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DELTA REPORT

10-Q

SABRA HEALTH CARE REIT, I

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	811
CHANGES	497
DELETIONS	151
ADDITIONS	163

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024 September 30, 2024

OR

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

For the transition period from to

Commission file number 001-34950

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(s)	Name of each exchange on which registered
Common stock, $.01 par value	SBRA	The Nasdaq Stock Market LLC

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 1, 2024 October 25, 2024, there were 234,263,766 236,586,805 shares of the registrant’s $0.01 par value Common Stock outstanding.

SABRA HEALTH CARE REIT, INC. AND SUBSIDIARIES

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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 Quarterly Report on Form 10-Q (this "10-Q") 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" of our Annual Report on Form 10-K for the year ended December 31, 2023 (our "2023 Annual Report on Form 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-Q 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-Q or to reflect the occurrence of unanticipated events, unless required by law to do so.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	June 30, 2024	December 31, 2023

	September 30, 2024	December 31, 2023
	(unaudited)	(unaudited)
Assets		
Real estate investments, net of accumulated depreciation of $1,092,581 and $1,021,086 as of June 30, 2024 and December 31, 2023, respectively		
Real estate investments, net of accumulated depreciation of $1,092,581 and $1,021,086 as of June 30, 2024 and December 31, 2023, respectively		
Real estate investments, net of accumulated depreciation of $1,092,581 and $1,021,086 as of June 30, 2024 and December 31, 2023, respectively		
Real estate investments, net of accumulated depreciation of $1,125,470 and $1,021,086 as of September 30, 2024 and December 31, 2023, respectively		
Real estate investments, net of accumulated depreciation of $1,125,470 and $1,021,086 as of September 30, 2024 and December 31, 2023, respectively		
Real estate investments, net of accumulated depreciation of $1,125,470 and $1,021,086 as of September 30, 2024 and December 31, 2023, respectively		
Loans receivable and other investments, net		
Investment in unconsolidated joint ventures		
Cash and cash equivalents		
Restricted cash		
Lease intangible assets, net		
Accounts receivable, prepaid expenses and other assets, net		
Total assets		
Liabilities		
Secured debt, net		
Secured debt, net		
Secured debt, net		
Revolving credit facility		
Term loans, net		
Senior unsecured notes, net		
Accounts payable and accrued liabilities		
Lease intangible liabilities, net		
Total liabilities		
Total liabilities		
Total liabilities		
Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)
Equity		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of June 30, 2024 and December 31, 2023		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of June 30, 2024 and December 31, 2023		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of June 30, 2024 and December 31, 2023		
Common stock, $0.01 par value; 500,000,000 shares authorized, 234,262,497 and 231,266,020 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2024 and December 31, 2023		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2024 and December 31, 2023		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2024 and December 31, 2023		
Common stock, $0.01 par value; 500,000,000 shares authorized, 236,586,805 and 231,266,020 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively		
Additional paid-in capital		

Cumulative distributions in excess of net income
Accumulated other comprehensive income
Total equity
Total equity
Total equity
Total liabilities and equity

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(dollars in thousands, except per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,					
	Three Months Ended September 30,		Nine Months Ended September 30,					
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues:								
Rental and related revenues (Note 6)								
Rental and related revenues (Note 6)								
Rental and related revenues (Note 6)								
Resident fees and services								
Interest and other income								
Total revenues								
Expenses:								
Depreciation and amortization								
Depreciation and amortization								
Depreciation and amortization								
Interest								
Triple-net portfolio operating expenses								
Senior housing - managed portfolio operating expenses								
General and administrative								
(Recovery of) provision for loan losses								
Impairment of real estate								
Total expenses								
Other income (expense):								
Loss on extinguishment of debt								
Loss on extinguishment of debt								
Loss on extinguishment of debt								
Other income								
Net gain (loss) on sales of real estate								
Total other income (expense)								
Income before income (loss) from unconsolidated joint ventures and income tax expense								
Net loss on sales of real estate								
Total other expense								
Income (loss) before income (loss) from unconsolidated joint ventures and income tax benefit (expense)								
Income (loss) from unconsolidated joint ventures								
Income tax expense								
Net income								

Income tax benefit (expense)	
Net income (loss)	
Net income, per:	
Net income, per:	
Net income, per:	
Net income (loss), per:	
Net income (loss), per:	
Net income (loss), per:	
Basic common share	
Basic common share	
Basic common share	
Diluted common share	
Weighted average number of common shares outstanding, basic	
Weighted average number of common shares outstanding, diluted	

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 23,975	$ 21,188	$ 50,229	$ 11,701
Other comprehensive income (loss):				
Unrealized gain (loss), net of tax:				
Foreign currency translation (loss) gain	(670)	1,022	(2,168)	(601)
Unrealized gain on cash flow hedges	620	13,779	9,568	13,777
Total other comprehensive (loss) income	(50)	14,801	7,400	13,176
Comprehensive income	$ 23,925	$ 35,989	$ 57,629	$ 24,877

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	$ 29,788	$ (15,101)	$ 80,017	$ (3,400)
Other comprehensive income (loss):				
Unrealized gain (loss), net of tax:				
Foreign currency translation gain (loss)	942	(1,347)	(1,226)	(1,948)
Unrealized (loss) gain on cash flow hedges	(15,148)	8,777	(5,580)	22,554
Total other comprehensive (loss) income	(14,206)	7,430	(6,806)	20,606
Comprehensive income (loss)	$ 15,582	$ (7,671)	$ 73,211	$ 17,206

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(dollars in thousands, except per share data)

(unaudited)

Three Months Ended June 30, 2023

Three Months Ended June 30, 2023

Three Months Ended June 30, 2023

Three Months Ended September 30, 2023

Three Months Ended September 30, 2023

Three Months Ended September 30, 2023

	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Total Equity	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Total Equity

Balance, March 31, 2023

Balance, March 31, 2023

Balance, March 31, 2023

Balance, June 30, 2023

Balance, June 30, 2023

Balance, June 30, 2023

Net income

Net income

Net income

Net loss

Net loss

Net loss

Other comprehensive income

Amortization of stock-based compensation

Amortization of stock-based compensation

Amortization of stock-based compensation

Common stock issuance, net

Common stock issuance, net

Common stock issuance, net

Common dividends ($0.30 per share)

Common dividends ($0.30 per share)

Common dividends ($0.30 per share)

Balance, June 30, 2023

Balance, September 30, 2023

Three Months Ended June 30, 2024

Three Months Ended September 30, 2024

Three Months Ended June 30, 2024

Three Months Ended September 30, 2024

Three Months Ended June 30, 2024												
Three Months Ended September 30, 2024												
	Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Equity	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, March 31, 2024											
Balance, March 31, 2024											
Balance, March 31, 2024											
Balance, June 30, 2024											
Balance, June 30, 2024											
Balance, June 30, 2024											
Net income											
Net income											
Net income											
Other comprehensive loss											
Amortization of stock-based compensation											
Amortization of stock-based compensation											
Amortization of stock-based compensation											
Common stock issuance, net											
Common stock issuance, net											
Common stock issuance, net											
Common dividends ($0.30 per share)											
Common dividends ($0.30 per share)											
Common dividends ($0.30 per share)											
Balance, June 30, 2024											
Balance, September 30, 2024											

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF EQUITY (CONTINUED)
(dollars in thousands, except per share data)
(unaudited)

Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
Nine Months Ended September 30, 2023
Nine Months Ended September 30, 2023
Nine Months Ended September 30, 2023

		Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Total Equity	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Total Equity
Balance, December 31, 2022											
Balance, December 31, 2022											
Balance, December 31, 2022											
Net income											
Net income											
Net income											
Net loss											
Net loss											
Net loss											
Other comprehensive income											
Amortization of stock-based compensation											
Amortization of stock-based compensation											
Amortization of stock-based compensation											
Common stock issuance, net											
Common stock issuance, net											
Common stock issuance, net											
Common dividends ($0.60 per share)											
Common dividends ($0.90 per share)											
Common dividends ($0.60 per share)											
Common dividends ($0.90 per share)											
Common dividends ($0.60 per share)											
Balance, June 30, 2023											
Common dividends ($0.90 per share)											
Balance, September 30, 2023											
	Six Months Ended June 30, 2024										
	Nine Months Ended September 30, 2024										
	Six Months Ended June 30, 2024										
	Nine Months Ended September 30, 2024										
	Six Months Ended June 30, 2024										
	Nine Months Ended September 30, 2024										

	Shares	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Total Equity	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, December 31, 2023											
Balance, December 31, 2023											
Balance, December 31, 2023											
Net income											

Net income
Net income
Other comprehensive income
Other comprehensive loss
Amortization of stock-based compensation
Amortization of stock-based compensation
Amortization of stock-based compensation
Common stock issuance, net
Common stock issuance, net
Common stock issuance, net
Common dividends ($0.60 per share)
Common dividends ($0.60 per share)
Common dividends ($0.60 per share)
Balance, June 30, 3024
Common dividends ($0.90 per share)
Common dividends ($0.90 per share)
Common dividends ($0.90 per share)
Balance, September 30, 3024

See accompanying notes to consolidated financial statements.

