EPR 10-Q 3/31/2014

Section 1: 10-Q (10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number: 001-13561

EPR PROPERTIES

(Exact name of registrant as specified in its charter)

Maryland	**43-1790877**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
909 Walnut Street, Suite 200 **Kansas City, Missouri**	**64106**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (816) 472-1700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

At April 29, 2014, there were 53,448,240 common shares outstanding.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

With the exception of historical information, certain statements contained or incorporated by reference herein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), such as those pertaining to our acquisition or disposition of properties, our capital resources, future expenditures for development projects, and our results of operations and financial condition. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of actual events. There is no assurance the events or circumstances reflected in the forward-looking statements will occur. You can identify forward-looking statements by use of words such as "will be," "intend," "continue," "believe," "may," "expect," "hope," "anticipate," "goal," "forecast," "pipeline," "anticipates," "estimates," "offers," "plans" "would," or other similar expressions or other comparable terms or discussions of strategy, plans or intentions in this Quarterly Report on Form 10-Q. In addition, references to our budgeted amounts and guidance are forward-looking statements.

Factors that could materially and adversely affect us include, but are not limited to, the factors listed below:

- General international, national, regional and local business and economic conditions;
- Volatility in the financial markets;
- Adverse changes in our credit ratings;
- The downgrade of the U.S. Government's credit rating and any future downgrade of the U.S. Government's credit rating;
- Fluctuations in interest rates;
- The duration or outcome of litigation, or other factors outside of litigation such as casino licensing, relating to our significant investment in a planned casino and resort development which may cause the development to be indefinitely delayed or cancelled;
- Defaults in the performance of lease terms by our tenants;
- Defaults by our customers and counterparties on their obligations owed to us;
- A borrower's bankruptcy or default;
- The obsolescence of older multiplex theatres owned by some of our tenants or by any overbuilding of megaplex theatres in their markets;
- Our ability to renew maturing leases with theatre tenants on terms comparable to prior leases and/or our ability to lease any re-claimed space from some of our larger theatres at economically favorable terms;
- Risks of operating in the entertainment industry;
- Our ability to compete effectively;
- A single tenant represents a substantial portion of our lease revenues;
- A single tenant leases or is the mortgagor of a substantial portion of our investments related to metropolitan ski areas and a single tenant leases a significant number of our public charter school properties;
- The ability of our public charter school tenants to comply with their charters and continue to receive funding from local, state and federal governments, the approval by applicable governing authorities of substitute operators to assume control of any failed public charter schools and our ability to negotiate the terms of new leases with such substitute tenants on acceptable terms, and our ability to complete collateral substitutions as applicable;
- Risks associated with use of leverage to acquire properties;
- Financing arrangements that require lump-sum payments;
- Our ability to raise capital;
- Covenants in our debt instruments that limit our ability to take certain actions;
- The concentration and lack of diversification of our investment portfolio;
- Our continued qualification as a real estate investment trust for U.S. federal income tax purposes;
- The ability of our subsidiaries to satisfy their obligations;
- Financing arrangements that expose us to funding or purchase risks;
- Risks associated with security breaches and other disruptions;
- We have a limited number of employees and the loss of personnel could harm operations;
- Fluctuations in the value of real estate income and investments;

- Risks relating to real estate ownership, leasing and development, including local conditions such as an oversupply of space or a reduction in demand for real estate in the area, competition from other available space, whether tenants and users such as customers of our tenants consider a property attractive, changes in real estate taxes and other expenses, changes in market rental rates, the timing and costs associated with property improvements and rentals, changes in taxation or zoning laws or other governmental regulation, whether we are able to pass some or all of any increased operating costs through to tenants, and how well we manage our properties;
- Our ability to secure adequate insurance and risk of potential uninsured losses, including from natural disasters;
- Risks involved in joint ventures;
- Risks in leasing multi-tenant properties;
- A failure to comply with the Americans with Disabilities Act or other laws;
- Risks of environmental liability;
- Our real estate investments are relatively illiquid;
- Risks with owning assets in foreign countries;
- Risks associated with owning, operating or financing properties for which the tenants', mortgagors' or our operations may be impacted by weather conditions and climate change;
- Risks associated with the development, redevelopment and expansion of properties and the acquisition of other real estate related companies.
- Our ability to pay dividends in cash or at current rates;
- Fluctuations in the market prices for our shares;
- Certain limits on changes in control imposed under law and by our Declaration of Trust and Bylaws;
- Policy changes obtained without the approval of our shareholders;
- Equity issuances could dilute the value of our shares;
- Future offerings of debt or equity securities, which may rank senior to our common shares;
- Risks associated with changes in the Canadian exchange rate; and
- Changes in laws and regulations, including tax laws and regulations.

Our forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. For further discussion of these factors see Item 1A - "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the Securities and Exchange Commission ("SEC") on February 28, 2014.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference herein. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

EPR PROPERTIES
Consolidated Balance Sheets
(Dollars in thousands except share data)

	March 31, 2014 (unaudited)	December 31, 2013
Assets		
Rental properties, net of accumulated depreciation of $422,463 and $409,643 at March 31, 2014 and December 31, 2013, respectively	$ 2,089,933	$ 2,104,151
Land held for development	202,552	201,342
Property under development	138,586	89,473
Mortgage notes and related accrued interest receivable	490,840	486,337
Investment in a direct financing lease, net	242,905	242,212
Investment in joint ventures	5,586	5,275
Cash and cash equivalents	20,406	7,958
Restricted cash	19,568	9,714
Deferred financing costs, net	22,778	23,344
Accounts receivable, net	41,616	42,538
Other assets	64,343	59,932
Total assets	$ 3,339,113	$ 3,272,276
Liabilities and Equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 47,526	$ 72,327
Common dividends payable	15,232	13,601
Preferred dividends payable	5,952	5,952
Unearned rents and interest	27,281	17,046
Debt	1,482,608	1,475,336
Total liabilities	1,578,599	1,584,262
Equity:		
Common Shares, $.01 par value; 75,000,000 shares authorized; and 55,227,234 and 53,361,261 shares issued at March 31, 2014 and December 31, 2013, respectively	552	534
Preferred Shares, $.01 par value; 25,000,000 shares authorized:		
5,400,000 Series C convertible shares issued at March 31, 2014 and December 31, 2013; liquidation preference of $135,000,000	54	54
3,450,000 Series E convertible shares issued at March 31, 2014 and December 31, 2013; liquidation preference of $86,250,000	35	35
5,000,000 Series F shares issued at March 31, 2014 and December 31, 2013; liquidation preference of $125,000,000	50	50
Additional paid-in-capital	2,089,868	2,003,863
Treasury shares at cost: 1,779,690 and 1,706,109 common shares at March 31, 2014 and December 31, 2013, respectively	(65,857)	(62,177)
Accumulated other comprehensive income	15,129	17,193
Distributions in excess of net income	(279,694)	(271,915)
EPR Properties shareholders' equity	1,760,137	1,687,637
Noncontrolling interests	377	377
Total equity	$ 1,760,514	$ 1,688,014
Total liabilities and equity	$ 3,339,113	$ 3,272,276

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Income
(Unaudited)
(Dollars in thousands except per share data)

	Three Months Ended March 31,	
	2014	2013
Rental revenue	$ 66,431	$ 60,388
Tenant reimbursements	4,588	4,744
Other income	174	24
Mortgage and other financing income	18,664	17,795
Total revenue	89,857	82,951
Property operating expense	6,449	7,035
Other expense	98	149
General and administrative expense	7,462	6,652
Gain on early extinguishment of debt	—	(4,539)
Interest expense, net	19,899	19,989
Transaction costs	196	318
Depreciation and amortization	15,327	12,822
Income before equity in income from joint ventures and other items	40,426	40,525
Equity in income from joint ventures	311	351
Gain on sale of land	330	—
Income before income taxes	41,067	40,876
Income tax expense	925	—
Income from continuing operations	$ 40,142	$ 40,876
Discontinued operations:		
Income (loss) from discontinued operations	15	(235)
Transaction (costs) benefit	3,376	—
Gain on sale of real estate	—	565
Net income attributable to EPR Properties	43,533	41,206
Preferred dividend requirements	(5,952)	(5,952)
Net income available to common shareholders of EPR Properties	$ 37,581	$ 35,254
Per share data attributable to EPR Properties common shareholders:		
Basic earnings per share data:		
Income from continuing operations	$ 0.65	$ 0.74
Income from discontinued operations	0.07	0.01
Net income available to common shareholders	$ 0.72	$ 0.75
Diluted earnings per share data:		
Income from continuing operations	$ 0.65	$ 0.74
Income from discontinued operations	0.06	0.01
Net income available to common shareholders	$ 0.71	$ 0.75
Shares used for computation (in thousands):		
Basic	52,541	46,854
Diluted	52,719	47,047

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Comprehensive Income
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2014	2013
Net income attributable to EPR Properties	$ 43,533	$ 41,206
Other comprehensive income (loss):		
Foreign currency translation adjustment	(8,488)	(3,004)
Change in unrealized gain on derivatives	6,424	2,496
Comprehensive income attributable to EPR Properties	$ 41,469	$ 40,698

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Changes in Equity
Three Months Ended March 31, 2014
(Unaudited)
(Dollars in thousands)

	EPR Properties Shareholders' Equity									
	Common Stock		Preferred Stock		Additional paid-in capital	Treasury shares	Accumulated other comprehensive income	Distributions in excess of net income	Noncontrolling Interests	Total
	Shares	Par	Shares	Par						
Balance at December 31, 2013	53,361,261	$534	13,850,000	$139	$2,003,863	$(62,177)	$ 17,193	$ (271,915)	$ 377	$1,688,014
Issuance of nonvested shares, net	280,193	3	—	—	3,571	(2,891)	—	—	—	683
Amortization of nonvested shares	—	—	—	—	1,697	—	—	—	—	1,697
Share option expense	—	—	—	—	363	—	—	—	—	363
Foreign currency translation adjustment	—	—	—	—	—	—	(8,488)	—	—	(8,488)
Change in unrealized gain/loss on derivatives	—	—	—	—	—	—	6,424	—	—	6,424
Net income	—	—	—	—	—	—	—	43,533	—	43,533
Issuances of common shares	1,566,675	15	—	—	79,606	—	—	—	—	79,621
Stock option exercises, net	19,105	—	—	—	768	(789)	—	—	—	(21)
Dividends to common and preferred shareholders	—	—	—	—	—	—	—	(51,312)	—	(51,312)
Balance at March 31, 2014	55,227,234	$552	13,850,000	$139	$2,089,868	$(65,857)	$ 15,129	$ (279,694)	$ 377	$1,760,514

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2014	**2013**
Operating activities:		
Net income	$ 43,533	$ 41,206
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on early extinguishment of debt	—	(4,539)
Income from discontinued operations	(3,391)	(330)
Gain on sale of land	(330)	—
Equity in income from joint ventures	(311)	(351)
Distributions from joint ventures	—	223
Depreciation and amortization	15,327	12,822
Amortization of deferred financing costs	1,015	999
Amortization of above market leases	48	—
Share-based compensation expense to management and Trustees	2,328	1,548
Decrease (increase) in restricted cash	(3,425)	2,946
Increase in mortgage notes accrued interest receivable	(107)	(36)
Decrease (increase) in accounts receivable, net	371	(1,309)
Increase in direct financing lease receivable	(694)	(1,212)
Decrease (increase) in other assets	(2,039)	76
Decrease in accounts payable and accrued liabilities	(14,712)	(10,460)
Increase (decrease) in unearned rents and interest	3,793	(3,072)
Net operating cash provided by continuing operations	41,406	38,511
Net operating cash provided by discontinued operations	124	1,661
Net cash provided by operating activities	41,530	40,172
Investing activities:		
Acquisition of rental properties and other assets	(12,264)	(8,174)
Proceeds from sale of real estate	915	—
Investment in unconsolidated joint ventures	—	(433)
Proceeds from settlement of derivative	5,725	—
Investment in mortgage notes receivable	(4,472)	(12,769)
Proceeds from mortgage note receivable paydown	76	—
Investment in promissory notes receivable	(2,207)	—
Additions to properties under development	(50,621)	(17,719)
Net cash used by investing activities of continuing operations	(62,848)	(39,095)
Net proceeds from sale of real estate from discontinued operations	—	24,146
Net cash used by investing activities	(62,848)	(14,949)
Financing activities:		
Proceeds from long-term debt facilities	47,000	70,000
Principal payments on long-term debt	(39,728)	(48,950)
Deferred financing fees paid	(449)	(67)
Net proceeds from issuance of common shares	79,579	84
Impact of stock option exercises, net	(21)	(692)
Purchase of common shares for treasury	(2,892)	(3,245)
Dividends paid to shareholders	(49,638)	(41,146)
Net cash provided (used) by financing activities	33,851	(24,016)
Effect of exchange rate changes on cash	(85)	(108)
Net increase in cash and cash equivalents	12,448	1,099
Cash and cash equivalents at beginning of the period	7,958	10,664
Cash and cash equivalents at end of the period	$ 20,406	$ 11,763

Supplemental information continued on next page.

EPR PROPERTIES
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

Continued from previous page.

	Three Months Ended March 31,	
	2014	**2013**
Supplemental schedule of non-cash activity:		
Transfer of property under development to rental property	$ 243	$ 7,151
Issuance of nonvested shares and restricted share units at fair value, including nonvested shares issued for payment of bonuses	$ 14,470	$ 9,373
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 34,384	$ 29,352
Cash paid during the period for income taxes	$ 355	$ 221

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Notes to Consolidated Financial Statements (Unaudited)

1. Organization

Description of Business

EPR Properties (the Company) is a specialty real estate investment trust (REIT) organized on August 29, 1997 in Maryland. The Company develops, owns, leases and finances properties in select market segments primarily related to entertainment, education and recreation. The Company's properties are located in the United States and Canada.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. In addition, operating results for the three month period ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

The Company consolidates certain entities when it is deemed to be the primary beneficiary in a variable interest entity (VIE), as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic on Consolidation. The Topic on Consolidation requires the consolidation of VIEs in which an enterprise has a controlling financial interest. A controlling financial interest will have both of the following characteristics: the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. This topic requires an ongoing reassessment. The equity method of accounting is applied to entities in which the Company is not the primary beneficiary as defined in the Consolidation Topic of the FASB ASC, or does not have effective control, but can exercise influence over the entity with respect to its operations and major decisions.

The Company reports its noncontrolling interests as required by the Consolidation Topic of the FASB ASC. Noncontrolling interest is the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. The ownership interests in the subsidiary that are held by owners other than the parent are noncontrolling interests. Such noncontrolling interests are reported on the consolidated balance sheets within equity, separately from the Company's equity. On the consolidated statements of income, revenues, expenses and net income or loss from less-than-wholly-owned subsidiaries are reported at the consolidated amounts, including both the amounts attributable to the Company and noncontrolling interests. Consolidated statements of changes in shareholders' equity are included for both quarterly and annual financial statements, including beginning balances, activity for the period and ending balances for equity, noncontrolling interests and total equity. The Company does not have any redeemable noncontrolling interests.

The consolidated balance sheet as of December 31, 2013 has been derived from the audited consolidated balance sheet at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed with the Securities and Exchange Commission (SEC) on February 28, 2014.

Operating Segments

For financial reporting purposes, the Company groups its investments into four reportable operating segments: Entertainment, Education, Recreation and Other. See Note 15 for financial information related to these operating segments.

Rental Properties
Rental properties are carried at cost less accumulated depreciation. Costs incurred for the acquisition and development of the properties are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally are estimated to be 40 years for buildings and 3 to 25 years for furniture, fixtures and equipment. Tenant improvements, including allowances, are depreciated over the shorter of the base term of the lease or the estimated useful life. Expenditures for ordinary maintenance and repairs are charged to operations in the period incurred. Significant renovations and improvements that improve or extend the useful life of the asset are capitalized and depreciated over their estimated useful life.

Management reviews a property for impairment whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. The review of recoverability is based on an estimate of undiscounted future cash flows expected to result from its use and eventual disposition. If impairment exists due to the inability to recover the carrying value of the property, an impairment loss is recorded to the extent that the carrying value of the property exceeds its estimated fair value.

The Company evaluates the held-for-sale classification of its real estate as of the end of each quarter. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value less costs to sell. Assets are generally classified as held for sale once management has initiated an active program to market them for sale and has received a firm purchase commitment that is expected to close within one year. The results of operations of these real estate properties are reflected as discontinued operations in all periods reported. On occasion, the Company will receive unsolicited offers from third parties to buy individual Company properties. Under these circumstances, the Company will classify the properties as held for sale when a sales contract is executed with no contingencies and the prospective buyer has funds at risk to ensure performance.

Allowance for Doubtful Accounts
The Company makes estimates of the collectability of its accounts receivable related to base rents, tenant escalations (straight-line rents), reimbursements and other revenue or income. The Company specifically analyzes trends in accounts receivable, historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of its allowance for doubtful accounts. When evaluating customer creditworthiness, management reviews the periodic financial statements for significant tenants and specifically evaluates the strength and material changes in net operating income, coverage ratios, leverage and other factors to assess the tenant's credit quality. In addition, when customers are in bankruptcy, the Company makes estimates of the expected recovery of pre-petition administrative and damage claims. These estimates have a direct impact on the Company's net income.

Revenue Recognition
Rents that are fixed and determinable are recognized on a straight-line basis over the minimum terms of the leases. Base rent escalation on leases that are dependent upon increases in the Consumer Price Index (CPI) is recognized when known. In addition, most of the Company's tenants are subject to additional rents if gross revenues of the properties exceed certain thresholds defined in the lease agreements (percentage rents). Percentage rents as well as participating interest for those mortgage agreements that contain similar such clauses are recognized at the time when specific triggering events occur as provided by the lease or mortgage agreements. Rental revenue included percentage rents of $0.3 million and $0.4 million for the three months ended March 31, 2014 and 2013, respectively. Lease termination fees are recognized when the related leases are canceled and the Company has no obligation to provide services to such former tenants. Termination fees of $0.1 million were recognized during the three months ended March 31, 2014. No termination fees were recognized during the three months ended March 31, 2013.

