, financial condition and results of operations could suffer. Our tenants, managers and borrowers face ~~an increasingly~~ **a highly** competitive labor market, which has been compounded by general inflationary pressures on wages and the **secondary and tertiary effects of the** COVID- 19 pandemic and could be further compounded by a shortage of care givers or other trained personnel, union activities or minimum wage laws. ~~These~~ **For example, California SB- 525, which was signed into law in June 2023 and will become effective in June, 2024, requires certain healthcare facility employers to pay wages for certain covered employees that are higher than other state- mandated minimum wages.** ~~pressures~~ **Pressures such as these** may require our tenants, managers and borrowers to **comply with regulations or** enhance pay and benefits packages to compete effectively for trained personnel or use high- cost alternatives to meet labor needs, including contract and overtime labor. They may be unable to offset these increased costs by increasing the amounts they charge their patients, residents or clients. Rising labor expense could negatively impact the financial condition of our tenants, managers and borrowers and impair their ability to meet their obligations to us. Controls imposed by Medicare, Medicaid and commercial third- party payors designed to reduce admissions and lengths of stay, commonly referred to as " utilization reviews, " have affected and are expected to continue to affect certain of our tenants, specifically acute care hospitals and post- acute facilities. The U. S. Congress and certain state legislatures have introduced and passed a number of proposals and legislation designed to make major changes in the healthcare system, including changes that directly or indirectly affect reimbursement and the availability of home healthcare options. Several of these laws, including the Affordable Care Act, have promoted shifting from traditional fee- for- service reimbursement models to alternative payment models that tie reimbursement to quality and cost of care, such as accountable care organizations and bundled payments. See " Government Regulation ~~-~~ **—** United States Healthcare Regulation, Licensing and Enforcement " included in Part I, Item 1 of this Annual Report. These and other trends could significantly and adversely affect the profitability of these tenants, which could affect their ability to make payments or meet their other obligations to us or their willingness to renew their leases on terms that are as favorable to us, or at all. The hospitals on or near the campuses where our ~~MOBs~~ **outpatient medical buildings** are located and their affiliated health systems may not remain competitive or financially viable. Our ~~MOBs~~ **outpatient medical buildings** and other properties that serve the healthcare industry depend on the competitiveness and financial viability of the hospitals on or near the campuses where our properties are located **or that our properties are otherwise affiliated with,** and their ability to attract physicians and other healthcare- related clients to our properties. The viability of these hospitals, in turn, depends on a solid quality and mix of healthcare services provided, successful competition for patients, physicians and physician groups, positive demographic trends in the surrounding community, positive macroeconomic conditions, superior 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 the campus where one of our properties is located fails or becomes unable to meet its financial obligations, and if an affiliated health system is unable to support that hospital, that hospital may be unable to compete successfully. That could adversely impact the hospital' s ability to attract physicians and other healthcare- related clients, and, in some cases, the hospital might even close or relocate. We rely on proximity to and affiliations with hospitals to create leasing demand in our ~~MOB~~ **outpatient medical buildings** and similar properties. If a hospital moves, closes, doesn' t remain competitive or financially viable or can' t attract physicians and physician groups, our properties and our business, financial condition and results of operations could be adversely affected. **We rely on relationships with universities, and changes in our relationships with those universities could adversely affect our operating results.** Our **research and other properties that serve the** life ~~science~~ **sciences industry often depend on maintaining strong relationships with colleges and universities who often are anchor tenants in our properties and often serve as the ground lessor for the land upon which our properties are built. Many of these colleges and universities have significant endowments** , **a low cost of capital and own and operate their own competing on- campus facilities. These colleges and universities may not renew their leases with us or may not invest their resources in the programming conducted within the space they lease from us, which could have an adverse effect on our properties and our business, financial condition and results of operations could be adversely affected. Our** research ~~and innovation~~ tenants face unique levels of expense and uncertainty. Our ~~life science,~~ research ~~and innovation~~ tenants develop and sell products and services in an industry that is characterized by rapid and significant changes, evolving industry standards, significant research and development risk **, in some cases,** and uncertainty over the implementation of new healthcare reform **or medical device** legislation. These tenants, particularly those involved in developing and marketing pharmaceutical or other life science products, require significant outlays of funds for the research and development, clinical testing, manufacture and commercialization of their products and technologies, as well as to fund their other obligations, including rent payments to us. Our tenants' ability to raise capital depends on the timely success of their research and development activities, viability of their products and technologies, their financial and operating condition and outlook and the overall financial, banking and economic environment. If private investors, the federal government, universities, public markets or other sources of funding are unavailable to support these tenants because of general economic conditions, adverse market conditions or otherwise, a tenant may not be able to pay rent or meet its other obligations to us and its business may fail. The financing market for ~~life science,~~ research ~~and innovation~~ companies has been and may continue to be volatile, which may contribute to these risks. The research and development, clinical testing, manufacture and marketing of some of our tenants' products require federal, state and foreign regulatory approvals. The approval process is typically long, expensive and uncertain. Even if our tenants have sufficient funds to seek approvals, one or all of their products may fail to obtain the required regulatory approvals on a timely basis or at all. Our tenants may only have a small number of products under development. If one product fails to receive the required approvals at any stage of development, it could significantly and adversely affect the tenant' s entire business. Our tenants may be unable to manufacture their products successfully or economically, may be unable to adapt to rapid technological advances in their industry, may be unable to adequately **obtain, maintain, enforce, defend,** protect **or commercialize** their intellectual property, may face competition from new products or may not receive acceptance of their products. If our ~~life science,~~ research ~~and innovation~~ tenants' business deteriorates for these or any other reasons, they may be unable to make payments or meet their other obligations to us. We cannot assure you that any of our ~~life science,~~ research ~~and innovation~~ tenants will be successful in their businesses. Any tenant that is unable to avoid, or sufficiently mitigate, the risks described above may have difficulty making payments or satisfying its other obligations to us, which in turn could adversely affect our business, financial condition and results of operations. See also " — If we need to replace any of our tenants or managers, we may be unable to do so on as favorable terms, if at all, and we could be subject to delays, limitations and expenses, which could adversely affect our business, financial condition and results of operations. " Increased construction and development in the markets in which our properties are located could adversely affect our future occupancy rates, operating margins and profitability. If existing supply and development collectively outpaces demand 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, which could adversely affect our business, financial condition and results of operations. Depending on the jurisdiction, there are limited barriers to developing properties in our asset classes, particularly senior housing. As a result, supply and demand dynamics can change quickly. We may be unable to rebalance our portfolio in a timely manner in order to respond to changes in those dynamics. Merger, acquisition and investment activity in our industries resulting in a change of control of, or a competitor' s investment in, one or more of our tenants, managers or borrowers could adversely affect our business, financial condition and results of operations. The senior housing and healthcare industries have experienced and may continue to experience consolidation, including among owners of real estate, tenants, managers, borrowers and care providers. When a change of control of a tenant, manager or borrower occurs, that tenant' s, manager' s or