

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

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-34950

SABRA HEALTH CARE REIT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State of Incorporation)

27-2560479
(I.R.S. Employer Identification No.)

18500 Von Karman Avenue, Suite 550
Irvine, CA 92612
(888) 393-8248

(Address, zip code and telephone number of Registrant)

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$4.0 billion

As of February 15, 2022, there were 230,904,218 shares of the registrant's \$0.01 par value Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2022 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2021, are incorporated by reference in Part III herein.

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 Annual Report on Form 10-K (this “10-K”) contain “forward-looking” information as that term is defined by the Private Securities Litigation Reform Act of 1995. Any statements that do not relate to historical or current facts or matters are forward-looking statements. Examples of forward-looking statements include all statements regarding our expected future financial position, results of operations, cash flows, liquidity, financing plans, business strategy, tenants, operators 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:

- the ongoing COVID-19 pandemic and measures intended to prevent its spread, and the related impact on our tenants, operators 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 and the possibility of environmental compliance costs and liabilities;
- 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 Topic 842 (as defined below) on January 1, 2019;
- risks associated with our investment in our unconsolidated joint venture;
- 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 for our tenants and operators;
- increased healthcare regulation and enforcement;
- our tenants’ dependency on reimbursement from governmental and other third-party payor programs;
- the effect of our tenants 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’ or operators’ failure to adhere to applicable privacy and data security laws, or a material breach of our or our tenants’ 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;
- increases in market interest rates;
- 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 in foreign currency exchange rates and other risks associated with our ownership of property outside the U.S.;
- 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 (including the potential effects of the Tax Cuts and Jobs Act);

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

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

TENANT, OPERATOR AND BORROWER INFORMATION

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

PART I

ITEM 1. BUSINESS

Overview

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

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

Our investment portfolio is primarily comprised of skilled nursing/transitional care facilities, senior housing communities (“Senior Housing - Leased”) 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 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, opportunistic approach in our healthcare real estate investment strategy by investing in assets that provide attractive opportunities for dividend growth and appreciation of asset values, while maintaining balance sheet strength and liquidity, thereby creating long-term stockholder value.

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

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

Our Industry

We operate as a REIT that holds investments in income-producing healthcare facilities located in the U.S. and Canada. We invest primarily in the U.S. nursing home industry, including skilled nursing and transitional care facilities, the U.S. and Canadian senior housing industry, which includes independent living, assisted living, memory care and continuing care retirement communities and select addiction treatment centers, behavioral, acute care and other hospitals. The primary growth drivers of the nursing home and senior housing industries – an aging population and longer life expectancies – present attractive investment opportunities for us. According to the 2017 National Population Projections published by the U.S. Census Bureau, the number of Americans age 75 and older is projected to grow at a compounded annual growth rate of 3.7% between 2016 and 2025. Further, life expectancy is expected to increase to 81.7 years in 2030 from 79.7 years in 2017. In addition, the National Investment Center for Seniors Housing and Care, a leading industry data provider, estimates that as of the fourth quarter of 2019, only 10.3% of nursing home and senior housing properties were owned by publicly traded REITs. The highly-fragmented nature of the skilled nursing and senior housing industries presents additional investment opportunities.

Demand for senior housing is expected to increase as a result of an aging population and an increase in acuity across the post-acute landscape. Cost containment measures adopted by the federal government have encouraged patient treatment in more cost-effective settings, such as skilled nursing facilities. As a result, high acuity patients that previously would have been treated in long-term acute care hospitals and inpatient rehabilitation facilities are increasingly being treated in skilled nursing facilities. According to the National Health Expenditure Projections for 2019-2028 published by the Centers for Medicare & Medicaid

Services (“CMS”), nursing home expenditures are projected to grow from approximately \$175 billion in 2019 to approximately \$266 billion in 2028, representing a compounded annual growth rate of 4.8%. This focus on high acuity patients in skilled nursing facilities has resulted in the typical senior housing resident requiring more assistance with activities for daily living, such as assistance with bathing, grooming, dressing, eating, and medication management; however, many older senior housing communities were not built to accommodate a resident who has more needs as well as increased mobility and cognitive issues than in the past. We believe that these trends will create an emphasis on operators who can effectively adapt their operating model to accommodate the changing nursing home patient and senior housing resident and will result in increased demand for purpose-built properties that are complementary to this new system of healthcare delivery.

The hospital industry is broadly defined to include addiction treatment centers and acute care, long-term acute care, rehabilitation and behavioral hospitals. Hospital services comprise one of the largest categories of healthcare expenditures. According to the CMS National Health Expenditure Projections for 2019-2028, hospital care expenditures are projected to grow from approximately \$1.3 trillion in 2019 to approximately \$2.1 trillion in 2028, representing a compounded annual growth rate of 5.8%. Hospitals offer a wide range of services, both inpatient and outpatient, in a variety of settings. We believe that demand will increase for innovative means of delivering those services and present additional investment opportunities.

While the factors described above indicate projected growth for our industry, the COVID-19 pandemic has negatively impacted operators and generally resulted in decreased occupancy. It is difficult to predict the duration of the ongoing pandemic and its effects on the industry.

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

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

Portfolio of Healthcare Investments

We have a geographically diverse portfolio of healthcare investments across the U.S. and Canada that offer a range of services including skilled nursing/transitional care, assisted and independent living, memory care and select addiction treatment centers and hospitals. As of December 31, 2021, our investment portfolio consisted of 416 real estate properties held for investment, one investment in a sales-type lease, 18 investments in loans receivable, eight preferred equity investments and one investment in an unconsolidated joint venture. Of our 416 properties held for investment as of December 31, 2021, we owned fee title to 411 properties and title under ground leases for five properties.

Our portfolio consisted of the following types of healthcare facilities as of December 31, 2021:

- *Skilled Nursing/Transitional Care Facilities*

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

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

- *Senior Housing Communities*

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

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

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

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

- *Specialty Hospitals and Other Facilities*

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

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

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

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

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

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

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

Geographic and Property Type Diversification

The following tables display the geographic concentration by property type and by investment and the distribution of beds/units for our real estate held for investment as of December 31, 2021 and exclude our unconsolidated joint venture which consists of 158 facilities and 7,056 units (dollars in thousands):

Geographic Concentration — Property Type

Location	Skilled Nursing / Transitional Care	Senior Housing - Leased	Senior Housing - Managed	Specialty Hospitals and Other	Total	% of Total
Texas	38	9	6	13	66	15.9 %
California	24	1	1	4	30	7.2
Kentucky	25	1	—	2	28	6.7
Indiana	13	4	—	2	19	4.6
Oregon	15	4	—	—	19	4.6
Washington	15	1	1	—	17	4.1
Massachusetts	17	—	—	—	17	4.1
North Carolina	13	—	2	—	15	3.6
Missouri	13	—	1	—	14	3.3
Michigan	1	9	1	—	11	2.6
Other (31 states & Canada)	105	31	37	7	180	43.3
Total	279	60	49	28	416	100.0 %
% of Total	67.1 %	14.4 %	11.8 %	6.7 %	100.0 %	

Distribution of Beds/Units

Location	Total Number of Properties	Property Type				Total	% of Total
		Skilled Nursing / Transitional Care	Senior Housing - Leased	Senior Housing - Managed	Specialty Hospitals and Other		
Texas	66	4,666	577	856	325	6,424	15.5 %
Kentucky	28	2,598	142	—	100	2,840	6.9
California	30	2,058	58	102	340	2,558	6.2
Massachusetts	17	2,133	—	—	—	2,133	5.2
Indiana	19	1,439	545	—	48	2,032	4.9
Oregon	19	1,520	377	—	—	1,897	4.6
Washington	17	1,591	52	113	—	1,756	4.2
North Carolina	15	1,454	—	237	—	1,691	4.1
New York	10	1,566	—	107	—	1,673	4.0
Missouri	14	1,075	—	184	—	1,259	3.1
Other (31 states & Canada)	181	10,820	2,348	3,541	374	17,083	41.3
Total	416	30,920	4,099	5,140	1,187	41,346	100.0 %
% of Total		74.8 %	9.9 %	12.4 %	2.9 %	100.0 %	

Geographic Concentration — Investment ⁽¹⁾

Location	Total Number of Properties	Property Type				Total	% of Total
		Skilled Nursing / Transitional Care	Senior Housing - Leased	Senior Housing - Managed	Specialty Hospitals and Other		
Texas	66	\$ 382,335	\$ 81,305	\$ 183,920	\$ 187,387	\$ 834,947	13.9 %
California	30	435,612	18,496	38,352	225,412	717,872	12.0
Oregon	19	261,316	86,860	—	—	348,176	5.8
Maryland	8	330,901	—	—	—	330,901	5.5
New York	10	297,573	—	20,218	—	317,791	5.3
Kentucky	28	233,896	23,669	—	39,687	297,252	5.0
Indiana	19	169,222	114,692	—	12,155	296,069	4.9
Washington	17	188,878	10,686	27,900	—	227,464	3.8
Arizona	8	24,281	10,348	38,767	121,757	195,153	3.3
North Carolina	15	123,462	—	69,095	—	192,557	3.2
Other (31 states & Canada) ⁽²⁾	196	1,169,883	374,525	634,146	56,609	2,235,163	37.3
Total	416	\$ 3,617,359	\$ 720,581	\$ 1,012,398	\$ 643,007	\$ 5,993,345	100.0 %
% of Total		60.4 %	12.0 %	16.9 %	10.7 %	100.0 %	

⁽¹⁾ Represents the undepreciated book value of our real estate held for investment as of December 31, 2021.

⁽²⁾ Investment balance in Canada is based on the exchange rate as of December 31, 2021 of 0.7875 per 1 CAD.

Loans Receivable and Other Investments

As of December 31, 2021 and 2020, our loans receivable and other investments consisted of the following (dollars in thousands):

Investment	Quantity as of December 31, 2021	Property Type	Principal Balance as of December 31, 2021 ⁽¹⁾	Book Value as of December 31, 2021	Book Value as of December 31, 2020	December 31, 2021		Maturity Date as of December 31, 2021
						Weighted Average Contractual Interest Rate / Rate of Return	Weighted Average Annualized Effective Interest Rate / Rate of Return	
Loans Receivable:								
Mortgage	2	Specialty Hospital	\$ 309,000	\$ 309,000	\$ 19,000	7.7 %	7.7 %	11/01/26 - 01/31/27
Construction	1	Senior Housing	3,343	3,347	3,352	8.0 %	7.8 %	09/30/22
Other	15	Multiple	39,816	36,028	39,005	6.8 %	6.1 %	01/31/22 - 08/31/28
	18		352,159	348,375	61,357	7.6 %	7.5 %	
Allowance for loan losses			—	(6,344)	(2,458)			
			\$ 352,159	\$ 342,031	\$ 58,899			
Other Investments:								
Preferred Equity	8	Skilled Nursing / Senior Housing	56,805	57,055	43,940	11.1 %	11.1 %	N/A
Total	26		\$ 408,964	\$ 399,086	\$ 102,839	8.1 %	8.0 %	

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

Significant Credit Concentrations

For the year ended December 31, 2021, no tenant relationship represented 10% or more of our total revenues.

