

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

August 7, 2013 (August 7, 2013)

Brookdale Senior Living Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-32641

(Commission File Number)

20-3068069

(IRS Employer
Identification No.)

111 Westwood Place, Suite 400, Brentwood, Tennessee

(Address of principal executive offices)

37027

(Zip Code)

Registrant's telephone number, including area code

(615) 221-2250

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

On August 7, 2013, Brookdale Senior Living Inc. (the "Company") issued a press release announcing its second quarter 2013 financial results and announcing a conference call to review these results. A copy of the press release is furnished herewith as Exhibit 99.1.

Supplemental information relating to the Company's second quarter 2013 results is furnished herewith as Exhibit 99.2.

The information furnished pursuant to this Current Report on Form 8-K (including the exhibits hereto) shall not be considered "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, unless the Company expressly sets forth by specific reference in such filing that such information is to be considered "filed" or incorporated by reference therein.

Section 7 — Regulation FD

Item 7.01 Regulation FD Disclosure.

The information set forth in Item 2.02 of this report is incorporated herein by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d)	Exhibits
99.1	Press Release dated August 7, 2013
99.2	Supplemental Information

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BROOKDALE SENIOR LIVING INC.

Date: August 7, 2013

By: /s/ Chad C. White
Name: Chad C. White
Title: Vice President, Co-General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release dated August 7, 2013.
99.2	Supplemental Information.



FOR IMMEDIATE RELEASE

Contact:

Brookdale Senior Living Inc.
Ross Roadman 615-564-8104

Brookdale Announces Second Quarter 2013 Results

Nashville, Tenn. August 7, 2013 – Brookdale Senior Living Inc. (NYSE: BKD) (the "Company") today reported financial and operating results for the second quarter of 2013.

- Cash From Facility Operations ("CFFO") was \$74.8 million, or \$0.61 per share, an 8.1% increase compared to CFFO of \$69.2 million, or \$0.57 per share, for the second quarter of 2012, excluding \$3.6 million and \$7.7 million of integration, transaction-related and electronic medical records ("EMR") roll-out costs for the three months ended June 30, 2013 and 2012, respectively.
- Average occupancy was 88.3%, a 60 basis point increase from 87.7% in the second quarter of 2012 and down 20 basis points from the first quarter of 2013.
- Entry Fee CCRCs produced a second quarter record 128 independent living entry fee unit closings and \$16.4 million of net cash flow, an increase of \$2.2 million over the second quarter of 2012.
- Same community Facility Operating Income for the senior housing portfolio grew by 4.8% compared to the prior year quarter as same community revenue grew by 3.1% and same community expenses grew by 2.2%, with margin improving to 33.9%, a 60 basis point increase.
- Adjusted EBITDA was \$117.4 million, up 4.7% as compared to \$112.2 million in the second quarter of 2012, excluding integration, transaction-related and EMR roll-out costs in both periods.
- Full-year CFFO guidance increased to \$2.35 to \$2.45 per share, excluding integration, transaction-related and EMR roll-out costs.

Andy Smith, Brookdale's CEO, said, "We produced solid second quarter results. Driving top-line revenue growth, while managing expense growth, resulted in CFFO growth of 8% for the quarter and 13% year to date. Occupancy was up 60 basis points over last year's second quarter and pricing growth for our senior housing business, excluding skilled nursing, was 2.7% versus the prior year period. Bolstered by the improving housing market, we had a terrific quarter in our entry fee CCRCs with a record number of second quarter sales. Our branding initiative is off to a strong start and we are encouraged by the initial results of our innovative marketing work. Our second quarter results, like those for the first quarter, demonstrate positive momentum of a slowly strengthening economic environment that enables us to increase our full year CFFO guidance."

Financial Results

Total revenue for the second quarter was \$716.5 million, an increase of \$26.0 million, or 3.8%, from the second quarter of 2012.

Second quarter 2013 total revenue is comprised of resident fee revenue of \$620.9 million, which increased \$18.9 million, or 3.1%, from the second quarter of 2012, management fee revenue of \$7.7 million, which increased \$0.2 million, or 3.3%, from the second quarter of 2012, and managed community reimbursed costs of \$87.8 million, which increased \$6.9 million, or 8.5%.

Resident fee revenue increased primarily as a result of an increase in the average monthly revenue per unit compared to the prior year period and an increase in occupancy. Average monthly revenue per unit for the senior housing portfolio was \$4,373 in the second quarter, an increase of \$107, or 2.5%, over the second quarter of 2012. Average occupancy for all consolidated communities for the second quarter of 2013 was 88.3%, compared to 87.7% for the second quarter of 2012 and 88.5% for the first quarter of 2013. For the managed community portfolio, which includes a number of pre-stabilized communities in the initial fill-up phase, average occupancy for the second quarter was 84.9%, a 90 basis point increase from 84.0% in the second quarter of 2012 and level with the first quarter of 2013.

Facility operating expenses for the second quarter were \$416.0 million, an increase of \$12.5 million, or 3.1%, from the second quarter of 2012. Costs incurred on behalf of managed communities increased \$6.9 million, or 8.5%.

General and administrative expenses for the second quarter were \$46.0 million. Excluding integration, transaction-related and EMR roll-out costs of \$3.6 million and \$7.7 million in the second quarters of 2013 and 2012, respectively, and non-cash stock-based compensation expense from both periods, general and administrative expenses were \$35.4 million in the second quarter of 2013 versus \$31.7 million for the prior year same period. Demonstrating the Company's efficient platform, general and administrative expenses were, excluding these items, 4.5% of resident fee revenue (including resident fee revenues under management) in the second quarter of 2013, up from 4.2% the prior year.

Non-GAAP Financial Measures

Brookdale's management utilizes Adjusted EBITDA and CFFO to evaluate the Company's performance and liquidity because these metrics exclude non-cash items such as depreciation and amortization, asset impairment charges, non-cash stock-based compensation expense, gain on facility lease termination and straight-line lease expense, net of deferred gain amortization. Adjusted EBITDA and CFFO include integration, transaction-related and EMR roll-out costs of \$3.6 million and \$7.7 million for the three months ended June 30, 2013 and 2012, respectively, and \$5.7 million and \$11.6 million for the six months ended June 30, 2013 and 2012, respectively.

Brookdale also uses Facility Operating Income to assess the performance of its communities.

For the quarter ended June 30, 2013, Facility Operating Income was \$197.9 million, an increase of \$5.7 million, or 2.9%, over the second quarter of 2012, and Adjusted EBITDA, excluding integration, transaction-related and EMR roll-out costs in 2013 and 2012, was \$117.4 million, an

increase of \$5.3 million, or 4.7%, over the second quarter of 2012. For the six months ended June 30, 2013, Facility Operating Income was \$402.1 million, an increase of \$18.2 million, or 4.7%, over the first half of 2012, and Adjusted EBITDA, excluding integration, transaction-related and EMR roll-out costs in 2013 and 2012, was \$229.9 million, an increase of \$17.2 million, or 8.1%, over the first half of 2012.

Cash From Facility Operations was \$71.2 million for the second quarter of 2013, or \$0.58 per share. CFFO, excluding integration, transaction-related and EMR roll-out costs for both periods, was \$74.8 million for the second quarter of 2013, or \$0.61 per share, an increase of \$5.6 million, or 8.1%, over CFFO of \$69.2 million, or \$0.57 per share, for the second quarter of 2012. CFFO, excluding integration, transaction-related and EMR roll-out costs for both periods, was \$144.7 million for the six months ended June 30, 2013, or \$1.18 per share, an increase of \$17.1 million, or 13.4%, over CFFO of \$127.7 million, or \$1.05 per share, for the same period in 2012.

Net Loss

Net loss for the second quarter of 2013 was \$(5.2) million, or \$(0.04) per diluted common share. The net loss for the quarter includes non-cash items for depreciation and amortization, asset impairment, non-cash stock-based compensation expense, straight-line lease expense, net of deferred gain amortization and change in fair value of derivatives.

Operating Activities

The Company reports information on six segments. Four segments (Retirement Centers, Assisted Living, CCRCs – Rental and CCRCs – Entry Fee) constitute the Company's consolidated senior housing portfolio. The fifth segment, Innovative Senior Care, includes the Company's outpatient therapy, home health and hospice services. The sixth segment, Management Services, includes the services provided to unconsolidated communities that are operated under management agreements.

Senior Housing

Revenue for the consolidated senior housing portfolio was \$562.2 million for the second quarter of 2013, an increase of 3.3% from the second quarter of 2012. Revenue was positively impacted by a 60 basis point increase in occupancy and a 2.5% increase in rate over the second quarter of 2012. Facility operating expenses increased by \$9.3 million, or 2.6%. Operating income for the senior housing portfolio for the second quarter of 2013 increased by \$8.6 million, or 4.6%, from the second quarter of 2012 and operating margin increased to 34.5% in the second quarter of 2013 from 34.0% in the second quarter of 2012.

Same community results for the consolidated senior housing portfolio for the three months ended June 30, 2013 showed revenues grew 3.1% over the corresponding period in 2012 as revenue per unit increased by 2.2% and occupancy grew by 80 basis points. Same community expenses grew by 2.2% over the second quarter of 2012. Same community Facility Operating Income for the senior housing portfolio increased by 4.8% over the second quarter of 2012.

Innovative Senior Care

Revenue for the Company's ISC segment increased \$1.0 million, or 1.7%, to \$58.7 million, for the second quarter of 2013, primarily due to the roll-out of the Company's ancillary services programs to additional units. In comparison to the second quarter of 2012, a volume increase in home health was partially offset by a reduction in volume for outpatient therapy. ISC operating expenses increased \$3.2 million, or 7.2%, primarily due to an increase in expenses incurred in connection with the continued expansion of the Company's ancillary services programs. As a result, ISC operating income was \$11.2 million, a decrease of \$2.2 million, or 16.4%, versus the second quarter of 2012.