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SABRA HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended June 30,		Nine Months Ended September 30,		
	2024	2024	2023	2024	2023
Cash flows from operating activities:					
Net income					
Net income					
Net income					
Net income (loss)					
Net income (loss)					
Net income (loss)					
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization					
Non-cash rental and related revenues					
Non-cash interest income					
Non-cash interest expense					
Stock-based compensation expense					
Loss on extinguishment of debt					
Loss on extinguishment of debt					

Loss on extinguishment of debt
(Recovery of) provision for loan losses
Net (gain) loss on sales of real estate
Net loss on sales of real estate
Impairment of real estate
Loss from unconsolidated joint ventures
Loss from unconsolidated joint ventures
Loss from unconsolidated joint ventures
Distributions of earnings from unconsolidated joint ventures
Changes in operating assets and liabilities:
Changes in operating assets and liabilities:
Other non-cash items
Changes in operating assets and liabilities:
Accounts receivable, prepaid expenses and other assets, net
Accounts receivable, prepaid expenses and other assets, net
Accounts receivable, prepaid expenses and other assets, net
Accounts payable and accrued liabilities
Net cash provided by operating activities
Cash flows from investing activities:
Acquisition of real estate
Acquisition of real estate
Acquisition of real estate
Origination and fundings of loans receivable
Origination and fundings of loans receivable
Origination and fundings of loans receivable
Origination and fundings of preferred equity investments
Additions to real estate
Repayments of loans receivable
Repayments of loans receivable
Repayments of loans receivable
Repayments of preferred equity investments
Investment in unconsolidated joint ventures
Net proceeds from the sales of real estate
Net proceeds from sales-type lease
Distributions in excess of earnings from unconsolidated joint ventures
Distributions in excess of earnings from unconsolidated joint ventures
Insurance proceeds
Distributions in excess of earnings from unconsolidated joint ventures
Net cash (used in) provided by investing activities
Net cash (used in) provided by investing activities
Net cash (used in) provided by investing activities
Cash flows from financing activities:
Net borrowings from (repayments of) revolving credit facility
Net borrowings from (repayments of) revolving credit facility
Net borrowings from (repayments of) revolving credit facility
Proceeds from term loans
Proceeds from term loans
Proceeds from term loans
Principal payments on secured debt
Principal payments on secured debt
Principal payments on secured debt

Payments of deferred financing costs
Payment of contingent consideration
Payment of contingent consideration
Payment of contingent consideration
Issuance of common stock, net
Dividends paid on common stock
Net cash used in financing activities
Net decrease in cash, cash equivalents and restricted cash
Net increase (decrease) in cash, cash equivalents and restricted cash
Effect of foreign currency translation on cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash, beginning of period
Cash, cash equivalents and restricted cash, end of period
Supplemental disclosure of cash flow information:
Interest paid
Interest paid
Interest paid
Supplemental disclosure of non-cash investing activities:
Supplemental disclosure of non-cash investing activities:
Supplemental disclosure of non-cash investing activities:
Decrease in loans receivable and other investments due to acquisition of real estate
Decrease in loans receivable and other investments due to acquisition of real estate
Decrease in loans receivable and other investments due to acquisition of real estate

See accompanying notes to consolidated financial statements.

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SABRA HEALTH CARE REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

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 June 30, 2024 September 30, 2024 and December 31, 2023 and for the three and six nine month periods ended June 30, 2024 September 30, 2024 and 2023. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification and the rules and regulations of the SEC, including the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for financial statements. In the opinion of management, the financial statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair statement of the results for such periods. Operating results for the three and six nine months ended June 30, 2024 September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. For further information, refer to the Company's consolidated financial statements and notes thereto for the year ended December 31, 2023 included in the 2023 Annual Report on Form 10-K filed with the SEC.

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

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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 June 30, 2024 September 30, 2024, 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 June 30, 2024 September 30, 2024, 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 June 30, 2024 September 30, 2024, 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.

Recently Issued Accounting Standards Updates

Adopted

In March 2020, the FASB issued Accounting Standards Update (“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. The Company has elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future Canadian Dollar Offered Rate (“CDOR”)-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. For all derivatives in hedge accounting relationships, the Company will utilize 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 adoption of ASUs 2020-04, 2021-01 and 2022-06 did not have a material impact on the Company’s consolidated financial statements.

Issued but Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (“ASU 2023-07”). ASU 2023-07 is intended to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses, as well as disclosure of the title and position of the chief operating decision maker (“CODM”) and how the CODM uses the reported measure(s) of segment profit or loss in assessing performance. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating expects to include additional disclosures related to ASU 2023-07 beginning with its Form 10-K for the impact this guidance will have on its consolidated financial statements when adopted. year ended December 31, 2024.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 is intended to improve income tax disclosures, primarily through enhanced rate reconciliation disclosures, including specified categories, and enhanced income taxes paid disclosures, including disaggregation

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by federal, state and foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. The

Company is currently evaluating expects to include additional disclosures related to ASU 2023-09 beginning with its Form 10-K for the impact this guidance will have on its consolidated financial statements when adopted. year ended December 31, 2025.

3. RECENT REAL ESTATE ACQUISITIONS (CONSOLIDATED)

During the six nine months ended June 30, 2024 September 30, 2024, the Company acquired two Senior Housing - Managed communities and one Senior Housing - Leased community. During the six nine months ended June 30, 2023 September 30, 2023, the Company acquired one Senior Housing - Leased community and one Senior Housing - Managed community that was part of the Company's proprietary development pipeline and was previously reflected as a preferred equity investment which had a book value of $4.6 million at the time of acquisition. The consideration was allocated as follows (in thousands):

	Six Months Ended June 30,			Nine Months Ended September 30,	
	2024	2024	2023	2024	2023
Land					
Building and improvements					
Tenant origination and absorption costs intangible assets					
Tenant relationship intangible assets					
Total consideration					

The tenant origination and absorption costs intangible assets and tenant relationship intangible assets had amortization periods as of the date respective dates of acquisition of 15 3 years and 25 years, respectively, for the acquisition acquisitions completed during the six nine months ended June 30, 2024 September 30, 2024. 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 one year and 22 years, respectively, for the acquisitions completed during the six nine months ended June 30, 2023 September 30, 2023.

For each of the three and six nine months ended June 30, 2024 September 30, 2024, the Company recognized $0.8 $5.0 million and $5.9 million of total revenues and $0.6 $0.9 million and $1.5 million of net income from the facility facilities acquired during the six nine months ended June 30, 2024 September 30, 2024. For the three and six nine months ended June 30, 2023 September 30, 2023, the Company recognized $2.5 $2.6 million and $4.3 $6.8 million of total revenues, respectively, and $0.1 million $46,000 of net loss and $0.1 million less than $1,000 of net income, respectively, from the facilities acquired during the six nine months ended June 30, 2023 September 30, 2023.

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 June 30, 2024 September 30, 2024

Property Type	Property Type	Number of Properties	Number of Beds/Units	Total Real Estate at Cost	Accumulated Depreciation	Total Real Estate Investments, Net	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												
Senior Housing - Leased												
Senior Housing - Managed												
Behavioral Health												
Specialty Hospitals and Other												
	374											
	373											
Corporate Level												
			$									

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

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Building and improvements		
Furniture and equipment		
Land improvements		
Land		
Total real estate at cost		
Accumulated depreciation		
Total real estate investments, net		

During the three and nine months ended September 30, 2023, the Company received $6.2 million of insurance proceeds related to a vacant facility owned by the Company that suffered damages as a result of vandalism and theft and recorded a $3.7 million gain related to the property damage which is included in other income on the accompanying consolidated statements of income (loss).

Capital and Other Expenditures

As of June 30, 2024 September 30, 2024, the Company's aggregate commitment for future capital and other expenditures associated with facilities leased under triple-net operating leases was approximately $17 $15 million. These commitments are principally for improvements to its facilities.

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 include ancillary service revenue of $0.9 million $1.1 million and $1.6 $2.7 million for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $0.4 million and $0.9 $1.4 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively.

During the three and six months ended June 30, 2024, the The Company received $0.1 million and $1.3 million, respectively, of insurance proceeds related to a fire that occurred at one of the Company's Senior Housing - Managed communities of $0.1 million and recorded $0.9 $1.4 million of during the three and nine months ended September 30, 2024, respectively, and $1.1 million during the three and nine months ended September 30, 2023. The Company recorded business interruption insurance income, during the six months ended June 30, 2024 which is included in other income on the accompanying consolidated statements of income. income (loss), of $0.9 million during the nine months ended September 30, 2024, and $0.5 million during the three and nine months ended September 30, 2023. No such business interruption income was recorded during the three months ended June 30, 2024, and the September 30, 2024. The remaining proceeds were recorded as expense reimbursements in Senior Housing - Managed portfolio operating expenses on the accompanying consolidated statements of income. income (loss).

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Investment in Unconsolidated Joint Ventures

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

	Property Type	Property Type	Number of Properties as of June 30, 2024	Ownership as of June 30, 2024 (1)	Book Value June 30, 2024	Book Value December 31, 2023	Property Type	Number of Properties as of September 30, 2024	Ownership as of September 30, 2024 (1)	Book Value September 30, 2024	Book Value December 31, 2023
Sienna Joint Venture											
Marlin Spring Joint Venture											
	$										

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

5. ASSET HELD FOR SALE, IMPAIRMENT OF REAL ESTATE AND DISPOSITIONS

Asset Held for Sale

As of June 30, 2024, the Company determined that one skilled nursing/transitional care facility with a net book value of $2.2 million met the criteria to be classified as an asset held for sale, and this balance is included in accounts receivable, prepaid expenses and other assets, net on the consolidated balance sheets. Subsequent to June 30, 2024, the Company completed the sale of this facility for a gross sales price of $2.3 million.

Impairment of Real Estate

During the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company recognized real estate impairment of $18.5 million primarily related to four skilled nursing/transitional care facilities that have sold and two non-operational facilities, and $7.1 million related to one skilled nursing/transitional care facility that has sold, respectively.