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

Investment Financing Strategy

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

Competitive Strengths

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

Diverse Property Portfolio

Our portfolio of 416 properties held for investment as of December 31, 2021 is broadly diversified by location across the U.S. and Canada. Our properties in any one state or province did not account for more than 16% of our total beds/units as of December 31, 2021. Our geographic diversification will limit the effect of a decline in any one regional market on our overall performance. We have also been able to diversify, through acquisitions and dispositions, the extent to which our revenues are dependent on our tenants’, operators’, borrowers’ and equity investees’ revenues from federal, state and local government reimbursement programs. Based on the information provided to us by our tenants, which information is provided quarterly in arrears, and operators, on an annualized basis as of December 31, 2021, 59.8% of our tenants’ and operators’ revenue was from federal, state and local government reimbursement programs.

Long-Term, Triple-Net Lease Structure

As of December 31, 2021, the substantial majority of our real estate properties held for investment (excluding 49 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from less than one year to 20 years, pursuant to which the tenants are responsible for all facility maintenance, code compliance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. As of December 31, 2021, the leases had a weighted-average remaining term of seven years. The leases generally include provisions to extend the lease terms and other negotiated terms and conditions. We, through our subsidiaries, retain substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. We may receive additional security under these operating leases in the form of letters of credit and security deposits from the lessee or guarantees from the parent of the lessee. In addition, certain of our tenants have deposited amounts with us for future real estate taxes, insurance expenditures and tenant improvements related to our properties and their operations.

Senior Housing - Managed Structure

As of December 31, 2021, our real estate properties held for investment included 49 Senior Housing - Managed communities operated by nine third-party property managers pursuant to property management agreements. The Senior Housing - Managed structure gives us direct exposure to the risks and benefits of the operations of the communities. We generally utilize the Senior Housing - Managed structure when properties present growth opportunities that may be achievable through capital investment and/or property managers providing scale, operating efficiencies and/or ancillary services. The third-party property managers manage our communities in exchange for the receipt of a management fee, and as such, we are not directly exposed to the credit risk of the property managers in the same manner or to the same extent as we are to our triple-net tenants. However, we rely on the property managers’ personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our communities efficiently and effectively. We also rely on the property managers to set appropriate resident fees and otherwise operate our communities in compliance with the terms of our management agreements and all applicable laws and regulations.

Strong Relationships with Operators

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

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

Ability to Identify Talented Operators

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

Significant Experience in Proactive Asset Management

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

Business Strategies

We pursue business strategies focused on opportunistic acquisitions and property diversification where such acquisitions meet our investing and financing strategy. We also intend to further develop our relationships with tenants and healthcare providers with a goal to progressively expand the mixture of tenants managing and operating our properties.

The key components of our business strategies include:

Diversify Asset Portfolio

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

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

With respect to our debt and preferred equity investments, in general, we originate loans and make preferred equity investments when an attractive investment opportunity is presented and (a) the property is in or near the development phase, (b) the development of the property is completed but the operations of the facility are not yet stabilized or (c) the loan investment

will provide capital to existing relationships. A key component of our development strategy related to loan originations and preferred equity investments is having the option to purchase the underlying real estate that is owned by our borrowers (and that directly or indirectly secures our loan investments) or by the entity in which we have an investment. These options become exercisable upon the occurrence of various criteria, such as the passage of time or the achievement of certain operating goals, and the method to determine the purchase price upon exercise of the option is set in advance based on the same valuation methods we use to value our investments in healthcare real estate. This proprietary development pipeline strategy allows us to diversify our revenue streams and build relationships with operators and developers, and provides us with the option to add new properties to our existing real estate portfolio if we determine that those properties enhance our investment portfolio and stockholder value at the time the options are exercisable.

Maintain Balance Sheet Strength and Liquidity

We seek to maintain a capital structure that provides the resources and flexibility to support the growth of our business. As of December 31, 2021, we had approximately \$1.1 billion in liquidity, consisting of unrestricted cash and cash equivalents of \$112.0 million and available borrowings under our Revolving Credit Facility of \$1.0 billion. The Credit Agreement (as defined below) also contains an accordion feature that can increase the total available borrowings to \$2.75 billion (up from U.S. \$2.0 billion plus CAD \$125.0 million), subject to terms and conditions.

We have filed a shelf registration statement with the SEC that expires in December 2022, which allows us to offer and sell shares of common stock, preferred stock, warrants, rights, units, and certain of our subsidiaries to offer and sell debt securities, through underwriters, dealers or agents or directly to purchasers, on a continuous or delayed basis, in amounts, at prices and on terms we determine at the time of the offering, subject to market conditions.

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

Develop New Investment Relationships

We seek to cultivate our relationships with tenants and healthcare providers in order to expand the mix of tenants operating our properties and, in doing so, to reduce our dependence on any single tenant or operator. We have grown our investment relationships from one in 2010 to 76 as of December 31, 2021. We expect to continue to develop new investment relationships as part of our overall strategy to acquire new properties and further diversify our overall portfolio of healthcare properties.

Capital Source to Underserved Operators

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

Strategic Capital Improvements

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

Pursue Strategic Development Opportunities

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

Human Capital Matters

Experienced Management Team

Our management team has extensive healthcare and real estate experience. Richard K. Matros, Chief Executive Officer, President and Chair of Sabra, has more than 30 years of experience in the acquisition, development and disposition of healthcare assets, including nine years at Sun Healthcare Group, Inc. Michael Costa, Chief Financial Officer, Secretary and Executive Vice President of Sabra, is a finance professional with more than 15 years of experience in commercial real estate finance and accounting. Talya Nevo-Hacohen, Chief Investment Officer, Treasurer and Executive Vice President of Sabra, is a real estate finance executive with more than 25 years of experience in real estate finance, acquisition and development, including three years of experience managing and implementing the capital markets strategy of an S&P 500 healthcare REIT. Through years of public company experience, our management team also has extensive experience accessing both debt and equity capital markets to fund growth and maintain a flexible capital structure.

Team Members and Equal Opportunity

As of December 31, 2021, we employed 42 full-time employees (our team members), including our executive officers, none of whom is subject to a collective bargaining agreement. As of December 31, 2021, women comprised 57% of our workforce and 64% of our management level/leadership roles. As of December 31, 2021, 26% of our team members self-identified as being members of one or more ethnic minorities. We believe our ethnic diversity is higher than this reported percentage as another 26% of our team members chose not to self-identify. We believe that a diverse workforce is essential to our continued success, and we strive to maintain a fair, healthy and safe workplace, while creating a work environment that promotes diversity, equality and inclusion for our team members. Our workforce reflects diverse gender, ethnicity, age and cultural backgrounds.

We recognize that attracting and retaining talent at all levels is vital to continuing our success and, in many ways, is our most critical asset. We ensure our team members receive competitive salaries and benefits, and we aim to attract professionals who will uphold our values of social and environmental stewardship. We promote the work-life balance of our team members, we invest in our team members through high-quality benefits and meaningful health and wellness initiatives, and we have created a healthy work environment in our office to incentivize and engage our team members. The health and safety of our team members is an important consideration for us, and in light of the COVID-19 pandemic, we have accommodated flexible work from home arrangements, extended hardship benefits and provided assistance for dependent care costs to preserve the health and well-being of our team members and their families.

We believe that when we create a workplace where our team members are engaged, committed and empowered for the long-term, we are better positioned to create value for our company, as well as for our stockholders. We gauge our team members' level of engagement and satisfaction through annual surveys as well as subject-driven focus surveys regarding topics including company culture and the impact of the COVID-19 pandemic and working from home. Based on feedback received, we identify areas for improvement and action items to be implemented. Our performance management initiative helps us proactively plan for our team members' evolving roles and address the current and future needs of our business. The initiative employs 360-degree assessments and focuses on aligning our talent strategy with our business strategy and identifies skills that may be required to meet our future business needs. We also seek to ensure that our team members have opportunities to interact with our accomplished board of directors and accordingly invite all of our team members to our quarterly board of directors dinner events.

We support volunteerism, organizing opportunities for our team members as a group to volunteer within the community. Our team members also donate to our tenants' employees, patients and residents during the holiday season. In order to support engagement and team building, various company events, including life event celebrations, dinners and other social outings, are held regularly throughout the year, as well as an annual all team member retreat.

Government Regulation

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

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

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

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

As of December 31, 2021, our subsidiaries owned eight healthcare facilities (five senior housing communities and three skilled nursing/transitional care facilities) with mortgage loans that are guaranteed by HUD. Those facilities are subject to the rules and regulations of HUD, including periodic inspections by HUD, although the tenants of those facilities have the primary responsibility for maintaining the facilities in compliance with HUD's rules and regulations. The regulatory agreements entered into by each owner and each operator of the property restrict, among other things, any sale or other transfer of the property, modification of the lease between the owner and the operator, use of surplus cash from the property except upon certain conditions and renovations of the property, all without prior HUD approval.

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

ITEM 1A. RISK FACTORS

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

Risks Related to Our Business/Operations

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our tenants and operators have been, and continue to be, impacted by the COVID-19 pandemic in numerous ways, resulting in decreased occupancy and increased operating costs. Our tenants and operators have experienced outbreaks of positive cases and have been required to, and continue to, rapidly adapt their operations to manage the spread of the COVID-19 virus as well as the implementation of new treatments and vaccines, and to implement new requirements relating to infection control, staffing levels, personal protective equipment (“PPE”), quality of care, visitation protocols, and reporting, among other regulations, while facing staffing shortages that have accelerated during the pandemic. Federal, state and local authorities in the U.S. have also imposed restrictions on movement and business operations intended to reduce the spread of COVID-19, and while some of these restrictions have been lifted or scaled back, resurgences of COVID-19 and the emergence of more readily transmissible variants have resulted in the re-imposition of certain restrictions and may lead to other restrictions being implemented.