Direct financing lease income is recognized on the effective interest method to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values at the date of lease inception represent management's initial estimates of fair value of the leased assets at the expiration of the lease, not to exceed original cost. Significant assumptions used in estimating residual values include estimated net cash flows over the remaining lease term and expected future real estate values. The Company evaluates on an annual basis (or more frequently, if necessary) the collectability of its direct financing lease receivable and unguaranteed residual value to determine whether they are impaired. A direct financing lease receivable is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a direct financing lease receivable is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the direct financing lease receivable's effective interest rate or to the fair value of the underlying collateral, less costs to sell, if such receivable is collateralized.

Mortgage Notes and Other Notes Receivable
Mortgage notes and other notes receivable, including related accrued interest receivable, consist of loans originated by the Company and the related accrued and unpaid interest income as of the balance sheet date. Mortgage notes and other notes receivable are initially recorded at the amount advanced to the borrower and the Company defers certain loan origination and commitment fees, net of certain origination costs, and amortizes them over the term of the related loan. Interest income on performing loans is accrued as earned. The Company evaluates the collectability of both interest and principal of each of its loans to determine whether it is impaired. A loan is considered to be impaired when, based on current information and events, the Company determines that it is probable that it will be unable to collect all amounts due according to the existing contractual terms. An insignificant delay or shortfall in amounts of payments does not necessarily result in the loan being identified as impaired. When a loan is considered to be impaired, the amount of loss, if any, is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the loan's effective interest rate or to the fair value of the Company's interest in the underlying collateral, less costs to sell, if the loan is collateral dependent. For impaired loans, interest income is recognized on a cash basis, unless the Company determines based on the loan to estimated fair value ratio the loan should be on the cost recovery method, and any cash payments received would then be reflected as a reduction of principal. Interest income recognition is recommenced if and when the impaired loan becomes contractually current and performance is demonstrated to be resumed.

Concentrations of Risk
American Multi-Cinema, Inc. (AMC) was the lessee of a substantial portion (29%) of the megaplex theatre rental properties held by the Company at March 31, 2014 as a result of a series of sale leaseback transactions pertaining to AMC megaplex theatres. A substantial portion of the Company's total revenues (approximately $21.7 million or 24% and $21.6 million or 26%, for the three months ended March 31, 2014 and 2013, respectively) result from the revenue from AMC under the leases, or from its parent, AMC Entertainment, Inc. (AMCE), as the guarantor of AMC's obligations under the leases. AMCE is wholly owned by AMC Entertainment Holdings, Inc. (AMCEH). AMCEH is a publicly held company (NYSE: AMC) and its consolidated financial information is publicly available as www.sec.gov.

For the three months ended March 31, 2014 and 2013, approximately $10.2 million or 11%, and $10.7 million or 13%, respectively, of total revenue was derived from the Company's four entertainment retail centers in Ontario, Canada. The Company's wholly owned subsidiaries that hold the four Canadian entertainment retail centers represent approximately $219.9 million or 12% and $227.2 million or 13% of the Company's net assets at March 31, 2014 and December 31, 2013, respectively.

Share-Based Compensation
Share-based compensation to employees of the Company is granted pursuant to the Company's Annual Incentive Program and Long-Term Incentive Plan. Share-based compensation to non-employee Trustees of the Company is granted pursuant to the Company's Trustee compensation program and shares to employees and non-employee Trustees are issued under the 2007 Equity Incentive Plan.

Share-based compensation expense consists of share option expense, amortization of nonvested share grants, and amortization of share units issued to non-employee Trustees for payment of their annual retainers. Share-based compensation is included in general and administrative expense in the accompanying consolidated statements of income, and totaled $2.3 million and $1.5 million for the three months ended March 31, 2014 and 2013, respectively.

Share Options
Share options are granted to employees pursuant to the Long-Term Incentive Plan. The fair value of share options granted is estimated at the date of grant using the Black-Scholes option pricing model. Share options granted to employees vest over a period of four years and share option expense for these options is recognized on a straight-line

basis over the vesting period. Total expense recognized related to share options was $363 thousand and $222 thousand for the three months ended March 31, 2014 and 2013, respectively.

Nonvested Shares Issued to Employees

The Company grants nonvested shares to employees pursuant to both the Annual Incentive Program and the Long-Term Incentive Plan. The Company amortizes the expense related to the nonvested shares awarded to employees under the Long-Term Incentive Plan and the premium awarded under the nonvested share alternative of the Annual Incentive Program on a straight-line basis over the future vesting period (three to four years). Total expense recognized related to all nonvested shares was $1.7 million and $1.2 million for the three months ended March 31, 2014 and 2013, respectively.

Restricted Share Units Issued to Non-Employee Trustees

The Company issues restricted share units to non-employee Trustees for payment of their annual retainers. The fair value of the share units granted was based on the share price at the date of grant. The share units vest upon the earlier of the day preceding the next annual meeting of shareholders or a change of control. The settlement date for the shares is selected by the non-employee Trustee, and ranges from one year from the grant date to upon termination of service. This expense is amortized by the Company on a straight-line basis over the year of service by the non-employee Trustees. Total expense recognized related to shares issued to non-employee Trustees was $269 thousand, and $122 thousand for the three months ended March 31, 2014 and 2013, respectively.

Derivative Instruments

The Company has acquired certain derivative instruments to reduce exposure to fluctuations in foreign currency exchange rates and variable interest rates. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. These derivatives consist of foreign currency forward contracts, cross-currency swaps and interest rate swaps.

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The Company has made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Reclassifications

Certain reclassifications have been made to the prior period amounts to conform to the current period presentation for asset groups that qualify for presentation as discontinued operations.

3. Rental Properties

The following table summarizes the carrying amounts of rental properties as of March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014	December 31, 2013
Buildings and improvements	$ 1,937,771	$ 1,937,661
Furniture, fixtures & equipment	27,018	26,676
Land	547,607	549,457
	2,512,396	2,513,794
Accumulated depreciation	(422,463)	(409,643)
Total	$ 2,089,933	$ 2,104,151

Depreciation expense on rental properties was $14.5 million and $12.0 million for the three months ended March 31, 2014 and 2013, respectively.

4. Investments

The Company's investment spending during the three months ended March 31, 2014 totaled $68.5 million, and included investments in each of its four operating segments.

Entertainment investment spending during the three months ended March 31, 2014 totaled $10.3 million, and was related primarily to investments in build-to-suit construction of four megaplex theatres, redevelopment of two existing megaplex theatres and two family entertainment centers that are subject to long-term triple net leases or long-term mortgage agreements.

Education investment spending during the three months ended March 31, 2014 totaled $36.3 million, and was related to investments in build-to-suit construction of 14 public charter schools, three private schools and six early childhood education centers, as well as the acquisition of one early childhood education center located in Mesa, Arizona, each of which is subject to a long-term triple net lease or long-term mortgage agreement.

Recreation investment spending during the three months ended March 31, 2014 totaled $20.7 million, and was related to build-to-suit construction of nine TopGolf golf entertainment facilities, as well as funding improvements at the Company's ski property located in Maryland.

Other investment spending during the three months ended March 31, 2014 totaled $1.2 million, and was related to the land held for development in Sullivan County, New York.

5. Accounts Receivable, Net

The following table summarizes the carrying amounts of accounts receivable, net as of March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014	December 31, 2013
Receivable from tenants	$ 9,793	$ 10,759
Receivable from non-tenants	99	275
Receivable from Canada Revenue Agency	808	839
Straight-line rent receivable	34,413	33,654
Allowance for doubtful accounts	(3,497)	(2,989)
Total	$ 41,616	$ 42,538

6. Investment in a Direct Financing Lease

The Company's investment in a direct financing lease relates to the Company's master lease of 27 public charter school properties as of March 31, 2014 and December 31, 2013, with affiliates of Imagine Schools, Inc. (Imagine). Investment in a direct financing lease, net represents estimated unguaranteed residual values of leased assets and net unpaid rentals, less related deferred income. The following table summarizes the carrying amounts of investment in a direct financing lease, net as of March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014	December 31, 2013
Total minimum lease payments receivable	$ 625,910	$ 633,384
Estimated unguaranteed residual value of leased assets	214,706	215,207
Less deferred income [1]	(597,711)	(606,379)
Investment in a direct financing lease, net	$ 242,905	$ 242,212

[1] Deferred income is net of $1.7 million of initial direct costs at March 31, 2014 and December 31, 2013.

Additionally, the Company has determined that no allowance for losses was necessary at March 31, 2014 and December 31, 2013.

The Company's direct financing lease has expiration dates ranging from approximately 18 to 21 years. Future minimum rentals receivable on this direct financing lease at March 31, 2014 are as follows (in thousands):

	Amount
Year:	
2014	$ 18,474
2015	25,282
2016	26,040
2017	26,821
2018	27,626
Thereafter	501,667
Total	$ 625,910

As further discussed in Note 17, on April 2, 2014, the Company completed the sale of four public charter school properties located in Florida and leased to Imagine for net proceeds of $46.1 million.

7. Debt and Capital Markets

On March 26, 2014, the Company increased the size of its unsecured revolving credit facility from $475.0 million to $535.0 million. As of March 31, 2014, the Company had no balance outstanding under the facility and the total availability under the revolving credit facility was $535.0 million.

Additionally on March 26, 2014, the Company increased the size of its unsecured term loan facility from $265.0 million to $275.0 million.

During the three months ended March 31, 2014, the Company issued pursuant to a registered public offering 1,563,709 common shares under the direct share purchase component of the Dividend Reinvestment and Direct Share Purchase Plan for total net proceeds after expenses of $79.5 million.

8. Variable Interest Entities

The Company's variable interest in VIEs currently are in the form of equity ownership and loans provided by the Company to a VIE or other partner. The Company examines specific criteria and uses its judgment when determining if the Company is the primary beneficiary of a VIE and therefore required to consolidate the investments. Factors considered in determining whether the Company is the primary beneficiary include risk and reward sharing, experience and financial condition of other partner(s), voting rights, involvement in day-to-day capital and operating decisions, representation on a VIE's executive committee, existence of unilateral kick-out rights or voting rights, and level of economic disproportionality between the Company and the other partner(s).

Consolidated VIEs
As of March 31, 2014, the Company does not have any investments in consolidated VIEs.

Unconsolidated VIE
At March 31, 2014, the Company's recorded investment in SVVI, a VIE that is unconsolidated, was $183.5 million. The Company's maximum exposure to loss associated with SVVI is limited to the Company's outstanding mortgage note and related accrued interest receivable of $183.5 million. While this entity is a VIE, the Company has determined that the power to direct the activities of the VIE that most significantly impact the VIE's economic performance is not held by the Company.

9. Derivative Instruments

All derivatives are recognized at fair value in the consolidated balance sheets within the line items "Other assets" and "Accounts payable and accrued liabilities" as applicable. The Company's derivatives are subject to a master netting arrangement and the Company has elected not to offset its derivative position for purposes of balance sheet presentation and disclosure. The Company had derivative liabilities of $5.7 million and $4.5 million recorded in "Accounts payable and accrued liabilities" and derivative assets of $8.0 million and $6.1 million recorded in "Other assets" in the consolidated balance sheet at March 31, 2014 and December 31, 2013, respectively. Had the Company elected to offset derivatives in the consolidated balance sheet pursuant to ASU 210-20-45, the Company would have had derivative assets of approximately $8.0 million and derivative assets of $6.1 million that would have been offset against the respective derivative liabilities of $5.7 million and liabilities of $4.5 million, resulting in a net derivative asset of $2.3 million (with no derivative liability) at March 31, 2014, and a net derivative asset of $1.6 million (with no derivative liability) at December 31, 2013. The Company has not posted or received collateral with its derivative counterparties as of March 31, 2014 or December 31, 2013. See Note 10 for disclosures relating to the fair value of the derivative instruments as of March 31, 2014 and December 31, 2013.

Risk Management Objective of Using Derivatives
The Company is exposed to the effect of changes in foreign currency exchange rates and interest rates on its LIBOR based borrowings. The Company limits this risk by following established risk management policies and procedures including the use of derivatives. The Company's objective in using derivatives is to add stability to reported earnings

and to manage its exposure to foreign exchange and interest rate movements or other identified risks. To accomplish this objective, the Company primarily uses interest rate swaps, cross-currency swaps and foreign currency forwards.

Cash Flow Hedges of Interest Rate Risk
The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements on its LIBOR based borrowings. To accomplish this objective, the Company currently uses interest rate swaps as its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

On January 5, 2012, the Company entered into three interest rate swap agreements to fix the interest rate on a $240.0 million unsecured term loan facility that closed on the same day. These agreements have a combined outstanding notional amount of $240.0 million, a termination date of January 5, 2016 and provide for a fixed rate on this debt of 2.51%. On September 6, 2013, the Company entered into three interest rate swap agreements to further fix the interest rate on $240.0 million of the unsecured term loan facility at 2.38% from January 5, 2016 to July 5, 2017.

The effective portion of changes in the fair value of interest rate derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (AOCI) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the three months ended March 31, 2014 and 2013, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. No hedge ineffectiveness on cash flow hedges was recognized during the three months ended March 31, 2014 and 2013.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. As of March 31, 2014, the Company estimates that during the twelve months ending March 31, 2015, $1.8 million will be reclassified from AOCI to interest expense.

Cash Flow Hedges of Foreign Exchange Risk
The Company is exposed to foreign currency exchange risk against its functional currency, the U.S. dollar, on its four Canadian properties. The Company uses cross currency swaps and foreign currency forwards to mitigate its exposure to fluctuations in the CAD to U.S. dollar exchange rate on its Canadian properties. These foreign currency derivatives should hedge a significant portion of the Company's expected CAD denominated cash flow of the Canadian properties as their impact on the Company's cash flow when settled should move in the opposite direction of the exchange rates used to translate revenues and expenses of these properties.

As of March 31, 2014, the Company had cross-currency swaps with a fixed original notional value of $100.0 million CAD and $98.1 million U.S. The net effect of these swaps is to lock in an exchange rate of $1.05 CAD per U.S. dollar on approximately $13.5 million of annual CAD denominated cash flows on the properties through June 2018.

The effective portion of changes in the fair value of foreign currency derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded in AOCI and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative, as well as amounts excluded from the assessment of hedge effectiveness, is recognized directly in earnings. No hedge ineffectiveness on foreign currency derivatives has been recognized for the three months ended March 31, 2014 and 2013. As of March 31, 2014, the Company estimates that during the twelve months ending March 31, 2015, $0.7 million will be reclassified from AOCI to other income.

Net Investment Hedges
As discussed above, the Company is exposed to fluctuations in foreign exchange rates on its four Canadian properties. As such, the Company uses currency forward agreements to hedge its exposure to changes in foreign exchange rates. Currency forward agreements involve fixing the CAD to U.S. dollar exchange rate for delivery of a specified amount of foreign currency on a specified date. The currency forward agreements are typically cash settled in U.S. dollars for their fair value at or close to their settlement date. In order to hedge the net investment in four of the Canadian properties, the Company entered into a forward contract with a fixed notional value of $100.0 million CAD and $94.3 million

U.S. with a July 2018 settlement. The exchange rate of this forward contract is approximately $1.06 CAD per U.S. dollar. Additionally, on February 28, 2014, the Company entered into a forward contract with a fixed notional value of $100.0 million CAD and $88.1 million U.S. with a July 2018 settlement date. The exchange rate of this forward contract is approximately $1.13 CAD per U.S. dollar. These forward contracts should hedge a significant portion of the Company's CAD denominated net investment in these four centers through July 2018 as the impact on AOCI from marking the derivative to market should move in the opposite direction of the translation adjustment on the net assets of these four Canadian properties.

During the three months ended March 31, 2014, the Company received $5.7 million of cash in connection with the settlement of a CAD to U.S. dollar currency forward agreement which was designated as a net investment hedge. The cash receipt has been reported as part of investing activity in the accompanying consolidated statement of cash flows. The corresponding change in value of the forward contract for the period from inception to the settlement date of $5.7 million is reported in AOCI as part of the cumulative translation adjustment. The $5.7 million gain will remain in AOCI and will be reclassified into earnings upon a sale or complete or substantially complete liquidation of the Company's investment in its four Canadian properties.

For foreign currency derivatives designated as net investment hedges, the effective portion of changes in the fair value of the derivatives are reported in AOCI as part of the cumulative translation adjustment. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. No hedge ineffectiveness on net investment hedges has been recognized for three months ended March 31, 2014 and 2013. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated.

See Note 10 for disclosure relating to the fair value of the Company's derivative instruments. Below is a summary of the effect of derivative instruments on the consolidated statements of changes in equity and income for the three months ended March 31, 2014 and 2013.

Effect of Derivative Instruments on the Consolidated Statements of Changes in Equity and Income for the Three Months Ended
March 31, 2014 and 2013
(Dollars in thousands)

	Three Months Ended March 31,	
Description	**2014**	**2013**
Interest Rate Swaps		
Amount of Loss Recognized in AOCI on Derivative (Effective Portion)	$ (613)	$ (206)
Amount of Expense Reclassified from AOCI into Earnings (Effective Portion) (1)	(449)	(423)
Cross Currency Swaps		
Amount of Gain Recognized in AOCI on Derivative (Effective Portion)	1,833	291
Amount of Income (Expense) Reclassified from AOCI into Earnings (Effective Portion) (2)	173	(102)
Currency Forward Agreements		
Amount of Gain Recognized in AOCI on Derivative (Effective Portion)	4,928	1,935
Amount of Income Reclassified from AOCI into Earnings (Effective Portion) (2)	—	49
Total		
Amount of Gain Recognized in AOCI on Derivative (Effective Portion)	$ 6,148	$ 2,020
Amount of Expense Reclassified from AOCI into Earnings (Effective Portion)	(276)	(476)

(1) Included in "Interest expense, net" in the accompanying consolidated statements of income for the three months ended March 31, 2014 and 2013.

(2) Included in "Other income" and “Other expense” in the accompanying consolidated statements of income for the three months ended March 31, 2014 and 2013.

Credit-risk-related Contingent Features

The Company has agreements with each of its interest rate derivative counterparties that contain a provision where if the Company defaults on any of its obligations for borrowed money or credit in an amount exceeding $25.0 million and such default is not waived or cured within a specified period of time, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its interest rate derivative obligations.

