SABRA

2023 ANNUAL REPORT

Strategic.
Disciplined.
Opportunistic.

Strategic. Disciplined. Opportunistic.

Although the industry continued to face many challenges in 2023, we remained focused on the areas where we could create value for our shareholders, including identifying and prudently executing strategies to further enhance the quality of our portfolio and strengthen our balance sheet. As a result, Sabra has a higher-quality and more diverse portfolio than at any other time in the company's history.

Our experienced and dedicated team expertly laid out a strategy, adeptly adjusted as market conditions changed and diligently delivered value. I am immensely proud of what we have accomplished and the culture we have built. The team shares a passion for the industry and the knowledge that what's most important is what happens inside our buildings.

"By continuing to focus on the fundamentals, we've curated a diverse portfolio of high-quality assets and fortified our balance sheet. As a result, we are well-positioned to drive value for our shareholders."

Michael Costa
Chief Financial Officer, Secretary and Executive Vice President

Enterprise Value

$5.7B

Liquidity

$0.9B

Investments

413

One-Year Total Return

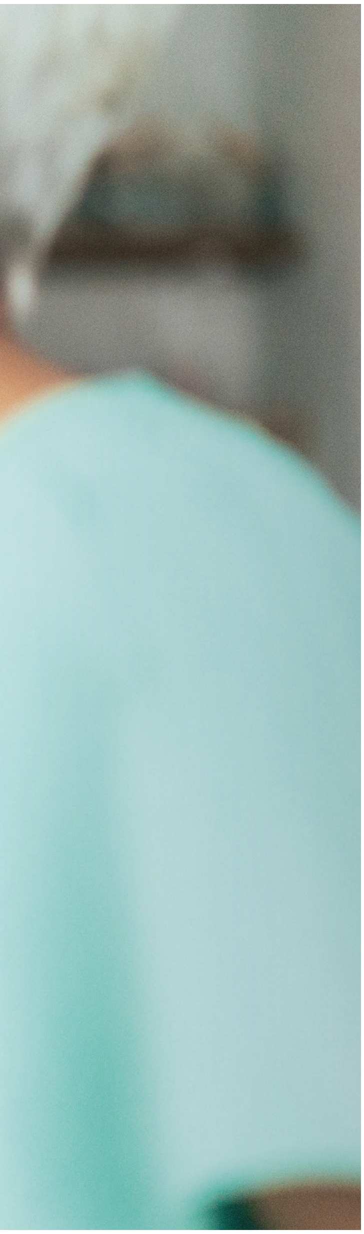
26.2%

As of December 31, 2023

Investing in Relationships

To that end, we've worked to align ourselves with and support operators who share our dedication to high-quality care. As former operators ourselves, we look for opportunities to provide capital support and insights so that our operators stay at the forefront of care delivery.

One of the unique ways we support our operators is by facilitating the sharing of best practices. Our well-attended 2023 Sabra Operator Conference provided an opportunity for our leading operators and tenants to meet with the Sabra team, learn from industry experts and network with one another.



"The Sabra conference provided valuable insights into the healthcare industry and the innovative approaches that Sabra is taking to improve patient care and outcomes. It was inspiring to see the dedication and passion of the Sabra team, and we are eager to support their mission and contribute to their success. We believe that our partnership will yield significant benefits for both parties and ultimately make a difference in the lives of patients and their families."

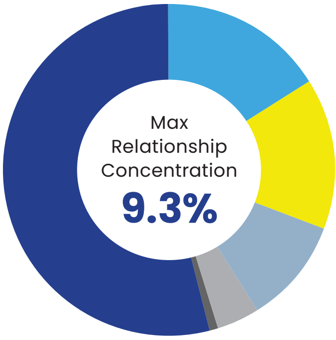
– David McHarg, President and CEO Inspirit Senior Living

Refining Our Portfolio

We know that superior returns start with a strong portfolio, and, in 2023, we further curated our portfolio by recycling assets. Throughout the pandemic, we've looked for opportunities to rebalance our portfolio so that we will be in the most advantageous position as the industry normalizes.

In 2023, we completed dispositions of 29 facilities, including 25 skilled nursing facilities (including one leased to a tenant under a sales-type lease), generating $289.3 million in gross proceeds. As a result of these transactions and our investing and repurposing activity, our skilled nursing exposure at the end of 2023 was 54.1 percent of our Annualized Cash NOI—making our portfolio the most diverse and balanced in the company's history.

Asset Mix



- Skilled Nursing / Transitional Care: **54.1%**
- Senior Housing Managed: **16.1%**
- Behavioral Health: **14.6%**
- Senior Housing Leased: **10.3%**
- Specialty Hospital and Other: **4.1%**
- Other: **0.8%**

As of December 31, 2023. Asset class concentrations use Annualized Cash NOI, as adjusted to reflect Annualized Cash NOI from our mortgage and construction loans receivable and preferred equity investments in the related asset class of the underlying real estate. The definition and reconciliation of Annualized Cash NOI, a non-GAAP measure, to the GAAP financial measure we consider most comparable is included in "Non-GAAP Reconciliations for December 31, 2023" in the Investors section of our website at https://ir.sabrahealth.com/investors/financials/quarterly-results.

In 2023, we successfully transitioned 11 wholly owned senior housing managed properties formerly operated by Enlivant to Inspirit Senior Living. We also successfully transitioned 24 skilled nursing facilities formerly operated by North American Health Care to the Ensign Group (Ensign) and Avamere Family of Companies (Avamere). Performance from both of these transitions has exceeded expectations, highlighted by Inspirit increasing occupancy by nearly 500 bps in the six months since its transition, while Ensign and Avamere have improved operating efficiency, driving a 200 bps increase in EBITDARM margin performance, improving EBITDARM by over 17 percent.

Strengthening Our Balance Sheet

Even with the challenges posed by the disruption in our industry, our team was able to strengthen our balance sheet. In the beginning of 2023, we refinanced our credit facility. This refinancing, combined with our timely execution of hedging arrangements, has resulted in our having no near-term debt maturities or floating rate debt. Our strong balance sheet provides an excellent foundation for growth when the right opportunities arise.

3.95%

Weighted average fixed interest rate on permanent debt

$16M

Per year in savings from hedging term debt

Committed to Corporate Sustainability

We are committed to doing things the right way. Our sustainability program and practices have a symbiotic relationship with our business. Through this lens, win-win situations underpin our focus, not on how important our sustainability principles are but rather on how we can effectively and efficiently integrate them into our business strategy with our stakeholders' best interests in mind.

We've accomplished improvements in quantifying our carbon footprint and are helping operators and tenants do the same while tapping into cost-effective financing for eco-efficient improvements at their properties. What is good for our operators and tenants is good for our residents.

We also helped organize and sponsor the inaugural WISE Forum, bringing together like-minded REITs, along with industry leaders, to build community, discuss systemic challenges and create solutions for the future of senior living. The goal was to focus and act on not only the challenges but also the solutions and processes needed to accelerate change. The response to the forum was overwhelmingly positive.

"We share best practices and actively partner with our operators and tenants on eco-friendly projects, including providing access to cost-effective financing for environmentally beneficial improvements through our industry-leading Green Links program."

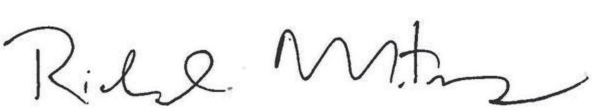
Talya Nevo-Hacohen
Chief Investment Officer, Treasurer and Executive Vice President

Well-Positioned to Drive Value

Our focus on internal growth, including enhancing our portfolio and strengthening our balance sheet, has resulted in Sabra entering 2024 stronger and more diverse than at any other time in the company's history. We applaud our operators who continue to navigate occupancy recovery and staffing challenges as we move into what we hope will be a sustained period of normalization for our industry. In 2024, we expect to focus on stability and earnings growth and making thoughtful, disciplined investments that align with our strategy.

Thank you to my team and our Board for their steadfast focus on driving value for shareholders while simultaneously supporting our operators, tenants and borrowers so that they can remain at the forefront of healthcare delivery, and thank you to our shareholders for entrusting us with your capital and continued support.

Sincerely,



Rick Matros
Chief Executive Officer, President
and Chair of the Board

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

Commission file number 001-34950

SABRA HEALTH CARE REIT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**27-2560479**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

1781 Flight Way
Tustin, CA 92782
(888) 393-8248
(Address, zip code and telephone number of Registrant)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	SBRA	The Nasdaq Stock Market LLC

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: $2.7 billion

As of February 20, 2024, there were 231,476,751 shares of the registrant’s $0.01 par value Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant’s 2024 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2023, are incorporated by reference in Part III herein.

SABRA HEALTH CARE REIT, INC. AND SUBSIDIARIES

Index

References throughout this document to “Sabra,” “we,” “our,” “ours” and “us” refer to Sabra Health Care REIT, Inc. and its direct and indirect consolidated subsidiaries and not any other person.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K (this “10-K”) contain “forward-looking” information as that term is defined by the Private Securities Litigation Reform Act of 1995. Any statements that do not relate to historical or current facts or matters are forward-looking statements. Examples of forward-looking statements include all statements regarding our expected future financial position, results of operations, cash flows, liquidity, financing plans, business strategy, tenants, borrowers and Senior Housing - Managed communities (as defined below), the expected amounts and timing of dividends and other distributions, projected expenses and capital expenditures, competitive position, growth opportunities, potential investments, potential dispositions, plans and objectives for future operations, and compliance with and changes in governmental regulations. You can identify some of the forward-looking statements by the use of forward-looking words such as “anticipate,” “believe,” “plan,” “estimate,” “expect,” “intend,” “should,” “may” and other similar expressions, although not all forward-looking statements contain these identifying words.

Our actual results may differ materially from those projected or contemplated by our forward-looking statements as a result of various factors, including, among others, the following:

- *increased labor costs and historically low unemployment;*
- *increases in market interest rates and inflation;*
- *pandemics or epidemics, including COVID-19, and the related impact on our tenants, borrowers and Senior Housing - Managed communities;*
- *operational risks with respect to our Senior Housing - Managed communities;*
- *competitive conditions in our industry;*
- *the loss of key management personnel;*
- *uninsured or underinsured losses affecting our properties;*
- *potential impairment charges and adjustments related to the accounting of our assets;*
- *the potential variability of our reported rental and related revenues as a result of Accounting Standards Update (“ASU”) 2016-02, Leases, as amended by subsequent ASUs;*
- *risks associated with our investment in our unconsolidated joint ventures;*
- *catastrophic weather and other natural or man-made disasters, the effects of climate change on our properties and a failure to implement sustainable and energy-efficient measures;*
- *increased operating costs and competition for our tenants, borrowers and Senior Housing - Managed communities;*
- *increased healthcare regulation and enforcement;*
- *our tenants’ dependency on reimbursement from governmental and other third-party payor programs;*
- *the effect of our tenants, operators or borrowers declaring bankruptcy or becoming insolvent;*
- *our ability to find replacement tenants and the impact of unforeseen costs in acquiring new properties;*
- *the impact of litigation and rising insurance costs on the business of our tenants;*
- *the impact of required regulatory approvals of transfers of healthcare properties;*
- *environmental compliance costs and liabilities associated with real estate properties we own;*
- *our tenants’, borrowers’ or operators’ failure to adhere to applicable privacy and data security laws;*
- *a material breach of our or our tenants’, borrowers’ or operators’ information technology;*
- *our concentration in the healthcare property sector, particularly in skilled nursing/transitional care facilities and senior housing communities, which makes our profitability more vulnerable to a downturn in a specific sector than if we were investing in multiple industries;*
- *the significant amount of and our ability to service our indebtedness;*
- *covenants in our debt agreements that may restrict our ability to pay dividends, make investments, incur additional indebtedness and refinance indebtedness on favorable terms;*
- *adverse changes in our credit ratings;*
- *our ability to make dividend distributions at expected levels;*
- *our ability to raise capital through equity and debt financings;*
- *changes and uncertainty in macroeconomic conditions and disruptions in the financial markets;*
- *risks associated with our ownership of property outside the U.S., including currency fluctuations;*
- *the relatively illiquid nature of real estate investments;*
- *our ability to maintain our status as a real estate investment trust (“REIT”) under the federal tax laws;*
- *compliance with REIT requirements and certain tax and tax regulatory matters related to our status as a REIT;*
- *changes in tax laws and regulations affecting REITs;*

- *the ownership limits and takeover defenses in our governing documents and under Maryland law, which may restrict change of control or business combination opportunities; and*
- *the exclusive forum provisions in our bylaws.*

We urge you to carefully consider these risks and review the additional disclosures we make concerning risks and other factors that may materially affect the outcome of our forward-looking statements and our future business and operating results, including those made in Part I, Item 1A, "Risk Factors" in this 10-K, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission (the "SEC"), including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. We caution you that any forward-looking statements made in this 10-K are not guarantees of future performance, events or results, and you should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. We do not intend, and we undertake no obligation, to update any forward-looking information to reflect events or circumstances after the date of this 10-K or to reflect the occurrence of unanticipated events, unless required by law to do so.

TENANT AND BORROWER INFORMATION

This 10-K includes information regarding our tenants that lease properties from us and our borrowers, most of which are not subject to SEC reporting requirements. The information related to our tenants and borrowers that is provided in this 10-K has been provided by, or derived from information provided by, such tenants and borrowers. We have not independently verified this information. We have no reason to believe that such information is inaccurate in any material respect. We are providing this data for informational purposes only.

PART I

ITEM 1. BUSINESS

Overview

We operate as a self-administered, self-managed REIT that, through our subsidiaries, owns and invests in real estate serving the healthcare industry.

Our primary business consists of acquiring, financing and owning real estate property to be leased to third-party tenants in the healthcare sector. We primarily generate revenues by leasing properties to tenants and owning properties operated by third-party property managers throughout the United States ("U.S.") and Canada.

Our investment portfolio is primarily comprised of skilled nursing/transitional care facilities, senior housing communities ("Senior Housing - Leased"), behavioral health facilities, and specialty hospitals and other facilities, in each case leased to third-party operators; senior housing communities operated by third-party property managers pursuant to property management agreements ("Senior Housing - Managed"); investments in joint ventures; loans receivable; and preferred equity investments.

We expect to grow our investment portfolio while diversifying our portfolio by tenant, facility type and geography within the healthcare sector. We plan to achieve these objectives primarily through making investments directly or indirectly in healthcare real estate, including the development of purpose-built healthcare facilities with select developers. We also intend to achieve our objective of diversifying our portfolio by tenant and facility type through select asset sales and other arrangements with our tenants.

We employ a disciplined approach in our healthcare real estate investment strategy by investing in assets that provide attractive opportunities for dividend growth and appreciation of asset values, while maintaining balance sheet strength and liquidity, thereby creating long-term stockholder value.

We commenced operations on November 15, 2010, and we elected to be treated as a REIT with the filing of our U.S. federal income tax return for the taxable year beginning January 1, 2011. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify as a REIT. We operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held by Sabra Health Care Limited Partnership, a Delaware limited partnership (the "Operating Partnership"), of which we are the sole general partner and a wholly owned subsidiary of ours is currently the only limited partner, or by subsidiaries of the Operating Partnership.

We maintain a website at *www.sabrahealth.com*. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") are made available free of charge on our website as soon as reasonably practicable after such information has been filed or furnished with the SEC.

Our Industry

We operate as a REIT that holds investments in income-producing healthcare facilities located in the U.S. and Canada. We invest primarily in the U.S. nursing home industry, including skilled nursing and transitional care facilities, the U.S. and Canadian senior housing industry, which includes independent living, assisted living, memory care and continuing care retirement communities, select behavioral health and addiction treatment centers, and acute care and other hospitals. The primary growth drivers of the nursing home and senior housing industries – an aging population and longer life expectancies – present attractive investment opportunities for us. According to the 2023 National Population Projections published by the U.S. Census Bureau, the number of Americans age 75 and older is projected to grow at a compounded annual growth rate of 10.1% between 2022 and 2035. Further, life expectancy is expected to increase to 85.6 years in 2060 from 79.7 years in 2017. In addition, the highly-fragmented nature of the skilled nursing and senior housing industries presents additional investment opportunities.

Demand for senior housing is expected to increase as a result of an aging population and an increase in acuity across the post-acute landscape. Cost containment measures adopted by the federal government have encouraged patient treatment in more cost-effective settings, such as skilled nursing facilities. As a result, high acuity patients that previously would have been treated in long-term acute care hospitals and inpatient rehabilitation facilities are increasingly being treated in skilled nursing facilities. According to the National Health Expenditure Projections for 2022-2031 published by the Centers for Medicare & Medicaid Services ("CMS"), nursing home expenditures are projected to grow from approximately $194 billion in 2022 to approximately

$283 billion in 2031, representing a compounded annual growth rate of 4.3%. This focus on high acuity patients in skilled nursing facilities has resulted in the typical senior housing resident requiring more assistance with activities for daily living, such as assistance with bathing, grooming, dressing, eating, and medication management; however, many older senior housing communities were not built to accommodate a resident who has more needs as well as increased mobility and cognitive issues than in the past. We believe that these trends will create an emphasis on operators who can effectively adapt their operating model to accommodate the changing nursing home patient and senior housing resident and will result in increased demand for purpose-built properties that are complementary to this new system of healthcare delivery.

The hospital industry is broadly defined to include addiction treatment centers and acute care, long-term acute care, rehabilitation and behavioral hospitals. Hospital services comprise one of the largest categories of healthcare expenditures. According to the CMS National Health Expenditure Projections for 2022-2031, hospital care expenditures are projected to grow from approximately $1.3 trillion in 2022 to approximately $2.3 trillion in 2031, representing a compounded annual growth rate of 6.4%. According to the 2022 National Survey on Drug Use and Health, addiction and mental illness are ongoing public health crises in the U.S. with approximately 55 million people classified as needing substance abuse treatment but more than 75% not receiving such treatment and approximately 15 million people identified with serious mental illness but more than 30% not receiving treatment, including inpatient or outpatient mental health services, prescription medication for a mental health issue or virtual (i.e., telehealth) services. Hospitals offer a wide range of services, both inpatient and outpatient, in a variety of settings. We believe that demand will increase for innovative means of delivering those services and present additional investment opportunities.

While the factors described above indicate projected growth for our industry, increases in interest rates, labor shortages, supply chain disruptions, high inflation and increased volatility in public equity and fixed income markets have led to increased costs and limited the availability of capital. In addition, these factors, together with the impact of COVID-19, have resulted in decreased occupancy and increased operating costs for our tenants and borrowers, which have negatively impacted their operating results. It is difficult to predict the duration of the effects of these economic and market conditions and of COVID-19 on the industry.

We compete for real property investments with other REITs, investment companies, private equity and hedge fund investors, sovereign funds, healthcare operators, lenders and other investors. Some of our competitors are significantly larger and have greater financial resources and lower costs of capital than we do. Increased competition makes it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. Our ability to compete is also impacted by national and local economic trends, availability of investment alternatives, availability and cost of capital, construction and renovation costs, existing laws and regulations, new legislation and population trends.

In addition, revenues from our properties are dependent on the ability of our tenants and Senior Housing - Managed communities to compete with other healthcare operators. These operators compete on a local and regional basis for residents and patients, and the operators' ability to successfully attract and retain residents and patients depends on key factors such as the number of facilities in the local market, the types of services available, the quality of care, reputation, age and appearance of each facility, and the cost of care in each locality. Private, federal and state payment programs and the effect of other laws and regulations may also have a significant impact on the ability of our tenants and Senior Housing - Managed communities to compete successfully for residents and patients at the properties.

Portfolio of Healthcare Investments

We have a geographically diverse portfolio of healthcare investments across the U.S. and Canada that offer a range of services including skilled nursing/transitional care, assisted and independent living, memory care and select behavioral health and addiction treatment centers and hospitals. As of December 31, 2023, our investment portfolio consisted of 378 real estate properties held for investment, 14 investments in loans receivable, five preferred equity investments and two investments in unconsolidated joint ventures. Of our 378 properties held for investment as of December 31, 2023, we owned fee title to 373 properties and title under ground leases for five properties.

Our portfolio consisted of the following types of healthcare facilities as of December 31, 2023:

- *Skilled Nursing/Transitional Care Facilities*

  Skilled nursing facilities. Skilled nursing facilities provide services that include daily nursing, therapeutic rehabilitation, social services, activities, housekeeping, nutrition, medication management and administrative services for individuals requiring certain assistance for activities in daily living. A typical skilled nursing facility includes mostly one and two bed units, each equipped with a private or shared bathroom and community dining facilities.

Transitional care facilities/units. Transitional care facilities/units are licensed nursing facilities or distinct units within a licensed nursing facility that provide short term, intensive, high acuity nursing and medical services. These facilities tend to focus on delivering specialized treatment to patients with cardiac, neurological, pulmonary, orthopedic, and renal conditions. Length of service is typically 30 days or less with the majority of patients returning to prior living arrangements and functional abilities. Generally, transitional care facilities/units provide services to Medicare, managed care and commercial insurance patients.

- *Senior Housing Communities*

Independent living communities. Independent living communities are age-restricted multi-family properties with central dining facilities that provide services that include security, housekeeping, activities, nutrition and limited laundry services. Our independent living communities are designed specifically for independent seniors who are able to live on their own, but desire the security and conveniences of community living. Independent living communities typically offer several services covered under a regular monthly fee.

Assisted living communities. Assisted living communities provide services that include assistance for activities in daily living and permit residents to maintain some of their privacy and independence as they do not require constant supervision and assistance. Services bundled within one regular monthly fee usually include three meals per day in a central dining room, daily housekeeping, laundry, medical reminders and 24-hour availability of assistance with the activities of daily living, such as eating, dressing and bathing. Professional nursing and healthcare services are usually available at the community on call or at regularly scheduled times. Assisted living communities typically are comprised of studios and one- and two-bedroom suites equipped with private bathrooms and efficiency kitchens.

Memory care communities. Memory care communities offer specialized options, services and clinical programs for individuals with Alzheimer’s disease and other forms of dementia. Purpose-built memory care communities offer a more residential environment than offered in a secured unit of a nursing facility. These communities offer dedicated care and specialized programming from specially trained staff for various conditions relating to memory loss in a secured environment that is typically smaller in scale and more residential in nature than traditional assisted living communities. Residents require a higher level of care, a secure environment, customized therapeutic recreation programs and more assistance with activities of daily living than in assisted living communities. Therefore, these communities have staff available 24 hours a day to respond to the unique needs of their residents.

Continuing care retirement communities. Continuing care retirement communities, or CCRCs, provide, as a continuum of care, the services described above for independent living communities, assisted living communities, memory care communities and skilled nursing facilities in an integrated campus.

- *Behavioral Health Facilities*

Addiction treatment centers. Addiction treatment centers provide treatment services for chemical dependence and substance addictions, which may include inpatient care, outpatient care, medical detoxification, therapy and counseling.

Behavioral hospitals. Behavioral hospitals provide inpatient and outpatient care for patients with mental health conditions, chemical dependence or substance addictions.

- *Specialty Hospitals and Other Facilities*

Acute care hospitals. Acute care hospitals provide emergency room, inpatient and outpatient medical care and other related services for surgery, acute medical conditions or injuries (usually for a short-term illness or condition).

Long-term acute care hospitals. Long-term acute care hospitals provide care for patients with complex medical conditions that require longer stays and more intensive care, monitoring or emergency back-up than that available in most skilled nursing facilities.

Rehabilitation hospitals. Rehabilitation hospitals provide inpatient and outpatient care for patients who have sustained traumatic injuries or illnesses, such as spinal cord injuries, strokes, head injuries, orthopedic problems, work-related disabilities and neurological diseases.

Residential services facilities. Residential services facilities provide services in home and community-based settings, which may include assistance with activities of daily living.

Other facilities. Other facilities include facilities other than those described above that are not classified as skilled nursing/transitional care, senior housing or behavioral health.

Geographic and Property Type Diversification

The following tables display the geographic concentration by property type and by investment and the distribution of beds/units for our real estate held for investment as of December 31, 2023 and exclude our unconsolidated joint ventures which consist of 16 facilities and 1,256 units (pro rata) (dollars in thousands):

Geographic Concentration — Property Type

Location	Skilled Nursing / Transitional Care	Senior Housing - Leased	Senior Housing - Managed Consolidated	Behavioral Health	Specialty Hospitals and Other	Total	% of Total
Texas	34	5	5	—	13	57	15.1 %
California	24	—	2	3	1	30	7.9
Kentucky	24	1	—	2	1	28	7.4
Indiana	14	4	1	2	—	21	5.6
Oregon	15	1	3	—	—	19	5.0
North Carolina	13	—	2	—	—	15	4.0
Missouri	12	—	1	1	—	14	3.7
Washington	12	—	2	—	—	14	3.7
Massachusetts	12	—	—	—	—	12	3.2
New York	9	—	1	—	—	10	2.6
Other (29 states & Canada)	72	32	44	10	—	158	41.8
Total	241	43	61	18	15	378	100.0 %
% of Total	63.7 %	11.4 %	16.1 %	4.8 %	4.0 %	100.0 %	

Distribution of Beds/Units

		Property Type						
Location	Total Number of Properties	Skilled Nursing / Transitional Care	Senior Housing - Leased	Senior Housing - Managed Consolidated	Behavioral Health	Specialty Hospitals and Other	Total	% of Total
Texas	57	4,325	470	736	—	325	5,856	15.5 %
Kentucky	28	2,486	142	—	172	40	2,840	7.5
California	30	2,058	—	160	313	27	2,558	6.8
Indiana	21	1,651	545	169	138	—	2,503	6.6
Oregon	19	1,520	215	162	—	—	1,897	5.0
North Carolina	15	1,454	—	237	—	—	1,691	4.5
New York	10	1,566	—	107	—	—	1,673	4.4
Washington	14	1,309	—	165	—	—	1,474	3.9
Massachusetts	12	1,469	—	—	—	—	1,469	3.9
Virginia	10	894	60	186	—	—	1,140	3.0
Other (29 states & Canada)	162	8,037	2,041	4,119	536	—	14,733	38.9
Total	378	26,769	3,473	6,041	1,159	392	37,834	100.0 %
% of Total		70.7 %	9.2 %	16.0 %	3.1 %	1.0 %	100.0 %	

Geographic Concentration — Investment [1]

Location	Total Number of Properties	Property Type: Skilled Nursing / Transitional Care	Senior Housing - Leased	Senior Housing - Managed Consolidated	Behavioral Health	Specialty Hospitals and Other	Total	% of Total
Texas	57	$ 347,245	$ 55,818	$ 173,043	$ —	$ 187,387	$ 763,493	13.5 %
California	30	435,612	—	59,434	217,764	7,743	720,553	12.8
Indiana	21	196,544	120,197	47,861	12,155	—	376,757	6.7
Oregon	19	261,316	33,002	54,214	—	—	348,532	6.2
New York	10	298,004	—	20,688	—	—	318,692	5.8
Kentucky	28	244,385	23,668	—	15,165	30,313	313,531	5.6
Washington	14	158,674	—	41,142	—	—	199,816	3.5
North Carolina	15	124,449	—	75,251	—	—	199,700	3.5
Arizona	5	—	10,348	39,656	121,757	—	171,761	3.0
Canada [2]	9	—	—	159,550	—	—	159,550	2.8
Other (30 states)	170	984,632	330,241	618,646	129,896	—	2,063,415	36.6
Total	378	$3,050,861	$ 573,274	$1,289,485	$496,737	$ 225,443	$5,635,800	100.0 %
% of Total		54.1 %	10.2 %	22.9 %	8.8 %	4.0 %	100.0 %	

[1] Represents the undepreciated book value of our real estate held for investment as of December 31, 2023.
[2] Investment balance in Canada is based on the exchange rate as of December 31, 2023 of 0.7546 per 1 CAD.

Loans Receivable and Other Investments

As of December 31, 2023 and 2022, our loans receivable and other investments consisted of the following (dollars in thousands):

Investment	Quantity as of December 31, 2023	Property Type	Principal Balance as of December 31, 2023 [1]	Book Value as of December 31, 2023	Book Value as of December 31, 2022	December 31, 2023: Weighted Average Contractual Interest Rate / Rate of Return	December 31, 2023: Weighted Average Annualized Effective Interest Rate / Rate of Return	Maturity Date as of December 31, 2023
Loans Receivable:								
Mortgage	2	Behavioral Health	$ 319,000	$ 319,000	$ 319,000	7.6 %	7.6 %	11/01/26 - 01/31/27
Other	12	Multiple	53,873	50,440	47,936	7.7 %	7.4 %	10/01/23 - 05/01/29
	14		372,873	369,440	366,936	7.7 %	7.6 %	
Allowance for loan losses			—	(6,665)	(6,611)			
			$ 372,873	$ 362,775	$ 360,325			
Other Investments:								
Preferred Equity	5	Skilled Nursing / Senior Housing	57,681	57,849	51,071	11.0 %	11.0 %	N/A
Total	19		$ 430,554	$ 420,624	$ 411,396	8.1 %	8.1 %	

[1] Principal balance includes amounts funded and accrued unpaid interest / preferred return and excludes capitalizable fees.

Significant Credit Concentrations

For the year ended December 31, 2023, no tenant relationship represented 10% or more of our total revenues.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Concentration of Credit Risk" in Part II, Item 7 for additional information, including risks and uncertainties, regarding tenant concentration.

Investment Financing Strategy

We expect that future investments in properties, including any improvements or renovations of current or newly-acquired properties, will depend on and will be financed, in whole or in part, by our existing cash, borrowings available to us under our Revolving Credit Facility (as defined below) and proceeds from issuances of common stock, preferred stock, debt or other securities. In addition, we may seek financing from U.S. government agencies, including through Fannie Mae, Freddie Mac and the U.S. Department of Housing and Urban Development ("HUD"), in appropriate circumstances in connection with acquisitions. We also use derivative instruments in the normal course of business to mitigate interest rate and foreign currency risk.

Competitive Strengths

We believe the following competitive strengths contribute significantly to our success:

Diverse Property Portfolio

Our portfolio of 378 properties held for investment as of December 31, 2023 is broadly diversified by location across the U.S. and Canada. Our properties in any one state or province did not account for more than 16% of our total beds/units as of December 31, 2023. Our geographic diversification will limit the effect of a decline in any one regional market on our overall performance. We have also been able to diversify, through acquisitions and dispositions, the extent to which our revenues are dependent on our tenants', borrowers' and equity investees' revenues from federal, state and local government reimbursement programs.

Long-Term, Triple-Net Lease Structure

As of December 31, 2023, the substantial majority of our real estate properties held for investment (excluding 61 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from one year to 19 years, pursuant to which the tenants are responsible for all facility maintenance, code compliance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. As of December 31, 2023, the leases had a weighted-average remaining term of eight years. The leases generally include provisions to extend the lease terms and other negotiated terms and conditions. We, through our subsidiaries, retain substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. We may receive additional security under these operating leases in the form of letters of credit and security deposits from the lessee or guarantees from the parent of the lessee. In addition, certain of our tenants have deposited amounts with us for future real estate taxes, insurance expenditures and tenant improvements related to our properties and their operations.

Senior Housing - Managed Structure

As of December 31, 2023, our real estate properties held for investment included 61 Senior Housing - Managed communities operated by 11 third-party property managers pursuant to property management agreements. The Senior Housing - Managed structure gives us direct exposure to the risks and benefits of the operations of the communities. We generally utilize the Senior Housing - Managed structure when properties present growth opportunities that may be achievable through capital investment and/or property managers providing scale, operating efficiencies and/or ancillary services. The third-party property managers manage our communities in exchange for the receipt of a management fee, and as such, we are not directly exposed to the credit risk of the property managers in the same manner or to the same extent as we are to our triple-net tenants. However, we rely on the property managers' personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our communities efficiently and effectively. We also rely on the property managers to set appropriate resident fees and otherwise operate our communities in compliance with the terms of our management agreements and all applicable laws and regulations.

Strong Relationships with Operators

The members of our management team have developed an extensive network of relationships with qualified local, regional and national operators of skilled nursing/transitional care facilities and senior housing communities across the U.S. and Canada. This extensive network has been built by our management team through more than 100 years of combined operating experience, involvement in industry trade organizations and the development of banking relationships and investor relations within the skilled nursing and senior housing industries. We believe these strong relationships with operators help us to source investment opportunities.

Our relationships with operators include pipeline agreements that we have entered into with certain operators that provide for the acquisition of, and interim capital commitments for, various healthcare facilities. These pipeline agreements, together with repeat transactions with other operators, help support our future growth potential by providing additional investment opportunities with lower acquisition costs than would be required for investments with new operators.

Ability to Identify Talented Operators

As a result of our management team's operating experience, network of relationships and industry insight, we have been able and expect to continue to be able to identify qualified local, regional and national operators. We seek operators who possess local market knowledge, demonstrate hands-on management, have proven track records, and focus on quality care and clinical outcomes. These operators are often located in secondary markets, which generally have lower costs to build and favorable demographics as demonstrated by the fact that the percentage of the population over the age of 65 is greater in the markets where we have invested than in the U.S. as a whole. We believe our management team's experience gives us a key competitive advantage in objectively evaluating an operator's financial position, focus on care and operating efficiency.

Significant Experience in Proactive Asset Management

The members of our management team have significant experience developing systems to collect and evaluate data relating to the underlying operational and financial success of healthcare companies and healthcare-related real estate assets. We are able to utilize this experience and expertise to provide our tenants, when requested, with assistance in the areas of marketing, development, facility expansion and strategic planning. We also use information technology that allows us to efficiently and effectively collect tenant, financial, asset management and acquisitions information. Leveraging this allows us to be lean in our operations and proactive in sharing information with our tenants where we can be helpful to them. We actively monitor the operating results of our tenants, and, when requested, we offer support to our operators to identify and capitalize on opportunities to improve the operations of our facilities and the overall financial and operating strength of our operators.

Business Strategies

We pursue business strategies focused on opportunistic acquisitions and property diversification where such acquisitions meet our investing and financing strategy. We also intend to continue to curate our portfolio to optimize diversification and financial performance, and to maintain a mix of assets well-positioned for the future of healthcare delivery.

The key components of our business strategies include:

Diversify Asset Portfolio

We expect to grow our investment portfolio while diversifying our portfolio by tenant, facility type and geography within the healthcare sector. We plan to achieve these objectives primarily through making investments directly or indirectly in healthcare real estate, including the development of purpose-built healthcare facilities with select developers. We also intend to achieve our objective of diversifying our portfolio by tenant and facility type through select asset sales and other arrangements with our tenants.

We expect to grow our portfolio primarily through the acquisition of assisted living, independent living and memory care communities in the U.S. and Canada and through the acquisition of skilled nursing/transitional care, addiction treatment centers and behavioral health facilities in the U.S. We have and expect to continue to opportunistically acquire other types of healthcare real estate, originate financing secured directly or indirectly by healthcare facilities and invest in the development of senior housing communities and skilled nursing/transitional care facilities. We also expect to expand our portfolio through the development of purpose-built healthcare facilities through pipeline agreements and other arrangements with select developers. We further expect to work with existing operators to identify strategic development opportunities. These opportunities may involve replacing, renovating or expanding facilities in our portfolio that may have become less competitive and new development opportunities that present attractive risk-adjusted returns. In addition to pursuing acquisitions with triple-net leases, we expect to continue to pursue other forms of investment, including investments in Senior Housing - Managed communities, mezzanine and secured debt investments, and joint ventures for senior housing communities and skilled nursing/transitional care facilities. We also expect to continue to enhance the strength of our investment portfolio by selectively disposing of or repositioning underperforming facilities or working with new or existing operators to transfer underperforming but promising properties to new or other existing operators.

With respect to our debt and preferred equity investments, in general, we originate loans and make preferred equity investments when an attractive investment opportunity is presented and (a) the property is in or near the development phase, (b) the development of the property is completed but the operations of the facility are not yet stabilized or (c) the loan investment will provide capital to existing relationships. A key component of our development strategy related to loan originations and preferred equity investments is having the option to purchase the underlying real estate that is owned by our borrowers (and that directly or indirectly secures our loan investments) or by the entity in which we have an investment. These options become exercisable upon the occurrence of various criteria, such as the passage of time or the achievement of certain operating goals, and the method to determine the purchase price upon exercise of the option is set in advance based on the same valuation methods we use to value our investments in healthcare real estate. This proprietary development pipeline strategy allows us to diversify our revenue streams and build relationships with operators and developers, and provides us with the option to add new properties to our existing real estate portfolio if we determine that those properties enhance our investment portfolio and stockholder value at the time the options are exercisable.

Maintain Balance Sheet Strength and Liquidity

We seek to maintain a capital structure that provides the resources and flexibility to support the growth of our business. As of December 31, 2023, we had approximately $946.9 million in liquidity, consisting of unrestricted cash and cash equivalents of $41.3 million and available borrowings under our Revolving Credit Facility (as defined below) of $905.6 million. The Credit Agreement (as defined below) also contains an accordion feature that can increase the total available borrowings to $2.75 billion (from U.S. $1.4 billion plus CAD $150.0 million), subject to terms and conditions.

We have filed a shelf registration statement with the SEC that expires in November 2025, which allows us to offer and sell shares of common stock, preferred stock, warrants, rights, units, and certain of our subsidiaries to offer and sell debt securities, through underwriters, dealers or agents or directly to purchasers, on a continuous or delayed basis, in amounts, at prices and on terms we determine at the time of the offering, subject to market conditions.

We intend to maintain a mix of Revolving Credit Facility debt, term loan debt, secured debt and unsecured term debt, which, together with our anticipated asset sales as well as our anticipated ability to complete future equity financings, we expect will fund the growth of our operations. Further, we may opportunistically seek access to U.S. government agency financing, including through Fannie Mae, Freddie Mac and HUD, in appropriate circumstances in connection with acquisitions.

Develop New Investment Relationships

We seek to cultivate our relationships with tenants and healthcare providers in order to expand the mix of tenants operating our properties and, in doing so, to reduce our dependence on any single tenant or operator. As of December 31, 2023, we had 63 relationships. We expect to continue to develop new investment relationships as part of our overall strategy to acquire new properties and further diversify our overall portfolio of healthcare properties.

Capital Source to Underserved Operators

We believe that there is a significant opportunity to be a capital source to healthcare operators through the acquisition of healthcare properties that are consistent with our investment and financing strategy, but that, due to size and other considerations, are not a focus for other healthcare REITs. We utilize our management team’s operating experience, network of relationships and industry insight to identify financially strong and growing operators in need of capital funding for future growth. In appropriate circumstances, we may negotiate with operators to acquire individual healthcare properties from those operators and then lease those properties back to the operators pursuant to long-term triple-net leases or refinance new projects.

Strategic Capital Improvements

We intend to continue to support our tenants by providing capital to them for a variety of purposes, including for capital expenditures and facility modernization. We expect to structure the majority of these investments as either lease amendments that produce additional rents or as loans that are repaid by our tenants during the applicable lease term.

Pursue Strategic Development Opportunities

We expect to work with existing operators to identify strategic development opportunities. These opportunities may involve replacing, renovating or expanding facilities in our portfolio that may have become less competitive and new development opportunities that present attractive risk-adjusted returns. In addition to pursuing acquisitions with triple-net leases, we expect to continue to pursue other forms of investment, including investments in Senior Housing - Managed communities, mezzanine and secured debt investments, and joint ventures for senior housing and skilled nursing/transitional care facilities.

Human Capital Matters

Experienced Management Team

Our management team has extensive healthcare and real estate experience. Richard K. Matros, Chief Executive Officer, President and Chair of Sabra, has more than 40 years of experience in the acquisition, development and disposition of healthcare assets, including nine years at Sun Healthcare Group, Inc. Michael Costa, Chief Financial Officer, Secretary and Executive Vice President of Sabra, is a finance professional with more than 20 years of experience in commercial real estate finance and accounting. Talya Nevo-Hacohen, Chief Investment Officer, Treasurer and Executive Vice President of Sabra, is a real estate finance executive with more than 25 years of experience in real estate finance, acquisition and development, including three years of experience managing and implementing the capital markets strategy of an S&P 500 healthcare REIT. Through years of public company experience, our management team also has extensive experience accessing both debt and equity capital markets to fund growth and maintain a flexible capital structure.