borrower' s strategy, financial condition, management team or real estate needs may change, any of which could adversely affect our relationship with that party and our revenues and results of operations. If any of our tenants or managers merge with one another, our dependence on a small group of significant third parties would increase, as would our exposure to the risks described above under " — Our investments in and acquisitions of properties may be unsuccessful or fail to meet our expectations. " A competitor' s investment in one of our tenants, managers or borrowers could enable our competitor to directly or indirectly influence that tenant' s, manager' s or borrower' s business and strategy in a manner that impairs our relationship with the tenant, manager or borrower or is otherwise adverse to our interests. Depending on our contractual agreements and the specific facts and circumstances, we may not have the right to prevent a competitor' s investment in, a change of control of, or other transactions impacting a tenant, manager or borrower. Our ongoing strategy depends, in part, upon identifying and consummating future acquisitions and investments and effectively managing our expansion opportunities. An important part of our business strategy is to continue to expand and diversify our portfolio, directly or indirectly with third parties, through accretive acquisition, investment, development and redevelopment activities in domestic and international healthcare real estate. Our ability to execute this strategy successfully is affected by many factors, including the significant competition we face for acquisition, investment, development and redevelopment opportunities, the availability of suitable opportunities, our relationships with current and prospective clients and partners, our ability to obtain debt and equity capital at costs comparable to or better than our competitors and lower than the yield we earn on our acquisitions or investments and our ability to negotiate favorable terms with counterparties, including buyers and sellers of assets. We compete for these opportunities with a broad variety of potential investors, including 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 advantages compared to us, including greater financial resources and lower costs of capital. See " Business — Competition " included in Part I, Item 1 of this Annual Report. If we are unsuccessful at identifying and capitalizing on investment, acquisition, development and redevelopment opportunities and otherwise expanding and diversifying our portfolio, our growth and profitability may be adversely affected. When expanding into areas that are new to us, we face numerous risks and uncertainties, including risks associated with (i) the required investment of capital and other resources; (ii) the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk; (iii) the diversion of management' s attention from our other businesses; (iv) the increasing demands on or issues related to operational and management systems and controls; (v) compliance with additional legal or regulatory requirements with which we are not familiar; and (vi) the broadening of our geographic footprint, including the risks associated with conducting operations in non- U. S. jurisdictions. Any new strategies, markets or businesses that we enter into may not be successful or meet our expectations, or we may be unable to effectively monitor or manage our portfolio of properties as it expands. Failure to meet any of these objectives could adversely affect our business, financial condition and results of operations. We have made and expect to continue to make significant acquisitions and investments as part of our overall business strategy. Investing in and acquiring healthcare real estate entails risks associated with real estate investments generally, including the risk that the investment will not achieve expected returns, that the cost estimates for necessary property improvements will prove inaccurate or that a tenant, manager or borrower will fail to meet performance expectations or their obligations to us. We also make acquisitions and investments outside the United States, which raises legal, economic and market risks associated with doing business in foreign countries, such as currency exchange fluctuations and foreign tax risks. Our real estate development and redevelopment projects present additional risks, including the risk of 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. Healthcare real estate properties are often highly customized, and the development or redevelopment of such properties may require costly tenant-specific or market- driven improvements. Other risks that our significant acquisition and investment activity, including our developments and redevelopments, presents include that: • We may be unable to successfully integrate the operations, personnel or systems of acquired companies, maintain consistent standards, controls, policies and procedures, retain key personnel or companies we acquire or realize the anticipated benefits of acquisitions and other investments within the anticipated time frame if at all; • Our underwriting assumptions, including projections of estimated future revenues and expenses and anticipated synergies and other costs savings, and other financial and operating metrics that we develop may be inaccurate, in which case we may not be able to realize the expected benefits of the acquisition, investment, development or redevelopment; • 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 investments could divert management' s attention from our existing assets; • The value of the assets we acquire or invest in may decline or we may not realize the expected return on the developments or redevelopments we undertake; and • If our acquisitions, investments, developments and redevelopments are not successful, the market price of our common stock may decline. See also " — Our ongoing strategy depends, in part, upon identifying and consummating future acquisitions and investments and effectively managing our expansion opportunities ~~,~~. " below. We cannot assure you that our acquisitions, investments, developments and redevelopments will be successful or meet our expectations, which could adversely affect our business, financial condition and results of operations. Our investments in co-investment vehicles, joint ventures and minority interests may subject us to risks and liabilities that we would not otherwise face. We have and may continue to develop and acquire properties in co- investment vehicles or joint ventures with other persons or entities when circumstances warrant the use of these structures. In 2020, we formed Ventas Investment Management (" VIM ") to combine our private capital management capabilities for certain assets under a single platform. We also own minority investments in properties and unconsolidated operating entities. These minority investments usually entitle us to typical rights and protections but inherently involve a lesser degree of control over business operations than if we owned a majority interest. In the future, we may enter into additional co- investments, partnerships and joint ventures, either through VIM or otherwise. There can be no assurance that our co- investments, joint ventures, minority or other investments, which we refer to collectively below as investments and ventures, will be successful or meet our expectations. These investments and ventures involve significant risk, including, among others, the following: • We may be unable to take actions that are opposed by our partners under arrangements that require us to share decision- making authority; • For investments and ventures in which we have a noncontrolling interest, our partners may take actions that we oppose; • If our partners become bankrupt, insolvent or otherwise fail to fund their share of required capital contributions or fulfill other partner obligations, we may choose to or be required to contribute that capital; • Some of our investments and ventures may incur indebtedness; in some cases, we may guarantee the payment of such indebtedness, in whole or in part; depending on credit market conditions, the refinancing or payoff of such indebtedness may require equity capital calls, which we or our partner may not be capable of funding or which may be required at inopportune times; • We may be subject to restrictions on our ability to transfer our interest in the investment or venture, which may require us to retain our interest at a time when we would otherwise prefer to sell it; • Our partners may have business interests or goals that conflict with our business interests and goals, including the timing, terms and strategies for any investments, and what levels of financing to incur or carry; • Our partners may be structured differently than us for tax purposes and this could create conflicts of interest, including with respect to our compliance with the REIT requirements, and our REIT status could be jeopardized if any of our joint ventures do not operate in compliance with REIT requirements; • Our investments or ventures or our partners may be unable to meet their financial or other obligations to us or to the investment or venture, including any obligation to provide equity to the investment or venture or indemnify us or the investment or venture for losses; • Our partners may have competing interests in our markets that could create conflicts of interest; • We could experience an impasse on certain decisions where we do not have sole decision- making authority, which could require us to expend additional resources on resolving such impasses or potential disputes; • We could become engaged in a dispute with any of our partners that could lead to the sale of either parties' ownership interest or the underlying assets; • Disagreements with