As of March 31, 2014, the fair value of the Company’s derivatives in a liability position related to these agreements was $5.7 million. If the Company breached any of the contractual provisions of the derivative contracts, it would be required to settle its obligations under the agreements at their termination value of $6.0 million.

10. Fair Value Disclosures

The Company has certain financial instruments that are required to be measured under the FASB’s Fair Value Measurements and Disclosures guidance. The Company currently does not have any non-financial assets and non-financial liabilities that are required to be measured at fair value on a recurring basis.

As a basis for considering market participant assumptions in fair value measurements, the FASB’s Fair Value Measurements and Disclosures guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Derivative Financial Instruments

The Company uses interest rate swaps, foreign currency forwards and cross-currency swaps to manage its interest rate and foreign currency risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. In conjunction with the FASB's fair value measurement guidance, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives also use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. As of March 31, 2014, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives and therefore, has classified its derivatives as Level 2 within the fair value reporting hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2014 and December 31, 2013 aggregated by the level in the fair value hierarchy within which those measurements are classified and by derivative type.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at March 31, 2014 and December 31, 2013 (Dollars in thousands)

Description	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at end of period
March 31, 2014:				
Cross-Currency Swaps*	$ —	$ 3,391	$ —	$ 3,391
Currency Forward Agreements*	$ —	$ 4,621	$ —	$ 4,621
Currency Forward Agreements**	—	(1,066)	—	(1,066)
Interest Rate Swap Agreements**	$ —	$ (4,636)	$ —	$ (4,636)
December 31, 2013:				
Cross-Currency Swaps*	$ —	$ 1,730	$ —	$ 1,730
Currency Forward Agreements*	$ —	$ 4,353	$ —	$ 4,353
Interest Rate Swap Agreements**	$ —	$ (4,472)	$ —	$ (4,472)

*Included in "Other assets" in the accompanying consolidated balance sheet.

**Included in "Accounts payable and accrued liabilities" in the accompanying consolidated balance sheet.

Non-recurring fair value measurements

There were no assets or liabilities measured at fair value on a non-recurring basis during the three months ended March 31, 2014.

Fair Value of Financial Instruments

Management compares the carrying value to the estimated fair value of the Company's financial instruments. The following methods and assumptions were used by the Company to estimate the fair value of each class of financial instruments at March 31, 2014 and December 31, 2013:

Mortgage notes receivable and related accrued interest receivable:

The fair value of the Company's mortgage notes and related accrued interest receivable is estimated by discounting the future cash flows of each instrument using current market rates. At March 31, 2014, the Company had a carrying value of $490.8 million in fixed rate mortgage notes receivable outstanding, including related accrued interest, with a weighted average interest rate of approximately 9.08%. The fixed rate mortgage notes bear interest at rates of 5.50% to 11.31%. Discounting the future cash flows for fixed rate mortgage notes receivable using rates of 9.00% to 11.31%, management estimates the fair value of the fixed rate mortgage notes receivable to be approximately $470.5 million with an estimated weighted average market rate of 10.14% at March 31, 2014.

At December 31, 2013, the Company had a carrying value of $486.3 million in fixed rate mortgage notes receivable outstanding, including related accrued interest, with a weighted average interest rate of approximately 9.05%. The fixed rate mortgage notes bear interest at rates of 5.50% to 11.31%. Discounting the future cash flows for fixed rate mortgage notes receivable using rates of 9.00% to 11.31%, management estimates the fair value of the fixed rate mortgage notes receivable to be $465.2 million with an estimated weighted average market rate of 10.12% at December 31, 2013.

Investment in a direct financing lease, net:
The fair value of the Company’s investment in a direct financing lease is estimated by discounting the future cash flows of the instrument using current market rates. At March 31, 2014 and December 31, 2013, the Company had an investment in a direct financing lease with a carrying value of $242.9 million and $242.2 million, respectively, and a weighted average effective interest rate of 12.01%. The investment in direct financing lease bears interest at effective interest rates of 11.74% to 12.38%. The carrying value of the investment in a direct financing lease approximates the fair market value at March 31, 2014 and December 31, 2013.

Derivative instruments:
Derivative instruments are carried at their fair market value.

Debt instruments:
The fair value of the Company's debt is estimated by discounting the future cash flows of each instrument using current market rates. At March 31, 2014, the Company had a carrying value of $300.0 million in variable rate debt outstanding with a weighted average interest rate of approximately 1.61%. The carrying value of the variable rate debt outstanding approximates the fair market value at March 31, 2014.

At December 31, 2013, the Company had a carrying value of $290.0 million in variable rate debt outstanding with an average weighted interest rate of approximately 1.62%. The carrying value of the variable rate debt outstanding approximates the fair market value at December 31, 2013.

At March 31, 2014 and December 31, 2013, $240.0 million of variable rate debt outstanding under the Company's unsecured term loan facility had been effectively converted to a fixed rate through July 5, 2017 by interest rate swap agreements.

At March 31, 2014, the Company had a carrying value of $1.18 billion in fixed rate long-term debt outstanding with a weighted average interest rate of approximately 6.10%. Discounting the future cash flows for fixed rate debt using rates of 2.13% to 4.77%, management estimates the fair value of the fixed rate debt to be approximately $1.29 billion with an estimated weighted average market rate of 4.03% at March 31, 2014.

At December 31, 2013, the Company had a carrying value of $1.19 billion in fixed rate long-term debt outstanding with an average weighted interest rate of approximately 6.10%. Discounting the future cash flows for fixed rate debt using rates of 2.63% to 5.56%, management estimates the fair value of the fixed rate debt to be approximately $1.24 billion with an estimated weighted average market rate of 4.85% at December 31, 2013.

11. Earnings Per Share

The following table summarizes the Company’s computation of basic and diluted earnings per share (EPS) for the three months ended March 31, 2014 and 2013 (amounts in thousands except per share information):

	Three Months Ended March 31, 2014		
	Income (numerator)	Shares (denominator)	Per Share Amount
Basic EPS:			
Income from continuing operations	$ 40,142		
Less: preferred dividend requirements	(5,952)		
Income from continuing operations available to common shareholders	$ 34,190	52,541	$ 0.65
Income from discontinued operations available to common shareholders	$ 3,391	52,541	$ 0.07
Net income available to common shareholders	$ 37,581	52,541	$ 0.72
Diluted EPS:			
Income from continuing operations available to common shareholders	$ 34,190	52,541	
Effect of dilutive securities:			
Share options	—	178	
Income from continuing operations available to common shareholders	$ 34,190	52,719	$ 0.65
Income from discontinued operations available to common shareholders	$ 3,391	52,719	$ 0.06
Net income available to common shareholders	$ 37,581	52,719	$ 0.71

	Three Months Ended March 31, 2013		
	Income (numerator)	Shares (denominator)	Per Share Amount
Basic EPS:			
Income from continuing operations	$ 40,876		
Less: preferred dividend requirements	(5,952)		
Income from continuing operations available to common shareholders	$ 34,924	46,854	$ 0.74
Loss from discontinued operations available to common shareholders	$ 330	46,854	$ 0.01
Net income available to common shareholders	$ 35,254	46,854	$ 0.75
Diluted EPS:			
Income from continuing operations available to common shareholders	$ 34,924	46,854	
Effect of dilutive securities:			
Share options	—	193	
Income from continuing operations available to common shareholders	$ 34,924	47,047	$ 0.74
Loss from discontinued operations available to common shareholders	$ 330	47,047	$ 0.01
Net income available to common shareholders	$ 35,254	47,047	$ 0.75

The additional 1.9 million common shares that would result from the conversion of the Company's 5.75% Series C cumulative convertible preferred shares and the additional 1.6 million common shares that would result from the conversion of the Company's 9.0% Series E cumulative convertible preferred shares and the corresponding add-back of the preferred dividends declared on those shares are not included in the calculation of diluted earnings per share for the three months ended March 31, 2014 and 2013 because the effect is anti-dilutive.

The dilutive effect of potential common shares from the exercise of share options is included in diluted earnings per share for the three months ended March 31, 2014 and 2013. For the three months ended March 31, 2014 and 2013, options to purchase 417 thousand and 358 thousand shares of common shares, respectively, at per share prices ranging from $45.20 to $65.50 for both periods, were not included in the computation of diluted earnings per share because the options were anti-dilutive.

12. Equity Incentive Plan

All grants of common shares and options to purchase common shares are issued under the Company's 2007 Equity Incentive Plan and an aggregate of 3,650,000 common shares, options to purchase common shares and restricted share units, subject to adjustment in the event of certain capital events, may be granted. At March 31, 2014, there were 1,327,871 shares available for grant under the 2007 Equity Incentive Plan.

Share Options

Share options granted under the 2007 Equity Incentive Plan have exercise prices equal to the fair market value of a common share at the date of grant. The options may be granted for any reasonable term, not to exceed 10 years, and for employees typically become exercisable at a rate of 25% per year over a four-year period. For non-employee Trustees, share options are vested upon issuance, however, the share options may not be exercised for a one year period subsequent to the grant date. The Company generally issues new common shares upon option exercise. A summary of the Company's share option activity and related information is as follows:

	Number of shares	Option price per share					Weighted avg. exercise price	
Outstanding at December 31, 2013	840,665	$	18.18	—	$	65.50	$	40.85
Exercised	(19,105)		32.50	—		47.77		40.19
Granted	172,178		51.64	—		51.64		51.64
Outstanding at March 31, 2014	993,738	$	18.18	—	$	65.50	$	42.74

The weighted average fair value of options granted was $13.87 and $12.05 during the three months ended March 31, 2014 and 2013, respectively. The intrinsic value of stock options exercised was $0.3 million and $1.9 million during the three months ended March 31, 2014 and 2013, respectively. Additionally, the Company repurchased 14,762 shares into treasury shares in conjunction with the stock options exercised during the three months ended March 31, 2014 with a total value of $0.8 million. At March 31, 2014, stock-option expense to be recognized in future periods was $3.8 million.

The expense related to share options included in the determination of net income for the three months ended March 31, 2014 and 2013 was $363 thousand and $222 thousand, respectively. The following assumptions were used in applying the Black-Scholes option pricing model at the grant dates: risk-free interest rate of 2.2% and 1.0% for the three months ended March 31, 2014 and 2013, respectively, dividend yield of 6.4% for the three months ended March 31, 2014 and 6.4% to 6.6% for the three months ended March 31, 2013, volatility factors in the expected market price of the Company's common shares of 50.3% for the three months ended March 31, 2014 and 50.7% for the three months ended March 31, 2013, 0.28% and 0.23% expected forfeiture rate for the three months ended March 31, 2014 and 2013, respectively, and an expected life of approximately six years for both the three months ended March 31, 2014 and 2013. The Company uses historical data to estimate the expected life of the option and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. Additionally, expected volatility is computed based on the average historical volatility of the Company's publicly traded shares.

The following table summarizes outstanding options at March 31, 2014:

Exercise price range	Options outstanding	Weighted avg. life remaining	Weighted avg. exercise price	Aggregate intrinsic value (in thousands)
$ 18.18 - 19.99	201,859	4.9		
20.00 - 29.99	—	0.0		
30.00 - 39.99	16,060	5.8		
40.00 - 49.99	492,788	5.4		
50.00 - 59.99	189,678	9.4		
60.00 - 65.50	93,353	2.8		
	993,738	5.8	$ 42.74	$ 11,680

The following table summarizes exercisable options at March 31, 2014:

Exercise price range	Options outstanding	Weighted avg. life remaining	Weighted avg. exercise price	Aggregate intrinsic value (in thousands)
$ 18.18 - 19.99	201,859	4.9		
20.00 - 29.99	—	0.0		
30.00 - 39.99	14,810	5.8		
40.00 - 49.99	343,634	4.2		
50.00 - 59.99	10,000	4.1		
60.00 - 65.50	93,353	2.8		
	663,656	4.2	$ 39.40	$ 10,340

Nonvested Shares

A summary of the Company's nonvested share activity and related information is as follows:

	Number of shares	Weighted avg. grant date fair value	Weighted avg. life remaining
Outstanding at December 31, 2013	371,864	$ 46.00	
Granted	280,193	51.64	
Vested	(149,324)	45.26	
Outstanding at March 31, 2014	502,733	$ 49.36	1.76

The holders of nonvested shares have voting rights and receive dividends from the date of grant. These shares vest ratably over a period of three to four years. The fair value of the nonvested shares that vested was $7.3 million and $6.7 million for the three months ended March 31, 2014 and 2013, respectively. At March 31, 2014, unamortized share-based compensation expense related to nonvested shares was $17.5 million.

Restricted Share Units

A summary of the Company's restricted share unit activity and related information is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Life Remaining
Outstanding at December 31, 2013	17,530	$ 58.38	
Granted	—	—	
Vested	—	—	
Outstanding at March 31, 2014	17,530	$ 58.38	0.11

The holders of restricted share units receive dividend equivalents from the date of grant. The share units vest upon the earlier of the day preceding the next annual meeting of shareholders or a change of control. The settlement date for the shares is selected by the non-employee Trustee, and ranges from one year from the grant date to upon termination of service. At March 31, 2014, unamortized share-based compensation expense related to restricted share units was $90 thousand.

13. Discontinued Operations

Included in discontinued operations for the three months ended March 31, 2014 is the reversal of a liability that was established with the March 4, 2010 acquisition of Toronto Dundas Square. This liability was reversed as the related payment is not expected to occur. Included in discontinued operations for the three months ended March 31, 2013 are the operations operations of five winery and vineyard properties which were sold during 2013.

The operating results relating to discontinued operations are as follows (in thousands):

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Rental revenue	$ 3	$ 746
Total revenue	3	746
Property operating expense (benefit)	6	(9)
Other expense (benefit)	(18)	67
Transaction costs (benefit)	(3,376)	—
Depreciation and amortization	—	923
Income (loss) before gain on sale or acquisition of real estate	3,391	(235)
Gain on sale of real estate	—	565
Net income	$ 3,391	$ 330

14. Other Commitments and Contingencies

As of March 31, 2014, the Company had 13 entertainment development projects for which it has commitments to fund approximately $62.6 million, 16 education development projects for which it has commitments to fund approximately $174.6 million and eight recreation development projects for which it has commitments to fund approximately $71.9 million. Development costs are advanced by the Company in periodic draws. If the Company determines that construction is not being completed in accordance with the terms of the development agreement, it can discontinue funding construction draws. The Company has agreed to lease the properties to the operators at pre-determined rates upon completion of construction.

The Company has certain commitments related to its mortgage note investments that it may be required to fund in the future. The Company is generally obligated to fund these commitments at the request of the borrower or upon the occurrence of events outside of its direct control. As of March 31, 2014, the Company had 14 mortgage notes receivable with commitments totaling approximately $227.0 million. If commitments are funded in the future, interest will be charged at rates consistent with the existing investments.

The Company has provided guarantees of the payment of certain economic development revenue bonds totaling $20.4 million related to two theatres in Louisiana for which the Company earns a fee at annual rates of 2.88% to 4.00% over the 30-year terms of the related bonds. The Company has recorded $8.6 million as a deferred asset included in other assets and $8.6 million included in other liabilities in the accompanying consolidated balance sheet as of March 31, 2014 related to these guarantees. No amounts have been accrued as a loss contingency related to these guarantees because payment by the Company is not probable.

On September 18, 2013, the United States District Court for the Southern District of New York dismissed the complaint filed by Concord Associates L.P. and six other companies affiliated with Louis Cappelli ("the Cappelli Group") against us and certain of our subsidiaries, Empire Resorts, Inc. and Monticello Raceway Management, Inc. (collectively “Empire”), and Kien Huat Realty III Limited and Genting New York LLC (collectively, “Genting”). The complaint alleged, among other things, that we had conspired with Empire to monopolize the racing and gaming market in the Catskills by entering into exclusivity and development agreements to develop a comprehensive resort destination in

Sullivan County, New York. The plaintiffs are seeking $500 million in damages (trebled to $1.5 billion under antitrust law), punitive damages, and injunctive relief. The District Court dismissed plaintiffs' federal antitrust claims against all defendants with prejudice, and dismissed the pendent state law claims against Empire and Genting without prejudice, meaning they could be further pursued in state court. The plaintiffs have filed a motion for reconsideration with the District Court, seeking permission to file a Second Amended Complaint, and also have filed a Notice of Appeal.

The Company has not determined that losses related to these matters are probable. Because of the favorable ruling from the District Court and the pending appeal, together with the inherent difficulty of predicting the outcome of litigation generally, the Company does not have sufficient information to determine the amount or range of reasonably possible loss with respect to these matters. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause the Company to change those estimates and assumptions. The Company intends to vigorously defend the claims asserted against the Company and certain of its subsidiaries by the Cappelli Group and its affiliates, for which the Company believes it has meritorious defenses, but there can be no assurances as to its outcome.