Teammates and Equal Opportunity

As of December 31, 2023, we employed 48 full-time employees (our teammates), including our executive officers, none of whom is subject to a collective bargaining agreement. As of December 31, 2023, women comprised 54% of our workforce and 67% of our management level/leadership roles. As of December 31, 2023, 31% of our teammates self-identified as being members of one or more ethnic minorities. We believe our ethnic diversity is higher than this reported percentage as another 15% of our teammates chose not to self-identify. We believe that a diverse workforce is essential to our continued success and gives us a competitive advantage. We take pride in having a diverse workforce in the real estate sector where women and minorities remain underrepresented. We sustain diversity by maintaining a fair, healthy and safe work environment. And we have established a culture that promotes engagement, inclusion, equity and diversity for all teammates.

We recognize that attracting and retaining talent at all levels is vital to our continued success. We ensure that all teammates receive competitive salaries and benefits, and we aim to attract professionals who will uphold our values of social and environmental stewardship. We promote a sustainable work-life balance and invest in our teammates' well-being through high-quality benefits. We offer a hybrid work model and have strong IT support to enable our flexible working arrangements.

We have fostered a collaborative culture and workplace that motivate and drive engagement. It is important that teammates feel valued and are committed to achieving goals. We create value by providing the tools and support each teammate needs to be successful in their roles. We also encourage team activities that create a sense of belonging and emotional well-being, which we know positively impact retention and engagement. To evaluate an individual teammates' level of engagement, our management team and human resources department conduct periodic check-in meetings. In addition, company-wide subject-driven surveys are used to gauge levels of engagement and satisfaction. Based on feedback and suggestions received, we thoughtfully implement changes that will have the highest impact on engagement.

To plan for the future, our performance management program proactively reviews our teammates' evolving roles to address the current and future needs of our business. We invest in their development so that we have the right people with the right skills at the right time. The program provides leadership coaching for select management-level teammates with an external group of professionals and employs annual performance reviews that include self-assessments and 360-degree feedback. Our teammates' development efforts are focused on aligning our talent strategy with our business strategy. We also connect our teammates with our accomplished board of directors through quarterly board of directors dinner events.

We support volunteerism and organize opportunities for our teammates as a group to volunteer within the community. Various company events, including life event celebrations, dinners and other social outings, are held regularly throughout the year, as well as an annual all-teammate retreat. We believe that all of these activities increase job satisfaction and support collaboration and team bonding.

Government Regulation

Our tenants are subject to extensive and complex federal, state and local healthcare laws and regulations, including anti-kickback, anti-fraud and abuse provisions codified under the Social Security Act. These provisions prohibit certain business practices and relationships that might affect the provision and cost of healthcare services reimbursable under Medicare and Medicaid. Sanctions for violating these anti-kickback, anti-fraud and abuse provisions include criminal penalties, civil sanctions, fines and possible exclusion from government programs such as Medicare and Medicaid. If a facility is decertified as a Medicare or Medicaid provider by CMS or a state, the facility will not thereafter be reimbursed for caring for residents that are covered by Medicare and Medicaid, and the facility would be forced to care for such residents without being reimbursed or to transfer such residents.

Most of our tenants' skilled nursing/transitional care, assisted living and mental health facilities are licensed under applicable state law. Most of our skilled nursing/transitional care facilities and mental health facilities are certified or approved as providers under the Medicare and Medicaid programs. Some of our assisted living facilities are certified or approved as providers under various state Medicaid and/or Medicaid waiver programs. Similarly, the operators of our specialty hospitals must meet the applicable conditions of participation established by the U.S. Department of Health and Human Services and comply with state and local laws and regulations in order to receive Medicare and Medicaid reimbursement. State and local agencies survey all skilled nursing/transitional care facilities and some assisted living facilities on a regular basis to determine whether such facilities are in compliance with governmental operating and health standards and conditions for participation in government sponsored third-party payor programs. Under certain circumstances, the federal and state agencies have the authority to take adverse actions against a facility or service provider, including the imposition of a monitor, the imposition of monetary penalties and the decertification of a facility or provider from participation in the Medicare and/or Medicaid/Medicaid waiver programs or licensure revocation. Challenging and appealing notices or allegations of noncompliance can require significant legal expenses and management attention.

Various states in which our tenants operate our facilities have established minimum staffing requirements or may establish minimum staffing requirements in the future. Failure to comply with such minimum staffing requirements may result in the imposition of fines or other sanctions. Most states in which our tenants operate have statutes requiring that prior to the addition or construction of new nursing home beds, to the addition of new services or to certain capital expenditures in excess of defined levels, the tenant first must obtain a certificate of need, which certifies that the state has made a determination that a need exists for such new or additional beds, new services or capital expenditures. The certification process is intended to promote quality healthcare at the lowest possible cost and to avoid the unnecessary duplication of services, equipment and centers. This certification process can restrict or prohibit the undertaking of a project or lengthen the period of time required to enlarge or renovate a facility or replace a tenant.

In addition to the above, those of our tenants who provide services that are paid for by Medicare and Medicaid are subject to federal and state budgetary cuts and constraints that limit the reimbursement levels available from these government programs. Changes to reimbursement or methods of payment from Medicare and Medicaid could result in a substantial reduction in our tenants' revenues. Various healthcare reform measures became law upon the enactment of the Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act") and the Tax Cuts and Jobs Act (the "2017 Tax Act"), which amends certain provisions of the Affordable Care Act. Future Presidential and Congressional elections in the U.S. could result in further changes. Amendments to, repeal of or legal challenges to the Affordable Care Act and regulatory changes could impose further limitations on government payments to our tenants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Skilled Nursing Facility Reimbursement Rates" in Part II, Item 7 for additional information.

As of December 31, 2023, our subsidiaries owned eight healthcare facilities (five senior housing communities and three skilled nursing/transitional care facilities) with mortgage loans that are guaranteed by HUD. Those facilities are subject to the rules and regulations of HUD, including periodic inspections by HUD, although the tenants of those facilities have the primary responsibility for maintaining the facilities in compliance with HUD's rules and regulations. The regulatory agreements entered into by each owner and each operator of the property restrict, among other things, any sale or other transfer of the property, modification of the lease between the owner and the operator, use of surplus cash from the property except upon certain conditions and renovations of the property, all without prior HUD approval.

In addition, as an owner of real property, we are subject to various federal, state and local environmental and health and safety laws and regulations. These laws and regulations address various matters, including asbestos, fuel oil management, wastewater discharges, air emissions, medical wastes and hazardous wastes. The costs of complying with these laws and regulations and the penalties for non-compliance can be substantial. For example, although we do not generally operate or actively manage our properties, we may be held primarily or jointly and severally liable for costs relating to the investigation and cleanup of any property from which there has been a release or threatened release of a regulated material as well as other affected properties, regardless of whether we knew of or caused the release. In addition to these costs, which are typically not limited by law or regulation and could exceed the property's value, we could be liable for certain other costs, including governmental fines and injuries to persons, property or natural resources. See "Risk Factors—Regulatory Risks—Environmental compliance costs and liabilities associated with real estate properties owned by us may materially impair the value of those investments." in Part I, Item 1A.

ITEM 1A. RISK FACTORS

The following describes the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

Risks Related to Our Business/Operations

Increased labor costs and historically low unemployment may adversely affect our business, results of operations, cash flows and financial condition.

The market for qualified personnel is highly competitive and our tenants, borrowers and Senior Housing - Managed communities have experienced and may continue to experience difficulties in attracting and retaining such personnel, in particular due to a reduction in the supply of such personnel and wage increases relating to the COVID-19 pandemic and inflation. An inability to attract and retain trained personnel has negatively impacted, and may continue to negatively impact, our occupancy rates, operating income and the ability of our tenants and borrowers to meet their obligations to us. A shortage of caregivers or other trained personnel, minimum staffing requirements or general inflationary pressures on wages may continue to force tenants, borrowers and Senior Housing - Managed communities to enhance pay and benefits packages to compete effectively for skilled personnel, or to use more expensive contract personnel, and they may be unable to offset these added costs by increasing the rates charged to residents and patients. Any further increase in labor costs or any failure by our tenants, borrowers and Senior Housing - Managed communities to attract and retain qualified personnel could adversely affect our cash flow and have a materially adverse effect on our results of operations.

An increase in market interest rates could increase our interest costs on borrowings on our Revolving Credit Facility and future debt and could adversely affect our stock price.

Interest rates rose substantially in 2022 and 2023 and may continue to rise. Increases in interest rates could increase our interest costs for borrowings on our Revolving Credit Facility and any new debt we may incur. This increased cost could make the financing of any new investments more costly. Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing. In addition, an increase in interest rates could negatively impact the access to and cost of financing available to third parties interested in purchasing assets we may make available for sale, thereby decreasing the amount they are willing to pay for those assets, and consequently limit our ability to reposition our portfolio promptly in response to changes in economic or other conditions.

Inflation could adversely impact our operating expenses, as well as the operating expenses of our tenants, borrowers and Senior Housing - Managed communities, and could rise at rates that outpace increases in rental income.

Increased costs due to inflation may have material adverse effects on our operating expenses, as well as the operating expenses of our tenants and borrowers and their ability to meet their obligations to us. Inflation also increases the costs for us to make capital improvements to our facilities. With respect to our Senior Housing - Managed communities, we bear the impact of any increases in costs of labor, goods and services and may not be able to pass those cost increases on to the residents in those communities, in which case the profitability of the communities will suffer, which could in turn have a material adverse effect on our financial position and results of operations.

Pandemics or epidemics, including COVID-19, may have a material adverse effect on our business, results of operations, cash flows and financial condition.

The COVID-19 pandemic has negatively impacted us and our operations. As a result of decreased occupancy and increased operating costs for our tenants and borrowers, our tenants' and borrowers' ability to meet their obligations as they come due, including their obligation to make full and timely rental payments and debt service payments, respectively, to us has been and may continue to be impacted. In some cases, we have had, and may in the future have, to restructure our tenants' long-term rent obligations and may not be able to do so on terms that are as favorable to us as those currently in place. Reduced or modified rental and debt service amounts could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge. The operating results of our Senior Housing - Managed portfolio and our unconsolidated joint ventures have been and may continue to be impacted as well. Prolonged deterioration in the operating results for these investments could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge. We may experience these or other negative effects as the result of future pandemics or epidemics as well.

In addition, if there are significant disruptions to our business due to a future pandemic or epidemic, our credit ratings may be adversely impacted and we may breach covenants in our debt agreements and be unable to service our debt. Further, significant disruption could cause us to reduce or suspend our dividend.

The duration and extent of the effects of the COVID-19 pandemic, or a future pandemic or epidemic, on our operational and financial performance are uncertain and difficult to predict and we may experience adverse impacts to our business, financial condition, results of operations and prospects.

We are exposed to operational risks with respect to our Senior Housing - Managed communities.

We are exposed to various operational risks with respect to our Senior Housing - Managed communities that may increase our costs or adversely affect our ability to generate revenues. These risks are similar to the ones described above and below with respect to our tenants and include fluctuations in occupancy and private pay rates; economic conditions; competition; federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our operators; state regulation and rights of residents related to entrance fees; and the availability and increases in the cost of labor (as a result of a shortage of caregivers or other trained personnel, minimum staffing requirements or general inflationary pressures on wages or otherwise). Any one or a combination of these factors may adversely affect our business, financial position or results of operations.

Further, our third-party operators are ultimately in control of the day-to-day business of the properties that they operate. We depend on third parties to operate these properties in a manner that complies with applicable law and regulation, minimizes legal risk and maximizes the value of our investment. The failure by these third parties to operate these properties efficiently and effectively and adequately manage the related risks could adversely affect our business, financial condition and results of operations.

Real estate is a competitive business and this competition may make it difficult for us to identify and purchase suitable healthcare properties, to finance acquisitions on favorable terms, or to retain or attract tenants.

We operate in a highly competitive industry and face competition from other REITs, investment companies, private equity and hedge fund investors, sovereign funds, healthcare operators, lenders and other investors, some of whom are significantly larger than us and have greater resources and lower costs of capital than we do. This competition makes it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. Similarly, our properties face competition for patients and residents from other properties in the same market, which may affect our ability to attract and retain tenants or may reduce the rents we are able to charge. If we cannot identify and purchase a sufficient quantity of healthcare properties at favorable prices, finance acquisitions on commercially favorable terms, or attract and retain profitable tenants, our business, financial position or results of operations could be materially adversely affected.

If we lose our key management personnel, we may not be able to successfully manage our business and achieve our objectives.

Our success depends in large part upon the leadership and performance of our executive management team, particularly Mr. Matros, our President and Chief Executive Officer. If we lose the services of Mr. Matros, we may not be able to successfully manage our business or achieve our business objectives.

Additionally, attracting and retaining talent at all levels is vital to our continuing success. If we are unable to provide competitive salaries, benefits, or a diverse and inclusive workplace for our personnel, our business may be adversely affected.

We may experience uninsured or underinsured losses, which could result in a significant loss of the capital we have invested in a property, decrease anticipated future revenues or cause us to incur unanticipated expenses.

While our lease agreements and property management agreements require that comprehensive insurance and hazard insurance be maintained by our tenants, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, as well as losses caused by health pandemics including the COVID-19 pandemic, that may be uninsurable or not economically insurable. Insurance coverage may not be sufficient to pay the full current market value or current replacement cost of a loss. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace properties after they have been damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore the economic position with respect to a damaged property.

Our assets, including our real estate and loans, are subject to impairment charges, and our valuation and reserve estimates are based on assumptions and may be subject to adjustment.

Our investment portfolio consists of real estate and mortgage loans, which are subject to write-downs in value. From time to time, we close facilities and actively market such facilities for sale. To the extent we are unable to sell these properties for our book value, we may be required to take a non-cash impairment charge or loss on the sale, either of which would reduce our net income. In addition, on a recurring basis, we evaluate our real estate investments and other assets for impairment indicators, and we establish general and specific reserves for our issued loans at least quarterly. The quarterly evaluation of our investments for impairment may result in significant fluctuations in our provision for credit losses or real estate impairments from quarter to quarter, impacting our results of operations. Judgments regarding the existence of impairment indicators or loan reserves are based on a number of factors, including market conditions, financial performance and legal structure, which may involve estimates. If we determine that a significant impairment has occurred, we are required to make an adjustment to the net carrying value of the asset, which could have a material adverse effect on our results of operations. Our estimates of loan reserves, and other accounting estimates, are inherently uncertain and may be subject to future adjustment, leading potentially to an increase in reserves.

Our reported rental and related revenues may be subject to increased variability as a result of Accounting Standards Update ("ASU") 2016-02, Leases, as amended by subsequent ASUs ("Topic 842").

In February 2016, the Financial Accounting Standards Board issued Topic 842, which supersedes guidance related to accounting for leases and provides for the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting guidance. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. We elected to adopt Topic 842 on January 1, 2019 using the modified retrospective transition method. Among other things, under Topic 842, if at any time we cannot determine that it is probable that substantially all rents over the life of a lease are collectible, rental revenue will be recognized only to the extent of payments received and all receivables associated with the lease will be written off, irrespective of amounts expected to be collectible. Recoveries of these amounts will be recorded in future periods upon receipt of payment. Under Topic 842, future write-offs of receivables and any recoveries of previously written-off receivables will be recorded as adjustments to rental revenue. As a result, the adoption of this new accounting standard could cause increased variability related to our reported rental and related revenues, which could increase the volatility in the market price of our common stock.

We are subject to risks and liabilities in connection with our investment in our unconsolidated joint ventures.

Our investments in unconsolidated joint ventures involve risks not present with respect to our wholly owned properties, including the following:

- We may be unable to take specific major actions, or such actions may be delayed, if the counterparties to the joint ventures disagree with such action, due to arrangements that require us to share decision-making authority over major decisions affecting the ownership or operation of the joint ventures and any property owned by the joint ventures such as the sale or financing of the property or the making of additional capital contributions for the benefit of the property;
- The counterparties to the joint ventures may take actions with which we disagree;
- Our ability to sell or transfer our interest in the joint ventures on advantageous terms when we so desire may be limited or restricted under the terms of our agreements with the counterparties in the joint ventures;
- We may be required to contribute additional capital if the counterparties in the joint ventures fail to fund their share of required capital contributions;
- Our equity interest in the joint ventures will be adversely impacted if the joint ventures are not able to maintain compliance with the terms of the agreements underlying their indebtedness;
- The counterparties to the joint ventures might have economic or other business interests or goals that are inconsistent with our business interests or goals, including with respect to the timing, terms and strategies for investment, which could increase the likelihood of disputes regarding the ownership, management or disposition of the properties owned by the joint ventures;
- Disagreements with the counterparties to the joint ventures could result in litigation or arbitration that increases our expenses, distracts our officers and directors, and disrupts the day-to-day operations of the properties owned by the joint ventures, including by delaying important decisions until the dispute is resolved; and

- We may suffer losses to our investment in the joint ventures as a result of actions taken by the counterparties to the joint ventures.

Catastrophic weather and other natural or man-made disasters, the physical effects of climate change and a failure to implement sustainable and energy-efficient measures could affect our properties.

Some of our properties are located in areas susceptible to catastrophic weather and natural disasters, including fires, snow or ice storms, windstorms or hurricanes, earthquakes, flooding, or other severe conditions. These adverse weather and natural or man-made events could cause substantial damage or loss to our properties which could exceed applicable property insurance coverage. Such events could also have a material adverse impact on our tenants' operations and ability to meet their obligations to us. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. Any such loss could materially and adversely affect our business financial condition and results of operations.

Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable. To the extent that significant changes in the climate occur in areas where our properties are located, we may experience more frequent extreme weather events which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our new development properties without a corresponding increase in revenue. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected.

As an environmentally responsible company, we strive to implement sustainable and energy-efficient measures throughout our portfolio. We engage in and discuss sustainable property management practices with our tenants and operators to identify measures that increase energy efficiency and water conservation and enhance safety and quality. If we or our tenants and operators fail to identify such measures, we may be unable to realize annual utility cost savings, which may affect our ability to maximize property and portfolio values and could have a material adverse effect on our business.

Risks Related to Our Tenants, Borrowers and Senior Housing - Managed Communities

Increased operating costs as well as increased competition could result in lower operating income for our tenants, borrowers and Senior Housing - Managed communities and may affect the ability of our tenants and borrowers to meet their obligations to us.

Because our tenants are typically required to pay all property operating expenses, increases in property-level expenses at our leased properties generally do not directly affect us. However, increased operating costs could have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect our tenants' ability to pay rent owed to us.

An increase in our tenants', borrowers' or Senior Housing - Managed communities' expenses and a failure of their revenues to increase at least with inflation could adversely impact our tenants', borrowers', Senior Housing - Managed communities' and our financial condition and our results of operations. Furthermore, expenses for the facilities of our tenants, borrowers and Senior Housing - Managed communities are primarily driven by the costs of labor, food, utilities, taxes, insurance and rent, and these operating costs continue to increase for our tenants, borrowers and Senior Housing - Managed communities.

In addition, the long-term healthcare industry is highly competitive and we expect that it may become more competitive in the future. Our tenants, borrowers and Senior Housing - Managed communities compete with other healthcare operators on a local and regional basis for residents and patients. The occupancy levels at, and results of operations from, our or our borrowers' facilities are dependent on the ability of our tenants, borrowers and Senior Housing - Managed communities to compete with other tenants and operators on a number of different levels, including the quality of care provided, reputation, the physical appearance of a facility, price, the range of services offered, family preference, amenities, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location, and the size and demographics of the population in the surrounding area. Our tenants, borrowers and Senior Housing - Managed communities also compete with numerous other companies providing similar healthcare services or alternatives such as home health agencies, life care at home and community-based service programs. Further, many competing companies may have resources and attributes that are superior to those of our tenants, borrowers and Senior Housing - Managed communities. Our tenants, borrowers and Senior Housing - Managed communities may encounter increased competition in the future that could limit their ability to attract residents or expand their businesses and therefore affect their operating income and ability to pay their lease or mortgage payments and meet their obligations to us. Private, federal and state payment programs and the effect of other laws and regulations may also have a significant impact on the ability of our tenants, borrowers and Senior Housing - Managed communities to compete successfully for residents and patients at the properties.

Our tenants, borrowers and Senior Housing - Managed communities may be adversely affected by increasing healthcare regulation and enforcement.

Over the last several years, the regulatory environment of the long-term healthcare industry has intensified both in the amount and type of regulations and in the efforts to enforce those regulations. This is particularly true for large for-profit, multi-facility providers. The extensive federal, state and local laws and regulations affecting the healthcare industry include those relating to, among other things, licensure, conduct of operations, ownership of facilities, addition of facilities and equipment, allowable costs, services, prices for services, qualified beneficiaries, quality of care, patient rights, fraudulent or abusive behavior, and financial and other arrangements that may be entered into by healthcare providers. Changes in enforcement policies by federal and state governments have resulted in a significant increase in the number of inspections, citations of regulatory deficiencies and other regulatory sanctions, including terminations from the Medicare and Medicaid programs, bars on Medicare and Medicaid payments for new admissions, civil monetary penalties and even criminal penalties.

If our tenants, borrowers or Senior Housing - Managed communities fail to comply with the extensive laws, regulations and other requirements applicable to their businesses and the operation of our properties, they could become ineligible to receive reimbursement from governmental and private third-party payor programs, face bans on admissions of new patients or residents, suffer civil or criminal penalties or be required to make significant changes to their operations or face adverse publicity and reputational harm. Our tenants, borrowers and Senior Housing - Managed communities also could be forced to expend considerable resources responding to an investigation, lawsuit or other enforcement action under applicable laws or regulations. In such event, the results of operations and financial condition of our Senior Housing - Managed communities and of our tenants and borrowers and the results of operations of our properties operated by those entities could be adversely affected, which, in turn, could have a material adverse effect on us. We are unable to predict future federal, state and local regulations and legislation, including the Medicare and Medicaid statutes and regulations, or the intensity of enforcement efforts with respect to such regulations and legislation, and any changes in the regulatory framework could have a material adverse effect on our tenants or borrowers, which, in turn, could have a material adverse effect on us.

Our tenants and borrowers depend on reimbursement from governmental and other third-party payor programs, and reimbursement rates from such payors may be reduced.

Many of our tenants and borrowers depend on third-party payors, including Medicare, Medicaid or private third-party payors, for the majority of their revenue. The reduction in reimbursement rates from third-party payors, including insurance companies and the Medicare and Medicaid programs, or other measures reducing reimbursements for services provided by our tenants and borrowers, may result in a reduction in our tenants' and borrowers' revenues and operating margins. In addition, reimbursement from private third-party payors may be reduced as a result of retroactive adjustment during claims settlement processes or as a result of post-payment audits. Furthermore, new laws and regulations could impose additional limitations on government and private payments to healthcare providers. For example, our tenants and borrowers may be affected by health reform initiatives that modify certain payment systems to encourage more cost-effective care and a reduction of inefficiencies and waste (e.g., the implementation of a voluntary bundled payment program and the creation of accountable care organizations). We cannot assure you that adequate reimbursement levels will continue to be available for the services provided by our tenants and borrowers. Although moderate reimbursement rate reductions may not affect our tenants' or borrowers' ability to meet their financial obligations to us, significant limits on reimbursement rates or on the services reimbursed could have a material adverse effect on their business, financial position or results of operations, which could materially adversely affect their ability to meet their financial obligations to us.

While reimbursement rates have generally increased over the past few years, President Biden and members of the U.S. Congress may approve or propose new legislation, regulation changes and reform initiatives that could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. In addition, a number of states are currently managing budget deficits, which may put pressure on states to decrease reimbursement rates for our tenants and borrowers with a goal of decreasing state expenditures under their state Medicaid programs. Any such existing or future federal or state legislation relating to deficit reduction that reduces reimbursement payments to healthcare providers could have a material adverse effect on our tenants' business, financial position or results of operations, which could materially adversely affect their ability to meet their financial obligations to us and could have a material adverse effect on us.

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

We are exposed to the risk that our tenants, operators or borrowers could become bankrupt or insolvent. Although our lease and lending agreements provide us with the right to exercise certain remedies in the event of default on the obligations owing to us or upon the occurrence of certain insolvency events, the bankruptcy and insolvency laws afford certain rights to a party that has filed for bankruptcy or reorganization. For example, a lessee may reject its lease with us in a bankruptcy proceeding. In such a case, our claim against the lessee for unpaid and future rents would be limited by the statutory cap of the U.S. Bankruptcy Code. This statutory cap could be substantially less than the remaining rent actually owed under the lease, and any claim we have for unpaid rent might not be paid in full. In addition, a lessee may assert in a bankruptcy proceeding that its lease should be re-characterized as a financing agreement. If such a claim is successful, our rights and remedies as a lender, compared to a landlord, are generally more limited.

Furthermore, the automatic stay provisions of the U.S. Bankruptcy Code would preclude us from enforcing our remedies unless we first obtain relief from the court having jurisdiction over the bankruptcy case. This would effectively limit or delay our ability to collect unpaid rent or interest payments, and we may ultimately not receive any payment at all. In addition, we would likely be required to fund certain expenses and obligations (e.g., real estate taxes, insurance, debt costs and maintenance expenses) to preserve the value of our properties, avoid the imposition of liens on our properties or transition our properties to a new tenant. Additionally, we lease many of our properties to healthcare providers who provide long-term custodial care to the elderly. Evicting tenants for failure to pay rent while the property is occupied typically involves specific procedural or regulatory requirements and may not be successful. Even if eviction is possible, we may determine not to do so due to reputational or other risks. Bankruptcy or insolvency proceedings typically also result in increased costs to the tenant or borrower, significant management distraction and performance declines.

We may be unable to find a replacement tenant for one or more of our leased properties or we may be required to incur substantial renovation costs to make our healthcare properties suitable for such tenants.

We may need to find a replacement tenant for one or more of our leased properties for a variety of reasons, including upon the expiration of the lease term or the occurrence of a tenant default. During any period in which we are attempting to locate one or more replacement tenants, there could be a decrease or cessation of rental payments on the applicable property or properties. We cannot be sure that any of our current or future tenants will elect to renew their respective leases upon expiration of the terms thereof. Similarly, we cannot be sure that we will be able to locate a suitable replacement tenant or, if we are successful in locating a replacement tenant, that the rental payments from the new tenant would not be significantly less than the existing rental payments. Our ability to locate a suitable replacement tenant may be significantly delayed or limited by various state licensing, receivership, certificate of need or other laws, as well as by Medicare and Medicaid change-of-ownership rules. We also may incur substantial additional expenses in connection with any such licensing, receivership or change-of-ownership proceedings. Any such delays, limitations and expenses could delay or impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for default, which could materially adversely affect our business, financial condition and results of operations.

In addition, healthcare facilities are typically highly customized and may not be easily adapted to non-healthcare-related uses. The improvements generally required to conform a property to healthcare use are costly and at times tenant-specific. A new or replacement tenant may require different features in a property, depending on that tenant's particular operations. If a current tenant is unable to pay rent and vacates a property, we may incur substantial expenditures to modify a property before we are able to secure another tenant. Our ability to make required modifications and/or renovations may involve costs associated with volatility in materials and labor prices and approvals of authorities or compliance with governmental regulations, including the Americans with Disabilities Act, which could result in increased costs and delays in transitioning a facility to a new tenant. Further, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us or our tenants to spend more on our new development properties. These expenditures or renovations and delays could materially adversely affect our business, financial condition or results of operations.

Potential litigation and rising insurance costs may affect our tenants' and borrowers' ability to obtain and maintain adequate liability and other insurance and their ability to make lease or loan payments and fulfill their insurance and indemnification obligations to us.

Our tenants and borrowers may be subject to, and the COVID-19 pandemic has increased the potential for, lawsuits filed by advocacy groups that monitor the quality of care at healthcare facilities or by patients, facility residents or their families. Significant damage awards are possible in cases where neglect has been found. This litigation has increased our tenants' and borrowers' costs of monitoring and reporting quality of care and has resulted in increases in the cost of liability and medical malpractice insurance. These increased costs may materially adversely affect our tenants' and borrowers' ability to obtain and maintain adequate liability and other insurance; manage related risk exposures; fulfill their insurance, indemnification and other obligations to us under their leases or loan agreements, as applicable; or make lease or loan payments to us, as applicable.

In addition, from time to time, we may be subject to claims brought against us in lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our tenants and operators for which such tenants or operators may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such pending or future litigation could materially adversely affect our liquidity, financial condition and results of operations and have a material adverse effect on us in the event that we are not ultimately indemnified by our tenants or operators. Furthermore, negative publicity, including the ongoing publicity related to the COVID-19 pandemic, with respect to any lawsuits, claims or other legal or regulatory proceedings may also negatively impact our, our tenants', our borrowers' or our operators' reputations.

Regulatory Risks

Required regulatory approvals can delay or prohibit transfers of our healthcare properties, which could result in periods in which we are unable to receive rent for such properties.

Our tenants are operators of skilled nursing and other healthcare facilities, and accordingly must be licensed under applicable state law and, depending upon the type of facility, certified or approved as providers under the Medicare and/or Medicaid programs. Prior to the transfer of the operations of such healthcare properties to successor tenants, the new tenant generally must become licensed under state law and, in certain states, receive change-of-ownership approvals under certificate of need laws (which laws provide for a certification that the state has made a determination that a need exists for the beds located on the applicable property). If applicable, Medicare and Medicaid provider approvals may be needed as well. In the event that an existing lease is terminated or expires and a new tenant is found, then any delays in the new tenant receiving regulatory approvals from the applicable federal, state or local government agencies, or the inability of such tenant to receive such approvals, may prolong the period during which we are unable to collect the applicable rent. We could also incur substantial additional expenses in connection with any licensing, receivership or change-of-ownership proceedings.

Environmental compliance costs and liabilities associated with real estate properties owned by us may materially impair the value of those investments.

As an owner of real property, we or our subsidiaries are subject to various federal, state and local environmental and health and safety laws and regulations. Although we do not currently operate or manage the substantial majority of our properties, we or our subsidiaries may be held primarily or jointly and severally liable for costs relating to the investigation and clean-up of any property where there has been a release or threatened release of a hazardous regulated material as well as other affected properties, regardless of whether we knew of or caused the release. In addition to these costs, which are typically not limited by law or regulation and could exceed an affected property's value, we could be liable for certain other costs, including governmental fines and injuries to persons, property or natural resources. Further, some environmental laws provide for the creation of a lien on a contaminated site in favor of the government as security for damages and any costs the government incurs in connection with such contamination and associated clean-up.

Although we require our tenants and operators to undertake to indemnify us for environmental liabilities they cause, the amount of such liabilities could exceed the financial ability of the tenant or operator to indemnify us. The presence of contamination or the failure to remediate contamination may adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral.

A failure by our tenants, borrowers or operators to adhere to applicable privacy and data security laws could harm our business.

The majority of our tenants, borrowers and operators are subject to HIPAA and various other state and federal laws that relate to privacy and data security, including the reporting of data breaches involving personal information. Failure to comply with these requirements could have a materially adverse effect on our tenants, operators and borrowers and accordingly could have a materially adverse effect on our tenants' and borrowers' ability to meet their obligations to us and on our results of operations. Furthermore, the adoption of new privacy, security and data breach notification laws at the federal and state level could require our tenants, borrowers and operators to incur significant compliance costs. In addition, the cost and operational consequences of responding to cybersecurity incidents and implementing remediation measures could be significant.

A material failure or breach of our or our tenants', borrowers' or operators' information technology, could harm our business.

We and our tenants, borrowers and operators rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, tenant and lease data. While we and our tenants, borrowers and operators maintain various physical, cyber and data security controls, incidents or breaches resulting from technical failures, natural hazards, theft and unintentional or deliberate acts by third parties or insiders attempting to obtain unauthorized access to information, destroy or manipulate data, or disrupt or sabotage information systems do occur and they may have a material impact on our business. The risk of security incidents has generally increased as the number, intensity and sophistication of attacks and intrusions have increased, and we have seen a significant increase in cyber phishing attacks over the past few years. Additionally, cyber threats and the techniques used in cyberattacks change, develop and evolve rapidly, including from emerging technologies, such as advanced forms of artificial intelligence and quantum computing. We have engaged a third-party cybersecurity firm who serves as our dedicated information technology ("IT") team and helps us oversee, implement and manage our processes and controls to assess, identify and manage risks from cybersecurity threats. It is possible that our processes and controls will not detect or protect against all cybersecurity threats or incidents. In addition, any failure on the part of our outsourced IT team to effectively monitor and protect our information systems could make us more vulnerable to cybersecurity incidents. Although, to our knowledge, no cybersecurity incident has been material to our business to date, we have been, and expect to continue to be, subject to cybersecurity threats and attacks of varying degrees, and there can be no assurance that we will not experience a material incident. A data security incident or breach occurring at or involving us could have a material adverse impact on our company. A data security incident or breach occurring at or involving a tenant, borrower or operator could jeopardize the tenant's or operators' ability to fulfill its obligations to us and could adversely impact our financial position and results of operations.

Furthermore, we purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential tenant, borrower and operator information, some of which may include individually identifiable information, including information relating to financial accounts. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of a cyber-attack. Security breaches (including physical or electronic break-ins, computer viruses, phishing attacks, computer denial-of-service attacks, worms, covert introduction of malware to computers and networks, impersonation of authorized users, and efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, as well as intentional or unintentional acts by our teammates or other insiders with access privileges, intentional acts of vandalism by third parties and sabotage) can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations.

Investment and Financing Risks

We depend on investments in the healthcare property sector, making our profitability more vulnerable to a downturn or slowdown in that specific sector than if we were investing in multiple industries.

We concentrate our investments in the healthcare property sector. As a result, we are subject to risks inherent to investments in a single industry, in real estate, and specifically in healthcare properties. A downturn or slowdown in the healthcare property sector would have a greater adverse impact on our business than if we had investments in multiple industries. Specifically, a downturn in the healthcare property sector could negatively impact the ability of our tenants and borrowers to meet their obligations to us, as well as the ability to maintain rental and occupancy rates. This could adversely affect our business, financial condition and results of operations. In addition, a downturn in the healthcare property sector could adversely affect the value of our properties and our ability to sell properties at prices or on terms acceptable to us.

We have substantial indebtedness and have the ability to incur significant additional indebtedness and other liabilities.

As of December 31, 2023, we had outstanding indebtedness of $2.4 billion, which consisted of $1.8 billion of Senior Notes (as defined below), $543.2 million in Term Loans (as defined below), $94.4 million outstanding under our Revolving Credit Facility and aggregate secured indebtedness to third parties of $48.1 million on certain of our properties, and we had $905.6 million available for borrowing under our Revolving Credit Facility. Our high level of indebtedness may have the following important consequences to us:

- It may increase our cost of borrowing;
- It may limit our ability to obtain additional financing to fund future acquisitions, working capital, capital expenditures or other general corporate requirements;
- It may expose us to the risk of increased interest rates under debt instruments subject to variable rates of interest, such as our Revolving Credit Facility;
- It may adversely impact our credit ratings;
- It may limit our ability to adjust rapidly to changing market conditions and we may be vulnerable in the event of a downturn in general economic conditions or in the real estate and/or healthcare sectors;

- It may place us at a competitive disadvantage against less leveraged competitors;
- It may restrict the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness;
- It may become more difficult for us to satisfy our obligations (including ongoing interest payments and, where applicable, scheduled amortization payments) with respect to the Senior Notes and our other debt; and
- It may require us to sell assets and properties at an inopportune time.

In addition, the Senior Notes Indentures (as defined below) permit us to incur substantial additional debt, including secured debt (to which the Senior Notes will be effectively subordinated). If we incur additional debt, the related risks described above could intensify. Furthermore, the Senior Notes Indentures do not impose any limitation on our ability to incur liabilities that are not considered indebtedness under the Senior Notes Indentures.

The impact of any of these potential adverse consequences could have a material adverse effect on our results of operations, financial condition, and liquidity.

We may be unable to service our indebtedness.

Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. Our business may fail to generate sufficient cash flow from operations or future borrowings may be unavailable to us under our Revolving Credit Facility or from other sources in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt. We may be unable to refinance any of our debt, including our Term Loans (as defined below) and any amounts outstanding under our Revolving Credit Facility, on commercially reasonable terms or at all. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as asset sales, equity issuances and/or negotiations with our lenders to restructure the applicable debt. Our Credit Agreement and the Senior Notes Indentures restrict, and market or business conditions may limit, our ability to take some or all of these actions. Any restructuring or refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

Covenants in our debt agreements restrict our and our subsidiaries' activities and could adversely affect our business.

Our debt agreements, including the agreement governing our 2027 Notes (as defined below) and the Credit Agreement, contain various covenants that limit our ability and the ability of our subsidiaries to engage in various transactions including:

- Incurring additional secured and unsecured debt;
- Granting liens upon certain properties;
- Paying dividends or making other distributions on, redeeming or repurchasing capital stock;
- Entering into transactions with affiliates;
- Issuing stock of or interests in subsidiaries;
- Engaging in non-healthcare related business activities;
- Creating restrictions on the ability of certain of our subsidiaries to pay dividends or other amounts to us;
- Selling assets; or
- Effecting a consolidation or merger or selling substantially all of our assets.

The agreement governing our 2027 Notes also restricts us from making certain investments. The indentures governing our 2026 Notes, our 2029 Notes and our 2031 Notes (each as defined below) contain certain of the above restrictions as well. These covenants limit our operational flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. In addition, the Credit Agreement requires us to comply with specified financial covenants, which include a maximum total leverage ratio, a maximum secured debt leverage ratio, a minimum fixed charge coverage ratio, a maximum unsecured leverage ratio, a minimum tangible net worth requirement and a minimum unsecured interest coverage ratio. The indentures governing our 2026 Notes, our 2029 Notes and our 2031 Notes require us to comply with an unencumbered asset ratio, and the agreement governing our 2027 Notes requires us to comply with specified financial covenants, which include a maximum leverage ratio, a maximum secured debt leverage ratio, a maximum unsecured debt leverage ratio, a minimum fixed charge coverage ratio, a minimum net worth, a minimum unsecured interest coverage ratio and a minimum unencumbered debt yield ratio. Our ability to meet these requirements may be affected by events beyond our control, and we may not meet these requirements.

A breach of any of the covenants or other provisions in our debt agreements could result in an event of default, which, if not cured or waived, could result in such debt becoming immediately due and payable. Further, certain change in control events could result in an event of default under the agreement governing our 2027 Notes. Any of these events of default, in turn, could cause our other debt to become due and payable as a result of cross-acceleration provisions contained in the agreements governing such other debt. We may be unable to maintain compliance with these covenants and, if we fail to do so, we may be unable to obtain waivers from the lenders and holders and/or amend the covenants. In the event that some or all of our debt is accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

Adverse changes in our credit ratings could impair our ability to obtain additional debt and equity financing on favorable terms, if at all, and negatively impact the market price of our securities, including our common stock.

Our credit ratings affect the amount and type of capital, as well as the terms of any financing we may obtain. Credit rating agencies continually revise their ratings for the companies that they follow, including us. The credit ratings of our debt are based on, among other things, our operating performance, liquidity and leverage ratios, overall financial position, level of indebtedness and pending or future changes in the regulatory framework applicable to our industry. The credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. If we are unable to maintain favorable credit ratings, we would likely incur higher borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments.

Cash available for distribution to stockholders may be insufficient to make dividend distributions at expected levels and are made at the discretion of our board of directors.

If cash available for distribution generated by our assets decreases due to dispositions or otherwise, we may be unable to make dividend distributions at expected levels. Our inability to make distributions commensurate with market expectations would likely result in a decrease in the market price of our common stock. Further, all distributions are made at the discretion of our board of directors in accordance with Maryland law and depend on: (i) our earnings; (ii) our financial condition; (iii) debt and equity capital available to us; (iv) our expectations for future capital requirements and operating performance; (v) restrictive covenants in our financial or other contractual arrangements; (vi) maintenance of our REIT qualification; (vii) restrictions under Maryland law; and (viii) other factors as our board of directors may deem relevant from time to time.

Our ability to raise capital through equity financings is dependent, in part, on the market price of our common stock, which depends on market conditions and other factors affecting REITs generally.

Our ability to raise capital through equity financings depends, in part, on the market price of our common stock, which in turn depends on fluctuating market conditions and other factors including the following:

- The reputation of REITs and attractiveness of their equity securities in comparison with other equity securities, including securities issued by other real estate companies;
- Our financial performance and that of our tenants and borrowers;
- Concentrations in our investment portfolio by tenant and property type;
- Concerns about our tenants' or borrowers' financial condition, including as a result of uncertainty regarding reimbursement from governmental and other third-party payor programs;
- Our ability to meet or exceed investor expectations of prospective investment and earnings targets;
- The contents of analyst reports about us and the REIT industry;
- Changes in interest rates on fixed-income securities, which may lead prospective investors to demand a higher annual yield from investments in our common stock;
- Maintaining or increasing our dividend, which is determined by our board of directors and depends on our financial position, results of operations, cash flows, capital requirements, debt covenants (which include limits on distributions by us), applicable law, and other factors as our board of directors deems relevant; and
- Regulatory action and changes in REIT tax laws.