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, including comparable sales and other local and national industry market data (Level 3 measurements), as applicable. The Company utilized sales price per square foot values ranging from $4 to $73 in its fair value calculations for the two non-operational facilities impaired during the six nine months ended June 30, 2024 September 30, 2024.

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 or loss on sale which could be material.

Dispositions

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

		Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2024	2023	2024	2023
Number of facilities					
Consideration, net of closing costs					
Net carrying value					
Net gain (loss) on sale					
Net loss on sale					

The Related to these facilities, the Company recognized net loss of $1.1 million $8.2 million and $37.4 million $79.6 million during the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively, which includes (i) impairment of $3.1 million $5.7 million and $7.1 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively, and (ii) net gain (loss) loss on sale from these facilities. sale.

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.

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6. OPERATING LEASES

Lessor Accounting

As of June 30, 2024 September 30, 2024, the substantial majority of the Company's real estate properties (excluding 66 68 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from less than one year to 20 19 years. As of June 30, 2024 September 30, 2024, the leases had a weighted average remaining term of seven years. The leases generally include

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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 $8.5 million $8.7 million and $16.4 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, and letters of credit deposited with the Company totaled approximately $65 $64 million and $56 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. In addition, the Company's tenants have deposited with the Company $12.3 million $10.8 million and $12.4 million as of June 30, 2024 September 30, 2024 and December 31, 2023, 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 $3.2 million $3.5 million and $6.5 million $10.0 million during the three and six nine months ended June September 30, 2024, respectively, and $3.8 million and $7.6 11.4 million during the three and six nine months ended June September 30, 2023, 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.

For the three and six nine months ended June 30, 2024 September 30, 2024, no tenant relationship represented 10% or more of the Company's total revenues.

As of June 30, 2024 September 30, 2024, 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):

July 1 through December 31, 2024	
October 1 through December 31, 2024	
2025	
2026	
2027	
2028	
Thereafter	
	$

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

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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 June 30, 2024 September 30, 2024 and December 31, 2023, the Company had $10.7 $7.2 million and $11.6 million of ROU assets included in accounts receivable, prepaid expenses and other assets, net, and $12.4 $8.4 million and $12.5

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$12.5 million of lease liabilities included in accounts payable and accrued liabilities, respectively, on its consolidated balance sheets.

The Company incurred lease expense of $0.4 $0.3 million and $0.8 $1.1 million during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $0.3 million and $0.6 $0.9 million during the three and six nine months ended June 30, 2023 September 30, 2023, respectively. As of June 30, 2024 September 30, 2024, the weighted average remaining lease term and discount rate were 17 13 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):

July 1 through December 31, 2024	
October 1 through December 31, 2024	
2025	
2026	
2027	
2028	
Thereafter	
Undiscounted minimum lease payments included in the lease liability	
Less: imputed interest	

Present value of lease liability

7. LOANS RECEIVABLE AND OTHER INVESTMENTS

As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company's loans receivable and other investments consisted of the following (dollars in thousands):

As of June 30, 2024

As of September 30, 2024

Investment Investment Investment	Quantity as of June 30, 2024	Property Type	Principal Balance as of June 30, 2024 (1)	Book Value as of June 30, 2024	Book Value as of December 31, 2023	Weighted Average Contractual Interest Rate / Rate of Return	Weighted Average Annualized Effective Interest Rate / Rate of Return	Maturity Date as of June 30, 2024
Loans Receivable:								
Mortgage Mortgage Mortgage	3	Behavioral Health / Skilled Nursing Behavioral Health / Skilled Nursing	$ 335,600 $	$ 335,600 $	$ 319,000	7.7 7.7 %	7.7 %	11/01/2 - 06/01/2
Other Other Other	11	Multiple Multiple	55,890 52,453	52,453 50,440	50,440	7.8 7.8 %	7.5 %	10/01 05/0
	14							
Allowance for loan losses Allowance for loan losses Allowance for loan losses								
		$ $ $						
Other Investments: **Other Investments:** **Other Investments:**								
Preferred Equity Preferred Equity								

Preferred Equity		5	Skilled Nursing / Senior Housing	Skilled Nursing / Senior Housing	57,141	57,329		57,329	57,849		57,849	10.8		10.8 %		10.8 %	N/
Total																	

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

As of June 30, 2024 September 30, 2024, the Company has committed to provide up to $1.8 $1.5 million of future funding related to one preferred equity investment and one two loan receivable investment. investments.

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

	Six Months Ended June 30,			Nine Months Ended September 30,	
	2024	2024	2023	2024	2023
Allowance for loan losses:					
Balance at beginning of the period					
Balance at beginning of the period					
Balance at beginning of the period					
(Recovery of) provision for loan losses					
Balance at end of the period					
Balance at end of the period					
Write-off of uncollectible balances					
Balance at end of the period					
	June 30, 2024				
	June 30, 2024				
	June 30, 2024	December 31, 2023			
	September 30, 2024				
	September 30, 2024				
	September 30, 2024	December 31, 2023			
Deteriorated credit quality:					
Number of loans receivable investments					
Number of loans receivable investments					
Number of loans receivable investments					
Principal balance					
Book value					
Nonaccrual status:					
Number of loans receivable investments					
Number of loans receivable investments					
Number of loans receivable investments					
Book value					

As of June 30, 2024 September 30, 2024 and December 31, 2023, 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):

	Principal Balance as of
Interest Rate Type	

Interest Rate Type	June 30, 2024 (1)		December 31, 2023 (1)		Weighted Average Interest Rate		Weighted Average Effective Interest Rate (2)		Maturity Date	Interest Rate Type	September 30, 2024 (1)		December 31, 2023 (1)		Weighted Average Interest Rate		Weighted Average Effective Interest Rate (2)		Maturity Date
Fixed Rate Fixed Rate	$ 47,134	$	$ 48,143	2.85	2.85	%	3.35	%	May 2031 - August 2051	Fixed Rate	$46,623	$	$48,143	2.85	2.85	%	3.35	%	May 2031 - August 2051

(1) Principal balance does not include deferred financing costs, net of $0.8 million as of each of June 30, 2024 September 30, 2024 and December 31, 2023.

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

Senior Unsecured Notes

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

Title	Title	Maturity Date	June 30, 2024 (1)	December 31, 2023 (1)	Title	Maturity Date	Principal Balance as of September 30, 2024 (1)	December 31, 2023 (1)
5.125% senior unsecured notes due 2026 ("2026 Notes")								
5.88% senior unsecured notes due 2027 ("2027 Notes")								
3.90% senior unsecured notes due 2029 ("2029 Notes")								
3.20% senior unsecured notes due 2031 ("2031 Notes")								
		$						

(1) Principal balance does not include discount, net of $4.6 million $4.8 million and deferred financing costs, net of $9.7 million $9.3 million as of June 30, 2024 September 30, 2024 and does not include discount, net of $4.3 million and deferred financing costs, net of $10.5 million as of December 31, 2023. In addition, the weighted average effective interest rate as of June 30, 2024 September 30, 2024 was 4.01%.

The 2026 Notes and the 2027 Notes were assumed as a result of the Company's merger with Care Capital Properties, Inc. in 2017 and accrue interest at a rate of 5.125% and 5.88%, respectively, per annum. Interest is payable semiannually on February 15 and August 15 of each year for the 2026 Notes and on May 17 and November 17 of each year for the 2027 Notes.

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The 2029 Notes were issued by the Operating Partnership and, until redemption of the Company's previously outstanding 5.375% senior notes due 2023 in October 2019, Sabra Capital Corporation, a wholly owned subsidiaries subsidiary of the Company, and accrue interest at a rate of 3.90% per annum. Interest is payable semiannually on April 15 and October 15 of each year.

The 2031 Notes were issued by the Operating Partnership, a wholly owned subsidiary of the Company, and accrue interest at a rate of 3.20% per annum. Interest is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022.

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 indentures and agreements (the "Senior Notes Indentures") governing the 2026 Notes, 2027 Notes, 2029 Notes and 2031 Notes (collectively, the "Senior Notes") include customary events of default and require the Company to comply with specified restrictive covenants. As of June 30, 2024 September 30, 2024, the Company was in compliance with all applicable financial covenants under the Senior Notes Indentures.

Credit Agreement

On 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"). During the six nine months ended June 30, 2023 September 30, 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 unsecured 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 June 30, 2024 September 30, 2024, there was $130.4 million $152.6 million (including CAD $38.8 $41.3 million) outstanding under the Revolving Credit Facility and $869.6 million $847.4 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, Daily Simple CORRA plus the CORRA Adjustment, each as defined in the Credit Agreement, 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 June 30, 2024 September 30, 2024, the weighted average interest rate on the Revolving Credit Facility was 6.46% 6.07%. 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 June 30, 2024 September 30, 2024, the interest rate on the U.S. dollar Term Loan was 6.68% 6.31%. The Canadian dollar Term Loan bears interest on the outstanding principal amount at a rate equal to the Term CORRA Rate plus the CORRA Adjustment, each as defined in the Credit Agreement, plus an interest margin that will range from 0.850% to 1.650% depending on the Debt Ratings. As of June 30, 2024 September 30, 2024, the interest rate on the Canadian dollar Term Loan was 6.35% 5.85%.

The Company has interest rate swaps and interest rate collars that fix and set a cap and floor, respectively, for the Secured Overnight Financing Rate ("SOFR") portion of the interest rate for $430.0 million of SOFR-based borrowings under its U.S.