15. Segment Information

The Company groups investments into four reportable operating segments: Entertainment, Education, Recreation and Other. The financial information summarized below is presented by reportable operating segment:

Balance Sheet Data:

	As of March 31, 2014					
	Entertainment	Education	Recreation	Other	Corporate/Unallocated	Consolidated
Total Assets	$ 1,913,152	$ 576,878	$ 579,939	$ 211,235	$ 57,909	$ 3,339,113

	As of December 31, 2013					
	Entertainment	Education	Recreation	Other	Corporate/Unallocated	Consolidated
Total Assets	$ 1,921,836	$ 542,052	$ 553,019	$ 210,064	$ 45,305	$ 3,272,276

Operating Data:

	Three Months Ended March 31, 2014					
	Entertainment	Education	Recreation	Other	Corporate/Unallocated	Consolidated
Rental revenue	$ 56,822	$ 5,478	$ 3,846	$ 285	$ —	$ 66,431
Tenant reimbursements	4,588	—	—	—	—	4,588
Other income	1	—	—	—	173	174
Mortgage and other financing income	1,723	8,778	8,066	97	—	18,664
Total revenue	63,134	14,256	11,912	382	173	89,857
Property operating expense	6,273	—	—	176	—	6,449
Other expense	—	—	—	98	—	98
Total investment expenses	6,273	—	—	274	—	6,547
Net operating income - before unallocated items	56,861	14,256	11,912	108	173	83,310
Reconciliation to Consolidated Statements of Income:						
General and administrative expense						(7,462)
Interest expense, net						(19,899)
Transaction costs						(196)
Depreciation and amortization						(15,327)
Equity in income from joint ventures						311
Gain on sale of land						330
Income tax expense						(925)
Discontinued operations:						
Income from discontinued operations						15
Transaction (costs) benefit						3,376
Net income						43,533
Preferred dividend requirements						(5,952)
Net income available to common shareholders of EPR Properties						$ 37,581

	Three Months Ended March 31, 2013					
	Entertainment	Education	Recreation	Other	Corporate/Unallocated	Consolidated
Rental revenue	$ 54,983	$ 3,157	$ 1,909	$ 339	$ —	$ 60,388
Tenant reimbursements	4,744	—	—	—	—	4,744
Other income	23	—	—	1	—	24
Mortgage and other financing income	2,204	7,957	7,555	79	—	17,795
Total revenue	61,954	11,114	9,464	419	—	82,951
Property operating expense	7,135	—	—	(100)	—	7,035
Other expense	—	—	—	96	53	149
Total investment expenses	7,135	—	—	(4)	53	7,184
Net operating income (loss) - before unallocated items	54,819	11,114	9,464	423	(53)	75,767
Reconciliation to Consolidated Statements of Income:						
General and administrative expense						(6,652)
Gain on early extinguishment of debt						4,539
Interest expense, net						(19,989)
Transaction costs						(318)
Depreciation and amortization						(12,822)
Equity in income from joint ventures						351
Discontinued operations:						
Loss from discontinued operations						(235)
Gain on sale of real estate						565
Net income						41,206
Preferred dividend requirements						(5,952)
Net income available to common shareholders of EPR Properties						$ 35,254

16. Condensed Consolidating Financial Statements

A portion of the Company's subsidiaries have guaranteed the Company's indebtedness under the Company's unsecured senior notes, unsecured revolving credit facility and unsecured term loan facility. The guarantees are joint and several, full and unconditional and subject to customary release provisions. The following summarizes the Company's condensed consolidating information as of March 31, 2014 and December 31, 2013 and for the three months ended March 31, 2014 and 2013 (in thousands):

Condensed Consolidating Balance Sheet
As of March 31, 2014

	EPR Properties (Issuer)	Wholly Owned Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
Assets					
Rental properties, net	$ —	$ 1,472,305	$ 617,628	$ —	$ 2,089,933
Land held for development	—	—	202,552	—	202,552
Property under development	70	132,844	5,672	—	138,586
Mortgage notes and related accrued interest receivable	—	464,976	25,864	—	490,840
Investment in a direct financing lease, net	—	242,905	—	—	242,905
Investment in joint ventures	—	—	5,586	—	5,586
Cash and cash equivalents	11,722	2,059	6,625	—	20,406
Restricted cash	1,100	16,594	1,874	—	19,568
Deferred financing costs, net	16,703	5,300	775	—	22,778
Accounts receivable, net	116	24,839	16,661	—	41,616
Intercompany notes receivable	—	—	175,757	(175,757)	—
Investments in subsidiaries	2,909,204	—	—	(2,909,204)	—
Other assets	19,454	11,862	33,027	—	64,343
Total assets	$ 2,958,369	$ 2,373,684	$ 1,092,021	$ (3,084,961)	$ 3,339,113
Liabilities and Equity					
Liabilities:					
Accounts payable and accrued liabilities	$ 25,610	$ 12,894	$ 9,022	$ —	$ 47,526
Dividends payable	21,184	—	—	—	21,184
Unearned rents and interest	751	22,975	3,555	—	27,281
Intercompany notes payable	687	—	175,070	(175,757)	—
Debt	1,150,000	—	332,608	—	1,482,608
Total liabilities	1,198,232	35,869	520,255	(175,757)	1,578,599
EPR Properties shareholders' equity	1,760,137	2,337,815	571,389	(2,909,204)	1,760,137
Noncontrolling interests	—	—	377	—	377
Total equity	$ 1,760,137	$ 2,337,815	$ 571,766	$ (2,909,204)	$ 1,760,514
Total liabilities and equity	$ 2,958,369	$ 2,373,684	$ 1,092,021	$ (3,084,961)	$ 3,339,113

Condensed Consolidating Balance Sheet
As of December 31, 2013

	EPR Properties (Issuer)	Wholly Owned Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
Assets					
Rental properties, net	$ —	$ 1,474,501	$ 629,650	$ —	$ 2,104,151
Land held for development	—	—	201,342	—	201,342
Property under development	18	84,397	5,058	—	89,473
Mortgage notes and related accrued interest receivable	—	460,533	25,804	—	486,337
Investment in a direct financing lease, net	—	242,212	—	—	242,212
Investment in joint ventures	—	—	5,275	—	5,275
Cash and cash equivalents	449	1,826	5,683	—	7,958
Restricted cash	1,150	6,735	1,829	—	9,714
Deferred financing costs, net	17,221	5,439	684	—	23,344
Accounts receivable, net	106	25,158	17,274	—	42,538
Intercompany notes receivable	—	—	175,757	(175,757)	—
Investments in subsidiaries	2,852,543	—	—	(2,852,543)	—
Other assets	19,292	11,040	29,600	—	59,932
Total assets	$ 2,890,779	$ 2,311,841	$ 1,097,956	$ (3,028,300)	$ 3,272,276
Liabilities and Equity					
Liabilities:					
Accounts payable and accrued liabilities	$ 43,589	$ 20,564	$ 8,174	$ —	$ 72,327
Dividends payable	19,553	—	—	—	19,553
Unearned rents and interest	—	14,295	2,751	—	17,046
Intercompany notes payable	—	—	175,757	(175,757)	—
Debt	1,140,000	—	335,336	—	1,475,336
Total liabilities	1,203,142	34,859	522,018	(175,757)	1,584,262
EPR Properties shareholders' equity	1,687,637	2,276,982	575,561	(2,852,543)	1,687,637
Noncontrolling interests	—	—	377	—	377
Total equity	$ 1,687,637	$ 2,276,982	$ 575,938	$ (2,852,543)	$ 1,688,014
Total liabilities and equity	$ 2,890,779	$ 2,311,841	$ 1,097,956	$ (3,028,300)	$ 3,272,276

Condensed Consolidating Statement of Income
Three Months Ended March 31, 2014

	EPR Properties (Issuer)	Wholly Owned Subsidiary Guarantors	Non-Guarantors Subsidiaries	Consolidated Elimination	Consolidated
Rental revenue	$ —	$ 45,110	$ 21,321	$ —	$ 66,431
Tenant reimbursements	—	982	3,606	—	4,588
Other income	173	—	1	—	174
Mortgage and other financing income	187	17,796	681	—	18,664
Intercompany fee income	780	—	—	(780)	—
Interest income on intercompany notes receivable	—	—	7,063	(7,063)	—
Total revenue	1,140	63,888	32,672	(7,843)	89,857
Equity in subsidiaries' earnings	58,465	—	—	(58,465)	—
Property operating expense	(1)	2,396	4,054	—	6,449
Intercompany fee expense	—	—	780	(780)	—
Other expense	—	—	98	—	98
General and administrative expense	—	4,911	2,551	—	7,462
Interest expense, net	15,688	(411)	4,622	—	19,899
Interest expense on intercompany notes payable	—	—	7,063	(7,063)	—
Transaction costs	—	—	196	—	196
Depreciation and amortization	275	10,503	4,549	—	15,327
Income before equity in income from joint ventures and other items	43,643	46,489	8,759	(58,465)	40,426
Equity in income from joint ventures	—	—	311	—	311
Gain on sale of land	—	—	330	—	330
Income before income taxes	43,643	46,489	9,400	(58,465)	41,067
Income tax expense	110	—	815	—	925
Income from continuing operations	$ 43,533	$ 46,489	$ 8,585	$ (58,465)	$ 40,142
Discontinued operations:					
Income (loss) from discontinued operations	—	(3)	18	—	15
Transaction (costs) benefit	—	3,376	—	—	3,376
Net income	43,533	49,862	8,603	(58,465)	43,533
Preferred dividend requirements	(5,952)	—	—	—	(5,952)
Net income available to common shareholders of EPR Properties	$ 37,581	$ 49,862	$ 8,603	$ (58,465)	$ 37,581
Comprehensive income attributable to EPR Properties	$ 41,469	$ 50,005	$ 6,560	$ (56,565)	$ 41,469

Condensed Consolidating Statement of Income
Three Months Ended March 31, 2013

	EPR Properties (Issuer)	Wholly Owned Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
Rental revenue	$ —	$ 39,092	$ 21,296	$ —	$ 60,388
Tenant reimbursements	—	1,014	3,730	—	4,744
Other income	23	—	1	—	24
Mortgage and other financing income	252	16,453	1,090	—	17,795
Intercompany fee income	668	—	—	(668)	—
Interest income on intercompany notes receivable	4,264	—	93	(4,357)	—
Total revenue	5,207	56,559	26,210	(5,025)	82,951
Equity in subsidiaries' earnings	48,333	—	—	(48,333)	—
Property operating expense	—	3,496	3,539	—	7,035
Intercompany fee expense	—	—	668	(668)	—
Other expense	—	—	149	—	149
General and administrative expense	—	4,499	2,153	—	6,652
Gain on early extinguishment of debt	—	(4,539)	—	—	(4,539)
Interest expense, net	11,927	1,761	6,301	—	19,989
Interest expense on intercompany notes payable	—	—	4,357	(4,357)	—
Transaction costs	318	—	—	—	318
Depreciation and amortization	272	7,821	4,729	—	12,822
Income before equity in income from joint ventures and other items	41,023	43,521	4,314	(48,333)	40,525
Equity in income from joint ventures	183	—	168	—	351
Income from continuing operations	$ 41,206	$ 43,521	$ 4,482	$ (48,333)	$ 40,876
Discontinued operations:					
Loss from discontinued operations	—	(21)	(214)	—	(235)
Gain on sale of real estate	—	—	565	—	565
Net income attributable to EPR Properties	41,206	43,500	4,833	(48,333)	41,206
Preferred dividend requirements	(5,952)	—	—	—	(5,952)
Net income available to common shareholders of EPR Properties	$ 35,254	$ 43,500	$ 4,833	$ (48,333)	$ 35,254
Comprehensive income attributable to EPR Properties	$ 40,698	$ 43,583	$ 4,025	$ (47,608)	$ 40,698

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2014

	EPR Properties (Issuer)	Wholly Owned Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidated
Intercompany fee income (expense)	$ 780	$ —	$ (780)	$ —
Interest income (expense) on intercompany receivable/payable	—	—	—	—
Net cash provided (used) by other operating activities	(26,440)	56,819	11,027	41,406
Net cash provided (used) by operating activities of continuing operations	(25,660)	56,819	10,247	41,406
Net cash provided by operating activities of discontinued operations	—	77	47	124
Net cash provided (used) by operating activities	(25,660)	56,896	10,294	41,530
Investing activities:				
Acquisition of rental properties and other assets	(67)	(11,899)	(298)	(12,264)
Proceeds from sale of real estate	—	—	915	915
Proceed from settlement of derivative	— —	—	5,725	5,725
Investment in mortgage notes receivable	—	(4,497)	25	(4,472)
Proceeds from mortgage note receivable paydown	—	76	—	76
Investment in promissory notes receivable	—	(721)	(1,486)	(2,207)
Additions to property under development	(52)	(48,689)	(1,880)	(50,621)
Investment in (repayment of) intercompany notes payable	—	—	—	—
Advances to subsidiaries, net	74	9,288	(9,362)	—
Net cash used by investing activities	(45)	(56,442)	(6,361)	(62,848)
Financing activities:				
Proceeds from long-term debt facilities	10,000	37,000	—	47,000
Principal payments on long-term debt	—	(37,000)	(2,728)	(39,728)
Deferred financing fees paid	(50)	(240)	(159)	(449)
Net proceeds from issuance of common shares	79,579	—	—	79,579
Impact of stock option exercises, net	(21)	—	—	(21)
Purchase of common shares for treasury	(2,892)	—	—	(2,892)
Dividends paid to shareholders	(49,638)	—	—	(49,638)
Net cash provided (used) by financing activities	36,978	(240)	(2,887)	33,851
Effect of exchange rate changes on cash	—	19	(104)	(85)
Net increase in cash and cash equivalents	11,273	233	942	12,448
Cash and cash equivalents at beginning of the period	449	1,826	5,683	7,958
Cash and cash equivalents at end of the period	$ 11,722	$ 2,059	$ 6,625	$ 20,406

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2013

	EPR Properties (Issuer)	Wholly Owned Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidated
Intercompany fee income (expense)	$ 668	$ —	$ (668)	$ —
Interest income (expense) on intercompany receivable/payable	4,264	—	(4,264)	—
Net cash provided (used) by other operating activities	(20,915)	47,786	11,640	38,511
Net cash provided (used) by operating activities of continuing operations	(15,983)	47,786	6,708	38,511
Net cash provided (used) by operating activities of discontinued operations	—	(31)	1,692	1,661
Net cash provided (used) by operating activities	(15,983)	47,755	8,400	40,172
Investing activities:				
Acquisition of rental properties and other assets	(123)	(7,918)	(133)	(8,174)
Investment in unconsolidated joint ventures	(433)	—	—	(433)
Investment in mortgage note receivable	—	(11,504)	(1,265)	(12,769)
Additions to property under development	—	(16,272)	(1,447)	(17,719)
Investment in (repayment of) intercompany notes payable	(1,471)	—	1,471	—
Advances to subsidiaries, net	50,845	(22,395)	(28,450)	—
Net cash provided (used) by investing activities of continuing operations	48,818	(58,089)	(29,824)	(39,095)
Net proceeds from sale of real estate from discontinued operations	—	—	24,146	24,146
Net cash provided (used) by investing activities	48,818	(58,089)	(5,678)	(14,949)
Financing activities:				
Proceeds from long-term debt facilities	15,000	55,000	—	70,000
Principal payments on long-term debt	—	(45,080)	(3,870)	(48,950)
Deferred financing fees paid	(48)	(1)	(18)	(67)
Net proceeds from issuance of common shares	84	—	—	84
Impact of stock option exercises, net	(692)	—	—	(692)
Purchase of common shares for treasury	(3,245)	—	—	(3,245)
Dividends paid to shareholders	(41,146)	—	—	(41,146)
Net cash provided (used) by financing activities	(30,047)	9,919	(3,888)	(24,016)
Effect of exchange rate changes on cash	—	—	(108)	(108)
Net increase (decrease) in cash and cash equivalents	2,788	(415)	(1,274)	1,099
Cash and cash equivalents at beginning of the period	1,531	832	8,301	10,664
Cash and cash equivalents at end of the period	$ 4,319	$ 417	$ 7,027	$ 11,763

17. Subsequent Events

On April 2, 2014, the Company completed the sale of four public charter school properties located in Florida and leased to Imagine for net proceeds of $46.1 million. Accordingly, the Company reduced its investment in a direct financing lease, net, by $45.9 million which included $41.5 million in original acquisition cost. A gain of $0.2 million will be recognized during the three months ended June 30, 2014.

On April 21, 2014, the Company acquired 11 theatre properties for a total purchase price of approximately $117.7 million from a third-party. The theatre properties are located in Georgia, Illinois, Indiana, Kentucky, Missouri, Pennsylvania and Tennessee and contain an aggregate of approximately 139 screens. The theatre properties are leased on a triple net basis under a master lease agreement to a subsidiary of Regal Cinemas, Inc. with the tenant responsible for all taxes, costs and expenses arising from the use or operation of the properties. The remaining initial lease term is approximately 13 years. As a part of this transaction, the Company assumed a mortgage loan of $90.3 million, which will be booked at fair value. Proforma financial information for this acquisition has been omitted as the effects of the acquisition are not material to the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto on this Form 10-Q of EPR Properties ("the Company", "EPR", "we" or "us"). The forward-looking statements included in this discussion and elsewhere on this Form 10-Q involve risks and uncertainties, including anticipated financial performance, business prospects, industry trends, shareholder returns, performance of leases by tenants, performance on loans to customers and other matters, which reflect management's best judgment based on factors currently known. See "Cautionary Statement Concerning Forward-Looking Statements" which is incorporated herein by reference. Actual results and experience could differ materially from the anticipated results and other expectations expressed in our forward-looking statements as a result of a number of factors, including but not limited to those discussed in this Item and Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 28, 2014.

Overview

Business

Our principal business objective is to enhance shareholder value by achieving predictable and increasing Funds From Operations ("FFO") and dividends per share. Our prevailing strategy is to focus on long-term investments in a limited number of categories in which we maintain a depth of knowledge and relationships, and which we believe offer sustained performance throughout all economic cycles. Our investment portfolio includes ownership of and long-term mortgages on entertainment, education and recreation properties. Substantially all of our owned single-tenant properties are leased pursuant to long-term triple net leases, under which the tenants typically pay all operating expenses of the property. Tenants at our owned multi-tenant properties are typically required to pay common area maintenance charges to reimburse us for their pro-rata portion of these costs.

It has been our strategy to structure leases and financings to ensure a positive spread between our cost of capital and the rentals or interest paid by our tenants. We have primarily acquired or developed new properties that are pre-leased to a single tenant or multi-tenant properties that have a high occupancy rate. We have also entered into certain joint ventures and we have provided mortgage note financing. We intend to continue entering into some or all of these types of arrangements in the foreseeable future.

Historically, our primary challenges have been locating suitable properties, negotiating favorable lease or financing terms (on new or existing properties), and managing our portfolio as we have continued to grow. We believe our management's knowledge and industry relationships have facilitated opportunities for us to acquire, finance and lease properties. Our business is subject to a number of risks and uncertainties, including those described in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013.

As of March 31, 2014, our total assets exceeded $3.3 billion (after accumulated depreciation of approximately $0.4 billion) which included investments in each of our four operating segments with properties located in located in 38 states, the District of Columbia and Ontario, Canada.

- Our Entertainment segment included investments in 113 megaplex theatre properties, nine entertainment retail centers (which include eight additional megaplex theatre properties and one live performance venue) and six family entertainment centers. Our portfolio of owned entertainment properties consisted of 11.1 million square feet and was 99% leased, including megaplex theaters that were 100% leased.
- Our Education segment included investments in 56 public charter school properties and two early education centers. Our portfolio of owned education properties consisted of 2.9 million square feet and was 100% leased.
- Our Recreation segment included investments in 14 metropolitan ski areas, four waterparks and five golf entertainment complexes. Our portfolio of owned recreation properties was 100% leased.
- Our Other segment consisted primarily of the land held for development in Sullivan County, New York.