The market value of a REIT's equity securities is generally based upon the market's perception of the REIT's growth potential and its current and potential future earnings and cash distributions. If we fail to meet the market's expectation with regard to future earnings and cash distributions, the market price of our common stock could decline, and our ability to raise capital through equity financings could be materially adversely affected.

Changes and uncertainty in macroeconomic conditions and disruptions in the financial markets could adversely affect the value of our real estate investments and our business, results of operations, cash flows and financial condition.

Concerns over economic recession, interest rate increases, policy priorities of the U.S. presidential administration, trade wars, labor shortages or inflation may contribute to increased volatility and diminished expectations for the economy and markets. Additionally, concern over geopolitical issues may also contribute to prolonged market volatility and instability. For example, the conflicts between Russia and Ukraine and in the Middle East have led to disruption, instability and volatility in global markets and industries. Such conditions could impact real estate fundamentals and result in lower occupancy, lower rental rates, and declining values in our real estate portfolio and in the real estate collateral securing any indebtedness. As a result, the value of our property investments could decrease below the amounts paid for such investments, the value of real estate collateral securing any indebtedness could decrease below the outstanding principal amounts of such indebtedness, and revenues from our properties could decrease due to fewer and/or delinquent tenants or lower rental rates. This could materially adversely affect our revenues, results of operations and financial condition.

Ownership of property outside the U.S. may subject us to different or greater risks than those associated with our U.S. investments, including currency fluctuations.

We have investments in Canada, and from time to time may seek to acquire other properties in Canada or otherwise outside the U.S. International development, investment, ownership and operating activities involve risks that are different from those we face with respect to our U.S. properties and operations. These risks include, but are not limited to, any gain recognized with respect to changes in exchange rates may not qualify under the income tests that we must satisfy annually in order to qualify and maintain our status as a REIT and fluctuations in the exchange rates between USD and the Canadian Dollar, which we may be unable to protect against through hedging. Although we have pursued hedging alternatives, by borrowing in Canadian dollar denominated debt and entering into cross currency swaps, to protect against foreign currency fluctuations, no amount of hedging activity can fully insulate us from the risks associated with changes in foreign currency exchange rates, and the failure to hedge effectively against foreign currency exchange rate risk could materially adversely affect our business, financial position or results of operations.

In addition, changes in Canadian political, regulatory, and economic conditions; challenges in managing Canadian operations; challenges of complying with a variety of Canadian laws and regulations, including those relating to real estate, healthcare operations, taxes, employment and legal proceedings, and lending practices; Canadian-specific business cycles and economic instability; and changes in applicable laws and regulations in the U.S. that affect our foreign operations could have a material adverse effect on our business, financial position or results of operations. A future pandemic or epidemic, may also subject our investments and operations in Canada to different or greater risks than those faced in the U.S., which may depend on factors including the duration and severity of outbreaks in Canada, the impact of new variants, the distribution of vaccines and boosters, and governmental or private actions taken in response to the pandemic or epidemic.

We may not be able to sell properties when we desire because real estate investments are relatively illiquid, which could have a material adverse effect on our business, financial position or results of operations.

Real estate investments generally cannot be sold quickly. In addition, some and potentially substantially all of our properties serve as collateral for our current and future secured debt obligations and cannot readily be sold unless the underlying secured indebtedness is concurrently repaid. We may not be able to vary our portfolio promptly in response to changes in the real estate market. A downturn in the real estate market, or the economy in general, could materially adversely affect the value of our properties and our ability to sell such properties for acceptable prices or on other acceptable terms. Furthermore, buyers of our properties generally require third-party financing in order to acquire our properties. Accordingly, the price they may be willing to pay for our properties may depend on the cost and availability of financing for such transactions. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property or portfolio of properties. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could have a material adverse effect on our business, financial position or results of operations.

Risks Associated with Our Status as a REIT

Our failure to maintain our qualification as a REIT would subject us to U.S. federal income tax, which could adversely affect the value of the shares of our common stock and would substantially reduce the cash available for distribution to our stockholders.

Our qualification and taxation as a REIT will depend upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Accordingly, given the complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the potential tax treatment of investments we make, and the possibility of future changes in our circumstances, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements.

If we fail to qualify as a REIT in any calendar year, we would be required to pay U.S. federal income tax (and any applicable state and local tax) on our taxable income at regular corporate rates, and dividends paid to our stockholders would not be deductible by us in computing our taxable income (although such dividends received by certain non-corporate U.S. taxpayers generally would currently be subject to a preferential rate of taxation). Further, if we fail to qualify as a REIT, we might need to borrow money or sell assets in order to pay any resulting tax. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required under U.S. federal tax laws to distribute substantially all of our REIT taxable income to our stockholders. Unless our failure to qualify as a REIT was subject to relief under U.S. federal tax laws, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify.

The REIT distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions.

To comply with the 90% taxable income distribution requirement applicable to REITs and to avoid the non-deductible excise tax, we must make distributions to our stockholders. The Senior Notes Indentures permit us to declare or pay any dividend or make any distribution that is necessary to maintain our REIT status if the aggregate principal amount of all outstanding Indebtedness of the Parent and its Restricted Subsidiaries on a consolidated basis at such time is less than 60% of Adjusted Total Assets (as each term is defined in the Senior Notes Indentures) and to make additional distributions if we pass certain other financial tests.

We are required under the Internal Revenue Code of 1986, as amended (the “Code”), to distribute at least 90% of our taxable income, determined without regard to the dividends-paid deduction and excluding any net capital gain, and the Operating Partnership (as defined below) is required to make distributions to us to allow us to satisfy the REIT distribution requirement. However, distributions may limit our ability to rely upon rental payments from our properties or subsequently acquired properties to finance investments, acquisitions or new developments.

Although we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the REIT distribution requirement, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the REIT distribution requirement. This may be due to the timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand, which may cause us to fail to have sufficient cash or liquid assets to enable us to satisfy the REIT distribution requirement.

In the event that such an insufficiency occurs, in order to meet the REIT distribution requirement and maintain our status as a REIT, we may have to sell assets at unfavorable prices, borrow at unfavorable terms, make taxable stock dividends, or pursue other strategies. This may require us to raise additional capital to meet our obligations. The terms of our Credit Agreement and the terms of the Senior Notes Indentures may restrict our ability to engage in some of these transactions. Additionally, in the event that we have to declare dividends in-kind in order to satisfy the REIT annual distribution requirement, a holder of our common stock will be required to report dividend income as a result of such distributions even though we distributed no cash or only nominal amounts of cash to such stockholder.

We could fail to qualify as a REIT if income we receive is not treated as qualifying income, including as a result of one or more of the lease agreements we have entered into or assumed not being characterized as true leases for U.S. federal income tax purposes, which would subject us to U.S. federal income tax at corporate tax rates.

Under applicable provisions of the Code, we will not be treated as a REIT unless we satisfy various requirements, including requirements relating to the sources of our gross income. Rents received or accrued by us may not be treated as qualifying rent for purposes of these requirements if the lease agreements we have entered into or assumed (as well as any other leases we enter into or assume) are not respected as true leases for U.S. federal income tax purposes and are instead treated as service contracts, joint ventures, loans or some other type of arrangement. In the event that the lease agreements entered into with lessees are not characterized as true leases for U.S. federal income tax purposes, we may fail to qualify as a REIT. In addition, with certain exceptions, rents received by us from a lessee will not be treated as qualifying rent for purposes of these requirements if we are treated, either directly or under the applicable attribution rules, as owning 10% or more of a lessee’s stock, capital or profits. If we fail to qualify as a REIT, we would be subject to U.S. federal income tax on our taxable income at corporate tax rates, which would decrease the amount of cash available for distribution to holders of our common stock.

Complying with REIT requirements may cause us to forego otherwise attractive acquisition opportunities or liquidate otherwise attractive investments, which could materially hinder our performance.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy certain tests, including tests concerning the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego investments or acquisitions we might otherwise make. Thus, compliance with the REIT requirements may materially hinder our performance.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the Internal Revenue Service ("IRS") would agree with our characterization of our properties or that we will always be able to satisfy the available safe harbors.

Our charter restricts the transfer and ownership of our stock.

In order for us to maintain our qualification as a REIT, no more than 50% of the value of our outstanding stock may be owned, directly or constructively, by five or fewer individuals, as defined in the Code. For the purpose of preserving our REIT qualification, our charter prohibits, subject to certain exceptions, beneficial and constructive ownership of more than 9.9% in value or in number of shares, whichever is more restrictive, of our outstanding common stock or more than 9.9% in value of all classes or series of our outstanding stock. The constructive ownership rules are complex and may cause shares of stock owned directly or constructively by a group of related individuals to be constructively owned by one individual or entity.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum income tax rate applicable to "qualified dividends" payable by non-REIT corporations to domestic stockholders taxed at individual rates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although not adversely affecting the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends treated as qualified dividend income, which could adversely affect the value of the stock of REITs, including our common stock.

Our ownership of and relationship with any taxable REIT subsidiaries that we have formed or will form will be limited and a failure to comply with the limits would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries ("TRSs"). A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation (other than a REIT) of which a TRS directly or indirectly owns securities possessing more than 35% of the total voting power or total value of the outstanding securities of such corporation will automatically be treated as a TRS. Overall, no more than 20% of the value of a REIT's total assets may consist of stock or securities of one or more TRSs. A domestic TRS will pay U.S. federal, state and local income tax at regular corporate rates on any income that it earns. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's length basis.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax law, including the possibility of major tax legislation, possibly with retroactive application, could adversely impact us or our stockholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our stockholders may be changed.

Risks Related to Our Organization and Structure

Provisions of the Maryland General Corporation Law (the "MGCL") and of our charter and bylaws could inhibit a change of control of Sabra or reduce the value of our stock.

Certain provisions of Maryland law, our charter and our bylaws may have an anti-takeover effect. Sabra is subject to the Maryland business combination statute, which, subject to certain limitations, impose a moratorium on business combinations with "interested stockholders" or affiliates thereof for five years and thereafter impose additional requirements on such business combinations. Our bylaws contain a provision exempting us from the control share provisions of the MGCL, which provide that holders of "control shares" of a corporation (defined as voting shares of stock that, if aggregated with all other shares of stock owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of issued and outstanding "control shares") have no voting rights except to the extent approved by the stockholders by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the matter, excluding all interested shares. There can be no assurance that this bylaw provision exempting us from the control share provisions will not be amended or eliminated at any time in the future.

We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter authorizing our board of directors (all without stockholder approval) to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter to increase or decrease the number of shares of stock that we have authority to issue. Our charter contains transfer and ownership restrictions on the percentage by number and value of outstanding shares of our stock that may be owned or acquired by any stockholder.

Our bylaws require advance notice of stockholder proposals and director nominations. These provisions, as well as other provisions of our charter and bylaws, may delay, defer, or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

Our bylaws provide that the Circuit Court for Baltimore City, Maryland or the United States District Court for the District of Maryland, Baltimore Division will be the sole and exclusive forum for substantially all disputes between our company and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with our company or our directors, officers or other teammates.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of our company, (ii) any action asserting a claim of breach of any duty owed by any director or officer or other teammate of our company to our company or to the stockholders of our company, (iii) any action asserting a claim against our company or any director or officer or other teammate of our company arising pursuant to any provision of Maryland law, our charter or our bylaws, or (iv) any action asserting a claim against our company or any director or officer or other teammate of our company that is governed by the internal affairs doctrine. This exclusive forum provision is intended to apply to claims arising under Maryland state law and would not apply to claims brought pursuant to the Exchange Act or the Securities Act of 1933, or any other claim for which the federal courts have exclusive jurisdiction. This exclusive forum provision will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with our company or our directors, officers or other teammates, which may discourage lawsuits against our company and our directors, officers and other teammates. In addition, stockholders who do bring a claim in the Circuit Court for Baltimore City, Maryland could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Maryland. The Circuit Court for Baltimore City, Maryland may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to our company than to our stockholders. However, the enforceability of similar exclusive forum provisions in other companies' charters and bylaws has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find the exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

We recognize the importance of assessing, identifying and managing material risks associated with cybersecurity threats. To assess and identify material risks from cybersecurity threats, our enterprise risk management ("ERM") program considers cybersecurity threat risks alongside other Company risks as part of our overall risk assessment process. Our cybersecurity policies, standards, processes and practices are fully integrated into Sabra's ERM program and are evaluated annually against recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards.

Our approach is focused on preserving the confidentiality, security and availability of our data and systems. We have implemented several cybersecurity processes, technologies and controls to aid in our efforts to assess, identify and manage such risks.

Risk Management and Strategy

Our cybersecurity program includes the following key elements:

- Continuous monitoring of our networks for any unusual activity by a dedicated, outsourced IT team.
- Regular review by senior management of monitoring and logging across predefined metrics to identify suspicious activity.
- Employment of technical safeguards including firewalls, switches and access controls, as well as full encryption of our server in transit and at rest, which is only accessible through our internal Virtual Private Network (VPN).
- Use of preventative security measures for cloud and network security and end-user protection, including Multi-Factor Authentication (MFA), Intrusion Detection System (IDS), Intrusion Prevention System (IPS) and Advanced Threat Protection (ATP) functionality to protect against viruses, malware, ransomware and phishing attempts.
- Review of applications from third-party service providers to ensure they meet the criteria of our security policies before implementation, and encryption of data that is transmitted over secured channels and ports from our application programming interfaces.
- Education and awareness for Sabra teammates through communication of security and technology policies via the employee handbook, phishing campaigns and annual training on protecting data, phishing threats, cyber trends and other security measures.
- Maintenance of cyber insurance and crime insurance policies for Sabra and requirements for certain of our tenants and operators to carry a specified dollar amount of cyber insurance coverage, including coverage for third parties.
- Careful monitoring of emerging cybersecurity trends and developments.
- Establishment and maintenance of a comprehensive incident response plan that guides our response to a cybersecurity incident based on established reporting categories and that is tested and evaluated on a periodic basis.

We periodically engage third parties to perform internal and external penetration testing. Additionally, our outsourced IT team conducts periodic internal vulnerability assessments. These tests and assessments of our information security control environment and operating effectiveness are performed with the intent of identifying areas for continued focus, improvement and/or compliance. The results are reported to our board of directors, and our cybersecurity policies, standards, processes and practices are adjusted as necessary based on the information provided by these audits, testing and assessments.

To date, cybersecurity incidents have not materially affected and are not reasonably likely to materially affect our Company. However, because cybersecurity incidents are sometimes difficult to detect and can remain disguised for an extended period of time or until a triggering event has occurred, we can give no assurance that we have detected all cybersecurity incidents. We describe how risks from such incidents may affect us, including our business, financial condition and results of operations in "Regulatory Risks" in Item 1A, "Risk Factors."

Governance

Our board of directors, through direction of the Audit Committee, oversees our ERM process, including the management of risks arising from cybersecurity threats. At least annually, our board of directors receives a report on cybersecurity risks which addresses topics including current and emerging threat risks and our ability to mitigate such risks, recent developments, evolving standards, vulnerability assessments and third-party reviews.

Our cybersecurity risk management and strategy processes, which are discussed in greater detail above, are led by our Chief Executive Officer and Chief Financial Officer in conjunction with our dedicated, outsourced IT team led by our virtual Chief Information Officer who brings over 10 years of experience serving in various roles under information technology and holds a degree in computer science. These members of management are responsible for the operation of our incident response plan and, through ongoing communication with our IT team, are informed about and monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents. Prompt and timely information regarding any cybersecurity incident that meets established reporting category designation criteria is reported to the applicable parties as identified in our incident response plan. As discussed above, these members of management provide a report on cybersecurity risks at least annually and report incidents when appropriate to the board of directors.

ITEM 2. PROPERTIES

As of December 31, 2023, our investment portfolio consisted of 378 real estate properties held for investment (consisting of (i) 241 skilled nursing/transitional care facilities, (ii) 43 Senior Housing - Leased communities, (iii) 61 Senior Housing - Managed communities, (iv) 18 behavioral health facilities and (v) 15 specialty hospitals and other facilities), 14 investments in loans receivable (consisting of two mortgage loans and 12 other loans), five preferred equity investments and two investments in unconsolidated joint ventures. As of December 31, 2023, our real estate properties held for investment included 37,834 beds/units, spread across the U.S. and Canada. As of December 31, 2023, the substantial majority of our real estate properties (excluding 61 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from one year to 19 years.

The following table displays the expiration of annualized contractual rental revenues under our lease agreements as of December 31, 2023, adjusted to reflect actual payments received related to the twelve months ended December 31, 2023 for leases no longer accounted for on an accrual basis, by year and property type (dollars in thousands) and, in each case, without giving effect to any renewal options:

	Skilled Nursing / Transitional Care	Senior Housing - Leased	Behavioral Health	Specialty Hospitals and Other	Total Annualized Revenues	% of Total
2024	$ 6,276	$ —	$ —	$ —	$ 6,276	1.8 %
2025	6,311	2,515	—	1,495	10,321	2.9 %
2026	16,834	1,242	—	—	18,076	5.1 %
2027	24,308	4,237	—	—	28,545	8.1 %
2028	20,964	6,205	—	3,490	30,659	8.7 %
2029	47,705	4,907	—	6,138	58,750	16.7 %
2030	—	—	—	3,158	3,158	0.9 %
2031	68,811	5,601	1,558	—	75,970	21.5 %
2032	5,785	1,667	32,821	3,749	44,022	12.5 %
2033	—	3,015	5,311	—	8,326	2.4 %
Thereafter	52,121	12,472	3,071	746	68,410	19.4 %
Total Annualized Revenues	$ 249,115	$ 41,861	$ 42,761	$ 18,776	$ 352,513	100.0 %

We believe that all of our properties are adequately covered by insurance and are suitable for their intended uses as described in “Business—Portfolio of Healthcare Investments” in Part I, Item 1.

Occupancy Trends

The following table sets forth the occupancy percentages for our properties for the periods indicated:

	Occupancy Percentage [1]				
	2023	2022	2021	2020	2019 [2]
Skilled Nursing/Transitional Care	76.4 %	73.5 %	71.4 %	77.3 %	82.1 %
Senior Housing - Leased	90.0 %	84.4 %	78.1 %	83.1 %	87.0 %
Behavioral Health	81.1 %	84.0 %	84.2 %	83.5 %	83.5 %
Specialty Hospitals and Other	79.4 %	77.4 %	80.6 %	76.5 %	71.5 %
Senior Housing - Managed	81.6 %	82.1 %	79.4 %	80.0 %	87.7 %

(1) Occupancy percentage represents the facilities' average operating occupancy for the period indicated and is calculated by dividing the actual census from the period presented by the available beds/units for the same period. Occupancy percentage includes only facilities owned by Sabra as of the end of the respective period for the duration that such facilities were classified as stabilized facilities and excludes facilities for which data is not available or meaningful. Occupancy is only included in periods subsequent to our acquisition and is presented for the trailing twelve month period and one quarter in arrears, except for Senior Housing - Managed, which is presented for the period indicated on a trailing three month basis. All facility financial performance information was provided by, or derived solely from information provided by, our tenants and operators without independent verification by us.

(2) Reflects occupancy prior to the COVID-19 pandemic.

You should not rely upon occupancy percentages, either individually or in the aggregate, to determine the performance of a facility. Other factors that may impact the performance of a facility include the sources of payment, terms of reimbursement and the acuity level of the patients (i.e., the condition of patients that determines the level of skilled nursing and rehabilitation therapy services required).

See "Business—Portfolio of Healthcare Investments" in Part I, Item 1 for further discussion regarding the ownership of our properties and the types of healthcare facilities that comprise our properties.

Secured Indebtedness

As of each of December 31, 2023 and 2022, eight of our properties held for investment were subject to secured indebtedness to third parties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Secured Indebtedness" in Part II, Item 7 for further discussion regarding our secured indebtedness. As of December 31, 2023 and 2022, our secured debt consisted of the following (dollars in thousands):

	Principal Balance as of December 31, [1]		Weighted Average Effective Interest Rate at December 31, [2]		
Interest Rate Type	2023	2022	2023	2022	Maturity Date
Fixed Rate	$ 48,143	$ 50,123	3.34 %	3.33 %	May 2031 - August 2051

(1) Principal balance does not include deferred financing costs, net of $0.8 million and $0.9 million as of December 31, 2023 and 2022, respectively.

(2) Weighted average effective interest rate includes private mortgage insurance.

Corporate Office

We are headquartered and have our corporate office in Tustin, California. We lease our corporate office from an unaffiliated third party.

ITEM 3. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 15, "Commitments and Contingencies—Legal Matters" in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K, which is incorporated by reference in response to this item.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stockholder Information

Our common stock is listed on The Nasdaq Stock Market LLC and trades on the Nasdaq Global Select Market under the symbol "SBRA."

At February 20, 2024, we had approximately 4,044 stockholders of record.

We did not repurchase any shares of our common stock during the quarter ended December 31, 2023 or issue any shares of our common stock in a transaction that was not registered under the Securities Act of 1933.

To maintain REIT status, we are required each year to distribute to stockholders at least 90% of our annual REIT taxable income after certain adjustments. All distributions will be made by us at the discretion of our board of directors and will depend on our financial position, results of operations, cash flows, capital requirements, debt covenants (which include limits on distributions by us), applicable law, and other factors as our board of directors deems relevant. For example, while the Senior Notes Indentures and the Credit Agreement permit us to declare and pay any dividend or make any distribution that is necessary to maintain our REIT status, those distributions are subject to certain financial tests under the Senior Notes Indentures, and therefore, the amount of cash distributions we can make to our stockholders may be limited.

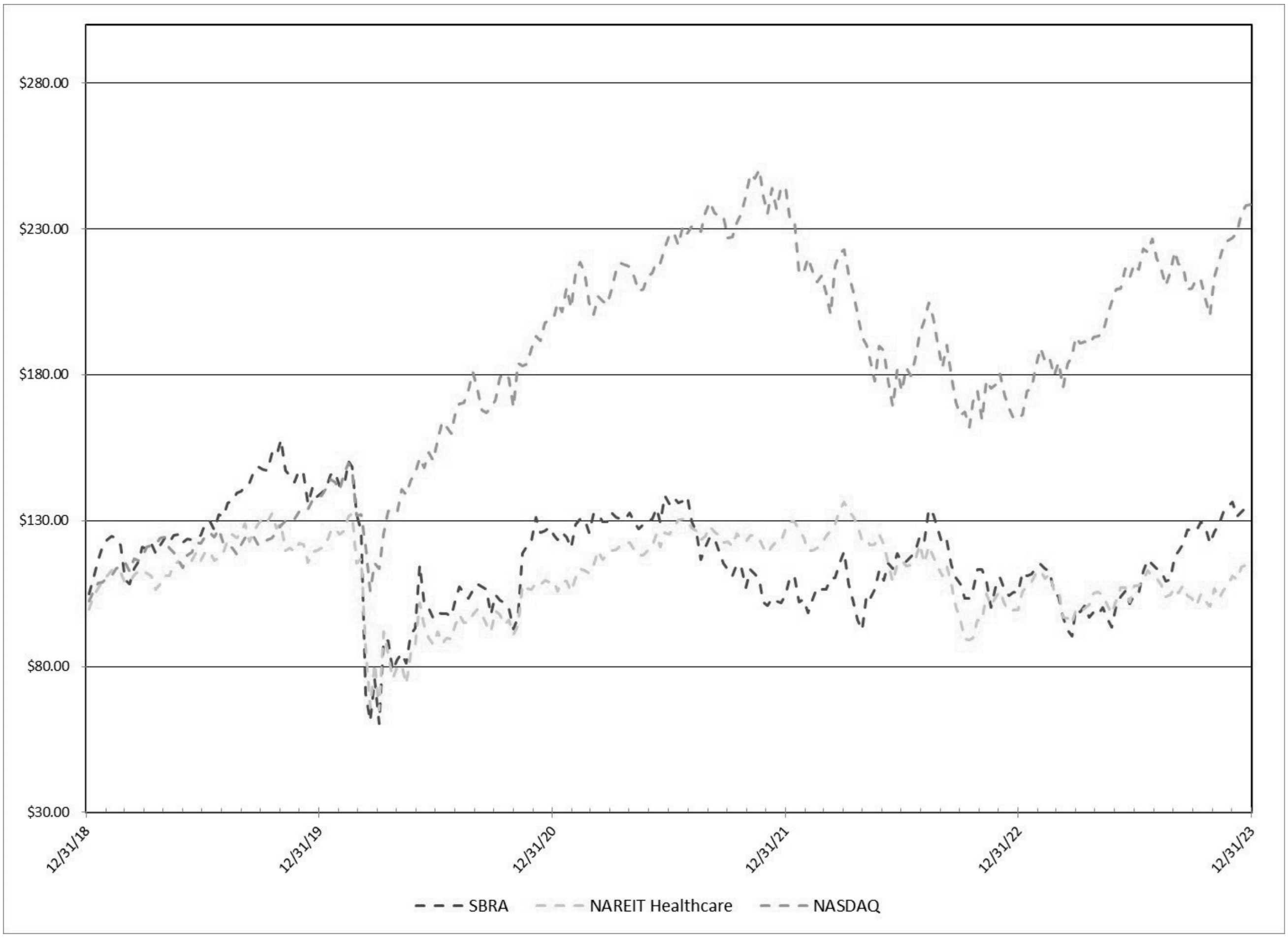
Distributions with respect to our common stock can be characterized for federal income tax purposes as taxable ordinary dividends, which may be non-qualified, long-term capital gain, or qualified, non-dividend distributions (return of capital) or a combination thereof. Following is the characterization of our annual cash dividends on common stock per share:

	Year Ended December 31,		
Common Stock	2023	2022	2021
Non-qualified ordinary dividends	$ 0.6837	$ 0.8742	$ 0.6250
Non-dividend distributions	0.5163	0.3258	0.5750
	$ 1.2000	$ 1.2000	$ 1.2000

Stock Price Performance Graph

The following graph compares the cumulative total stockholder return of our common stock for the five-year period ending December 31, 2023.

The graph below assumes that $100 was invested at the close of market on December 31, 2018 in (i) our common stock, (ii) the Nasdaq Composite Index and (iii) the Nareit Health Care Property Sector Total Return Index and assumes the reinvestment of all dividends. Stock price performances shown in the graph are not necessarily indicative of future price performances.



The above performance graph shall not be deemed to be soliciting material or to be filed with the SEC under the Securities Act of 1933 or the Securities Exchange Act of 1934 or incorporated by reference in any document as filed.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion below contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those which are discussed in Part I, Item 1A, "Risk Factors." Also see "Statement Regarding Forward-Looking Statements" preceding Part I.

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and the notes thereto.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is organized as follows:

- Overview
- Critical Accounting Policies and Estimates
- Recently Issued Accounting Standards Update
- Results of Operations
- Liquidity and Capital Resources
- Concentration of Credit Risk
- Skilled Nursing Facility Reimbursement Rates

Overview

We expect to grow our investment portfolio while diversifying our portfolio by tenant, facility type and geography within the healthcare sector. We plan to achieve these objectives primarily through making investments directly or indirectly in healthcare real estate, including the development of purpose-built healthcare facilities with select developers. We also intend to achieve our objective of diversifying our portfolio by tenant and facility type through select asset sales and other arrangements with our tenants.

Market Trends and Uncertainties

Our operations have been and are expected to continue to be impacted by economic and market conditions. Increases in interest rates, labor shortages, supply chain disruptions, high inflation and increased volatility in public equity and fixed income markets have led to increased costs and limited the availability of capital.

The above factors, together with the impact of COVID-19, have resulted in decreased occupancy and increased operating costs for our tenants and borrowers, which have negatively impacted their operating results and may adversely impact their ability to make full and timely rental payments and debt service payments, respectively, to us. Our Senior Housing - Managed portfolio has been similarly impacted, and we expect that decreased occupancy and increased operating costs will continue to negatively impact the operating results of these investments. While our tenants, borrowers and Senior Housing - Managed portfolio have experienced increases in occupancy, certain of those occupancy rates are still below pre-pandemic levels. Similarly, while our tenants, borrowers and Senior Housing - Managed portfolio have more recently experienced small, incremental improvements in both labor availability and overall labor costs, labor supply remains lower and costs remain higher than pre-pandemic levels. In some cases, we may have to restructure or temporarily defer tenants' long-term rent obligations and may not be able to do so on terms that are as favorable to us as those currently in place. Reduced or modified rental and debt service amounts could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge. If our tenants and borrowers default on these obligations, such defaults could materially and adversely affect our results of operations and liquidity, in addition to resulting in potential impairment charges. Further, prolonged deterioration in the operating results for our investments in our Senior Housing - Managed portfolio could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge.

We regularly monitor the effects of economic and market conditions on our operations and financial position, as well as on the operations and financial position of our tenants and borrowers, in order to respond and adapt to the ongoing changes in our operating environment. See Part I, Item 1A, "Risk Factors" for additional discussion of these risks, as well as the uncertainties we and our tenants and borrowers may face as a result.

Investment in Unconsolidated Joint Venture

During the year ended December 31, 2023, our joint venture with Marlin Spring (the "Marlin Spring Joint Venture") completed the acquisition of one additional senior housing community with a gross investment of CAD $30.0 million, excluding acquisition costs. In addition, the Marlin Spring Joint Venture assumed and financed an aggregate CAD $23.6 million of debt associated with the additional acquisition. Our equity investment in the additional acquisition was CAD $6.1 million. See Note 4, "Investment in Real Estate Properties—Investment in Unconsolidated Joint Ventures," in the Notes to Consolidated Financial Statements for additional information regarding this investment.

Acquisitions

During the year ended December 31, 2023, we acquired two skilled nursing/transitional care facilities, one Senior Housing - Leased community and one Senior Housing - Managed community for aggregate consideration of $90.4 million, including acquisition costs. See Note 3, "Recent Real Estate Acquisitions," in the Notes to Consolidated Financial Statements for additional information regarding these acquisitions.

Dispositions

During the year ended December 31, 2023, we completed the sale of 25 skilled nursing/transitional care facilities (including one leased to a tenant under a sales-type lease) and four senior housing communities for aggregate consideration, net of closing costs, of $281.2 million. The net carrying value of the assets and liabilities of these facilities was $357.8 million, which resulted in an aggregate $76.6 million net loss on sale. We continue to evaluate additional assets for sale as part of our initiative to recycle capital and further improve our portfolio.

Credit Agreement

Effective on January 4, 2023, we and certain of our subsidiaries entered into the Credit Agreement. See "—Liquidity and Capital Resources—Material Cash Requirements—Credit Agreement."

At-The-Market Common Stock Offering Program

On February 23, 2023, we established the ATM Program (as defined below) pursuant to which shares of our common stock having an aggregate gross sales price of up to $500.0 million may be sold from time to time. See "—Liquidity and Capital Resources."

Critical Accounting Policies and Estimates

Below is a discussion of the accounting policies that management considers critical in that they involve significant management judgments and assumptions, require estimates about matters that are inherently uncertain and because they are important for understanding and evaluating our reported financial results. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. With different estimates or assumptions, materially different amounts could be reported in our financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses. For more information regarding our critical accounting policies, see Note 2, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements.

Variable Interest Entities

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

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

As it relates to investments in loans, in addition to our assessment of VIEs and whether we are the primary beneficiary of those VIEs, we evaluate the loan terms and other pertinent facts to determine whether the loan investment should be accounted for as a loan or as a real estate joint venture. If an investment has the characteristics of a real estate joint venture, including if we participate in the majority of the borrower's expected residual profit, we would account for the investment as an investment in a real estate joint venture and not as a loan investment. Expected residual profit is defined as the amount of profit, whether called interest or another name, such as an equity kicker, above a reasonable amount of interest and fees expected to be earned by a lender.

As it relates to investments in joint ventures, we assess any partners' rights and their impact on the presumption of control of the partnership by any single partner. We also apply this guidance to managing member interests in limited liability companies. We reassess our determination of which entity controls the joint venture if: there is a change to the terms or in the exercisability of the rights of any partners or members, the general partner or managing member increases or decreases its ownership interests, or there is an increase or decrease in the number of outstanding ownership interests.

Real Estate Investments and Rental Revenue Recognition

Real Estate Acquisition Valuation

All assets acquired and liabilities assumed in an acquisition of real estate accounted for as a business combination are measured at their acquisition date fair values. For acquisitions of real estate accounted for as an asset acquisition, the fair value of consideration transferred by us (including transaction costs) is allocated to all assets acquired and liabilities assumed on a relative fair value basis. Tangible assets consist primarily of land, building and improvements. Identifiable intangible assets primarily consist of the above market component of in-place leases, tenant origination and absorption costs and tenant relationship intangibles, and identifiable intangible liabilities primarily consist of the below market component of in-place leases. Acquisition costs associated with real estate acquisitions deemed asset acquisitions are capitalized, and costs associated with real estate acquisitions deemed business combinations are expensed as incurred.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require us to make significant assumptions to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. We make our best estimate based on our evaluation of the specific characteristics of each tenant's lease. The use of inappropriate assumptions would result in an incorrect valuation of our acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of our net income.

Impairment of Real Estate Investments

We regularly monitor events and changes in circumstances, including investment operating performance and general market conditions, that could indicate that the carrying amounts of our real estate investments may not be recoverable. When indicators of potential impairment suggest that the carrying value of real estate investments may not be recoverable, we assess the recoverability by estimating whether we will recover the carrying value of our real estate investments through the undiscounted future cash flows and the eventual disposition of the investment. In some instances, there may be various potential outcomes for an investment and its potential undiscounted future cash flows. In these instances, the undiscounted future cash flows models used to assess recoverability are based on several assumptions and are probability-weighted based on our best estimates as of the date of evaluation. These assumptions include, among others, market rent, revenue and expense growth rates, absorption period, stabilized occupancy, holding period, market capitalization rates, and estimated market values based on analysis of letters of intent, purchase and sale agreements and recent sales data for comparable properties. When discounted cash flow is used to determine fair value, a discount rate assumption is also used. The assumptions are generally based on management's experience in its local real estate markets, and the effects of current market conditions, which are subject to economic and market uncertainties. If, based on this analysis, we do not believe that we will be able to recover the carrying value of our real estate investments, we would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of our real estate investments. We determine estimated fair value based primarily upon (i) estimated sale prices from signed contracts or letters of intent from third-party offers, (ii) discounted cash flow models of the investment over its remaining hold period, (iii) third-party appraisals and (iv) recent sales data for comparable properties.

Revenue Recognition

We recognize rental revenue from tenants, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases when it is probable that substantially all rents over the life of a lease are collectible. Certain of our leases provide for contingent rents equal to a percentage of the facility's revenue in excess of specified base amounts or other thresholds. Such revenue is recognized when actual results reported by the tenant, or estimates of tenant results, exceed the applicable base amount or other threshold.

We assess the collectability of rents on a lease-by-lease basis, and in doing so, consider such things as historical bad debts, tenant creditworthiness, current economic trends, facility operating performance, lease structure, credit enhancements (including guarantees), current developments relevant to a tenant's business specifically and to its business category generally, and changes in tenants' payment patterns. Our assessment includes an estimation of a tenant's ability to fulfill all of its rental obligations over the remaining lease term. In addition, with respect to tenants in bankruptcy, management makes estimates of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. If at any time we cannot determine that it is probable that substantially all rents over the life of a lease are collectible, rental revenue will be recognized only to the extent of payments received, and all receivables associated with the lease will be written off irrespective of amounts expected to be collectible. Any recoveries of these amounts will be recorded in future periods upon receipt of payment. Write-offs of receivables and any recoveries of previously written-off receivables are recorded as adjustments to rental revenue.

Revenue from resident fees and services is recorded monthly as services are provided and includes resident room and care charges, ancillary services charges and other resident charges.

Investment in Unconsolidated Joint Ventures

We report investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. Under this method of accounting, our share of the investee's earnings or losses is included in our consolidated statements of income (loss). The initial carrying value of the investment is based on the amount paid to purchase the joint venture interest. Differences between our cost basis and the basis reflected at the joint venture level are generally amortized over the lives of the related assets and liabilities, and such amortization is included in our share of earnings of the joint venture. In addition, distributions received from unconsolidated entities are classified based on the nature of the activity or activities that generated the distribution.

We regularly monitor events and changes in circumstances, including investment operating performance, changes in anticipated holding period and general market conditions, that could indicate that the carrying amounts of our equity method investments may be impaired. An equity method investment's value is impaired when the fair value of the investment is less than its carrying value and we determine the decline in value is other-than-temporary. The fair value is estimated based on discounted cash flows models that include all estimated cash inflows and outflows and any estimated debt premiums or discounts. The discounted cash flows are based on several assumptions, including management fee, absorption period, terminal capitalization rates, revenue and expense per bed, revenue and expense growth percentage, replacement reserve per unit, stabilized occupancy, stabilized operating margin, price per bed and discount rates. The assumptions are generally based on management's experience in its local real estate markets, and the effects of current market conditions, which are subject to economic and market uncertainties. If we believe that there is an other-than-temporary decline in the value of an equity method investment, we would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of such equity method investment.

Loans Receivable and Credit Losses

Loans Receivable

Loans receivable are reflected at amortized cost on our consolidated balance sheets. The amortized cost of a loan receivable is the outstanding unpaid principal balance, net of unamortized discounts, costs and fees directly associated with the origination of the loan.

Loans acquired in connection with a business combination are recorded at their acquisition date fair value. We determine the fair value of loans receivable based on estimates of expected discounted cash flows, collateral, credit risk and other factors. A valuation allowance is not established at the acquisition date, as the amount of estimated future cash flows reflects our judgment regarding their uncertainty. The difference between the acquisition date fair value and the total expected cash flows is recognized as interest income using the effective interest method over the life of the applicable loan. Any unamortized balances are immediately recognized in income if the loan is repaid before its contractual maturity.

Interest income on our loans receivable is recognized on an accrual basis over the life of the investment using the interest method. Direct loan origination costs are amortized over the term of the loan as an adjustment to interest income. When concerns exist as to the ultimate collection of principal or interest due under a loan, the loan is placed on nonaccrual status, and we will not recognize interest income until the cash is received, or the loan returns to accrual status. If we determine that the collection of interest according to the contractual terms of the loan or through the receipts of assets in satisfaction of contractual amounts due is probable, we will resume the accrual of interest. In instances where borrowers are in default under the terms of their loans, we may continue recognizing interest income provided that all amounts owed under the contractual terms of the loan, including accrued and unpaid interest, do not exceed the estimated fair value of the collateral, less costs to sell.

On a quarterly basis, we evaluate the collectability of our interest income receivable and establish a reserve for amounts not expected to be collected. Our evaluation includes reviewing credit quality indicators such as payment status, changes affecting the operations of the facilities securing the loans, and national and regional economic factors. The reserve is a valuation allowance that reflects management's estimate of losses inherent in the interest income receivable balance as of the balance sheet date. The reserve is adjusted through provision for loan losses and other reserves on our consolidated statements of income (loss) and is decreased by charge-offs to specific receivables.

Credit Losses

On a quarterly basis, we evaluate the collectability of our loan portfolio, including the portion of unfunded loan commitments expected to be funded, and establish an allowance for credit losses. The allowance for credit losses is calculated using the related amortization schedules, payment histories and loan-to-value ratios. The following rates are applied to determine the aggregate expected losses, which is recorded as the allowance for credit losses: (i) a default rate, (ii) a liquidation cost rate and (iii) a distressed property reduction rate. If no loan-to-value ratio is available, a loss severity rate is applied in place of the liquidation cost rate and the distressed property reduction rate. The default rate is based on average charge-off and delinquency rates from the Federal Reserve, and the other rates are based on industry research and historical performance of a similar portfolio of financial assets. The allowance for credit losses is a valuation allowance that reflects management's estimate of losses inherent in the loan portfolio as of the balance sheet date. The reserve is adjusted through provision for loan losses and other reserves on our consolidated statements of income (loss) and is decreased by charge-offs to specific loans.

Preferred Equity Investments and Preferred Return

Preferred equity investments are accounted for at unreturned capital contributions, plus accrued and unpaid preferred returns. We recognize preferred return income on a monthly basis based on the outstanding investment including any previously accrued and unpaid return. As a preferred member of the preferred equity joint ventures in which we participate, we are not entitled to share in the joint venture's earnings or losses. Rather, we are entitled to receive a preferred return, which is deferred if the cash flow of the joint venture is insufficient to currently pay the accrued preferred return.