By the end of the second quarter, the Company's ancillary services programs provided outpatient therapy services to approximately 38,100 units and the Company's home health agencies were serving approximately 32,900 units across the consolidated Brookdale portfolio. Including non-consolidated communities, the Company's outpatient therapy and home health operations serve approximately 52,300 and 46,100 units, respectively. The Company had nine markets where hospice services were provided during the second quarter.

Liquidity

Brookdale had \$30.9 million of unrestricted cash and cash equivalents and \$102.8 million of restricted cash on its balance sheet at the end of the second quarter. As of June 30, 2013, the Company had an available secured line of credit with a \$250.0 million commitment and \$225.3 million of availability (of which \$70.0 million had been drawn as of that date). The Company also had secured and unsecured letter of credit facilities of up to \$92.5 million in the aggregate as of June 30, 2013, with issued letters of credit totaling \$75.0 million.

Transactions

During the quarter, the Company acquired the underlying real estate interest in two communities: a 235-unit entry fee CCRC that the Company previously managed and a 20-unit memory care community. The Company will continue to manage the CCRC and continue to report the results of operations in the management services segment until necessary licensure approvals are obtained. The results of operations of the memory care community will be reported in the Assisted Living segment. During the quarter, the Company also purchased one home health agency for an aggregate purchase price of approximately \$1.4 million.

During the quarter, the Company announced that it had entered into an agreement to acquire seven senior living communities with a total of 613 units from Chartwell Retirement Residences for an aggregate purchase price of \$80.9 million, plus customary transaction expenses. The Company has been managing six of the communities since the acquisition of Horizon Bay in September 2011. The consummation of the transaction is subject to the satisfaction of certain closing conditions and contingencies, including the receipt of certain lender and regulatory approvals and consents. The transaction is expected to close during the third quarter of 2013.

During the quarter, the Company completed refinancings of several mortgage loans totaling \$440.2 million, which primarily had maturities in 2013. In their place, the Company obtained mortgage loans totaling \$396.1 million to repay the loans, with the remainder paid in cash.

Subsequent to the end of the quarter, the Company obtained \$172.1 million in loans secured by first mortgages on four communities. Proceeds of the loans were used to refinance or repay a total of \$142.0 million of debt which was scheduled to mature on August 1, 2013.

2013 Outlook

Based on results through the first half of 2013 and expected trends for the balance of the year, the Company now expects full year Cash From Facility Operations to range between \$2.35 and \$2.45 per share, excluding integration, transaction-related and EMR roll-out costs. These estimates include expected accretion from the Chartwell portfolio acquisition, but do not include the impact on operating results from other possible future acquisitions or dispositions.

Supplemental Information

The Company will shortly post on the Investor Relations section of the Company's website at www.brookdaleliving.com supplemental information relating to the Company's second quarter 2013 results. This information will also be furnished in a Form 8-K to be filed with the SEC.

Earnings Conference Call

Brookdale's management will conduct a conference call to review the financial results of its second quarter ended June 30, 2013 on Thursday, August 8, 2013 at 9:00 AM ET. The conference call can be accessed by dialing (866) 900-2996 (from within the U.S.) or (706) 643-2685 (from outside of the U.S.) ten minutes prior to the scheduled start and referencing the "Brookdale Senior Living Second Quarter Earnings Call."

A webcast of the conference call will be available to the public on a listen-only basis at www.brookdaleliving.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available through the website for three months following the call.

For those who cannot listen to the live call, a replay will be available until 11:59 PM ET on August 22, 2013 by dialing (855) 859-2056 (from within the U.S.) or (404) 537-3406 (from outside of the U.S.) and referencing access code "25396184". A copy of this earnings release is posted on the Investor Relations page of the Brookdale website (www.brookdaleliving.com).

About Brookdale Senior Living

Brookdale Senior Living Inc. is a leading owner and operator of senior living communities throughout the United States. The Company is committed to providing senior living solutions within properties that are designed, purpose-built and operated to provide the highest-quality service, care and living accommodations for residents. Currently Brookdale operates independent living, assisted living, and dementia-care communities and continuing care retirement centers, with 650 communities in 36 states and the ability to serve approximately 67,000 residents. Through its Innovative Senior Care program, the Company also offers a range of outpatient therapy, home health, personalized living and hospice services.

Safe Harbor

Certain items in this press release and the associated earnings conference call may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are subject to various risks and uncertainties and include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, statements relating to our operational initiatives and our expectations regarding their effect on our results; our expectations regarding the economy, the senior living industry, occupancy, revenue, cash flow, operating income, expenses, capital expenditures, Program Max opportunities, cost savings, the demand for senior housing, the home resale market, expansion and development activity, acquisition opportunities, asset dispositions, our share repurchase program, taxes, capital deployment, returns on invested capital and CFFO; our expectations regarding returns to shareholders and our growth prospects; our expectations concerning the future performance of recently acquired communities and the effects of acquisitions on our financial results; our expectations regarding the consummation of the Chartwell portfolio acquisition (including the anticipated timing thereof) and the effect of the acquisition on our financial results; our ability to secure financing or repay, replace or extend existing debt at or prior to maturity; our ability to remain in compliance with all of our debt and lease agreements (including the financial covenants contained therein); our expectations regarding liquidity and leverage; our expectations regarding financings and refinancings of assets (including the timing thereof) and their effect on our results; our expectations regarding changes in government reimbursement programs and their effect on our results; our plans to generate growth organically through occupancy improvements, increases in annual rental rates and the achievement of operating efficiencies and cost savings; our plans to expand our offering of ancillary services (therapy, home health and hospice); our plans to expand, renovate, redevelop and reposition existing communities; our plans to acquire additional communities, asset portfolios, operating companies and home health agencies; the expected project costs for our expansion, redevelopment and repositioning program; our expected levels of expenditures and reimbursements (and the timing thereof); our expectations regarding our sales, marketing and branding initiatives and their impact on our results; our expectations for the performance of our entrance fee communities; our ability to anticipate, manage and address industry trends and their effect on our business; our expectations regarding the payment of dividends; and our ability to increase revenues, earnings, Adjusted EBITDA, Cash From Facility Operations, and/or Facility Operating Income. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "would," "project," "predict," "continue," "plan" or other similar words or expressions. Forward-looking statements are based on certain assumptions or estimates, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition, or state other forward-looking information. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, actual results and performance could differ materially from those set forth in the forward-looking statements. Factors which could have a material adverse effect on our operations and future prospects or which could cause events or circumstances to differ from these forward-looking statements include, but are not limited to, our ability to satisfy the closing conditions and successfully complete the Chartwell portfolio acquisition; our ability to assume and obtain the mortgage debt financing for the Chartwell portfolio acquisition; the risk associated with the current global

economic situation and its impact upon capital markets and liquidity; changes in governmental reimbursement programs; our inability to extend (or refinance) debt (including our credit and letter of credit facilities) as it matures; the risk that we may not be able to satisfy the conditions precedent to exercising the extension options associated with certain of our debt agreements; events which adversely affect the ability of seniors to afford our monthly resident fees or entrance fees; the conditions of housing markets in certain geographic areas; our ability to generate sufficient cash flow to cover required interest and long-term operating lease payments; the effect of our indebtedness and long-term operating leases on our liquidity; the risk of loss of property pursuant to our mortgage debt and long-term lease obligations; the possibilities that changes in the capital markets, including changes in interest rates and/or credit spreads, or other factors could make financing more expensive or unavailable to us; our determination from time to time to purchase any shares under the repurchase program; our ability to fund any repurchases; our ability to effectively manage our growth; our ability to maintain consistent quality control; delays in obtaining regulatory approvals; the risk that we may not be able to expand, redevelop and reposition our communities in accordance with our plans; our ability to complete acquisitions and integrate them into our operations; competition for the acquisition of assets; our ability to obtain additional capital on terms acceptable to us; a decrease in the overall demand for senior housing; our vulnerability to economic downturns; acts of nature in certain geographic areas; terminations of our resident agreements and vacancies in the living spaces we lease; early terminations or non-renewal of management agreements; increased competition for skilled personnel; increased union activity; departure of our key officers; increases in market interest rates; environmental contamination at any of our facilities; failure to comply with existing environmental laws; an adverse determination or resolution of complaints filed against us; the cost and difficulty of complying with increasing and evolving regulation; and other risks detailed from time to time in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in such SEC filings. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this press release and/or the associated earnings conference call.