The combined owned portfolio consisted of 14.6 million square feet and was 99% leased. As of March 31, 2014, we also had invested approximately $138.6 million in property under development.

Our total investments were approximately $3.6 billion at March 31, 2014. Total investments is defined herein as the sum of the carrying values of rental properties and rental properties held for sale (before accumulated depreciation), land held for development, property under development, mortgage notes receivable (including related accrued interest receivable), net, investment in a direct financing lease, net, investment in joint ventures, intangible assets (before accumulated amortization) and notes receivable and related accrued interest receivable, net. Below is a reconciliation of the carrying value of total investments to the constituent items in the consolidated balance sheet at March 31, 2014 (in thousands):

Rental properties, net of accumulated depreciation	$	2,089,933
Add back accumulated depreciation on rental properties		422,463
Land held for development		202,552
Property under development		138,586
Mortgage notes and related accrued interest receivable		490,840
Investment in a direct financing lease, net		242,905
Investment in joint ventures		5,586
Intangible assets, gross[(1)]		17,922
Notes receivable and related accrued interest receivable, net[(1)]		7,322
Total investments	$	3,618,109

(1) Included in other assets in the accompanying consolidated balance sheet. Other assets includes the following:

Intangible assets, gross	$	17,922
Less: accumulated amortization on intangible assets		(11,586)
Notes receivable and related accrued interest receivable, net		7,322
Prepaid expenses and other current assets		50,685
Total other assets	$	64,343

Management believes that total investments is a useful measure for management and investors as it illustrates across which asset categories the Company's funds have been invested. Total investments is a non-GAAP financial measure and is not a substitute for total assets under GAAP. It is most directly comparable to the GAAP measure, "Total assets". Furthermore, total investments may not be comparable to similarly titled financial measures reported by other companies due to differences in the way the Company calculates this measure. Below is a reconciliation of total investments to "Total assets" in the consolidated balance sheet at March 31, 2014 (in thousands):

Total investments	$	3,618,109
Cash and cash equivalents		20,406
Restricted cash		19,568
Deferred financing costs, net		22,778
Account receivable, net		41,616
Less: accumulated depreciation on rental properties		(422,463)
Less: accumulated amortization on intangible assets		(11,586)
Prepaid expenses and other current assets		50,685
Total assets	$	3,339,113

For financial reporting purposes, we group our investments into four reportable operating segments: Entertainment, Education, Recreation and Other. Of our total investments of $3.6 billion at March 31, 2014, $2.3 billion or 63% related to our Entertainment segment, $572.4 million or 16% related to our Education segment, $569.0 million or 16% related to our Recreation segment and $213.2 million or 5% related to our Other segment.

Operating Results

Our total revenue, net income available to common shareholders and Funds From Operations As Adjusted ("FFOAA") are detailed below for the three months ended March 31, 2014 and 2013 (in millions, except per share information):

	Three Months Ended March 31,		
	2014	**2013**	**Increase**
Total revenue	$ 89.9	$ 83.0	8%
Net income available to common shareholders of EPR Properties	37.6	35.3	7%
FFOAA per diluted share	0.94	0.94	—%

Our total revenue, net income available to common shareholders of EPR Properties and FFOAA per diluted share was favorably impacted for the three months ended March 31, 2014 over the same period in the prior year primarily from the results of investment spending in 2013 and 2014 and lower financing rates. Our net income available to common shareholders of EPR Properties for the three months ended March 31, 2014 was also favorably impacted by a $3.4 million reversal of a liability that was established related to our March 4, 2010 acquisition of Toronto Dundas Square as well as a gain on sale of a land parcel of $0.3 million. Our net income available to common shareholders of EPR Properties for the three months ended March 31, 2013 was favorably impacted by a $4.5 million gain on early extinguishment of debt as well as a gain of $0.6 million related to the sale of a vineyard and winery property. Our per share results for the three months ended March 31, 2014 were also negatively impacted by lower leverage (measured by debt to gross assets) than in the prior period. FFOAA is a non-GAAP financial measure. For the definitions and further details on the calculations of FFOAA and certain other non-GAAP financial measures, see section below titled "Funds From Operations (FFO), Funds From Operations As Adjusted (FFOAA) and Adjusted Funds from Operations (AFFO)."

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related notes. In preparing these financial statements, management has made its best estimates and assumptions that affect the reported assets and liabilities. The most significant assumptions and estimates relate to consolidation, revenue recognition, depreciable lives of the real estate, the valuation of real estate, accounting for real estate acquisitions, estimating reserves for uncollectible receivables and the accounting for mortgage and other notes receivable, all of which are described as our critical accounting policies in our Annual Report on Form 10-K for the year ended December 31, 2013. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates. For the three months ended March 31, 2014, there were no changes to critical accounting policies.

Recent Developments

Debt Financing

On March 26, 2014, we increased the size of our unsecured revolving credit facility from $475.0 million to $535.0 million. As of March 31, 2014, we had no balance outstanding under the facility and the total availability under the revolving credit facility was $535.0 million.

Additionally on March 26, 2014, we increased the size of our unsecured term loan facility from $265.0 million to $275.0 million.

Issuance of Common Shares

During the three months ended March 31, 2014, we issued pursuant to a registered public offering 1,563,709 common shares under the direct share purchase component of the Dividend Reinvestment and Direct Share Purchase Plan for total net proceeds after expenses of $79.5 million.

Investment Spending

Our investment spending during the three months ended March 31, 2014 totaled $68.5 million, and included investments in each of our four operating segments.

Entertainment investment spending during the three months ended March 31, 2014 totaled $10.3 million, and was related primarily to investments in build-to-suit construction of four megaplex theatres, redevelopment of two existing megaplex theatres and two family entertainment centers that are subject to long-term triple net leases or long-term mortgage agreements.

Education investment spending during the three months ended March 31, 2014 totaled $36.3 million, and was related to investments in build-to-suit construction of 14 public charter schools, three private schools and six early childhood education centers, as well as the acquisition of one early childhood education center located in Mesa, Arizona, each of which is subject to a long-term triple net lease or long-term mortgage agreement.

Recreation investment spending during the three months ended March 31, 2014 totaled $20.7 million, and was related to build-to-suit construction of nine TopGolf golf entertainment facilities, as well as funding improvements at the our ski property located in Maryland.

Other investment spending during the three months ended March 31, 2014 totaled $1.2 million, and was related to the land held for development in Sullivan County, New York.

Subsequent Events

As further discussed in Note 17 to the consolidated financial statements included in this Form 10-Q, on April 2, 2014, we completed the sale of four public charter school properties located in Florida and leased to affiliates of Imagine Schools, Inc. for net proceeds of $46.1 million. Accordingly, we reduced our investment in a direct financing lease, net, by $45.9 million which included $41.5 million in original acquisition cost. A gain of $0.2 million will be recognized during the three months ended June 30, 2014.

On April 21, 2014, we acquired 11 theatre properties for a total purchase price of approximately $117.7 million from a third-party. The theatre properties are located in Georgia, Illinois, Indiana, Kentucky, Missouri, Pennsylvania and Tennessee and contain an aggregate of approximately 139 screens. The theatre properties are leased on a triple net basis under a master lease agreement to a subsidiary of Regal Cinemas, Inc. with the tenant responsible for all taxes, costs and expenses arising from the use or operation of the properties. The remaining initial lease term is approximately 13 years. As a part of this transaction, we assumed a mortgage loan of $90.3 million, which will be booked at fair value.

The following details our investment spending during the three months ended March 31, 2014 and 2013 (in thousands):

For the Three Months Ended March 31, 2014

Operating Segment	Total Investment Spending	New Development	Re-development	Asset Acquisition	Investment in Mortgage Notes or Notes Receivable	Investment in Joint Ventures
Entertainment	$ 10,293	$ 5,682	$ 3,125	$ —	$ 1,486	$ —
Education	36,259	23,578	—	7,464	5,217	—
Recreation	20,695	19,919	799	—	(23)	—
Other	1,209	1,209	—	—	—	—
Total Investment Spending	$ 68,456	$ 50,388	$ 3,924	$ 7,464	$ 6,680	$ —

For the Three Months Ended March 31, 2013

Operating Segment	Total Investment Spending	New Development	Re-development	Asset Acquisition	Investment in Mortgage Notes or Notes Receivable	Investment in Joint Ventures
Entertainment	$ 14,677	$ 11,912	$ 1,067	$ —	$ 1,265	$ 433
Education	15,085	4,439	—	3,720	6,926	—
Recreation	7,362	1,688	—	1,096	4,578	—
Other	1,563	1,563	—		—	—
Total Investment Spending	$ 38,687	$ 19,602	$ 1,067	$ 4,816	$ 12,769	$ 433

The above amounts include $47 thousand and $32 thousand in capitalized payroll for the three months ended March 31, 2014 and 2013, respectively. Additionally, the above amounts include $1.3 million and $314 thousand in capitalized interest and $472 thousand and $303 thousand in capitalized other general and administrative direct project costs for the three months ended March 31, 2014 and 2013, respectively. In addition, we had $1.2 million and $409 thousand of maintenance capital expenditures for the three months ended March 31, 2014 and 2013, respectively.

Results of Operations

Three months ended March 31, 2014 compared to three months ended March 31, 2013

Rental revenue was $66.4 million for the three months ended March 31, 2014 compared to $60.4 million for the three months ended March 31, 2013. This increase resulted primarily from $5.5 million of rental revenue related to property acquisitions completed in 2014 and 2013 and an increase of $0.5 million in rental revenue on existing properties. This increase was partially offset by the impact of a weaker Canadian dollar exchange rate. Percentage rents of $0.3 million and $0.4 million were recognized during the three months ended March 31, 2014 and 2013, respectively. Straight-line rents of $1.1 million and $1.2 million were recognized during the three months ended March 31, 2014 and 2013, respectively.

During the three months ended March 31, 2014, there were no significant lease renewals on existing properties.

Mortgage and other financing income for the three months ended March 31, 2014 was $18.7 million compared to $17.8 million for the three months ended March 31, 2013. The $0.9 million increase is primarily due to increased real estate lending activities.

Our property operating expense totaled $6.4 million for the three months ended March 31, 2014 compared to $7.0 million for the three months ended March 31, 2013. These property operating expenses primarily arise from the operations of our entertainment retail centers and other specialty properties. The $0.6 million decrease resulted primarily from a decrease in bad debt expenses and other non-recoverable expenses at these properties and was also impacted by a weaker Canadian dollar exchange rate.

Our general and administrative expense totaled $7.5 million for the three months ended March 31, 2014 compared to $6.7 million for the three months ended March 31, 2013. The increase of $0.8 million is primarily due to an increase in payroll related expenses.

Gain on early extinguishment of debt for the three months ended March 31, 2013 was $4.5 million and related to our discounted payoff of a mortgage loan secured by a theatre property located in Omaha, Nebraska. There was no gain on early extinguishment of debt for the three months ended March 31, 2014.

Depreciation and amortization expense totaled $15.3 million for the three months ended March 31, 2014 compared to $12.8 million for the three months ended March 31, 2013. The $2.5 million increase resulted primarily from asset acquisitions completed in 2014 and 2013.

Gain on sale of land was $0.3 million for the three months ended March 31, 2014 and related to the sale of a parcel of land adjacent to one of our public charter school investments. There was no gain on sale of land for the three months ended March 31, 2013.

Income tax expense was $0.9 million for the three months ended March 31, 2014 and related primarily to income taxes on our Canadian trust as well as state income taxes and withholding tax for distributions related to our unconsolidated joint venture projects located in China. There was no income tax expense for the three months ended March 31, 2013.

Income from discontinued operations was $3.4 million for the three months ended March 31, 2014 and related primarily to the reversal of a liability that was established with the March 4, 2010 acquisition of Toronto Dundas Square. This liability was reversed during the three months ended March 31, 2014 as the related payment is not expected to occur. Loss from discontinued operations was $0.2 million for the three months ended March 31, 2013 and related to the operations of the Toronto Dundas Square property as well as the operations of five winery and vineyard properties which were sold during 2013.

Gain on sale or acquisition of real estate from discontinued operations was $0.6 million for the three months ended March 31, 2013 and related to the sale of a winery and a portion of related vineyards located in Sonoma County, California. There was no gain on sale or acquisition of real estate for the three months ended March 31, 2014.

Liquidity and Capital Resources

Cash and cash equivalents were $20.4 million at March 31, 2014. In addition, we had restricted cash of $19.6 million at March 31, 2014. Of the restricted cash at March 31, 2014, $13.4 million relates to cash held for our borrowers' debt service reserves for mortgage notes receivable, $0.1 million relates to escrow balances required in connection with the sale of Toronto Dundas Square and the balance represents deposits required in connection with debt service, payment of real estate taxes and capital improvements.

Mortgage Debt, Senior Notes, Credit Facility and Term Loan

As of March 31, 2014, we had total debt outstanding of $1.5 billion of which $307.6 million was fixed rate mortgage debt secured by a portion of our rental properties and mortgage notes receivable. The fixed rate mortgage debt had a weighted average interest rate of approximately 5.9% at March 31, 2014.

At March 31, 2014, we had outstanding $875.0 million in aggregate principal amount of unsecured senior notes ranging in interest rates from 5.25% to 7.75%. All of these notes are guaranteed by certain of our subsidiaries. The notes contain various covenants, including: (i) a limitation on incurrence of any debt which would cause the ratio of our debt to adjusted total assets to exceed 60%; (ii) a limitation on incurrence of any secured debt which would cause the ratio of secured debt to adjusted total assets to exceed 40%; (iii) a limitation on incurrence of any debt which would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of our total unencumbered assets such that they are not less than 150% of our outstanding unsecured debt.

On March 26, 2014, the Company increased the size of its unsecured revolving credit facility from $475.0 million to $535.0 million. At March 31, 2014, we had no debt outstanding under our $535.0 million unsecured revolving credit facility, with interest at a floating rate of LIBOR plus 140 basis points, which was 1.55% at March 31, 2014. The unsecured revolving credit facility has a term expiring July 23, 2017 with a one year extension available at our option, subject to certain terms and conditions. The amount that we are able to borrow on our unsecured revolving credit facility is a function of the values and advance rates, as defined by the credit agreement, assigned to the assets included in the borrowing base less outstanding letters of credit and less other liabilities. The unsecured revolving credit facility also contains an "accordion" feature allowing it to be increased by up to an additional $65.0 million upon satisfaction of certain conditions.

Additionally on March 26, 2014, we increased the size of our unsecured term loan facility from $265.0 million to $275.0 million. At March 31, 2014, the unsecured term loan facility had interest at a floating rate of LIBOR plus 160 basis points, which was 1.75% at March 31, 2014, and $240.0 million of this LIBOR-based debt has been fixed with interest rate swaps at 2.51% through January 5, 2016 and 2.38% from January 5, 2016 to July 5, 2017. The loan matures on July 23, 2018. The unsecured term loan facility also contains an "accordion" feature allowing it to be increased by up to an additional $125.0 million upon satisfaction of certain conditions.

Our unsecured revolving credit facility and our unsecured term loan facility contain substantially identical financial covenants that limit our levels of consolidated debt, secured debt, investment levels outside certain categories and dividend distributions, and require minimum coverage levels for fixed charges and unsecured debt service costs. Additionally, our unsecured revolving credit facility, unsecured term loan facility and our unsecured senior notes contain cross-default provisions that go into effect if we default on any of our obligations for borrowed money or credit in an amount exceeding $25.0 million ($50.0 million for the 5.25% unsecured senior notes), unless such default has been waived or cured within a specified period of time. We were in compliance with all financial covenants under our debt instruments at March 31, 2014.

Our principal investing activities are acquiring, developing and financing entertainment, education and recreation properties. These investing activities have generally been financed with mortgage debt and senior unsecured notes, as well as the proceeds from equity offerings. Our unsecured revolving credit facility is also used to finance the acquisition or development of properties, and to provide mortgage financing. We have and expect to continue to issue debt securities in public or private offerings. We have and may in the future assume mortgage debt in connection with property acquisitions. Continued growth of our rental property and mortgage financing portfolios will depend in part on our continued ability to access funds through additional borrowings and securities offerings and, to a lesser extent, our ability to assume debt in connection with property acquisitions.

Certain of our other long-term debt agreements contain customary restrictive covenants related to financial and operating performance as well as certain cross-default provisions. We were in compliance with all financial covenants at March 31, 2014.

During the three months ended March 31, 2014, we issued pursuant to a registered public offering 1,563,709 common shares under the direct share purchase component of the Dividend Reinvestment and Direct Share Purchase Plan for total net proceeds after expenses of $79.5 million.

Liquidity Requirements

Short-term liquidity requirements consist primarily of normal recurring corporate operating expenses, debt service requirements and distributions to shareholders. We meet these requirements primarily through cash provided by operating activities. Net cash provided by operating activities was $41.5 million and $40.2 million for the three months ended March 31, 2014 and 2013, respectively. Net cash used by investing activities was $62.8 million and $14.9 million for the three months ended March 31, 2014 and 2013, respectively. Net cash provided by financing activities was $33.9 million and net cash used by financing activities was $24.0 million for the three months ended March 31, 2014 and 2013, respectively. We anticipate that our cash on hand, cash from operations, and funds available under our unsecured revolving credit facility will provide adequate liquidity to fund our operations, make interest and principal payments on our debt, and allow distributions to our shareholders and avoid corporate level federal income or excise tax in accordance with REIT Internal Revenue Code requirements.

Commitments

As of March 31, 2014, we had 13 entertainment development projects for which we have commitments to fund approximately $62.6 million, 16 education development projects for which we have commitments to fund approximately $174.6 million and eight recreation development projects for which we have commitments to fund approximately $71.9 million, of which approximately $192.2 million is expected to be funded in 2014 and the remainder is expected to be funded in 2015. Development costs are advanced by us in periodic draws. If we determine that construction is not being completed in accordance with the terms of the development agreement, we can discontinue funding construction draws. We have agreed to lease the properties to the operators at pre-determined rates upon completion of construction.