We regularly monitor events and changes in circumstances that could indicate that the carrying amounts of our preferred equity investments may not be recoverable or realized. On a quarterly basis, we evaluate our preferred equity investments for impairment based on a comparison of the fair value of the investment to its carrying value. The fair value is estimated based on discounted cash flows that include all estimated cash inflows and outflows over a specified holding period. If, based on this analysis, we do not believe that we will be able to recover the carrying value of our preferred equity investment, we would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of our preferred equity investment.

Income Taxes

We elected to be treated as a REIT with the filing of our U.S. federal income tax return for the taxable year beginning January 1, 2011. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify as a REIT. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to stockholders (which is computed without regard to the dividends-paid deduction or net capital gains and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax on our taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost, unless the IRS grants us relief under certain statutory provisions. Such an event could materially and adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT.

As a result of certain investments, we record income tax expense or benefit with respect to certain of our entities that are taxed as taxable REIT subsidiaries under provisions similar to those applicable to regular corporations and not under the REIT provisions.

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

We evaluate our tax positions using a two-step approach: step one (recognition) occurs when we conclude that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination, and step two (measurement) is only addressed if step one has been satisfied (i.e., the position is more likely than not to be sustained). Under step two, the tax benefit is measured as the largest amount of benefit (determined on a cumulative probability basis) that is more likely than not to be realized upon ultimate settlement. We will recognize tax penalties relating to unrecognized tax benefits as additional tax expense.

Fair Value Measurements

Under GAAP, we are required to measure certain financial instruments at fair value on a recurring basis. In addition, we are required to measure other financial instruments and balances at fair value on a non-recurring basis (e.g., carrying value of impaired loans receivable and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The GAAP fair value framework uses a three-tiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both significant to the fair value measurement and unobservable.

When available, we utilize quoted market prices from an independent third-party source to determine fair value and classify such items in Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require us to make a significant adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When we determine the market for a financial instrument owned by us to be illiquid or when market transactions for similar instruments do not appear orderly, we may use several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) to establish a fair value. If more than one valuation source is used, we will assign weights to the various valuation sources. Additionally, when determining the fair value of liabilities in circumstances in which a quoted price in an active market for an identical liability is not available, we measure fair value using (i) a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities or similar liabilities when traded as assets or (ii) another valuation technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach.

Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may not be realized in an immediate settlement of the instrument.

We consider the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with our estimate of expected cash flows, considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bid-ask spread or significant increase in the bid-ask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principal-to-principal market).

We consider the following factors to be indicators of non-orderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership (that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

Recently Issued Accounting Standards Update

See Note 2, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements for information concerning recently issued accounting standards updates.

Results of Operations

As of December 31, 2023, our investment portfolio consisted of 378 real estate properties held for investment, 14 investments in loans receivable, five preferred equity investments and two investments in unconsolidated joint ventures. As of December 31, 2022, our investment portfolio consisted of 402 real estate properties held for investment, one investment in a sales-type lease, 12 investments in loans receivable, seven preferred equity investments and three investments in unconsolidated joint ventures. In general, we expect that income and expenses related to our portfolio will fluctuate in future periods in comparison to the corresponding prior periods as a result of investment and disposition activity and anticipated future changes in our portfolio. The results of operations presented are not directly comparable due to ongoing acquisition and disposition activity, including our capital recycling initiative.

A discussion of our results of operations for the year ended December 31, 2021 is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Comparison of results of operations for the years ended December 31, 2022 and 2021" section in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

Comparison of results of operations for the years ended December 31, 2023 and 2022 (dollars in thousands):

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	Increase / (Decrease)	Percentage Difference	Variance due to Acquisitions, Originations and Dispositions [1]	Remaining Variance [2]
Revenues:						
Rental and related revenues	$ 376,266	$ 400,586	$ (24,320)	(6)%	$ (17,315)	$ (7,005)
Resident fees and services	236,153	186,672	49,481	27 %	19,352	30,129
Interest and other income	35,095	37,553	(2,458)	(7)%	(3,508)	1,050
Expenses:						
Depreciation and amortization	183,087	187,782	(4,695)	(3)%	(6,647)	1,952
Interest	112,964	105,471	7,493	7 %	—	7,493
Triple-net portfolio operating expenses	17,932	19,623	(1,691)	(9)%	(1,220)	(471)
Senior housing - managed portfolio operating expenses	177,313	142,990	34,323	24 %	11,266	23,057
General and administrative	47,472	39,574	7,898	20 %	—	7,898
Provision for loan losses and other reserves	191	141	50	35 %	232	(182)
Impairment of real estate	14,332	94,042	(79,710)	(85)%	(86,978)	7,268
Other (expense) income:						
Loss on extinguishment of debt	(1,541)	(411)	(1,130)	275 %	—	(1,130)
Other income (expense)	2,598	(1,097)	3,695	(337)%	—	3,695
Net loss on sales of real estate	(76,625)	(12,011)	(64,614)	538 %	(64,614)	—
Loss from unconsolidated joint ventures	(2,897)	(98,032)	95,135	(97)%	95,135	—
Income tax expense	(2,002)	(1,242)	(760)	61 %	—	(760)

(1) Represents the dollar amount increase (decrease) for the year ended December 31, 2023 compared to the year ended December 31, 2022 as a result of investments/dispositions made after January 1, 2022.

(2) Represents the dollar amount increase (decrease) for the year ended December 31, 2023 compared to the year ended December 31, 2022 that is not a direct result of investments/dispositions made after January 1, 2022.

Rental and Related Revenues

During the year ended December 31, 2023, we recognized $376.3 million of rental income compared to $400.6 million for the year ended December 31, 2022. The $24.3 million net decrease in rental income is related to (i) a $19.5 million decrease from properties disposed of after January 1, 2022, (ii) a $10.1 million decrease from properties that were transitioned to new operators, (iii) a $7.9 million decrease in earned cash rents and operating expense recoveries related to leases that are no longer accounted for on an accrual basis, (iv) a $7.4 million decrease in Genesis excess rents in accordance with the terms of the memorandum of understanding entered into in 2017 and (v) a $1.3 million decrease from facilities transitioned from triple-net lease to Senior Housing - Managed communities. These decreases are partially offset by (i) a $15.6 million decrease in straight-line rental income receivable write-offs primarily due to the termination of the North American leases in 2022, (ii) a $3.5 million increase due to lease amendments and annual rental increases based on changes in the Consumer Price Index, (iii) a $2.2 million increase from properties acquired after January 1, 2022 and (iv) a $1.1 million increase due to incremental revenue related to capital expenditures.

Our reported rental and related revenues may be subject to increased variability in the future as a result of lease accounting standards. If at any time we cannot determine that it is probable that substantially all rents over the life of a lease are collectible, rental revenue will be recognized only to the extent of payments received and all receivables associated with the lease will be written off, irrespective of amounts expected to be collectible. However, there can be no assurances regarding the timing and amount of these revenues. Amounts due under the terms of all of our lease agreements are subject to contractual increases, and contingent rental income may be derived from certain lease agreements. No material contingent rental income was derived during the years ended December 31, 2023 and 2022.

Our rental income in future years will be impacted by changes in inflation. Certain of our lease agreements provide for an annual rent escalator based on the percentage change in the Consumer Price Index (but not less than zero), subject to minimum or maximum fixed percentages that range from 1.0% to 5.0%.

Resident Fees and Services

During the year ended December 31, 2023, we recognized $236.2 million of resident fees and services compared to $186.7 million for the year ended December 31, 2022. The $49.5 million increase is due to (i) a $23.6 million increase related to nine facilities that were transitioned to Senior Housing - Managed communities after January 1, 2022, (ii) a $20.9 million increase from four Senior Housing - Managed communities acquired after January 1, 2022 and (iii) a $10.3 million increase related to increased occupancy and an increase in rates. These increases are partially offset by a $3.8 million decrease related to one community that was closed due to a fire and a $1.5 million decrease related to one Senior Housing - Managed community disposed of after January 1, 2022.

Interest and Other Income

Interest and other income primarily consists of income earned on our loans receivable investments and preferred returns earned on our preferred equity investments. During the year ended December 31, 2023, we recognized $35.1 million of interest and other income compared to $37.6 million for the year ended December 31, 2022. The net decrease of $2.5 million is due to a $4.0 million decrease in income from investments repaid after January 1, 2022 and $2.5 million lease termination payments primarily related to one skilled nursing/transitional care facility that sold in 2022, partially offset by (i) a $2.8 million increase from investments made after January 1, 2022, (ii) a $0.6 million increase due to increased fundings for existing investments and (iii) a $0.6 million increase in bank interest income.

Depreciation and Amortization

During the year ended December 31, 2023, we incurred $183.1 million of depreciation and amortization expense compared to $187.8 million for the year ended December 31, 2022. The $4.7 million net decrease is due to a $12.9 million decrease from properties disposed of after January 1, 2022 and an $8.8 million decrease due to assets that have been fully depreciated. The decreases are offset by (i) a $7.7 million increase due to accelerating the remaining useful life of a facility that was demolished, (ii) a $6.3 million increase from properties acquired after January 1, 2022 and (iii) a $3.0 million increase from additions to real estate.

Interest Expense

We incur interest expense comprised of costs of borrowings plus the amortization of deferred financing costs related to our indebtedness. During the year ended December 31, 2023, we incurred $113.0 million of interest expense compared to $105.5 million for the year ended December 31, 2022. The $7.5 million net increase is primarily related to borrowings outstanding under the Credit Agreement and an increase in interest rates.

Triple-Net Portfolio Operating Expenses

During the year ended December 31, 2023, we recognized $17.9 million of triple-net portfolio operating expenses compared to $19.6 million for the year ended December 31, 2022. The $1.7 million net decrease is related to a $1.2 million decrease due to properties disposed of after January 1, 2022, a $0.8 million net decrease due to facilities that have since transitioned to new operators who are now paying the property taxes directly and the remaining change is due to adjusting our estimates related to property taxes.

Senior Housing - Managed Portfolio Operating Expenses

During the year ended December 31, 2023, we recognized $177.3 million of Senior Housing - Managed portfolio operating expenses compared to $143.0 million for the year ended December 31, 2022. The $34.3 million net increase is due to (i) a $22.3 million increase related to nine facilities that were transitioned to Senior Housing - Managed communities after January 1, 2022, (ii) a $12.9 million increase related to four Senior Housing - Managed communities acquired after January 1, 2022, (iii) a $1.5 million increase in employee compensation primarily due to increased labor rates and staffing and (iv) a $0.6 million increase in dining expenses primarily due to increased occupancy. These increases are partially offset by a $2.2 million decrease in operating expenses related to one community that was closed due to a fire and a $1.7 million decrease related to one Senior Housing - Managed community disposed of after January 1, 2022.

General and Administrative Expenses

General and administrative expenses include compensation-related expenses as well as professional services, office costs, other costs associated with asset management, and merger and acquisition costs. During the year ended December 31, 2023, general and administrative expenses were $47.5 million compared to $39.6 million during the year ended December 31, 2022. The $7.9 million net increase is related to (i) a $6.7 million increase in compensation, including a $0.5 increase in stock-based compensation, for our teammates as a result of changes in performance-based payout assumptions on management compensation, increased staffing and annual salary adjustments, (ii) a $0.7 million increase in insurance premiums and (iii) a $0.4 million increase in conference and travel expenses primarily related to the 2023 Sabra operator conference.

Provision for Loan Losses and Other Reserves

During the years ended December 31, 2023 and 2022, we recognized a $0.2 million and $0.1 million provision for loan losses and other reserves, respectively, associated with our loans receivable investments and sales-type lease that was terminated in March 2023.

Impairment of Real Estate

During the year ended December 31, 2023, we recognized $14.3 million of impairment of real estate related to three skilled nursing/transitional care facilities that have either sold or are closed. During the year ended December 31, 2022, we recognized $94.0 million of impairment of real estate related to ten skilled nursing/transitional care facilities that have sold.

Loss on Extinguishment of Debt

During the year ended December 31, 2023, we recognized a $1.5 million loss on extinguishment of debt related to write-offs of deferred financing costs in connection with amending and restating the fifth amended and restated unsecured credit agreement entered into by the Operating Partnership and Sabra Canadian Holdings, LLC and the other parties thereto on September 9, 2019 (“Prior Credit Agreement”). During the year ended December 31, 2022, we recognized a $0.4 million loss on extinguishment of debt related to write-offs of deferred financing costs in connection with the partial pay downs of the U.S. dollar term loan (“Prior Term Loan”) under our Prior Credit Agreement.

Other Income (Expense)

During the year ended December 31, 2023, we recognized $2.6 million of other income related to (i) a $3.7 million gain on insurance proceeds received related to property damage incurred at a vacant facility, (ii) $0.5 million of business interruption insurance income related to one Senior Housing - Managed community that was closed due to a fire and (iii) $0.3 million of income related to the sale of licensed beds. This income is partially offset by $1.5 million of transition-related expenses related to the transition of 14 Senior Housing - Managed communities to new operators in 2023. During the year ended December 31, 2022, we recognized $1.1 million of other expense consisting of a $2.2 million foreign currency transaction loss related to our Canadian borrowings, partially offset by $1.1 million of other income related to settlement payments received related to legacy Care Capital Properties investments.

Net Loss on Sales of Real Estate

During the year ended December 31, 2023, we recognized an aggregate net loss of $76.6 million related to the disposition of 24 skilled nursing/transitional care facilities, three Senior Housing - Leased communities and one Senior Housing - Managed community. During the year ended December 31, 2022, we recognized an aggregate net loss of $12.0 million related to the disposition of 13 skilled nursing/transition care facilities and five Senior Housing - Leased communities.

Loss from Unconsolidated Joint Ventures

During the year ended December 31, 2023, we recognized $2.9 million of loss, including $8.7 million of depreciation expense and $3.9 million of interest expense, related to 16 senior housing communities acquired by two joint ventures after January 1, 2022.

During the year ended December 31, 2022, we recognized $98.0 million of loss primarily from our joint venture with affiliates of TPG Real Estate, the real estate platform of TPG (the “Enlivant Joint Venture”), including a $57.8 million other-than-temporary impairment recorded during the year ended December 31, 2022 (see Note 4, “Investment in Real Estate Properties” in the Notes to Consolidated Financial Statements for additional information regarding the impairment). Effective January 1, 2023, we discontinued applying the equity method of accounting to the Enlivant Joint Venture and no loss was recognized during the year ended December 31, 2023. Effective May 1, 2023, we withdrew and resigned our membership in the Enlivant Joint Venture and accordingly, no longer have an equity interest in the Enlivant Joint Venture as of such date. We have not guaranteed any obligations of and are not required to provide any support to the Enlivant Joint Venture.

Income Tax Expense

During the year ended December 31, 2023, we recognized $2.0 million of income tax expense compared to $1.2 million for the year ended December 31, 2022. The $0.8 million increase is due to higher taxable income.

Funds from Operations and Adjusted Funds from Operations

We believe that net income as defined by GAAP is the most appropriate earnings measure. We also believe that funds from operations ("FFO"), as defined in accordance with the definition used by the National Association of Real Estate Investment Trusts ("Nareit"), and adjusted funds from operations ("AFFO") (and related per share amounts) are important non-GAAP supplemental measures of our operating performance. Because the historical cost accounting convention used for real estate assets requires straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that use historical cost accounting for depreciation could be less informative. Thus, Nareit created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. FFO is defined as net income, computed in accordance with GAAP, excluding gains or losses from real estate dispositions and our share of gains or losses from real estate dispositions related to our unconsolidated joint ventures, plus real estate depreciation and amortization, net of amounts related to noncontrolling interests, plus our share of depreciation and amortization related to our unconsolidated joint ventures, and real estate impairment charges of both consolidated and unconsolidated entities when the impairment is directly attributable to decreases in the value of the depreciable real estate held by the entity. AFFO is defined as FFO excluding merger and acquisition costs, stock-based compensation expense, non-cash rental and related revenues, non-cash interest income, non-cash interest expense, non-cash portion of loss on extinguishment of debt, provision for loan losses and other reserves, non-cash lease termination income and deferred income taxes, as well as other non-cash revenue and expense items (including ineffectiveness gain/loss on derivative instruments, and non-cash revenue and expense amounts related to noncontrolling interests) and our share of non-cash adjustments related to our unconsolidated joint ventures. We believe that the use of FFO and AFFO (and the related per share amounts), combined with the required GAAP presentations, improves the understanding of our operating results among investors and makes comparisons of operating results among REITs more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating and financial performance because, by excluding the applicable items listed above, FFO and AFFO can help investors compare our operating performance between periods or as compared to other companies. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO and AFFO also do not consider the costs associated with capital expenditures related to our real estate assets nor do they purport to be indicative of cash available to fund our future cash requirements. Further, our computation of FFO and AFFO may not be comparable to FFO and AFFO reported by other REITs that do not define FFO in accordance with the current Nareit definition or that interpret the current Nareit definition or define AFFO differently than we do.

The following table reconciles our calculations of FFO and AFFO for the years ended December 31, 2023, 2022 and 2021, to net income (loss), the most directly comparable GAAP financial measure, for the same periods (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	$ 13,756	$ (77,605)	$ (113,256)
Depreciation and amortization of real estate assets	183,087	187,782	178,991
Depreciation, amortization and impairment of real estate assets related to unconsolidated joint ventures	8,697	22,095	26,129
Net loss (gain) on sales of real estate	76,625	12,011	(12,301)
Net (gain) loss on sales of real estate related to unconsolidated joint ventures	—	(220)	33
Impairment of real estate	14,332	94,042	9,499
Other-than-temporary impairment of unconsolidated joint ventures	—	57,778	164,126
FFO	296,497	295,883	253,221
Stock-based compensation expense	7,917	7,453	7,914
Non-cash rental and related revenues	(8,699)	2,183	25,823
Non-cash interest income	(372)	(2,285)	(1,988)
Non-cash interest expense	12,265	11,094	8,368
Non-cash portion of loss on extinguishment of debt	1,541	411	4,426
Provision for loan losses and other reserves	191	141	3,935
Deferred tax valuation allowance related to unconsolidated joint ventures	—	19,613	—
Other adjustments related to unconsolidated joint ventures	502	(5,155)	(5,051)
Other non-cash adjustments	365	2,474	492
AFFO	$ 310,207	$ 331,812	$ 297,140
FFO per diluted common share	$ 1.27	$ 1.28	$ 1.15
AFFO per diluted common share	$ 1.33	$ 1.43	$ 1.35
Weighted average number of common shares outstanding, diluted:			
FFO	232,792,778	231,851,542	220,102,563
AFFO	233,883,279	232,784,543	220,526,512

The following table sets forth additional information related to certain other items included in net income (loss) above, and the portions of each that are included in FFO and AFFO, which may be helpful in assessing our operating results. Please refer to "—Results of Operations" above for additional information regarding these items (in millions):

	Year Ended December 31,								
	2023	2022	2021	2023	2022	2021	2023	2022	2021
	Net Income (Loss)			FFO			AFFO		
Rental and related revenues:									
Non-cash rental and related revenue write-offs / lease intangible amortization acceleration	$ 2.5	$ 16.7	$ 44.0	$ 2.5	$ 16.7	$ 44.0	$ —	$ —	$ —
Interest and other income:									
Lease termination income	—	2.5	—	—	2.5	—	—	2.5	—
Provision for loan losses and other reserves	0.2	0.1	3.9	0.2	0.1	3.9	—	—	—
Loss on extinguishment of debt	1.5	0.4	34.6	1.5	0.4	34.6	—	—	30.2
Other income (expense):									
Insurance income	4.2	—	—	4.2	—	—	4.2	—	—
Other (expense) income	(1.6)	(1.1)	0.4	(1.6)	(1.1)	0.4	(1.6)	1.2	0.4

Liquidity and Capital Resources

As of December 31, 2023, we had approximately $946.9 million in liquidity, consisting of unrestricted cash and cash equivalents of $41.3 million and available borrowings under our Revolving Credit Facility of $905.6 million. The Credit Agreement also contains an accordion feature that can increase the total available borrowings to $2.75 billion (from U.S. $1.4 billion plus CAD $150.0 million), subject to terms and conditions.

We have filed a shelf registration statement with the SEC that expires in November 2025, which allows us to offer and sell shares of common stock, preferred stock, warrants, rights, units, and certain of our subsidiaries to offer and sell debt securities, through underwriters, dealers or agents or directly to purchasers, on a continuous or delayed basis, in amounts, at prices and on terms we determine at the time of the offering, subject to market conditions.

On February 23, 2023, we established an at-the-market equity offering program (the "ATM Program") pursuant to which shares of our common stock having an aggregate gross sales price of up to $500.0 million may be sold from time to time (i) by us through a consortium of banks acting as sales agents or directly to the banks acting as principals or (ii) by a consortium of banks acting as forward sellers on behalf of any forward purchasers pursuant to a forward sale agreement.

During the year ended December 31, 2023, no shares were sold under the ATM Program and we did not utilize the forward feature of the ATM Program. As of December 31, 2023, we had $500.0 million available under the ATM Program.

Our short-term liquidity requirements consist primarily of operating expenses, including our planned capital expenditures and funding commitments, interest expense, scheduled debt service payments under our loan agreements, dividend requirements, general and administrative expenses and other requirements described under "Material Cash Requirements" below. Based on our current assessment, we believe that our available cash, operating cash flows and borrowings available to us under our Revolving Credit Facility provide sufficient funds for such requirements for the next twelve months. In addition, we do not believe that the restrictions under our Senior Notes Indentures (as defined below) or Credit Agreement significantly limit our ability to use our available liquidity for these purposes.

Our long-term liquidity requirements consist primarily of future investments in properties, including any improvements or renovations of current or newly-acquired properties, as well as scheduled debt maturities. We expect to meet these liquidity needs using the sources above as well as the proceeds from issuances of common stock, preferred stock, debt or other securities, additional borrowings, including mortgage debt or a new or refinanced credit facility, and proceeds from the sale of properties. In addition, we may seek financing from U.S. government agencies, including through Fannie Mae, Freddie Mac and HUD, in appropriate circumstances in connection with acquisitions.

Cash Flows from Operating Activities

Net cash provided by operating activities was $300.6 million for the year ended December 31, 2023. Operating cash inflows were derived primarily from the rental payments received under our lease agreements, resident fees and services net of the corresponding operating expenses, and interest payments from borrowers under our loan and preferred equity investments. Operating cash outflows consisted primarily of interest payments on borrowings and payment of general and administrative expenses, including corporate overhead. Increases to operating cash flows primarily relate to completed investment activity, and decreases to operating cash flows primarily relate to disposition activity and interest expense from increased borrowing activity and higher interest rates. In addition, the change in operating cash flows was impacted by the timing of collections from our tenants and borrowers and fluctuations in the operating results of our Senior Housing - Managed communities. We expect our annualized cash flows provided by operating activities to fluctuate as a result of such activity.

Cash Flows from Investing Activities

During the year ended December 31, 2023, net cash provided by investing activities was $103.1 million and included $247.6 million of net proceeds from the sales of real estate, $25.5 million of net proceeds from the sale of a facility under a sales-type lease, $9.3 million in repayments of loans receivable, $5.8 million in insurance proceeds, $5.5 million in repayments of preferred equity investments and $0.5 million of distributions in excess of earnings from an unconsolidated joint venture, partially offset by $84.9 million used for additions to real estate, $78.5 million used for the acquisition of four facilities, $11.4 million used to provide funding for loans receivable, $11.0 million used to provide funding for preferred equity investments and $5.2 million used for the investment in an unconsolidated joint venture.

Cash Flows from Financing Activities

During the year ended December 31, 2023, net cash used in financing activities was $410.3 million and included $277.4 million of dividends paid to stockholders, $104.3 million of net repayments of our Revolving Credit Facility, $18.1 million of payments of deferred financing costs related to the Credit Agreement, $17.9 million of payments of contingent consideration,

$2.7 million of net costs related to payroll tax payments related to the issuance of common stock pursuant to equity compensation arrangements and our ATM Program and $2.0 million of principal repayments on secured debt, partially offset by $12.2 million of proceeds from Term Loans.

Please see the accompanying consolidated statements of cash flows for details of our operating, investing and financing cash activities.

Material Cash Requirements

Our material cash requirements include the following contractual and other obligations.

Senior Unsecured Notes. Our senior unsecured notes consisted of the following (collectively, the "Senior Notes") as of December 31, 2023 (dollars in thousands):

Title	Maturity Date	Principal Balance [1]	
5.125% senior unsecured notes due 2026 (the "2026 Notes")	August 15, 2026	$	500,000
5.88% senior unsecured notes due 2027 (the "2027 Notes")	May 17, 2027		100,000
3.90% senior unsecured notes due 2029 (the "2029 Notes")	October 15, 2029		350,000
3.20% senior unsecured notes due 2031 (the "2031 Notes")	December 1, 2031		800,000
		$	1,750,000

[1] Principal balance does not include discount, net of $4.3 million and deferred financing costs, net of $10.5 million as of December 31, 2023.

See Note 8, "Debt," in the Notes to Consolidated Financial Statements and "Subsidiary Issuer and Guarantor Financial Information" below for additional information concerning the Senior Notes, including information regarding the indentures and agreements governing the Senior Notes (the "Senior Notes Indentures"). As of December 31, 2023, we were in compliance with all applicable covenants under the Senior Notes Indentures.

Credit Agreement. Effective January 4, 2023, the Operating Partnership and Sabra Canadian Holdings, LLC (together, the "Borrowers"), and the other parties thereto entered into a sixth amended and restated unsecured credit agreement (the "Credit Agreement"). The Credit Agreement includes a $1.0 billion revolving credit facility (the "Revolving Credit Facility"), a $430.0 million U.S. dollar term loan and a CAD $150.0 million Canadian dollar term loan (collectively, the "Term Loans"). Further, up to $350.0 million of the Revolving Credit Facility may be used for borrowings in certain foreign currencies. The Credit Agreement also contains an accordion feature that can increase the total available borrowings to $2.75 billion, subject to terms and conditions

The Revolving Credit Facility has a maturity date of January 4, 2027, and includes two six-month extension options. The Term Loans have a maturity date of January 4, 2028.

The obligations of the Borrowers under the Credit Agreement are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by us and one of our non-operating subsidiaries, subject to release under certain customary circumstances.

See Note 8, "Debt," in the Notes to Consolidated Financial Statements for additional information concerning the Credit Agreement, including information regarding covenants contained in the Credit Agreement. As of December 31, 2023, we were in compliance with all applicable covenants under the Credit Agreement.

Secured Indebtedness. As of December 31, 2023, eight of our properties held for investment were subject to secured indebtedness to third parties, and our secured debt consisted of the following (dollars in thousands):

Interest Rate Type	Principal Balance [1]		Weighted Average Interest Rate	Maturity Date
Fixed Rate	$	48,143	2.85 %	May 2031 - August 2051

[1] Principal balance does not include deferred financing costs, net of $0.8 million as of December 31, 2023.

Interest. Our estimated interest and facility fee payments based on principal amounts of debt outstanding as of December 31, 2023, applicable interest rates in effect as of December 31, 2023, and including the impact of interest rate swaps and collars are $102.2 million in 2024, $103.5 million in 2025, $103.5 million in 2026, $66.1 million in 2027, $40.6 million in 2028 and $100.9 million thereafter.

Capital Expenditures and Other Expenditures and Funding Commitments. For the years ended December 31, 2023 and 2022 and 2021, our aggregate capital expenditures were $84.9 million, $54.5 million and $42.7 million, respectively. As of December 31, 2023, our aggregate commitment for future capital and other expenditures related to facilities leased under triple-net operating leases was approximately $27 million, of which $20 million will directly result in incremental rental income, and approximately $16 million will be spent over the next 12 months. We also expect to fund capital expenditures related to our Senior Housing - Managed communities.

In addition, as of December 31, 2023, we have committed to provide up to $0.5 million of future funding related to one loan receivable investment.

Dividends. To maintain REIT status, we are required each year to distribute to stockholders at least 90% of our annual REIT taxable income after certain adjustments. All distributions will be made by us at the discretion of our board of directors and will depend on our financial position, results of operations, cash flows, capital requirements, debt covenants (which include limits on distributions by us), applicable law, and other factors as our board of directors deems relevant.

We paid dividends of $277.4 million on our common stock during the year ended December 31, 2023. On February 1, 2024, our board of directors declared a quarterly cash dividend of $0.30 per share of common stock. The dividend will be paid on February 29, 2024 to common stockholders of record as of February 13, 2024.

Subsidiary Issuer and Guarantor Financial Information. In connection with the Operating Partnership's assumption of the 2026 Notes, we have fully and unconditionally guaranteed the 2026 Notes. The 2029 Notes and 2031 Notes are issued by the Operating Partnership and guaranteed, fully and unconditionally, by us.

These guarantees are subordinated to all existing and future senior debt and senior guarantees of us, as guarantor, and are unsecured. We conduct all of our business through and derive virtually all of our income from our subsidiaries. Therefore, our ability to make required payments with respect to our indebtedness (including the Senior Notes) and other obligations depends on the financial results and condition of our subsidiaries and our ability to receive funds from our subsidiaries.

In accordance with Regulation S-X, the following aggregate summarized financial information is provided for Sabra and the Operating Partnership. This aggregate summarized financial information has been prepared from the books and records maintained by us and the Operating Partnership. The aggregate summarized financial information does not include the investments in, nor the earnings from, subsidiaries other than the Operating Partnership and therefore is not necessarily indicative of the results of operations or financial position had the Operating Partnership operated as an independent entity. Intercompany transactions have been eliminated. The aggregate summarized balance sheet information as of December 31, 2023 and 2022 and aggregate summarized statement of loss information for the year ended December 31, 2023 is as follows (in thousands):

	As of December 31,	
	2023	2022
Total assets	$ 72,730	$ 74,063
Total liabilities	2,272,119	2,275,511

	Year Ended December 31, 2023
Total revenues	$ 730
Total expenses	137,422
Net loss	(139,639)

Concentration of Credit Risk

Concentrations of credit risk arise when a number of tenants or obligors related to our investments are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to us, to be similarly affected by changes in economic conditions. We regularly monitor our portfolio to assess potential concentrations of risks.

Management believes our current portfolio is reasonably diversified across healthcare related real estate and geographical location and does not contain any other significant concentration of credit risks. Our portfolio of 378 real estate properties held for investment as of December 31, 2023 is diversified by location across the U.S. and Canada.

For the year ended December 31, 2023, no tenant relationship represented 10% or more of our total revenues.

Skilled Nursing Facility Reimbursement Rates

For the year ended December 31, 2023, 42.0% of our revenues was derived directly or indirectly from skilled nursing/transitional care facilities. Medicare reimburses skilled nursing facilities for Medicare Part A services under the Prospective Payment System (“PPS”), as implemented pursuant to the Balanced Budget Act of 1997 and modified pursuant to subsequent laws, most recently the Patient Protection and Affordable Care Act of 2010. PPS regulations predetermine a payment amount per patient, per day, based on a market basket index calculated for all covered costs.

On October 1, 2019, a case-mix classification system called the skilled nursing facility Patient-Driven Payment Model (“PDPM”) became effective pursuant to a CMS final rule. PDPM focuses on clinically relevant factors, rather than volume-based service, for determining Medicare payment. PDPM adjusts Medicare payments based on each aspect of a resident’s care, most notably for non-therapy ancillaries, which are items and services not related to the provision of therapy such as drugs and medical supplies, thereby more accurately addressing costs associated with medically complex patients. It further adjusts the skilled nursing facility per diem payments to reflect varying costs throughout the stay and incorporates safeguards against potential financial incentives to ensure that beneficiaries receive care consistent with their unique needs and goals.

On July 29, 2022, CMS issued a final rule regarding fiscal year 2023 Medicare rates for skilled nursing facilities providing an estimated net increase of 2.7% compared to fiscal year 2022 comprised of an increase as a result of an update to the payment rates of 5.1% (which is based on (i) a market basket increase of 3.9% plus (ii) a market basket forecast error adjustment of 1.5% and less (iii) a productivity adjustment of 0.3%), partially offset by the recalibrated PDPM parity adjustment of 2.3% (the total PDPM parity adjustment is 4.6%, and it is being phased in over a two-year period). These figures do not incorporate any of the estimated value-based purchasing reductions for skilled nursing facilities. The new payment rates became effective on October 1, 2022.

On July 31, 2023, CMS issued a final rule regarding fiscal year 2024 Medicare rates for skilled nursing facilities providing an estimated net increase of 4.0% compared to fiscal year 2023 comprised of an increase as a result of an update to the payment rates of 6.4% (which is based on (i) a market basket increase of 3.0% plus (ii) a market basket forecast error adjustment of 3.6% and less (iii) a productivity adjustment of 0.2%), partially offset by the second phase of the recalibrated PDPM parity adjustment of 2.3%. These figures do not incorporate any of the estimated value-based purchasing reductions for skilled nursing facilities. The new payment rates became effective on October 1, 2023.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, primarily related to adverse changes in interest rates and the exchange rate for Canadian dollars. We use derivative instruments in the normal course of business to mitigate interest rate and foreign currency risk. We do not use derivative financial instruments for speculative or trading purposes. See Note 9, “Derivative and Hedging Instruments,” in the Notes to Consolidated Financial Statements for further discussion of our derivative instruments.

Interest rate risk. As of December 31, 2023, our indebtedness included $1.8 billion aggregate principal amount of Senior Notes outstanding, $543.2 million in Term Loans, $94.4 million outstanding under the Revolving Credit Facility and $48.1 million of secured indebtedness to third parties on certain of the properties that our subsidiaries own. As of December 31, 2023, we had $637.6 million of outstanding variable rate indebtedness and $905.6 million available for borrowing under our Revolving Credit Facility.

We expect to manage our exposure to interest rate risk by maintaining a mix of fixed and variable rates for our indebtedness. We also may manage, or hedge, interest rate risks related to our borrowings through interest rate swap and collar agreements. As of December 31, 2023, we had interest rate swaps that fix and interest rate collars that set a cap and floor for the Secured Overnight Financing Rate (“SOFR”) portion of the interest rate for $430.0 million of SOFR-based borrowings under the U.S. dollar Term Loan at a weighted average rate of 2.69% and interest rate swaps that fix the Canadian Dollar Offered Rate (“CDOR”) portion of the interest rate for CAD $150.0 million of CDOR-based borrowings under the Canadian dollar Term Loan at 1.63%.

From time to time, we may borrow under the Revolving Credit Facility to finance future investments in properties, including any improvements or renovations of current or newly acquired properties, or for other purposes. Because borrowings under the Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to a ratings-based applicable interest margin plus, CDOR for Canadian dollar borrowings, or at the Operating Partnership’s option for U.S. dollar borrowings, either (a) Daily Simple SOFR, as defined in the Credit Agreement, or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, (iii) Term SOFR, as defined in the Credit Agreement, plus 1.0%, and (iv) 1.00%, the interest rate we will be required to pay on any such borrowings will depend on then applicable rates and may vary. An increase in interest rates could make the financing of any investment by us more costly. Rising interest rates could also limit our ability to refinance our debt when it matures or cause us to pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness.

Assuming a 100 basis point increase or decrease in the index underlying our variable rate debt, and after giving effect to the impact of interest rate derivative instruments, interest expense would increase or decrease by $0.9 million, for the twelve months following December 31, 2023.

For a discussion of the interest rate risks related to the current capital and credit markets, see Part I, Item 1A, "Risk Factors."

Foreign currency risk. We are exposed to changes in foreign exchange rates as a result of our investments in Canadian real estate. Our foreign currency exposure is partially mitigated through the use of Canadian dollar denominated debt totaling CAD $194.3 million as of December 31, 2023 and cross currency swap instruments. Based on our operating results for the three months ended December 31, 2023, if the value of the Canadian dollar relative to the U.S. dollar were to increase or decrease by 10% compared to the average exchange rate during the three months ended December 31, 2023, our cash flows would have decreased or increased, as applicable, by $0.2 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Index to Financial Statements at page F-1 of this 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of, the evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2023 to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a–15(f) and 15d–15(f). Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria described in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation using the criteria described in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements included in this Form 10-K, as stated in their attestation report which is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Insider Trading Arrangements

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as provided below, the information required under Item 10 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 in connection with our 2024 Annual Meeting of Stockholders.

Code of Conduct and Ethics

We have adopted a Code of Conduct and Ethics that applies to all of our directors and teammates, including our principal executive officer and principal financial officer. Our Code of Conduct and Ethics can be found in the Investors—Corporate Governance section of our website at *www.sabrahealth.com*. Waivers from, and amendments to, our Code of Conduct and Ethics that apply to our directors, executive officers or persons performing similar functions will be timely posted in the Investors—Corporate Governance section of our website at *www.sabrahealth.com* to the extent required by applicable rules of the Securities and Exchange Commission or the Nasdaq Stock Market LLC.

ITEM 11. EXECUTIVE COMPENSATION

The information required under Item 11 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 in connection with our 2024 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under Item 12 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 in connection with our 2024 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required under Item 13 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 in connection with our 2024 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under Item 14 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2023 in connection with our 2024 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this 10-K:

(1) Financial Statements

See the Index to Consolidated Financial Statements at page F-1 of this report.

(2) Financial Statement Schedules

The following financial statement schedules are included herein at pages F-39 through F-55 of this report:

Schedule III - Real Estate Assets and Accumulated Depreciation as of December 31, 2023

Schedule IV - Mortgage Loans on Real Estate as of December 31, 2023

All other schedules have been omitted because they are inapplicable or not required or the information is included elsewhere in the Consolidated Financial Statements or notes thereto.

(3) Exhibits

The following exhibits are filed herewith or are incorporated by reference, as specified below, to exhibits previously filed with the SEC.

EXHIBIT LIST

Ex.	Description
3.1	Articles of Amendment and Restatement of Sabra Health Care REIT, Inc., dated October 20, 2010, filed with the State Department of Assessments and Taxation of the State of Maryland on October 21, 2010 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on October 26, 2010).
3.1.1	Articles of Amendment of Sabra Health Care REIT, Inc., dated as of July 31, 2017 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on July 31, 2017).
3.1.2	Articles of Amendment to the Articles of Amendment and Restatement of Sabra Health Care REIT, Inc., dated as of June 9, 2020 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on June 12, 2020).
3.1.3	Articles Supplementary of Sabra Health Care REIT, Inc., dated as of December 15, 2022 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on December 16, 2022).
3.2	Amended and Restated Bylaws of Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on December 16, 2022).
4.1	Description of Sabra Health Care REIT, Inc.'s Capital Stock (incorporated by reference to Exhibit 4.1 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 21, 2023).
4.2	Indenture, dated as of May 23, 2013, among Sabra Health Care Limited Partnership, Sabra Capital Corporation, Sabra Health Care REIT, Inc., and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on May 23, 2013).
4.2.2	Ninth Supplemental Indenture, dated October 7, 2019, among Sabra Health Care Limited Partnership, Sabra Capital Corporation, Sabra Health Care REIT, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on October 7, 2019).
4.3	Form of 3.90% senior note due 2029 (included in Exhibit 4.2.2).
4.4	Indenture, dated as of July 14, 2016, by and among Care Capital Properties, LP, Care Capital Properties, Inc., Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).