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dollar Term Loan at a weighted average rate of 2.69% 2.93% and interest rate swaps that fix the Canadian Overnight Repo Rate ("CORRA") portion of the interest rate for CAD $150.0 million of CORRA-based borrowings under its Canadian dollar Term Loan at a rate of 1.63% 2.59%. As of June 30, 2024 September 30, 2024, the effective interest rate on the U.S. dollar and Canadian dollar Term Loans was 3.94% 4.18% and 2.88% 3.84%, respectively. In addition, the Canadian dollar Term Loan and the CAD $38.8 $41.3 million outstanding as of June 30, 2024 September 30, 2024 under the Revolving Credit Facility 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 June 30, 2024 September 30, 2024, the Company was in compliance with all applicable financial covenants under the Credit Agreement.

Interest Expense

The Company incurred interest expense of $29.3 million $29.5 million and $57.7 million $87.2 million during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $28.3 million $28.2 million and $56.9 million $85.0 million during the three and six nine months ended June 30, 2023 September 30, 2023, respectively. Interest expense includes non-cash interest expense of $3.1 million $2.6 million and $6.1 million $8.8 million for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $3.1 million and $6.1 9.2 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company had $17.2 $23.3 million and $16.5 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 June 30, 2024 September 30, 2024 (in thousands):

	Secured Indebtedness	Secured Indebtedness	Revolving Credit Facility (1)	Term Loans	Senior Notes	Total	Secured Indebtedness	Revolving Credit Facility (1)	Term Loans	Senior Notes	Total
July 1 through December 31, 2024											
October 1 through December 31, 2024											
2025											
2026											
2027											
2028											
Thereafter											
Total Debt											
Discount, net											
Deferred financing costs, net											
Total Debt, Net											

(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

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investment in foreign operations, the cash receipts and payments related to these foreign operations and payments of interest

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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 June 30, 2024 September 30, 2024, approximately $8.9 million $3.3 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):

	June 30, 2024		December 31, 2023	
Derivatives designated as cash flow hedges:				
Denominated in U.S. Dollars (1)	$	753,750	$	753,750
Denominated in Canadian Dollars (2)	$	300,000	$	300,000
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	$	49,545	$	55,335
Financial instruments designated as net investment hedges:				
Denominated in Canadian Dollars	$	188,800	$	194,300
Derivatives not designated as net investment hedges:				
Denominated in Canadian Dollars	$	6,755	$	965

(1) Balance as of June 30, 2024 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 June 30, 2024 includes two forward starting interest rate swaps with an effective date of September 2024 and an aggregate notional amount of CAD $150.0 million.

	September 30, 2024		December 31, 2023	
Derivatives designated as cash flow hedges:				
Denominated in U.S. Dollars	$	430,000	$	753,750
Denominated in Canadian Dollars	$	150,000	$	300,000
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	$	47,358	$	55,335
Financial instruments designated as net investment hedges:				
Denominated in Canadian Dollars	$	191,300	$	194,300
Derivatives not designated as net investment hedges:				
Denominated in Canadian Dollars	$	8,942	$	965

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 June 30, 2024 September 30, 2024 and December 31, 2023 (dollars in thousands):

Type	Count as of June 30, 2024	Count as of September 30, 2024

Type	Type	Designation		June 30, 2024		December 31, 2023				Balance Sheet Location	Designation
Assets:											
Interest rate swaps											
Interest rate swaps											
Interest rate swaps		Cash flow	5	$	$ 4,204	$	$6,002	2024 - 2028	2024 - 2028	Accounts receivable, prepaid expenses and other assets, net	Cash flow
Interest rate collars	Interest rate collars	Cash flow	2	926	926	3,216	3,216	2024	2024	Accounts receivable, prepaid expenses and other assets, net	Interest rate collars
Forward starting interest rate swaps	Forward starting interest rate swaps	Cash flow	4	17,096	17,096	6,736	6,736	2028	2028	Accounts receivable, prepaid expenses and other assets, net	Forward starting interest rate swaps
Cross currency interest rate swaps	Cross currency interest rate swaps	Net investment	2	4,252	4,252	2,964	2,964	2025	2025	Accounts receivable, prepaid expenses and other assets, net	Cross currency interest rate swaps
			$								
Liabilities:											
Liabilities:											
Liabilities:											
Interest rate swaps											
Interest rate swaps											
Interest rate swaps		Cash flow	1	$ 292		$ —			2028	Accounts payable and accrued liabilities	
CAD borrowings under Revolving Credit Facility											
CAD borrowings under Revolving Credit Facility											
CAD borrowings under Revolving Credit Facility		Net investment	1	28,367	28,367	33,429	33,429	2027	2027	Revolving credit facility	inv
CAD Term Loan	CAD Term Loan	Net investment	1	109,665	109,665	113,190	113,190	2028	2028	Term loans, net	CAD Term Loan
			$								

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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 three and six nine months ended June 30, 2024 September 30, 2024 and 2023 (in thousands):

	Gain (Loss) Recognized in Other Comprehensive Income								
	Three Months Ended June 30,			Six Months Ended June 30,					
	(Loss) Gain Recognized in Other Comprehensive Income								
	Three Months Ended September 30,			Nine Months Ended September 30,					
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Cash Flow Hedges:									
Interest rate products									
Interest rate products									
Interest rate products									
Net Investment Hedges:									
Foreign currency products									
Foreign currency products									
Foreign currency products									
CAD borrowings under Revolving Credit Facility									
CAD term loan									
CAD Term Loan									
	$								

			Gain Reclassified from Accumulated Other Comprehensive Income into Income								
			Three Months Ended June 30,		Six Months Ended June 30,						
			Three Months Ended September 30,		Nine Months Ended September 30,						
	Income Statement Location	Income Statement Location	2024	2023	2024	2023	Income Statement Location	2024	2023	2024	2023
Cash Flow Hedges:											
Interest rate products											
Interest rate products											
Interest rate products											

During the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, no cash flow hedges were determined to be ineffective.

Derivatives Not Designated as Hedging Instruments

As of June 30, 2024 September 30, 2024, the Company had one outstanding cross currency interest rate swap, of which a portion was not designated as a hedging instrument, in an asset position with a fair value of $0.5 $0.6 million that is included in accounts receivable, prepaid expenses and other assets, net on the consolidated balance sheets. During each of the three and six nine months ended June 30, 2024 September 30, 2024, the Company recorded $0.1 million of other expense and $0.1 million of other income, respectively, related to the portion of derivatives not designated as hedging instruments and no such expense was recorded during each of the three and six nine months ended June 30, 2023 September 30, 2023.

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 June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

		As of June 30, 2024				As of September 30, 2024
	Gross Amounts of Recognized Assets / Liabilities	Financial Instruments				
		Financial Instruments				
		Financial Instruments	Cash Collateral Received	Net Amount	Cash Collateral Received	Net Amount
Offsetting Assets:						
Derivatives						

Derivatives

Derivatives

Offsetting Liabilities:

Derivatives

Derivatives

Derivatives

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	As of December 31, 2023					
	Gross Amounts of Recognized Assets / Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets / Liabilities presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Offsetting Assets:						
Derivatives	$ 18,918	$ —	$ 18,918	$ —	$ —	$ 18,918
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 June 30, 2024 September 30, 2024, the Company had no fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $0.3 million. As of September 30, 2024, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions at September 30, 2024, it could have been required to settle its obligations under the agreements at their termination value of $0.3 million.

10. FAIR VALUE DISCLOSURES

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.

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% 13% with a weighted average rate of 7% 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

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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.

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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 June 30, 2024 September 30, 2024 and December 31, 2023 whose carrying amounts do not approximate their fair value (in thousands):

	As of June 30, 2024			As of December 31, 2023			As of September 30, 2024			As of December 31, 2023		
	Face Value (1)	Carrying Amount (2)	Fair Value	Face Value (1)	Carrying Amount (2)	Fair Value	Face Value (1)	Carrying Amount (2)	Fair Value	Face Value (1)	Carrying Amount (2)	Fair Value
Financial assets:												
Loans receivable												
Loans receivable												
Loans receivable												
Preferred equity investments												
Financial liabilities:												
Senior Notes												
Senior Notes												
Senior Notes												
Secured indebtedness												

(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 June 30, 2024 September 30, 2024 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	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	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									
Loans receivable									
Loans receivable									
Preferred equity investments									
Financial liabilities:									
Senior Notes									
Senior Notes									
Senior Notes									

Secured indebtedness

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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.

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Items Measured at Fair Value on a Recurring Basis

During the six nine months ended June 30, 2024 September 30, 2024, the Company recorded the following amounts measured at fair value (in thousands):

			Fair Value Measurements Using						
	Total	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	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:									
Financial assets:									
Financial assets:									
Interest rate swaps									
Interest rate swaps									
Interest rate swaps									
Interest rate collars									
Forward starting interest rate swaps									
Cross currency interest rate swaps									
Cross currency interest rate swaps									
Cross currency interest rate swaps									
Financial liabilities:									
Financial liabilities:									
Financial liabilities:									
Interest rate swaps									
Interest rate swaps									
Interest rate swaps									

11. EQUITY

Common Stock

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 each of the three and six months ended June 30, 2024 September 30, 2024, the Company utilized the forward feature of the ATM Program to allow for the sale of up to 3.1 4.2 million shares of the Company's common stock at an initial weighted average price of $14.47 $16.10 per share, net of commissions. During each of the three commissions, and six months ended June 30, 2024, the Company settled 2.7 2.3 million shares at a weighted average net price of $14.34 $15.13 per share, after commissions and fees, resulting in net proceeds of $39.1 $35.1 million.

During the nine months ended September 30, 2024, the Company utilized the forward feature of the ATM Program to allow for the sale of up to 7.3 million shares of the Company's common stock at an initial weighted average price of $15.41 per share, net of commissions, and the Company settled 5.0 million shares at a weighted average net price of $14.70 per share, after commissions and fees, resulting in net proceeds of $74.2 million.