our partners could result in litigation or arbitration; and • We may suffer other losses as a result of actions taken by our partners. In some instances, our partners may have the right to cause us to sell our interest, or acquire our partner' s interest, at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner' s interest will be limited if we do not have sufficient cash, available borrowing capacity or other capital resources. This may require us to sell our interest in the investment or venture when we would otherwise prefer to retain it. In certain circumstances, Ventas serves as managing member, general partner or controlling party with respect to investments and ventures, including the Ventas Fund and our joint venture with GIC. In such instances, we may face additional risks including, among others, the following: • Ventas may have increased duties to the other investors or partners in the investment or venture; • In the event of certain events or conflicts, our partners may have recourse against Ventas, including the right to monetary penalties, the ability to force a sale or exit the investment or venture; • Our partners may have the right to remove us as the general partner or managing member in certain cases involving cause; and • Our subsidiaries that would be the general partner or managing member of the investment or venture could be generally liable, under applicable law or the governing agreement of a venture, for the debts and obligations of the investment or venture, subject to certain exculpation and indemnification rights pursuant to the terms of the governing agreement. Damage to our reputation could adversely affect our business, financial condition or result of operations. Our positive reputation for quality and service with our stakeholders, including our tenants, managers, development partners, lenders and stockholders, could be damaged. Such damage to our reputation could result if, for example, we experience a sustained period of distress, **either as a result of general market conditions or otherwise,** where our properties underperform, our tenants or managers default or in other instances that result in misalignment with those parties. Damage to our reputation could result in a decrease in the market price of our common stock or make it more difficult to continue to grow and expand our relationships with our tenants, managers, development partners and lenders, which could adversely affect our business, financial condition and results of operations. Development, redevelopment and construction risks could affect our profitability. We invest in various development and redevelopment projects. In deciding whether to make an investment in a project, we make certain underwriting assumptions regarding expected future performance. Our assumptions are subject to risks generally associated with development and redevelopment projects, including, among others, that: • Tenants may not lease the amount of space projected or at the projected rental rate levels or lease on the projected schedule, including due to increased competition in the market and other market and economic conditions; • Our underwriting assumptions and other financial and operating metrics that we develop, such as the estimated costs necessary to develop or redevelop the property, may be inaccurate, in which case we may not be able to realize the expected benefits of the project; • We may not complete the project on schedule or within budgeted amounts; • We may not be able to recognize rental revenue even though cash rent is being paid and the lease has commenced; • We may encounter delays in obtaining or we may fail to obtain necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations; • We may be unable to obtain financing for the project on favorable terms or at all, including at the maturity of an applicable construction loan; • Construction or other delays may provide tenants or residents the right to terminate preconstruction leases or cause us to incur additional costs, including through rent abatement; • Volatility in the price of construction materials or labor may increase our project costs; • Any partners in the project may maintain significant decision- making authority with respect to the project, which lessens our control and could lead to increased costs, project delays or disputes; • Our builders or development managers may fail to meet their obligations to us or satisfy the expectations of our tenants and partners; and • We may incorrectly forecast risks associated with development in new geographic regions or addressing markets that are new to us, including new markets where we may not have sufficient depth of market knowledge. The price of commodities and skilled labor for our construction projects may increase due to external factors, including, but not limited to, performance of third- party suppliers and contractors; overall market supply and demand; **elevated or increasing interest rates;** government regulation and policies, including actions taken by the Federal Reserve, and changes in general business, economic or political conditions. As a result, the costs of construction materials and skilled labor required for the completion of our development and redevelopment projects may fluctuate significantly over time. We rely on a number of third-party suppliers and contractors to supply materials and skilled labor for our construction projects. We may experience difficulties obtaining necessary materials from suppliers or vendors whose supply chains might be disrupted by macroeconomic conditions or otherwise, or difficulties obtaining adequate skilled labor from third- party contractors in a tightening labor market. If we are unable to access materials and labor to complete our construction projects within our expected budgets and meet our tenants' demands and expectations in a timely and efficient manner, our results of operations may be adversely impacted. We may be unable to complete our development or redevelopment projects timely or within our budget, which may affect our ability to lease space to potential tenants and adversely affect our business, financial condition and results of operations. ~~The COVID- 19 pandemic and its extended consequences have contributed to global supply chain disruptions including the supply of some construction materials. These disruptions could cause construction delays or significantly affect the cost of our development or redevelopment projects through higher costs for construction materials, labor and services from third- party contractors and suppliers. Significant construction delays and increases in costs because of the supply chain disruptions could interfere with our ability to meet commitments to our counterparties and could have a material impact on our business.~~ If any of the risks described above occur, our development and redevelopment projects may not yield anticipated returns, which could adversely affect our business, financial condition and results of operations. We own properties that are 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 **outpatient** medical **buildings** ~~office, life science~~ and research ~~and innovation~~ buildings and facilities as well as 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. We could lose our interests in the subject properties if the ground lease, air rights or other restrictive agreements are breached by us, are terminated or expire. In addition, we could be forced to renegotiate such ground leases upon their expiration on terms that are unfavorable to us. Purchase options, rights of first offer or rights of first refusal in favor of third parties could negatively affect us or discourage prospective buyers from negotiating with us with respect to the sale of our properties. Some of our properties are subject to purchase options, rights of first offer, rights of first refusal or similar rights in favor of third parties. Purchase options for our properties may give a third party the right to purchase the property at fair market value, at a price set based on our investment in the property, or at fixed prices as of certain dates. The proceeds we receive as a result of the exercise of a purchase option may be less than the price we paid for the property, and we may not be able to re- invest the proceeds on favorable terms or at all. In addition, purchase options could force us to sell a property when we would otherwise prefer to hold such property. Purchase options, rights of first offer or rights of first refusal that encumber our properties could discourage prospective buyers from negotiating with us and may prevent us from receiving the maximum price that we may otherwise have obtained. Damage from catastrophic or extreme weather and other natural events and the physical effects of climate change could result in losses to the Company. Some of our properties are in areas particularly susceptible to revenue loss, cost increase or damage caused by catastrophic or extreme weather and other natural events, including fires, snow, rain or ice storms, windstorms, tornadoes, hurricanes, earthquakes, flooding and other severe weather. These adverse weather and natural events could cause substantial damages or losses to our properties that could exceed our or our tenants', borrowers' or managers' property insurance coverage. Any of these events could cause a major power outage, leading to a disruption of our systems and operations. If we incur a loss greater than insured limits, or if for any reason insurance coverage is unavailable, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. Any such loss could materially and adversely affect our business, financial condition and results of operations. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable. If significant changes in the climate occur in areas where our properties are located, we may experience extreme weather and changes in precipitation and temperature, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Where climate change has a significant or sustained impact, our properties could be destroyed and our business, financial condition or results of operations may be adversely affected. Changes in federal, state or foreign legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our new development properties without a corresponding increase in revenue. Activist investors could cause us to incur substantial costs, divert management' s attention and have an adverse effect on our business. Activist investors may from time to time engage in proxy solicitations, advance shareholder proposals or otherwise attempt to affect changes or acquire control over us. **For example, on January 10, 2024 an activist investor nominated three candidates to our Board of Directors in connection with our 2024 Annual Meeting of Stockholders.** Responding to these actions can be costly and time- consuming, divert the attention of our Board and management from the management of our business and the pursuit of our business strategies. In addition to incurred costs, perceived uncertainties as to our future direction may result in the loss of potential business opportunities, damage to our reputation and may make it more difficult to attract and retain qualified directors, personnel and business partners. These actions could also cause our stock price to experience periods of volatility ~~. Market conditions and the actual and perceived state of the capital markets generally could negatively impact our business, financial condition and results of operations~~ . We are dependent on the capital markets and any disruption to the capital markets or our ability to access such markets could impair our ability to fulfill our dividend requirements, make payments to our security holders or otherwise finance our business operations. Adverse developments affecting economies throughout the world, including rising inflation, a general tightening of availability of credit (including the price, terms and conditions under which it can be obtained), the state of the public and private capital markets, decreased liquidity in certain financial markets, **elevated or** increased interest rates, foreign exchange fluctuations, declining consumer confidence, the actual or perceived state of the real estate market, tightened labor markets or significant declines in stock markets, as well as concerns regarding pandemics, epidemics and the spread of contagious diseases, could impact our business, financial condition and results of operations. For example, unfavorable changes in general economic conditions, including recessions, economic slowdowns, high unemployment and rising prices or the perception by consumers of weak or weakening economic conditions may reduce disposable income and impact consumer spending in healthcare or senior housing, for example, which could adversely affect our financial results. During inflationary periods, interest rates have historically increased, which would have **, and in recent periods has had,** a direct effect on the interest expense **and overall cost** of our borrowings. In particular, primarily in response to concerns about inflation, the U. S. Federal Reserve has significantly raised its benchmark federal funds rate, which has led to increases in interest rates in the credit markets. The U. S. Federal Reserve may continue to raise the federal funds rate, ~~which will likely lead~~ **may maintain an elevated federal funds rate for longer than the market expects, or may not lower the federal funds rate consistent with market expectations. Any of these actions or failure** to **take action could result in** higher interest rates in the credit markets and the possibility of lower asset values, slowing economic growth and / or a recession. We are exposed to increases in **or elevated** interest rates in the short term through our variable- rate borrowings, which consist of borrowings under our unsecured credit facility, our unsecured term loans ~~and~~ **,** our commercial paper program **and certain other credit facilities** . Therefore, interest rate increases **or sustained elevated interest rates** , due to inflation or otherwise, ~~could~~ **have** in ~~the short term,~~ **recent periods increased and may continue to** increase our interest expense under these variable- rate facilities ~~and~~ in the ~~long~~ **short** term ~~,~~ **and** increase our financing costs as we refinance our existing variable- rate and fixed- rate long- term borrowings, or incur additional interest expense related to the issuance of incremental debt **in the long term** . To the extent there is turmoil in the global financial markets, this turmoil has the potential to adversely affect (i) the value of our properties ; (ii) the availability or the terms of financing that we have or may be able to obtain ; (iii) our ability to make principal and interest payments on, or refinance when due, any outstanding indebtedness ; (iv) our ability to pay a dividend and (v) the ability of our tenants, managers and borrowers to satisfy their obligations to us. Disruptions in the capital and credit markets may also adversely affect the market price of our securities. 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. Interest rates **have** ~~are rising and are expected to continue to rise~~ **risen over the past number of years** . Increases in **or elevated** interest rates may result in a decrease in the value of our real estate, a decrease in the market price of our common stock and a decrease in our cash flows and net income. Increases in **or elevated** interest rates may also adversely affect the securities markets generally, which could reduce the market price of our common stock without regard to our operating performance. Any such unfavorable changes to our borrowing costs and price of our common stock could significantly impact our ability to raise new debt and equity capital going forward and increase the cost of financing on our acquisition, investment, development and redevelopment activity. An increase in **or elevated** 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 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 the ~~London Interbank Offered Rate (" LIBOR "), the~~ Secured Overnight Financing Rate (" SOFR "), 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. If interest rates continue to rise **or remain elevated** , the costs of our existing floating rate debt **would increase or remain elevated** and any new debt that we incur ~~would~~ **could** 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. 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 business, financial condition and results of operations. We have a significant amount of outstanding indebtedness and may incur additional indebtedness in the future. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~12~~ **13** . ~~4~~ **6** billion of outstanding principal 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. Our indebtedness requires us to dedicate a significant 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 on an absolute basis or as a ratio to our cash flow could also have the following consequences: • 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. We mortgage, and expect to continue to 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 highly dependent on access to the capital markets. Limitations on our ability to access capital could have an adverse effect on us, including 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. We cannot assure you that conditions in the capital markets will not deteriorate, that our access to capital and other sources of funding will not become constrained or that interest rates will not rise, any of which could adversely affect the availability and terms of future borrowings, renewals or refinancings and our results of operations 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 regarding 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. The **secondary and tertiary effects of the** COVID- 19 pandemic ~~and its extended consequences have caused, and could continue to cause, severe economic, market and other disruptions worldwide, including widespread inflation that led to a rise in interest rates. It is possible that conditions in the bank lending, capital and other financial markets could again deteriorate as a result of the pandemic, and that could in turn mean that our access to capital and other sources of funding could become constrained. Any of these conditions could adversely affect the availability and terms of our future borrowings, renewals or refinancings. The continuance of the effects of the COVID- 19 pandemic and its extended consequences~~ on our business could lead to downgrades of our long- term credit rating. See " **Risk Factors** — Risks Related to ~~the COVID- 19 Pandemic~~ **Our Business Operations and Strategy** — The **secondary and tertiary effects of the** COVID- 19 pandemic ~~and its extended consequences have had and~~ may continue to have a material adverse effect on our business, financial condition and results of operations ~~,~~ **.** " above. Any future downgrades could increase our borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments. We rely on the financial institutions that are parties to our revolving credit facilities. 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 revolving credit facilities 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. 