The factors discussed above and the other factors noted in our SEC filings from time to time could cause our actual results to differ significantly from those contained in any forward-looking statement. We cannot guarantee future results, levels of activity, performance or achievements and we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Condensed Consolidated Statements of Operations

(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue				
Resident fees	\$ 620,938	\$ 602,050	\$ 1,245,308	\$ 1,198,599
Management fees	7,744	7,499	15,353	14,943
Reimbursed costs incurred on behalf of managed communities	87,786	80,924	168,073	159,639
Total revenue	<u>716,468</u>	<u>690,473</u>	<u>1,428,734</u>	<u>1,373,181</u>
Expense				
Facility operating expense (excluding depreciation and amortization of \$59,444, \$58,090, \$116,699 and \$116,026, respectively)	416,027	403,515	829,030	802,284
General and administrative expense (including non-cash stock-based compensation expense of \$6,988, \$6,729, \$13,882 and \$13,164, respectively)	46,035	46,071	92,646	91,044
Facility lease expense	68,777	70,628	137,796	142,073
Depreciation and amortization	67,254	63,561	131,913	126,905
Asset impairment	2,154	7,246	2,154	8,329
Loss on acquisition	-	-	-	636
Gain on facility lease termination	-	-	-	(2,780)
Costs incurred on behalf of managed communities	87,786	80,924	168,073	159,639
Total operating expense	<u>688,033</u>	<u>671,945</u>	<u>1,361,612</u>	<u>1,328,130</u>
Income from operations	<u>28,435</u>	<u>18,528</u>	<u>67,122</u>	<u>45,051</u>
Interest income	252	692	555	1,544
Interest expense:				
Debt	(29,843)	(32,431)	(60,814)	(64,481)
Amortization of deferred financing costs and debt discount	(4,348)	(4,586)	(8,917)	(9,059)
Change in fair value of derivatives and amortization	1,836	(278)	1,971	(511)
Loss on extinguishment of debt	(893)	-	(893)	(221)
Equity in earnings (loss) of unconsolidated ventures	445	(61)	560	38
Other non-operating income (loss)	80	3	1,086	(108)
(Loss) income before income taxes	<u>(4,036)</u>	<u>(18,133)</u>	<u>670</u>	<u>(27,747)</u>
Provision for income taxes	(1,164)	(882)	(2,312)	(1,812)
Net loss	<u>\$ (5,200)</u>	<u>\$ (19,015)</u>	<u>\$ (1,642)</u>	<u>\$ (29,559)</u>
Basic and diluted net loss per share	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.01)</u>	<u>\$ (0.24)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>123,405</u>	<u>121,708</u>	<u>123,114</u>	<u>121,426</u>

Condensed Consolidated Balance Sheets
(in thousands)

	June 30, 2013	December 31, 2012
	<i>(unaudited)</i>	
Cash and cash equivalents	\$ 30,946	\$ 69,240
Cash and escrow deposits - restricted	43,559	43,096
Accounts receivable, net	107,139	100,401
Other current assets	<u>101,381</u>	<u>96,301</u>
Total current assets	283,025	309,038
Property, plant, and equipment and leasehold intangibles, net	3,855,653	3,879,977
Other assets, net	<u>492,164</u>	<u>476,963</u>
Total assets	<u>\$ 4,630,842</u>	<u>\$ 4,665,978</u>
Current liabilities	\$ 696,204	\$ 1,130,898
Long-term debt, less current portion	2,556,222	2,169,826
Other liabilities	<u>368,284</u>	<u>368,268</u>
Total liabilities	3,620,710	3,668,992
Stockholders' equity	<u>1,010,132</u>	<u>996,986</u>
Total liabilities and stockholders' equity	<u>\$ 4,630,842</u>	<u>\$ 4,665,978</u>

Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net loss	\$ (1,642)	\$ (29,559)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss on extinguishment of debt	893	221
Depreciation and amortization	140,830	135,964
Asset impairment	2,154	8,329
Equity in earnings of unconsolidated ventures	(560)	(38)
Distributions from unconsolidated ventures from cumulative share of net earnings	1,441	1,015
Amortization of deferred gain	(2,186)	(2,186)
Amortization of entrance fees	(14,165)	(12,376)
Proceeds from deferred entrance fee revenue	21,361	17,377
Deferred income tax benefit	-	(304)
Change in deferred lease liability	1,432	3,206
Change in fair value of derivatives and amortization	(1,971)	511
(Gain) loss on sale of assets	(902)	172
Loss on acquisition	-	636
Gain on facility lease termination	-	(2,780)
Non-cash stock-based compensation	13,882	13,164
Changes in operating assets and liabilities:		
Accounts receivable, net	(7,328)	(8,801)
Prepaid expenses and other assets, net	(3,539)	4,446
Accounts payable and accrued expenses	2,055	(7,800)
Tenant refundable fees and security deposits	(593)	(1,117)
Deferred revenue	(6,334)	8,467
Net cash provided by operating activities	<u>144,828</u>	<u>128,547</u>
Cash Flows from Investing Activities		
Increase in lease security deposits and lease acquisition deposits, net	(3,018)	(6,336)
Decrease in cash and escrow deposits — restricted	3,021	5,404
Purchase of marketable securities — restricted	-	(400)
Additions to property, plant, and equipment and leasehold intangibles, net	(100,291)	(91,966)
Acquisition of assets, net of related payables and cash received	(4,835)	(109,959)
Issuance of notes receivable, net	(64)	(439)
Investment in unconsolidated ventures	(7,992)	(571)
Distributions received from unconsolidated ventures	-	184
Proceeds from sale of assets, net	7,554	325
Other	-	(702)
Net cash used in investing activities	<u>(105,625)</u>	<u>(204,460)</u>
Cash Flows from Financing Activities		
Proceeds from debt	427,622	193,016
Repayment of debt and capital lease obligations	(488,532)	(118,653)
Proceeds from line of credit	190,000	205,000
Repayment of line of credit	(200,000)	(195,000)
Payment of financing costs, net of related payables	(7,895)	(2,714)
Refundable entrance fees:		
Proceeds from refundable entrance fees	19,390	17,306
Refunds of entrance fees	(16,776)	(13,531)
Cash portion of loss on extinguishment of debt	(453)	(118)
Purchase of derivatives and payment of swap termination	(1,489)	(1,289)
Other	636	(264)
Net cash (used in) provided by financing activities	<u>(77,497)</u>	<u>83,753</u>
Net (decrease) increase in cash and cash equivalents	(38,294)	7,840
Cash and cash equivalents at beginning of period	69,240	30,836
Cash and cash equivalents at end of period	<u>\$ 30,946</u>	<u>\$ 38,676</u>

Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA should not be considered in isolation or as a substitute for net income, income from operations or cash flows provided by or used in operations, as determined in accordance with GAAP. Adjusted EBITDA is a key measure of the Company's operating performance used by management to focus on operating performance and management without mixing in items of income and expense that relate to long-term contracts and the financing and capitalization of the business. We define Adjusted EBITDA as net income (loss) before provision (benefit) for income taxes, non-operating (income) expense items, (gain) loss on sale or acquisition of communities (including gain (loss) on facility lease termination), depreciation and amortization (including non-cash impairment charges), straight-line lease expense (income), amortization of deferred gain, amortization of deferred entrance fees, non-cash stock-based compensation expense, and change in future service obligation and including entrance fee receipts and refunds (excluding (i) first generation entrance fee receipts from the sale of units at a recently opened entrance fee CCRC prior to stabilization and (ii) first generation entrance fee refunds not replaced by second generation entrance fee receipts at the recently opened community prior to stabilization).

We believe Adjusted EBITDA is useful to investors in evaluating our performance, results of operations and financial position for the following reasons:

- It is helpful in identifying trends in our day-to-day performance because the items excluded have little or no significance to our day-to-day operations;
- It provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance; and
- It is an indication to determine if adjustments to current spending decisions are needed.

The table below reconciles Adjusted EBITDA from net loss for the three and six months ended June 30, 2013 and 2012 (*in thousands*):

	Three Months Ended June 30 ⁽¹⁾ ,		Six Months Ended June 30 ⁽¹⁾ ,	
	2013	2012	2013	2012
Net loss	\$ (5,200)	\$ (19,015)	\$ (1,642)	\$ (29,559)
Provision for income taxes	1,164	882	2,312	1,812
Equity in (earnings) loss of unconsolidated ventures	(445)	61	(560)	(38)
Loss on extinguishment of debt	893	-	893	221
Other non-operating (income) loss	(80)	(3)	(1,086)	108
Interest expense:				
Debt	23,376	24,736	47,824	49,076
Capitalized lease obligation	6,467	7,695	12,990	15,405
Amortization of deferred financing costs and debt discount	4,348	4,586	8,917	9,059
Change in fair value of derivatives and amortization	(1,836)	278	(1,971)	511
Interest income	(252)	(692)	(555)	(1,544)
Income from operations	28,435	18,528	67,122	45,051
Gain on facility lease termination	-	-	-	(2,780)
Loss on acquisition	-	-	-	636
Depreciation and amortization	67,254	63,561	131,913	126,905
Asset impairment	2,154	7,246	2,154	8,329
Straight-line lease expense	684	1,564	1,432	3,206
Amortization of deferred gain	(1,093)	(1,093)	(2,186)	(2,186)
Amortization of entrance fees	(7,032)	(6,310)	(14,165)	(12,376)
Non-cash stock-based compensation expense	6,988	6,729	13,882	13,164
Entrance fee receipts ⁽²⁾	23,878	19,694	40,751	34,683
Entrance fee disbursements	(7,456)	(5,429)	(16,776)	(13,531)
Adjusted EBITDA	\$ 113,812	\$ 104,490	\$ 224,127	\$ 201,101

- (1) The calculation of Adjusted EBITDA includes integration, transaction-related and EMR roll-out costs of \$3.6 million and \$5.7 million for the three and six months ended June 30, 2013, respectively. The calculation of Adjusted EBITDA includes integration, transaction-related and EMR roll-out costs of \$7.7 million and \$11.6 million for the three and six months ended June 30, 2012, respectively.
- (2) Includes the receipt of refundable and non-refundable entrance fees.

Cash From Facility Operations

Cash From Facility Operations (CFFO) is a measurement of liquidity that is not calculated in accordance with GAAP and should not be considered in isolation as a substitute for cash flows provided by or used in operations, as determined in accordance with GAAP.

We define CFFO as net cash provided by (used in) operating activities adjusted for changes in operating assets and liabilities, deferred interest and fees added to principal, refundable entrance fees received, first generation entrance fee receipts at a recently opened entrance fee CCRC prior to stabilization, entrance fee refunds disbursed adjusted for first generation entrance fee refunds not replaced by second generation entrance fee receipts at the recently opened community prior to stabilization, lease financing debt amortization with fair market value or no purchase options, gain (loss) on facility lease termination, recurring capital expenditures (net), distributions from unconsolidated ventures from cumulative share of net earnings, CFFO from unconsolidated ventures, and other. Recurring capital expenditures include routine expenditures capitalized in accordance with GAAP that are funded from current operations.