As of June 30, 2024 September 30, 2024, 0.4 2.2 million shares remained outstanding under the forward sale agreements, with an initial weighted average price of $14.79 $16.77 per share, net of commissions.

No other shares were sold under the ATM Program during the three and six nine months ended June 30, 2024 September 30, 2024.

As of June 30, 2024 September 30, 2024, the Company had $455.0 $386.7 million available under the ATM Program.

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The following table lists the cash dividends on common stock declared and paid by the Company during the six nine months ended June 30, 2024 September 30, 2024:

Declaration Date	Record Date	Amount Per Share		Dividend Payable Date
February 1, 2024	February 13, 2024	$	0.30	February 29, 2024
May 8, 2024	May 20, 2024	$	0.30	May 31, 2024
August 7, 2024	August 19, 2024	$	0.30	

During the six nine months ended June 30, 2024 September 30, 2024, the Company issued 0.3 million shares of common stock as a result of restricted stock unit vestings.

Upon any payment of shares to team members as a result of restricted stock unit vestings, the team members' 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 six nine months ended June 30, 2024 September 30, 2024 and

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2023, the Company incurred $2.0 million and $1.4 million, respectively, in tax withholding obligations on behalf of its team members 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):

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Foreign currency translation (loss) gain		
Unrealized gain on cash flow hedges		
Total accumulated other comprehensive income		

12. EARNINGS PER COMMON SHARE

The following table illustrates the computation of basic and diluted earnings per share for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023 (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,					
	Three Months Ended September 30,		Nine Months Ended September 30,					
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Numerator									
Net income									
Net income									
Net income									
Net income (loss)									
Net income (loss)									
Net income (loss)									
Denominator									
Basic weighted average common shares and common equivalents									
Basic weighted average common shares and common equivalents									
Basic weighted average common shares and common equivalents									
Dilutive restricted stock units									
Dilutive forward equity sale agreements									
Diluted weighted average common shares									

Diluted weighted average common shares	
Diluted weighted average common shares	
Net income, per:	
Net income (loss), per:	
Basic common share	
Basic common share	
Basic common share	
Diluted common share	

During the three and six months ended June 30, 2024 September 30, 2024, approximately 500 10,000 restricted stock units or shares related to forward equity sale agreements were not included in each period, computing diluted earnings per share because they were considered anti-dilutive. During the nine months ended September 30, 2024, approximately 800 restricted stock units and 5,100 5,200 shares and 2,600 shares, respectively, related to forward equity sale agreements were not included in computing diluted earnings per share because they were considered anti-dilutive. During the three and six nine months ended June 30, 2023 September 30, 2023, approximately 54,200 1.6 million and 54,700 1.4 million restricted stock units, respectively, were not included in computing diluted earnings per share because they were considered anti-dilutive.

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13. 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 June 30, 2024 September 30, 2024, 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.

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14. SUBSEQUENT EVENTS

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

Dividend Declaration

On August 7, 2024 October 31, 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 August 30, 2024 November 29, 2024 to common stockholders of record as of the close of business on August 19, 2024 November 15, 2024.

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ITEM 2. 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 the "Risk Factors" section in Part I, Item 1A of our 2023 Annual Report on Form 10-K. Also see "Statement Regarding Forward-Looking Statements" preceding Part I.

The following discussion and analysis should be read in conjunction with our accompanying unaudited 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 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 earnings growth and appreciation of asset values, while maintaining balance sheet strength and liquidity, thereby creating long-term stockholder value.

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.

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, 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

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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. On the labor front, our tenants, borrowers and Senior Housing - Managed portfolio have significantly reduced their reliance on agency staffing which was a mainstay in the wake of COVID-19, and while they continue to experience improvements in both permanent labor availability and overall costs from the worst points of the pandemic, permanent labor supply remains lower and costs remain higher than pre-pandemic levels. We are, however, encouraged by increases our tenants are receiving in reimbursement rates in our skilled nursing/transitional care portfolio, as those increases have led to margin recovery despite occupancy being below 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.

Acquisitions

During the six nine months ended June 30, 2024 September 30, 2024, we acquired two Senior Housing - Managed communities and one Senior Housing - Leased community for aggregate consideration of $36.1 million $112.2 million, including acquisition costs. See Note 3, "Recent Real Estate Acquisitions (Consolidated)," in the Notes to Consolidated Financial Statements for additional information regarding this investment. these investments.

Dispositions

During the six nine months ended June 30, 2024 September 30, 2024, we completed the sale of four eight skilled nursing/transitional care facilities for aggregate consideration, net of closing costs, of $6.2 40.5 million. The net carrying value of the assets and liabilities of these facilities was $4.4 44.5 million, which resulted in an aggregate $1.8 4.0 million net gain loss on sale. We continue to evaluate additional assets for sale as part of our initiative to recycle capital and further improve our portfolio quality.

Critical Accounting Policies and Estimates

Our consolidated interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and in conjunction with the rules and regulations of the Securities and Exchange Commission (the "SEC"). The preparation of our financial statements requires significant management judgments, assumptions and estimates about matters that are inherently uncertain. 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. 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 is included in Part II, Item 7 of our 2023 Annual Report on Form 10-K filed with the SEC. There have been no significant changes to our critical accounting policies during the six nine months ended June 30, 2024 September 30, 2024.

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 June 30, 2024 September 30, 2024, our investment portfolio consisted of 374 373 real estate properties held for investment, one asset held for sale, 14 investments in loans receivable, five preferred equity investments and two investments in unconsolidated joint ventures. As of June 30, 2023 September 30, 2023, our investment portfolio consisted of 392 377 real estate properties held for investment, 13 12 investments in loans receivable, five preferred equity investments and two 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

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The results of operations presented are not directly comparable due to ongoing acquisition and disposition activity, including our capital recycling initiative.

Comparison of results of operations for the three months ended June 30, 2024 September 30, 2024 versus the three months ended June 30, 2023 September 30, 2023 (dollars in thousands):

	Three Months Ended June 30,								
	Three Months Ended September 30,	Increase / (Decrease)	Increase / (Decrease)	Percentage Difference	Percentage Difference	Variance due to Acquisitions, Originations and Dispositions (1)	Variance due to Acquisitions, Originations and Dispositions (1)	Remaining Variance (2)	Remaining Variance (2)
2024									
Revenues:									
Revenues:									
Revenues:									
Rental and related revenues									
Rental and related revenues									
Rental and related revenues									
Resident fees and services									
Interest and other income									
Expenses:									
Depreciation and amortization									
Depreciation and amortization									
Depreciation and amortization									
Interest									
Triple-net portfolio operating expenses									
Senior housing - managed portfolio operating expenses									
General and administrative									
(Recovery of) provision for loan losses									
Impairment of real estate									
Other expense:									
Other expense:									
Other expense:									
Other income									
Other income									
Other income									
Net gain (loss) on sales of real estate									
Net loss on sales of real estate									
Income (loss) from unconsolidated joint ventures									
Income tax expense									

Income tax benefit (expense)

(1) Represents the dollar amount increase (decrease) for the three months ended June 30, 2024 September 30, 2024 compared to the three months ended June 30, 2023 September 30, 2023 as a result of investments/dispositions made after April 1, 2023 July 1, 2023.

(2) Represents the dollar amount increase (decrease) for the three months ended June 30, 2024 September 30, 2024 compared to the three months ended June 30, 2023 September 30, 2023 that is not a direct result of investments/dispositions made after April 1, 2023 July 1, 2023.

Rental and Related Revenues

During the three months ended June 30, 2024 September 30, 2024, we recognized $99.1 million $94.6 million of rental income compared to $94.3 million $93.1 million for the three months ended June 30, 2023 September 30, 2023. The $4.8 million $1.5 million net increase in rental income is related to (i) a $1.9 million increase from properties acquired after July 1, 2023, (ii) a $4.3 million $1.5 million net increase in rental and related revenues related to leases that are no longer accounted for on an accrual basis, (ii) (iii) a $1.9 million $0.8 million increase due to lease amendments and annual rental increases based on changes in the Consumer Price Index, (iv) a $0.8 million increase from properties acquired after April 1, 2023 that were transitioned to new operators and (iii) (v) a $0.7 million $0.6 million increase due to incremental revenue related to capital expenditures. expenditures. These increases are partially offset by an increase of $2.4 million in cash and non-cash rent receivable write-offs related to leases that are no longer accounted for on an accrual basis and a $2.2 million $2.1 million decrease from properties disposed of after April 1, 2023 July 1, 2023.

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 three months ended June 30, 2024 September 30, 2024 and 2023.

Resident Fees and Services

During the three months ended June 30, 2024 September 30, 2024, we recognized $67.9 million $73.7 million of resident fees and services compared to $58.4 million $59.7 million for the three months ended June 30, 2023 September 30, 2023. The $9.5 million $14.0 million net increase is due to a $5.7 million $5.3 million increase related to seven five facilities that were transitioned to Senior Housing - Managed communities after April 1, 2023 July 1, 2023, a $4.2

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million increase related to two Senior Housing - Managed communities acquired after July 1, 2023 and the remaining increase is primarily related to increased occupancy and an increase in rates.