Ex.	Description
4.4.1	First Supplemental Indenture, dated as of August 17, 2017, by and among Care Capital Properties, LP, PR Sub, LLC, Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).
4.4.2	Second Supplemental Indenture, dated as of August 17, 2017, by and among Sabra Health Care Limited Partnership as successor to Care Capital Properties, LP, Sabra Health Care REIT, Inc., Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.3 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).
4.4.3	Third Supplemental Indenture, dated as of August 17, 2017, by and among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc., Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).
4.4.4	Fourth Supplemental Indenture, dated as of August 18, 2017, by and among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc. and Regions Bank, as trustee (incorporated by reference to Exhibit 4.5 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).
4.5	Form of 5.125% senior note due 2026 (included in Exhibit 4.4).
4.6	Indenture, dated as of September 30, 2021, among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc., and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on September 30, 2021).
4.6.1	First Supplemental Indenture, dated September 30, 2021, among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on September 30, 2021).
4.7	Form of 3.200% senior note due 2031 (included in Exhibit 4.6.1).
4.8	Form of Indenture for Senior Debt Securities (incorporated by reference to Exhibit 4.7 of the Registration Statement on Form S-3 filed by Sabra Health Care REIT, Inc. and Sabra Health Care Limited Partnership on December 11, 2019).
10.1	Limited Partnership Agreement of Sabra Health Care Limited Partnership, dated as of November 15, 2010 (incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-4 (File No. 333-171820) filed by the issuers and guarantors on January 21, 2011).
10.1.1	First Amendment to the Limited Partnership Agreement by Sabra Health Care REIT, Inc. and Sabra Health Care, LLC, dated March 21, 2013 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on March 21, 2013).
10.2	Sixth Amended and Restated Credit Agreement, dated January 4, 2023, among Sabra Health Care Limited Partnership and Sabra Canadian Holdings, LLC, as Borrowers; Sabra Health Care REIT, Inc., as a guarantor; the other guarantors party thereto; the lenders party thereto; Bank of America, N.A., as Administrative Agent and L/C Issuer; Citizens Bank, National Association, Crédit Agricole Corporate and Investment Bank and Wells Fargo Bank, National Association, as Co-Syndication Agents and L/C Issuers; The Bank of Nova Scotia, Fifth Third Bank, JPMorgan Chase Bank, N.A., Keybank National Association, Mizuho Bank, Ltd., and Truist Bank, as Co-Documentation Agents; BofA Securities, Inc., as Joint Lead Arranger and Sole Bookrunner; and Citizens Bank, National Association, Crédit Agricole Corporate and Investment Bank and Wells Fargo Securities, LLC, as Joint Lead Arrangers (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on January 5, 2023).
10.3	Form of Indemnification Agreement entered into with each of the directors and officers of Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on January 3, 2022).
10.4+	Employment Agreement, dated December 24, 2019, between Sabra Health Care REIT, Inc. and Richard K. Matros (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on December 27, 2019).
10.5+	Employment Agreement, dated December 24, 2019, between Sabra Health Care REIT, Inc. and Talya Nevo-Hacohen (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on December 27, 2019).
10.6+	Employment Agreement, dated January 1, 2022, by and between Michael Costa and Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on January 3, 2022).

Ex.	Description
10.7+	Sabra Health Care REIT, Inc. 2009 Performance Incentive Plan, effective April 21, 2017 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on June 21, 2017).
10.8.1+	Form of Notice and Terms and Conditions of Stock Unit Award (Time-Based Stock Units) (for Executive Officers), adopted December 2019 (incorporated by reference to Exhibit 10.8.1 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 24, 2020).
10.8.2+	Form of Notice and Terms and Conditions of Stock Unit Award (FFO Units) (for Executive Officers), adopted December 2019 (incorporated by reference to Exhibit 10.8.2 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 24, 2020).
10.8.3+	Form of Notice and Terms and Conditions of Stock Unit Award (TSR Units) (for Executive Officers), adopted December 2020 (incorporated by reference to Exhibit 10.8.3 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 22, 2021).
10.8.4+	Form of Notice and Terms and Conditions of Stock Unit Award (for Non-Employee Directors) (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q filed by Sabra Health Care REIT, Inc. on November 1, 2017).
10.8.5+	Non-Employee Directors Stock-for-Fees Program (incorporated by reference to Exhibit 10.10.5 of the Registration Statement on Form S-4 (File No. 333-171820-26) filed by Sabra Health Care REIT, Inc. on January 21, 2011).
10.9+*	Sabra Health Care REIT, Inc. Directors' Compensation Policy, effective March 21, 2023.
10.10	Equity Distribution Agreement, dated February 23, 2023, among the Company, the Sales Agents party thereto, and the Forward Purchasers party thereto (incorporated by reference to Exhibit 1.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on February 23, 2023).
21.1*	List of Subsidiaries of Sabra Health Care REIT, Inc.
22.1	List of Subsidiary Issuers and Guarantors of Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 22.1 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 22, 2021).
23.1*	Consent of PricewaterhouseCoopers LLP.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	Sabra Health Care REIT, Inc. Incentive Compensation Recoupment Policy, effective September 20, 2023.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith.

** Furnished herewith.

\+ Designates a management compensation plan, contract or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Sabra Health Care REIT, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sabra Health Care REIT, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of income (loss), of comprehensive income (loss), of equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessments of Real Estate Investments

As described in Notes 2, 4 and 5 to the consolidated financial statements, the Company’s real estate investments net carrying value was $4.6 billion as of December 31, 2023. Management regularly monitors events and changes in circumstances, including investment operating performance and general market conditions, that could indicate that the carrying amounts of its real estate investments may not be recoverable. When indicators of potential impairment suggest that the carrying value of real estate investments may not be recoverable, the Company assesses the recoverability by estimating whether the Company will recover the carrying value of its real estate investments through the undiscounted future cash flows and the eventual disposition of the investment. The undiscounted future cash flows used to assess recoverability are based on several assumptions and are probability-weighted based on the Company’s best estimates as of the date of evaluation. These assumptions include, among others, market rent, revenue and expense growth rates, absorption period, stabilized occupancy, holding period, market capitalization rates, and estimated market values based on analysis of letters of intent, purchase and sale agreements and recent sales data for comparable properties. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of its real estate investments, the Company would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of its real estate investments.

The principal considerations for our determination that performing procedures relating to the impairment assessments of real estate investments is a critical audit matter are (i) the significant judgment by management in (a) identifying events and changes in circumstances that are indicators of impairment related to the performance of the investment and market conditions and (b) developing the undiscounted future cash flows utilized in the recoverability assessment of real estate investments with potential impairment and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to (a) management’s identification of events or changes in circumstances related to the performance of the investment and market conditions and (b) management’s probability weightings and assumptions used in the undiscounted future cash flows related to market rent, revenue and expense growth rates, absorption period, stabilized occupancy, holding period and market capitalization rates (collectively referred to as the “significant assumptions”).

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s impairment assessments of investments in real estate properties, including controls over management’s (a) identification of events and changes in circumstances indicating that the carrying amounts of the real estate investments may not be recoverable and (b) recoverability assessment of real estate investments with potential impairment. These procedures also included, among others, (i) testing management's process for (a) identifying events and changes in circumstances that are indicators of impairment and (b) assessing the recoverability of the real estate investments with potential impairments, (ii) evaluating the appropriateness of the undiscounted cash flow models and probability weightings used in the recoverability assessment process, (iii) testing the completeness, accuracy, relevance and reliability of the underlying data used in the undiscounted cash flow models, (iv) evaluating the reasonableness of management’s assessment of events and changes in circumstances that are indicators of impairment related to performance of the investment and general market conditions indicating that the carrying amounts of its real estate investments may not be recoverable by considering the consistency with the current and past performance of the real estate investment and the consistency with external market and industry data, and (v) evaluating the reasonableness of the significant assumptions used in the undiscounted future cash flows of real estate investments with potential impairment by considering the consistency of the significant assumptions with the current and past performance of the real estate investments, the consistency with external market and industry data, and whether these significant assumptions were consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Irvine, California
February 27, 2024

We have served as the Company’s auditor since 2010.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	December 31, 2023	December 31, 2022
Assets		
Real estate investments, net of accumulated depreciation of $1,021,086 and $913,345 as of December 31, 2023 and 2022, respectively	$ 4,617,261	$ 4,959,343
Loans receivable and other investments, net	420,624	411,396
Investment in unconsolidated joint ventures	136,843	134,962
Cash and cash equivalents	41,285	49,308
Restricted cash	5,434	4,624
Lease intangible assets, net	30,897	40,131
Accounts receivable, prepaid expenses and other assets, net	133,806	147,908
Total assets	$ 5,386,150	$ 5,747,672
Liabilities		
Secured debt, net	$ 47,301	$ 49,232
Revolving credit facility	94,429	196,982
Term loans, net	537,120	526,129
Senior unsecured notes, net	1,735,253	1,734,431
Accounts payable and accrued liabilities	136,981	142,259
Lease intangible liabilities, net	32,532	42,244
Total liabilities	2,583,616	2,691,277
Commitments and contingencies (Note 15)		
Equity		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of December 31, 2023 and 2022	—	—
Common stock, $0.01 par value; 500,000,000 shares authorized, 231,266,020 and 231,009,295 shares issued and outstanding as of December 31, 2023 and 2022, respectively	2,313	2,310
Additional paid-in capital	4,494,755	4,486,967
Cumulative distributions in excess of net income	(1,718,279)	(1,451,945)
Accumulated other comprehensive income	23,745	19,063
Total equity	2,802,534	3,056,395
Total liabilities and equity	$ 5,386,150	$ 5,747,672

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(dollars in thousands, except per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenues:			
Rental and related revenues (Note 4)	$ 376,266	$ 400,586	$ 396,716
Resident fees and services	236,153	186,672	155,512
Interest and other income	35,095	37,553	17,317
Total revenues	647,514	624,811	569,545
Expenses:			
Depreciation and amortization	183,087	187,782	178,991
Interest	112,964	105,471	98,632
Triple-net portfolio operating expenses	17,932	19,623	20,221
Senior housing - managed portfolio operating expenses	177,313	142,990	120,980
General and administrative	47,472	39,574	34,669
Provision for loan losses and other reserves	191	141	3,935
Impairment of real estate	14,332	94,042	9,499
Total expenses	553,291	589,623	466,927
Other (expense) income:			
Loss on extinguishment of debt	(1,541)	(411)	(34,622)
Other income (expense)	2,598	(1,097)	373
Net (loss) gain on sales of real estate	(76,625)	(12,011)	12,301
Total other expense	(75,568)	(13,519)	(21,948)
Income before loss from unconsolidated joint ventures and income tax expense	18,655	21,669	80,670
Loss from unconsolidated joint ventures	(2,897)	(98,032)	(192,081)
Income tax expense	(2,002)	(1,242)	(1,845)
Net income (loss)	$ 13,756	$ (77,605)	$ (113,256)
Net income (loss), per:			
Basic common share	$ 0.06	$ (0.34)	$ (0.52)
Diluted common share	$ 0.06	$ (0.34)	$ (0.52)
Weighted average number of common shares outstanding, basic	231,203,391	230,947,895	219,073,027
Weighted average number of common shares outstanding, diluted	232,792,778	230,947,895	219,073,027

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands, except footnote data)

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	$ 13,756	$ (77,605)	$ (113,256)
Other comprehensive income (loss):			
Unrealized gain (loss), net of tax:			
Foreign currency translation (loss) gain	(205)	3,141	(142)
Unrealized gain on cash flow hedges [1]	4,887	25,943	30,032
Total other comprehensive income	4,682	29,084	29,890
Comprehensive income (loss)	$ 18,438	$ (48,521)	$ (83,366)

[1] Amounts are net of income tax benefit of $17,000 and $0.1 million for the years ended December 31, 2022 and 2021, respectively. No such income tax benefit was recognized during the year ended December 31, 2023.

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(dollars in thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Shares	Amounts				
Balance, December 31, 2020	210,560,815	$ 2,106	$ 4,163,228	$ (716,195)	$ (39,911)	$ 3,409,228
Net loss	—	—	—	(113,256)	—	(113,256)
Other comprehensive income	—	—	—	—	29,890	29,890
Amortization of stock-based compensation	—	—	10,748	—	—	10,748
Common stock issuance, net	19,837,840	198	308,475	—	—	308,673
Common dividends ($1.20 per share)	—	—	—	(265,753)	—	(265,753)
Balance, December 31, 2021	230,398,655	2,304	4,482,451	(1,095,204)	(10,021)	3,379,530
Net loss	—	—	—	(77,605)	—	(77,605)
Other comprehensive income	—	—	—	—	29,084	29,084
Amortization of stock-based compensation	—	—	9,433	—	—	9,433
Common stock issuance, net	610,640	6	(4,917)	—	—	(4,911)
Common dividends ($1.20 per share)	—	—	—	(279,136)	—	(279,136)
Balance, December 31, 2022	231,009,295	2,310	4,486,967	(1,451,945)	19,063	3,056,395
Net income	—	—	—	13,756	—	13,756
Other comprehensive income	—	—	—	—	4,682	4,682
Amortization of stock-based compensation	—	—	10,559	—	—	10,559
Common stock issuance, net	256,725	3	(2,771)	—	—	(2,768)
Common dividends ($1.20 per share)	—	—	—	(280,090)	—	(280,090)
Balance, December 31, 2023	231,266,020	$ 2,313	$ 4,494,755	$ (1,718,279)	$ 23,745	$ 2,802,534

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	$ 13,756	$ (77,605)	$ (113,256)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	183,087	187,782	178,991
Non-cash rental and related revenues	(8,699)	2,183	25,823
Non-cash interest income	(372)	(2,285)	(1,988)
Non-cash interest expense	12,265	11,094	8,368
Stock-based compensation expense	7,917	7,453	7,914
Loss on extinguishment of debt	1,541	411	34,622
Provision for loan losses and other reserves	191	141	3,935
Net loss (gain) on sales of real estate	76,625	12,011	(12,301)
Impairment of real estate	14,332	94,042	9,499
Other-than-temporary impairment of unconsolidated joint ventures	—	57,778	164,126
Loss from unconsolidated joint ventures	2,897	40,254	27,955
Distributions of earnings from unconsolidated joint ventures	3,469	—	—
Other non-cash items	(3,704)	2,167	—
Changes in operating assets and liabilities:			
Accounts receivable, prepaid expenses and other assets, net	(11,078)	(6,443)	8,223
Accounts payable and accrued liabilities	8,344	(13,250)	14,479
Net cash provided by operating activities	300,571	315,733	356,390
Cash flows from investing activities:			
Acquisition of real estate	(78,530)	(92,204)	(99,448)
Origination and fundings of loans receivable	(11,418)	(23,812)	(290,000)
Origination and fundings of preferred equity investments	(11,023)	(8,021)	(9,061)
Additions to real estate	(84,855)	(54,473)	(42,651)
Escrow deposits for potential investments	—	(780)	—
Repayments of loans receivable	9,274	5,272	2,949
Repayments of preferred equity investments	5,460	5,376	1,292
Investment in unconsolidated joint ventures	(5,235)	(142,910)	—
Net proceeds from the sales of real estate	247,622	87,304	100,723
Deposits for potential sale of real estate	—	8,000	—
Net proceeds from sales-type lease	25,490	—	—
Insurance proceeds	5,801	—	—
Distributions in excess of earnings from unconsolidated joint ventures	544	—	—
Net cash provided by (used in) investing activities	103,130	(216,248)	(336,196)
Cash flows from financing activities:			
Net (repayments of) borrowings from revolving credit facility	(104,338)	204,046	—
Proceeds from term loans	12,188	—	—
Proceeds from issuance of senior unsecured notes	—	—	791,520
Principal payments on senior unsecured notes	—	—	(300,000)
Principal payments on term loans	—	(63,750)	(455,000)
Principal payments on secured debt	(1,979)	(17,516)	(12,661)
Payments of deferred financing costs	(18,142)	(20)	(9,317)
Payments related to extinguishment of debt	—	—	(30,196)
Payment of contingent consideration	(17,900)	(2,500)	—
Issuance of common stock, net	(2,682)	(4,810)	308,713
Dividends paid on common stock	(277,447)	(277,157)	(262,919)
Net cash (used in) provided by financing activities	(410,300)	(161,707)	30,140
Net (decrease) increase in cash, cash equivalents and restricted cash	(6,599)	(62,222)	50,334
Effect of foreign currency translation on cash, cash equivalents and restricted cash	(614)	268	29
Cash, cash equivalents and restricted cash, beginning of period	53,932	115,886	65,523
Cash, cash equivalents and restricted cash, end of period	$ 46,719	$ 53,932	$ 115,886

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Supplemental disclosure of cash flow information:			
Interest paid	$ 102,409	$ 97,723	$ 85,464
Income taxes paid	$ 1,670	$ 1,657	$ 1,839
Supplemental disclosure of non-cash investing activities:			
Decrease in loans receivable and other investments due to acquisition of real estate	$ 4,644	$ 14,311	$ —

See accompanying notes to consolidated financial statements.

1. BUSINESS

Overview

Sabra Health Care REIT, Inc. (“Sabra” or the “Company”) was incorporated on May 10, 2010 as a wholly owned subsidiary of Sun Healthcare Group, Inc. (“Sun”) and commenced operations on November 15, 2010 following Sabra’s separation from Sun. Sabra elected to be treated as a real estate investment trust (“REIT”) with the filing of its United States (“U.S.”) federal income tax return for the taxable year beginning January 1, 2011. Sabra believes that it has been organized and operated, and it intends to continue to operate, in a manner to qualify as a REIT. Sabra’s primary business consists of acquiring, financing and owning real estate property to be leased to third-party tenants in the healthcare sector. Sabra primarily generates revenues by leasing properties to tenants throughout the U.S. and Canada. Sabra owns substantially all of its assets and properties and conducts its operations through Sabra Health Care Limited Partnership, a Delaware limited partnership (the “Operating Partnership”), of which Sabra is the sole general partner and a wholly owned subsidiary of Sabra is currently the only limited partner, or by subsidiaries of the Operating Partnership. The Company’s investment portfolio is primarily comprised of skilled nursing/transitional care facilities, senior housing communities (“Senior Housing - Leased”), behavioral health facilities and specialty hospitals and other facilities, in each case leased to tenants who are responsible for the operations of these facilities; senior housing communities operated by third-party property managers pursuant to property management agreements (“Senior Housing - Managed”); investments in joint ventures; investments in loans receivable; and preferred equity investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Sabra and its wholly owned subsidiaries as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

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

The Company identifies the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. The Company performs this analysis on an ongoing basis. As of December 31, 2023, the Company determined that it was not the primary beneficiary of any VIEs.

As it relates to investments in loans, in addition to the Company’s assessment of VIEs and whether the Company is the primary beneficiary of those VIEs, the Company evaluates the loan terms and other pertinent facts to determine whether the loan investment should be accounted for as a loan or as a real estate joint venture. If an investment has the characteristics of a real estate joint venture, including if the Company participates in the majority of the borrower’s expected residual profit, the Company would account for the investment as an investment in a real estate joint venture and not as a loan investment. Expected residual profit is defined as the amount of profit, whether called interest or another name, such as an equity kicker, above a reasonable amount of interest and fees expected to be earned by a lender. At December 31, 2023 and 2022, none of the Company’s investments in loans were accounted for as real estate joint ventures.

As it relates to investments in joint ventures, the Company assesses any partners' rights and their impact on the presumption of control of the partnership by any single partner. The Company also applies this guidance to managing member interests in limited liability companies. The Company reassesses its determination of which entity controls the joint venture if: there is a change to the terms or in the exercisability of the rights of any partners or members, the general partner or managing member increases or decreases its ownership interests, or there is an increase or decrease in the number of outstanding ownership interests. As of December 31, 2023, the Company's determination of which entity controls its investments in joint ventures has not changed as a result of any reassessment.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates.

Real Estate Investments and Rental Revenue Recognition

Real Estate Acquisition Valuation

All assets acquired and liabilities assumed in an acquisition of real estate accounted for as a business combination are measured at their acquisition date fair values. For acquisitions of real estate accounted for as an asset acquisition, the fair value of consideration transferred by the Company (including transaction costs) is allocated to all assets acquired and liabilities assumed on a relative fair value basis. The acquisition value of land, building and improvements are included in real estate investments on the accompanying consolidated balance sheets. The acquisition value of above market lease, tenant origination and absorption costs and tenant relationship intangible assets is included in lease intangible assets, net on the accompanying consolidated balance sheets. The acquisition value of below market lease intangible liabilities is included in lease intangible liabilities, net on the accompanying consolidated balance sheets. Acquisition costs associated with real estate acquisitions deemed asset acquisitions are capitalized, and costs associated with real estate acquisitions deemed business combinations are expensed as incurred. Restructuring costs that do not meet the definition of a liability at the acquisition date are expensed in periods subsequent to the acquisition date.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The Company makes its best estimate based on the Company's evaluation of the specific characteristics of each tenant's lease. The use of inappropriate assumptions would result in an incorrect valuation of the Company's acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of the Company's net income.

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties are capitalized and amortized on a straight-line basis over the lesser of the expected useful life of the asset and the remaining lease term of any property subject to a ground lease. Tenant improvements are capitalized and amortized on a straight-line basis over the lesser of the expected useful life of the asset and the remaining lease term. Depreciation is discontinued when a property is identified as held for sale. Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repair and maintenance costs include all costs that do not extend the useful life of the real estate asset. The Company considers the period of future benefit of an asset to determine its appropriate useful life. Depreciation of real estate assets and amortization of tenant origination and absorption costs and tenant relationship lease intangibles are included in depreciation and amortization on the accompanying consolidated statements of income (loss). Amortization of above and below market lease intangibles is included in rental income on the accompanying consolidated statements of income (loss). The Company anticipates the estimated useful lives of its assets by class to be generally as follows: land improvements, 15 to 20 years; buildings and building improvements, five to 45 years; and furniture and equipment, three to 10 years. Intangibles are generally amortized over the remaining noncancellable lease terms, with tenant relationship intangible amortization periods including extension periods.

Impairment of Real Estate Investments

The Company regularly monitors events and changes in circumstances, including investment operating performance and general market conditions, that could indicate that the carrying amounts of its real estate investments may not be recoverable. When indicators of potential impairment suggest that the carrying value of real estate investments may not be recoverable, the Company assesses the recoverability by estimating whether the Company will recover the carrying value of its real estate investments through the undiscounted future cash flows and the eventual disposition of the investment. In some instances, there may be various potential outcomes for an investment and its potential undiscounted future cash flows. In these instances, the undiscounted future cash flows models used to assess recoverability are based on several assumptions and are probability-weighted based on the Company's best estimates as of the date of evaluation. These assumptions include, among others, market rent, revenue and expense growth rates, absorption period, stabilized occupancy, holding period, market capitalization rates, and estimated market values based on analysis of letters of intent, purchase and sale agreements and recent sales data for comparable properties. When discounted cash flow is used to determine fair value, a discount rate assumption is also used. The assumptions are generally based on management's experience in its local real estate markets, and the effects of current market conditions, which are subject to economic and market uncertainties. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of its real estate investments, the Company would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of its real estate investments. The Company determines estimated fair value based primarily upon (i) estimated sale prices from signed contracts or letters of intent from third-party offers, (ii) discounted cash flow models of the investment over its remaining hold period, (iii) third-party appraisals and (iv) recent sales data for comparable properties.

Revenue Recognition

The Company recognizes rental revenue from tenants, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases when it is probable that substantially all rents over the life of a lease are collectible. Certain of the Company's leases provide for contingent rents equal to a percentage of the facility's revenue in excess of specified base amounts or other thresholds. Such revenue is recognized when actual results reported by the tenant, or estimates of tenant results, exceed the applicable base amount or other threshold.

The Company assesses the collectability of rents on a lease-by-lease basis, and in doing so, considers such things as historical bad debts, tenant creditworthiness, current economic trends, facility operating performance, lease structure, credit enhancements (including guarantees), current developments relevant to a tenant's business specifically and to its business category generally, and changes in tenants' payment patterns. The Company's assessment includes an estimation of a tenant's ability to fulfill all of its rental obligations over the remaining lease term. In addition, with respect to tenants in bankruptcy, management makes estimates of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. If at any time the Company cannot determine that it is probable that substantially all rents over the life of a lease are collectible, rental revenue will be recognized only to the extent of payments received, and all receivables associated with the lease will be written off irrespective of amounts expected to be collectible. Any recoveries of these amounts will be recorded in future periods upon receipt of payment. Write-offs of receivables and any recoveries of previously written-off receivables are recorded as adjustments to rental revenue.

Revenue from resident fees and services is recorded monthly as services are provided and includes resident room and care charges, ancillary services charges and other resident charges.

Government Grants

By analogy to International Accounting Standards 20, Accounting for Government Grants and Disclosure of Government Assistance, government assistance provided to the Company in the form of an income grant, which is not related to long-lived assets and is not required to be repaid, is recognized as grant income when there is reasonable assurance that the grant will be received and the Company will comply with any conditions associated with the grant. Additionally, grants are recognized over the periods in which the Company recognizes the qualifying expenses and/or lost income for which the grants are intended to compensate. As of December 31, 2023, 2022 and 2021, the amount of qualifying expenditures exceeded amounts recognized under The Coronavirus Aid Relief and Economic Security Act and other programs, and the Company had complied with all grant conditions. Accordingly, during the years ended December 31, 2023, 2022 and 2021, the Company recognized $0.1 million, $0.1 million and $0.5 million, respectively, of grants in resident fees and services, and during the year ended December 31, 2022, the Company recognized $3.6 million of grants in loss from unconsolidated joint ventures in the accompanying consolidated statements of income (loss).

Casualty Gains and Losses

Income resulting from insurance recoveries of property damage or business interruption losses is recognized when proceeds are received or contingencies related to the insurance recoveries are resolved.

A vacant facility owned by the Company suffered damages as a result of vandalism and theft. The Company received $6.2 million of insurance proceeds and recorded a $3.7 million gain related to the property damage during the year ended December 31, 2023 which is included in other income (expense) on the accompanying consolidated statements of income (loss).

A fire occurred at one of the Company's Senior Housing - Managed communities. The Company received $1.1 million of insurance proceeds and recorded $0.5 million of business interruption insurance income during the year ended December 31, 2023 which is included in other income (expense) on the accompanying consolidated statements of income (loss). The remaining proceeds were recorded as expense reimbursements in Senior Housing - Managed portfolio operating expenses on the accompanying consolidated statements of income (loss).

Assets Held for Sale, Dispositions and Discontinued Operations

The Company generally considers real estate to be "held for sale" when the following criteria are met: (i) management commits to a plan to sell the property, (ii) the property is available for sale immediately, (iii) the property is actively being marketed for sale at a price that is reasonable in relation to its current fair value, (iv) the sale of the property within one year is considered probable and (v) significant changes to the plan to sell are not expected. Real estate that is held for sale and its related assets are classified as assets held for sale and are included in accounts receivable, prepaid expenses and other assets, net on the accompanying consolidated balance sheets. Secured indebtedness and other liabilities related to real estate held for sale are classified as liabilities related to assets held for sale and are included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets. Real estate classified as held for sale is no longer depreciated and is reported at the lower of its carrying value or its estimated fair value less estimated costs to sell. As of December 31, 2023 and 2022, the Company did not have any assets held for sale.

For sales of real estate where the Company has collected the consideration to which it is entitled in exchange for transferring the real estate, the related assets and liabilities are removed from the balance sheet and the resultant gain or loss is recorded in the period in which the transaction closes. Any post-sale involvement is accounted for as separate performance obligations, and when the separate performance obligations are satisfied, the portion of the sales price allocated to each such obligation is recognized.

Additionally, the Company records the operating results related to real estate that has been disposed of or classified as held for sale as discontinued operations for all periods presented if it represents a strategic shift that has or will have a major effect on the Company's operations and financial results.

Investment in Unconsolidated Joint Ventures

The Company reports investments in unconsolidated entities over whose operating and financial policies it has the ability to exercise significant influence under the equity method of accounting. Under this method of accounting, the Company's share of the investee's earnings or losses is included in the Company's consolidated statements of income (loss). The initial carrying value of the investment is based on the amount paid to purchase the joint venture interest. Differences between the Company's cost basis and the basis reflected at the joint venture level are generally amortized over the lives of the related assets and liabilities, and such amortization is included in the Company's share of earnings of the joint venture. In addition, distributions received from unconsolidated entities are classified based on the nature of the activity or activities that generated the distribution.

The Company regularly monitors events and changes in circumstances, including investment operating performance, changes in anticipated holding period and general market conditions, that could indicate that the carrying amounts of its equity method investments may be impaired. An equity method investment's value is impaired when the fair value of the investment is less than its carrying value and the Company determines the decline in value is other-than-temporary. The fair value is estimated based on discounted cash flows models that include all estimated cash inflows and outflows and any estimated debt premiums or discounts. The discounted cash flows are based on several assumptions, including management fee, absorption period, terminal capitalization rates, revenue and expense per bed, revenue and expense growth percentage, replacement reserve per unit, stabilized occupancy, stabilized operating margin, price per bed and discount rates. The assumptions are generally based on management's experience in its local real estate markets, and the effects of current market conditions, which are subject to economic and market uncertainties. If the Company believes that there is an other-than-temporary decline in the value of an equity method investment, the Company would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of such equity method investment.

Loans Receivable and Credit Losses

Loans Receivable

The Company's loans receivable are reflected at amortized cost on the accompanying consolidated balance sheets. The amortized cost of a loan receivable is the outstanding unpaid principal balance, net of unamortized discounts, costs and fees directly associated with the origination of the loan.

Loans acquired in connection with a business combination are recorded at their acquisition date fair value. The Company determines the fair value of loans receivable based on estimates of expected discounted cash flows, collateral, credit risk and other factors. The Company does not establish a valuation allowance at the acquisition date, as the amount of estimated future cash flows reflects its judgment regarding their uncertainty. The Company recognizes the difference between the acquisition date fair value and the total expected cash flows as interest income using the effective interest method over the life of the applicable loan. The Company immediately recognizes in income any unamortized balances if the loan is repaid before its contractual maturity.

Interest income on the Company's loans receivable is recognized on an accrual basis over the life of the investment using the interest method. Direct loan origination costs are amortized over the term of the loan as an adjustment to interest income. When concerns exist as to the ultimate collection of principal or interest due under a loan, the loan is placed on nonaccrual status, and the Company will not recognize interest income until the cash is received, or the loan returns to accrual status. If the Company determines that the collection of interest according to the contractual terms of the loan or through the receipts of assets in satisfaction of contractual amounts due is probable, the Company will resume the accrual of interest. In instances where borrowers are in default under the terms of their loans, the Company may continue recognizing interest income provided that all amounts owed under the contractual terms of the loan, including accrued and unpaid interest, do not exceed the estimated fair value of the collateral, less costs to sell.

On a quarterly basis, the Company evaluates the collectability of its interest income receivable and establishes a reserve for amounts not expected to be collected. The Company's evaluation includes reviewing credit quality indicators such as payment status, changes affecting the operations of the facilities securing the loans, and national and regional economic factors. The reserve is a valuation allowance that reflects management's estimate of losses inherent in the interest income receivable balance as of the balance sheet date. The reserve is adjusted through provision for loan losses and other reserves on the Company's consolidated statements of income (loss) and is decreased by charge-offs to specific receivables.

Credit Losses

On a quarterly basis, the Company evaluates the collectability of its loan portfolio, including the portion of unfunded loan commitments expected to be funded, and establishes an allowance for credit losses. The allowance for credit losses is calculated using the related amortization schedules, payment histories and loan-to-value ratios. The following rates are applied to determine the aggregate expected losses, which is recorded as the allowance for credit losses: (i) a default rate, (ii) a liquidation cost rate and (iii) a distressed property reduction rate. If no loan-to-value ratio is available, a loss severity rate is applied in place of the liquidation cost rate and the distressed property reduction rate. The default rate is based on average charge-off and delinquency rates from the Federal Reserve, and the other rates are based on industry research and historical performance of a similar portfolio of financial assets. The allowance for credit losses is a valuation allowance that reflects management's estimate of losses inherent in the loan portfolio as of the balance sheet date. The reserve is adjusted through provision for loan losses and other reserves on the Company's consolidated statements of income (loss) and is decreased by charge-offs to specific loans.

Preferred Equity Investments and Preferred Return

Preferred equity investments are accounted for at unreturned capital contributions, plus accrued and unpaid preferred returns. The Company recognizes preferred return income on a monthly basis based on the outstanding investment including any previously accrued and unpaid return. As a preferred member of the preferred equity joint ventures in which the Company participates, the Company is not entitled to share in the joint venture's earnings or losses. Rather, the Company is entitled to receive a preferred return, which is deferred if the cash flow of the joint venture is insufficient to currently pay the accrued preferred return.

The Company regularly monitors events and changes in circumstances that could indicate that the carrying amounts of its preferred equity investments may not be recoverable or realized. On a quarterly basis, the Company evaluates its preferred equity investments for impairment based on a comparison of the fair value of the investment to its carrying value. The fair value is estimated based on discounted cash flows that include all estimated cash inflows and outflows over a specified holding period. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of its preferred equity investment, the Company would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of its preferred equity investment.

Cash and Cash Equivalents

The Company considers all short-term (with an original maturity of three months or less), highly-liquid investments utilized as part of the Company's cash-management activities to be cash equivalents. Cash equivalents may include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value.

The Company's cash and cash equivalents balance exceeded federally insurable limits as of December 31, 2023. To date, the Company has experienced no loss or lack of access to cash in its operating accounts. The Company has a corporate banking relationship with Bank of America, N.A. in which it deposits the majority of its cash.

Restricted Cash

Restricted cash primarily consists of amounts held by an exchange accommodation titleholder or by secured debt lenders to provide for future real estate tax expenditures, tenant improvements and capital expenditures. Pursuant to the terms of the Company's leases with certain tenants, the Company has assigned its interests in certain of these restricted cash accounts with secured debt lenders to the tenants, and this amount is included in accounts payable and accrued liabilities on the Company's consolidated balance sheets. As of December 31, 2023 and 2022, restricted cash totaled $5.4 million and $4.6 million, respectively, and restricted cash obligations totaled $1.4 million and $3.9 million, respectively.

Lessee Accounting

For operating leases greater than 12 months for which the Company is the lessee, such as corporate office leases and ground leases, the Company recognizes a right-of-use ("ROU") asset and related lease liability on its consolidated balance sheets at inception of the lease. ROU assets represent the Company's right to use underlying assets for the lease term, and lease liabilities are determined based on the estimated present value of the Company's minimum lease payments under the agreements. The discount rate used to determine the lease liabilities is based on the estimated incremental borrowing rate on a lease-by-lease basis. Certain of the Company's lease agreements have options to extend or terminate the contract terms upon meeting certain criteria. The lease term utilized in the calculation of the lease liability includes these options if exercise is considered reasonably certain. As of December 31, 2023 and 2022, the Company had $11.6 million and $8.5 million of ROU assets included in accounts receivable, prepaid expenses and other assets, net, and $12.5 million and $9.2 million of lease liabilities included in accounts payable and accrued liabilities, respectively, on its consolidated balance sheets.

During the years ended December 31, 2023, 2022 and 2021, the Company incurred lease expense of $1.4 million, $1.2 million and $1.2 million, respectively. As of December 31, 2023, the weighted average remaining lease term and discount rate were 17 years and 8%, respectively, and the future minimum lease payments under the operating leases included in the Company's lease liability were as follows (in thousands):

2024	$	1,310
2025		1,802
2026		1,324
2027		1,347
2028		1,330
Thereafter		18,104
Undiscounted minimum lease payments included in the lease liability		25,217
Less: imputed interest		(12,729)
Present value of lease liability	$	12,488

Stock-Based Compensation

Stock-based compensation expense for stock-based awards granted to Sabra's employees (teammates) and its non-employee directors is recognized in the statements of income (loss) based on the estimated grant date fair value, as adjusted. Compensation expense for awards with graded vesting schedules is generally recognized ratably over the period from the grant date to the date when the award is no longer contingent on the recipient providing additional services. Compensation expense for awards with performance-based vesting conditions is recognized based on the Company's estimate of the ultimate value of such award after considering the Company's expectations of future performance. Forfeitures of stock-based awards are recognized as they occur.

Deferred Financing Costs

Deferred financing costs representing fees paid to third parties are amortized over the terms of the respective financing agreements using the interest method. Deferred financing costs related to secured debt, term loans and senior unsecured notes are recorded as a reduction of the related debt liability, and deferred financing costs related to the revolving credit facility are recorded in accounts receivable, prepaid expenses and other assets, net. Unamortized deferred financing costs are generally expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financings that do not close are expensed in the period in which it is determined that the financing will not close.

Income Taxes

The Company elected to be treated as a REIT with the filing of its U.S. federal income tax return for the taxable year beginning January 1, 2011. The Company believes that it has been organized and operated, and it intends to continue to operate, in a manner to qualify as a REIT. To qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of the Company's annual REIT taxable income to stockholders (which is computed without regard to the dividends-paid deduction or net capital gains and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, the Company generally will not be subject to federal income tax on income that it distributes as dividends to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to U.S. federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost, unless the Internal Revenue Service grants the Company relief under certain statutory provisions. Such an event could materially and adversely affect the Company's net income and net cash available for distribution to stockholders. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT.

As a result of certain investments, the Company now records income tax expense or benefit with respect to certain of its entities that are taxed as taxable REIT subsidiaries under provisions similar to those applicable to regular corporations and not under the REIT provisions.

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

The Company evaluates its tax positions using a two-step approach: step one (recognition) occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination, and step two (measurement) is only addressed if step one has been satisfied (i.e., the position is more likely than not to be sustained). Under step two, the tax benefit is measured as the largest amount of benefit (determined on a cumulative probability basis) that is more likely than not to be realized upon ultimate settlement. The Company will recognize tax penalties relating to unrecognized tax benefits as additional tax expense.

Foreign Currency

Certain of the Company's subsidiaries' functional currencies are the local currencies of their respective foreign jurisdictions. The Company translates the results of operations of its foreign subsidiaries into U.S. dollars using average rates of exchange in effect during the period presented, and it translates balance sheet accounts using exchange rates in effect at the end of the period presented. The Company records resulting currency translation adjustments in accumulated other comprehensive loss, a component of stockholders' equity, on its consolidated balance sheets, and it records foreign currency transaction gains and losses as a component of other (expense) income on its consolidated statements of income (loss).

Derivative Instruments

The Company uses certain types of derivative instruments for the purpose of managing interest rate and currency risk. To qualify for hedge accounting, derivative instruments used for risk management purposes must effectively reduce the risk exposure that they are designed to hedge. In addition, at inception, the Company must make an assessment that the transaction that the Company intends to hedge is probable of occurring, and this assessment must be updated each reporting period.

The Company recognizes all derivative instruments as assets or liabilities on the consolidated balance sheets at their fair value. For derivatives designated and qualified as a hedge, the change in fair value of the effective portion of the derivatives is recognized in accumulated other comprehensive loss. Changes in the fair value of derivative instruments that are not designated in hedging relationships or that do not meet the criteria for hedge accounting would be recognized in earnings. In addition, the Company classifies cash flows from qualifying cash flow hedging relationships in the same category as the cash flows from the hedged items.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategy for undertaking various hedge transactions. This process includes designating all derivatives that are part of a hedging relationship to specific transactions, as well as recognizing obligations or assets on the consolidated balance sheets. The Company also assesses and documents, both at inception of the hedging relationship and on a quarterly basis thereafter, whether the derivatives are highly effective in offsetting the designated risks associated with the respective hedged items. If it is determined that a derivative ceases to be highly effective as a hedge, or that it is probable the underlying transaction will not occur, the Company would discontinue hedge accounting prospectively and record the appropriate adjustment to earnings based on the then-current fair value of the derivative.

Fair Value Measurements

Under GAAP, the Company is required to measure certain financial instruments at fair value on a recurring basis. In addition, the Company is required to measure other financial instruments and balances at fair value on a non-recurring basis (e.g., carrying value of impaired loans receivable and long-lived assets). Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The GAAP fair value framework uses a three-tiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both significant to the fair value measurement and unobservable.

When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items as Level 1 or Level 2. In instances where the market for a financial instrument is not active, regardless of the availability of a nonbinding quoted market price, observable inputs might not be relevant and could require the Company to make a significant adjustment to derive a fair value measurement. Additionally, in an inactive market, a market price quoted from an independent third party may rely more on models with inputs based on information available only to that independent third party. When the Company determines the market for a financial instrument owned by the Company to be illiquid or when market transactions for similar instruments do not appear orderly, the Company may use several valuation sources (including internal valuations, discounted cash flow analysis and quoted market prices) to establish a fair value. If more than one valuation source is used, the Company will assign weights to the various valuation sources. Additionally, when determining the fair value of liabilities in circumstances in which a quoted price in an active market for an identical liability is not available, the Company measures fair value using (i) a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities or similar liabilities when traded as assets or (ii) another valuation technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach.

Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may not be realized in an immediate settlement of the instrument.

The Company considers the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with the Company's estimate of expected cash flows, considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bid-ask spread or significant increase in the bid-ask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principal-to-principal market).

The Company considers the following factors to be indicators of non-orderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership (that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

Per Share Data

Basic earnings per common share is computed by dividing net income applicable to common stockholders by the weighted average number of shares of common stock and common equivalents outstanding during the period. Diluted earnings per common share is calculated by including the effect of dilutive securities, such as the impact of forward equity sales agreements using the treasury stock method and common shares issuable from certain performance restricted stock units and unvested restricted stock units. See Note 14, "Earnings Per Common Share."