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, senior 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 hedging will be successful and that fluctuations will not adversely affect our business, ~~financial condition and results of operations. The phasing out of LIBOR may affect our financial results. LIBOR and certain other interest " benchmarks " are subject to regulatory guidance and reform that have caused and may in the future cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. Following announcements by the United Kingdom' s Financial Conduct Authority, which regulates LIBOR, and ICE Benchmark Administration Limited, which administers LIBOR' s publication, publication of most LIBOR settings ceased after December 31, 2021. While publication of the remaining U. S. dollar LIBOR settings is expected to cease after June 30, 2023, U. S., European Union and U. K. regulators have discouraged use of LIBOR for any new contracts entered into after year- end 2021. While there are other rates that have gained market acceptance as alternatives to LIBOR, the Alternative Reference Rates Committee, a steering committee comprised of U. S. financial market participants, selected SOFR as the recommended alternative to U. S. dollar LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by U. S. Treasury securities, and the Federal Reserve Bank of New York started to publish SOFR in April 2018. The discontinuation, reform or replacement of LIBOR or any other benchmark rates may have an unpredictable impact on contractual mechanics in the credit markets or cause disruption to the broader financial markets and could have an adverse effect on LIBOR- based interest rates on our current or future debt obligations. Specifically, significant portions of the market for new LIBOR- based transactions could experience materially reduced liquidity or pricing transparency. Although certain of our LIBOR based obligations provide for alternative methods of calculating the interest rate payable (including transition to an alternative benchmark rate), the consequences of the adoption of any such alternative reference benchmark rate cannot be predicted and could have an adverse impact on the amount of interest that we pay. There can be no assurance that any agreement we reach to replace LIBOR in any contract will result in effective interest rates at least as favorable to us as our current effective interest rates or that we will be able to transition to a new benchmark without challenges or at all. The failure to reach an agreement on a replacement benchmark, or the failure to reach an agreement that results in an effective interest rate at least as favorable to us as our current effective interest rates, could result in an increase in our debt service obligations, which could adversely affect our~~ financial condition and results of operations. Covenants in the instruments governing our and our subsidiaries' existing indebtedness limit our operational flexibility, and a covenant breach could 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. Covenants contained in the instruments governing our subsidiaries' outstanding mortgage indebtedness may restrict our ability to obtain cash distributions from such subsidiaries for the purpose of meeting our debt service obligations. Financial and other covenants that limit our operational flexibility, as well as defaults resulting from our breach of any of these covenants, could adversely affect our business, financial condition and results of operations. Significant legal or regulatory proceedings could subject us or our tenants or managers to increased operating costs and substantial uninsured liabilities, which could adversely affect our or their liquidity, financial condition and results of operations. From time to time, we or our tenants or managers may be subject to lawsuits, investigations, claims and other legal or regulatory proceedings arising out of our alleged actions or the alleged actions of our tenants ~~and~~ **or** managers. These claims may include, among other things, professional liability and general liability claims, commercial liability claims, unfair business practices claims ~~and~~ **, class action claims,** employment claims, as well as regulatory proceedings, including proceedings related to our SHOP segment, where we are typically the holder of the applicable healthcare license. In our operating assets, including those in our SHOP and ~~office~~ **outpatient medical and research** segments, we are generally responsible for all liabilities of the properties, including any lawsuits, investigations, claims and other legal or regulatory proceedings, other than those arising out of certain **limited** actions by our managers, such as those caused by gross negligence, fraud or willful misconduct. As a result, we have exposure to, among other things, professional and general liability claims, employment law claims and the associated litigation and other costs related to defending and resolving such claims **, some of which may be uninsured, either as a result of insufficient coverage or unavailability of coverage at a reasonable price** . In our SHOP segment in particular, if one of our managers fails to comply with applicable law or regulation, we may be held responsible, which could subject us to civil, criminal and administrative penalties, including the loss or suspension of accreditation, licenses or certificates of need; suspension of or nonpayment for new admissions; denial of reimbursement; fines; suspension, decertification, or exclusion from federal, state or foreign healthcare programs; or facility closure. In addition, we cannot assure you that any contractual obligations to indemnify, defend and hold us harmless from such liabilities will be satisfied by third parties, or that any purchase price consideration held in escrow will be sufficient to satisfy claims for which we are entitled to indemnification. An unfavorable resolution of any such lawsuit, investigation, ~~claims~~ **claim** or other legal or regulatory proceeding could materially and adversely affect our or our tenants' or managers' liquidity, financial condition and results of operations, and may not be protected by sufficient **or any** insurance coverage. Even with a favorable resolution of litigation or a proceeding, the effect of litigation and other potential litigation and proceedings may materially increase operating costs we or our tenants or managers incur. Negative publicity with respect to any lawsuits, claims or other legal or regulatory proceedings may also negatively impact their or our or the properties' reputation. **Our** ~~The COVID- 19 pandemic has caused and may in the future cause our~~ senior housing and healthcare business **may be subject** ~~to face increased exposure~~ to lawsuits or other legal or regulatory proceedings ~~filed at the same time~~ across multiple jurisdictions, such as professional or general liability litigation alleging wrongful death and negligence claims, some of which may result in large damage awards and not be indemnified or subject to sufficient insurance coverage, may require our support as a result of our indemnification agreements or may result in restrictions in the operations of our or our tenants' or managers' business. We and our tenants, managers and borrowers may be adversely affected by regulation and enforcement. We and our tenants, managers and borrowers are subject to or impacted by extensive and frequently changing federal, state, local and international laws and regulations. For example, the healthcare industry is subject to laws and regulations that relate to, among other things, licensure and certificates of need, conduct of operations, ownership of communities and facilities, construction of new communities and facilities and addition of equipment, governmental reimbursement programs, such as Medicare and Medicaid, allowable costs, services, prices for services, qualified beneficiaries, appropriateness and classification of care, patient rights, resident health and safety, data privacy and ~~security~~ **cybersecurity** ~~laws~~, wage and hour ~~laws~~, fraud and abuse and financial and other arrangements that may be entered into by healthcare providers. We generally hold the applicable healthcare licenses and enroll in applicable government healthcare programs on behalf of the properties in our SHOP segment, and that subjects us to potential liability under some healthcare laws and regulations. See " Government Regulation ~~-~~ **—** United States Healthcare Regulation, Licensing and Enforcement " included in Part I, Item 1 of this Annual Report. Many of our ~~life science,~~ research ~~and innovation~~ tenants are subject to laws and regulations that govern the research, development, clinical testing, manufacture and marketing of drugs, medical devices and similar products. The laws and regulations that apply to us and our tenants, managers and borrowers are complex and may change rapidly, and efforts to comply ~~and keep up~~ with them require significant resources. Any changes in scope, interpretation or enforcement of the regulatory framework could require us or our tenants, managers or borrowers to **make changes to their business or operations and** invest significant resources **in** responding to these changes. If we or our tenants, managers or borrowers fail to comply with the extensive laws, regulations and other requirements applicable to our or their businesses and the operation of our or their properties, we or they could face a number of remedial actions, including forced closure, loss of accreditation, bans on admissions of new patients or residents **, enforcement actions, investigations** , imposition of fines, ineligibility to receive reimbursement from governmental and private third- party payor programs or civil or criminal penalties. If any of these occur, our and our tenants', managers' and borrowers' businesses **, reputation** , results of operations (including results of properties) or financial condition could be adversely affected. Our investments may expose us to unknown liabilities. We may acquire or invest in properties or businesses that are subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our results of operations and cash flow. We may assume or incur liabilities, including, in some cases, contingent liabilities, and be exposed to actual or potential claims in connection with our acquisitions that adversely affect us, such as: • Liabilities relating to the clean- up or remediation of environmental conditions; • Unasserted claims of vendors or other persons dealing with the sellers; • Liabilities, claims and litigation, including indemnification obligations, whether 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. 