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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 three months ended June 30, 2024 September 30, 2024, we recognized $9.1 million $9.7 million of interest and other income compared to $8.5 million $8.8 million for the three months ended June 30, 2023 September 30, 2023. The net increase of $0.6 million $0.9 million is due to (i) a $0.3 million $0.4 million increase from investments made after April 1, 2023 July 1, 2023, (ii) a $0.2 million lease termination payment primarily related to one skilled nursing/transitional care facility, (iii) a $0.1 million increase due to increased fundings for existing investments and (iii) (iv) a $0.1 million increase in bank interest income, partially offset by a $0.1 million decrease in income from investments repaid after April 1, 2023. income.

Depreciation and Amortization

During the three months ended June 30, 2024 September 30, 2024, we incurred $41.7 million $42.7 million of depreciation and amortization expense compared to $44.1 million $43.2 million for the three months ended June 30, 2023 September 30, 2023. The net decrease of $2.5 million $0.5 million is due to a $2.1 million $1.5 million decrease due to assets that have been fully depreciated and a $1.6 million $1.3 million decrease from properties disposed of after April 1, 2023 July 1, 2023. These decreases are partially offset by a $0.6 million $1.9 million increase from properties acquired after July 1, 2023 and a $0.5 million increase from additions to real estate and a $0.5 million increase from properties acquired after April 1, 2023. 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 three months ended June 30, 2024 September 30, 2024, we incurred $29.3 million $29.5 million of interest expense compared to $28.3 million $28.2 million for the three months ended June 30, 2023 September 30, 2023. The $1.0 million $1.3 million net increase is primarily related to an a $1.8 million increase in interest expense related to borrowings under the Credit Agreement (as defined below). , partially offset by a $0.5 million decrease in non-cash interest expense related to our interest rate hedges.

Triple-Net Portfolio Operating Expenses

During the three months ended June 30, 2024 September 30, 2024, we recognized $4.4 million $4.3 million of triple-net portfolio operating expenses compared to $4.8 million $4.3 million during the three months ended June 30, 2023 September 30, 2023. The $0.4 million $34,000 net decrease is primarily due to a $0.6 million decrease due to facilities that have since transitioned to new operators who are now paying the property taxes directly offset by an increase due and adjustments to adjusting our estimates related to property taxes.

Senior Housing - Managed Portfolio Operating Expenses

During the three months ended June 30, 2024 September 30, 2024, we recognized $50.4 million $54.2 million of Senior Housing - Managed portfolio operating expenses compared to $44.0 million $44.5 million for the three months ended June 30, 2023 September 30, 2023. The $6.4 million $9.7 million net increase is due to (i) a $5.1 million $4.6 million increase related to seven five facilities that were transitioned to Senior Housing - Managed communities after April 1, 2023 July 1, 2023, (ii) a $0.6 million $2.5 million increase related to two Senior Housing - Managed communities acquired after July 1, 2023, (iii) a $1.4 million increase in employee compensation primarily due to increased labor rates and staffing, (iii) (iv) a $0.4 million $0.6 million increase in management fees, dining expenses and housekeeping costs due to increased occupancy and (iv) (v) a $0.2 million $0.5 million increase in marketing, administrative and corporate overhead expense.

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 three months ended June 30, 2024 September 30, 2024, general and administrative expenses were $12.7 million $12.4 million compared to $9.5 million $10.8 million during the three months ended June 30, 2023 September 30, 2023. The $3.2 million $1.6 million net increase is primarily related to a $3.5 million $2.1 million increase in compensation, including a $0.3 million $0.4 million increase in stock-based compensation, for our teammates as a result of changes in performance-based payout assumptions on compensation and annual salary adjustments. adjustments, partially offset by a $0.2 million decrease in insurance expense.

(Recovery of) Provision for Loan Losses

During the three months ended June 30, 2024 September 30, 2024 and 2023, we recognized a $0.2 million $0.1 million recovery of and a $0.4 million $0.3 million provision for loan losses, respectively, associated with our loans receivable investments.

Impairment of Real Estate Other Income

No other income was recognized during the three months ended September 30, 2024. During the three months ended June 30, 2024 September 30, 2023, we recognized a $15.3 million impairment $2.2 million of real estate primarily other income related to three facilities that are expected to be sold, one of which sold subsequent to June 30, 2024. No impairment of real estate was a $3.7 million gain on insurance proceeds received

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recognized during related to property damage incurred at a vacant facility and $0.5 million of business interruption insurance income related to one Senior Housing - Managed community that was closed due to a fire. This income is partially offset by $1.4 million of transition-related expenses related to the three months ended June 30, 2023. See Note 5, "Asset Held for Sale, Impairment transition of Real Estate and Dispositions," 14 Senior Housing - Managed communities to new operators in the Notes to Consolidated Financial Statements for additional information regarding these impairments. 2023.

Net Gain (Loss) Loss on Sales of Real Estate

During the three months ended June 30, 2024 September 30, 2024, we recognized an aggregate net gain loss of $1.8 million $5.7 million related to the disposition of four skilled nursing/transitional care facilities. During the three months ended June 30, 2023 September 30, 2023, we recognized an aggregate net loss of $7.8 million $46.5 million related to the disposition of four 13 skilled nursing/transitional care facilities. facilities and two Senior Housing - Leased communities.

Income (Loss) from Unconsolidated Joint Ventures

During the three months ended June 30, 2024 September 30, 2024, we recognized $0.1 million $0.2 million of income from our unconsolidated joint ventures compared to $0.7 million $0.6 million of loss for the three months ended June 30, 2023 September 30, 2023. The $0.7 million $0.9 million net improvement is primarily related to a $0.6 million $0.8 million increase in revenues net of operating expenses primarily due to increased occupancy.

Income Tax Expense Benefit (Expense)

During the three months ended June 30, 2024 September 30, 2024, we recognized $0.4 million $0.3 million of income tax expense benefit compared to $0.3 million $0.5 million of income tax expense during the three months ended June September 30, 2023. The $0.1 million increase $0.7 million change is due to higher lower taxable income during the three months ended June 30, 2024 September 30, 2024.

Comparison of results of operations for the six nine months ended June 30, 2024 September 30, 2024 versus the six nine months ended June 30, 2023 September 30, 2023 (dollars in thousands):

	Six Months Ended June 30, / Nine Months Ended September 30,	Increase / (Decrease)	Increase / (Decrease)	Percentage Difference	Percentage Difference	Variance due to Acquisitions, Originations and Dispositions (1)	Variance due to Acquisitions, Originations and Dispositions (1)	Remaining Variance (2)	Remaining Variance (2)
	2024								
Revenues:									
Revenues:									
Revenues:									
Rental and related revenues									
Rental and related revenues									
Rental and related revenues									
Resident fees and services									

Interest and other income
Expenses:
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Interest
Triple-net portfolio operating expenses
Senior housing - managed portfolio operating expenses
General and administrative
(Recovery of) provision for loan losses
Impairment of real estate
Other income (expense):
Loss on extinguishment of debt
Loss on extinguishment of debt
Loss on extinguishment of debt
Other income
Net gain (loss) on sales of real estate
Net loss on sales of real estate
Loss from unconsolidated joint ventures
Income tax expense

(1) Represents the dollar amount increase (decrease) for the six nine months ended June 30, 2024 September 30, 2024 compared to the six nine months ended June 30, 2023 September 30, 2023 as a result of investments/dispositions made after January 1, 2023.

(2) Represents the dollar amount increase (decrease) for the six nine months ended June 30, 2024 September 30, 2024 compared to the six nine months ended June 30, 2023 September 30, 2023 that is not a direct result of investments/dispositions made after January 1, 2023.

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Rental and Related Revenues

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $190.9 million $285.4 million of rental income compared to $190.1 million $283.2 million for the six nine months ended June 30, 2023 September 30, 2023. The $0.7 million $2.2 million net increase in rental income is related to (i) a $3.0 million $4.9 million increase from properties acquired after January 1, 2023, (ii) a $3.0 $4.0 million net increase in rental and related revenues related to leases that are no longer accounted for on an accrual basis, (iii) a $1.9 million $2.4 million increase due to incremental revenue related to capital expenditures, and (iv) a $1.0 million $1.7 million increase due to lease amendments and annual rental increases based on changes in the Consumer Price Index. Index and (v) a $0.5 million increase from properties that were transitioned to new operators. These increases are partially offset by (i) a $5.3 million $7.1 million decrease from properties disposed of after January 1, 2023, (ii) a $2.4 million increase in cash and non-cash rent receivable write-offs related to leases that are no longer accounted for on an accrual basis, (iii) a $1.1 million decrease in Genesis excess rents in accordance with the terms of the memorandum of understanding entered into with Genesis in 2017 (iii) and (iv) a $1.1 million decrease from facilities transitioned from triple-net lease leases to Senior Housing - Managed communities and (iv) a $0.6 million decrease from properties that were transitioned to new operators. communities.

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 six nine months ended June 30, 2024 September 30, 2024 and 2023.

Resident Fees and Services

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $134.0 million $207.7 million of resident fees and services compared to $115.1 million $174.9 million for the six nine months ended June 30, 2023 September 30, 2023. The $18.8 million $32.8 million net increase is due to (i) a $10.8 million $16.1 million increase related to seven facilities that were transitioned to Senior Housing - Managed communities after January 1, 2023, (ii) a $6.7 million $10.8 million increase related to increased occupancy and an increase in rates and (iii) a $1.8 million $6.3 million increase from one three Senior Housing - Managed community communities acquired after January 1, 2023. These increases are partially offset by a $0.4 million decrease related to one Senior Housing - Managed community disposed of after January 1, 2023.