In August and September 2021, the federal government announced that it would be requiring skilled nursing facility and health care workers to be vaccinated against COVID-19 and has issued an emergency regulation effective November 5, 2021 requiring covered health care facilities to ensure eligible staff have received a first vaccine dose as of December 5, 2021 and a second dose of a two-dose vaccine as of January 4, 2022, with certain permitted exemptions in alignment with federal law. Significant uncertainty remains regarding the potential impact such mandates may have on ongoing staffing shortages in our facilities, including uncertainty regarding the results of ongoing legal challenges to the mandates by multiple states.

In addition, it remains uncertain when and to what extent vaccination programs for COVID-19, which have been implemented in all of our facilities, will continue to mitigate the effects of COVID-19 in our facilities, or how effective existing vaccines and booster doses will be against the variants of the COVID-19 virus. The impact of these programs will depend in part on the continued speed, distribution, efficacy and delivery of the vaccine and booster doses in our facilities, as well as participation levels in vaccination programs among the residents and employees of our operators.

The ongoing effects of the COVID-19 pandemic and measures intended to prevent its spread have negatively impacted us and our operations and are expected to continue to impact us and our operations in 2022 and potentially beyond. The ability of our tenants and borrowers to meet their obligations as they come due, including their obligation to make full and timely rental payments and debt service payments, respectively, to us has been and may continue to be impacted. In some cases, we may have to restructure our tenants’ long-term rent obligations and may not be able to do so on terms that are as favorable to us as those currently in place. Reduced or modified rental and debt service amounts could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge. The operating results of our Senior Housing - Managed portfolio and our unconsolidated joint venture have been and may continue to be impacted as well. Prolonged deterioration in the operating results for these investments could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge.

If there are significant disruptions to our business, our credit ratings may be adversely impacted and we may breach covenants in our debt agreements and be unable to service our debt. Further, significant disruption could cause us to reduce or suspend our dividend.

As a result of the COVID-19 pandemic, our tenants and operators may be subject to increased lawsuits filed by advocacy groups that monitor the quality of care at healthcare facilities or by patients, facility residents or their families. Any litigation brought against our tenants and operators could increase our tenants’ and operators’ costs of business and could directly negatively impact our business. Further, we may be subject to increased claims brought against us in lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our tenants and operators for which such tenants or operators may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such pending or future litigation could materially adversely affect our liquidity, financial condition and results of operations and have a material adverse effect on us in the event that we are not ultimately indemnified by our tenants or operators.

The duration and extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments that are uncertain and difficult to predict. Even after the COVID-19 pandemic has subsided, we may experience adverse impacts to our business, financial condition, results of operations and prospects as a result of any continuation of operational mandates on our tenants and operators caused by the COVID-19 pandemic.

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

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

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

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

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

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

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

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

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

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

estimates of loan reserves, and other accounting estimates, are inherently uncertain and may be subject to future adjustment, leading potentially to an increase in reserves.

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

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

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

As of December 31, 2021, our investment portfolio included 158 properties owned through an unconsolidated joint venture. As further described in Note 4, “Investment in Real Estate Properties,” in the Notes to Consolidated Financial Statements, we no longer expect to acquire the counterparty’s majority interest in this joint venture and would expect to sell our equity interest in the joint venture should the counterparty secure a buyer for the portfolio sometime in the future. In connection with this determination of our eventual intent to exit our 49% stake, we recorded an impairment charge for the amount that the carrying value exceeds the estimated fair value of the investment totaling \$164.1 million during the three months ended June 30, 2021. The ongoing operating performance of the joint venture, as well as whether the counterparty is able to secure a buyer on favorable terms or at all, will impact the ultimate amounts realized from the joint venture and may require us to recognize an additional impairment charge in the future with respect to this investment.

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

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

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

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

Risks Related to Our Tenants and Operators

Increased operating costs as well as increased competition result in lower operating income for our tenants and operators and may affect the ability of our tenants to meet their obligations to us.

Because our tenants are typically required to pay all property operating expenses, increases in property-level expenses at our leased properties generally do not directly affect us. However, increased operating costs could have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect our tenants' ability to pay rent owed to us. An increase in our tenants' expenses and a failure of their revenues to increase at least with inflation could adversely impact our tenants' and our financial condition and our results of operations.

With respect to our Senior Housing – Managed communities, we bear the impact of any increases in costs of labor, goods and services and may not be able to pass those cost increases on to the residents in those facilities, in which case the profitability of the managed facilities will suffer, which could in turn have a material adverse effect on our financial position and results of operations.

In particular, the market for qualified personnel is highly competitive and our tenants and operators may experience difficulties in attracting and retaining such personnel, in particular due to labor constraints and, in some cases, wage increases relating to the COVID-19 pandemic. An inability to attract and retain trained personnel could negatively impact operating income and the ability of our tenants and borrowers to meet their obligations to us. A shortage of caregivers or other trained personnel, union activities, minimum wage laws, minimum staffing requirements or general inflationary pressures on wages may force tenants, operators and borrowers to enhance pay and benefits packages to compete effectively for skilled personnel, or to use more expensive contract personnel, but they may be unable to offset these added costs by increasing the rates charged to residents and patients. Any increase in labor costs and other property operating expenses or any failure by our tenants, operators or borrowers to attract and retain qualified personnel could adversely affect our cash flow and have a materially adverse effect on our results of operations. Furthermore, expenses for the facilities of our tenants and operators are primarily driven by the costs of labor, food, utilities, taxes, insurance and rent or debt service, and these operating costs continue to increase for our tenants and operators.

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

Our tenants and operators may be adversely affected by increasing healthcare regulation and enforcement.

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

If our tenants or operators fail to comply with the extensive laws, regulations and other requirements applicable to their businesses and the operation of our properties, they could become ineligible to receive reimbursement from governmental and private third-party payor programs, face bans on admissions of new patients or residents, suffer civil or criminal penalties or be required to make significant changes to their operations. Our tenants and operators also could be forced to expend considerable resources responding to an investigation, lawsuit or other enforcement action under applicable laws or regulations. In such

event, the results of operations and financial condition of our tenants and operators and the results of operations of our properties operated by those entities could be adversely affected, which, in turn, could have a material adverse effect on us. We are unable to predict future federal, state and local regulations and legislation, including the Medicare and Medicaid statutes and regulations, or the intensity of enforcement efforts with respect to such regulations and legislation, and any changes in the regulatory framework could have a material adverse effect on our tenants, which, in turn, could have a material adverse effect on us.

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

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

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

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

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

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

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

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

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

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

Our tenants and operators may be subject to lawsuits filed by advocacy groups that monitor the quality of care at healthcare facilities or by patients, facility residents or their families. Significant damage awards are possible in cases where neglect has been found. This litigation has increased our tenants' and operators' costs of monitoring and reporting quality of care and has resulted in increases in the cost of liability and medical malpractice insurance. These increased costs may materially adversely affect our tenants' and operators' ability to obtain and maintain adequate liability and other insurance; manage related risk exposures; fulfill their insurance, indemnification and other obligations to us under their leases or property management agreements, as applicable; or make lease payments to us, as applicable. In addition, from time to time, we may be subject to claims brought against us in lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our tenants and operators for which such tenants or operators may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such pending or future litigation could materially adversely affect our liquidity, financial condition and results of operations and have a material adverse effect on us in the event that we are not ultimately indemnified by our tenants or operators.

Regulatory Risks

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

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

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

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

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

A failure by our tenants or operators to adhere to applicable privacy and data security laws, or a material failure or breach of our or our tenants' or operators' information technology, could harm our business.

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

We and our tenants and operators rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, tenant and lease data. While we and our tenants and operators maintain various data security controls, there is a risk of data security incidents or breaches resulting from unintentional or deliberate acts by third parties or insiders attempting to obtain unauthorized access to information, destroy or manipulate data, or disrupt or sabotage information systems. The risk of security incidents has generally increased as the number, intensity and sophistication of attacks and intrusions have increased, and we have seen a significant increase in cyber phishing attacks since the onset of the COVID-19 pandemic. The risk of security incidents has also increased with our increased dependence on the Internet while our employees work remotely due to our health and safety policies. For our tenants and operators, the trend toward increased remote work and rapid implementation of telehealth within the healthcare industry in response to the pandemic may have created new or increased cyber risks. A data security incident or breach occurring at or involving us could have a material adverse impact on our company. Where the data security incident or breach occurs at or involves a tenant or operator, this could jeopardize the tenant's ability to fulfill its obligations to us and adversely impact our financial position and results of operations.

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

Investment and Financing Risks

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

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

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

As of December 31, 2021, we had outstanding indebtedness of \$2.4 billion, which consisted of \$1.8 billion of Senior Notes (as defined below), \$598.4 million in Term Loans (as defined below) and aggregate secured indebtedness to third parties of \$67.6 million on certain of our properties, and we had \$1.0 billion available for borrowing under our Revolving Credit Facility. In addition, as of December 31, 2021, our unconsolidated joint venture had outstanding indebtedness of \$762.7 million. Our high level of indebtedness may have the following important consequences to us:

- It may increase our cost of borrowing;
- It may limit our ability to obtain additional financing to fund future acquisitions, working capital, capital expenditures or other general corporate requirements;
- It may expose us to the risk of increased interest rates under debt instruments subject to variable rates of interest, such as our Revolving Credit Facility;
- It may adversely impact our credit ratings;
- It may limit our ability to adjust rapidly to changing market conditions and we may be vulnerable in the event of a downturn in general economic conditions or in the real estate and/or healthcare sectors;
- It may place us at a competitive disadvantage against less leveraged competitors;
- It may restrict the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness;
- It may become more difficult for us to satisfy our obligations (including ongoing interest payments and, where applicable, scheduled amortization payments) with respect to the Senior Notes and our other debt; and
- It may require us to sell assets and properties at an inopportune time.

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

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

We may be unable to service our indebtedness.

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

our ability to take some or all of these actions. Any restructuring or refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

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

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

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

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

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

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

If interest rates increase, so could our interest costs for borrowings on our Revolving Credit Facility and any new debt. This increased cost could make the financing of any acquisition more costly. Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing. In addition, an increase in interest rates could decrease the access third parties have to credit, thereby decreasing the amount they are willing to pay for our assets, and consequently limit our ability to reposition our portfolio promptly in response to changes in economic or other conditions.

In addition, increased inflation may have a pronounced negative impact on the interest expense we pay in connection with our outstanding indebtedness and our general and administrative expenses, as these costs could increase at a rate higher than our rents.