Amounts excluded from recurring capital expenditures consist primarily of major projects, renovations, community repositionings, expansions, systems projects or other non-recurring or unusual capital items (including integration capital expenditures) or community purchases that are funded using lease or financing proceeds, available cash and/or proceeds from the sale of communities that are held for sale.

We believe CFFO is useful to investors in evaluating our liquidity for the following reasons:

- It provides an assessment of our ability to facilitate meeting current financial and liquidity goals.
- To assess our ability to:
 - (i) service our outstanding indebtedness;
 - (ii) pay dividends; and
 - (iii) make regular recurring capital expenditures to maintain and improve our facilities.

The table below reconciles CFFO from net cash provided by operating activities for the three and six months ended June 30, 2013 and 2012 (*in thousands*):

	Three Months Ended June 30⁽¹⁾,		Six Months Ended June 30⁽¹⁾,	
	2013	2012	2013	2012
Net cash provided by operating activities	\$ 80,343	\$ 82,854	\$ 144,828	\$ 128,547
Changes in operating assets and liabilities	(707)	(14,172)	15,739	4,805
Refundable entrance fees received ⁽²⁾	11,754	9,317	19,390	17,306
Entrance fee refunds disbursed	(7,456)	(5,429)	(16,776)	(13,531)
Recurring capital expenditures, net	(10,664)	(8,599)	(19,988)	(16,663)
Lease financing debt amortization with fair market value or no purchase options	(3,444)	(2,993)	(6,815)	(5,922)
Distributions from unconsolidated ventures from cumulative share of net earnings	(773)	(809)	(1,441)	(1,015)
CFFO from unconsolidated ventures	2,099	1,310	4,057	2,538
Cash From Facility Operations	\$ 71,152	\$ 61,479	\$ 138,994	\$ 116,065

- (1) The calculation of Cash From Facility Operations includes integration, transaction-related and EMR roll-out costs of \$3.6 million and \$5.7 million for the three and six months ended June 30, 2013, respectively. The calculation of Cash From Facility Operations includes integration, transaction-related and EMR roll-out costs of \$7.7 million and \$11.6 million for the three and six months ended June 30, 2012, respectively.
- (2) Total entrance fee receipts for the three months ended June 30, 2013 and 2012 were \$23.9 million and \$19.7 million, respectively, including \$12.1 million and \$10.4 million, respectively, of non-refundable entrance fee receipts included in net cash provided by operating activities. Total entrance fee receipts for the six months ended June 30, 2013 and 2012 were \$40.8 million and \$34.7 million, respectively, including \$21.4 million and \$17.4 million, respectively, of non-refundable entrance fee receipts included in net cash provided by operating activities.

The calculation of CFFO per share is based on weighted average outstanding common shares for the period, excluding any unvested restricted shares. Annual CFFO per share for all periods is calculated as the sum of the quarterly amounts for the year.

Facility Operating Income

Facility Operating Income is not a measurement of operating performance calculated in accordance with GAAP and should not be considered in isolation as a substitute for net income, income from operations, or cash flows provided by or used in operations, as determined in accordance with GAAP. We define Facility Operating Income as net income (loss) before provision (benefit) for income taxes, non-operating (income) expense items, (gain) loss on sale or acquisition of communities (including gain (loss) on facility lease termination), depreciation and amortization (including non-cash impairment charges), facility lease expense, general and administrative expense, including non-cash stock-based compensation expense, change in future service obligation, amortization of deferred entrance fee revenue and management fees.

We believe Facility Operating Income is useful to investors in evaluating our facility operating performance for the following reasons:

- It is helpful in identifying trends in our day-to-day facility performance;

- It provides an assessment of our revenue generation and expense management; and
- It provides an indicator to determine if adjustments to current spending decisions are needed.

The table below reconciles Facility Operating Income from net loss for the three and six months ended June 30, 2013 and 2012 (*in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net loss	\$ (5,200)	\$ (19,015)	\$ (1,642)	\$ (29,559)
Provision for income taxes	1,164	882	2,312	1,812
Equity in (earnings) loss of unconsolidated ventures	(445)	61	(560)	(38)
Loss on extinguishment of debt	893	-	893	221
Other non-operating (income) loss	(80)	(3)	(1,086)	108
Interest expense:				
Debt	23,376	24,736	47,824	49,076
Capitalized lease obligation	6,467	7,695	12,990	15,405
Amortization of deferred financing costs and debt discount	4,348	4,586	8,917	9,059
Change in fair value of derivatives and amortization	(1,836)	278	(1,971)	511
Interest income	(252)	(692)	(555)	(1,544)
Income from operations	28,435	18,528	67,122	45,051
Gain on facility lease termination	-	-	-	(2,780)
Depreciation and amortization	67,254	63,561	131,913	126,905
Asset impairment	2,154	7,246	2,154	8,329
Loss on acquisition	-	-	-	636
Facility lease expense	68,777	70,628	137,796	142,073
General and administrative (including non-cash stock-based compensation expense)	46,035	46,071	92,646	91,044
Amortization of entrance fees	(7,032)	(6,310)	(14,165)	(12,376)
Management fees	(7,744)	(7,499)	(15,353)	(14,943)
Facility Operating Income	\$ 197,879	\$ 192,225	\$ 402,113	\$ 383,939

Brookdale Senior Living Inc.
Corporate Overview - selected financial information
As of June 30, 2013

Corporate Overview

Brookdale Senior Living Inc. ("BKD") is a leading owner and operator of senior living communities throughout the United States. The Company is committed to providing an exceptional living experience through properties that are designed, purpose-built and operated to provide the highest-quality service, care and living accommodations for residents. As of June 30, 2013, the Company operates independent living, assisted living, and dementia-care communities and continuing care retirement centers, with 650 communities in 36 states and the ability to serve approximately 67,000 residents. Through its Innovative Senior Care program, the Company also offers a range of outpatient therapy, home health and hospice services, primarily to residents of its communities.

Stock Listing

Common Stock
NYSE: BKD

Community Information

Ownership Type	Number of Communities	Number of Units	Percentage of Q2 2013 Resident and Management Fees	Percentage of Q2 2013 Facility Operating Income	Percentage of YTD 2013 Resident and Management Fees	Percentage of YTD 2013 Facility Operating Income
Owned	220	22,944	42.2%	41.6%	42.2%	41.5%
Leased	329	25,758	47.3%	49.5%	47.2%	49.3%
Innovative Senior Care ("ISC")	N/A	N/A	9.3%	5.3%	9.4%	5.6%
Managed	101	18,200	1.2%	3.6%	1.2%	3.6%
Total	650	66,902	100.0%	100.0%	100.0%	100.0%

Operating Type - By Segment

Retirement Centers	76	14,525	20.7%	25.5%	20.6%	24.9%
Assisted Living	432	21,567	41.5%	45.2%	41.3%	44.6%
CCRCs - Rental	27	6,744	15.5%	12.0%	15.7%	12.7%
CCRCs - Entry Fee	14	5,866	11.8%	8.4%	11.8%	8.6%
Innovative Senior Care ("ISC")	N/A	N/A	9.3%	5.3%	9.4%	5.6%
Managed	101	18,200	1.2%	3.6%	1.2%	3.6%
Total	650	66,902	100.0%	100.0%	100.0%	100.0%

FFO Per Share

(\$ except where indicated)

	FY 2012					FY 2013	
	Q1	Q2	Q3	Q4	Full Year (1)	Q1	Q2
Reported CFFO	\$ 0.45	\$ 0.51	\$ 0.50	\$ 0.50	\$ 1.96	\$ 0.55	\$ 0.58
Add: integration, transaction-related and EMR roll-out costs	0.03	0.06	0.04	0.06	0.19	0.02	0.03
Adjusted CFFO	\$ 0.48	\$ 0.57	\$ 0.54	\$ 0.56	\$ 2.15	\$ 0.57	\$ 0.61
Weighted average shares (000's)	121,145	121,708	122,493	122,608		122,823	123,405
Period end outstanding shares (excluding unvested restricted shares) (000's)	121,197	122,474	122,575	122,738		123,040	124,061

(1) Full year CFFO for all periods is calculated as the sum of the quarterly amounts for the year.

Investor Relations

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Note: See accompanying second quarter earnings release for non-GAAP financial measure definitions and reconciliations.

Brookdale Senior Living Inc.
Segment Operating Information
As of June 30, 2013

Senior Housing Operating Information

	FY 2012					FY 2013	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Retirement Centers							
Number of communities (period end)	76	76	76	76	76	76	76
Total average units(1)	14,452	14,451	14,445	14,433	14,445	14,429	14,429
Weighted average unit occupancy	88.8%	88.8%	89.1%	89.7%	89.1%	89.5%	89.4%
Senior Housing average monthly revenue per unit(2)	\$ 3,235	\$ 3,268	\$ 3,275	\$ 3,276	\$ 3,263	\$ 3,328	\$ 3,362
Assisted Living							
Number of communities (period end)	434	434	434	433	433	431	432
Total average units(1)	21,635	21,637	21,652	21,577	21,625	21,556	21,499
Weighted average unit occupancy	88.5%	88.6%	89.1%	89.7%	88.9%	89.1%	89.4%
Senior Housing average monthly revenue per unit(2)	\$ 4,379	\$ 4,390	\$ 4,393	\$ 4,401	\$ 4,390	\$ 4,523	\$ 4,519
CCRCs - Rental							
Number of communities (period end)	26	27	27	27	27	27	27
Total average units(1)	6,626	6,659	6,691	6,691	6,667	6,687	6,684
Weighted average unit occupancy	86.5%	85.8%	85.8%	87.0%	86.3%	87.6%	86.2%
Senior Housing average monthly revenue per unit(2)	\$ 5,536	\$ 5,561	\$ 5,619	\$ 5,639	\$ 5,588	\$ 5,709	\$ 5,649
CCRCs - Entry Fee							
Number of communities (period end)	14	14	14	14	14	14	14
Total average units(1)	5,171	5,199	5,221	5,249	5,210	5,281	5,295
Weighted average unit occupancy	83.7%	83.4%	83.4%	84.1%	83.7%	84.6%	83.8%
Senior Housing average monthly revenue per unit(2)	\$ 5,055	\$ 4,963	\$ 4,975	\$ 4,921	\$ 4,978	\$ 5,011	\$ 5,025
Senior Housing Totals							
Number of communities (period end)	550	551	551	550	550	548	549
Total average units(1)	47,884	47,946	48,009	47,950	47,947	47,953	47,907
Weighted average unit occupancy	87.8%	87.7%	88.0%	88.7%	88.0%	88.5%	88.3%
Senior Housing average monthly revenue per unit(2)	\$ 4,257	\$ 4,266	\$ 4,279	\$ 4,282	\$ 4,271	\$ 4,375	\$ 4,373
Management Services - Total							
Number of communities (period end)	96	96	97	97	97	101	101
Total average units(1)	18,253	18,144	18,081	18,141	18,155	18,114	18,310
Weighted average occupancy	84.3%	84.0%	84.3%	85.4%	84.5%	84.9%	84.9%
Average monthly revenue per unit(2)	\$ 3,373	\$ 3,369	\$ 3,386	\$ 3,399	\$ 3,382	\$ 3,460	\$ 3,505