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 six nine months ended June 30, 2024 September 30, 2024, we recognized $18.0 million $27.7 million of interest and other income compared to $17.2 million $26.0 million for the six nine months ended June 30, 2023 September 30, 2023. The net increase of $0.8 million $1.8 million is due to (i) a $1.1 million increase from investments made after January 1, 2023, (ii) a $0.6 million increase due to increased fundings for existing investments, (ii) a $0.6 million increase from investments made after January 1, 2023 and (iii) a $0.3 million $0.4 million increase in bank interest income and (iv) a $0.2 million lease termination payment primarily related to one skilled nursing/transitional care facility, partially offset by a $0.7 million decrease in income from investments repaid after January 1, 2023.

Depreciation and Amortization

During the six nine months ended June 30, 2024 September 30, 2024, we incurred $84.6 million $127.3 million of depreciation and amortization expense compared to $97.0 million $140.2 million for the six nine months ended June 30, 2023 September 30, 2023. The net decrease of $12.4 million $12.9 million is due to (i) an $8.1 million decrease due to accelerating the remaining useful life of a facility that was demolished in 2023, (ii) a $3.9 million $5.1 million decrease from properties disposed of after January 1, 2023 and (iii) a $3.0 million $4.4 million decrease due to assets that have been fully depreciated. These decreases are partially offset by a $1.9 million $2.7 million increase from properties acquired after January 1, 2023 and a $2.3 million increase from additions to real estate and a $0.8 million increase from properties acquired after January 1, 2023. 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 six nine months ended June 30, 2024 September 30, 2024, we incurred $57.7 million $87.2 million of interest expense compared to $56.9 million $85.0 million for the six nine months ended June 30, 2023 September 30, 2023. The $0.9 million $2.2 million net increase is primarily related to ana $2.7 million increase in interest expense related to borrowings under the Credit Agreement. Agreement, partially offset by a $0.5 million decrease in non-cash interest expense related to our interest rate hedges.

Triple-Net Portfolio Operating Expenses

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $8.7 million $13.0 million of triple-net portfolio operating expenses compared to $8.9 million $13.2 million for the six nine months ended June 30, 2023 September 30, 2023. The $0.2 million $0.3 million net decrease is primarily

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due to a $0.6 million decrease due to facilities that have since transitioned to new operators who are now paying the property taxes directly offset by an and adjustments toincrease due to adjusting our estimates related to property taxes.

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Senior Housing - Managed Portfolio Operating Expenses

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $100.0 million $154.3 million of Senior Housing - Managed portfolio operating expenses compared to $87.6 million $132.1 million for the six nine months ended June 30, 2023 September 30, 2023. The $12.4 million $22.1 million net increase is due to (i) a $9.6 million $14.2 million increase related to seven facilities that were transitioned to Senior Housing - Managed communities after January 1, 2023, (ii) a $0.8 million $3.3 million increase related to one three Senior Housing - Managed community communities acquired after January 1, 2023, (iii) a $0.9 million increase in management fees, dining expenses and housekeeping due to increased occupancy, (iv) a $0.8 million $2.0 million increase in employee compensation primarily due to increased labor rates and staffing, (iv) a $1.4 million increase in management fees, dining expenses and housekeeping costs due to increased occupancy and (v) a $0.5 million $1.2 million increase in marketing, administrative and corporate overhead expenses. These increases are partially offset by a $0.4 million decrease related to one Senior Housing - Managed community disposed of after January 1, 2023.

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 six nine months ended June 30, 2024 September 30, 2024, general and administrative expenses were $24.6 million $37.0 million compared to $20.0 million $30.8 million during the six nine months ended June 30, 2023 September 30, 2023. The $4.6 million $6.2 million net increase is related to (i) a $4.3 million $6.4 million increase in compensation, including a $0.6 million $0.9 million increase in stock-based compensation, for our teammates as a result of changes in performance-based payout assumptions on compensation and annual salary adjustments and (ii) a $0.2 million $0.3 million increase in office expense primarily related to the new corporate office lease,. partially offset by a $0.3 million decrease in insurance expense.

(Recovery of) Provision for Loan Losses

During the six nine months ended June 30, 2024 September 30, 2024 and 2023, we recognized a $0.3 million $0.4 million recovery of and a $0.2 million $0.5 million provision for loan losses, respectively, primarily associated with our loans receivable investments.

Impairment of Real Estate

During the six nine months ended June 30, 2024 September 30, 2024, we recognized an $18.5 million impairment of real estate primarily related to six facilities that were sold or are expected to be sold. During the six nine months ended June 30, 2023 September 30, 2023, we recognized a $7.1 million impairment of real estate related to one skilled nursing/transitional care facility that was sold.

Loss on Extinguishment of Debt

No loss on extinguishment of debt was recognized during the six nine months ended June 30, 2024 September 30, 2024. During the six nine months ended June 30, 2023 September 30, 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.

Other Income

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $0.8 million of other income primarily related to business interruption insurance income related to one Senior Housing - Managed community that was closed due to a fire. During the six nine months ended June 30, 2023 September 30, 2023, we recognized $0.3 million $2.6 million of other income primarily 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.

Net Gain (Loss) Loss on Sales of Real Estate

During the six nine months ended June 30, 2024, we recognized an aggregate net gain of $1.8 million related to the disposition of four skilled nursing/transitional care facilities. During the six months ended June 30, 2023 September 30, 2024, we recognized an aggregate net loss of $29.3 million $4.0 million related to the disposition of 10 eight skilled nursing/transitional care facilities. During the nine months ended September 30, 2023, we recognized an aggregate net loss of $75.9 million related to the disposition of 23 skilled nursing/transitional care facilities, one three Senior Housing - Leased community communities and one Senior Housing - Managed community.

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Loss from Unconsolidated Joint Ventures

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $0.5 million $0.3 million of loss from our unconsolidated joint ventures compared to $1.5 million $2.1 million of loss for the six nine months ended June 30, 2023 September 30, 2023. The $1.0 million $1.8 million net improvement is primarily related to a $1.2 million $2.0 million increase in revenues net of operating expenses primarily due to increased occupancy, which includes $0.1 million $0.2 million related to one senior housing community acquired by one of our joint ventures after January 1, 2023.

Income Tax Expense

During the six nine months ended June 30, 2024 September 30, 2024, we recognized $0.9 million $0.6 million of income tax expense compared to $1.1 million $1.5 million for the six nine months ended June 30, 2023 September 30, 2023. The $0.2 million $0.9 million decrease is due to lower taxable income during the six nine months ended June 30, 2024 September 30, 2024.

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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 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 (recovery of) 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 noncapitalizable acquisition costs, transaction costs related to operator transitions and organizational or other restructuring activities, 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.

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The following table reconciles our calculations of FFO and AFFO for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, to net income, the most directly comparable GAAP financial measure, for the same periods (in thousands, except share and per share amounts):

	Three Months Ended June 30,			Six Months Ended June 30,							
	Three Months Ended September 30,			Nine Months Ended September 30,							
	2024	2024	2023	2024	2023	2024	2023	2024	2023		
Net income											
Net income (loss)											
Depreciation and amortization of real estate assets											
Depreciation, amortization and impairment of real estate assets related to unconsolidated joint ventures											
Depreciation, amortization and impairment of real estate assets related to unconsolidated joint ventures											
Depreciation, amortization and impairment of real estate assets related to unconsolidated joint ventures											
Net (gain) loss on sales of real estate											
Net loss on sales of real estate											
Impairment of real estate											
Impairment of real estate											
Impairment of real estate											
FFO											
FFO											
FFO											
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											
(Recovery of) provision for loan losses											
Other adjustments related to unconsolidated joint ventures											
Other adjustments related to unconsolidated joint ventures											
Other adjustments related to unconsolidated joint ventures											
Other adjustments											
AFFO											
FFO per diluted common share											
FFO per diluted common share											
FFO per diluted common share											
AFFO per diluted common share											
Weighted average number of common shares outstanding, diluted:											
Weighted average number of common shares outstanding, diluted:											
Weighted average number of common shares outstanding, diluted:											
FFO											
FFO											
FFO											
AFFO											

The following table sets forth additional information related to certain other items included in net income 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):

	Three Months Ended June 30,			Six Months Ended June 30,																							
	Three Months Ended September 30,			Nine Months Ended September 30,																							
	2024	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023

	Net Income	Net Income	FFO	AFFO	Net Income	FFO	AFFO	Net Income	FFO	AFFO	Net Income	FFO	AFFO
Rental and related revenues:													
Non-cash rental and related revenue write-offs													
Non-cash rental and related revenue write-offs													
Non-cash rental and related revenue write-offs													
Rental and related revenue write-offs													
Rental and related revenue write-offs													
Rental and related revenue write-offs													
Interest and other income:													
Interest and other income:													
Interest and other income:													
Lease termination income													
Lease termination income													
Lease termination income													
(Recovery of) provision for loan losses													
(Recovery of) provision for loan losses													
(Recovery of) provision for loan losses													
Loss on extinguishment of debt													
Other income:													
Insurance income													
Insurance income													
Insurance income													

Liquidity and Capital Resources

As of June 30, 2024 September 30, 2024, we had approximately $906.0 million $947.8 million in liquidity, consisting of unrestricted cash and cash equivalents of $36.4 million and $63.0 million, available borrowings under our Revolving Credit Facility (as defined below) of $869.6 million $847.4 million and $37.4 million related to shares outstanding under forward sale agreements under our ATM Program (as defined below). The

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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.

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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 each of the three and six months ended June 30, 2024 September 30, 2024, we utilized the forward feature of the ATM Program to allow for the sale of up to 3.1 4.2 million shares of our common stock at an initial weighted average price of $14.47 $16.10 per share, net of commissions. During each of the three commissions, and six months ended June 30, 2024, we settled 2.7 2.3 million shares at a weighted average net price of $14.34 $15.13 per share, after commissions and fees, resulting in net proceeds of $39.1 $35.1 million.