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, our business and results of operations could be materially adversely affected. **There is a high degree of uncertainty regarding the implementation and impact of the CARES Act and other pandemic- related legislation. There can be no assurance as to the total amount of financial assistance that we or our tenants, managers or borrowers will receive or retain. In response to the COVID- 19 pandemic, the CARES Act, the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 authorized funds to be distributed to healthcare providers through the Provider Relief Fund, which is administered by the HHS. These grants were intended to reimburse eligible providers for healthcare- related expenses or lost revenues attributable to COVID- 19. Recipients are not required to repay distributions from the Provider Relief Fund, provided that they attest to and comply with certain terms and conditions, including reporting, record maintenance and audit requirements and not using grants received from the Provider Relief Fund to reimburse expenses or losses that other sources are obligated to reimburse. Federal, state and local governments and agencies implemented or announced other programs to provide financial and other support to businesses affected by the COVID- 19 pandemic, some of which benefited our tenants, borrowers, managers and our SHOP segment, but that impose significant regulatory and compliance obligations. We applied for and received from the Provider Relief Fund in late 2020 through 2022 on behalf of the assisted living communities in our SHOP segment. Many of our tenants, managers and borrowers also received grants from the Provider Relief Fund. As a recipient of funds from the Provider Relief Fund, we are required to comply with detailed reporting requirements specified by HHS, including in some instances by providing a third- party audit of the use of the funds received in accordance with Generally Accepted Government Auditing Standards or in conformance with the requirements of 45 CFR § 75. 514. In addition, the HHS Office of Inspector General and the Pandemic Response Accountability Committee**

each have the right to conduct their own audits of our use of funds from the Provider Relief Fund and HHS has the right to recoup some or all of the payments if it determines those payments were not made or the funds not used in compliance with its rules, regulations and interpretive guidance. For example, In May 2023, the HHS Office of Inspector General notified us that they would be conducting an audit of thirty assisted living applicants' use of the funds received from the Provider Relief Fund. Two of our applications were selected as part of the audit. While we believe we are in compliance with all requirements related to the payments received, we cannot assure you of that and we cannot assure you that some or all of the grants received will not need to be repaid. There remains a high degree of uncertainty surrounding the implementation, interpretation and application of the CARES Act, the PPPHCE Act, the CAA and other federal, state and local government pandemic relief programs, and the rules, regulations and guidance thereunder. There can be no assurance that we or our tenants, managers or borrowers are or will remain in compliance with all requirements related to the payments received under the Provider Relief Fund or other government relief programs, that the terms and conditions of the Provider Relief Fund grants or other government relief programs will not change or be interpreted in ways that affect our ability or the ability of our tenants, managers and borrowers to comply with such terms and conditions (which could affect the ability to retain any grants or other funds), the amount of total financial grants or other funds that we or our tenants, managers or borrowers may ultimately receive or our or their eligibility to participate in any future funding. We continue to assess the potential impact of the COVID- 19 pandemic and government responses to the pandemic on our business, financial condition and results of operations. We and our tenants, managers and borrowers may be adversely affected by complex and evolving laws and regulations regarding data privacy and cybersecurity. In the ordinary course of business, we and our tenants, managers and borrowers collect, use, store, disclose, transfer and otherwise process personal information, including personal information specific to tenants, residents and employees. We or our tenants, managers and borrowers may transfer some of this personal information to third parties who assist with certain aspects of our or their business for limited purposes. Accordingly, we and our tenants, managers and borrowers are subject to a variety of stringent data privacy and cybersecurity laws and regulations at the state, federal and international level, as well as contractual requirements and other obligations related to data privacy and cybersecurity. For more information about applicable data privacy and cybersecurity laws and regulations, see " Government Regulation — United States Healthcare Regulation, Licensing and Enforcement — Data Privacy and Cybersecurity " for a discussion of U. S. data privacy and cybersecurity laws and regulations and " Government Regulation — International Healthcare Regulation " for a discussion of international data privacy and cybersecurity laws and regulations. The legal and regulatory environment surrounding data privacy and cybersecurity is constantly evolving and can be subject to significant change. Laws and regulations governing data privacy, cybersecurity, and the unauthorized disclosure of personal information pose increasingly complex compliance challenges, including the potential for inconsistent interpretation, and the implementation and maintenance of compliance measures may potentially elevate our costs. While we believe we have taken commercially reasonable steps, and depend on our tenants, managers and borrowers, to comply with applicable data privacy and cybersecurity laws and regulations, these laws and regulations are in some cases relatively new and the interpretation and application of these laws and regulations are uncertain. Thus, there can be no assurance that our efforts will be deemed effective by regulatory authorities. As noted below, we and our tenants, managers and borrowers, are also subject to the possibility of cybersecurity threats or incidents, which themselves may result in a violation of these laws and regulations and may require us or our tenants, managers or borrowers to report certain incidents to affected individuals or the relevant regulatory authorities. These laws and regulations, and the laws and regulations that may be enacted in the future, also may require us or our tenants, managers or borrowers to modify our or their data processing practices and policies, incur substantial compliance- related costs and expenses and otherwise suffer adverse impacts on our or their business. Any failure, or perceived failure, by us or our tenants, managers or borrowers to comply with applicable data privacy and cybersecurity laws and regulations could result in enforcement actions, investigations, imposition of fines, or civil or criminal penalties. If any of the foregoing occurs, our and our tenants', managers' and borrowers' businesses, reputation, results of operations (including results of properties) or financial condition could be adversely affected. The occurrence of ~~cyber~~ **cybersecurity** incidents could disrupt our operations **or the operations of the third parties with whom we do business, invest in or lend to** , result in the loss of confidential **or personal** information or damage our **or their** business relationships and reputation. Cybersecurity **threats and** incidents ~~and cyber- attacks~~ have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency **and severity** in the future. **Our** ~~As our reliance on technology has increased, our~~ business ~~is~~ **and the businesses of our tenants, managers, borrowers and third parties in whom we invest are** subject to greater risk from ~~cyber~~ **cybersecurity threats and** incidents, including attempts to gain unauthorized access to ~~our or our managers' or venture partners'~~ systems **and networks,** to disrupt operations, corrupt data or steal confidential **or personal** information ~~,~~ and other ~~electronic security~~ **cybersecurity** breaches. **Such attempts can originate from a wide variety of sources, including organized crime, hackers, activists, terrorists, nation- states, state- sponsored actors and others, any of which may see their effectiveness enhanced by the use of artificial intelligence.** While we ~~, our managers and our business partners~~ have implemented measures **designed** to help mitigate these threats **for our business** , these measures cannot guarantee that we ~~or they~~ will be successful in preventing a ~~cyber~~ **cybersecurity** incident. Our information technology **systems and** networks ~~and related systems~~ are essential to our ability to perform day- to- day operations of our business, and a ~~cyber~~ **cybersecurity threat or** incident could result in a data center outage, ~~disrupting~~ --- **disrupt** our systems and operations ~~or the operations of our managers or business partners~~ , compromise the confidential **or personal** information of our employees, partners or the residents in our senior housing communities ~~,~~ and damage our business relationships and reputation. Although we have implemented various measures **designed** to manage risks **to information technology systems**