We have certain commitments related to our mortgage note investments that we may be required to fund in the future. We are generally obligated to fund these commitments at the request of the borrower or upon the occurrence of events outside of its direct control. As of March 31, 2014, we had 14 mortgage notes receivable with commitments totaling approximately $227.0 million, of which $80.4 million is expected to be funded in 2014. If commitments are funded in the future, interest will be charged at rates consistent with the existing investments.

We have provided guarantees of the payment of certain economic development revenue bonds totaling $20.4 million related to two theatres in Louisiana for which we earn a fee at annual rates of 2.88% to 4.00% over the 30-year terms of the related bonds. We have recorded $8.6 million as a deferred asset included in other assets and $8.6 million included in other liabilities in the accompanying consolidated balance sheet as of March 31, 2014 related to these guarantees. No amounts have been accrued as a loss contingency related to these guarantees because payment by us is not probable.

Liquidity Analysis

In analyzing our liquidity, we generally expect that our cash provided by operating activities will meet our normal recurring operating expenses, recurring debt service requirements and distributions to shareholders.

We have no consolidated debt balloon payments coming due for the remainder of 2014. Our sources of liquidity as of March 31, 2014 to pay the above 2014 commitments include the remaining amount available under our unsecured revolving credit facility and unrestricted cash on hand of $20.4 million. We expect that our sources of cash will exceed our existing commitments over the remainder of 2014.

We also believe that we will be able to repay, extend, refinance or otherwise settle our debt maturities for 2015 and thereafter as the debt comes due, and that we will be able to fund our remaining commitments as necessary. However, there can be no assurance that additional financing or capital will be available, or that terms will be acceptable or advantageous to us.

Our primary use of cash after paying operating expenses, debt service, distributions to shareholders and funding existing commitments is in growing our investment portfolio through the acquisition, development and financing of additional properties. We expect to finance these investments with borrowings under our unsecured revolving credit facility, as well as long-term debt and equity financing alternatives. The availability and terms of any such financing will depend upon market and other conditions. If we borrow the maximum amount available under our unsecured revolving credit facility, there can be no assurance that we will be able to obtain additional investment financing. We may also assume mortgage debt in connection with property acquisitions.

Capital Structure

We believe that our shareholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest, fixed charge and debt service coverage ratios. We expect to maintain our debt to gross assets ratio (i.e. total long-term debt to total assets plus accumulated depreciation) between 35% and 45%. However, the timing and size of our equity and debt offerings, as well as debt incurred in connection with property acquisitions, may cause us to temporarily operate over this threshold. At March 31, 2014, this ratio was 39%. Our long-term debt as a percentage of our total market capitalization at March 31, 2014 was 32%; however, we do not manage to a ratio based on total market capitalization due to the inherent variability that is driven by changes in the market price of our common shares. We calculate our total market capitalization of $4.7 billion by aggregating the following at March 31, 2014:

- Common shares outstanding of 53,447,544 multiplied by the last reported sales price of our common shares on the NYSE of $53.39 per share, or $2.9 billion;
- Aggregate liquidation value of our Series C convertible preferred shares of $135.0 million;
- Aggregate liquidation value of our Series E convertible preferred shares of $86.3 million;
- Aggregate liquidation value of our Series F redeemable preferred shares of $125.0 million; and
- Total long-term debt of $1.5 billion.

Funds From Operations (FFO), Funds From Operations As Adjusted (FFOAA) and Adjusted Funds from Operations (AFFO)

The National Association of Real Estate Investment Trusts ("NAREIT") developed FFO as a relative non-GAAP financial measure of performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. Pursuant to the definition of FFO by the Board of Governors of NAREIT, we calculate FFO as net income available to common shareholders, computed in accordance with GAAP, excluding gains and losses from sales or acquisitions of depreciable operating properties and impairment losses of depreciable real estate, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships, joint ventures and other affiliates. Adjustments for unconsolidated partnerships, joint ventures and other affiliates are calculated to reflect FFO on the same basis. We have calculated FFO for all periods presented in accordance with this definition.

In addition to FFO, we present FFOAA and AFFO. FFOAA is presented by adding to FFO costs associated with loan refinancing or payoff, net, transaction costs, preferred share redemption costs and provision for loan losses and by subtracting gain on early extinguishment of debt, gain (loss) on sale of land and deferred income tax benefit (expense). AFFO is presented by adding to FFOAA non-real estate depreciation and amortization, deferred financing fees amortization, share-based compensation expense to management and Trustees and amortization of above market leases, net; and subtracting maintenance capital expenditures (including second generation tenant improvements and leasing commissions), straight-lined rental revenue, and the non-cash portion of mortgage and other financing income.

FFO, FFOAA and AFFO are widely used measures of the operating performance of real estate companies and are provided here as a supplemental measure to GAAP net income available to common shareholders and earnings per share, and management provides FFO, FFOAA and AFFO herein because it believes this information is useful to investors in this regard. FFO, FFOAA and AFFO are non-GAAP financial measures. FFO, FFOAA and AFFO do not represent cash flows from operations as defined by GAAP and are not indicative that cash flows are adequate to fund all cash needs and are not to be considered alternatives to net income or any other GAAP measure as a measurement of the results of our operations or our cash flows or liquidity as defined by GAAP. It should also be noted that not all REITs calculate FFO, FFOAA and AFFO the same way so comparisons with other REITs may not be meaningful.

The following table summarizes our FFO, FFOAA and AFFO including per share amounts for FFO and FFOAA, for the three months ended March 31, 2014 and 2013 (unaudited, in thousands, except per share information):

	Three Months Ended March 31,	
	2014	2013
FFO:		
Net income available to common shareholders of EPR Properties	$ 37,581	$ 35,254
Gain on sale of real estate	—	(565)
Real estate depreciation and amortization	15,049	13,468
Allocated share of joint venture depreciation	54	157
FFO available to common shareholders of EPR Properties	$ 52,684	$ 48,314
FFOAA:		
FFO available to common shareholders of EPR Properties	$ 52,684	$ 48,314
Transaction costs (benefit)	(3,180)	318
Gain on early extinguishment of debt	—	(4,539)
Gain on sale of land	(330)	—
Deferred income tax expense	407	—
FFOAA available to common shareholders of EPR Properties	$ 49,581	$ 44,093
AFFO:		
FFOAA available to common shareholders of EPR Properties	$ 49,581	$ 44,093
Non-real estate depreciation and amortization	278	277
Deferred financing fees amortization	1,015	999
Share-based compensation expense to management and trustees	2,328	1,548
Maintenance capital expenditures (1)	(1,154)	(525)
Straight-lined rental revenue	(1,111)	(1,214)
Non-cash portion of mortgage and other financing income	(1,286)	(1,265)
Amortization of above market leases, net	48	—
AFFO available to common shareholders of EPR Properties	$ 49,699	$ 43,913
FFO per common share attributable to EPR Properties:		
Basic	$ 1.00	$ 1.03
Diluted	1.00	1.03
FFOAA per common share attributable to EPR Properties:		
Basic	$ 0.94	$ 0.94
Diluted	0.94	0.94
Shares used for computation (in thousands):		
Basic	52,541	46,854
Diluted	52,719	47,047
Other financial information:		
Dividends per common share	$ 0.86	$ 0.79

(1) Includes maintenance capital expenditures and certain second generation tenant improvements and leasing commissions.

The additional 1.9 million common shares that would result from the conversion of our 5.75% Series C cumulative convertible preferred shares and the additional 1.6 million common shares that would result from the conversion of our 9.0% Series E cumulative convertible preferred shares and the corresponding add-back of the preferred dividends declared on those shares are not included in the calculation of diluted earnings per share for the three months ended March 31, 2014 and 2013 because the effect is not dilutive.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks, primarily relating to potential losses due to changes in interest rates and foreign currency exchange rates. We seek to mitigate the effects of fluctuations in interest rates by matching the term of new investments with new long-term fixed rate borrowings whenever possible. As of March 31, 2014, we had a $535.0 million unsecured revolving credit facility with no debt outstanding as of March 31, 2014 and $25.0 million in bonds, all of which bear interest at a floating rate. We also had a $275.0 million unsecured term loan facility that bears interest at a floating rate and $240.0 million of this LIBOR-based debt has been fixed with interest rate swaps at 2.51% through January 5, 2016 and 2.38% from January 5, 2016 to July 5, 2017. As discussed in Note 7 to the consolidated financial statements in this Form 10-Q, the size of both the unsecured revolving credit facility and the unsecured term loan facility were increased on March 26, 2014.

We are subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of such refinancing may not be as favorable as the terms of current indebtedness. The majority of our borrowings are subject to contractual agreements or mortgages which limit the amount of indebtedness we may incur. Accordingly, if we are unable to raise additional equity or borrow money due to these limitations, our ability to make additional real estate investments may be limited.

We are exposed to foreign currency risk against our functional currency, the U.S. dollar, on our four Canadian properties and the rents received from tenants of the properties are payable in CAD.

As discussed above, we have partially mitigated the impact of foreign currency exchange risk on four of our Canadian properties by matching Canadian dollar debt financing with Canadian dollar rents. To further mitigate our foreign currency risk in future periods on these Canadian properties, on June 19, 2013, we entered into a cross currency swap with a notional value of $100.0 million CAD and $98.1 million U.S. The swap calls for monthly exchanges from March 2014 through June 2018 with us paying CAD based on an annual rate of 13.5% of the notional amount and receiving U.S. dollars based on an annual rate of 13.14% of the notional amount. There is no initial or final exchange of the notional amounts. The net effect of this swap is to lock in an exchange rate of $1.05 CAD per U.S. dollar on approximately $13.5 million of annual CAD denominated cash flows. These foreign currency derivatives should hedge a significant portion of our expected CAD denominated FFO of these four Canadian properties through June 2018 as their impact on our reported FFO when settled should move in the opposite direction of the exchange rates used to translate revenues and expenses of these properties.

In order to also hedge our net investment on the four Canadian properties, we entered into a forward contract with a notional amount of $100.0 million CAD and $94.3 million U.S. with a July 2018 settlement date. The exchange rate of this forward contract is approximately $1.06 CAD per U.S. dollar. Additionally, on February 28, 2014, the Company entered into a forward contract with a fixed notional value of $100.0 million CAD and $88.1 million U.S. with a July 2018 settlement date. The exchange rate of this forward contract is approximately $1.13 CAD per U.S. dollar. These forward contracts should hedge a significant portion of our CAD denominated net investment in these four centers through July 2018 as the impact on accumulated other comprehensive income from marking the derivative to market should move in the opposite direction of the translation adjustment on the net assets of our four Canadian properties.

See Note 9 to the consolidated financial statements included in this Form 10-Q for additional information on our derivative financial instruments and hedging activities.

Item 4. Controls and Procedures

As of March 31, 2014, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our disclosure controls were designed to provide reasonable assurance that the controls and procedures would meet their objectives. Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the designed control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusions of two or more people, or by management override of the control. Because of the inherent limitations in a cost-effective, maturing control system, misstatements due to error or fraud may occur and not be detected.

There have not been any changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter of the fiscal year to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On September 18, 2013, the United States District Court for the Southern District of New York dismissed the complaint filed by Concord Associates L.P. and six other companies affiliated with Louis Cappelli ("the Cappelli Group") against us and certain of our subsidiaries, Empire Resorts, Inc. and Monticello Raceway Management, Inc. (collectively "Empire"), and Kien Huat Realty III Limited and Genting New York LLC (collectively, "Genting"). The complaint alleged, among other things, that we had conspired with Empire to monopolize the racing and gaming market in the Catskills by entering into exclusivity and development agreements to develop a comprehensive resort destination in Sullivan County, New York. The plaintiffs are seeking $500 million in damages (trebled to $1.5 billion under antitrust law), punitive damages, and injunctive relief. The District Court dismissed plaintiffs' federal antitrust claims against all defendants with prejudice, and dismissed the pendent state law claims against Empire and Genting without prejudice, meaning they could be further pursued in state court. The plaintiffs have filed a motion for reconsideration with the District Court, seeking permission to file a Second Amended Complaint, and also have filed a Notice of Appeal.

The Company has not determined that losses related to these matters are probable. Because of the favorable ruling from the District Court and the pending appeal, together with the inherent difficulty of predicting the outcome of litigation generally, the Company does not have sufficient information to determine the amount or range of reasonably possible loss with respect to these matters. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause the Company to change those estimates and assumptions. The Company intends to vigorously defend the claims asserted against the Company and certain of its subsidiaries by the Cappelli Group and its affiliates, for which the Company believes it has meritorious defenses, but there can be no assurances as to its outcome.

Item 1A. Risk Factors

There were no material changes during the quarter from the risk factors previously discussed in Item 1A - "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 28, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 through January 31, 2014 common stock	58,823 [1]	$ 49.16	—	$ —
February 1 through February 28, 2014 common stock	— [1]	—	—	—
March 1 through March 31, 2014 common stock	3,370 [1]	53.51	—	—
Total	62,193	$ 49.40	—	$ —

[1] The repurchase of equity securities during January of 2014 was completed in conjunction with the vesting of employee nonvested shares. The repurchase of equity securities during March 2014 was completed in conjunction with employee stock option exercises. These repurchases were not made pursuant to a publicly announced plan or program.

Item 3. Defaults Upon Senior Securities

There were no reportable events during the quarter ended March 31, 2014.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

There were no reportable events during the quarter ended March 31, 2014.

Item 6. Exhibits

4.1*	Supplemental Indenture, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein and U.S. Bank National Association, as trustee, is attached hereto as Exhibit 4.1.
4.2*	Supplemental Indenture, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein and U.S. Bank National Association, as trustee, is attached hereto as Exhibit 4.2.
4.3*	Supplemental Indenture, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein and UMB Bank, n.a., as trustee, is attached hereto as Exhibit 4.3.
10.1*	Joinder Agreement, dated as of March 26, 2014, among certain subsidiaries of the Company named therein and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.1.
10.2*	Joinder Agreement, dated as of March 26, 2014, among certain subsidiaries of the Company named therein and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.2.
10.3*	Lender Joinder Agreement, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein, BOKF, NA, as issuing lender, and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.3.
10.4*	Lender Joinder Agreement, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein, the issuing lenders named therein, and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.4.
31.1*	Certification of David M. Brain pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 31.1
31.2*	Certification of Mark A. Peterson pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 31.2
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 32.1
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 32.2
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

SIGNATURES

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 thereunto duly authorized.

		EPR Properties
Dated: April 30, 2014	By	/s/ David M. Brain
		David M. Brain, President and Chief Executive Officer (Principal Executive Officer)
Dated: April 30, 2014	By	/s/ Mark A. Peterson
		Mark A. Peterson, Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Chief Accounting Officer)

Exhibit Index

4.1*	Supplemental Indenture, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein and U.S. Bank National Association, as trustee, is attached hereto as Exhibit 4.1.
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10.2*	Joinder Agreement, dated as of March 26, 2014, among certain subsidiaries of the Company named therein and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.2.
10.3*	Lender Joinder Agreement, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein, BOKF, NA, as issuing lender, and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.3.
10.4*	Lender Joinder Agreement, dated as of March 26, 2014, among the Company, certain subsidiaries of the Company named therein, the issuing lenders named therein, and KeyBank National Association, as administrative agent, under the Amended and Restated Credit Agreement, dated as of July 23, 2013, among the parties thereto, is attached hereto as Exhibit 10.4.
31.1*	Certification of David M. Brain pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 31.1
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* Filed herewith.

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Section 2: EX-4.1 (EXHIBIT 4.1)

EXHIBIT 4.1

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "Supplemental Indenture"), dated as of March 26, 2014, among Cantera 30 Theatre, L.P., a Delaware limited partnership, Tampa Veterans 24, L.P., a Delaware limited partnership, New Roc Associates, L.P., a New York limited partnership (each, a "Guaranteeing Subsidiary" and, collectively, the "Guaranteeing Subsidiaries"), EPR Properties, a Maryland real estate investment trust formerly known as Entertainment Properties Trust (the "Issuer"), the other Guarantors (as defined in the Indenture referred to below) and U.S. Bank National Association, as trustee under the Indenture referred to below (the "Trustee").

WITNESSETH

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of June 18, 2013, as supplemented by a supplemental indenture dated as of July 23, 2013 (the "Indenture"), providing for the issuance of 5.250% Senior Notes due 2023 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations (as defined in the Indenture) under the Notes and the Indenture on the terms and conditions set forth herein (the "Notes Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. The Guaranteeing Subsidiaries hereby agree as follows:

(a) Subject to Article 10 of the Indenture, the Guaranteeing Subsidiaries hereby, jointly and severally with all other Guarantors, unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(i) the principal of, and premium, if any, and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or

consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor, other than payment in full of all Obligations under the Notes.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever.

(d) This Notes Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and each Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid by either to the Trustee or such Holder, this Notes Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiaries shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Notes Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Notes Guarantee.

(h) The Guarantors shall have the right to seek contribution from any nonpaying Guarantor so long as the exercise of such right does not impair the rights of the Holders under this Notes Guarantee.

(i) In accordance with Section 10.02 of the Indenture, after giving effect to any maximum amount and all other contingent and fixed liabilities that are relevant under any applicable Bankruptcy Law or fraudulent conveyance law, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article 10 of the Indenture, this Notes Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Notes Guarantee will not constitute a fraudulent transfer or conveyance.

3. <u>Guaranteeing Subsidiaries may Consolidate, etc., on Certain Terms</u>.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guaranteeing Subsidiary is the surviving Person) another Person, other than the Issuer or another Guarantor unless:

(i) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(ii) subject to Section 10.05 of the Indenture, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all of the obligations of such Guaranteeing Subsidiary under the Indenture and this Notes Guarantee pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of this Notes Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guaranteeing Subsidiary, such successor Person shall succeed to and be substituted for the Guaranteeing Subsidiary with the same effect as if it had been named herein as a Guaranteeing Subsidiary. Such successor Person thereupon may cause to be signed any or all of the Notes Guarantees to be endorsed upon all of the Notes issuable under the Indenture which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Notes Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Notes Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Notes Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 10.04 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guaranteeing Subsidiary with or into the Issuer or another Guarantor, or shall prevent any sale or conveyance of the property of a Guaranteeing Subsidiary as an entirety or substantially as an entirety to the Issuer or another Guarantor.