Industry Segments

The Company has one reportable segment consisting of investments in healthcare-related real estate properties.

Beds, Units and Other Measures

The number of beds, units and other measures used to describe the Company's real estate investments included in the Notes to Consolidated Financial Statements are presented on an unaudited basis.

Recently Issued Accounting Standards Update

Issued but Not Yet Adopted

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). ASU 2020-04 provides temporary optional guidance that provides transition relief for reference rate reform, including optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions that reference the London Interbank Offered Rate ("LIBOR") or a reference rate that is expected to be discontinued as a result of reference rate reform if certain criteria are met. ASU 2020-04 is effective upon issuance, and the provisions generally can be applied prospectively as of January 1, 2020 through December 31, 2024. During the first quarter of 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. As of July 1, 2023, the Company had converted all of its LIBOR-indexed debt and derivatives to Secured Overnight Financing Rate ("SOFR")-based indexes (effective with the respective instrument's next reset date for certain instruments). For all derivatives in hedge accounting relationships, the Company utilized the effective relief in Topic 848 that allows for the continuation of hedge accounting throughout the transition process. Application of these expedients preserves the presentation of derivatives consistent with past presentation. In January 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope, which refines the scope of Topic 848 and clarifies some of its guidance. In December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848, which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Company continues to evaluate the impact of the guidance as it relates to hedging relationships and other transactions that reference the Canadian Dollar Offered Rate ("CDOR") which is expected to be discontinued in 2024 and may apply other elections as applicable as additional changes in the market occur.

3. RECENT REAL ESTATE ACQUISITIONS (CONSOLIDATED)

During the year ended December 31, 2023, the Company acquired two skilled nursing/transitional care facilities, one Senior Housing - Leased community and one Senior Housing - Managed community. During the year ended December 31, 2022, the Company acquired three Senior Housing - Managed communities and one behavioral health facility. The Senior Housing - Managed community acquired during the year ended December 31, 2023 and two of the Senior Housing - Managed communities acquired during the year ended December 31, 2022 were part of the Company's proprietary development pipeline and were previously reflected as preferred equity investments which had a book value of $4.6 million and $14.3 million, respectively, at the time of acquisition. The consideration was allocated as follows (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Land	$ 6,796	$ 11,767
Building and improvements	79,830	89,646
Tenant origination and absorption costs intangible assets	3,492	5,061
Tenant relationship intangible assets	255	41
Total consideration	$ 90,373	$ 106,515

The tenant origination and absorption costs intangible assets and tenant relationship intangible assets had weighted-average amortization periods as of the respective dates of acquisition of four years and 22 years, respectively, for acquisitions completed during the year ended December 31, 2023. The tenant origination and absorption costs intangible assets and tenant relationship intangible assets had weighted-average amortization periods as of the respective dates of acquisition of two years and 25 years, respectively, for acquisitions completed during the year ended December 31, 2022.

For the year ended December 31, 2023, the Company recognized $10.4 million and $0.7 million of total revenues and net income, respectively, from the facilities acquired during the year ended December 31, 2023. For the year ended December 31, 2022, the Company recognized $11.1 million and $1.6 million of total revenues and net loss, respectively, from the facilities acquired during the year ended December 31, 2022.

During the three months ended June 30, 2023, the Company, in accordance with the terms of the agreements pursuant to which it purchased the facilities, paid $17.9 million in additional consideration related to two Senior Housing - Managed communities that achieved certain performance metrics. This amount is included in real estate investments, net of accumulated depreciation on the accompanying consolidated balance sheets.

4. INVESTMENT IN REAL ESTATE PROPERTIES

The Company's real estate properties held for investment consisted of the following (dollars in thousands):

As of December 31, 2023

Property Type	Number of Properties	Number of Beds/Units	Total Real Estate at Cost	Accumulated Depreciation	Total Real Estate Investments, Net
Skilled Nursing/Transitional Care	241	26,769	$ 3,050,861	$ (535,653)	$ 2,515,208
Senior Housing - Leased	43	3,473	573,274	(109,601)	463,673
Senior Housing - Managed	61	6,041	1,289,485	(255,803)	1,033,682
Behavioral Health	18	1,159	496,737	(71,943)	424,794
Specialty Hospitals and Other	15	392	225,443	(47,454)	177,989
	378	37,834	5,635,800	(1,020,454)	4,615,346
Corporate Level			2,547	(632)	1,915
			$ 5,638,347	$ (1,021,086)	$ 4,617,261

As of December 31, 2022

Property Type	Number of Properties	Number of Beds/Units	Total Real Estate at Cost	Accumulated Depreciation	Total Real Estate Investments, Net
Skilled Nursing/Transitional Care	264	29,136	$ 3,385,221	$ (492,495)	$ 2,892,726
Senior Housing - Leased	47	3,550	590,694	(97,716)	492,978
Senior Housing - Managed	59	5,942	1,205,283	(222,089)	983,194
Behavioral Health	17	965	465,143	(58,481)	406,662
Specialty Hospitals and Other	15	392	225,443	(42,038)	183,405
	402	39,985	5,871,784	(912,819)	4,958,965
Corporate Level			904	(526)	378
			$ 5,872,688	$ (913,345)	$ 4,959,343

	As of December 31, 2023	As of December 31, 2022
Building and improvements	$ 4,843,258	$ 5,034,470
Furniture and equipment	238,185	262,644
Land improvements	10,306	7,085
Land	546,598	568,489
Total real estate at cost	5,638,347	5,872,688
Accumulated depreciation	(1,021,086)	(913,345)
Total real estate investments, net	$ 4,617,261	$ 4,959,343

Operating Leases

As of December 31, 2023, the substantial majority of the Company's real estate properties (excluding 61 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from one year to 19 years. As of December 31, 2023, the leases had a weighted-average remaining term of eight years. The leases generally include provisions to extend the lease terms and other negotiated terms and conditions. The Company, through its subsidiaries, retains substantially all of the risks and benefits of ownership of the real estate assets leased to the tenants. The Company may receive additional security under these operating leases in the form of letters of credit and security deposits from the lessee or guarantees from the parent of the lessee. Security deposits received in cash related to tenant leases are included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets and totaled $16.4 million and $13.0 million as of December 31, 2023 and 2022, respectively, and letters of credit deposited with the Company totaled approximately $56 million and $57 million as of December 31, 2023 and 2022, respectively. In addition, the Company's tenants have deposited with the Company $12.4 million and $13.3 million as of December 31, 2023 and 2022, respectively, for future real estate taxes, insurance expenditures and tenant improvements related to the Company's properties and their operations, and these amounts are included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets.

Lessor costs that are paid by the lessor and reimbursed by the lessee are included in the measurement of variable lease revenue and the associated expense. As a result, the Company recognized variable lease revenue and the associated expense of $15.3 million, $17.7 million and $18.0 million during the years ended December 31, 2023, 2022 and 2021, respectively.

The Company monitors the creditworthiness of its tenants by evaluating the ability of the tenants to meet their lease obligations to the Company based on the tenants' financial performance, including, as applicable and appropriate, the evaluation of any parent guarantees (or the guarantees of other related parties) of such lease obligations. The primary basis for the Company's evaluation of the credit quality of its tenants (and more specifically the tenant's ability to pay their rent obligations to the Company) is the tenant's lease coverage ratio as supplemented by the parent's fixed charge coverage ratio for those entities with a parent guarantee. These coverage ratios include earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR") to rent and earnings before interest, taxes, depreciation, amortization, rent and management fees ("EBITDARM") to rent at the lease level and consolidated EBITDAR to total fixed charges at the parent guarantor level when such a guarantee exists. The Company obtains various financial and operational information from the majority of its tenants each month and reviews this information in conjunction with the above-described coverage metrics to identify financial and operational trends, evaluate the impact of the industry's operational and financial environment (including the impact of government reimbursement), and evaluate the management of the tenant's operations. These metrics help the Company identify potential areas of concern relative to its tenants' credit quality and ultimately the tenant's ability to generate sufficient liquidity to meet its obligations, including its obligation to continue to pay the rent due to the Company.

In 2021, the Company concluded that its lease with the Avamere Family of Companies ("Avamere") should no longer be accounted for on an accrual basis and wrote off $25.2 million of straight-line rent receivable balances, and in 2022, Avamere's lease was amended to, among other things, reduce Avamere's annual base rent to $30.7 million from $44.1 million, effective February 1, 2022.

In 2022, the Company concluded that its leases with North American Health Care, Inc. ("North American") should no longer be accounted for on an accrual basis and wrote off $15.6 million of straight-line rent receivable balances related to these leases. The facilities were transitioned to the Ensign Group or Avamere, as applicable, effective February 1, 2023.

For the year ended December 31, 2023, no tenant relationship represented 10% or more of the Company's total revenues.

As of December 31, 2023, the future minimum rental payments from the Company's properties held for investment under non-cancelable operating leases were as follows and may materially differ from actual future rental payments received (in thousands):

2024	$	377,721
2025		372,911
2026		357,434
2027		334,489
2028		310,963
Thereafter		1,289,067
	$	3,042,585

Senior Housing - Managed Communities

The Company's Senior Housing - Managed communities offer residents certain ancillary services that are not contemplated in the lease with each resident (i.e., housekeeping, laundry, guest meals, etc.). These services are provided and paid for in addition to the standard services included in each resident lease (i.e., room and board, standard meals, etc.). The Company bills residents for ancillary services one month in arrears and recognizes revenue as the services are provided, as the Company has no continuing performance obligation related to those services. Resident fees and services includes ancillary service revenue of $2.0 million, $1.5 million and $1.3 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Capital and Other Expenditures

As of December 31, 2023, the Company's aggregate commitment for future capital and other expenditures associated with facilities leased under triple-net operating leases was approximately $27 million. These commitments are principally for improvements to its facilities.

Investment in Unconsolidated Joint Ventures

The following is a summary of the Company's investment in unconsolidated joint ventures (dollars in thousands):

	Property Type	Number of Properties as of December 31, 2023	Ownership as of December 31, 2023 [(1)]	Book Value as of December 31, 2023	Book Value as of December 31, 2022
Sienna Joint Venture	Senior Housing - Managed	12	50 %	$ 119,724	$ 120,269
Marlin Spring Joint Venture	Senior Housing - Managed	4	85 %	17,119	14,693
				$ 136,843	$ 134,962

(1) These investments are not consolidated because the Company does not control, through voting rights or other means, the joint ventures.

The Company formed a joint venture with Marlin Spring (the "Marlin Spring Joint Venture") that completed the acquisition of one and three senior housing communities that are being managed by third-party operators during 2023 and 2022, respectively. The gross investment, excluding acquisition costs, by the Marlin Spring Joint Venture totaled CAD $30.0 million and CAD $82.5 million during 2023 and 2022, respectively. In addition, the Marlin Spring Joint Venture assumed and financed an aggregate CAD $23.6 million and CAD $65.0 million of debt during 2023 and 2022, respectively. The Company's equity investment was CAD $6.1 million and CAD $16.6 million during 2023 and 2022, respectively.

During 2022, the Company formed a joint venture with Sienna Senior Living (the "Sienna Joint Venture"), and the Sienna Joint Venture completed the acquisition of 12 senior housing communities that are being managed by Sienna Senior Living. The gross investment by the Sienna Joint Venture totaled CAD $379.0 million, excluding acquisition costs, and in addition, the Sienna Joint Venture assumed CAD $53.4 million of debt. The Company's equity investment was CAD $161.8 million.

During the second quarter of 2021, the Company determined that it intended to eventually exit its 49% stake in the real estate platform of TPG (the "Enlivant Joint Venture") and concluded that the carrying value exceeded the estimated fair value of the investment and deemed the decline to be other-than-temporary. This resulted in the Company recording an impairment charge totaling $164.1 million during the three months ended June 30, 2021 which is included in loss from unconsolidated joint ventures on the accompanying consolidated statements of income (loss).

During the fourth quarter of 2022, due to the confluence of labor shortages, increased labor costs, elevated interest rates and a slower than anticipated recovery in the operating performance of the underlying facilities, the Company concluded that the estimated fair value of its investment in the Enlivant Joint Venture had further declined to zero based on updated future cash flow analyses. This decline was deemed to be other-than-temporary, and the Company recorded an impairment charge totaling $57.8 million during the three months ended December 31, 2022 which is included in loss from unconsolidated joint ventures on the accompanying consolidated statements of income (loss).

Effective January 1, 2023, the Company discontinued applying the equity method of accounting to the Enlivant Joint Venture. Effective May 1, 2023, the Company withdrew and resigned its membership in the Enlivant Joint Venture and accordingly, no longer has an equity interest in the Enlivant Joint Venture as of such date.

Summarized Financial Information

The following tables present summarized financial information for the Company's investments in unconsolidated joint ventures (in thousands).

	As of December 31,	
	2023	2022
Total assets	$ 353,779	$ 754,220
Total liabilities	106,490	894,969
Member's equity (deficit)	247,289	(140,749)

	Year Ended December 31,		
	2023	2022	2021
Total revenues	$ 64,446	$ 351,073	$ 274,693
Operating expenses [(1)]	47,811	324,462	265,194
Net loss	(9,823)	(66,171)	(35,276)
Company's share of net loss	$ (2,897)	$ (32,581)	$ (17,184)
Basis adjustments	—	7,673	10,771
Other-than-temporary impairment	—	57,778	164,126
Loss from unconsolidated joint venture	$ (2,897)	$ (98,032)	$ (192,081)

(1) During the years ended December 31, 2022 and 2021, TPG caused the Enlivant Joint Venture to fund $25.0 million and $20.0 million, respectively, of payments to Enlivant beyond amounts contractually required under the management agreement. These payments were to support the operations of Enlivant and are reflected as operating expenses. Funding for the support payments did not require capital contributions from Sabra but rather were funded with proceeds received by the Enlivant Joint Venture from TPG for the issuance of senior preferred interests or with cash on hand at the Enlivant Joint Venture.

Certain amounts in the financial information have been reclassified to conform to Sabra's presentation. For the Enlivant Joint Venture, except for basis adjustments, other-than-temporary impairment and loss from unconsolidated joint venture, the financial information reflects the historical cost basis of the assets which pre-dated the Company's investment in the Enlivant Joint Venture. In addition, the Company's share of net loss in the Enlivant Joint Venture excludes certain equity-like compensation expense and the related income tax impact as such expense is not the responsibility of the Company under the terms of the joint venture agreement.

Net Investment in Sales-Type Lease

As of December 31, 2022, the Company had a $25.5 million net investment in one skilled nursing/transitional care facility leased to a tenant under a sales-type lease, as the tenant is obligated to purchase the property at the end of the lease term. During the three months ended March 31, 2023, the tenant purchased the skilled nursing/transitional care facility for net proceeds of $25.5 million as obligated under terms of the lease.

5. IMPAIRMENT OF REAL ESTATE AND DISPOSITIONS

Impairment of Real Estate

During the years ended December 31, 2023, 2022 and 2021, the Company recognized real estate impairments of $14.3 million, $94.0 million and $9.5 million, respectively, related to three, 10 and three facilities, respectively. These facilities have either been sold or are closed.

To estimate the fair value of the impaired facilities, the Company utilized a market approach which considered binding sale agreements, non-binding offers from unrelated third parties or model-derived valuations with significant unobservable inputs (Level 3 measurements), as applicable.

The Company continues to evaluate additional assets for sale as part of its initiative to recycle capital and further improve its portfolio quality. This could lead to a shorter hold period and could result in the determination that the full amount of the Company's investment is not recoverable, resulting in an impairment charge which could be material.

Dispositions

The following table summarizes the Company's dispositions for the periods presented (dollars in millions):

	Year Ended December 31,		
	2023	2022	2021
Number of facilities	28	18	16
Consideration, net of closing costs	$ 255.6	$ 87.3	$ 103.4
Net carrying value	332.2	99.3	92.1
Net (loss) gain on sale	$ (76.6)	$ (12.0)	$ 11.3

The Company recognized net loss of $80.9 million and $94.8 million during the years ended December 31, 2023 and 2022, respectively, and net income of $21.5 million during the year ended December 31, 2021, which includes impairment of real estate of $7.1 million, $94.0 million and $9.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, and net (loss) gain on sale from these facilities.

The sale of the disposition facilities does not represent a strategic shift that has or will have a major effect on the Company's operations and financial results, and therefore the results of operations attributable to these facilities have remained in continuing operations.

6. INTANGIBLE ASSETS AND LIABILITIES

The following table summarizes the Company's intangible assets and liabilities as of December 31, 2023 and 2022 (in thousands):

	As of December 31,	
	2023	2022
Lease Intangible Assets:		
Above market leases	$ 7,496	$ 7,496
Tenant origination and absorption costs	43,071	58,578
Tenant relationship	16,983	20,119
Gross lease intangible assets	67,550	86,193
Accumulated amortization	(36,653)	(46,062)
Lease intangible assets, net	$ 30,897	$ 40,131
Lease Intangible Liabilities:		
Below market leases	$ 68,573	$ 80,208
Accumulated amortization	(36,041)	(37,964)
Lease intangible liabilities, net	$ 32,532	$ 42,244

The following is a summary of real estate intangible amortization income (expense) for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Increase (decrease) to rental income related to above/below market leases, net [(1)]	$ 5,821	$ 6,624	$ (13,512)
Depreciation and amortization related to tenant origination and absorption costs and tenant relationship	(11,616)	(17,591)	(8,694)

(1) Balance for the year ended December 31, 2021 includes $18.6 million of accelerated amortization related to the above market lease intangible associated with the Company's lease with Avamere. See Note 4, "Investment in Real Estate Properties," for further discussion.

The remaining unamortized balance for these outstanding intangible assets and liabilities as of December 31, 2023 will be amortized for the years ending December 31 as follows (dollars in thousands):

	Lease Intangible Assets	Lease Intangible Liabilities
2024	$ 5,523	$ 5,690
2025	4,612	5,139
2026	4,411	4,884
2027	3,115	4,442
2028	2,662	4,296
Thereafter	10,574	8,081
	$ 30,897	$ 32,532
Weighted-average remaining amortization period	8.8 years	6.5 years

7. LOANS RECEIVABLE AND OTHER INVESTMENTS

As of December 31, 2023 and 2022, the Company's loans receivable and other investments consisted of the following (dollars in thousands):

Investment	Quantity as of December 31, 2023	Property Type	Principal Balance as of December 31, 2023 [1]	Book Value as of December 31, 2023	Book Value as of December 31, 2022	As of December 31, 2023: Weighted Average Contractual Interest Rate / Rate of Return	As of December 31, 2023: Weighted Average Annualized Effective Interest Rate / Rate of Return	Maturity Date as of December 31, 2023
Loans Receivable:								
Mortgage	2	Behavioral Health	$ 319,000	$ 319,000	$ 319,000	7.6 %	7.6 %	11/01/26 - 01/31/27
Other	12	Multiple	53,873	50,440	47,936	7.7 %	7.4 %	10/01/23 - 05/01/29
	14		372,873	369,440	366,936	7.7 %	7.6 %	
Allowance for loan losses			—	(6,665)	(6,611)			
			$ 372,873	$ 362,775	$ 360,325			
Other Investments:								
Preferred Equity	5	Skilled Nursing / Senior Housing	57,681	57,849	51,071	11.0 %	11.0 %	N/A
Total	19		$ 430,554	$ 420,624	$ 411,396	8.1 %	8.1 %	

[1] Principal balance includes amounts funded and accrued but unpaid interest / preferred return and excludes capitalizable fees.

As of December 31, 2023, the Company has committed to provide up to $0.5 million of future funding related to one loan receivable investment.

Additional information regarding the Company's loans receivable is as follows (dollars in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Allowance for loan losses:			
Balance at the beginning of the year	$ 6,611	$ 6,344	$ 2,458
Provision for loan losses	192	267	3,886
Write-off of uncollectible balances	(138)	—	—
Balance at the end of the year	$ 6,665	$ 6,611	$ 6,344

	As of December 31, 2023	As of December 31, 2022
Deteriorated credit quality:		
Number of loans receivable investments	1	1
Principal balance	$ 1,214	$ 1,214
Book value	—	—
Nonaccrual status:		
Number of loans receivable investments	3	3
Book value	$ —	$ —

As of December 31, 2023 and 2022, the Company did not consider any preferred equity investments to be impaired, and no preferred equity investments were on nonaccrual status.

8. DEBT

Secured Indebtedness

The Company's secured debt consists of the following (dollars in thousands):

Interest Rate Type	Principal Balance as of December 31, [1] 2023	Principal Balance as of December 31, [1] 2022	As of December 31, 2023 Weighted Average Interest Rate	As of December 31, 2023 Weighted Average Effective Interest Rate [2]	Maturity Date
Fixed Rate	$ 48,143	$ 50,123	2.85 %	3.34 %	May 2031 - August 2051

[1] Principal balance does not include deferred financing costs, net of $0.8 million and $0.9 million as of December 31, 2023 and 2022, respectively.
[2] Weighted average effective interest rate includes private mortgage insurance.

During the year ended December 31, 2022, the Company repaid $15.4 million of debt secured by three facilities.

During the year ended December 31, 2021, the Company sold two facilities and repaid $9.8 million of debt secured by the facilities which resulted in a $0.1 million loss on extinguishment of debt related to write-offs of deferred financing costs.

Senior Unsecured Notes

The Company's senior unsecured notes consist of the following (dollars in thousands):

Title	Maturity Date	Principal Balance as of December 31, [1] 2023	Principal Balance as of December 31, [1] 2022
5.125% senior unsecured notes due 2026	August 15, 2026	$ 500,000	$ 500,000
5.88% senior unsecured notes due 2027	May 17, 2027	100,000	100,000
3.90% senior unsecured notes due 2029	October 15, 2029	350,000	350,000
3.20% senior unsecured notes due 2031	December 1, 2031	800,000	800,000
		$ 1,750,000	$ 1,750,000

[1] Principal balance does not include discount, net of $4.3 million and deferred financing costs, net of $10.5 million as of December 31, 2023 and does not include discount, net of $3.5 million and deferred financing costs, net of $12.0 million as of December 31, 2022. In addition, the weighted average effective interest rate as of December 31, 2023 was 4.01%.

4.80% Notes Due 2024. On May 29, 2019, the Operating Partnership and Sabra Capital Corporation, wholly owned subsidiaries of the Company (the "Issuers"), completed an underwritten public offering of $300.0 million aggregate principal amount of 4.80% senior unsecured notes due 2024 (the "2024 Notes"). The net proceeds were $295.3 million after deducting underwriting discounts and other offering expenses.

On October 7, 2021, the Issuers redeemed all $300.0 million aggregate principal amount outstanding of the 2024 Notes at a cash redemption price of 110.045% of the principal amount being redeemed, plus accrued and unpaid interest. The redemption resulted in $32.7 million of redemption related costs and write-offs for the year ended December 31, 2021, consisting of $30.2 million in payments made to noteholders and legal fees for early redemption and $2.5 million of write-offs associated with unamortized discount and deferred financing costs.

5.125% Notes Due 2026. In connection with the Company's merger with Care Capital Properties ("CCP"), on August 17, 2017, the Operating Partnership assumed $500.0 million aggregate principal amount of 5.125% senior unsecured notes due 2026 (the "2026 Notes") issued by Care Capital Properties, LP in July 2016. The 2026 Notes accrue interest at a rate of 5.125% per annum payable semiannually on February 15 and August 15 of each year.

The Operating Partnership may, at its option, redeem the 2026 Notes at any time in whole or from time to time in part prior to their stated maturity. The redemption price for 2026 Notes that are redeemed will be equal to (i) 100% of their principal amount, together with accrued and unpaid interest thereon, if any, to (but excluding) the date of redemption, plus, (ii) if redeemed prior to May 15, 2026, a make-whole premium. Assuming the 2026 Notes are not redeemed, the 2026 Notes mature on August 15, 2026.

5.88% Notes Due 2027. In connection with the Company's merger with CCP, on August 17, 2017, the Operating Partnership assumed $100.0 million aggregate principal amount of unregistered senior unsecured notes due 2027 (the "2027 Notes") issued by Care Capital Properties, LP in May 2016. The 2027 Notes accrue interest at a rate of 5.88% per annum payable semiannually on May 17 and November 17 of each year.

The Operating Partnership may prepay the 2027 Notes, in whole at any time or in part from time to time, at 100% of the principal amount to be prepaid plus a make-whole premium. Assuming the 2027 Notes are not redeemed, the 2027 Notes mature on May 17, 2027.

3.90% Notes Due 2029. On October 7, 2019, the Issuers completed an underwritten public offering of $350.0 million aggregate principal amount of 3.90% senior unsecured notes due 2029 (the "2029 Notes"). The net proceeds were $340.5 million after deducting underwriting discounts and other offering expenses. A portion of the net proceeds was used to redeem all $200.0 million of 5.375% unsecured senior notes due 2023 (the "2023 Notes"), and the remaining net proceeds were used to repay borrowings outstanding on the Prior Revolving Credit Facility (as defined below). The 2029 Notes accrue interest at a rate of 3.90% per annum payable semiannually on April 15 and October 15 of each year. In 2019, Sabra Capital Corporation's obligations as a co-issuer under the 2029 Notes were automatically released and discharged upon the redemption of the 2023 Notes.

The 2029 Notes are redeemable at the option of the Operating Partnership, in whole or in part at any time and from time to time, prior to July 15, 2029, at a price equal to 100% of the principal amount, together with any accrued and unpaid interest to, but not including, the redemption date, plus a make-whole premium. The Operating Partnership may also redeem the 2029 Notes on or after July 15, 2029, at a price equal to 100% of the principal amount, together with any accrued and unpaid interest to, but not including, the redemption date. Assuming the 2029 Notes are not redeemed, the 2029 Notes mature on October 15, 2029.

3.20% Notes Due 2031. On September 30, 2021, the Operating Partnership completed an underwritten public offering of $800.0 million aggregate principal amount of 3.20% senior unsecured notes due 2031 (the "2031 Notes"). The net proceeds were $782.2 million after deducting underwriting discounts and other offering expenses. The net proceeds were used to repay $345.0 million of the Company's U.S. dollar Prior Term Loans (as defined below), redeem all of the 2024 Notes, as discussed above, and to fund a portion of one of the Company's mortgage loans. The 2031 Notes accrue interest at a rate of 3.20% per annum payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022.

The 2031 Notes are redeemable at the option of the Operating Partnership, in whole or in part at any time and from time to time, prior to September 1, 2031, at a price equal to 100% of the principal amount, together with any accrued and unpaid interest to the redemption date, plus a "make-whole" premium. The Operating Partnership may also redeem the 2031 Notes on or after September 1, 2031, at a price equal to 100% of the principal amount, together with any accrued and unpaid interest to the redemption date. Assuming the 2031 Notes are not redeemed, the 2031 Notes mature on December 1, 2031.

The obligations under the 2027 Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by Sabra and one of its non-operating subsidiaries, subject to release under certain customary circumstances. The obligations under the 2026 Notes, 2029 Notes and 2031 Notes are fully and unconditionally guaranteed, on an unsecured basis, by Sabra; provided, however, that such guarantee is subject to release under certain customary circumstances.

The indenture governing the 2026 Notes contains certain covenants that, among other things, limits the ability of Sabra, the Issuers and their subsidiaries to: (i) consummate a merger, consolidate or sell all or substantially all of our consolidated assets and (ii) incur secured or unsecured indebtedness. In addition, Sabra, the Operating Partnership and their subsidiaries are required to maintain at all times consolidated unencumbered total asset value in an amount not less than 150% of the aggregate outstanding principal amount of the Company's consolidated unsecured debt.

The agreement governing the 2027 Notes provides for customary events of default, including, but not limited to, the failure to make payments of interest or premium, if any, on, or principal of, the 2027 Notes, the failure to comply with certain covenants and agreements specified in the agreement governing the 2027 Notes for a period of time after notice has been provided, the acceleration of other indebtedness resulting from the failure to pay principal on such other indebtedness prior to its maturity, and certain events of insolvency. In addition, certain change of control events constitute an event of default under the agreement governing the 2027 Notes. If any event of default occurs, the principal of, premium, if any, and accrued interest on all the then-outstanding 2027 Notes may become due and payable immediately.

The indenture governing the 2029 Notes and 2031 Notes contains restrictive covenants that, among other things, restrict the ability of Sabra, the Issuers and their subsidiaries to: (i) incur or guarantee additional indebtedness; (ii) incur or guarantee secured indebtedness; and (iii) merge or consolidate or sell all or substantially all of their assets. The indenture governing the 2029 Notes and 2031 Notes also provides for customary events of default, including, but not limited to, the failure to make payments of interest or premium, if any, on, or principal of, the 2029 Notes and 2031 Notes, the failure to comply with certain covenants and agreements specified in the indenture for a period of time after notice has been provided, the acceleration of other indebtedness resulting from the failure to pay principal on such other indebtedness prior to its maturity, and certain events of insolvency. If any event of default occurs, the principal of, premium, if any, and accrued interest on all the then-outstanding 2029 Notes and 2031 Notes may become due and payable immediately. The indenture governing the 2029 Notes and 2031

Notes requires Sabra, the Issuers and their subsidiaries to maintain Total Unencumbered Assets (as defined in the indentures) of at least 150% of the Company's unsecured indebtedness.

The Company was in compliance with all applicable financial covenants under the indentures and agreements (the "Senior Notes Indentures") governing the 2026 Notes, 2027 Notes, 2029 Notes and 2031 Notes (collectively, the "Senior Notes") outstanding as of December 31, 2023.

Credit Agreement

On September 9, 2019, the Operating Partnership and Sabra Canadian Holdings, LLC (together, the "Borrowers"), Sabra and the other parties thereto entered into a fifth amended and restated unsecured credit agreement (the "Prior Credit Agreement").

The Prior Credit Agreement included a $1.0 billion revolving credit facility (the "Prior Revolving Credit Facility"), a $436.3 million U.S. dollar term loan and a CAD $125.0 million Canadian dollar term loan (collectively, the "Prior Term Loans"). Further, up to $175.0 million of the Prior Revolving Credit Facility could be used for borrowings in certain foreign currencies. The Prior Credit Agreement also contained an accordion feature that allowed for an increase in the total available borrowings to $2.75 billion, subject to terms and conditions.

During the years ended December 31, 2022 and 2021, the Company recognized $0.4 million and $1.8 million, respectively, of loss on extinguishment of debt related to write-offs of deferred financing costs in connection with the partial pay down of the U.S. dollar Prior Term Loan.

Borrowings under the Prior Revolving Credit Facility bore interest on the outstanding principal amount at a rate equal to a ratings-based applicable interest margin plus, CDOR for Canadian dollar borrowings, or at the Operating Partnership's option for U.S. dollar borrowings, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0% (the "Prior Base Rate"). The ratings-based applicable interest margin for borrowings varied based on the Debt Ratings, as defined in the Prior Credit Agreement, and ranged from 0.775% to 1.45% per annum for CDOR or LIBOR based borrowings and 0.00% to 0.45% per annum for borrowings at the Prior Base Rate. In addition, the Operating Partnership paid a facility fee ranging between 0.125% and 0.300% per annum based on the aggregate amount of commitments under the Prior Revolving Credit Facility regardless of amounts outstanding thereunder.

The U.S. dollar Prior Term Loan bore interest on the outstanding principal amount at a rate equal to a ratings-based applicable interest margin plus, at the Operating Partnership's option, either (a) LIBOR or (b) the Prior Base Rate. The ratings-based applicable interest margin for borrowings varied based on the Debt Ratings and ranged from 0.85% to 1.65% per annum for LIBOR based borrowings and 0.00% to 0.65% per annum for borrowings at the Prior Base Rate. The Canadian dollar Prior Term Loan bore interest on the outstanding principal amount at a rate equal to CDOR plus an interest margin ranged from 0.85% to 1.65% depending on the Debt Ratings.

On January 4, 2023, the Borrowers, and the other parties thereto entered into a sixth amended and restated unsecured credit agreement (the "Credit Agreement"). During the year ended December 31, 2023, the Company recorded $18.1 million of deferred financing costs related to the Credit Agreement and recognized $1.5 million of loss on extinguishment of debt related to write-offs of deferred financing costs in connection with amending and restating the Prior Credit Agreement.

The Credit Agreement includes a $1.0 billion revolving credit facility (the "Revolving Credit Facility"), a $430.0 million U.S. dollar term loan and a CAD $150.0 million Canadian dollar term loan (collectively, the "Term Loans"). Further, up to $350.0 million of the Revolving Credit Facility may be used for borrowings in certain foreign currencies. The Credit Agreement also contains an accordion feature that can increase the total available borrowings to $2.75 billion, subject to terms and conditions.

The Revolving Credit Facility has a maturity date of January 4, 2027, and includes two six-month extension options. The Term Loans have a maturity date of January 4, 2028.

As of December 31, 2023, there was $94.4 million (including CAD $44.3 million) outstanding under the Revolving Credit Facility and $905.6 million available for borrowing.

Borrowings under the Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to a ratings-based applicable interest margin plus, CDOR for Canadian dollar borrowings, or at the Operating Partnership's option for U.S. dollar borrowings, either (a) Daily Simple SOFR, as defined in the Credit Agreement, or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, (iii) Term SOFR, as defined in the Credit Agreement, plus 1.0% (the "Base Rate"), and (iv) 1.00%. The ratings-based applicable interest margin for borrowings will vary based on the Debt Ratings, as defined in the Credit Agreement, and will range from 0.775% to 1.450% per annum for Daily Simple SOFR based borrowings and 0.00% to 0.450% per annum for borrowings at the Base Rate. As of December 31, 2023, the weighted average interest rate on the Revolving Credit Facility was 6.57%. In addition, the Operating Partnership pays a facility fee ranging between 0.125% and 0.300% per annum based on the aggregate amount of commitments under the Revolving Credit Facility regardless of amounts outstanding thereunder.

The U.S. dollar Term Loan bears interest on the outstanding principal amount at a ratings-based applicable interest margin plus, at the Operating Partnership's option, either (a) Term SOFR or (b) the Base Rate. The ratings-based applicable interest margin for borrowings will vary based on the Debt Ratings and will range from 0.850% to 1.650% per annum for Term SOFR based borrowings and 0.00% to 0.650% per annum for borrowings at the Base Rate. As of December 31, 2023, the interest rate on the U.S. dollar Term Loan was 6.73%. The Canadian dollar Term Loan bears interest on the outstanding principal amount at a rate equal CDOR plus an interest margin that will range from 0.850% to 1.650% depending on the Debt Ratings. As of December 31, 2023, the interest rate on the Canadian dollar Term Loan was 6.71%.

The Company has interest rate swaps and interest rate collars that fix and set a cap and floor, respectively, for the SOFR portion of the interest rate for $430.0 million of SOFR-based borrowings under its U.S. dollar Term Loan at a weighted average rate of 2.69% and interest rate swaps that fix the CDOR portion of the interest rate for CAD $150.0 million of CDOR-based borrowings under its Canadian dollar Term Loan at a rate of 1.63%. As of December 31, 2023, the effective interest rate on the U.S. dollar and Canadian dollar Term Loans was 3.94% and 2.88%, respectively. In addition, the Canadian dollar Term Loan and the CAD $44.3 million outstanding under the Revolving Credit Facility as of December 31, 2023 are designated as net investment hedges. See Note 9, "Derivative and Hedging Instruments," for further information.

The obligations of the Borrowers under the Credit Agreement are guaranteed by the Company and certain of its subsidiaries.

The Credit Agreement contains customary covenants that include restrictions or limitations on the ability to pay dividends, incur additional indebtedness, engage in non-healthcare related business activities, enter into transactions with affiliates and sell or otherwise transfer certain assets as well as customary events of default. The Credit Agreement also requires Sabra, through the Operating Partnership, to comply with specified financial covenants, which include a maximum total leverage ratio, a maximum secured debt leverage ratio, a minimum fixed charge coverage ratio, a maximum unsecured leverage ratio, a minimum tangible net worth requirement and a minimum unsecured interest coverage ratio. As of December 31, 2023, the Company was in compliance with all applicable financial covenants under the Credit Agreement.

Interest Expense

During the years ended December 31, 2023, 2022 and 2021, the Company incurred interest expense of $113.0 million, $105.5 million and $98.6 million, respectively. Interest expense includes non-cash interest expense of $12.3 million, $11.1 million and $8.4 million for the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023 and 2022, the Company had $16.5 million and $18.2 million, respectively, of accrued interest included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets.

Maturities

The following is a schedule of maturities for the Company's outstanding debt as of December 31, 2023 (in thousands):

	Secured Indebtedness	Revolving Credit Facility [1]	Term Loans	Senior Notes	Total
2024	$ 2,033	$ —	$ —	$ —	$ 2,033
2025	2,089	—	—	—	2,089
2026	2,147	—	—	500,000	502,147
2027	2,206	94,429	—	100,000	196,635
2028	2,266	—	543,190	—	545,456
Thereafter	37,402	—	—	1,150,000	1,187,402
Total Debt	48,143	94,429	543,190	1,750,000	2,435,762
Discount, net	—	—	—	(4,258)	(4,258)
Deferred financing costs, net	(842)	—	(6,070)	(10,489)	(17,401)
Total Debt, Net	$ 47,301	$ 94,429	$ 537,120	$ 1,735,253	$ 2,414,103

[1] Revolving Credit Facility is subject to two six-month extension options.

9. DERIVATIVE AND HEDGING INSTRUMENTS

The Company is exposed to various market risks, including the potential loss arising from adverse changes in interest rates and foreign exchange rates. The Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates and foreign exchange rates. The Company's derivative financial instruments are used to manage differences in the amount of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

Certain of the Company's foreign operations expose the Company to fluctuations of foreign interest rates and exchange rates. These fluctuations may impact the value in the Company's functional currency, the U.S. dollar, of the Company's investment in foreign operations, the cash receipts and payments related to these foreign operations and payments of interest and principal under Canadian dollar denominated debt. The Company enters into derivative financial instruments to protect the value of its foreign investments and fix a portion of the interest payments for certain debt obligations. The Company does not enter into derivatives for speculative purposes.

Cash Flow Hedges

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. To accomplish these objectives, the Company primarily uses interest rate swaps and collars as part of its interest rate risk management strategy. As of December 31, 2023, approximately $6.9 million of gains, which are included in accumulated other comprehensive income, are expected to be reclassified into earnings in the next 12 months.

Net Investment Hedges

The Company is exposed to fluctuations in foreign exchange rates on investments it holds in Canada. The Company uses cross currency interest rate swaps to hedge its exposure to changes in foreign exchange rates on these foreign investments.

The following presents the notional amount of derivative instruments as of the dates indicated (in thousands):

	As of December 31,			
	2023		2022	
Derivatives designated as cash flow hedges:				
Denominated in U.S. Dollars (1)	$	753,750	$	436,250
Denominated in Canadian Dollars (2)	$	300,000	$	125,000
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	$	55,335	$	55,991
Financial instrument designated as net investment hedge:				
Denominated in Canadian Dollars	$	194,300	$	329,500
Derivatives not designated as net investment hedges:				
Denominated in Canadian Dollars	$	965	$	309

(1) Balance as of December 31, 2023 includes two forward starting interest rate swaps with an effective date of August 2024 and an aggregate notional amount of $323.8 million.

(2) Balance as of December 31, 2023 includes two forward starting interest rate swaps with an effective date of September 2024 and an aggregate notional amount of CAD $150.0 million.

Derivative and Financial Instruments Designated as Hedging Instruments

The following is a summary of the derivative and financial instruments designated as hedging instruments held by the Company at December 31, 2023 and 2022 (dollars in thousands):

Type	Designation	Count as of December 31, 2023	Fair Value as of December 31, 2023	Fair Value as of December 31, 2022	Maturity Dates	Balance Sheet Location
Assets:						
Interest rate swaps	Cash flow	5	$ 6,002	$ 11,004	2024 - 2028	Accounts receivable, prepaid expenses and other assets, net
Interest rate collars	Cash flow	2	3,216	6,622	2024	Accounts receivable, prepaid expenses and other assets, net
Forward starting interest rate swaps	Cash flow	4	6,736	—	2028	Accounts receivable, prepaid expenses and other assets, net
Cross currency interest rate swaps	Net investment	2	2,964	3,851	2025	Accounts receivable, prepaid expenses and other assets, net
			$ 18,918	$ 21,477		
Liabilities:						
CAD borrowings under Revolving Credit Facility	Net investment	1	33,429	150,982	2027	Revolving credit facility
CAD Term Loan	Net investment	1	113,190	92,288	2028	Term loans, net
			$ 146,619	$ 243,270		

The following presents the effect of the Company's derivative and financial instruments designated as hedging instruments on the consolidated statements of income (loss) and the consolidated statements of equity for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	Gain (Loss) Recognized in Other Comprehensive Income (Loss)			Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) Into Income			Income Statement Location
	For the year ended December 31,						
	2023	2022	2021	2023	2022	2021	
Cash Flow Hedges:							
Interest rate products	$ 13,116	$ 22,032	$ 17,408	$ 8,332	$ (4,179)	$ (12,774)	Interest expense
Net Investment Hedges:							
Foreign currency products	(664)	2,233	(272)	—	—	—	N/A
CAD borrowings under Revolving Credit Facility	(3,456)	9,454	—	—	—	—	N/A
CAD Term Loan	(2,465)	6,150	(338)	—	—	—	N/A
	$ 6,531	$ 39,869	$ 16,798	$ 8,332	$ (4,179)	$ (12,774)	

During the years ended December 31, 2023, 2022 and 2021, no cash flow hedges were determined to be ineffective.