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

Our credit ratings affect the amount and type of capital, as well as the terms of any financing we may obtain. Credit rating agencies continually revise their ratings for the companies that they follow, including us. The credit ratings of our debt are based on, among other things, our operating performance, liquidity and leverage ratios, overall financial position, level of

indebtedness and pending or future changes in the regulatory framework applicable to our operators and our industry. The credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. If we are unable to maintain favorable credit ratings, we would likely incur higher borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments.

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

If cash available for distribution generated by our assets decreases due to dispositions, the COVID-19 pandemic, or otherwise, we may be unable to make dividend distributions at expected levels. Our inability to make distributions commensurate with market expectations would likely result in a decrease in the market price of our common stock. Further, all distributions are made at the discretion of our board of directors in accordance with Maryland law and depend on: (i) our earnings; (ii) our financial condition; (iii) debt and equity capital available to us; (iv) our expectations for future capital requirements and operating performance; (v) restrictive covenants in our financial or other contractual arrangements; (vi) maintenance of our REIT qualification; (vii) restrictions under Maryland law; and (viii) other factors as our board of directors may deem relevant from time to time.

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

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

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

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

We may be adversely affected by fluctuations in foreign currency exchange rates.

Our ownership of properties in Canada subjects us to fluctuations in the exchange rate between U.S. dollars and Canadian dollars. Although we have pursued hedging alternatives, by borrowing in Canadian dollar denominated debt and entering into cross currency swaps, to protect against foreign currency fluctuations, no amount of hedging activity can fully insulate us from the risks associated with changes in foreign currency exchange rates, and the failure to hedge effectively against foreign currency exchange rate risk could materially adversely affect our business, financial position or results of operations. In addition, any income derived from such hedging transactions may not qualify under the 75% gross income test or the 95% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT.

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

We have investments in Canada, and from time to time may seek to acquire other properties in Canada or otherwise outside the U.S. International development, investment, ownership and operating activities involve risks that are different from those we face with respect to our U.S. properties and operations. These risks include, but are not limited to, any gain recognized with respect to changes in exchange rates may not qualify under the income tests that we must satisfy annually in order to

qualify and maintain our status as a REIT; fluctuations in the exchange rates between USD and the Canadian Dollar, which we may be unable to protect against through hedging; changes in Canadian political, regulatory, and economic conditions; challenges in managing Canadian operations; challenges of complying with a variety of Canadian laws and regulations, including those relating to real estate, healthcare operations, taxes, employment and legal proceedings, and lending practices; Canadian-specific business cycles and economic instability; and changes in applicable laws and regulations in the U.S. that affect our foreign operations.

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

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

Risks Associated with Our Status as a REIT

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

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

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

The 90% distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions.

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

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

Although we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the REIT distribution requirement, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the 90% distribution requirement. This may be due to the timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving

at our taxable income, on the other hand. Moreover, the 2017 Tax Act amends the Code such that income must be accrued for U.S. federal income tax purposes no later than when such income is taken into account as revenue in our financial statements, subject to certain exceptions, which could also create timing differences between net taxable income and the receipt of cash attributable to such income. In addition, non-deductible expenses such as principal amortization or repayments or capital expenditures in excess of non-cash deductions also may cause us to fail to have sufficient cash or liquid assets to enable us to satisfy the 90% distribution requirement.

In the event that such an insufficiency occurs, in order to meet the 90% distribution requirement and maintain our status as a REIT, we may have to sell assets at unfavorable prices, borrow at unfavorable terms, make taxable stock dividends, or pursue other strategies. This may require us to raise additional capital to meet our obligations. The terms of our Credit Agreement and the terms of the Senior Notes Indentures may restrict our ability to engage in some of these transactions.

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

Under applicable provisions of the Code, we will not be treated as a REIT unless we satisfy various requirements, including requirements relating to the sources of our gross income. Rents received or accrued by us will not be treated as qualifying rent for purposes of these requirements if the lease agreements we have entered into or assumed (as well as any other leases we enter into or assume) are not respected as true leases for U.S. federal income tax purposes and are instead treated as service contracts, joint ventures, loans or some other type of arrangement. In the event that the lease agreements entered into with lessees are not characterized as true leases for U.S. federal income tax purposes, we may fail to qualify as a REIT. In addition, rents received by us from a lessee will not be treated as qualifying rent for purposes of these requirements if we are treated, either directly or under the applicable attribution rules, as owning 10% or more of the lessee's stock, capital or profits. We will be treated as owning, under the applicable attribution rules, 10% or more of a lessee's stock, capital or profits at any time that a stockholder owns, directly or under the applicable attribution rules, (a) 10% or more of our common stock and (b) 10% or more of the lessee's stock, capital or profits. The provisions of our charter restrict the transfer and ownership of our common stock that would cause the rents received or accrued by us from a tenant of ours to be treated as non-qualifying rent for purposes of the REIT gross income requirements. Nevertheless, there can be no assurance that such restrictions will be effective in ensuring that we will not be treated as related to a tenant of ours. If we fail to qualify as a REIT, we would be subject to U.S. federal income tax on our taxable income at corporate tax rates, which would decrease the amount of cash available for distribution to holders of our common stock.

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

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

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

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

If we have significant amounts of non-cash taxable income, we may have to declare taxable stock dividends or make other non-cash distributions, which could cause our stockholders to incur tax liabilities in excess of cash received.

We currently intend to pay dividends in cash only, and not in-kind. However, if for any taxable year, we have significant amounts of taxable income in excess of available cash flow, we may have to declare dividends in-kind in order to satisfy the REIT annual distribution requirements. We may distribute a portion of our dividends in the form of our stock or our debt instruments. In either event, a holder of our common stock will be required to report dividend income as a result of such distributions even though we distributed no cash or only nominal amounts of cash to such stockholder.

The IRS issued a Revenue Procedure treating certain distributions that are paid by an SEC-registered REIT partly in cash and partly in shares as dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes so long as at least 20% of the total dividend is available in cash. However, if we make such a distribution, U.S. holders would be required to include the full amount of the dividend (i.e., the cash and stock portion) as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. holder may be required to pay income taxes with respect to such dividends in excess of the cash received. If a U.S. holder sells our stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. Furthermore, with respect to non-U.S. holders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, these sales may put downward pressure on the trading price of our stock. No assurance can be given that the IRS will not impose additional requirements in the future with respect to taxable dividends payable in cash and/or stock, including on a retroactive basis, or assert that the requirements for such taxable dividends have not been met.

Our charter restricts the transfer and ownership of our stock, which may restrict change of control or business combination opportunities in which our stockholders might receive a premium for their shares.

In order for us to maintain our qualification as a REIT, no more than 50% of the value of our outstanding stock may be owned, directly or constructively, by five or fewer individuals, as defined in the Code. For the purpose of preserving our REIT qualification, our charter prohibits, subject to certain exceptions, beneficial and constructive ownership of more than 9.9% in value or in number of shares, whichever is more restrictive, of our outstanding common stock or more than 9.9% in value of all classes or series of our outstanding stock. The constructive ownership rules are complex and may cause shares of stock owned directly or constructively by a group of related individuals to be constructively owned by one individual or entity. The ownership limits may have the effect of discouraging an acquisition of control of us without the approval of our board of directors.

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

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

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

The maximum income tax rate applicable to “qualified dividends” payable by non-REIT corporations to domestic stockholders taxed at individual rates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. For taxable years after December 31, 2017 and continuing through 2025, the 2017 Tax Act temporarily reduces the maximum individual federal income tax rate from 39.6% to 37% and the effective tax rate on ordinary REIT dividends (i.e., dividends other than capital gain dividends and dividends attributable to certain qualified dividend income received by us) for U.S. holders of our common shares that are individuals, estates or trusts by permitting such holders to claim a deduction in determining their taxable income equal to 20% of any such dividends they receive. Although not adversely affecting the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends treated as qualified dividend income, which could adversely affect the value of the stock of REITs, including our common stock.

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

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries (“TRSs”). A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation (other than a REIT) of which a TRS directly or indirectly owns securities possessing more than 35% of the total voting power or total value of the outstanding securities of such corporation will automatically be treated as a TRS. Overall, no more than 20% of the value of a REIT’s total assets may consist of stock or securities of one or more TRSs. A domestic TRS will pay U.S. federal, state and local income tax at regular corporate rates on any income that it earns, but net operating loss (“NOL”) carryforwards of TRS losses may be deducted only to the extent of 80% of TRS taxable income in the carryforward year (computed without regard to the NOL deduction). Unused NOL carryforwards cannot be carried back but can be carried forward indefinitely. In addition, taxpayers, including TRSs, may be

subject to a limitation on their ability to deduct net business interest generally equal to 30% of adjusted taxable income, subject to certain exceptions. This provision may limit the ability of our TRSs to deduct interest, which could increase their taxable income. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's length basis. Any domestic TRS that we have formed or may form will pay U.S. federal, state and local income tax on its taxable income, and its after-tax net income will be available for distribution to us but is not required to be distributed to us unless necessary to maintain our REIT qualification.

Risks Related to Our Organization and Structure

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

Certain provisions of Maryland law, our charter and our bylaws may have an anti-takeover effect. Sabra is subject to the Maryland business combination statute, which, subject to certain limitations, impose a moratorium on business combinations with "interested stockholders" or affiliates thereof for five years and thereafter impose additional requirements on such business combinations. Our bylaws contain a provision exempting us from the control share provisions of the MGCL, which provide that holders of "control shares" of a corporation (defined as voting shares of stock that, if aggregated with all other shares of stock owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of issued and outstanding "control shares") have no voting rights except to the extent approved by the stockholders by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the matter, excluding all interested shares. There can be no assurance that this bylaw provision exempting us from the control share provisions will not be amended or eliminated at any time in the future. Additionally, Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what currently is provided in our charter or bylaws, to implement certain takeover defenses, such as a classified board, some of which we do not have.

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

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

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

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

This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with our company or our directors, officers or other team members, which may discourage lawsuits against our company and our directors, officers and other team members. In addition, stockholders who do bring a claim in the Circuit Court for Baltimore City, Maryland could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Maryland. The Circuit Court for Baltimore City, Maryland may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or

results may be more favorable to our company than to our stockholders. However, the enforceability of similar exclusive forum provisions in other companies' charters and bylaws has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find the exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2021, our investment portfolio consisted of 416 real estate properties held for investment (consisting of (i) 279 skilled nursing/transitional care facilities, (ii) 60 Senior Housing - Leased communities, (iii) 49 Senior Housing - Managed communities and (iv) 28 specialty hospitals and other facilities), one investment in a sales-type lease, 18 investments in loans receivable (consisting of (i) two mortgage loans, (ii) one construction loan and (iii) 15 other loans), eight preferred equity investments and one investment in an unconsolidated joint venture. As of December 31, 2021, our real estate properties held for investment included 41,346 beds/units, spread across the U.S. and Canada. As of December 31, 2021, the substantial majority of our real estate properties (excluding 49 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from less than one year to 20 years.