During the nine months ended September 30, 2024, we utilized the forward feature of the ATM Program to allow for the sale of up to 7.3 million shares of our common stock at an initial weighted average price of $15.41 per share, net of commissions, and we settled 5.0 million shares at a weighted average net price of $14.70 per share, after commissions and fees, resulting in net proceeds of $74.2 million.

As of June 30, 2024 September 30, 2024, 0.4 2.2 million shares remained outstanding under the forward sale agreements, with an initial weighted average price of $14.79 $16.77 per share, net of commissions.

No other shares were sold under the ATM Program during the three and six nine months ended June 30, 2024 September 30, 2024.

As of June 30, 2024 September 30, 2024, we had $455.0 $386.7 million available under the ATM Program. Subject to market conditions, we expect to use proceeds from our ATM Program to finance future investments in properties.

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 the U.S. Department of Housing and Urban Development, in appropriate circumstances in connection with acquisitions.

Cash Flows from Operating Activities

Net cash provided by operating activities was $132.9 million $230.6 million for the six nine months ended June 30, 2024 September 30, 2024. 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 six nine months ended June 30, 2024 September 30, 2024, net cash used in investing activities was $70.5 million $127.6 million and included $36.1 million $112.2 million used for the acquisition of one facility, $25.4 million three facilities, $39.2 million used for additions to real estate, $19.8 million $21.5 million used to

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provide funding for loans receivable, $1.0 million $2.5 million used to provide funding for a preferred equity investment and $0.3 million $0.7 million used for the investment in an unconsolidated joint venture, partially offset by $6.2 million $40.5 million in net proceeds from the sales of real estate, $4.7 million $5.3 million in repayments of preferred equity investments and $1.2 million $2.8 million in repayments of loans receivable.

Cash Flows from Financing Activities

During the six nine months ended June 30, 2024 September 30, 2024, net cash used in financing activities was $66.6 million $80.6 million and included $138.9 million $209.2 million of dividends paid to stockholders, $1.0 million $1.5 million of principal repayments on secured debt and $0.1 million of payments of deferred financing costs related to the Credit Agreement, partially offset by $36.9 million of net proceeds from our Revolving

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Credit Facility and $36.4 million $71.4 million of proceeds from shares sold through our ATM Program, net of related costs and payroll costs related to the issuance of common stock pursuant to equity compensation arrangements. arrangements, and $58.8 million of net proceeds from our Revolving Credit Facility.

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 June 30, 2024 September 30, 2024 (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 $4.6 million $4.8 million and deferred financing costs, net of $9.7 million $9.3 million as of June 30, 2024 September 30, 2024.

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 June 30, 2024 September 30, 2024, 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 certain of our non-operating subsidiaries, subject to release under certain customary circumstances. subsidiaries.

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 June 30, 2024 September 30, 2024, we were in compliance with all applicable covenants under the Credit Agreement.

Secured Indebtedness. As of June 30, 2024 September 30, 2024, 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 Interest Rate Type Interest Rate Type	Principal Balance (1)	Weighted Average Interest Rate	Maturity Date	Principal Balance (1)	Weighted Average Interest Rate	Maturity Date
Fixed Rate Fixed Rate	$ 47,134	2.85 2.85 %	May 2031 - August 2051	Fixed Rate $ 46,623	2.85 2.85 %	May 2031 - August 2051

(1) Principal balance does not include deferred financing costs, net of $0.8 million as of June 30, 2024 September 30, 2024.

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Interest. Our estimated interest and facility fee payments based on principal amounts of debt outstanding as of June 30, 2024 September 30, 2024, applicable interest rates in effect as of June 30, 2024 September 30, 2024, and including the impact of interest rate swaps and collars are $52.6 $31.6 million for the remainder of 2024, $105.6 $106.5 million in 2025, $105.6 $106.5 million in 2026, $66.0 $66.1 million in 2027, $40.6 million in 2028 and $100.9 million thereafter.

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Capital and Other Expenditures and Funding Commitments. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, our aggregate capital expenditures were $25.4 million $39.2 million and $38.0 million $63.8 million, respectively. As of June 30, 2024 September 30, 2024, our aggregate commitment for future capital and other expenditures related to facilities leased under triple-net operating leases was approximately $17 $15 million, of which $13 $12 million will directly result in incremental rental income, and approximately $7 $5 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 June 30, 2024 September 30, 2024, we have committed to provide up to $1.8 $1.5 million of future funding related to one preferred equity investment and one two loan receivable investment. investments.

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 $138.9 million $209.2 million on our common stock during the six nine months ended June 30, 2024 September 30, 2024. On August 7, 2024 October 31, 2024, our board of directors declared a quarterly cash dividend of $0.30 per share of common stock. The dividend will be paid on August 30, 2024 November 29, 2024 to common stockholders of record as of August 19, 2024 November 15, 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 June 30, 2024 September 30, 2024 and December 31, 2023 and aggregate summarized statement of loss information for the six nine months ended June 30, 2024 September 30, 2024 is as follows (in thousands):

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Total assets		
Total liabilities		

	Six Months Ended June 30, 2024
	Six Months Ended June 30, 2024
	Six Months Ended June 30, 2024
	Nine Months Ended September 30, 2024
	Nine Months Ended September 30, 2024
	Nine Months Ended September 30, 2024
Total revenues	
Total revenues	
Total revenues	
Total expenses	
Total expenses	
Total expenses	
Net loss	
Net loss	
Net loss	

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.

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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 374 373 real estate properties held for investment as of June 30, 2024 September 30, 2024 is diversified by location across the U.S. and Canada.

For the three and six nine months ended June 30, 2024 September 30, 2024, no tenant relationship represented 10% or more of our total revenues.

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Skilled Nursing Facility Reimbursement Rates

For the six nine months ended June 30, 2024 September 30, 2024, 40.0% 39.6% 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 Centers for Medicare & Medicaid Services ("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 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.

On April 22, 2024, CMS issued a final rule that establishes minimum nurse staffing requirements for long-term care facilities (the "Minimum Staffing Standards"). The Minimum Staffing Standards will require a total nurse staffing standard of 3.48 hours per resident day ("HPRD"), which must include at least 0.55 HPRD of direct registered nurse care and 2.45 HPRD of direct nurse aide care. Facilities may use any combination of nurse staff (registered nurse, licensed practical nurse and licensed vocational nurse, or nurse aide) to account for the additional 0.48 HPRD needed to comply with the total nurse staffing standard. Additionally, the Minimum Staffing Standards will require facilities to meet new facility assessment requirements and have a registered nurse onsite 24 hours a day, seven days a week, to provide skilled nursing care. The Minimum Staffing Standards became effective on June 21, 2024, with a compliance deadline for the new facility assessment requirements of August 8, 2024 and a phase-in period consisting of three phases over three years for non-rural facilities and over five years for rural facilities for the staffing requirements. We believe the Minimum Staffing Standards, as implemented in its current form, will exacerbate the staffing challenges already faced by our tenants. The Minimum Staffing Standards are currently being challenged in federal court, however there can be no assurance that the outcome of such challenges will be favorable to us.

On July 31, 2024, CMS issued a final rule regarding fiscal year 2025 Medicare rates for skilled nursing facilities providing an estimated net increase of 4.2% compared to fiscal year 2024 (comprised of (i) a market basket increase of 3.0% plus (ii) a market basket forecast error adjustment of 1.7% and less (iii) a productivity adjustment of 0.5%). These figures do not incorporate any of the estimated value-based purchasing reductions for skilled nursing facilities. The new payment rates become became effective on October 1, 2024. Additionally, the proposed rule expands the civil monetary penalties ("CMP") that can be imposed for noncompliance to allow for more CMPs per instance and per day.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the quantitative and qualitative disclosures about market risk set forth in our 2023 Annual Report on Form 10-K.

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ITEM 4. 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 June 30, 2024 September 30, 2024 to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported

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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.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024 September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None of the Company or any of its subsidiaries is a party to, and none of their respective property is the subject of, any material legal proceeding, although we are from time to time party to legal proceedings that arise in the ordinary course of our business.

ITEM 1A. RISK FACTORS

There have been no material changes in our assessment of our risk factors from those set forth in Part I, Item 1A of our 2023 Annual Report on Form 10-K.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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 to the Articles of Amendment and Restatement 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).
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 10-K filed by Sabra Health Care REIT, Inc. on February 22, 2022).
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 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	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*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.

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Ex.	Description
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	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.

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SIGNATURES

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

SABRA HEALTH CARE REIT, INC.

Date: August 7, 2024 October 31, 2024	By:	/S/ RICHARD K. MATROS
		Richard K. Matros
		Chief Executive Officer, President and Chair
		(Principal Executive Officer)
Date: August 7, 2024 October 31, 2024	By:	/S/ MICHAEL COSTA
		Michael Costa
		Chief Financial Officer, Secretary and Executive Vice President
		(Principal Financial Officer)

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 quarterly report on Form 10-Q 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: August 7, 2024 October 31, 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 quarterly report on Form 10-Q 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: August 7, 2024 October 31, 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 Quarterly Report on Form 10-Q of Sabra Health Care REIT, Inc. (the "Registrant") for the three months ended June 30, 2024 September 30, 2024, 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: August 7, 2024 October 31, 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 Quarterly Report on Form 10-Q of Sabra Health Care REIT, Inc. (the "Registrant") for the three months ended June 30, 2024 September 30, 2024, 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: August 7, 2024 October 31, 2024

/S/ MICHAEL COSTA

Michael Costa
Chief Financial Officer, Secretary and Executive Vice President

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