Derivatives Not Designated as Hedging Instruments

As of December 31, 2023, the Company had no material balances related to derivatives not designated as hedging instruments. During the years ended December 31, 2023, 2022 and 2021, the Company recorded $18,000, $0.1 million and $22,000 of other expense, respectively, related to the portion of derivatives not designated as hedging instruments.

Offsetting Derivatives

The Company enters into master netting arrangements, which reduce credit risk by permitting net settlement of transactions with the same counterparty. The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of December 31, 2023 and 2022 (in thousands):

	As of December 31, 2023					
				Gross Amounts Not Offset in the Balance Sheet		
	Gross Amounts of Recognized Assets / Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets / Liabilities presented in the Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amount
Offsetting Assets:						
Derivatives	$ 18,918	$ —	$ 18,918	$ —	$ —	$ 18,918
Offsetting Liabilities:						
Derivatives	$ —	$ —	$ —	$ —	$ —	$ —

	As of December 31, 2022					
				Gross Amounts Not Offset in the Balance Sheet		
	Gross Amounts of Recognized Assets / Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets / Liabilities presented in the Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amount
Offsetting Assets:						
Derivatives	$ 21,477	$ —	$ 21,477	$ —	$ —	$ 21,477
Offsetting Liabilities:						
Derivatives	$ —	$ —	$ —	$ —	$ —	$ —

Credit Risk-related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision pursuant to which the Company could be declared in default on the derivative obligation if the Company defaults on any of its indebtedness, including a default where repayment of the indebtedness has not been accelerated by the lender. As of December 31, 2023, the Company had no derivatives in a net liability position related to these agreements.

10. FAIR VALUE DISCLOSURES

Financial Instruments

The fair value for certain financial instruments is derived using a combination of market quotes, pricing models and other valuation techniques that involve significant management judgment. The price transparency of financial instruments is a key determinant of the degree of judgment involved in determining the fair value of the Company's financial instruments.

Financial instruments for which actively quoted prices or pricing parameters are available and whose markets contain orderly transactions will generally have a higher degree of price transparency than financial instruments whose markets are inactive or consist of non-orderly trades. The Company evaluates several factors when determining if a market is inactive or when market transactions are not orderly. The carrying values of cash and cash equivalents, restricted cash, accounts payable, accrued liabilities and the Credit Agreement are reasonable estimates of fair value because of the short-term maturities of these instruments. Fair values for other financial instruments are derived as follows:

Loans receivable: These instruments are presented on the accompanying consolidated balance sheets at their amortized cost and not at fair value. The fair values of the loans receivable were estimated using an internal valuation model that considered the expected cash flows for the loans receivable, as well as the underlying collateral value and other credit enhancements as applicable. The Company utilized discount rates ranging from 6% to 15% with a weighted average rate of 6% in its fair value calculation. As such, the Company classifies these instruments as Level 3.

Preferred equity investments: These instruments are presented on the accompanying consolidated balance sheets at their cost and not at fair value. The fair values of the preferred equity investments were estimated using an internal valuation model that considered the expected future cash flows for the preferred equity investments, the underlying collateral value and other credit enhancements. The Company utilized discount rates ranging from 10% to 15% with a weighted average rate of 11% in its fair value calculation. As such, the Company classifies these instruments as Level 3.

Derivative instruments: The Company's derivative instruments are presented at fair value on the accompanying consolidated balance sheets. The Company estimates the fair value of derivative instruments, including its interest rate swaps, interest rate collars and cross currency swaps, using the assistance of a third party using inputs that are observable in the market, which include forward yield curves and other relevant information. Although the Company has determined that the majority of the inputs used to value its derivative financial instruments fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivative financial instruments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. 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 derivative financial instruments. As a result, the Company has determined that its derivative financial instruments valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Senior Notes: These instruments are presented on the accompanying consolidated balance sheets at their outstanding principal balance, net of unamortized deferred financing costs and premiums/discounts and not at fair value. The fair values of the Senior Notes were determined using third-party market quotes derived from orderly trades. As such, the Company classifies these instruments as Level 2.

Secured indebtedness: These instruments are presented on the accompanying consolidated balance sheets at their outstanding principal balance, net of unamortized deferred financing costs and premiums/discounts and not at fair value. The fair values of the Company's secured debt were estimated using a discounted cash flow analysis based on management's estimates of current market interest rates for instruments with similar characteristics, including remaining loan term, loan-to-value ratio, type of collateral and other credit enhancements. The Company utilized a rate of 6% in its fair value calculation. As such, the Company classifies these instruments as Level 3.

The following are the face values, carrying amounts and fair values of the Company's financial instruments as of December 31, 2023 and 2022 whose carrying amounts do not approximate their fair value (in thousands):

	As of December 31, 2023			As of December 31, 2022		
	Face Value (1)	Carrying Amount (2)	Fair Value	Face Value (1)	Carrying Amount (2)	Fair Value
Financial assets:						
Loans receivable	$ 372,873	$ 362,775	$ 383,141	$ 370,364	$ 360,325	$ 370,188
Preferred equity investments	57,681	57,849	59,526	50,902	51,071	51,995
Financial liabilities:						
Senior Notes	1,750,000	1,735,253	1,567,428	1,750,000	1,734,431	1,463,041
Secured indebtedness	48,143	47,301	36,279	50,123	49,232	38,149

(1) Face value represents amounts contractually due under the terms of the respective agreements.
(2) Carrying amount represents the book value of financial instruments, including unamortized premiums/discounts and deferred financing costs.

The Company determined the fair value of financial instruments as of December 31, 2023 whose carrying amounts do not approximate their fair value with valuation methods utilizing the following types of inputs (in thousands):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Loans receivable	$ 383,141	$ —	$ —	$ 383,141
Preferred equity investments	59,526	—	—	59,526
Financial liabilities:				
Senior Notes	1,567,428	—	1,567,428	—
Secured indebtedness	36,279	—	—	36,279

Disclosure of the fair value of financial instruments is based on pertinent information available to the Company at the applicable dates and requires a significant amount of judgment. Transaction volume for certain of the Company's financial instruments remains relatively low, which has made the estimation of fair values difficult. Therefore, both the actual results and the Company's estimate of fair value at a future date could be materially different.

Items Measured at Fair Value on a Recurring Basis

During the year ended December 31, 2023, the Company recorded the following amounts measured at fair value (in thousands):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring Basis:				
Financial assets:				
Interest rate swaps	$ 6,002	$ —	$ 6,002	$ —
Interest rate collars	3,216	—	3,216	—
Forward starting interest rate swaps	6,736	—	6,736	—
Cross currency interest rate swaps	2,964	—	2,964	—

11. EQUITY

Common Stock

On December 11, 2019, the Company established an at-the-market equity offering program (the "2019 ATM Program") pursuant to which shares of its common stock having an aggregate gross sales price of up to $400.0 million may be sold from time to time (i) by the Company through a consortium of banks acting as sales agents or directly to the banks acting as principals or (ii) by a consortium of banks acting as forward sellers on behalf of any forward purchasers pursuant to a forward sale agreement. On August 6, 2021, the Company terminated the 2019 ATM Program pursuant to its termination rights.

During the year ended December 31, 2021, the Company sold 2.2 million shares under the 2019 ATM Program at an average price of $17.78 per share, generating gross proceeds of $38.8 million (before $0.6 million of commissions), excluding sales utilizing the forward feature of the 2019 ATM Program, as described below.

Additionally, during the year ended December 31, 2021, the Company utilized the forward feature of the 2019 ATM Program to allow for the sale of up to 6.8 million shares of the Company's common stock at an initial weighted average price of $17.49 per share, net of commissions. During the year ended December 31, 2021, the Company settled 7.9 million (inclusive of the 6.8 million shares referenced in the immediately preceding sentence, and constituting all of the open forward positions under the 2019 ATM Program) at a weighted average net price of $17.36 per share, after commissions and fees, resulting in net proceeds of $137.0 million.

On August 6, 2021, the Company established a new at-the-market equity offering program (the "Prior ATM Program") pursuant to which shares of its common stock having an aggregate gross sales price of up to $500.0 million may be sold from time to time (i) by the Company through a consortium of banks acting as sales agents or directly to the banks acting as principals or (ii) by a consortium of banks acting as forward sellers on behalf of any forward purchasers pursuant to a forward sale agreement. On November 9, 2022, the Company terminated the Prior ATM Program.

During the year ended December 31, 2021, the Company utilized the forward feature of the Prior ATM Program to allow for the sale of up to 1.7 million shares of the Company's common stock at an initial weighted average price of $14.56 per share, net of commissions, and settled all of the open forward positions under the Prior ATM Program by issuing 1.7 million shares at a weighted average net price of $14.23 per share, after commissions and fees, resulting in net proceeds of $24.2 million. No other shares were sold under the Prior ATM Program during the year ended December 31, 2021. No shares were sold under the Prior ATM Program and the Company did not utilize the forward feature of the Prior ATM Program during the period from January 1, 2022 to November 9, 2022.

On October 15, 2021, the Company completed an underwritten public offering of 7.8 million newly issued shares of its common stock pursuant to an effective registration statement. The Company received net proceeds, before expenses, of $112.6 million from the offering at a price of $14.40 per share. These proceeds were used to fund a portion of one of the Company's mortgage loan investments.

On February 23, 2023, the Company established an at-the-market equity offering program (the "ATM Program") pursuant to which shares of its common stock having an aggregate gross sales price of up to $500.0 million may be sold from time to time (i) by the Company through a consortium of banks acting as sales agents or directly to the banks acting as principals or (ii) by a consortium of banks acting as forward sellers on behalf of any forward purchasers pursuant to a forward sale agreement. The use of a forward sale agreement would allow the Company to lock in a share price on the sale of shares at the time the agreement is effective, but defer receiving the proceeds from the sale of the shares until a later date. The Company may also elect to cash settle or net share settle all or a portion of its obligations under any forward sale agreement. The forward sale agreements have a one year term during which time the Company may settle the forward sales by delivery of physical shares of common stock to the forward purchasers or, at the Company's election, in cash or net shares. The forward sale price that the Company expects to receive upon settlement will be the initial forward price established upon the effective date, subject to adjustments for (i) the forward purchasers' stock borrowing costs and (ii) certain fixed price reductions during the term of the agreement.

During the year ended December 31, 2023, no shares were sold under the ATM Program and the Company did not utilize the forward feature of the ATM Program. As of December 31, 2023, the Company had $500.0 million available under the ATM Program.

During the years ended December 31, 2023, 2022 and 2021, the Company issued 0.3 million, 0.6 million and 0.2 million shares, respectively, of common stock as a result of restricted stock unit vestings.

Upon any payment of shares to teammates as a result of restricted stock unit vestings, the teammates' related tax withholding obligation will generally be satisfied by the Company, reducing the number of shares to be delivered by a number of shares necessary to satisfy the related applicable tax withholding obligation. During the years ended December 31, 2023, 2022 and 2021, the Company incurred $1.8 million, $3.3 million and $2.1 million, respectively, in tax withholding obligations on behalf of its teammates that were satisfied through a reduction in the number of shares delivered to those participants.

Accumulated Other Comprehensive Income

The following is a summary of the Company's accumulated other comprehensive income (in thousands):

	As of December 31,	
	2023	2022
Foreign currency translation gain	$ 963	$ 1,168
Unrealized gain on cash flow hedges	22,782	17,895
Total accumulated other comprehensive income	$ 23,745	$ 19,063

12. STOCK-BASED COMPENSATION

All stock-based awards are subject to the terms of the 2009 Performance Incentive Plan, which was assumed by the Company effective as of November 15, 2010 in connection with the Company's separation from Sun and was most recently amended and restated in April 2017. The 2009 Performance Incentive Plan provides for the granting of stock-based compensation, including stock options, time-based stock units, funds from operations-based stock units ("FFO Units"), relative total stockholder return-based stock units ("TSR Units") and performance-based restricted stock units to directors, officers and other teammates in connection with their employment with or services provided to the Company.

Restricted Stock Units and Performance-Based Restricted Stock Units

Under the 2009 Performance Incentive Plan, restricted stock units and performance-based restricted stock units generally have a contractual life or vest over a three- to five-year period. The vesting of certain restricted stock units may accelerate, as defined in the grant, upon retirement, a change in control and other events. When vested (and subject to any applicable deferral or holdback period), each performance-based restricted stock unit is convertible into one share of common stock, subject to any deferrals in issuance pursuant to the grant. The restricted stock units are valued on the grant date based on the market price of the Company's common stock on that date. Generally, the Company recognizes the fair value of the awards over the applicable vesting period as compensation expense. In addition, since the shares to be issued may vary based on the performance of the Company, the Company must make assumptions regarding the projected performance criteria and the shares that will ultimately be issued. The amount of FFO Units that will ultimately vest is dependent on the amount by which the Company's funds from operations as adjusted ("FFO") differs from a target FFO amount for a period specified in each grant and will range from 0% to 200% of the FFO Units initially granted. Similarly, the amount of TSR Units that will ultimately vest is dependent on the amount by which the total shareholder return ("TSR") of the Company's common stock differs from a predefined peer group for a period specified in each grant and will range from 0% to 200% of the TSR Units initially granted. Upon any payment of shares as a result of restricted stock unit vestings, the related tax withholding obligation will generally be satisfied by the Company, reducing the number of shares to be delivered by a number of shares necessary to satisfy the related applicable tax withholding obligation. The value of the shares withheld is dependent on the closing price of the Company's common stock on the date the relevant transaction occurs.

The following table summarizes additional information concerning restricted stock units at December 31, 2023:

	Restricted Stock Units	Weighted Average Grant Date Fair Value Per Unit
Unvested as of December 31, 2022	2,147,784	$ 15.07
Granted	832,308	14.73
Vested	(591,745)	15.34
Dividends reinvested	237,195	14.96
Cancelled/forfeited	(156,275)	19.51
Unvested as of December 31, 2023	2,469,267	$ 14.61

As of December 31, 2023, the weighted average remaining vesting period of restricted stock units was 2.7 years. The weighted average fair value per share at the date of grant for restricted stock units for the years ended December 31, 2023, 2022 and 2021 was $14.73, $12.78 and $15.55, respectively. The total fair value of units vested during the years ended December 31, 2023, 2022 and 2021 was $9.1 million, $5.7 million and $15.9 million, respectively.

The fair value of the TSR Units is estimated on the date of grant using a Monte Carlo valuation model that uses the assumptions noted in the table below. The risk-free rate is based on the U.S. Treasury yield curve in effect at the grant date for the expected performance period. Expected volatility is based on historical volatility for the most recent 3-year period ending on the grant date for the Company and the selected peer companies, and is calculated on a daily basis. The following are the key assumptions used in this valuation:

	2023	2022	2021
Risk free interest rate	3.98% - 4.13%	0.99% - 4.13%	0.17% - 0.99%
Expected stock price volatility	30.17% - 56.11%	53.60% - 56.11%	53.17% - 53.60%
Expected service period	3.0 years	3.0 years	3.0 years
Expected dividend yield (assuming full reinvestment)	— %	— %	— %

During the years ended December 31, 2023, 2022 and 2021, the Company recognized $7.9 million, $7.5 million and $7.9 million, respectively, of stock-based compensation expense included in general and administrative expense in the consolidated statements of income (loss). As of December 31, 2023, there was $25.7 million of total unrecognized stock-based compensation expense related to unvested awards, which is expected to be recognized over a weighted average period of 2.7 years.

Employee Benefit Plan

The Company maintains a 401(k) plan that allows for eligible participants to defer compensation, subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended (the "Code"). The Company provides a discretionary matching contribution of up to 4% of each participant's eligible compensation. During each of the years ended December 31, 2023, 2022 and 2021, the Company's matching contributions were $0.3 million.

13. INCOME TAXES

The Company elected to be treated as a REIT with the filing of its U.S. federal income tax return for the taxable year beginning January 1, 2011. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of its taxable ordinary income. In addition, the Company is required to meet certain asset and income tests. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income that it distributes to its stockholders. The Company also elected to treat certain of its consolidated subsidiaries as taxable REIT subsidiaries, which are subject to federal, state and foreign income taxes. In addition, as a result of our investments in Canada, the Company is subject to income taxes under the laws of Canada.

The following is a summary of the Company's provision for income taxes and deferred taxes (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Provision for federal, state and local income taxes	$ 2,002	$ 1,234	$ 2,263
Provision (benefit) for foreign income taxes	—	8	(418)
Income tax expense	$ 2,002	$ 1,242	$ 1,845

	As of December 31,	
	2023	2022
Deferred tax assets:		
Federal	$ 9,553	$ 6,390
Valuation allowance on federal	(9,553)	(6,390)
Foreign	12,211	8,455
Valuation allowance on foreign	(12,169)	(8,430)
Deferred tax (liabilities):		
Foreign	(42)	(25)
	$ —	$ —

The Company classifies interest and penalties from significant uncertain tax positions as interest expense and operating expenses, respectively, in its consolidated financial statements. During the years ended December 31, 2023, 2022 and 2021, the Company did not incur any such interest or penalties. With certain exceptions, the tax years 2020 and thereafter remain open to examination by the major taxing jurisdictions with which the Company files tax returns.

14. EARNINGS PER COMMON SHARE

The following table illustrates the computation of basic and diluted earnings per share (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2023	2022	2021
Numerator			
Net income (loss)	$ 13,756	$ (77,605)	$ (113,256)
Denominator			
Basic weighted average common shares and common equivalents	231,203,391	230,947,895	219,073,027
Dilutive restricted stock units	1,589,387	—	—
Diluted weighted average common shares	232,792,778	230,947,895	219,073,027
Net income (loss), per:			
Basic common share	$ 0.06	$ (0.34)	$ (0.52)
Diluted common share	$ 0.06	$ (0.34)	$ (0.52)

During the years ended December 31, 2023, 2022 and 2021, approximately 500, 0.9 million and 1.0 million restricted stock units, respectively, and during the year ended December 31, 2021, approximately 25,000 shares related to forward equity sale agreements, were not included in computing diluted earnings per share because they were considered anti-dilutive.

15. COMMITMENTS AND CONTINGENCIES

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. The Company is not aware of any environmental liability that could have a material adverse effect on its financial condition or results of operations. However, changes in applicable environmental laws and regulations, the uses and conditions of properties in the vicinity of the Company's properties, the activities of its tenants and other environmental conditions of which the Company is unaware with respect to the properties could result in future environmental liabilities. As of December 31, 2023, the Company does not expect that compliance with existing environmental laws will have a material adverse effect on the Company's financial condition and results of operations.

Legal Matters

From time to time, the Company and its subsidiaries are party to legal proceedings that arise in the ordinary course of its business. Management is not aware of any legal proceedings where the likelihood of a loss contingency is reasonably possible and the amount or range of reasonably possible losses is material to the Company's results of operations, financial condition or cash flows.

16. SUBSEQUENT EVENTS

The Company evaluates subsequent events up until the date the consolidated financial statements are issued.

Dividend Declaration

On February 1, 2024, the Company's board of directors declared a quarterly cash dividend of $0.30 per share of common stock. The dividend will be paid on February 29, 2024 to common stockholders of record as of the close of business on February 13, 2024.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION

As of December 31, 2023

(dollars in thousands)

Description	Ownership Percentage	Encum-brances[1]	Initial Cost to Company: Land	Initial Cost to Company: Building and Improve-ments[2][3]	Initial Cost to Company: Total	Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period: Land	Gross Amount at which Carried at Close of Period: Building and Improve-ments[2][3]	Gross Amount at which Carried at Close of Period: Total	Accumulated Depreciation and Amortization	Original Date of Construction / Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
Skilled Nursing/Transitional Care Facilities													
Bedford, NH	100%	$ 5,006	$ 1,911	$ 12,245	$ 14,156	$ —	$ 1,911	$ 10,546	$ 12,457	$ (5,272)	1992/2010, 2019	11/15/10	36
Milford, NH	100%	—	312	1,679	1,991	—	312	1,168	1,480	(986)	1890/2005	11/15/10	20
North Conway, NH	100%	10,337	417	5,352	5,769	—	417	4,374	4,791	(2,006)	1988/2009	11/15/10	43
Wolfeboro, NH	100%	8,708	454	4,531	4,985	—	454	3,747	4,201	(1,669)	1984/1986, 1987, 2009	11/15/10	41
Middletown, DE	100%	—	1,650	21,730	23,380	—	1,650	21,730	23,380	(7,574)	2005	08/01/11	40
Dover, DE	100%	—	4,940	15,500	20,440	—	4,940	15,500	20,440	(5,676)	1996/2016	08/01/11	40
Wilmington, DE	100%	—	2,460	25,240	27,700	12,436	2,460	37,676	40,136	(9,841)	2009/2022	08/01/11	40
Millsboro, DE	100%	—	1,640	22,620	24,260	—	1,632	22,620	24,252	(8,095)	2008	08/01/11	40
Warrington, PA	100%	—	2,617	11,662	14,279	395	2,617	288	2,905	—	1958/2009/ 2016	03/30/12	40
Duffield, VA	100%	—	509	5,018	5,527	1,333	509	5,964	6,473	(2,388)	1981/2013	05/10/12	40
Arlington, TX	100%	—	3,783	14,219	18,002	—	3,783	13,702	17,485	(3,956)	2003/2012	11/30/12	40
Rockport, TX	100%	—	1,005	6,628	7,633	—	1,005	6,212	7,217	(1,824)	2002/2012, 2018	11/30/12	40
Lincoln, NE	100%	—	6,368	29,919	36,287	—	6,368	29,919	36,287	(8,351)	1962/1996, 2013	02/14/14	40
Fremont, NE	100%	—	615	16,176	16,791	—	615	16,176	16,791	(4,953)	2008	02/14/14	40
Fremont, NE	100%	—	615	2,943	3,558	—	615	2,943	3,558	(1,069)	1970/1979, 1983, 1994	02/14/14	40
Bartlesville, OK	100%	—	1,332	6,904	8,236	986	1,332	7,890	9,222	(2,190)	1989/2019	10/29/14	40
Oklahoma City, OK	100%	—	2,189	23,567	25,756	2,534	2,189	25,749	27,938	(6,639)	1963/1984, 2018, 2019	10/29/14	40
Norman, OK	100%	—	869	5,236	6,105	785	869	6,021	6,890	(1,847)	2001/2013, 2019	10/29/14	40
Minneapolis, MN	100%	—	2,931	6,943	9,874	1,190	2,931	7,999	10,930	(1,800)	1941/2014, 2019	08/17/17	40
Eugene, OR	100%	—	2,205	28,700	30,905	2,252	2,205	30,952	33,157	(5,883)	1988/2016	08/17/17	40
Lebanon, OR	100%	—	958	14,176	15,134	—	958	14,176	15,134	(2,427)	1974	08/17/17	40
Portland, OR	100%	—	1,791	12,833	14,624	2,761	1,791	15,594	17,385	(3,466)	1964/2016	08/17/17	40

Description	Ownership Percentage	Encum-brances[1]	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction / Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
			Land	Building and Improve-ments[2][3]	Total		Land	Building and Improve-ments[2][3]	Total				
Tigard, OR	100%	—	2,011	11,667	13,678	—	2,011	11,667	13,678	(2,064)	1975	08/17/17	40
Hillsboro, OR	100%	—	1,387	14,028	15,415	—	1,387	14,028	15,415	(2,399)	1973	08/17/17	40
Junction City, OR	100%	—	584	7,901	8,485	—	584	7,901	8,485	(1,403)	1966/2015	08/17/17	40
Eugene, OR	100%	—	1,380	14,921	16,301	1,791	1,380	16,712	18,092	(3,421)	1966/2016	08/17/17	40
Coos Bay, OR	100%	—	829	8,518	9,347	—	829	8,518	9,347	(1,569)	1968	08/17/17	40
Gladstone, OR	100%	—	792	5,000	5,792	—	792	5,000	5,792	(907)	1961	08/17/17	40
Newport, OR	100%	—	406	5,001	5,407	—	406	5,001	5,407	(866)	1973/2014	08/17/17	40
Oregon City, OR	100%	—	1,496	12,142	13,638	—	1,496	12,142	13,638	(2,076)	1974	08/17/17	40
Tacoma, WA	100%	—	1,771	11,595	13,366	15	1,771	11,610	13,381	(2,313)	2017	08/17/17	40
Shoreline, WA	100%	—	4,703	14,444	19,147	—	4,703	14,444	19,147	(2,559)	1993/2014	08/17/17	40
Bellingham, WA	100%	—	—	15,330	15,330	—	—	15,330	15,330	(2,740)	1984/2015	08/17/17	40
Sequim, WA	100%	—	427	4,450	4,877	—	427	4,450	4,877	(954)	1974	08/17/17	40
Tacoma, WA	100%	—	1,705	4,952	6,657	—	1,705	4,952	6,657	(925)	1968	08/17/17	40
Tacoma, WA	100%	—	2,195	1,956	4,151	—	2,195	1,956	4,151	(484)	1972/2014	08/17/17	40
Vancouver, WA	100%	—	1,782	15,116	16,898	—	1,782	15,116	16,898	(2,798)	1991	08/17/17	40
Lake Oswego, OR	100%	—	5,947	13,401	19,348	—	5,947	13,401	19,348	(2,395)	2005/2016	08/17/17	40
Medford, OR	100%	—	2,043	38,485	40,528	2,960	2,043	41,445	43,488	(7,773)	1974/2016	08/17/17	40
Seattle, WA	100%	—	2,508	6,401	8,909	—	2,508	6,401	8,909	(1,158)	1970	08/17/17	40
Boise, ID	100%	—	681	9,348	10,029	627	681	9,975	10,656	(1,774)	1979	08/17/17	40
Salem, OR	100%	—	2,114	15,651	17,765	—	2,114	15,651	17,765	(2,758)	1981	08/17/17	40
Medford, OR	100%	—	1,375	23,808	25,183	—	1,375	23,808	25,183	(4,231)	1961/2016	08/17/17	40
Northglenn, CO	100%	—	1,662	26,014	27,676	3,258	1,662	29,272	30,934	(5,916)	1972/2016	08/17/17	40
Brighton, CO	100%	—	1,933	11,624	13,557	200	1,933	11,824	13,757	(2,166)	1971	08/17/17	40
Santa Ana, CA	100%	—	1,889	11,682	13,571	—	1,889	11,682	13,571	(1,947)	2008	08/17/17	40
La Mesa, CA	100%	—	1,276	8,177	9,453	—	1,276	8,177	9,453	(1,416)	2012	08/17/17	40
Westminster, MD	100%	—	2,128	6,614	8,742	487	2,128	6,978	9,106	(1,618)	1973/2010, 2019	08/17/17	40

Description	Ownership Percentage	Encum-brances[1]	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction / Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
			Land	Building and Improve-ments[2][3]	Total		Land	Building and Improve-ments[2][3]	Total				
Kansas City, MO	100%	—	1,985	2,714	4,699	303	1,714	—	1,714	—	1983	08/17/17	40
Parkersburg, WV	100%	—	697	10,688	11,385	285	697	10,911	11,608	(2,428)	1974/1999, 2019	08/17/17	40
Cincinnati, OH	100%	—	2,686	10,062	12,748	295	2,686	10,357	13,043	(2,058)	1989/2015	08/17/17	40
Charlottesville, VA	100%	—	2,840	8,450	11,290	1,176	2,840	9,523	12,363	(2,334)	1964/2009, 2019	08/17/17	40
Annandale, VA	100%	—	7,241	17,727	24,968	3,218	7,241	20,864	28,105	(4,579)	1963/2013, 2019	08/17/17	40
Petersburg, VA	100%	—	988	8,416	9,404	146	988	8,478	9,466	(1,672)	1970/2009	08/17/17	40
Petersburg, VA	100%	—	1,174	8,858	10,032	151	1,174	8,942	10,116	(1,749)	1976/2010	08/17/17	40
Hagerstown, MD	100%	—	1,393	13,438	14,831	150	1,393	13,477	14,870	(2,501)	1971/2010	08/17/17	40
Cumberland, MD	100%	—	800	16,973	17,773	457	800	17,305	18,105	(3,237)	1968	08/17/17	40
Gilroy, CA	100%	—	662	23,775	24,437	—	662	23,775	24,437	(4,022)	1968/2021	08/17/17	40
Mount Pleasant, SC	100%	—	2,689	3,942	6,631	205	2,689	4,147	6,836	(831)	1977/2015	08/17/17	40
Harrogate, TN	100%	—	1,811	4,963	6,774	—	1,811	4,963	6,774	(1,054)	1990/2005	08/17/17	40
Conway, SC	100%	—	1,408	10,784	12,192	295	1,408	11,079	12,487	(2,075)	1975	08/17/17	40
Baytown, TX	100%	—	426	3,236	3,662	173	426	3,251	3,677	(683)	1975/2019	08/17/17	40
Huntsville, TX	100%	—	302	3,153	3,455	75	302	3,168	3,470	(644)	1968/2019	08/17/17	40
Center, TX	100%	—	231	1,335	1,566	312	231	1,477	1,708	(398)	1972/2019	08/17/17	40
Humble, TX	100%	—	2,114	1,643	3,757	596	2,114	1,953	4,067	(571)	1972/2019	08/17/17	40
Houston, TX	100%	—	1,019	5,734	6,753	318	1,019	5,807	6,826	(1,124)	1982/2019	08/17/17	40
Linden, TX	100%	—	112	256	368	133	112	280	392	(98)	1968/2019	08/17/17	40
Sherman, TX	100%	—	469	6,310	6,779	255	469	6,338	6,807	(1,188)	1971/2019	08/17/17	40
Mount Pleasant, TX	100%	—	250	6,913	7,163	345	250	7,160	7,410	(1,372)	1970/2019	08/17/17	40
Waxahachie, TX	100%	—	416	7,259	7,675	976	416	8,106	8,522	(1,618)	1976/2019	08/17/17	40
Gilmer, TX	100%	—	707	4,552	5,259	93	707	4,562	5,269	(910)	1990/2019	08/17/17	40
Sparks, NV	100%	—	1,986	9,004	10,990	—	1,986	9,004	10,990	(1,714)	1988	08/17/17	40
Richmond, IN	100%	—	259	9,819	10,078	131	259	9,950	10,209	(1,856)	1975/2005	08/17/17	40
Petersburg, IN	100%	—	581	5,367	5,948	23	581	5,390	5,971	(1,054)	1970/2009	08/17/17	40
Maryville, MO	100%	—	114	5,955	6,069	—	150	5,955	6,105	(1,187)	1972	08/17/17	40

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			Land	Building and Improve-ments[2][3]	Total		Land	Building and Improve-ments[2][3]	Total				
Ashland, MO	100%	—	765	2,669	3,434	—	229	628	857	—	1993	08/17/17	40
St. Louis, MO	100%	—	2,071	5,739	7,810	—	375	818	1,193	—	1988/1991	08/17/17	40
Doniphan, MO	100%	—	657	8,251	8,908	—	657	8,251	8,908	(1,551)	1991	08/17/17	40
Dixon, MO	100%	—	521	3,358	3,879	—	521	3,358	3,879	(684)	1989/2011	08/17/17	40
Forsyth, MO	100%	—	594	8,549	9,143	—	594	8,549	9,143	(1,631)	1993/2007	08/17/17	40
Seymour, MO	100%	—	658	901	1,559	—	658	901	1,559	(240)	1990	08/17/17	40
Silex, MO	100%	—	807	4,990	5,797	—	807	4,990	5,797	(965)	1991	08/17/17	40
Columbia, MO	100%	—	2,322	6,547	8,869	—	2,322	6,547	8,869	(1,287)	1994	08/17/17	40
Strafford, MO	100%	—	1,634	6,518	8,152	—	1,634	6,518	8,152	(1,253)	1995	08/17/17	40
Windsor, MO	100%	—	471	6,819	7,290	—	471	6,819	7,290	(1,188)	1996	08/17/17	40
Conroe, TX	100%	—	1,222	19,099	20,321	—	1,222	19,099	20,321	(3,251)	2001	08/17/17	40
Houston, TX	100%	—	1,334	11,615	12,949	—	1,334	11,615	12,949	(2,060)	2003/2013	08/17/17	40
Humble, TX	100%	—	1,541	12,332	13,873	645	1,541	12,977	14,518	(2,611)	2003/2019	08/17/17	40
Missouri City, TX	100%	—	1,825	9,681	11,506	—	1,825	9,681	11,506	(1,784)	2005	08/17/17	40
Houston, TX	100%	—	2,676	7,396	10,072	—	2,676	7,396	10,072	(1,394)	2005	08/17/17	40
Houston, TX	100%	—	1,732	12,921	14,653	—	1,732	12,921	14,653	(2,274)	1999	08/17/17	40
Topeka, KS	100%	—	176	2,340	2,516	—	176	2,340	2,516	(474)	1973/2013	08/17/17	40
Salina, KS	100%	—	301	4,201	4,502	—	301	4,201	4,502	(814)	1981	08/17/17	40
Terre Haute, IN	100%	—	1,067	7,061	8,128	—	1,067	7,061	8,128	(1,286)	1965/1984	08/17/17	40
Gas City, IN	100%	—	345	8,852	9,197	—	345	8,852	9,197	(1,536)	1974/2022	08/17/17	40
Winchester, IN	100%	—	711	5,554	6,265	—	711	5,554	6,265	(1,016)	1986/1998, 2021	08/17/17	40
Columbus, IN	100%	—	1,290	10,714	12,004	—	1,290	10,714	12,004	(1,868)	1988/2004, 2022	08/17/17	40
Portland, IN	100%	—	315	9,848	10,163	—	315	9,848	10,163	(1,743)	1964/2022	08/17/17	40
Clinton, IN	100%	—	884	9,839	10,723	—	884	9,839	10,723	(1,829)	1971/2021	08/17/17	40
Las Vegas, NV	100%	—	509	18,216	18,725	—	509	18,216	18,725	(3,036)	1964	08/17/17	40
Las Vegas, NV	100%	—	3,169	7,863	11,032	—	3,169	7,863	11,032	(1,477)	1972/1997	08/17/17	40
Alameda, CA	100%	—	3,078	22,328	25,406	—	3,078	22,328	25,406	(3,806)	1967/2021	08/17/17	40
Dover, NH	100%	—	522	5,839	6,361	—	522	5,839	6,361	(1,385)	1969/1992, 2017	08/17/17	40

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Augusta, ME	100%	—	135	6,470	6,605	—	135	6,470	6,605	(1,206)	1967	08/17/17	40
Bangor, ME	100%	—	302	1,811	2,113	2,211	302	4,021	4,323	(1,019)	1967/1993, 2019	08/17/17	40
Bath, ME	100%	—	250	1,934	2,184	—	250	1,934	2,184	(402)	1974	08/17/17	40
Brewer, ME	100%	—	177	14,497	14,674	2,520	177	17,017	17,194	(3,371)	1974/1990, 2019	08/17/17	40
Kennebunk, ME	100%	—	198	6,822	7,020	2,005	198	8,827	9,025	(1,634)	1977/2022	08/17/17	40
Norway, ME	100%	—	791	3,680	4,471	—	791	3,680	4,471	(729)	1976	08/17/17	40
Yarmouth, ME	100%	—	134	2,072	2,206	—	134	2,072	2,206	(442)	1952	08/17/17	40
Marlborough, MA	100%	—	942	1,541	2,483	8,727	942	10,268	11,210	(3,468)	1973/2018	08/17/17	40
Bangor, ME	100%	—	229	7,171	7,400	511	229	7,682	7,911	(1,446)	1969/1993, 2022	08/17/17	40
Orange, CA	100%	—	4,163	14,755	18,918	—	4,163	14,755	18,918	(2,640)	1987/2020	08/17/17	40
Lancaster, TX	100%	—	548	5,794	6,342	—	548	5,794	6,342	(1,140)	2008	08/17/17	40
Garland, TX	100%	—	1,118	7,490	8,608	—	1,118	7,490	8,608	(1,403)	2008	08/17/17	40
Clarksville, TX	100%	—	279	4,269	4,548	100	279	4,369	4,648	(970)	1989/2019	08/17/17	40
McKinney, TX	100%	—	1,272	6,047	7,319	—	1,272	6,047	7,319	(1,217)	2006	08/17/17	40
Hopkins, MN	100%	—	807	4,668	5,475	530	807	5,198	6,005	(1,418)	1961/2008, 2019	08/17/17	40
Florence, WI	100%	—	291	3,778	4,069	—	291	3,778	4,069	(795)	1970	08/17/17	40
St. Francis, WI	100%	—	166	1,887	2,053	—	166	1,887	2,053	(412)	1960/1997	08/17/17	40
Rochester, MN	100%	—	645	7,067	7,712	178	645	7,245	7,890	(1,442)	1967/2011, 2019	08/17/17	40
Wisconsin Dells, WI	100%	—	1,640	1,599	3,239	—	1,640	1,599	3,239	(453)	1972/2006	08/17/17	40
Sheboygan, WI	100%	—	1,038	2,839	3,877	—	1,038	2,839	3,877	(681)	1967/2012	08/17/17	40
Hendersonville, NC	100%	—	1,611	3,503	5,114	—	1,611	3,503	5,114	(774)	1979	08/17/17	40
Baytown, TX	100%	—	579	22,317	22,896	103	579	22,419	22,998	(3,865)	2000/2013	08/17/17	40
Baytown, TX	100%	—	589	20,475	21,064	362	589	20,837	21,426	(3,830)	2008	08/17/17	40