The following table displays the expiration of annualized contractual rental revenues under our lease agreements as of December 31, 2021, adjusted to (i) reflect actual payments received during the twelve months ended December 31, 2021 for leases no longer accounted for on an accrual basis, (ii) exclude residual rents due to us from prior asset sales under our 2017 memorandum of understanding with Genesis Healthcare, Inc. and (iii) reflect the reduction in Avamere's annual base rent to \$30.7 million effective February 1, 2022, by year and property type (dollars in thousands) and, in each case, without giving effect to any renewal options:

	Skilled Nursing/Transitional Care	Senior Housing - Leased	Specialty Hospitals and Other	Total Annualized Revenues	% of Revenue
2022	\$ 7,522	\$ 5,691	\$ —	\$ 13,213	3.5 %
2023	9,274	—	—	9,274	2.4 %
2024	11,365	2,493	—	13,858	3.6 %
2025	11,255	3,208	1,374	15,837	4.2 %
2026	17,578	1,337	—	18,915	5.0 %
2027	39,993	—	—	39,993	10.5 %
2028	15,177	6,834	3,210	25,221	6.6 %
2029	57,289	5,928	5,842	69,059	18.1 %
2030	13,035	—	3,035	16,070	4.2 %
2031	89,202	5,504	1,119	95,825	25.2 %
Thereafter	5,142	20,161	38,330	63,633	16.7 %
Total Annualized Revenues	\$ 276,832	\$ 51,156	\$ 52,910	\$ 380,898	100.0 %

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

Occupancy Trends

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

	Occupancy Percentage ⁽¹⁾		
	2021	2020	2019
Skilled Nursing/Transitional Care	71.4 %	77.3 %	82.1 %
Senior Housing - Leased	78.1 %	83.1 %	87.0 %
Specialty Hospitals and Other	83.2 %	75.3 %	71.0 %
Senior Housing - Managed	79.4 %	80.0 %	87.7 %

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

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

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

Secured Indebtedness

As of December 31, 2021 and 2020, 11 and 13 of our properties held for investment were subject to secured indebtedness to third parties, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Secured Indebtedness" in Part II, Item 7 for further discussion regarding our secured indebtedness. As of December 31, 2021 and 2020, our secured debt consisted of the following (dollars in thousands):

Interest Rate Type	Principal Balance as of December 31, ⁽¹⁾		Weighted Average Effective Interest Rate at December 31, ⁽²⁾		Maturity Date
	2021	2020	2021	2020	
Fixed Rate	\$ 67,602	\$ 80,199	3.42 %	3.39 %	April 2022 - August 2051

⁽¹⁾ Principal balance does not include deferred financing costs, net of \$0.9 million and \$1.1 million as of December 31, 2021 and 2020, respectively.

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

Corporate Office

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Stockholder Information

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

At February 15, 2022, we had approximately 4,604 stockholders of record.

We did not repurchase any shares of our common stock during the quarter ended December 31, 2021 or issue any shares of our common stock in a transaction that was not registered under the Securities Act of 1933.

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

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

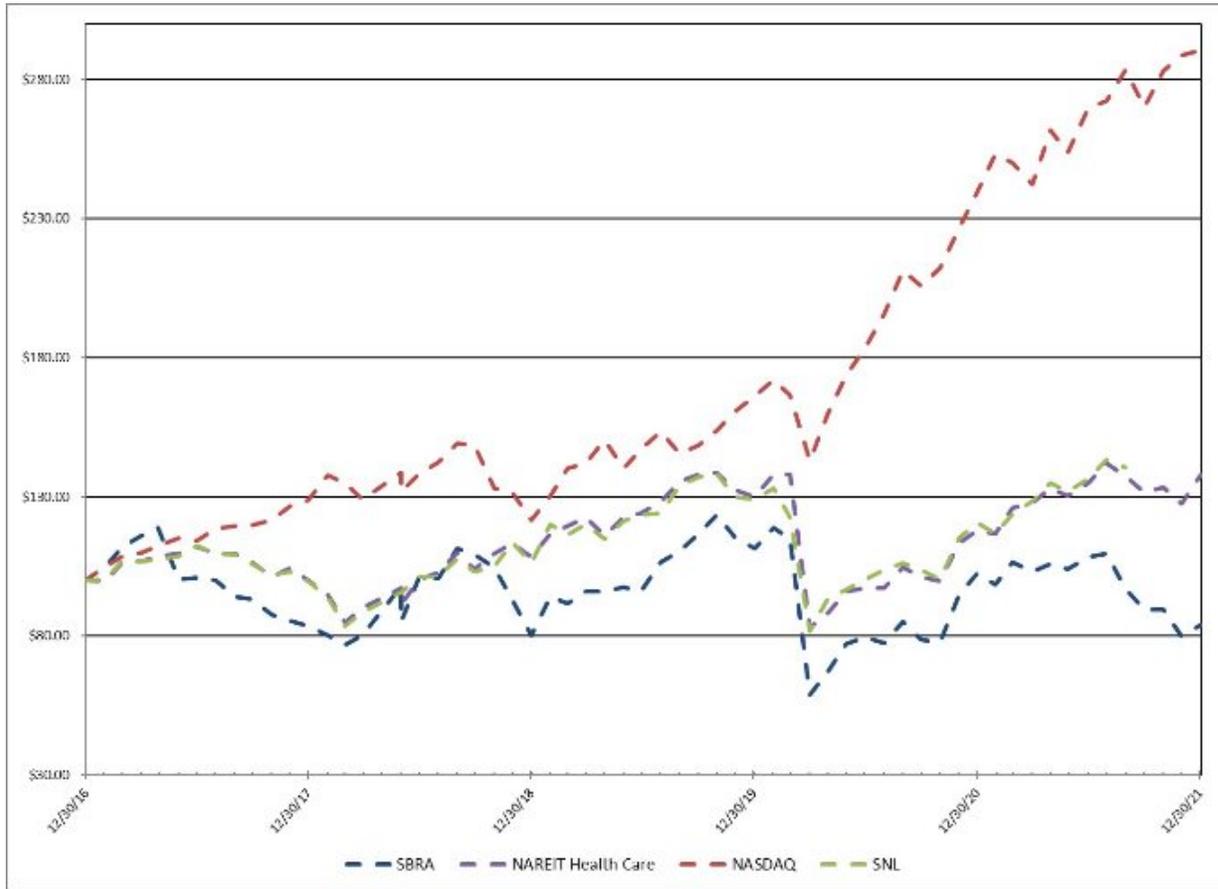
Common Stock	Year Ended December 31,		
	2021	2020	2019
Non-qualified ordinary dividends	\$ 0.6250	\$ 1.0247	\$ 0.9098
Qualified ordinary dividends	—	0.0155	0.0367
Long-term capital gains	—	—	—
Unrecaptured Section 1250	—	—	—
Non-dividend distributions	0.5750	0.3098	0.8535
	<u>\$ 1.2000</u>	<u>\$ 1.3500</u>	<u>\$ 1.8000</u>

Stock Price Performance Graph

The following graph compares the cumulative total stockholder return of our common stock for the five-year period ending December 31, 2021.

Our Annual Report on Form 10-K for the year ended December 31, 2020 included a comparison of the five-year cumulative total stockholder return of our common stock with the SNL US REIT Healthcare Index. The SNL US REIT Healthcare Index was discontinued as of August 1, 2021. The Company has chosen to replace it with the Nareit Health Care Property Sector Total Return Index.

The graph below assumes that \$100 was invested at the close of market on December 30, 2016 in (i) our common stock, (ii) the Nasdaq Composite Index, (iii) the Nareit Health Care Property Sector Total Return Index and (iv) the SNL US REIT Healthcare Index (through August 1, 2021) and assumes the reinvestment of all dividends. Stock price performances shown in the graph are not necessarily indicative of future price performances.



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

ITEM 6. RESERVED

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

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

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

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

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

Overview

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

COVID-19

The ongoing COVID-19 pandemic and measures intended to prevent its spread have negatively impacted and are expected to continue to negatively impact us and our operations in a number of ways, including but not limited to:

- 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. In some cases, we may have to restructure 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. To date, the impact of COVID-19 on our skilled nursing/transitional care facility and assisted living community tenants has been partially mitigated by the assistance they have received or expect to receive from state and federal assistance programs, including through the CARES Act (as defined and further described below under "—Skilled Nursing Facility Reimbursement Rates"), although these benefits on an individual operator basis vary and may not provide enough relief to meet their rental obligations to us. From the beginning of the pandemic through December 31, 2021, we have agreed to temporary pandemic-related rent deferrals for six tenants of two to nine months of rent totaling \$3.4 million, of which \$0.3 million has been repaid. However, the longer the duration of the COVID-19 pandemic, the more likely that our tenants and borrowers will begin to default on these obligations, particularly if state and federal assistance is reduced or eliminated. Such defaults could materially and adversely affect our results of operations and liquidity, in addition to resulting in potential impairment charges. In addition, we have drawn on an \$11.9 million letter of credit to fund rent for September through November 2021 and a portion of December 2021 due from our tenant, the Avamere Family of Companies ("Avamere"). See Note 4, "Investment in Real Estate Properties," in the Notes to Consolidated Financial Statements for additional information regarding Avamere, including with respect to our write-off of \$25.2 million of straight-line rent receivable balances and the acceleration of amortization of the remaining \$18.6 million above-market lease intangible associated with the lease during the year ended December 31, 2021, and the reduction of Avamere's annual base rent to \$30.7 million from \$44.1 million effective February 1, 2022.

- Decreased occupancy and increased operating costs within our Senior Housing - Managed portfolio which have negatively impacted and are expected to continue to negatively impact the operating results of these investments. As noted above, the assistance received or expected to be received by eligible assisted living operators will partially mitigate the negative impact of COVID-19 on our Senior Housing - Managed portfolio. During the year ended December 31, 2021, we recognized government grants under the CARES Act and other programs of \$0.5 million in resident fees and services. 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.

Our financial results as of and for the year ended December 31, 2021 reflect the results of our evaluation of the impact of COVID-19 on our business including, but not limited to, our evaluation of potential impairments of long-lived or other assets, measurement of credit losses on financial instruments, evaluation of any lease modifications, evaluation of lease accounting impact, estimates of fair value and our ability to continue as a going concern.