Innovative Senior Care Operating Information

	FY 2012				FY 2013	
	Q1	Q2	Q3	Q4	Q1	Q2
Innovative Senior Care						
Brookdale units served:						
Outpatient Therapy consolidated	35,909	36,844	38,016	37,961	38,017	38,075
Home Health consolidated	32,655	31,944	32,650	32,242	32,389	32,864
Outpatient Therapy non-consolidated	9,685	9,861	12,540	13,448	13,502	14,177
Home Health non-consolidated	4,735	10,667	12,597	13,569	13,326	13,232
Total Brookdale units served:						
Outpatient Therapy	45,594	46,705	50,556	51,409	51,519	52,252
Home Health	37,390	42,611	45,247	45,811	45,715	46,096
Outpatient Therapy treatment codes	907,816	957,364	939,241	762,233	821,308	840,076
Home Health average census	3,448	3,554	3,651	4,187	4,289	4,366

(1) Total average units operated represent the average units operated during the period, excluding equity homes.

(2) Average monthly revenue per unit represents the average of the total monthly revenues, excluding amortization of entrance fees and ISC segment revenue, divided by average occupied units.

Brookdale Senior Living Inc.
Senior Housing Data by Ownership Type
As of June 30, 2013

Senior Housing Operating Information

	FY 2012				FY 2013	
	Q1	Q2	Q3	Q4 (1)	Q1	Q2
Owned Properties						
Number of communities (period end)	209	210	210	221	219	220
Total average units(2)	21,281	21,350	21,425	22,243	22,243	22,153
Weighted average unit occupancy	87.2%	87.4%	87.6%	89.0%	88.8%	88.7%
Senior Housing average monthly revenue per unit(3)	\$ 4,302	\$ 4,297	\$ 4,318	\$ 4,323	\$ 4,416	\$ 4,416
Leased Properties with Bargain Purchase Options						
Number of communities (period end)	18	18	18	9	9	9
Total average units(2)	3,263	3,263	3,261	2,948	2,949	2,945
Weighted average unit occupancy	88.4%	87.6%	88.0%	88.3%	88.2%	88.0%
Senior Housing average monthly revenue per unit(3)	\$ 3,878	\$ 3,874	\$ 3,903	\$ 3,802	\$ 3,891	\$ 3,896
Leased Properties with Fair Market Value Purchase Options						
Number of communities (period end)	77	77	77	74	74	74
Total average units(2)	3,929	3,927	3,927	3,364	3,364	3,364
Weighted average unit occupancy	91.1%	91.2%	92.0%	91.8%	90.8%	90.6%
Senior Housing average monthly revenue per unit(3)	\$ 4,384	\$ 4,423	\$ 4,482	\$ 4,549	\$ 4,675	\$ 4,638
Leased Properties without Purchase Options						
Number of communities (period end)	246	246	246	246	246	246
Total average units(2)	19,411	19,406	19,396	19,395	19,397	19,445
Weighted average unit occupancy	87.6%	87.3%	87.6%	87.9%	87.9%	87.6%
Senior Housing average monthly revenue per unit(3)	\$ 4,241	\$ 4,264	\$ 4,256	\$ 4,256	\$ 4,344	\$ 4,348
Senior Housing Totals						
Number of communities (period end)	550	551	551	550	548	549
Total average units(2)	47,884	47,946	48,009	47,950	47,953	47,907
Weighted average unit occupancy	87.8%	87.7%	88.0%	88.7%	88.5%	88.3%
Senior Housing average monthly revenue per unit(3)	\$ 4,257	\$ 4,266	\$ 4,279	\$ 4,282	\$ 4,375	\$ 4,373

(1) During the three months ended December 31, 2012, the Company acquired the underlying real estate interest in 12 communities that the Company previously leased. The results of operations of the previously leased communities are included within Owned Properties beginning in the fourth quarter of FY 2012. Prior quarters have not been recast.

(2) Total average units operated represent the average units operated during the period, excluding equity homes.

(3) Average monthly revenue per unit represents the average of the total monthly revenues, excluding amortization of entrance fees and ISC segment revenue, divided by average occupied units.

Brookdale Senior Living Inc.
Segment Financial Data
As of June 30, 2013

Financial Data

(\$ in 000s)

Retirement Centers	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	124,512	125,813	126,401	127,176	503,902	128,922	130,170	259,092
Expenses	73,521	73,138	75,679	75,979	298,317	75,588	75,993	151,581
Segment Operating Income	50,991	52,675	50,722	51,197	205,585	53,334	54,177	107,511
Segment Operating Margin	41.0%	41.9%	40.1%	40.3%	40.8%	41.4%	41.6%	41.5%
Assisted Living	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	251,352	252,399	254,179	255,407	1,013,337	260,615	260,497	521,112
Expenses	160,789	162,233	163,017	166,114	652,153	164,330	164,316	328,646
Segment Operating Income	90,563	90,166	91,162	89,293	361,184	96,285	96,181	192,466
Segment Operating Margin	36.0%	35.7%	35.9%	35.0%	35.6%	36.9%	36.9%	36.9%
CCRCs - Rental	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	95,112	95,258	96,681	98,428	385,479	100,327	97,562	197,889
Expenses	67,093	68,494	71,581	72,248	279,416	71,250	71,995	143,245
Segment Operating Income	28,019	26,764	25,100	26,180	106,063	29,077	25,567	54,644
Segment Operating Margin	29.5%	28.1%	26.0%	26.6%	27.5%	29.0%	26.2%	27.6%
CCRCs - Entry Fee	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	71,719	70,858	71,413	71,711	285,701	74,308	74,016	148,324
Expenses	54,914	55,341	56,249	57,792	224,296	54,737	56,244	110,981
Segment Operating Income	16,805	15,517	15,164	13,919	61,405	19,571	17,772	37,343
Segment Operating Margin	23.4%	21.9%	21.2%	19.4%	21.5%	26.3%	24.0%	25.2%
Bridge to Cash Basis for CCRCs - Entry Fee segment								
Revenue	71,719	70,858	71,413	71,711	285,701	74,308	74,016	148,324
Less: revenue amortization (non-cash)	(6,066)	(6,310)	(6,459)	(6,527)	(25,362)	(7,133)	(7,032)	(14,165)
Add: net entrance fees (cash)	6,887	14,265	19,108	15,089	55,349	7,553	16,422	23,975
Adjusted revenue	72,540	78,813	84,062	80,273	315,688	74,728	83,406	158,134
Expenses	54,914	55,341	56,249	57,792	224,296	54,737	56,244	110,981
Adjusted Segment Operating Income	17,626	23,472	27,813	22,481	91,392	19,991	27,162	47,153
Adjusted Segment Operating Margin	24.3%	29.8%	33.1%	28.0%	29.0%	26.8%	32.6%	29.8%
Total Senior Housing	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	542,695	544,328	548,674	552,722	2,188,419	564,172	562,245	1,126,417
Expenses	356,317	359,206	366,526	372,133	1,454,182	365,905	368,548	734,453
Operating Income	186,378	185,122	182,148	180,589	734,237	198,267	193,697	391,964
Operating Margin	34.3%	34.0%	33.2%	32.7%	33.6%	35.1%	34.5%	34.8%
G&A Allocation (1)	22,751	20,876	21,402	20,374	85,403	25,526	23,224	48,750
G&A Allocation as a % of revenue	4.2%	3.8%	3.9%	3.7%	3.9%	4.5%	4.1%	4.3%
Adjusted Operating Income	163,627	164,246	160,746	160,215	648,834	172,741	170,473	343,214
Adjusted Operating Margin	30.2%	30.2%	29.3%	29.0%	29.6%	30.6%	30.3%	30.5%

Brookdale Senior Living Inc.
Segment Financial Data
As of June 30, 2013

Financial Data (continued)

(\$ in 000s)

Innovative Senior Care ("ISC")

	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	53,854	57,722	56,856	56,085	224,517	60,198	58,693	118,891
Expenses	42,452	44,309	44,941	45,035	176,737	47,098	47,479	94,577
Segment Operating Income	11,402	13,413	11,915	11,050	47,780	13,100	11,214	24,314
Segment Operating Margin	21.2%	23.2%	21.0%	19.7%	21.3%	21.8%	19.1%	20.5%
G&A Allocation (1)	5,954	5,453	5,467	5,358	22,232	6,055	6,005	12,060
G&A Allocation as a % of revenue	11.1%	9.4%	9.6%	9.6%	9.9%	10.1%	10.2%	10.1%
Adjusted Segment Operating Income	5,448	7,960	6,448	5,692	25,548	7,045	5,209	12,254
Adjusted Segment Operating Margin	10.1%	13.8%	11.3%	10.1%	11.4%	11.7%	8.9%	10.3%