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			Land	Building and Improve-ments[2][3]	Total		Land	Building and Improve-ments[2][3]	Total				
Houston, TX	100%	—	1,300	13,353	14,653	31	1,300	13,384	14,684	(2,475)	2006	08/17/17	40
Pasadena, TX	100%	—	1,148	23,579	24,727	47	1,148	23,626	24,774	(4,142)	2004	08/17/17	40
Webster, TX	100%	—	904	10,315	11,219	24	904	10,338	11,242	(1,958)	2000/2009	08/17/17	40
Beaumont, TX	100%	—	945	20,424	21,369	272	945	20,696	21,641	(3,634)	2009	08/17/17	40
Orange, TX	100%	—	711	10,737	11,448	186	711	10,923	11,634	(2,014)	2006	08/17/17	40
Huntsville, AL	100%	—	634	28,071	28,705	19	634	28,089	28,723	(4,713)	1968/2012	08/17/17	40
Terre Haute, IN	100%	—	644	37,451	38,095	59	644	37,511	38,155	(7,069)	1996/2013	08/17/17	40
Madison, TN	100%	—	902	3,850	4,752	23	902	3,873	4,775	(886)	1969/2016	08/17/17	40
Savannah, GA	100%	—	1,235	3,765	5,000	18	1,235	3,783	5,018	(908)	1970/2015	08/17/17	40
Bowling Green, KY	100%	—	280	13,975	14,255	32	280	14,007	14,287	(2,597)	1970/2015	08/17/17	40
Calvert City, KY	100%	—	1,176	7,012	8,188	25	1,176	7,037	8,213	(1,385)	1962/2015	08/17/17	40
Winchester, KY	100%	—	554	13,207	13,761	43	554	13,250	13,804	(2,507)	1967/2015	08/17/17	40
Calhoun, KY	100%	—	613	7,643	8,256	30	613	7,673	8,286	(1,551)	1963/2015	08/17/17	40
Bremen, IN	100%	—	173	7,393	7,566	38	173	7,431	7,604	(1,373)	1982/2015	08/17/17	40
Muncie, IN	100%	—	374	27,429	27,803	38	374	27,467	27,841	(4,710)	1980/2013	08/17/17	40
Lebanon, IN	100%	—	612	11,755	12,367	39	612	11,794	12,406	(2,141)	1977/2012	08/17/17	40
Marietta, GA	100%	—	364	16,116	16,480	20	364	16,137	16,501	(3,004)	1969/2015	08/17/17	40
Danville, KY	100%	—	790	9,356	10,146	32	790	9,388	10,178	(2,048)	1962/2015	08/17/17	40
Owensboro, KY	100%	—	1,048	22,587	23,635	40	1,048	22,627	23,675	(4,031)	1963/2011	08/17/17	40
Memphis, TN	100%	—	1,633	9,371	11,004	21	1,633	9,392	11,025	(1,832)	1981/2015	08/17/17	40
Norfolk, VA	100%	—	705	16,451	17,156	33	705	16,485	17,190	(3,322)	1969/2015	08/17/17	40
Harrodsburg, KY	100%	—	1,049	9,851	10,900	21	1,049	9,872	10,921	(2,050)	1975/2016	08/17/17	40
Cookeville, TN	100%	—	1,034	15,555	16,589	32	1,034	15,586	16,620	(2,841)	1979/2016	08/17/17	40
Washington Court House, OH	100%	—	405	4,839	5,244	20	405	4,859	5,264	(1,049)	1984/2015	08/17/17	40
Galion, OH	100%	—	836	668	1,504	14	836	683	1,519	(237)	1967/1985	08/17/17	40
Roanoke Rapids, NC	100%	—	373	10,308	10,681	25	373	10,334	10,707	(2,070)	1967/2015	08/17/17	40
Kinston, NC	100%	—	954	7,987	8,941	73	954	8,059	9,013	(1,807)	1960/2015	08/17/17	40
Chapel Hill, NC	100%	—	809	2,703	3,512	1,191	809	3,893	4,702	(964)	1984/2015	08/17/17	40
Chillicothe, OH	100%	—	260	8,924	9,184	19	260	8,943	9,203	(1,850)	1974/2015	08/17/17	40
Coshocton, OH	100%	—	374	2,530	2,904	37	374	2,567	2,941	(715)	1974/2015	08/17/17	40
Pine Knot, KY	100%	—	208	7,665	7,873	23	208	7,689	7,897	(1,447)	1990	08/17/17	40

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Bardstown, KY	100%	—	634	4,094	4,728	16	634	4,110	4,744	(903)	1968/2010	08/17/17	40
Glasgow, KY	100%	—	83	2,057	2,140	28	83	2,086	2,169	(552)	1968	08/17/17	40
Carrollton, KY	100%	—	124	1,693	1,817	21	124	1,714	1,838	(476)	1978/2016	08/17/17	40
Horse Cave, KY	100%	—	208	7,070	7,278	38	208	7,108	7,316	(1,460)	1993	08/17/17	40
Lawrenceburg, KY	100%	—	635	9,861	10,496	17	635	9,879	10,514	(1,887)	1973	08/17/17	40
Annville, KY	100%	—	479	6,078	6,557	17	479	6,095	6,574	(1,140)	1989	08/17/17	40
Louisville, KY	100%	—	3,528	4,653	8,181	24	3,528	4,677	8,205	(1,095)	1982/2012	08/17/17	40
Louisville, KY	100%	—	2,207	20,733	22,940	29	2,207	20,761	22,968	(3,667)	1991/2010	08/17/17	40
Tompkinsville, KY	100%	—	333	9,556	9,889	26	333	9,582	9,915	(1,809)	1969	08/17/17	40
Radcliff, KY	100%	—	1,815	7,470	9,285	34	1,815	7,504	9,319	(1,793)	1986	08/17/17	40
Hartford, KY	100%	—	312	8,189	8,501	21	312	8,210	8,522	(1,583)	1967	08/17/17	40
Louisville, KY	100%	—	427	6,003	6,430	21	427	6,023	6,450	(1,237)	1975/2005	08/17/17	40
Louisville, KY	100%	—	1,134	9,166	10,300	28	1,134	9,194	10,328	(1,938)	1979/2013	08/17/17	40
Lexington, KY	100%	—	2,558	4,311	6,869	51	2,558	4,361	6,919	(998)	1989	08/17/17	40
Columbia, KY	100%	—	114	11,141	11,255	28	114	11,169	11,283	(2,063)	1965	08/17/17	40
Monticello, AR	100%	—	206	3,179	3,385	—	206	3,179	3,385	(704)	1995	08/17/17	40
Benton, AR	100%	—	1,336	7,386	8,722	—	1,336	7,386	8,722	(1,493)	1992	08/17/17	40
Wynne, AR	100%	—	227	4,007	4,234	—	227	4,007	4,234	(818)	1990	08/17/17	40
Morrilton, AR	100%	—	412	2,642	3,054	3,038	467	5,680	6,147	(936)	1996/2022	08/17/17	40
Bryant, AR	100%	—	819	8,938	9,757	—	819	8,938	9,757	(1,609)	1989/2015	08/17/17	40
Savannah, GA	100%	—	2,194	11,711	13,905	—	2,194	11,711	13,905	(2,080)	1972	08/17/17	40

			Initial Cost to Company				Gross Amount at which Carried at Close of Period						
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Durham, NC	100%	—	470	9,633	10,103	—	470	9,633	10,103	(1,695)	1968/2006	08/17/17	40
Raleigh, NC	100%	—	1,155	11,749	12,904	—	1,155	11,749	12,904	(2,117)	1971	08/17/17	40
Raleigh, NC	100%	—	926	17,649	18,575	—	926	17,649	18,575	(3,125)	1967/2007	08/17/17	40
Wilmington, NC	100%	—	611	5,051	5,662	—	611	5,051	5,662	(1,015)	1966/2013	08/17/17	40
Winston-Salem, NC	100%	—	879	3,283	4,162	—	879	3,283	4,162	(753)	1965	08/17/17	40
Lincolnton, NC	100%	—	—	9,967	9,967	—	—	9,967	9,967	(1,803)	1976	08/17/17	40
Monroe, NC	100%	—	166	5,906	6,072	—	166	5,906	6,072	(1,189)	1963/2005	08/17/17	40
Zebulon, NC	100%	—	594	8,559	9,153	—	594	8,559	9,153	(1,486)	1973/2010	08/17/17	40
Rocky Mount, NC	100%	—	—	18,314	18,314	—	—	18,314	18,314	(3,123)	1975	08/17/17	40
DeSoto, TX	100%	—	942	6,033	6,975	320	942	6,353	7,295	(1,236)	1987	08/17/17	40
Trinity, TX	100%	—	363	3,852	4,215	—	363	3,852	4,215	(822)	1985/2019	08/17/17	40
Kirbyville, TX	100%	—	208	5,809	6,017	—	208	5,809	6,017	(1,186)	1987	08/17/17	40
Marshall, TX	100%	—	732	4,288	5,020	—	732	4,288	5,020	(901)	2008	08/17/17	40
Warren, MI	100%	—	2,052	25,539	27,591	—	2,052	25,539	27,591	(5,009)	1961/2001	08/17/17	40
Hamburg, NY	100%	—	1,026	54,086	55,112	—	1,026	54,086	55,112	(9,273)	1983/2014	08/17/17	40
East Patchogue, NY	100%	—	2,181	30,373	32,554	—	2,181	30,373	32,554	(5,478)	1988/2011	08/17/17	40
Williamsville, NY	100%	—	1,122	46,413	47,535	—	1,122	46,413	47,535	(7,814)	1992/2007	08/17/17	40
Cheektowaga, NY	100%	—	1,164	29,905	31,069	—	1,164	29,905	31,069	(5,335)	1979/2006	08/17/17	40
North Tonawanda, NY	100%	—	830	29,488	30,318	—	830	29,488	30,318	(5,259)	1982/2007	08/17/17	40
West Seneca, NY	100%	—	1,325	26,839	28,164	—	1,325	26,839	28,164	(4,698)	1974/2008	08/17/17	40
Beverly, MA	100%	—	2,410	13,588	15,998	—	2,410	13,588	15,998	(3,199)	1965/2015	08/17/17	40

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Lancaster, MA	100%	—	343	7,733	8,076	—	343	7,733	8,076	(1,407)	1970/2005	08/17/17	40
New London, CT	100%	—	505	2,248	2,753	48	505	2,296	2,801	(712)	1967/2016	08/17/17	40
Enfield, CT	100%	—	437	16,461	16,898	231	437	16,693	17,130	(3,085)	1968/2015	08/17/17	40
Quincy, MA	100%	—	894	904	1,798	129	894	1,033	1,927	(335)	1965/2003	08/17/17	40
Fishkill, NY	100%	—	964	30,107	31,071	421	964	30,518	31,482	(5,495)	1995	08/17/17	40
Highland, NY	100%	—	4,371	11,473	15,844	260	4,371	11,733	16,104	(2,252)	1998	08/17/17	40
Beacon, NY	100%	—	—	25,400	25,400	267	—	25,666	25,666	(4,802)	2002	08/17/17	40
Springfield, MA	100%	—	817	11,357	12,174	386	817	11,743	12,560	(2,094)	1987	08/17/17	40
Andover, MA	100%	—	2,123	5,383	7,506	18	2,123	5,401	7,524	(1,131)	1992	08/17/17	40
Reading, MA	100%	—	1,534	5,221	6,755	540	1,534	5,760	7,294	(1,216)	1988	08/17/17	40
Sudbury, MA	100%	—	2,017	3,458	5,475	421	2,017	3,879	5,896	(922)	1997/2021	08/17/17	40
Lowell, MA	100%	—	1,335	9,019	10,354	489	1,335	9,508	10,843	(1,847)	1966/2007	08/17/17	40
Worcester, MA	100%	—	945	8,770	9,715	50	945	8,820	9,765	(1,693)	1970/1988	08/17/17	40
W. Springfield, MA	100%	—	2,022	7,345	9,367	—	2,022	7,345	9,367	(1,556)	1960/1985	08/17/17	40
East Longmeadow, MA	100%	—	2,968	8,957	11,925	790	2,968	9,748	12,716	(2,055)	1985/2005	08/17/17	40
Long Beach, CA	100%	—	2,939	11,782	14,721	—	2,939	11,690	14,629	(2,246)	1968/2011	09/19/17	40
Anaheim, CA	100%	—	2,044	14,167	16,211	—	2,044	14,167	16,211	(2,643)	1968/2011	09/19/17	40
Fairfield, CA	100%	—	586	23,582	24,168	—	586	23,582	24,168	(4,095)	1966/2006	09/19/17	40
Baldwin Park, CA	100%	—	2,270	17,063	19,333	—	2,270	17,063	19,333	(3,126)	1970/2015	09/19/17	40
Grand Terrace, CA	100%	—	432	9,382	9,814	—	432	9,382	9,814	(1,732)	1945/2017	09/19/17	40
Pacifica, CA	100%	—	1,510	27,397	28,907	—	1,510	27,397	28,907	(4,692)	1975	09/19/17	40
Burien, WA	100%	—	823	17,431	18,254	—	826	17,431	18,257	(3,145)	1965/2014	09/19/17	40
Seattle, WA	100%	—	4,802	7,927	12,729	—	4,802	7,927	12,729	(1,604)	1963/2016	09/19/17	40
Huntington Bch, CA	100%	—	2,312	9,885	12,197	—	2,312	9,885	12,197	(1,817)	1965/2010	09/19/17	40

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Chatsworth, CA	100%	—	7,841	16,916	24,757	—	7,841	16,916	24,757	(3,239)	1976	09/19/17	40
Woodland, CA	100%	—	504	7,369	7,873	—	504	7,369	7,873	(1,425)	1975/2010	09/19/17	40
Danville, CA	100%	—	1,491	17,157	18,648	—	1,491	17,157	18,648	(3,074)	1965	09/19/17	40
Van Nuys, CA	100%	—	2,456	16,462	18,918	—	2,456	16,462	18,918	(2,841)	1958/2015	09/19/17	40
Lomita, CA	100%	—	2,743	14,734	17,477	—	2,743	14,734	17,477	(2,763)	1969	09/19/17	40
Sacramento, CA	100%	—	2,846	17,962	20,808	—	2,846	17,962	20,808	(3,178)	1972	09/19/17	40
Issaquah, WA	100%	—	10,125	7,771	17,896	—	10,125	7,771	17,896	(1,653)	1975/2012	09/19/17	40
Long Beach, CA	100%	—	3,157	22,067	25,224	—	3,157	22,067	25,224	(4,001)	1966/2014	09/19/17	40
Long Beach, CA	100%	—	2,857	5,878	8,735	—	2,857	5,878	8,735	(1,150)	1952/2013	09/19/17	40
Lodi, CA	100%	—	812	21,059	21,871	—	812	21,059	21,871	(3,553)	1965	09/19/17	40
Riverside, CA	100%	—	1,717	13,806	15,523	—	1,717	13,806	15,523	(2,725)	1966	09/19/17	40
Woodland, CA	100%	—	278	16,729	17,007	—	278	16,729	17,007	(2,990)	1930/2007	09/19/17	40
Bee Cave, TX	100%	—	2,107	10,413	12,520	—	2,107	10,413	12,520	(2,147)	2014	12/15/17	40
El Monte, CA	100%	—	2,058	19,671	21,729	—	2,058	19,671	21,729	(3,401)	1965	01/10/18	40
Shoreline, WA	100%	—	8,861	11,478	20,339	103	8,861	11,580	20,441	(2,368)	1964/2012	01/19/18	40
Elizabethtown, KY	100%	—	729	—	729	19,329	729	19,329	20,058	(479)	2021	05/27/21	40
Crown Point, IN	100%	—	1,522	14,951	16,473	—	1,522	14,951	16,473	(78)	2015	11/01/23	40
Dyer, IN	100%	—	1,859	19,547	21,406	—	1,859	19,547	21,406	(100)	2015	11/01/23	40
		24,051	328,000	2,663,453	2,991,453	91,777	325,583	2,725,278	3,050,861	(535,653)			
Senior Housing - Leased													
Exeter, NH	100%	1,880	571	7,183	7,754	—	571	5,912	6,483	(2,771)	1987	11/15/10	43
Nashua, NH	100%	4,457	—	5,654	5,654	—	—	4,566	4,566	(1,949)	1989	11/15/10	40
Keene, NH	100%	3,237	304	3,992	4,296	—	304	3,263	3,567	(1,650)	1995	11/15/10	46
Dover, NH	100%	2,335	801	10,036	10,837	—	801	8,584	9,385	(4,002)	1987/2009, 2019	11/15/10	42
Green Bay, WI	100%	—	256	2,262	2,518	1,032	256	1,976	2,232	(767)	2004/2011	11/22/11	40
Rockport, TX	100%	—	789	607	1,396	—	789	475	1,264	(183)	1996/2018	11/30/12	40
Cadillac, MI	100%	—	217	3,000	3,217	—	217	2,920	3,137	(910)	2001/2006, 2023	12/14/12	40

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Greenville, MI	100%	—	684	5,832	6,516	249	684	5,841	6,525	(1,876)	1999/2001, 2012, 2013, 2018	12/14/12	40
Manistee, MI	100%	—	952	2,578	3,530	2,547	952	5,076	6,028	(1,970)	2002/2017	12/14/12	40
Mason, MI	100%	—	198	4,131	4,329	—	198	4,032	4,230	(1,323)	2009/2012	12/14/12	40
Alpena, MI	100%	—	546	13,139	13,685	—	546	13,000	13,546	(3,763)	2006/2008, 2010	12/14/12	40
Fremont, NE	100%	—	504	17,670	18,174	—	504	17,670	18,174	(5,020)	1989/2002	02/14/14	40
Norfolk, NE	100%	—	217	9,906	10,123	4,680	217	14,586	14,803	(4,284)	1989/1991, 1994, 2018, 2019	02/14/14	40
Fort Wayne, IN	100%	12,183	2,300	21,115	23,415	2,747	2,300	23,846	26,146	(7,799)	2011/2016, 2018	04/30/14	40
Brandon, FL	100%	—	1,283	8,424	9,707	483	1,283	8,722	10,005	(2,532)	1999/2016	10/01/14	40
Lecanto, FL	100%	—	1,031	5,577	6,608	615	1,023	6,053	7,076	(2,026)	1997/2016	10/01/14	40
Zephyrhills, FL	100%	—	1,688	9,098	10,786	360	1,688	9,343	11,031	(2,924)	2008/2016	10/01/14	40
Sun City West, AZ	100%	—	930	9,170	10,100	248	930	9,418	10,348	(2,188)	2012	07/01/16	40
Fredericksburg, VA	100%	—	1,379	21,209	22,588	—	1,379	21,209	22,588	(4,644)	2016	07/14/16	40
Round Rock, TX	100%	—	679	13,642	14,321	—	679	13,642	14,321	(3,035)	2016	08/01/16	40
Santa Fe, NM	100%	—	1,866	19,441	21,307	—	2,157	21,736	23,893	(4,587)	2006	09/23/16	40
Santa Fe, NM	100%	—	670	7,743	8,413	430	670	8,571	9,241	(810)	2020	09/23/16	40
Franklin, NH	100%	—	292	6,889	7,181	211	292	7,110	7,402	(1,700)	1988	11/30/16	40
Henderson, NV	100%	—	1,430	21,850	23,280	—	1,430	21,862	23,292	(4,411)	2016	12/01/16	40
Brenham, TX	100%	—	476	11,912	12,388	—	476	11,922	12,398	(2,753)	1991	12/02/16	40
Cedar Park, TX	100%	—	1,035	13,127	14,162	—	1,035	13,127	14,162	(2,546)	2017	06/01/17	40
Keizer, OR	100%	—	1,220	31,783	33,003	—	1,220	31,783	33,003	(5,435)	1970/2021	08/17/17	40
Lawrence, KS	100%	—	584	4,431	5,015	—	584	4,431	5,015	(849)	1995/2014	08/17/17	40
Salina, KS	100%	—	584	3,020	3,604	—	584	3,020	3,604	(575)	1989/2014	08/17/17	40
Topeka, KS	100%	—	313	5,492	5,805	—	313	5,492	5,805	(967)	1986/2014	08/17/17	40
Lafayette, CO	100%	—	1,085	19,243	20,328	9	1,883	19,205	21,088	(3,382)	2016	12/15/17	40
Winnebago, IL	100%	—	263	3,743	4,006	—	263	3,743	4,006	(707)	2007	01/31/18	40
Pewaukee, WI	100%	—	1,019	3,606	4,625	—	1,019	3,606	4,625	(635)	2010	04/16/18	40
Pewaukee, WI	100%	—	661	5,680	6,341	—	661	5,680	6,341	(923)	2015	04/16/18	40
Sarasota, FL	100%	—	1,440	22,541	23,981	—	1,440	22,541	23,981	(3,495)	2018	05/18/18	40
Knoxville, TN	100%	—	1,603	9,219	10,822	—	1,603	9,219	10,822	(1,651)	2017	08/31/18	40

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Shavano Park, TX	100%	—	2,131	11,541	13,672	—	2,131	11,541	13,672	(1,890)	2015	08/31/18	40
Beavercreek, OH	100%	—	1,622	24,215	25,837	7,561	1,622	31,773	33,395	(5,805)	2016	11/01/18	40
McCordsville, IN	100%	—	1,587	31,315	32,902	—	1,587	31,315	32,902	(3,487)	2017	01/07/20	40
Louisville, KY	100%	—	1,841	21,827	23,668	—	1,841	21,827	23,668	(2,359)	2015	01/31/20	40
Sellersburg, IN	100%	—	1,060	28,702	29,762	5,504	1,060	34,206	35,266	(3,336)	2015	04/01/20	40
Jasper, IN	100%	—	657	25,226	25,883	—	657	25,226	25,883	(1,614)	2019	10/01/21	40
Norman, OK	100%	—	557	2,663	3,220	1,135	557	3,798	4,355	(68)	1999	02/01/23	40
		24,092	39,325	509,434	548,759	27,811	40,406	532,868	573,274	(109,601)			
Senior Housing - Managed													
Frankenmuth, MI	100%	—	5,027	20,929	25,956	637	5,027	21,170	26,197	(6,342)	1982/2008	09/21/12	40
Gaylord, MI	100%	—	2,024	5,467	7,491	141	2,024	5,583	7,607	(2,060)	2002	12/14/12	40
East Tawas, MI	100%	—	258	3,713	3,971	399	258	3,984	4,242	(1,551)	2005	12/14/12	40
Marshfield, WI	100%	—	574	8,733	9,307	220	574	8,803	9,377	(2,623)	2010	12/18/12	40
Woodstock, VA	100%	—	597	5,465	6,062	117	597	5,448	6,045	(1,538)	1996/2015	06/28/13	40
Allen, TX	100%	—	2,190	45,767	47,957	948	2,190	50,510	52,700	(12,723)	2004/2010	09/25/14	40
Gainesville, FL	100%	—	2,139	44,789	46,928	1,562	2,139	49,736	51,875	(13,797)	1986/2013, 2015, 2019	09/25/14	40
McKinney, TX	100%	—	2,760	44,397	47,157	1,497	2,760	49,615	52,375	(12,854)	2006/2010, 2019	09/25/14	40
Raleigh, NC	100%	—	2,344	37,506	39,850	1,749	2,344	43,072	45,416	(10,650)	2002/2014, 2022	09/25/14	40
San Luis Obispo, CA	100%	—	4,992	30,909	35,901	1,117	4,992	35,062	40,054	(9,094)	1987/2006, 2015, 2021	09/25/14	40
Winston-Salem, NC	100%	—	2,995	24,428	27,423	676	2,995	26,841	29,836	(7,132)	2001	09/25/14	40
Longview, TX	100%	—	805	26,498	27,303	824	805	27,972	28,777	(7,930)	1985/2010	09/25/14	40
Kansas City, MO	100%	—	1,325	20,510	21,835	923	1,325	25,844	27,169	(6,657)	1983	09/25/14	40
Yuma, AZ	100%	—	530	21,775	22,305	484	530	22,678	23,208	(6,226)	1996/2014	09/25/14	40
Nashville, TN	100%	—	1,996	19,368	21,364	1,227	1,996	21,607	23,603	(6,530)	1986/2000	09/25/14	40
Branford, CT	100%	—	2,403	18,821	21,224	732	2,403	22,939	25,342	(5,668)	1987	09/25/14	40
Richmond, VA	100%	—	1,080	19,545	20,625	1,602	1,080	23,606	24,686	(6,296)	1989/2007, 2022	09/25/14	40
Auburn, AL	100%	—	3,209	17,326	20,535	516	3,209	18,482	21,691	(5,259)	2001	09/25/14	40
Menomonee Falls, WI	100%	—	1,477	18,778	20,255	426	1,477	20,272	21,749	(5,690)	2005/2006, 2007/2011, 2019	09/25/14	40
Glenville, NY	100%	—	978	18,257	19,235	571	978	19,711	20,689	(5,564)	2001/2014	09/25/14	40
Eustis, FL	100%	—	1,152	17,523	18,675	606	1,152	18,811	19,963	(5,669)	1984/1988, 2013	09/25/14	40

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			Land	Building and Improve-ments[2][3]	Total		Land	Building and Improve-ments[2][3]	Total				
Phoenix, AZ	100%	—	2,567	12,029	14,596	983	2,567	13,881	16,448	(4,425)	1986	09/25/14	40
Jonesboro, AR	100%	—	1,782	11,244	13,026	373	1,782	12,326	14,108	(3,705)	1999	09/25/14	40
Ogden, UT	100%	—	794	10,873	11,667	798	794	12,673	13,467	(3,764)	1985/2016	09/25/14	40
Olympia, WA	100%	—	2,477	23,767	26,244	923	2,477	27,924	30,401	(7,326)	1986/2016	10/07/14	40
Windsor, ON	100%	—	1,360	16,855	18,215	526	1,378	18,359	19,737	(4,576)	1998	06/11/15	40
London, ON	100%	—	960	19,056	20,016	368	972	20,408	21,380	(4,954)	1998/2015, 2019	06/11/15	40
Kelowna, BC	100%	—	2,321	8,308	10,629	626	2,352	9,846	12,198	(2,639)	1990/2019, 2020	06/11/15	40
Waterloo, ON	100%	—	1,823	22,135	23,958	380	1,848	23,213	25,061	(5,546)	2005/2015	06/11/15	40
Sarnia, ON	100%	—	1,187	20,346	21,533	740	1,203	22,905	24,108	(5,273)	2000/2019	06/11/15	40
Kamloops, BC	100%	—	679	8,024	8,703	250	687	9,040	9,727	(2,332)	1992/2014	06/11/15	40
Vernon, BC	100%	—	843	10,724	11,567	236	273	11,643	11,916	(2,829)	1990/2008, 2021	06/11/15	40
Penticton, BC	100%	—	763	6,771	7,534	239	773	7,940	8,713	(2,058)	1990/1991, 2014, 2019	06/11/15	40
Calgary, AB	100%	—	3,908	20,996	24,904	1,077	3,963	22,749	26,712	(5,259)	2013	09/17/15	40
Lake Stevens, WA	100%	—	1,559	9,059	10,618	96	1,559	9,168	10,727	(2,349)	1998/2012	09/17/15	40
Eugene, OR	100%	—	1,428	16,138	17,566	143	1,428	16,303	17,731	(3,690)	1996/1997, 2011, 2019	09/17/15	40
Tualatin, OR	100%	—	527	14,659	15,186	138	527	14,852	15,379	(3,364)	1995/1997, 2019	09/17/15	40
Salem, OR	100%	—	1,074	19,421	20,495	451	1,074	19,884	20,958	(4,774)	1989/1995, 2018	09/17/15	40
Ramsey, MN	100%	—	1,182	13,280	14,462	208	1,182	13,783	14,965	(2,627)	2015	10/06/17	40
Marshfield, WI	100%	—	500	4,134	4,634	89	500	4,263	4,763	(923)	2014	10/06/17	40
Dover, DE	100%	—	2,797	23,054	25,851	456	2,797	23,422	26,219	(4,245)	1999	01/02/18	40
Charleston, WV	100%	—	419	4,239	4,658	1,008	419	5,066	5,485	(1,302)	1969	01/02/18	40
Williamsport, PA	100%	—	296	9,191	9,487	907	296	9,973	10,269	(2,001)	1990/2009	01/02/18	40
Reading, PA	100%	—	684	12,950	13,634	276	684	13,201	13,885	(2,475)	2004	01/02/18	40
Scott Depot, WV	100%	—	230	6,271	6,501	713	230	6,767	6,997	(1,444)	1996	01/02/18	40
Clarks Summit, PA	100%	—	406	9,471	9,877	1,271	406	10,524	10,930	(2,264)	1997	01/02/18	40
Wyncote, PA	100%	—	1,781	4,911	6,692	814	1,781	5,517	7,298	(1,345)	1909	01/02/18	40
Douglassville, PA	100%	—	611	19,083	19,694	356	611	19,367	19,978	(3,418)	2008	01/02/18	40
Milford, DE	100%	—	1,199	18,786	19,985	589	1,199	19,231	20,430	(3,476)	1999	01/02/18	40
Oak Hill, WV	100%	—	609	2,636	3,245	1,157	609	3,703	4,312	(1,053)	2001/2014	01/02/18	40
Lewisburg, WV	100%	—	355	5,055	5,410	677	355	5,449	5,804	(1,227)	1995	01/02/18	40
Strasburg, VA	100%	—	666	5,551	6,217	22	666	5,573	6,239	(931)	2001	04/30/18	40
Richardson, TX	100%	—	2,282	10,556	12,838	1,288	2,282	11,934	14,216	(1,673)	1999/2020	11/01/19	40
Poway, CA	100%	—	3,693	14,467	18,160	1,072	3,693	15,688	19,381	(1,915)	1987/2011, 2021	11/22/19	40

Description	Ownership Percentage	Encum-brances[1]	Initial Cost to Company: Land	Initial Cost to Company: Building and Improve-ments[2][3]	Initial Cost to Company: Total	Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period: Land	Gross Amount at which Carried at Close of Period: Building and Improve-ments[2][3]	Gross Amount at which Carried at Close of Period: Total	Accumulated Depreciation and Amortization	Original Date of Construction / Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
New Braunfels, TX	100%	—	1,312	23,108	24,420	360	1,312	23,664	24,976	(2,871)	2015	01/15/20	40
Augusta, GA	100%	—	419	24,958	25,377	94	459	28,548	29,007	(2,343)	2018	03/05/21	40
Anchorage, AK	100%	—	1,965	29,533	31,498	150	1,965	29,683	31,648	(2,304)	2019	05/01/21	40
Loveland, OH	100%	—	3,691	21,168	24,859	41	3,691	21,269	24,960	(1,220)	2017	02/01/22	40
Indianapolis, IN	100%	—	4,950	32,631	37,581	43	6,299	41,563	47,862	(1,674)	2017	08/01/22	40
Saginaw, MI	100%	—	1,651	29,283	30,934	1,440	1,651	31,289	32,940	(1,247)	2013/2023	08/01/22	40
Madeira, OH	100%	—	2,858	42,670	45,528	3	2,858	42,691	45,549	(1,109)	2019	02/01/23	40
		—	101,463	1,087,895	1,189,358	38,355	102,457	1,187,028	1,289,485	(255,803)			
Behavioral Health													
Aurora, CO	100%	—	2,874	12,829	15,703	1,950	2,874	14,563	17,437	(3,931)	2009/2018, 2021	09/20/12	40
Colorado Springs, CO	100%	—	430	13,703	14,133	1,033	430	14,736	15,166	(4,445)	1985/2017, 2018	03/05/14	40
Colorado Springs, CO	100%	—	1,210	9,490	10,700	2,058	1,210	11,548	12,758	(2,326)	2013/2019	11/16/15	40
Bluffton, IN	100%	—	254	5,105	5,359	1,486	254	6,591	6,845	(1,364)	1970/2015, 2021	08/17/17	40
Elizabethtown, KY	100%	—	239	4,853	5,092	699	239	5,552	5,791	(971)	1969	08/17/17	40
Morrilton, AR	100%	—	508	—	508	3,169	508	3,169	3,677	(98)	1988/2019, 2023	08/17/17	40
Glendale, AZ	100%	—	1,501	67,046	68,547	—	1,501	67,046	68,547	(11,140)	1996/2013	08/17/17	40
Tempe, AZ	100%	—	3,137	50,073	53,210	—	3,137	50,073	53,210	(8,505)	2001/2016	08/17/17	40
Covina, CA	100%	—	23,472	71,542	95,014	—	23,472	71,542	95,014	(12,348)	1974/2011	08/17/17	40
Ventura, CA	100%	—	8,089	43,645	51,734	—	8,089	43,645	51,734	(8,190)	1984/2018	08/17/17	40
San Diego, CA	100%	—	8,403	55,015	63,418	7,599	8,403	62,614	71,017	(11,947)	1988/2017	08/17/17	40
New London, CT	100%	—	356	152	508	3,665	356	3,817	4,173	(746)	1967/2016, 2021	08/17/17	40
Carmel, IN	100%	—	963	4,347	5,310	—	963	4,347	5,310	(680)	1996/2019	07/24/19	40
Louisville, KY	100%	—	1,078	8,305	9,383	—	1,078	8,305	9,383	(1,153)	2002/2018	08/21/19	40
Monroeville, PA	100%	—	2,034	1,758	3,792	18,545	2,034	20,303	22,337	(2,869)	1987/2020	12/18/19	40
Gulf Breeze, FL	100%	—	498	1,480	1,978	3,733	498	5,213	5,711	(139)	2001/2021	03/15/21	40
Greenville, SC	100%	—	1,197	9,496	10,693	21,507	1,197	31,012	32,209	(574)	1994/2022	12/16/21	40
Raytown, MO	100%	—	1,475	6,564	8,039	8,379	1,475	14,943	16,418	(517)	1978/2022	10/27/22	40
		—	57,718	365,403	423,121	73,823	57,718	439,019	496,737	(71,943)			

Description	Ownership Percentage	Encum-brances[1]	Initial Cost to Company: Land	Initial Cost to Company: Building and Improve-ments[2][3]	Initial Cost to Company: Total	Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period: Land	Gross Amount at which Carried at Close of Period: Building and Improve-ments[2][3]	Gross Amount at which Carried at Close of Period: Total	Accumulated Depreciation and Amortization	Original Date of Construction / Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
Specialty Hospitals and Other													
Sunnyvale, TX	100%	—	4,020	57,620	61,640	—	4,020	57,620	61,640	(22,152)	2009	05/03/11	40
Arlington, TX	100%	—	—	44,217	44,217	—	—	44,217	44,217	(7,195)	2009/2016	08/17/17	40
Conroe, TX	100%	—	2,935	25,003	27,938	—	2,935	25,003	27,938	(4,600)	1992	08/17/17	40
Houston, TX	100%	—	3,001	14,581	17,582	—	3,001	14,581	17,582	(2,416)	1999/2009	08/17/17	40
Spring, TX	100%	—	1,319	15,153	16,472	—	1,319	15,153	16,472	(2,516)	1995/1998	08/17/17	40
Orange, CA	100%	—	2,060	5,538	7,598	145	2,060	5,683	7,743	(986)	2000	08/17/17	40
Maxwell, TX	100%	—	902	2,384	3,286	1	902	2,384	3,286	(458)	1993	08/17/17	40
Maxwell, TX	100%	—	901	1,198	2,099	—	901	1,198	2,099	(278)	1994/2009	08/17/17	40
Maxwell, TX	100%	—	456	2,632	3,088	—	456	2,632	3,088	(477)	1992	08/17/17	40
San Marcos, TX	100%	—	51	359	410	62	51	359	410	(67)	1869	08/17/17	40
Seguin, TX	100%	—	539	2,627	3,166	—	539	2,627	3,166	(605)	1989	08/17/17	40
Seguin, TX	100%	—	228	3,407	3,635	79	228	3,486	3,714	(669)	1985/1991	08/17/17	40
Kingsbury, TX	100%	—	104	2,788	2,892	27	104	2,814	2,918	(495)	1990/2012	08/17/17	40
Seguin, TX	100%	—	52	805	857	—	52	805	857	(154)	1970	08/17/17	40
Florence, KY	100%	—	3,866	26,447	30,313	—	3,866	26,447	30,313	(4,386)	2000	08/17/17	40
		—	20,434	204,759	225,193	314	20,434	205,009	225,443	(47,454)			
		48,143	546,940	4,830,944	5,377,884	232,080	546,598	5,089,202	5,635,800	(1,020,454)			
		—	—	136	136	2,411	—	2,547	2,547	(632)			
		$ 48,143	$546,940	$4,831,080	$5,378,020	$ 234,491	$546,598	$5,091,749	$5,638,347	$ (1,021,086)			

(1) Encumbrances do not include deferred financing costs, net of $0.8 million as of December 31, 2023.
(2) Building and building improvements include land improvements and furniture and equipment.
(3) The aggregate cost of real estate for federal income tax purposes was $4.7 billion.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION

(dollars in thousands)

	Year Ended December 31,		
	2023	2022	2021
Real estate:			
Balance at the beginning of the year	$ 5,872,688	$ 5,994,208	$ 5,966,695
Acquisitions	86,626	101,413	96,157
Improvements	86,073	65,111	47,319
Impairment	(18,853)	(160,550)	(11,063)
Sale of real estate	(379,272)	(110,901)	(102,575)
Foreign currency translation	3,394	(10,247)	524
Other [1]	(12,309)	(6,346)	(2,849)
Balance at the end of the year	$ 5,638,347	$ 5,872,688	$ 5,994,208
Accumulated depreciation:			
Balance at the beginning of the year	$ (913,345)	$ (831,324)	$ (681,657)
Depreciation expense	(171,278)	(170,159)	(170,264)
Impairment	4,432	66,603	1,666
Sale of real estate	49,585	13,217	16,097
Foreign currency translation	(747)	1,972	(15)
Other [1]	10,267	6,346	2,849
Balance at the end of the year	$ (1,021,086)	$ (913,345)	$ (831,324)

[1] Primarily represents real estate and accumulated depreciation related to fully-depreciated assets and reductions to net real estate due to casualty events.

SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
As of December 31, 2023

(dollars in thousands)

Description	Contractual Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Principal Balance	Book Value [1]	Principal Amount of Loans Subject to Delinquent Principal or Interest
Mortgages:							
River Vista	10.0 %	2027	[2]	$ —	$ 19,000	$ 19,000	N/A
Recovery Centers of America	7.5	2026	[2]	—	300,000	300,000	N/A
				$ —	$ 319,000	$ 319,000	

[1] The aggregate cost for federal income tax purposes was $321.2 million as of December 31, 2023.
[2] Interest is due monthly, and principal is due at the maturity date.

Changes in mortgage loans are summarized as follows:

	Year Ended December 31,		
	2023	2022	2021
Balance at the beginning of the year	$ 319,000	$ 312,343	$ 22,343
Additions during period:			
Draws	—	10,000	—
New mortgage loans	—	—	290,000
Deductions during period:			
Paydowns/repayments	—	(3,343)	—
Balance at the end of the year	$ 319,000	$ 319,000	$ 312,343

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tustin, State of California, on February 27, 2024.

SABRA HEALTH CARE REIT, INC.

By: /S/ RICHARD K. MATROS

Richard K. Matros
Chief Executive Officer, President and Chair

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/S/ RICHARD K. MATROS **Richard K. Matros**	Chief Executive Officer, President and Chair (Principal Executive Officer)	February 27, 2024
/S/ MICHAEL COSTA **Michael Costa**	Chief Financial Officer, Secretary and Executive Vice President (Principal Financial Officer)	February 27, 2024
/S/ JESSICA FLORES **Jessica Flores**	Chief Accounting Officer, Executive Vice President (Principal Accounting Officer)	February 27, 2024
/S/ CRAIG A. BARBAROSH **Craig A. Barbarosh**	Director	February 27, 2024
/S/ KATIE CUSACK **Katie Cusack**	Director	February 27, 2024
/S/ MICHAEL J. FOSTER **Michael J. Foster**	Director	February 27, 2024
/S/ LYNNE S. KATZMANN **Lynne S. Katzmann**	Director	February 27, 2024
/S/ ANN KONO **Ann Kono**	Director	February 27, 2024
/S/ JEFFREY A. MALEHORN **Jeffrey A. Malehorn**	Director	February 27, 2024
/S/ CLIFTON J. PORTER II **Clifton J. Porter II**	Director	February 27, 2024

Exhibit 31.1

Certification of Chief Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard K. Matros, certify that:

1. I have reviewed this annual report on Form 10-K of Sabra Health Care REIT, Inc.;

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 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 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: February 27, 2024

/S/ RICHARD K. MATROS

Richard K. Matros

Chief Executive Officer, President and Chair

Exhibit 31.2

Certification of Chief Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael Costa, certify that:

1. I have reviewed this annual report on Form 10-K of Sabra Health Care REIT, Inc.;

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 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 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: February 27, 2024

/S/ MICHAEL COSTA

Michael Costa

Chief Financial Officer, Secretary and Executive Vice President

Exhibit 32.1

**Certification pursuant to 18 U.S.C. Section 1350,
as Adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Sabra Health Care REIT, Inc. (the “Registrant”) for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Richard K. Matros, as Chief Executive Officer, President and Chair of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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 Registrant.

Date: February 27, 2024

/S/ RICHARD K. MATROS

Richard K. Matros
Chief Executive Officer, President and Chair

Exhibit 32.2

**Certification pursuant to 18 U.S.C. Section 1350,
as Adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Sabra Health Care REIT, Inc. (the “Registrant”) for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael Costa, as Chief Financial Officer, Secretary and Executive Vice President of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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 Registrant.

Date: February 27, 2024

/S/ MICHAEL COSTA

Michael Costa

Chief Financial Officer, Secretary and Executive Vice President

Board of Directors

Rick Matros
Chief Executive Officer,
President and Chair of the Board

Craig Barbarosh
Senior Managing Director,
CommonWealth Partners

Katie Cusack
Chief Operating Officer,
Macquarie Capital, Macquarie Group

Michael Foster
Managing Director,
RFE Management Corp.

Lynne Katzmann
President and Chief Executive Officer,
Juniper Communities

Ann Kono
Chief Executive Officer,
Leda Advisory Group

Jeffrey Malehorn
Principal,
L3.0 Ventures, LLC

Clifton Porter II
Senior Vice President
of Government Affairs,
American Health Care Association

Executive Officers

Rick Matros
Chief Executive Officer,
President and Chair of the Board

Michael Costa
Chief Financial Officer,
Secretary and Executive Vice President

Talya Nevo-Hacohen
Chief Investment Officer,
Treasurer and Executive Vice President

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Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
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