and networks relating to these types of events, these measures ~~and the systems supporting them~~ could prove to be inadequate ~~and, if~~ **. If our systems or networks are** compromised, **they** could become inoperable for extended periods of time, cease to function properly or fail to adequately secure ~~private~~ **confidential and personal** information ~~. We do not control the cybersecurity plans and systems put in place by third- party providers, and third- party providers may have limited indemnification obligations to us~~ , which could **have an adverse** ~~cause us to be negatively impacted~~ -- **impact** ~~as a result~~ **on our ability to operate our business** . ~~Breaches~~ **Cybersecurity threats and incidents** , such as those involving **software bugs, server malfunctions, software or hardware failure, telecommunications failures, error or misconduct, ransomware,** covertly introduced malware, **denial- of- service attacks,** impersonation of authorized users ~~and~~ **or other social engineering schemes (including phishing attacks),** industrial or other espionage ~~,~~ **and other cybersecurity breaches** may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of ~~these~~ **our** systems or of **our** disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, material nonpublic information and intellectual property and trade secrets and other **confidential or** sensitive information we possess. We **do not control the information technology systems and network or cybersecurity defenses put in place by our tenants, managers, borrowers or third parties with whom we invest or otherwise do business, all of whom are subject to risks associated with cybersecurity threats and incidents. For example, in November 2023, Ardent became aware of a cybersecurity incident, which Ardent determined to be a ransomware attack and which resulted in disruptions to certain aspects of Ardent' s clinical and financial operations. If those parties are unable to adequately manage those risks, their results of operations, financial condition and the viability of their business** could be **adversely affected, which could in turn have an adverse impact on us and our business. In the event of a cybersecurity incident involving us or our tenants, managers or borrowers or third parties with whom we invest or otherwise do business, we and they may be** required to make a significant investment to ~~remedy~~ **attempt to mitigate or remediate** the effects of any ~~failures~~ **cybersecurity incidents** , ~~including but~~ **which efforts may** not ~~limited~~ **be successful. We and they may be subject** to ~~harm to our reputation,~~ legal claims ~~that we~~ and ~~our partners may be subjected to,~~ regulatory or enforcement ~~action~~ **actions** ~~arising out of applicable privacy~~ and ~~other laws,~~ **may experience harm to our reputations and** adverse publicity **. We and they may not have adequate or any insurance coverage to cover any costs** , **expenses** or other **losses** ~~events that may affect our business and financial performance~~ . The amount and scope of insurance coverage provided by our policies and policies maintained by our tenants, managers or other counterparties may not adequately insure against losses. We maintain or require in our lease, management and other agreements that our tenants, managers or other counterparties maintain comprehensive insurance coverage on our properties and their operations with terms, conditions, limits and deductibles that we believe are customary for similarly situated companies in each industry. Although we frequently review our insurance programs and requirements, we cannot assure you that we or our tenants, managers or other counterparties will be able to procure or maintain adequate levels of insurance. As a result of the COVID- 19 pandemic, the cost of insurance has increased and may further increase, and, due to changes in coverage terms resulting from the COVID- 19 pandemic, insurance may not cover some claims related to COVID- 19. We also cannot assure you that we or our tenants, managers or other counterparties will maintain the insurance coverage required under our lease, management and other agreements, that we will continue to require the same levels of insurance under our lease, management and other agreements, that this insurance will be available at a reasonable cost in the future or at all or that the policies maintained will fully cover all losses on our properties when a catastrophic event occurs. We cannot make any guaranty as to the future financial viability of the insurers that underwrite our policies and the policies maintained by our tenants, managers and other counterparties. 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, our operations. In some cases, we and our tenants and managers may be subject to professional liability, general liability, employment, premise, **data** privacy **, cybersecurity** , environmental, unfair business practice and contracts claims brought by plaintiffs' attorneys seeking significant damages and attorneys' fees, some of which may not be insured or indemnified and some of which may result in significant damage awards. Due to the historically high frequency and severity of professional liability claims against senior housing and healthcare providers, the availability of professional liability insurance has decreased, and the premiums on this insurance coverage remain costly. Insurance for other claims such as wage and hour, certain environmental, **data** privacy **, cybersecurity** and unfair business practices may no longer be available, and the premiums on that insurance coverage, to the extent it is available, remain costly. As a result, insurance protection against these claims may not be sufficient to cover all claims against us or our tenants or managers and may not be available at a reasonable cost or otherwise on terms that provide adequate coverage. If we or our tenants and managers are unable to maintain adequate insurance coverage or are required to pay damages, we or they may be exposed to substantial liabilities, and the adverse impact on our or our tenants' and managers' respective financial condition, results of operations and cash flows could be material, and could adversely affect our tenants' and managers' ability to meet their obligations to us. Additionally, we and those of our tenants and managers who self- insure or who transfer risk of losses to a wholly **-** owned captive insurance company could incur large funded and unfunded property and liability expenses, which could materially adversely affect their or our liquidity, financial condition and results of operations. Failure to maintain effective internal controls could harm our business, results of operations and financial condition. Under 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 that 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 material 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 over financial reporting and our operating 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, financial condition and results of operations could be adversely affected and we could fail to meet our reporting obligations. 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 the 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 some circumstances, environmental liability may result from the activities of a current or former tenant or manager of the property. Although we generally have indemnification rights against the current tenants or managers of our properties for contamination they cause, that indemnification may not adequately cover all environmental costs. See " Government Regulation — Environmental Regulation " included in Part I, Item 1 of this Annual Report. 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 regular U. S. federal corporate income tax **for any taxable year for which we did not qualify as a REIT** ; • We could be subject to increased state and local taxes **for those years** ; 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 **latest taxable** year during which we were disqualified. In addition, **for any year** in **which** ~~such event~~ we ~~would~~ **are otherwise unable to qualify as a REIT, we will** ~~no~~ **not** ~~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 provisions of the Code 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. In order to maintain our qualification as a REIT, we must satisfy a number of requirements, generally including requirements regarding the ownership of our stock, requirements regarding the composition of our assets, a requirement that at least 95 % of our gross income in any year must be derived from qualifying sources, and a requirement to make distributions to our stockholders aggregating annually at least 90 % of our net taxable income, excluding capital gains. 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 a nondeductible excise tax **and federal corporate income tax on undistributed REIT taxable income** , we must make **annual** distributions **of 100 % of our REIT taxable income** to our stockholders. 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. From time to time, we may not have sufficient cash or other liquid assets to satisfy the REIT distribution requirements. 