Total Senior Housing and ISC

(GAAP Basis)	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	596,549	602,050	605,530	608,807	2,412,936	624,370	620,938	1,245,308
Expenses	398,769	403,515	411,467	417,168	1,630,919	413,003	416,027	829,030
Operating Income	197,780	198,535	194,063	191,639	782,017	211,367	204,911	416,278
Operating Margin	33.2%	33.0%	32.0%	31.5%	32.4%	33.9%	33.0%	33.4%
G&A Allocation (1)	28,705	26,329	26,869	25,732	107,635	31,581	29,229	60,810
G&A Allocation as a % of revenue	4.8%	4.4%	4.4%	4.2%	4.5%	5.1%	4.7%	4.9%
Adjusted Operating Income	169,075	172,206	167,194	165,907	674,382	179,786	175,682	355,468
Adjusted Operating Margin	28.3%	28.6%	27.6%	27.3%	27.9%	28.8%	28.3%	28.5%

Management Services

	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue (Management Fees)	7,444	7,499	7,407	8,436	30,786	7,609	7,744	15,353
Expenses (G&A Allocation) (1)	5,929	5,325	5,644	5,311	22,209	6,031	6,192	12,223
Segment Operating Income	1,515	2,174	1,763	3,125	8,577	1,578	1,552	3,130
Segment Operating Margin	20.4%	29.0%	23.8%	37.0%	27.9%	20.7%	20.0%	20.4%

Total Senior Housing, ISC and Management Services

(GAAP Basis)	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	603,993	609,549	612,937	617,243	2,443,722	631,979	628,682	1,260,661
Expenses	398,769	403,515	411,467	417,168	1,630,919	413,003	416,027	829,030
Operating Income	205,224	206,034	201,470	200,075	812,803	218,976	212,655	431,631
Operating Margin	34.0%	33.8%	32.9%	32.4%	33.3%	34.6%	33.8%	34.2%
G&A Allocation (1)	34,634	31,654	32,513	31,043	129,844	37,612	35,421	73,033
G&A Allocation as a % of revenue	5.7%	5.2%	5.3%	5.0%	5.3%	6.0%	5.6%	5.8%
Adjusted Operating Income	170,590	174,380	168,957	169,032	682,959	181,364	177,234	358,598
Adjusted Operating Margin	28.2%	28.6%	27.6%	27.4%	27.9%	28.7%	28.2%	28.4%

(1) Excludes non-cash stock-based compensation expense and integration, transaction-related and EMR roll-out costs.

Brookdale Senior Living Inc.
Senior Housing Data by Ownership Type
As of June 30, 2013

Financial Data

(\$ in 000s)

Owned Properties	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4 (1)	Full Year	Q1	Q2	YTD
Revenue	243,302	244,720	247,473	260,980	996,475	266,322	265,139	531,461
Expenses	163,822	165,862	171,356	177,350	678,390	175,672	176,623	352,295
Segment Operating Income	79,480	78,858	76,117	83,630	318,085	90,650	88,516	179,166
Segment Operating Margin	32.7%	32.2%	30.8%	32.0%	31.9%	34.0%	33.4%	33.7%
Bridge to Cash Basis for CCRCs - Entry Fee								
Revenue	243,302	244,720	247,473	260,980	996,475	266,322	265,139	531,461
Less: revenue amortization (non-cash)	(3,692)	(4,208)	(4,294)	(4,265)	(16,459)	(4,664)	(4,821)	(9,485)
Add: net entrance fees (cash)	5,802	10,487	14,234	11,481	42,004	5,449	10,936	16,385
Adjusted revenue	245,412	250,999	257,413	268,196	1,022,020	267,107	271,254	538,361
Expenses	163,822	165,862	171,356	177,350	678,390	175,672	176,623	352,295
Adjusted Segment Operating Income	81,590	85,137	86,057	90,846	343,630	91,435	94,631	186,066
Adjusted Segment Operating Margin	33.2%	33.9%	33.4%	33.9%	33.6%	34.2%	34.9%	34.6%
Leased Properties with Bargain Purchase Options								
	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	35,394	34,853	35,362	31,494	137,103	32,254	32,096	64,350
Expenses	23,287	23,433	24,264	21,334	92,318	20,766	21,308	42,074
Segment Operating Income	12,107	11,420	11,098	10,160	44,785	11,488	10,788	22,276
Segment Operating Margin	34.2%	32.8%	31.4%	32.3%	32.7%	35.6%	33.6%	34.6%
Leased Properties with Fair Market Value Purchase Options								
	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	47,104	47,534	48,560	42,140	185,338	42,842	42,408	85,250
Expenses	29,974	30,192	28,999	27,443	116,608	26,940	27,011	53,951
Segment Operating Income	17,130	17,342	19,561	14,697	68,730	15,902	15,397	31,299
Segment Operating Margin	36.4%	36.5%	40.3%	34.9%	37.1%	37.1%	36.3%	36.7%
Leased Properties without Purchase Options								
	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	216,895	217,221	217,279	218,108	869,503	222,754	222,602	445,356
Expenses	139,234	139,719	141,907	146,006	566,866	142,527	143,606	286,133
Segment Operating Income	77,661	77,502	75,372	72,102	302,637	80,227	78,996	159,223
Segment Operating Margin	35.8%	35.7%	34.7%	33.1%	34.8%	36.0%	35.5%	35.8%
Total Senior Housing (GAAP Basis)								
	FY 2012					FY 2013		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	542,695	544,328	548,674	552,722	2,188,419	564,172	562,245	1,126,417
Expenses	356,317	359,206	366,526	372,133	1,454,182	365,905	368,548	734,453
Operating Income	186,378	185,122	182,148	180,589	734,237	198,267	193,697	391,964
Operating Margin	34.3%	34.0%	33.2%	32.7%	33.6%	35.1%	34.5%	34.8%

(1) During the three months ended December 31, 2012, the Company acquired the underlying real estate interest in 12 communities that the Company previously leased. The results of operations of the previously leased communities are included within Owned Properties beginning in the fourth quarter of FY 2012. Prior quarters have not been recast.

Brookdale Senior Living Inc.
Same Community and Capital Expenditure Information
As of June 30, 2013

Same Community Information

(\$ in 000s, except Avg. Mo. Revenue/Unit)

	Senior Housing Three Months Ended June 30,			Senior Housing Twelve Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Revenue	\$ 547,580	\$ 531,211	3.1%	\$ 2,169,032	\$ 2,088,917	3.8%
Operating Expense	362,214	354,418	2.2%	1,446,702	1,389,559	4.1%
Facility Operating Income	\$ 185,366	\$ 176,793	4.8%	\$ 722,330	\$ 699,358	3.3%
Facility Operating Margin	33.9%	33.3%	0.6%	33.3%	33.5%	-0.2%
# Communities	541	541		541	541	
Avg. Period Occupancy	88.5%	87.7%	0.8%	88.5%	87.2%	1.3%
Avg. Mo. Revenue/Unit	\$ 4,364	\$ 4,268	2.2%	\$ 4,321	\$ 4,226	2.2%

	Innovative Senior Care Three Months Ended June 30,			Innovative Senior Care Twelve Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Revenue	\$ 32,078	\$ 36,081	-11.1%	\$ 132,628	\$ 148,574	-10.7%
Operating Expense	25,977	27,668	-6.1%	105,816	112,474	-5.9%
Facility Operating Income	\$ 6,101	\$ 8,413	-27.5%	\$ 26,812	\$ 36,100	-25.7%
Facility Operating Margin	19.0%	23.3%	-4.3%	20.2%	24.3%	-4.1%
# Units served (1)	27,337	27,337		27,337	27,337	

(1) Units are included in same store calculation where either the therapy or home health, whichever came later, has stabilized or produced revenue for twenty-four months.

Schedule of Capital Expenditures

(\$ in 000s)

Type	Three Months Ended June 30,	
	2013	2012
Recurring	\$ 10,664	\$ 9,099
Reimbursements	-	(500)
Net Recurring	10,664	8,599
Corporate (2)	5,523	6,817
EBITDA-enhancing / Major Projects (3)	25,961	22,587
Program Max / Development, net (4)	8,839	11,199
Net Total Capital Expenditures (5)	\$ 50,987	\$ 49,202

(2) Corporate includes capital expenditures for information technology systems and equipment and expenditures supporting the expansion of our support platform and ancillary services programs.

(3) Includes EBITDA-enhancing projects (primarily community renovations and apartment upgrades) and other major building infrastructure projects.

(4) Includes community expansions and major repositioning or upgrade projects. Also includes de novo community developments. Amounts shown are amounts invested, net of third party lender or lessor funding received of \$8.2 million and \$0.7 million for the three months ended June 30, 2013 and 2012, respectively.

(5) Approximately \$10.8 million and \$11.3 million of expense was recognized during the three months ended June 30, 2013 and 2012, respectively, for normal repairs and maintenance and capital spend under \$1,500 per invoice, except for unit turnovers.