4. Releases.

(a) The Notes Guarantee of a Guaranteeing Subsidiary shall be released, and any Person acquiring assets (including by way of merger or consolidation) or Capital Stock of a Guaranteeing Subsidiary under those circumstances specified in Section 10.05 of the Indenture shall not be required to assume the obligations of such Guaranteeing Subsidiary. Upon delivery by the Issuer to the Trustee of an Officers' Certificate and an Opinion of Counsel stating that the provisions of Section 10.05 of the Indenture have been complied with, the Trustee shall execute any documents reasonably required in order to evidence the release of such Guaranteeing Subsidiary from its obligations under this Notes Guarantee.

(b) Any Guarantor not released from its obligations under its Notes Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 10 of the Indenture.

5. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder, equity holder or agent of a Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or a Guaranteeing Subsidiary under the Notes, this Notes Guarantee, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

6. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

9. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries and the Issuer.

[signature on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: March 26, 2014

Guaranteeing Subsidiaries:

CANTERA 30 THEATRE, L.P.

By: Cantera 30, Inc., its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

TAMPA VETERANS 24, L.P.

By: Tampa Veterans 24, Inc., its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

NEW ROC ASSOCIATES, L.P.

By: EPT New Roc GP, Inc., its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

Issuer:

EPR PROPERTIES, formerly known as Entertainment Properties Trust

By: /s/ Mark Peterson
Mark Peterson, Senior Vice President

Existing Guarantors:

30 WEST PERSHING, LLC
EPT DOWNREIT II, Inc.
EPT HUNTSVILLE, INC.
MEGAPLEX FOUR, INC.
WESTCOL CENTER, LLC
EPT MELBOURNE, INC.
CROTCHED MOUNTAIN PROPERTIES, LLC
EDUCATION CAPITAL SOLUTIONS, LLC
EPR HIALEAH, INC.
EPT 909, INC.
EPT CROTCHED MOUNTAIN, INC.
EPT KALAMAZOO, INC.
EPT MAD RIVER, INC.
EPT MOUNT ATTITASH, INC.
EPT MOUNT SNOW, INC.
EPT NINETEEN, INC.
EPT SKI PROPERTIES, INC.
EPT WATERPARKS, INC.
MEGAPLEX NINE, INC.
ECS DOUGLAS I, LLC
EPT DALLAS, LLC
EPT FONTANA, LLC
EPT TWIN FALLS, LLC
FLIK, INC.
EPT GULF POINTE, INC.
EPT MESQUITE, INC.
EPT SOUTH BARRINGTON, INC.
EPT OAKVIEW, INC.
ECE I, LLC
EPT CHARLOTTE, LLC
EPT PENSACOLA, INC.

By: /s/ Mark Peterson
Mark Peterson, Vice President

Trustee:

U.S BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Wally Jones
Wally Jones, Vice President

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Section 3: EX-4.2 (EXHIBIT 4.2)

EXHIBIT 4.2

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "Supplemental Indenture"), dated as of March 26, 2014, among Cantera 30 Theatre, L.P., a Delaware limited partnership, Tampa Veterans 24, L.P., a Delaware limited partnership, New Roc Associates, L.P., a New York limited partnership (each, a "Guaranteeing Subsidiary" and, collectively, the "Guaranteeing Subsidiaries"), EPR Properties, a Maryland real estate investment trust formerly known as Entertainment Properties Trust (the "Issuer"), the other Guarantors (as defined in the Indenture referred to below) and U.S. Bank National Association, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of August 8, 2012, as supplemented by supplemental indentures dated as of October 11, 2012 and July 23, 2013 (the "Indenture"), providing for the issuance of 5.750% Senior Notes due 2022 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations (as defined in the Indenture) under the Notes and the Indenture on the terms and conditions set forth herein (the "Notes Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. The Guaranteeing Subsidiaries hereby agree as follows:

(a) Subject to Article 10 of the Indenture, the Guaranteeing Subsidiaries hereby, jointly and severally with all other Guarantors, unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(i) the principal of, and premium, if any, and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or

consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor, other than payment in full of all Obligations under the Notes.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever.

(d) This Notes Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and each Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid by either to the Trustee or such Holder, this Notes Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiaries shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Notes Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Notes Guarantee.

(h) The Guarantors shall have the right to seek contribution from any nonpaying Guarantor so long as the exercise of such right does not impair the rights of the Holders under this Notes Guarantee.

(i) In accordance with Section 10.02 of the Indenture, after giving effect to any maximum amount and all other contingent and fixed liabilities that are relevant under any applicable Bankruptcy Law or fraudulent conveyance law, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article 10 of the Indenture, this Notes Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Notes Guarantee will not constitute a fraudulent transfer or conveyance.

3. Guaranteeing Subsidiaries may Consolidate, etc., on Certain Terms.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guaranteeing Subsidiary is the surviving Person) another Person, other than the Issuer or another Guarantor unless:

(i) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(ii) subject to Section 10.05 of the Indenture, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all of the obligations of such Guaranteeing Subsidiary under the Indenture and this Notes Guarantee pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of this Notes Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guaranteeing Subsidiary, such successor Person shall succeed to and be substituted for the Guaranteeing Subsidiary with the same effect as if it had been named herein as a Guaranteeing Subsidiary. Such successor Person thereupon may cause to be signed any or all of the Notes Guarantees to be endorsed upon all of the Notes issuable under the Indenture which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Notes Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Notes Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Notes Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 10.04 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guaranteeing Subsidiary with or into the Issuer or another Guarantor, or shall prevent any sale or conveyance of the property of a Guaranteeing Subsidiary as an entirety or substantially as an entirety to the Issuer or another Guarantor.

4. Releases.

(a) The Notes Guarantee of a Guaranteeing Subsidiary shall be released, and any Person acquiring assets (including by way of merger or consolidation) or Capital Stock of a Guaranteeing Subsidiary under those circumstances specified in Section 10.05 of the Indenture shall not be required to assume the obligations of such Guaranteeing Subsidiary. Upon delivery by the Issuer to the Trustee of an Officers' Certificate and an Opinion of Counsel stating that the provisions of Section 10.05 of the Indenture have been complied with, the Trustee shall execute any documents reasonably required in order to evidence the release of such Guaranteeing Subsidiary from its obligations under this Notes Guarantee.

(b) Any Guarantor not released from its obligations under its Notes Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 10 of the Indenture.

5. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder, equity holder or agent of a Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or a Guaranteeing Subsidiary under the Notes, this Notes Guarantee, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

6. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

9. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries and the Issuer.

[signature on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: March 26, 2014

Guaranteeing Subsidiaries:

CANTERA 30 THEATRE, L.P.

By: Cantera 30, Inc., its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

TAMPA VETERANS 24, L.P.

By: Tampa Veterans 24, Inc., its general partner

By: /s/ Mark Peterson Mark Peterson, Vice President

NEW ROC ASSOCIATES, L.P.

By: EPT New Roc GP, Inc., its general partner

By: /s/ Mark Peterson Mark Peterson, Vice President

Issuer:

EPR PROPERTIES, formerly known as Entertainment Properties Trust

By: /s/ Mark Peterson
Mark Peterson, Senior Vice President

Existing Guarantors:

30 WEST PERSHING, LLC
EPT DOWNREIT II, Inc.
EPT HUNTSVILLE, INC.
MEGAPLEX FOUR, INC.
WESTCOL CENTER, LLC
EPT MELBOURNE, INC.
CROTCHED MOUNTAIN PROPERTIES, LLC
EDUCATION CAPITAL SOLUTIONS, LLC
EPR HIALEAH, INC.
EPT 909, INC.
EPT CROTCHED MOUNTAIN, INC.
EPT KALAMAZOO, INC.
EPT MAD RIVER, INC.
EPT MOUNT ATTITASH, INC.
EPT MOUNT SNOW, INC.
EPT NINETEEN, INC.
EPT SKI PROPERTIES, INC.
EPT WATERPARKS, INC.
MEGAPLEX NINE, INC.
ECS DOUGLAS I, LLC
EPT DALLAS, LLC
EPT FONTANA, LLC
EPT TWIN FALLS, LLC
FLIK, INC.
EPT GULF POINTE, INC.
EPT MESQUITE, INC.
EPT SOUTH BARRINGTON, INC.
EPT OAKVIEW, INC.
ECE I, LLC
EPT CHARLOTTE, LLC
EPT PENSACOLA, INC.

By: /s/ Mark Peterson
Mark Peterson, Vice President

Trustee:

U.S BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Wally Jones
Wally Jones, Vice President

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Section 4: EX-4.3 (EXHIBIT 4.3)

EXHIBIT 4.3

SUPPLEMENTAL INDENTURE

Supplemental Indenture (this "Supplemental Indenture"), dated as of March 26, 2014, among Cantera 30 Theatre, L.P., a

Delaware limited partnership, Tampa Veterans 24, L.P., a Delaware limited partnership, New Roc Associates, L.P., a New York limited partnership (each, a "Guaranteeing Subsidiary" and, collectively, the "Guaranteeing Subsidiaries"), EPR Properties, a Maryland real estate investment trust formerly known as Entertainment Properties Trust (the "Issuer"), the other Guarantors (as defined in the Indenture referred to below), and UMB Bank, n.a., as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of June 30, 2010, as supplemented by supplemental indentures dated as of October 13, 2011, October 11, 2012 and July 23, 2013 (as so supplemented, the "Indenture"), providing for the issuance of 7.750% Senior Notes due 2020 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations (as defined in the Indenture) under the Notes and the Indenture on the terms and conditions set forth herein (the "Notes Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. The Guaranteeing Subsidiaries hereby agree as follows:

(a) Subject to Article 10 of the Indenture, the Guaranteeing Subsidiaries hereby, jointly and severally with all other Guarantors, unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(i) the principal of, and premium, if any, and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or

consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor, other than payment in full of all Obligations under the Notes.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever.

(d) This Notes Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and each Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid by either to the Trustee or such Holder, this Notes Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiaries shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Notes Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Notes Guarantee.

(h) The Guarantors shall have the right to seek contribution from any nonpaying Guarantor so long as the exercise of such right does not impair the rights of the Holders under this Notes Guarantee.

(i) In accordance with Section 10.02 of the Indenture, after giving effect to any maximum amount and all other contingent and fixed liabilities that are relevant under any applicable Bankruptcy Law or fraudulent conveyance law, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article 10 of the Indenture, this Notes Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Notes Guarantee will not constitute a fraudulent transfer or conveyance.

3. Guaranteeing Subsidiaries may Consolidate, etc., on Certain Terms.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guaranteeing Subsidiary is the surviving Person) another Person, other than the Issuer or another Guarantor unless:

(i) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(ii) subject to Section 10.05 of the Indenture, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all of the obligations of such Guaranteeing Subsidiary under the Indenture and this Notes Guarantee pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of this Notes Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guaranteeing Subsidiary, such successor Person shall succeed to and be substituted for the Guaranteeing Subsidiary with the same effect as if it had been named herein as a Guaranteeing Subsidiary. Such successor Person thereupon may cause to be signed any or all of the Notes Guarantees to be endorsed upon all of the Notes issuable under the Indenture which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Notes Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Notes Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Notes Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 10.04 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guaranteeing Subsidiary with or into the Issuer or another Guarantor, or shall prevent any sale or conveyance of the property of a Guaranteeing Subsidiary as an entirety or substantially as an entirety to the Issuer or another Guarantor.

4. Releases.

(a) The Notes Guarantee of a Guaranteeing Subsidiary shall be released, and any Person acquiring assets (including by way of merger or consolidation) or Capital Stock of a Guaranteeing Subsidiary under those circumstances specified in Section 10.05 of the Indenture shall not be required to assume the obligations of such Guaranteeing Subsidiary. Upon delivery by the Issuer to the Trustee of an Officers' Certificate and an Opinion of Counsel stating that the provisions of Section 10.05 of the Indenture have been complied with, the Trustee shall execute any documents reasonably required in order to evidence the release of such Guaranteeing Subsidiary from its obligations under this Notes Guarantee.

(b) Any Guarantor not released from its obligations under its Notes Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 10 of the Indenture.

5. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder, equity holder or agent of a Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or a Guaranteeing Subsidiary under the Notes, this Notes Guarantee, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

6. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

9. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries and the Issuer.

[signature on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: March 26, 2014

Guaranteeing Subsidiaries:

CANTERA 30 THEATRE, L.P.

By: Cantera 30, Inc., its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

TAMPA VETERANS 24, L.P.

By: Tampa Veterans 24, Inc., its general partner

By: /s/ Mark Peterson Mark Peterson, Vice President

NEW ROC ASSOCIATES, L.P.

By: EPT New Roc GP, Inc., its general partner

By: /s/ Mark Peterson Mark Peterson, Vice President

Issuer:

EPR PROPERTIES, formerly known as Entertainment Properties Trust

By: /s/ Mark Peterson
Mark Peterson, Senior Vice President

Existing Guarantors:

30 WEST PERSHING, LLC
EPT DOWNREIT II, Inc.
EPT HUNTSVILLE, INC.
MEGAPLEX FOUR, INC.
WESTCOL CENTER, LLC
EPT MELBOURNE, INC.
CROTCHED MOUNTAIN PROPERTIES, LLC
EDUCATION CAPITAL SOLUTIONS, LLC
EPR HIALEAH, INC.
EPT 909, INC.
EPT CROTCHED MOUNTAIN, INC.
EPT KALAMAZOO, INC.
EPT MAD RIVER, INC.
EPT MOUNT ATTITASH, INC.
EPT MOUNT SNOW, INC.
EPT NINETEEN, INC.
EPT SKI PROPERTIES, INC.
EPT WATERPARKS, INC.
MEGAPLEX NINE, INC.
ECS DOUGLAS I, LLC
EPT DALLAS, LLC
EPT FONTANA, LLC
EPT TWIN FALLS, LLC
FLIK, INC.
EPT GULF POINTE, INC.
EPT MESQUITE, INC.
EPT SOUTH BARRINGTON, INC.
EPT OAKVIEW, INC.
ECE I, LLC
EPT CHARLOTTE, LLC
EPT PENSACOLA, INC.

By: /s/ Mark Peterson
Mark Peterson, Vice President

Trustee:

UMB BANK, N.A., as Trustee

By: /s/ Anthony P. Hawkins
Anthony P. Hawkins, Vice President

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Section 5: EX-10.1 (EXHIBIT 10.1)

EXHIBIT 10.1

JOINDER AGREEMENT

THIS JOINDER AGREEMENT dated as of March 26, 2014, executed and delivered by CANTERA 30 THEATRE, L.P., a Delaware limited partnership, TAMPA VETERANS 24, L.P., a Delaware limited partnership, and NEW ROC ASSOCIATES, L.P., a New York limited partnership (each a "Borrower" and, collectively, the "New Borrowers"), in favor of (a) KEYBANK NATIONAL ASSOCIATION, in its capacity as Agent (the "Agent") for the Lenders under that certain Second Amended and Restated Credit Agreement dated as of July 23, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among EPR PROPERTIES and the Subsidiary Borrowers referred to therein (collectively, the "Borrowers"), the financial institutions party thereto and their assignees under Section 12.5 thereof (the "Lenders"), the Agent, and the other parties thereto, and (b) the Lenders.

WHEREAS, pursuant to the Credit Agreement, the Agent and the Lenders have agreed to make available to the Borrowers certain financial accommodations on the terms and conditions set forth in the Credit Agreement;

WHEREAS, the Borrowers and each New Borrower, though separate legal entities, have a commonality of interests in their respective financing needs and have determined it to be in their mutual best interests to obtain financing from the Agent and the Lenders through their collective efforts;

WHEREAS, each New Borrower acknowledges that it will receive direct and indirect benefits from the Agent and the Lenders making such financial accommodations available to the Borrowers under the Credit Agreement and, accordingly, each New Borrower is willing to join in and guarantee the Borrowers' obligations to the Agent and the Lenders on the terms and conditions contained herein; and

WHEREAS, each New Borrower's execution and delivery of this Agreement is a condition to the Agent and the Lenders continuing to make such financial accommodations to the Borrowers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each New Borrower, each New Borrower agrees as follows:

Section 1. Accession to Loan Documents. Each New Borrower hereby agrees that it is a "Subsidiary Borrower" under each Note and the Credit Agreement and assumes all obligations of a "Subsidiary Borrower" thereunder and agrees to be bound thereby, all as if each New Borrower had been an original signatory to each Note and the Credit Agreement. Without limiting the generality of the foregoing, each New Borrower hereby:

(a) irrevocably and unconditionally guarantees the due and punctual payment and performance when due, whether at stated maturity, by acceleration or otherwise, of all Obligations (as defined in the Credit Agreement);

(b) makes to the Agent and the Lenders as of the date hereof each of the representations and warranties contained in the Credit Agreement made by the Borrowers and agrees to be bound by each of the covenants of the Borrowers contained in the Credit Agreement; and

(c) consents and agrees to each provision set forth in each Note and the Credit Agreement.

SECTION 2. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

Section 3. Definitions. Capitalized terms used herein and not otherwise defined herein shall have their respective defined meanings given them in the Credit Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, each New Borrower has caused this Joinder Agreement to be duly executed and delivered under seal by its duly authorized officers as of the date first written above.

CANTERA 30 THEATRE, L.P.

By: Cantera 30, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

TAMPA VETERANS 24, L.P.

By: Tampa Veterans 24, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

NEW ROC ASSOCIATES, L.P.

By: EPT New Roc GP, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

Address for Notices (all New Borrowers):
c/o EPR Properties
909 Walnut Street, Suite 200
Kansas City, MO 64106
Attention: Mark A. Peterson
Telephone: 816-472-1700
Telecopy: 816-472-5794

Accepted:

KEYBANK NATIONAL ASSOCIATION, as Agent

By: /s/ Jane E. McGrath
Name: Jane E. McGrath
Title: Vice President

[Signature Page to Joinder Agreement]

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Section 6: EX-10.2 (EXHIBIT 10.2)

EXHIBIT 10.2

JOINDER AGREEMENT

THIS JOINDER AGREEMENT dated as of March 26, 2014, executed and delivered by CANTERA 30 THEATRE, L.P., a Delaware limited partnership, TAMPA VETERANS 24, L.P., a Delaware limited partnership, and NEW ROC ASSOCIATES, L.P., a New York limited partnership (each a "Borrower" and, collectively, the "New Borrowers"), in favor of (a) KEYBANK NATIONAL ASSOCIATION, in its capacity as Agent (the "Agent") for the Lenders under that certain Amended and Restated Credit Agreement dated as of July 23, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among EPR PROPERTIES and the Subsidiary Borrowers referred to therein (collectively, the "Borrowers"), the financial institutions party thereto and their assignees under Section 12.5 thereof (the "Lenders"), the Agent, and the other parties thereto, and (b) the Lenders.