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 **distribute 100** ~~satisfy the 90~~ % ~~distribution requirement~~ **of our REIT taxable income** . In the event that timing differences occur **(** or **, as applicable,** 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~~ **other** ~~transaction~~ **transactions** 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 " — Our Capital Structure Risks — We are highly dependent on access to the capital markets. Limitations on our ability to access capital could have an adverse effect on us, including 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, " above. 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~~ **Our certificate of incorporation contains restrictions on the ownership and transfer of our common and preferred stock to enable** us ~~in~~ **to** ~~preserving~~ **preserve** our ~~qualification as a~~ REIT ~~, our~~ **status. Our** certificate of incorporation provides ~~that~~ **certain specified remedies if a transfer would violate one of the ownership limitations. In particular,** if a person acquires beneficial **or constructive** ownership of **more than the ownership limit (currently, 9. 0 %, in number or value, of our outstanding common stock or** more than 9. ~~0 % of our outstanding common stock or more than 9.~~ 9 % **, in number or value,** of our outstanding preferred stock **)** , **or in violation of certain other limitations set forth in our certificate of incorporation, then** the shares that are beneficially **or constructively** owned in excess of the ~~applicable limit~~ **relevant limitation** are considered " excess shares **.** " ~~and~~ **Excess 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 excess shares and the trustee may exercise all voting power over the excess shares. We also 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 **, and**

we may defer payment of the purchase price for up to five years . 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 **. The owner of the excess shares is entitled to receive the lesser of the proceeds from the sale of the excess shares or the original purchase price for such excess shares, and any additional amounts are payable to the beneficiary of the trust** . 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. Our use of taxable REIT subsidiaries is limited under the Code. Under the Code, no more than 20 % of the value of the gross assets of a REIT may be represented by securities of one or more taxable REIT subsidiaries (" TRSs "). This limitation may affect our ability to increase the size of our TRSs' operations and assets, and there can be no assurance that we will be able to comply with the applicable limitation, or that such compliance will not adversely affect our business. Also, our TRSs may not, among other things, operate or manage ~~certain~~ healthcare facilities, which may cause us to forgo investments we might otherwise make. Finally, we may be subject to a 100 % excise tax ~~on~~ **as a result of transactions involving our TRSs to the extent that it is determined that** ~~the~~ **those transactions resulted in our TRSs having less taxable** income ~~derived from certain~~ **than the TRSs would have had if the** transactions **were undertaken by unrelated parties** ~~with our TRSs that are not~~ on an arm' s- length basis. We believe our arrangements with **or involving** our TRSs are on arm' s- length terms and intend to continue to operate in a manner that allows us to avoid incurring the 100 % excise tax described above, but there can be no assurance that we will be able to avoid application of that tax. Complying with REIT requirements may cause us to forego otherwise attractive opportunities (including investing in our tenants) or liquidate otherwise attractive investments. To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. In order to meet these tests, we may be required to forego investments we might otherwise make (including investments in our tenants) or to liquidate otherwise attractive investments. This limited investment scope could also lead to financial risks or limit our flexibility during times of operating instability. The lease of qualified healthcare properties to a TRS is subject to special requirements. We lease certain healthcare properties to TRSs, which in turn contract with third- party managers to manage the healthcare operations at these properties. The rents we receive from a TRS pursuant to this arrangement are treated as qualifying rents from real property if the healthcare property is a qualified health care property (as defined in the Code), the rents are paid pursuant to **a** ~~an arm' s- length~~ lease with a TRS and the manager qualifies as an eligible independent contractor (as defined in the Code). **The determination of what is a qualified healthcare property is complex and, particularly with respect to unlicensed properties, dependent on the day- to- day operations and other arrangements in place at those properties.** We **believe that we have appropriately determined which of our properties are properly characterized as qualified healthcare properties and that we** have structured the applicable leases and related arrangements in a manner intended to meet these requirements, but there can be no assurance that these conditions will be satisfied. If any of these conditions is not satisfied with respect to a particular lease, then the rents we receive with respect to such lease will not be qualifying rents, which could have an adverse effect on our ability to comply with REIT income tests and thus on our ability to qualify as a REIT unless we are able to avail ourselves of certain relief provisions. The tax imposed on REITs engaging in " prohibited transactions " may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes. A REIT' s net income from prohibited transactions is subject to a 100 % penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business, unless certain safe harbor exceptions apply. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, such characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to **satisfy** ~~make use of~~ the available safe harbors **. Ventas may incur adverse tax consequences if New Senior or any of Ventas' s subsidiary REITs failed to qualify as a REIT for U. S. federal income tax purposes. Ventas completed its merger with New Senior and received an opinion from REIT counsel to the effect that, at all times starting with its taxable year ended December 31, 2014 and through the closing date, New Senior was organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code. The opinion is not binding on the IRS or any court, and it is possible that the IRS could take a contrary position or that this tax position might not be sustained. If New Senior failed to qualify as a REIT for U. S. federal income tax purposes, Ventas would succeed to any tax liabilities. These liabilities could be significant, and Ventas could possibly fail to qualify as a REIT. If New Senior failed to qualify as a REIT for U. S. federal income tax purposes, for the five- year period after the merger, upon a taxable disposition of any of New Senior' s assets, Ventas could be subject to corporate- level tax with respect to all or a portion of the gain so recognized. Ventas' s REIT status also depends on the ongoing qualification of subsidiary entities qualifying as REITs or TRSs, as applicable, as a result of its substantial ownership interest in those entities** . Legislative or other actions affecting REITs **or taxes** could have a negative effect on our stockholders or us. The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U. S. Treasury Department. Changes to the tax laws, with or without retroactive application, could adversely affect our investors or us. New legislation, U. S. Treasury Department regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT, the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT. ~~Ventas may incur adverse~~ **In addition, we are subject to some** ~~tax~~ **taxes** ~~consequences~~ **on our income and property even** if **we** ~~New Senior or any of Ventas' s subsidiary REITs failed to~~ qualify as a REIT ~~for~~ **, including state, local, and foreign taxes, and** U. S. federal income ~~tax~~ **taxes in the case of our taxable** ~~purposes. Ventas completed its merger with New Senior and received an opinion from~~ REIT ~~counsel to~~ **subsidiaries. To** the **extent the Company is required to pay any taxes under**

existing laws or due to future changes in law, we will have less cash available for distribution to shareholders. The Company is continuing to evaluate the potential effect **of pending legislation related to interest expense deductibility** ~~that, at all times starting with its taxable year ended December 31, 2014 and through the closing date, New Senior was organized and operated~~ in **Canada** ~~conformity with the requirements for qualification and taxation as a REIT under the Code. The opinion is not binding on the IRS or any court~~ , **which** ~~and it is possible that the IRS~~ could ~~take~~ **have** a **significant impact** ~~contrary position or that this tax position might not be sustained. If New Senior failed~~ to ~~qualify as a REIT for U. S. federal~~ income tax **expense and cash** ~~purposes, Ventas would succeed to any tax~~ **taxes in future** ~~liabilities. These liabilities could be significant, and Ventas could possibly fail to qualify as a REIT. If New Senior failed to qualify as a REIT for U. S. federal income tax purposes, for the five- year period~~ **periods** ~~after the merger, upon a taxable disposition of any of New Senior' s assets, Ventas could be subject to corporate- level tax with respect to all or a portion of the gain so recognized~~ . ~~Ventas' s REIT status also depends on the ongoing qualification of subsidiary entities qualifying as REITs or TRSs, as applicable, as a result of its substantial ownership interest in those entities.~~