Brookdale Senior Living Inc.
Capital Structure - selected financial information
As of June 30, 2013
(\$ in 000s)

Debt Maturities and Scheduled Principal Repayments

	Initial Maturities						
	<u>Mortgage Debt (1)</u>	<u>weighted rate (2)</u>	<u>Line of Credit</u>	<u>weighted rate (2)</u>	<u>Capital Leases</u>	<u>weighted rate (2)</u>	<u>Total Debt</u>
2013	\$ 23,375	3.38%	\$ -	-	\$ 15,963	8.27%	\$ 39,338
2014	172,262	5.29%	-	-	32,853	8.29%	205,115
2015	54,428	4.88%	-	-	33,778	8.32%	88,206
2016	57,023	4.43%	-	-	29,290	8.41%	86,313
2017	319,331	5.18%	-	-	47,048	9.10%	366,379
Thereafter	1,623,148	3.43%	70,000	3.75%	147,450	7.72%	1,840,598
Total	\$ 2,249,567	3.88%	\$ 70,000	3.75%	\$ 306,382	8.15%	\$ 2,625,949

Coverage Ratios

Six months ended June 30, 2013						
	Units	FOI	Adj. FOI **	Interest/Cash Lease Payments	Coverage	
Owned communities	22,944	\$ 189,778	\$ 156,955	\$ 47,824	3.3 x	
Leased communities *	25,758	\$ 224,321	\$ 187,394	\$ 158,349	1.2 x	

* The leased communities include the capital leases.

** Adjusted for 5% management fee and capital expenditures @ \$350/unit.

Debt Amortization

	Six months ended June 30,	
	2013	2012
Scheduled debt amortization	\$ 23,736	\$ 22,751
Lease financing debt amortization - FMV or no purchase option (3)	6,815	5,922
Lease financing debt amortization - bargain purchase option	8,133	6,879
Total debt amortization	\$ 38,684	\$ 35,552

Line Availability

(\$000s)	06/30/12	09/30/12	12/31/12	03/31/13	06/30/13
Total line commitment	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000	\$ 250,000
Line availability (6)	\$ 201,659	\$ 189,978	\$ 191,436	\$ 198,563	\$ 225,331
Ending line balance	75,000	80,000	80,000	45,000	70,000
Available to draw	\$ 126,659	\$ 109,978	\$ 111,436	\$ 153,563	\$ 155,331
Cash and cash equivalents	38,676	42,504	69,240	28,242	30,946
Total liquidity (available to draw + cash)	\$ 165,335	\$ 152,482	\$ 180,676	\$ 181,805	\$ 186,277
Total letters of credit outstanding	\$ 78,324	\$ 78,127	\$ 78,112	\$ 77,952	\$ 75,031

(1) Includes mortgage debt, bond and discount mortgage backed security financing and convertible notes, but excludes capital leases and line of credit.

(2) Pertaining to variable rate debt, reflects a) market rates for stated reporting period and b) applicable swap rates / cap rates for hedged debt.

(3) Payments are included in CFFO.

(4) Weighted swap rate for stated reporting period is 5.49%.

(5) Weighted cap rate for stated reporting period of 5.08% is materially above current market rates, therefore caps have no impact on consolidated interest expense for given period.

(6) The actual amount available to borrow under the line may vary from time to time as it is based on borrowing base calculations related to the value and performance of the communities securing the facility.

Leverage Ratios

	Balance	Annualized Leverage
Debt (1)	\$ 2,249,567	
Capital leases	306,382	
Total Debt	\$ 2,555,949	5.7 x

Plus: Line of credit (cash borrowings)	70,000	
Less: Unrestricted cash	(30,946)	
Less: Cash held as collateral against existing debt	(6,390)	
Subtotal	\$ 2,588,613	5.8x
2013 YTD annualized Adjusted EBITDA	\$ 448,254	
Annual cash lease expense multiplied by 8	2,216,800	
Total adjusted debt	\$ 4,805,413	6.6x
2013 YTD annualized Adjusted EBITDAR	\$ 725,354	

Debt Structure

	Balance	Weighted rate (2)
Fixed rate debt (1)	\$ 1,276,337	4.78%
Variable rate debt (1)	973,230	2.70%
Capital leases	306,382	8.15%
Line of credit (cash borrowings)	70,000	3.75%
Total debt	\$ 2,625,949	

	Balance	% of total
Variable rate debt with interest rate swaps (1) (4)	\$ 27,170	2.8%
Variable rate debt with interest rate caps (1) (5)	673,333	69.2%
Variable rate debt - unhedged (1)	272,727	28.0%
Total variable rate debt (1)	\$ 973,230	100.0%

Brookdale Senior Living Inc.
CFFO Reconciliation
As of June 30, 2013

CFFO Calculation
(\$ in 000s)

	Three Months Ended June 30,	
	2013	2012
Net cash provided by operating activities (includes non-refundable entrance fees)	\$ 80,343	\$ 82,854
Changes in operating assets and liabilities (eliminates cash flow effect)	(707)	(14,172)
Add: Refundable entrance fees received	11,754	9,317
Less: Entrance fee refunds disbursed	(7,456)	(5,429)
Less: Recurring capital expenditures, net	(10,664)	(8,599)
Less: Lease financing debt amortization with fair market value or no purchase options	(3,444)	(2,993)
Less: Distributions from unconsolidated ventures from cumulative share of net earnings	(773)	(809)
Add: CFFO from unconsolidated ventures	2,099	1,310
Cash From Facility Operations	\$ 71,152	\$ 61,479
Add: Integration, transaction-related and EMR roll-out costs	3,626	7,688
Adjusted Cash From Facility Operations	\$ 74,778	\$ 69,167

Revenue Reconciliation (1)

(\$ in 000s except average monthly revenue per quarter)

	FY 2012					FY 2013	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Revenue reconciliation excl. entrance fee amortization							
Average monthly revenue per quarter	4,257	4,266	4,279	4,282	4,271	4,375	4,373
Average monthly units (excluding equity homes) available	47,858	47,935	47,998	47,935	47,959	47,956	47,929
Average occupancy for the quarter	87.8%	87.7%	88.0%	88.7%	88.0%	88.5%	88.3%
Senior Housing resident fee revenue	\$ 536,629	\$ 538,018	\$ 542,215	\$ 546,195	\$ 2,163,057	\$ 557,039	\$ 555,213
Add: ISC segment revenue	53,854	57,722	56,856	56,085	224,517	60,198	58,693
Add: management fee revenue	7,444	7,499	7,407	8,436	30,786	7,609	7,744
Total revenues excluding entrance fee amortization	\$ 597,927	\$ 603,239	\$ 606,478	\$ 610,716	\$ 2,418,360	\$ 624,846	\$ 621,650

CFFO Reconciliation to the Income Statement

Resident and management fee revenue	\$ 603,993	\$ 609,549	\$ 612,937	\$ 617,243	\$ 2,443,722	\$ 631,979	\$ 628,682
Less: Entrance fee amortization	(6,066)	(6,310)	(6,459)	(6,527)	(25,362)	(7,133)	(7,032)
Adjusted revenues	597,927	603,239	606,478	610,716	2,418,360	624,846	621,650
Less: Facility operating expenses	(398,769)	(403,515)	(411,467)	(417,168)	(1,630,919)	(413,003)	(416,027)
Add: Change in future service obligation	-	-	-	2,188	2,188	-	-
Adjusted facility operating expenses	(398,769)	(403,515)	(411,467)	(414,980)	(1,628,731)	(413,003)	(416,027)
Less: G&A including non-cash stock-based compensation expense	(44,973)	(46,071)	(43,158)	(44,627)	(178,829)	(46,611)	(46,035)
Add: G&A non-cash stock-based compensation expense	6,435	6,729	6,021	6,335	25,520	6,894	6,988
Net G&A	(38,538)	(39,342)	(37,137)	(38,292)	(153,309)	(39,717)	(39,047)
Less: Facility lease expense	(71,445)	(70,628)	(71,167)	(70,785)	(284,025)	(69,019)	(68,777)
Add: Straight-line lease expense	1,642	1,564	2,118	1,344	6,668	748	684
Less: Amortization of deferred gain	(1,093)	(1,093)	(1,093)	(1,093)	(4,372)	(1,093)	(1,093)
Net lease expense	(70,896)	(70,157)	(70,142)	(70,534)	(281,729)	(69,364)	(69,186)
Add: Entrance fee receipts	14,989	19,694	25,132	22,890	82,705	16,873	23,878
Less: Entrance fee disbursements	(8,102)	(5,429)	(6,024)	(7,801)	(27,356)	(9,320)	(7,456)
Net entrance fees	6,887	14,265	19,108	15,089	55,349	7,553	16,422
Adjusted EBITDA	96,611	104,490	106,840	101,999	409,940	110,315	113,812
Less: Recurring capital expenditures, net	(8,064)	(8,599)	(11,475)	(10,168)	(38,306)	(9,324)	(10,664)
Less: Interest expense, net	(31,198)	(31,739)	(31,586)	(29,803)	(124,326)	(30,668)	(29,591)
Less: Lease financing debt amortization with fair market value or no purchase options	(2,929)	(2,993)	(3,066)	(3,132)	(12,120)	(3,371)	(3,444)
Add: CFFO from unconsolidated ventures	1,228	1,310	1,559	1,279	5,376	1,958	2,099
Less: Other	(1,062)	(990)	(792)	1,238	(1,606)	(1,068)	(1,060)

Reported CFFO	\$ 54,586	\$ 61,479	\$ 61,480	\$ 61,413	\$ 238,958	\$ 67,842	\$ 71,152
Add: integration, transaction-related and EMR roll-out costs	3,904	7,688	4,624	7,249	23,465	2,105	3,626
Adjusted CFFO	\$ 58,490	\$ 69,167	\$ 66,104	\$ 68,662	\$ 262,423	\$ 69,947	\$ 74,778

CFFO Per Share

(\$ except where indicated)

	FY 2012					FY 2013	
	Q1	Q2	Q3	Q4	Full Year (2)	Q1	Q2
Reported CFFO	\$ 0.45	\$ 0.51	\$ 0.50	\$ 0.50	\$ 1.96	\$ 0.55	\$ 0.58
Add: integration, transaction-related and EMR roll-out costs	0.03	0.06	0.04	0.06	0.19	0.02	0.03
Adjusted CFFO	\$ 0.48	\$ 0.57	\$ 0.54	\$ 0.56	\$ 2.15	\$ 0.57	\$ 0.61
Shares used in calculation of CFFO (000's)	121,145	121,708	122,493	122,608		122,823	123,405

(1) Revenue excludes reimbursed costs incurred on behalf of managed communities.