Impairment of Investment in Unconsolidated Joint Venture

We have a 49% equity interest in a joint venture (the “Enlivant Joint Venture”) with affiliates of TPG Real Estate, the real estate platform of TPG. TPG also owns Enlivant, the senior housing management platform that manages the portfolio owned by the Enlivant Joint Venture. During the second quarter of 2021, TPG reached out to Sabra to explore our acquiring TPG’s 51% interest in the Enlivant Joint Venture. The parties were not able to reach mutually acceptable terms for a transaction, in part due to modifications requested by TPG in the Enlivant management fee structure. At that time, TPG informed Sabra of its intent to re-evaluate its plans with respect to the management company. Furthermore, decreased occupancy and revenues and increased operating costs during the COVID-19 pandemic have had a significant negative impact on the financial performance of the Enlivant Joint Venture. As a result, we re-evaluated our plans with respect to the Enlivant Joint Venture and determined that we would no longer seek to acquire TPG’s majority interest in the Enlivant Joint Venture and that we expect to sell our 49% equity interest should TPG secure a buyer for the portfolio sometime in the future. In connection with this re-evaluation and our eventual intent to exit our 49% stake, we revisited our estimate of the fair value of our investment in the Enlivant Joint Venture and believe that it has declined below our investment basis. We also believe that, given our intent to sell the portfolio, it is unlikely that we will hold our investment for an adequate period of time to recover this estimated decline in value. As such, this decline was deemed to be other-than-temporary and we recorded an impairment charge for the amount that the carrying value exceeded the estimated fair value of the investment totaling \$164.1 million during the three months ended June 30, 2021. This impairment is included in loss from unconsolidated joint venture on the accompanying consolidated statements of (loss) income. The ongoing operating performance of the Enlivant Joint Venture, as well as whether TPG is able to secure a buyer on favorable terms or at all, will impact the ultimate amounts realized from the Enlivant Joint Venture and may require us to recognize an additional impairment charge in the future with respect to this investment. See Note 4, “Investment in Real Estate Properties,” in the Notes to Consolidated Financial Statements for additional information regarding this impairment.

Acquisitions

During the year ended December 31, 2021, we acquired two Senior Housing - Managed communities, one Senior Housing - Leased community, two addiction treatment centers and one skilled nursing/transitional care facility for an aggregate \$99.4 million. See Note 3, “Recent Real Estate Acquisitions,” in the Notes to Consolidated Financial Statements for additional information regarding these acquisitions.

Dispositions

During the year ended December 31, 2021, we completed the sale of 16 facilities for aggregate consideration, net of closing costs, of \$103.4 million. The net carrying value of the assets and liabilities of these facilities was \$92.1 million, which resulted in an aggregate \$11.3 million net gain on sale.

RCA Mortgage Loan

On October 15, 2021, we funded a \$290.0 million mortgage loan receivable to Recovery Centers of America Holdings, LLC (the “RCA Mortgage Loan”) secured by six inpatient addiction treatment centers with a 7.50% rate of return. The transaction provides Sabra a right of first offer to acquire the underlying facilities and includes an additional \$35.0 million commitment to be funded after specific performance metrics are achieved by the portfolio and by the two additional properties currently in lease-up.

Senior Unsecured Notes

On September 30, 2021, we completed an underwritten public offering of \$800.0 million aggregate principal amount of 3.20% senior unsecured notes due 2031, and on October 7, 2021, we redeemed all \$300.0 million aggregate principal amount outstanding of the 4.80% senior unsecured notes due 2024. See “—Liquidity and Capital Resources.”

At-The-Market Common Stock Offering Program

On August 6, 2021, we established the ATM Program (as defined below) pursuant to which shares of our common stock having an aggregate gross sales price of up to \$500.0 million may be sold from time to time. See “—Liquidity and Capital Resources.”

Common Stock Issuance

On October 15, 2021, we issued 7.8 million shares of our common stock through an underwritten public offering. See “—Liquidity and Capital Resources.”

Critical Accounting Policies and Estimates

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

Variable Interest Entities

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

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

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

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

Real Estate Investments and Rental Revenue Recognition

Real Estate Acquisition Valuation

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

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

Impairment of Real Estate Investments

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

Revenue Recognition

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

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

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

Investment in Unconsolidated Joint Venture

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

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

Loans Receivable, Sales-Type Lease and Credit Losses

Loans Receivable

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

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

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

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

Sales-Type Lease

Our investment in sales-type leases is reflected on the accompanying consolidated balance sheets as the present value of total rental payments, plus estimated purchase price, less unearned lease income. Selling profit or loss is recorded upon

classification as a sales-type lease, and unearned income is amortized over the lease term to provide a constant yield when collectability of the lease payments is reasonably assured.

Credit Losses

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

Preferred Equity Investments and Preferred Return

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

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

Income Taxes

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

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

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

in the valuation allowance that results from a change in circumstances, and that causes a change in our judgment about the realizability of the related deferred tax asset, is included in the tax provision when such changes occur.

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

Fair Value Measurements

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

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

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

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

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

We consider the following factors to be indicators of non-orderly transactions: (i) there was not adequate exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities under current market conditions, (ii) there was a usual and customary marketing period, but the seller marketed the asset or liability to a single market participant, (iii) the seller is in or near bankruptcy or receivership

(that is, distressed), or the seller was required to sell to meet regulatory or legal requirements (that is, forced), and (iv) the transaction price is an outlier when compared with other recent transactions for the same or similar assets or liabilities.

Recently Issued Accounting Standards Update

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

Results of Operations

As of December 31, 2021, our investment portfolio consisted of 416 real estate properties held for investment, one investment in a sales-type lease, 18 investments in loans receivable, eight preferred equity investments and one investment in an unconsolidated joint venture. As of December 31, 2020, our investment portfolio consisted of 426 real estate properties held for investment, one investment in a sales-type lease, 18 investments in loans receivable, six preferred equity investments and one investment in an unconsolidated joint venture. In general, we expect that income and expenses related to our portfolio will fluctuate in future periods in comparison to the corresponding prior periods as a result of investment and disposition activity and anticipated future changes in our portfolio. The results of operations presented are not directly comparable due to ongoing acquisition and disposition activity.

A discussion of our results of operations for the year ended December 31, 2019 is included in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Comparison of results of operations for the years ended December 31, 2020 and 2019” section in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020.

Comparison of results of operations for the years ended December 31, 2021 and 2020 (dollars in thousands):

	For the Year Ended December 31,		Increase / (Decrease)	Percentage Difference	Variance due to Acquisitions, Originations and Dispositions ⁽¹⁾	Remaining Variance ⁽²⁾
	2021	2020				
Revenues:						
Rental and related revenues	\$ 396,716	\$ 430,584	\$ (33,868)	(8)%	\$ (2,308)	\$ (31,560)
Interest and other income	17,317	11,940	5,377	45 %	6,099	(722)
Resident fees and services	155,512	156,045	(533)	— %	8,134	(8,667)
Expenses:						
Depreciation and amortization	178,991	176,737	2,254	1 %	693	1,561
Interest	98,632	100,424	(1,792)	(2)%	(556)	(1,236)
Triple-net portfolio operating expenses	20,221	20,590	(369)	(2)%	(266)	(103)
Senior housing - managed portfolio operating expenses	120,980	110,963	10,017	9 %	5,704	4,313
General and administrative	34,669	32,755	1,914	6 %	—	1,914
Provision for loan losses and other reserves	3,935	1,855	2,080	112 %	2,113	(33)
Impairment of real estate	9,499	4,003	5,496	137 %	(3,508)	9,004
Other (expense) income:						
Loss on extinguishment of debt	(34,622)	(531)	(34,091)	6,420 %	(380)	(33,711)
Other income	373	2,154	(1,781)	(83)%	—	(1,781)
Net gain on sales of real estate	12,301	2,861	9,440	330 %	9,440	—
Loss from unconsolidated joint venture	(192,081)	(16,599)	(175,482)	1,057 %	4,039	(179,521)
Income tax expense	(1,845)	(710)	(1,135)	160 %	—	(1,135)

⁽¹⁾ Represents the dollar amount increase (decrease) for the year ended December 31, 2021 compared to the year ended December 31, 2020 as a result of investments/dispositions made after January 1, 2020.

⁽²⁾ Represents the dollar amount increase (decrease) for the year ended December 31, 2021 compared to the year ended December 31, 2020 that is not a direct result of investments/dispositions made after January 1, 2020.

Rental and Related Revenues

During the year ended December 31, 2021, we recognized \$396.7 million of rental income compared to \$430.6 million for the year ended December 31, 2020. The \$33.9 million net decrease in rental income is related to (i) a \$30.7 million net decrease related to leases that we concluded should no longer be accounted for on an accrual basis, (ii) a \$3.8 million decrease related to

lease intangibles that have been fully amortized, (iii) a \$3.8 million decrease from properties disposed of after January 1, 2020 and (iv) a \$1.8 million decrease due to transitioning 11 facilities to new operators. The \$30.7 million net decrease related to leases that we concluded should no longer be accounted for on an accrual basis includes a write-off of \$25.2 million of straight-line rent receivable balances and the acceleration of amortization of the remaining \$18.6 million above-market lease intangible associated with Avamere, whose lease will be amended and restated, during the year ended December 31, 2021, a \$4.0 million decrease in earned cash rents, and a \$2.4 million decrease in operating expense recoveries, partially offset by a net \$18.7 million decrease in non-cash rental revenue write-offs recognized during the year ended December 31, 2020 primarily related to leases we concluded should no longer be accounted for on an accrual basis. These decreases are offset by (i) a \$3.2 million increase due to incremental revenue related to capital expenditures and (ii) a \$1.4 million increase from properties acquired after January 1, 2020. See Note 4, "Investment in Real Estate Properties" in the Notes to Consolidated Financial Statements for additional information regarding Avamere.

Our reported rental and related revenues may be subject to increased variability in the future as a result of adopting Topic 842. However, there can be no assurances regarding the timing and amount of these revenues. Amounts due under the terms of all of our lease agreements are subject to contractual increases, and contingent rental income may be derived from certain lease agreements. No material contingent rental income was derived during the years ended December 31, 2021 and 2020.

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

Interest and Other Income

Interest and other income primarily consists of income earned on our loans receivable investments, preferred returns earned on our preferred equity investments and income on the sales-type lease. During the year ended December 31, 2021, we recognized \$17.3 million of interest and other income compared to \$11.9 million for the year ended December 31, 2020. The net increase of \$5.4 million is primarily due to a \$6.2 million increase in income from investments made after January 1, 2020, partially offset by a \$0.3 million decrease in lease termination income related to the transition of a specialty hospital to a new operator during the year ended December 31, 2020 and a \$0.1 million decrease in income from investments repaid after January 1, 2020.