WHEREAS, pursuant to the Credit Agreement, the Agent and the Lenders have agreed to make available to the Borrowers certain financial accommodations on the terms and conditions set forth in the Credit Agreement;

WHEREAS, the Borrowers and each New Borrower, though separate legal entities, have a commonality of interests in their respective financing needs and have determined it to be in their mutual best interests to obtain financing from the Agent and the Lenders through their collective efforts;

WHEREAS, each New Borrower acknowledges that it will receive direct and indirect benefits from the Agent and the Lenders making such financial accommodations available to the Borrowers under the Credit Agreement and, accordingly, each New Borrower is willing to join in and guarantee the Borrowers' obligations to the Agent and the Lenders on the terms and conditions contained herein; and

WHEREAS, each New Borrower's execution and delivery of this Agreement is a condition to the Agent and the Lenders continuing to make such financial accommodations to the Borrowers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each New Borrower, each New Borrower agrees as follows:

Section 1. Accession to Loan Documents. Each New Borrower hereby agrees that it is a "Subsidiary Borrower" under each Note and the Credit Agreement and assumes all obligations of a "Subsidiary Borrower" thereunder and agrees to be bound thereby, all as if each New Borrower had been an original signatory to each Note and the Credit Agreement. Without limiting the generality of the foregoing, each New Borrower hereby:

(a) irrevocably and unconditionally guarantees the due and punctual payment and performance when due, whether at stated maturity, by acceleration or otherwise, of all Obligations (as defined in the Credit Agreement);

(b) makes to the Agent and the Lenders as of the date hereof each of the representations and warranties contained in the Credit Agreement made by the Borrowers and agrees to be bound by each of the covenants of the Borrowers contained in the Credit Agreement; and

(c) consents and agrees to each provision set forth in each Note and the Credit Agreement.

SECTION 2. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

Section 3. Definitions. Capitalized terms used herein and not otherwise defined herein shall have their respective defined meanings given them in the Credit Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, each New Borrower has caused this Joinder Agreement to be duly executed and delivered under seal by its duly authorized officers as of the date first written above.

CANTERA 30 THEATRE, L.P.

By: Cantera 30, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

TAMPA VETERANS 24, L.P.

By: Tampa Veterans 24, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

NEW ROC ASSOCIATES, L.P.

By: EPT New Roc GP, Inc., a Delaware corporation,
its general partner

By: /s/ Mark Peterson
Mark Peterson, Vice President

Address for Notices (all New Borrowers):
c/o EPR Properties
909 Walnut Street, Suite 200
Kansas City, MO 64106
Attention: Mark A. Peterson
Telephone: 816-472-1700
Telecopy: 816-472-5794

Accepted:

KEYBANK NATIONAL ASSOCIATION, as Agent

By: /s/ Jane E. McGrath
Name: Jane E. McGrath
Title: Vice President

[Signature Page to Joinder Agreement]

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Section 7: EX-10.3 (EXHIBIT 10.3)

EXHIBIT 10.3

LENDER JOINDER AGREEMENT

This LENDER JOINDER AGREEMENT (this "Agreement"), dated as of March 26, 2014, to the Credit Agreement (as defined below) is by and among BOKF, NA d/b/a BANK OF KANSAS CITY (the "Issuing Lender"), EPR PROPERTIES, a Maryland real estate investment trust, and the Subsidiary Borrowers that are signatories hereto (each, a "Borrower" and, collectively, the "Borrowers") and KEYBANK NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement (as defined below).

RECITALS

WHEREAS, the Borrowers, the other Lenders party thereto and the Administrative Agent entered into that certain Amended and Restated Credit Agreement dated as of July 23, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement");

WHEREAS, the Borrowers have requested an increase in the aggregate Commitments pursuant to Section 2.14 of the Credit Agreement; and

WHEREAS, the Issuing Lender has agreed to provide a Commitment on the terms and conditions set forth herein and under the Credit Agreement.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. The Issuing Lender hereby agrees to issue its Commitment in the aggregate amount set forth on Annex A hereto, with the increase in the aggregate Commitments being handled on pro rata basis with all Lenders in accordance with Section 2.14(e)(v)(A) of the Credit Agreement.

2. The Issuing Lender (a) represents and warrants that it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to issue its Commitment under the Credit Agreement; (b) confirms it has received a copy of the Credit Agreement, and has received or has been afforded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 8.1 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Agreement and to issue its Commitment under the Credit Agreement; (c) confirms it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and to issue its Commitment under the Credit Agreement; (d) if it is a Foreign Lender, agrees to provide any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Issuing Lender; and (e) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

3. Borrowers hereby represent and warrant that (1) they have full power and authority, and have taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to issue the Indebtedness under the Credit Agreement in accordance with this Agreement, (2) the representations and warranties of the Borrowers in the Credit Agreement and in each other Loan Document are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case, to the knowledge of the Borrowers, they are true and correct as of such earlier date, and except to the extent of changes resulting from transactions contemplated and permitted by the Credit Agreement and changes occurring in the ordinary course of business (in each case to the extent not constituting a Default or Event of Default),

(3) no Default or Event of Default exists and is continuing or would result from the increase in the aggregate Commitments as contemplated in this Agreement (including on a pro forma basis relative to financial covenant compliance), and (4) the incurrence of Indebtedness in an aggregate principal amount equal to the full Facility Amount after giving effect to all Commitment increases and new Commitments contemplated in this Agreement does not and will not result in a breach of, or a default under, any agreement to which any Borrower is a party.

4. In addition to any other fees due Administrative Agent or the Lenders under the Credit Agreement or the Fee Letter, Borrowers agree to pay to Issuing Lender on the date hereof an upfront fee as agreed to between Issuing Lender and Borrowers.

5. Any notice to be provided to the Issuing Lender under the Loan Documents shall be sent to the following address: BOKF, NA d/b/a Bank of Kansas City, 7500 College Blvd., Suite 1450, Overland Park, KS 66210, Attention: William Fox, Senior Vice President.

6. This Agreement may be executed in any number of counterparts and by the various parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one contract. Delivery of an executed counterpart of this Agreement by telecopier or .pdf shall be effective as delivery of a manually executed counterpart of this Agreement.

7. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

8. ENTIRE AGREEMENT. This Agreement and the Loan Documents represent the final agreement among the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements among the parties.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by a duly authorized officer as of the date first above written.

ISSUING LENDER: BOKF, NA d/b/a BANK OF KANSAS CITY
as Issuing Lender

By: /s/ William Fox
Name: William Fox
Title: Senior Vice President

[Signature Page to Lender Joinder Agreement]

BORROWERS:

EPR PROPERTIES

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Senior Vice President

30 WEST PERSHING, LLC
EPT DOWNREIT II, Inc.
EPT HUNTSVILLE, INC.
MEGAPLEX FOUR, INC.
WESTCOL CENTER, LLC
EPT MELBOURNE, INC.
CROTCHED MOUNTAIN PROPERTIES, LLC
EDUCATION CAPITAL SOLUTIONS, LLC
EPR HIALEAH, INC.
EPT 909, INC.
EPT CROTCHED MOUNTAIN, INC.
EPT KALAMAZOO, INC.
EPT MAD RIVER, INC.
EPT MOUNT ATTITASH, INC.
EPT MOUNT SNOW, INC.
EPT NINETEEN, INC.
EPT SKI PROPERTIES, INC.
EPT WATERPARKS, INC.
MEGAPLEX NINE, INC.
ECS DOUGLAS I, LLC
EPT DALLAS, LLC
EPT FONTANA, LLC
EPT TWIN FALLS, LLC
FLIK, INC.
EPT GULF POINTE, INC.
EPT MESQUITE, INC.
EPT SOUTH BARRINGTON, INC.
EPT OAKVIEW, INC.
ECE I, LLC
EPT CHARLOTTE, LLC
EPT PENSACOLA, INC.
CANTERA 30 THEATRE, L.P.
TAMPA VETERANS 24, L.P.
NEW ROC ASSOCIATES, L.P.

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Vice President

[Signature Page to Lender Joinder Agreement]

Accepted and Agreed:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Jane E. McGrath
Name: Jane E. McGrath
Title: Vice President

[Signature Page to Lender Joinder Agreement]

Annex A to
Lender Joinder Agreement

COMMITMENT

Issuing Lender	Commitment
BOKF, NA d/b/a BANK OF KANSAS CITY	$10,000,000.00

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Section 8: EX-10.4 (EXHIBIT 10.4)

EXHIBIT 10.4

LENDER JOINDER AGREEMENT

This LENDER JOINDER AGREEMENT (this "Agreement"), dated as of March 26, 2014, to the Credit Agreement (as defined below) is by and among BANK HAPOALIM B.M.; BANK OF TAIWAN, LOS ANGELES BRANCH; CHANG HWA COMMERCIAL BANK LTD., LOS ANGELES BRANCH; FIRST COMMERCIAL BANK, LTD., A REPUBLIC OF CHINA BANK ACTING THROUGH ITS LOS ANGELES BRANCH; and MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD, SILICON VALLEY BRANCH (each, an "Issuing Lender" and, collectively, the "Issuing Lenders"), EPR PROPERTIES, a Maryland real estate investment trust, and the Subsidiary Borrowers that are signatories hereto (each, a "Borrower" and, collectively, the "Borrowers") and KEYBANK NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement (as defined below).

RECITALS

WHEREAS, the Borrowers, the other Lenders party thereto and the Administrative Agent entered into that certain Second Amended and Restated Credit Agreement dated as of July 23, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement");

WHEREAS, the Borrowers have requested an increase in the aggregate Commitments pursuant to Section 2.14 of the Credit Agreement; and

WHEREAS, each Issuing Lender has agreed to provide a Commitment on the terms and conditions set forth herein and under the Credit Agreement.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Each Issuing Lender hereby agrees to issue its Commitment in the aggregate amount set forth on Annex A hereto, with the increase in the aggregate Commitments being handled on pro rata basis with all Lenders in accordance with

Section 2.14(e)(vi)(A) of the Credit Agreement.

2. Each Issuing Lender (a) represents and warrants that it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to issue its Commitment under the Credit Agreement; (b) confirms it has received a copy of the Credit Agreement, and has received or has been afforded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 8.1 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Agreement and to issue its Commitment under the Credit Agreement; (c) confirms it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and to issue its Commitment under the Credit Agreement; (d) if it is a Foreign Lender, agrees to provide any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by each Issuing Lender; and (e) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

3. Borrowers hereby represent and warrant that (1) they have full power and authority, and have taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to issue the Indebtedness under the Credit Agreement in accordance with this Agreement, (2) the representations and warranties of the Borrowers in the Credit Agreement and in each other Loan Document are true and correct on

and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case, to the knowledge of the Borrowers, they are true and correct as of such earlier date, and except to the extent of changes resulting from transactions contemplated and permitted by the Credit Agreement and changes occurring in the ordinary course of business (in each case to the extent not constituting a Default or Event of Default), (3) no Default or Event of Default exists and is continuing or would result from the increase in the aggregate Commitments as contemplated in this Agreement (including on a pro forma basis relative to financial covenant compliance), and (4) the incurrence of Indebtedness in an aggregate principal amount equal to the full Facility Amount after giving effect to all Commitment increases and new Commitments contemplated in this Agreement does not and will not result in a breach of, or a default under, any agreement to which any Borrower is a party.

4. In addition to any other fees due Administrative Agent or the Lenders under the Credit Agreement or the Fee Letter, Borrowers agree to pay to each Issuing Lender on the date hereof an upfront fee as agreed to between each Issuing Lender and Borrowers.

5. Any notice to be provided to each respective Issuing Lender under the Loan Documents shall be sent to the following addresses:

Bank Hapoalim B.M.
1177 Avenue of the Americas
New York, NY 10036
Attention: Charles McLaughlin

Bank of Taiwan, Los Angeles Branch
601 S. Figueroa Street, Suite 4525
Los Angeles, CA 90017
Attention: Timothy Liu

Chang Hwa Commercial Bank Ltd., Los Angeles Branch
333 South Grand Avenue, Suite #2250
Los Angeles, CA 90071
Attention: Irene Chen

First Commercial Bank, Ltd., Los Angeles Branch
600 Wilshire Blvd., Ste. 800
Los Angeles, CA 90017
Attention: Josephine Chong

Mega International Commercial Bank Co., Ltd, Silicon Valley Branch
333 W San Carlos St., Ste. #100
San Jose, CA 95110
Attention: May-Yee Lee

6. This Agreement may be executed in any number of counterparts and by the various parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one contract. Delivery of an executed counterpart of this Agreement by telecopier or .pdf shall be effective as delivery of a manually executed counterpart of this Agreement.

7. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

8. ENTIRE AGREEMENT. This Agreement and the Loan Documents represent the final agreement among the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements among the parties.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by a duly authorized officer as of the date first above written.

ISSUING LENDERS: BANK HAPOALIM B.M.
as Issuing Lender

By: /s/ Charles McLaughlin /s/James Surless
Name: Charles McLaughlin James Surless
Title: Senior Vice President Vice President

BANK OF TAIWAN, LOS ANGELES BRANCH
as Issuing Lender

By: /s/ Spencer Tsao
Name: Spencer Tsao
Title: AVP & Deputy General Manager

CHANG HWA COMMERCIAL BANK LTD., LOS ANGELES BRANCH
as Issuing Lender

By: /s/ Kang Yang
Name: Kang Yang
Title: Vice President & General Manager

FIRST COMMERCIAL BANK, LTD., A REPUBLIC OF CHINA BANK ACTING THROUGH ITS LOS ANGELES BRANCH
as Issuing Lender

By: /s/ Jenn-Hwa Wang
Name: Jenn-Hwa Wang
Title: Vice President & General Manager

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD, SILICON VALLEY BRANCH
as Issuing Lender

By: /s/ Yuan-His Lin
Name: Yuan-Hsi Lin
Title: SVP & General Manager

BORROWERS:

EPR PROPERTIES

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Senior Vice President

30 WEST PERSHING, LLC
EPT DOWNREIT II, Inc.
EPT HUNTSVILLE, INC.
MEGAPLEX FOUR, INC.
WESTCOL CENTER, LLC
EPT MELBOURNE, INC.
CROTCHED MOUNTAIN PROPERTIES, LLC
EDUCATION CAPITAL SOLUTIONS, LLC
EPR HIALEAH, INC.
EPT 909, INC.
EPT CROTCHED MOUNTAIN, INC.
EPT KALAMAZOO, INC.
EPT MAD RIVER, INC.
EPT MOUNT ATTITASH, INC.
EPT MOUNT SNOW, INC.
EPT NINETEEN, INC.
EPT SKI PROPERTIES, INC.
EPT WATERPARKS, INC.
MEGAPLEX NINE, INC.
ECS DOUGLAS I, LLC
EPT DALLAS, LLC
EPT FONTANA, LLC
EPT TWIN FALLS, LLC
FLIK, INC.
EPT GULF POINTE, INC.
EPT MESQUITE, INC.
EPT SOUTH BARRINGTON, INC.
EPT OAKVIEW, INC.
ECE I, LLC
EPT CHARLOTTE, LLC
EPT PENSACOLA, INC.

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Vice President

CANTERA 30 THEATRE, L.P.

By: Cantera 30, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Vice President

TAMPA VETERANS 24, L.P.

By: Tampa Veterans 24, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Vice President

NEW ROC ASSOCIATES, L.P.

By: EPT New Roc GP, Inc., a Delaware corporation, its general partner

By: /s/ Mark Peterson
Name: Mark Peterson
Title: Vice President

[Signature Page to Lender Joinder Agreement]

Accepted and Agreed:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Jane E. McGrath
Name: Jane E. McGrath
Title: Vice President

[Signature Page to Lender Joinder Agreement]

Annex A to
Lender Joinder Agreement

COMMITMENT

Issuing Lender	Commitment
BANK HAPOALIM B.M.	$10,000,000.00
BANK OF TAIWAN, LOS ANGELES BRANCH	$15,000,000.00
CHANG HWA COMMERCIAL BANK LTD., LOS ANGELES BRANCH	$15,000,000.00
FIRST COMMERCIAL BANK, LTD., A REPUBLIC OF CHINA BANK ACTING THROUGH ITS LOS ANGELES BRANCH	$10,000,000.00
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD, SILICON VALLEY BRANCH	$10,000,000.00

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Section 9: EX-31.1 (CERTIFICATION OF DAVID M. BRAIN PURSUANT TO SECTION 302)

EXHIBIT 31.1

CERTIFICATION

PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, David M. Brain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EPR Properties;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2014

/s/ David M. Brain

David M. Brain
President and Chief Executive Officer
(Principal Executive Officer)

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Section 10: EX-31.2 (CERTIFICATION OF MARK A. PETERSON PURSUANT TO SECTION 302)

EXHIBIT 31.2

CERTIFICATION

PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Mark A. Peterson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EPR Properties;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2014

/s/ Mark A. Peterson

Mark A. Peterson
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

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Section 11: EX-32.1 (CERTIFICATION BY CEO PURSUANT TO 18 USC 1350)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

I, David M. Brain, President and Chief Executive Officer of EPR Properties (the "Issuer"), have executed this certification for furnishing to the Securities and Exchange Commission in connection with the filing with the Commission of the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2014 (the "Report"). I hereby certify that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

/s/ David M. Brain

David M. Brain
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2014

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Section 12: EX-32.2 (CERTIFICATION OF CFO PURSUANT TO 18 USC 1350)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

I, Mark A. Peterson, Senior Vice President and Chief Financial Officer of EPR Properties (the "Issuer"), have executed this certification for furnishing to the Securities and Exchange Commission in connection with the filing with the Commission of the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2014 (the "Report"). I hereby certify that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

/s/ Mark A. Peterson

Mark A. Peterson
Senior Vice President, Chief Financial Officer
and Treasurer (Principal Financial
Officer and Principal Accounting Officer)

Date: April 30, 2014

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