(2) Full year CFFO for all periods is calculated as the sum of the quarterly amounts for the year.

Note: CFFO is a measurement of liquidity that is not calculated in accordance with GAAP and should not be considered in isolation as a substitute for any GAAP financial measure. CFFO is not a measure of financial performance under GAAP. We strongly urge you to review the reconciliation of CFFO to GAAP net cash provided by operating activities, along with our consolidated financial statements, included in the accompanying earnings release.

Brookdale Senior Living Inc.
Quarterly Entry Fee Information
As of June 30, 2013

Cash Basis (\$ in 000's except average resale and refund)

	FY 2012				FY 2013	
	Q1	Q2	Q3	Q4	Q1	Q2
# Closings	94	106	147	121	91	128
# of Refunds	92	62	66	79	87	88
Resale Receipts:						
Proceeds from non-refundable entrance fees (1)	7,000	10,377	12,926	9,802	9,237	12,124
Proceeds from refundable entrance fees (2)	7,989	9,317	12,206	13,088	7,636	11,754
Total Cash Proceeds	14,989	19,694	25,132	22,890	16,873	23,878
Refunds of entrance fees (3)	(8,102)	(5,429)	(6,024)	(7,801)	(9,320)	(7,456)
Net Resale Cash Flow	6,887	14,265	19,108	15,089	7,553	16,422
MyChoice proceeds included in refundable resale receipts above	2,363	3,602	2,466	4,881	1,768	4,041
Average Resale \$ (excluding MyChoice proceeds)	134,319	151,811	154,190	148,835	165,989	154,977
Average Refund \$ (excluding MyChoice refunds)	(84,283)	(77,500)	(87,273)	(95,025)	(98,540)	(80,773)

Value of Unsold Inventory (\$ in 000's except average resale price)

Gross Value @ Average Resale Price of \$155,000	94,550
Refund Attachments	(14,142)
Net Cash Value	80,408

Income Statement Impact (\$ in 000's)

On BKD's income statement, non-refundable entrance fees are amortized into revenue based on the unamortized balance per contract divided by the actuarial life of the resident. The following are the non-cash amortized non-refundable entrance fees for each quarter:

	FY 2012				FY 2013	
	Q1	Q2	Q3	Q4	Q1	Q2
Amortization of entrance fees (incl. gains on terminations)	(6,066)	(6,310)	(6,459)	(6,527)	(7,133)	(7,032)

Principles of Entry Fee Accounting

Certain of BKD's communities have residency agreements which require the resident to pay an upfront fee prior to occupying the community and in return for a reduced monthly service fee and certain healthcare benefits. BKD has a number of options for residents that give a choice of the amount of refundability of the upfront fee, the amount of entry fee for the unit and the amount of health care benefit in the community's various levels of care. The non-refundable portion of the entrance fee is recorded as deferred revenue and amortized over the estimated stay of the resident based on an actuarial valuation. The refundable portion of a resident's entrance fee is generally refundable within a certain time period following contract termination or in certain agreements, upon the resale of a comparable unit or 12 months after the resident vacates the unit and is not amortized.

BKD adopted the provisions of ASU 2012-01 as of January 1, 2013 and incorporated the provisions of this update to its consolidated financial statements through retrospective application to all periods presented. The prior period amortization of entrance fees have been revised to reflect this change in accounting. Refer to the Company's Form 10-Q filings for further details.

Notes:

- (1) From Statement of Cash Flows (Operating Activities section) with line description: Proceeds from deferred entrance fee revenue.
- (2) From Statement of Cash Flows (Financing Activities section) with line description: Proceeds from refundable entrance fees (which includes MyChoice proceeds).
- (3) From Statement of Cash Flows (Financing Activities section) with line description: Refunds of entrance fees.

Brookdale Senior Living Inc.
Quarterly Cash Flow Statements
As of June 30, 2013
(\$ in 000s)

Cash Flow Statements

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
Cash Flows from Operating Activities							
Net (loss) income	\$ (10,544)	\$ (19,015)	\$ (12,216)	\$ (24,692)	(66,467)	\$ 3,558	\$ (5,200)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:							
Loss on extinguishment of debt	221	-	-	-	221	-	893
Depreciation and amortization	67,817	68,147	67,419	66,979	270,362	69,228	71,602
Asset impairment	1,083	7,246	-	19,348	27,677	-	2,154
Equity in (earnings) loss of unconsolidated ventures	(99)	61	249	3,277	3,488	(115)	(445)
Distributions from unconsolidated ventures from cumulative share of net earnings	206	809	420	72	1,507	668	773
Amortization of deferred gain	(1,093)	(1,093)	(1,093)	(1,093)	(4,372)	(1,093)	(1,093)
Amortization of entrance fees	(6,066)	(6,310)	(6,459)	(6,527)	(25,362)	(7,133)	(7,032)
Proceeds from deferred entrance fee revenue	7,000	10,377	12,926	9,802	40,105	9,237	12,124
Deferred income tax benefit	(135)	(169)	(131)	(90)	(525)	-	-
Change in deferred lease liability	1,642	1,564	2,118	1,344	6,668	748	684
Change in fair value of derivatives and amortization	233	278	(140)	(7)	364	(135)	(1,836)
Loss (gain) on sale of assets	114	58	73	87	332	(926)	24
Loss on acquisition	636	-	-	-	636	-	-
Gain on facility lease termination	(2,780)	-	-	(8,804)	(11,584)	-	-
Change in future service obligation	-	-	-	2,188	2,188	-	-
Non-cash stock-based compensation	6,435	6,729	6,021	6,335	25,520	6,894	6,988
Other	-	-	(487)	-	(487)	-	-
Changes in operating assets and liabilities:							
Accounts receivable, net	(5,317)	(3,484)	709	4,677	(3,415)	(9,064)	1,736
Prepaid expenses and other assets, net	(1,681)	7,622	(2,793)	5,539	8,687	9,140	(12,679)
Accounts payable and accrued expenses	(23,705)	14,410	17,352	(3,203)	4,854	(10,871)	12,926
Tenant refundable fees and security deposits	(442)	(675)	(439)	9	(1,547)	(335)	(258)
Deferred revenue	12,168	(3,701)	(4,098)	7,750	12,119	(5,316)	(1,018)
Net cash provided by operating activities	45,693	82,854	79,431	82,991	290,969	64,485	80,343
Cash Flows from Investing Activities							
Increase in lease security deposits and lease acquisition deposits, net	(2,217)	(4,119)	(431)	(1,232)	(7,999)	(1,952)	(1,066)
Decrease (increase) in cash and escrow deposits — restricted	8,442	(3,038)	(7,806)	(2,408)	(4,810)	826	2,195
Purchase of marketable securities — restricted	(761)	(341)	(351)	(104)	(1,557)	-	-
Sale of marketable securities — restricted	-	-	-	35,124	35,124	-	-
Additions to property, plant and equipment and leasehold intangibles, net	(41,533)	(50,433)	(59,415)	(57,031)	(208,412)	(51,614)	(48,677)
Acquisition of assets, net of related payables and cash received	(104,984)	(4,975)	(1,349)	(161,215)	(272,523)	(2)	(4,833)
Issuance of (payment on) notes receivable, net	(439)	-	(152)	722	131	(17)	(47)
Investment in unconsolidated ventures	-	(571)	-	(4,797)	(5,368)	(5,843)	(2,149)
Distributions received from unconsolidated ventures	100	84	72	94	350	-	-
Proceeds from sale of assets, net	-	325	-	8,918	9,243	440	7,114
Other	-	-	487	-	487	-	-
Net cash used in investing activities	(141,392)	(63,068)	(68,945)	(181,929)	(455,334)	(58,162)	(47,463)
Cash Flows from Financing Activities							
Proceeds from debt	175,838	17,178	591	178,684	372,291	8,955	418,667
Repayment of debt and capital lease obligations	(86,068)	(32,585)	(18,304)	(54,878)	(191,835)	(17,707)	(470,825)
Proceeds from line of credit	130,000	75,000	75,000	95,000	375,000	105,000	85,000
Repayment of line of credit	(110,000)	(85,000)	(70,000)	(95,000)	(360,000)	(140,000)	(60,000)
Payment of financing costs, net of related payables	(2,378)	(336)	(96)	(2,753)	(5,563)	(2,200)	(5,695)
Refundable entrance fees:							
Proceeds from refundable entrance fees	7,989	9,317	12,206	13,088	42,600	7,636	11,754
Refunds of entrance fees	(8,102)	(5,429)	(6,024)	(7,801)	(27,356)	(9,320)	(7,456)
Cash portion of loss on extinguishment of debt	(118)	-	-	-	(118)	-	(453)
Purchase of derivatives and payment of swap termination	(99)	(1,190)	-	(619)	(1,908)	-	(1,489)
Other	(86)	(178)	(31)	(47)	(342)	315	321

Net cash provided by (used in) financing activities	106,976	(23,223)	(6,658)	125,674	202,769	(47,321)	(30,176)
Net increase (decrease) in cash and cash equivalents	11,277	(3,437)	3,828	26,736	38,404	(40,998)	2,704
Cash and cash equivalents at beginning of period	30,836	42,113	38,676	42,504	30,836	69,240	28,242
Cash and cash equivalents at end of period	<u>\$ 42,113</u>	<u>\$ 38,676</u>	<u>\$ 42,504</u>	<u>\$ 69,240</u>	<u>\$ 69,240</u>	<u>\$ 28,242</u>	<u>\$ 30,946</u>