Resident Fees and Services

During the year ended December 31, 2021, we recognized \$155.5 million of resident fees and services compared to \$156.0 million for the year ended December 31, 2020. The \$0.5 million net decrease is primarily due to the impact of decreased occupancy as a result of the COVID-19 pandemic and a \$1.6 million decrease in government grant income, partially offset by a \$7.8 million increase in resident fees and services and a \$0.3 million increase in grant income from three Senior Housing - Managed communities acquired after January 1, 2020. Included in resident fees and services is \$0.5 million and \$1.8 million of government grant income recognized during the years ended December 31, 2021 and 2020, respectively.

Depreciation and Amortization

During the year ended December 31, 2021, we incurred \$179.0 million of depreciation and amortization expense compared to \$176.7 million for the year ended December 31, 2020. The \$2.3 million net increase is due to (i) a \$3.9 million increase from additions to real estate and (ii) a \$2.7 million increase from properties acquired after January 1, 2020. The increases are partially offset by (i) a \$2.0 million decrease from properties disposed of after January 1, 2020 and (ii) a \$2.5 million decrease related to assets that have been fully depreciated.

Interest Expense

We incur interest expense comprised of costs of borrowings plus the amortization of deferred financing costs related to our indebtedness. During the year ended December 31, 2021, we incurred \$98.6 million of interest expense compared to \$100.4 million for the year ended December 31, 2020. The \$1.8 million net decrease is related to (i) a \$4.6 million decrease in interest expense related to a reduction in the borrowings outstanding under the Credit Agreement and decrease in interest rates, (ii) a \$3.6 million decrease in interest expense related to the redemption of all \$300.0 million of 4.80% senior unsecured notes due 2024 (the "2024 Notes") in October 2021 and (iii) a \$0.6 million decrease in interest expense related to a decrease in our mortgage debt as a result of sales of the facilities securing the mortgage debt during 2020 and 2021. These decreases were partially offset by a \$6.9 million increase in interest expense related to the issuance of the 2031 Notes (as defined below).

Triple-Net Portfolio Operating Expenses

During the year ended December 31, 2021, we recognized \$20.2 million of triple-net portfolio operating expenses compared to \$20.6 million for the year ended December 31, 2020. The \$0.4 million net decrease is primarily due to properties disposed of after January 1, 2020 and adjusting our estimates related to property taxes.

Senior Housing - Managed Portfolio Operating Expenses

During the year ended December 31, 2021, we recognized \$121.0 million of operating expenses compared to \$111.0 million for the year ended December 31, 2020. The \$10.0 million net increase is due to (i) a \$5.7 million increase related to three Senior Housing - Managed communities acquired after January 1, 2020, (ii) a \$1.7 million increase in employee compensation due to increased labor rates, (iii) a \$1.1 million increase in insurance expense due to a higher number of claims and an increase in premiums, (iv) a \$1.0 million increase in expenses due to increased marketing activity and (v) a \$0.9 million increase due to the resumption of repairs and maintenance projects as pandemic-related restrictions have been eased, partially offset by a \$0.7 million decrease in supplies and labor needs related to the COVID-19 pandemic.

General and Administrative Expenses

General and administrative expenses include compensation-related expenses as well as professional services, office costs, other costs associated with asset management, and merger and acquisition costs. During the year ended December 31, 2021, general and administrative expenses were \$34.7 million compared to \$32.8 million during the year ended December 31, 2020. The \$1.9 million net increase is related to (i) a \$1.0 million increase in compensation for our team members as a result of increased staffing, (ii) a \$0.8 million increase in insurance expense due to an increase in premiums and (iii) a \$0.3 million increase in employee related travel, partially offset by a \$0.6 million decrease in professional and legal fees due to a decrease in transaction activity.

Provision for Loan Losses and Other Reserves

During the years ended December 31, 2021 and 2020, we recognized a \$3.9 million and \$1.9 million provision for loan losses and other reserves, respectively. The \$2.1 million increase is primarily due to the increase in our loans receivable investments balance.

Impairment of Real Estate

During the year ended December 31, 2021, we recognized \$9.5 million of impairment of real estate related to two skilled nursing/transitional care facilities and one senior housing community, all but one of which were sold in 2021. During the year ended December 31, 2020, we recognized \$4.0 million of impairment of real estate related to one skilled nursing/transitional care facility and three senior housing communities that were subsequently sold. See Note 5, "Impairment of Real Estate and Dispositions," in the Notes to Consolidated Financial Statements for additional information regarding these impairments.

Loss on Extinguishment of Debt

During the year ended December 31, 2021, we recognized a \$34.6 million loss on extinguishment of debt, consisting of (i) \$32.7 million in connection with the redemption of the 2024 Notes, including \$30.2 million in payments made to noteholders and legal fees for early redemption and \$2.5 million of write-offs associated with unamortized deferred financing and premium costs, (ii) \$1.8 million related to write-offs of deferred financing costs in connection with the partial pay down of the U.S. dollar Term Loans and (iii) \$0.1 million related to write-offs of deferred financing costs in connection with the sale of two facilities that secured one mortgage note. During the year ended December 31, 2020, we recognized a \$0.5 million loss on extinguishment of debt related to write-offs of deferred financing costs in connection with the sale of three facilities that secured three mortgage notes.

Other Income

During the years ended December 31, 2021 and 2020, we recognized \$0.4 million and \$2.2 million, respectively, of other income primarily related to settlement payments received related to legacy CCP investments.

Net Gain on Sales of Real Estate

During the year ended December 31, 2021, we recognized an aggregate net gain on the sales of real estate of \$12.3 million. The \$12.3 million includes (i) an aggregate \$11.3 million net gain on sales of real estate related to the disposition of eight skilled nursing/transitional care facilities, six senior housing communities and two specialty hospitals and (ii) a \$1.0 million gain on sale of real estate due to reassessing the classification of a lease and determining the lease, which requires

the tenant to purchase the property at the maturity of the lease, should be accounted for as a sales-type lease. This reassessment required the recognition of the gain on sale prior to the actual sale to our tenant. During the year ended December 31, 2020, we recognized an aggregate net gain on the sales of real estate of \$2.9 million related to the disposition of eight skilled nursing/transitional care facilities.

Loss from Unconsolidated Joint Venture

During the year ended December 31, 2021, we recognized \$192.1 million of loss from the Enlivant Joint Venture compared to \$16.6 million of loss for the year ended December 31, 2020. The \$175.5 million net increase in the loss is related to (i) a \$164.1 million other-than-temporary impairment recorded during the three months ended June 30, 2021 (see Note 4, "Investment in Real Estate Properties" in the Notes to Consolidated Financial Statements for additional information regarding the impairment), (ii) a \$15.3 million increase in operating expenses from the facilities owned by the Enlivant Joint Venture as of December 31, 2021, (iii) a \$5.9 million decrease in revenue from the facilities owned by the Enlivant Joint Venture as of December 31, 2021, primarily due to the impact of decreased occupancy as a result of the COVID-19 pandemic, (iv) a \$4.5 million impairment of real estate, including basis difference, recorded during the current year related to four senior housing communities and (v) a \$3.5 million decrease in government grant income. The \$15.3 million increase in operating expenses consists of (i) \$9.8 million in support payments paid to the manager of the Enlivant Joint Venture during the current year, (ii) a \$3.8 million increase related to employee compensation due to increased labor rates, (iii) a \$1.1 million increase in insurance expense due to higher number of claims and increase in premiums, (iv) a \$0.8 million increase in marketing expense due to increased marketing activity, and (v) a \$0.5 million increase due to the resumption of repairs and maintenance projects as pandemic-related restrictions have been eased, partially offset by a \$0.7 million decrease in dining related expenses due to decreased occupancy. The decreases are partially offset by (i) a \$6.6 million net adjustment in our basis difference recorded in the prior year due to the disposition of 14 senior housing communities and depreciation adjustments, (ii) a \$6.6 million increase in deferred income tax benefit due to lower taxable income, (iii) a \$2.4 million decrease in interest expense due to a decrease in interest rates and (iv) a \$2.2 million decrease in basis difference depreciation due to the impairment recorded during the three months ended June 30, 2021.

Income Tax Expense

During the years ended December 31, 2021 and 2020, we recognized \$1.8 million and \$0.7 million, respectively, of income tax expense. The decrease is due to higher taxable income from our Senior Housing - Managed portfolio.

Funds from Operations and Adjusted Funds from Operations

We believe that net income attributable to common stockholders 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 attributable to common stockholders, as defined by GAAP. FFO is defined as net income attributable to common stockholders, 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 venture, 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 venture, and real estate impairment charges of both consolidated and unconsolidated entities when the impairment is directly attributable to decreases in the value of the depreciable real estate held by the entity. AFFO is defined as FFO excluding merger and acquisition costs, stock-based compensation expense, non-cash rental and related revenues, non-cash interest income, non-cash interest expense, non-cash portion of loss on extinguishment of debt, provision for loan losses and other reserves, non-cash lease termination income and deferred income taxes, as well as other non-cash revenue and expense items (including ineffectiveness gain/loss on derivative instruments, and non-cash revenue and expense amounts related to noncontrolling interests) and our share of non-cash adjustments related to our unconsolidated joint venture. 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 attributable to common stockholders as defined by

GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO and AFFO also do not consider the costs associated with capital expenditures related to our real estate assets nor do they purport to be indicative of cash available to fund our future cash requirements. Further, our computation of FFO and AFFO may not be comparable to FFO and AFFO reported by other REITs that do not define FFO in accordance with the current Nareit definition or that interpret the current Nareit definition or define AFFO differently than we do.

The following table reconciles our calculations of FFO and AFFO for the years ended December 31, 2021, 2020 and 2019, to net income attributable to common stockholders, the most directly comparable GAAP financial measure, for the same periods (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2021	2020	2019
Net (loss) income attributable to common stockholders	\$ (113,256)	\$ 138,417	\$ 68,996
Depreciation and amortization of real estate assets	178,991	176,737	181,549
Depreciation and amortization of real estate assets related to noncontrolling interest	—	—	(93)
Depreciation, amortization and impairment of real estate assets related to unconsolidated joint venture	26,129	26,949	21,649
Net gain on sales of real estate	(12,301)	(2,861)	(2,300)
Net loss on sales of real estate related to unconsolidated joint venture	33	3,281	1,690
Impairment of real estate	9,499	4,003	121,819
Other-than-temporary impairment of unconsolidated joint venture	164,126	—	—
FFO attributable to common stockholders	253,221	346,526	393,310
Stock-based compensation expense	7,914	7,907	9,819
Non-cash rental and related revenues	25,823	(4,458)	(19,449)
Non-cash interest income	(1,988)	(2,351)	(2,212)
Non-cash interest expense	8,368	8,418	10,080
Non-cash portion of loss on extinguishment of debt	4,426	531	5,838
Provision for loan losses and other reserves	3,935	1,855	1,238
Non-cash lease termination income	—	—	(10,579)
Other non-cash adjustments related to unconsolidated joint venture	(5,051)	1,913	4,135
Other non-cash adjustments	492	825	595
AFFO attributable to common stockholders	\$ 297,140	\$ 361,166	\$ 392,775
FFO attributable to common stockholders per diluted common share	\$ 1.15	\$ 1.67	\$ 2.09
AFFO attributable to common stockholders per diluted common share	\$ 1.35	\$ 1.74	\$ 2.08
Weighted average number of common shares outstanding, diluted:			
FFO attributable to common stockholders	220,102,563	207,252,830	188,127,092
AFFO attributable to common stockholders	220,526,512	208,039,530	188,775,872

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

	Year Ended December 31,								
	2021			2020			2019		
	Net (Loss) Income			FFO			AFFO		
Rental and related revenues:									
Reduction of revenues related to non-cash receivable balances / lease intangible amortization acceleration	\$ 44.0	\$ 20.8	\$ 7.4	\$ 44.0	\$ 20.8	\$ 7.4	\$ —	\$ —	\$ —
Resident fees and services:									
Grant income under government programs ⁽¹⁾	0.5	1.8	—	0.5	1.8	—	0.5	1.8	—
Interest and other income:									
Lease termination income	—	0.3	67.8	—	0.3	67.8	—	0.3	57.2
Interest expense:									
Incremental interest expense related to the redemption of the 2024, 2021 and 2023 Notes	0.3	—	1.6	0.3	—	1.6	0.3	—	1.6
Senior housing - managed portfolio operating expenses:									
COVID-19 pandemic related expenses ⁽²⁾	3.5	4.3	—	3.5	4.3	—	3.5	4.3	—
Provision for doubtful accounts	3.9	1.9	1.2	3.9	1.9	1.2	—	—	—
Loss on extinguishment of debt	34.6	0.5	16.3	34.6	0.5	16.3	30.2	—	10.5
Other income	0.4	2.2	2.1	0.4	2.2	2.1	0.4	2.3	2.1
Loss from unconsolidated joint venture:									
Grant income under government programs ⁽¹⁾	—	3.5	—	—	3.5	—	—	3.5	—
Deferred income tax (benefit) expense	(6.0)	0.5	2.3	(6.0)	0.5	2.3	—	—	—
COVID-19 pandemic related expenses ⁽²⁾	6.4	6.1	—	6.4	6.1	—	6.4	6.1	—
Support payments paid to joint venture manager	9.8	—	—	9.8	—	—	9.8	—	—
Impairment of real estate	4.5	—	—	—	—	—	—	—	—
Other-than-temporary impairment of unconsolidated joint venture	164.1	—	—	—	—	—	—	—	—

⁽¹⁾ Consists of funds specifically paid to communities in our Senior Housing - Managed portfolio from state or federal governments related to the pandemic and were incremental to the amounts that would have otherwise been received for providing care to residents.

⁽²⁾ Consists primarily of (i) PPE costs, (ii) incremental labor costs (including bonuses, hero pay and additional labor needed to implement new health and safety protocols) and (iii) incremental supply costs required to implement new health and safety protocols (e.g., disposable food containers and stronger disinfectants), in each case incurred by communities in our Senior Housing - Managed portfolio specifically as a result of the COVID-19 pandemic.

Liquidity and Capital Resources

As of December 31, 2021, we had approximately \$1.1 billion in liquidity, consisting of unrestricted cash and cash equivalents of \$112.0 million and available borrowings under our Revolving Credit Facility of \$1.0 billion. The Credit Agreement also contains an accordion feature that can increase the total available borrowings to \$2.75 billion (from U.S. \$2.0 billion plus CAD \$125.0 million), subject to terms and conditions.

We have filed a shelf registration statement with the SEC that expires in December 2022, 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 December 11, 2019, we established an at-the-market equity offering program (the “Prior ATM Program”), pursuant to which shares of our common stock having an aggregate gross sales price of up to \$400.0 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. On August 6, 2021, we terminated the Prior ATM Program pursuant to our termination rights.

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

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

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

During the year ended December 31, 2021, we utilized the forward feature of the ATM Program to allow for the sale of up to 1.7 million shares of our common stock at an initial weighted average price of \$14.56 per share, net of commissions, and we settled all of the open forward positions under the ATM Program by issuing 1.7 million shares at a weighted average net price of \$14.23 per share, after commissions and fees, resulting in net proceeds of \$24.2 million. No other shares were sold under the ATM Program during the year ended December 31, 2021.

As of December 31, 2021, we had \$475.0 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.

On September 30, 2021, the Operating Partnership issued the 2031 Notes (as defined below). The net proceeds were \$782.2 million after deducting underwriting discounts and other offering expenses. The net proceeds were used to redeem all \$300.0 million of the 2024 Notes, repay \$345.0 million of our U.S. dollar Term Loans, and to fund a portion of the \$290.0 million RCA Mortgage Loan. See “—Loan Agreements.”

On October 15, 2021, we completed an underwritten public offering of 7.8 million newly issued shares of our common stock pursuant to an effective registration statement. We received net proceeds, before expenses, of \$112.6 million from the offering at a price of \$14.40 per share. These proceeds were used to fund a portion of the RCA Mortgage Loan.

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 of the impact of the COVID-19 pandemic on our company, 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 (including through our ATM Program), preferred stock, debt or other securities, additional borrowings, including mortgage debt or a new or refinanced credit facility, and proceeds from the sale of properties. In addition, we may seek financing from U.S. government agencies, including through Fannie Mae, Freddie Mac and HUD, in appropriate circumstances in connection with acquisitions.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$356.4 million for the year ended December 31, 2021. 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. In addition, operating cash flows for the year ended December 31, 2021 includes \$3.0 million in net payments received in connection with terminating six forward starting interest rate swaps and five interest rate swaps. We expect our annualized cash flows provided by operating activities to fluctuate as a result of completed investment and disposition activity, anticipated future changes in our portfolio, fluctuations in collections from tenants and borrowers, and fluctuations in the operating results of our Senior Housing - Managed communities.

Cash Flows from Investing Activities

During the year ended December 31, 2021, net cash used in investing activities was \$336.2 million and included \$290.0 million used to originate a loan receivable investment, \$99.4 million used for the acquisition of six facilities, \$42.7 million used for additions to real estate and \$9.1 million used to provide funding for a preferred equity investment, partially offset by \$100.7 million in net sales proceeds related to dispositions, \$2.9 million in repayments of loans receivable and \$1.3 million in repayments of preferred equity investments.

Cash Flows from Financing Activities

During the year ended December 31, 2021, net cash provided by financing activities was \$30.1 million and included \$791.5 million of gross proceeds from the issuance of the 2031 Notes and \$308.7 million of net proceeds from shares sold through an underwritten public offering, our Prior ATM Program and our ATM Program, net of payroll tax payments related to the issuance of common stock pursuant to equity compensation arrangements, partially offset by \$455.0 million of principal repayments on term loans, redemption of \$300.0 million aggregate principal amount of outstanding 2024 Notes, \$262.9 million of dividends paid to stockholders, \$30.2 million of payments related to extinguishment of debt, \$12.7 million of principal repayments on secured debt and \$9.3 million of payments of deferred financing costs.

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

Material Cash Requirements

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

Senior Unsecured Notes. Our senior unsecured notes consisted of the following (collectively, the “Senior Notes”) as of December 31, 2021 (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
		<u>\$ 1,750,000</u>

⁽¹⁾ Principal balance does not include discount, net of \$2.9 million and deferred financing costs, net of \$13.6 million as of December 31, 2021.

See Note 8, “Debt,” in the Notes to Consolidated Financial Statements and “Subsidiary Issuer and Guarantor Financial Information” below for additional information concerning the Senior Notes, including information regarding the indentures and agreements governing the Senior Notes (the “Senior Notes Indentures”). As of December 31, 2021, we were in compliance with all applicable covenants under the Senior Notes Indentures.

Credit Agreement. Pursuant to a fifth amended and restated credit agreement entered into by the Operating Partnership and Sabra Canadian Holdings, LLC (together, the “Borrowers”), Sabra and the other parties thereto effective on September 9, 2019 (the “Credit Agreement”), we have a \$1.0 billion revolving credit facility (the “Revolving Credit Facility”), \$500.0 million in U.S. dollar term loans, a CAD \$125.0 million Canadian dollar term loan (collectively, the “Term Loans”) and 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 September 9, 2023, and includes two six-month extension options. The Term Loans have a maturity date of September 9, 2024.

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

See Note 8, “Debt,” in the Notes to Consolidated Financial Statements for additional information concerning the Credit Agreement, including information regarding covenants contained in the Credit Agreement. As of December 31, 2021, we were in compliance with all applicable covenants under the Credit Agreement.

Secured Indebtedness. As of December 31, 2021, 11 of our properties held for investment were subject to secured indebtedness to third parties, and our secured debt consisted of the following (dollars in thousands):

Interest Rate Type	Principal Balance ⁽¹⁾	Weighted Average Interest Rate	Maturity Date
Fixed Rate	\$ 67,602	3.04 %	April 2022 - August 2051

⁽¹⁾ Principal balance does not include deferred financing costs, net of \$0.9 million as of December 31, 2021.

Interest. Our estimated interest and facility fee payments based on principal amounts of debt outstanding as of December 31, 2021, LIBOR (as defined below) and CDOR (as defined below) rates as of December 31, 2021, and including the impact of interest rate swaps and collars are \$93.1 million in 2022, \$85.9 million in 2023, \$80.2 million in 2024, \$72.0 million in 2025, \$72.0 million in 2026 and \$184.7 million thereafter.

Capital Expenditures and Funding Commitments. For the years ended December 31, 2021 and 2020 and 2019, our aggregate capital expenditures were \$42.7 million, \$47.4 million and \$25.5 million, respectively. As of December 31, 2021, our aggregate commitment for future capital expenditures was approximately \$117 million. These commitments are principally for improvements to our facilities and we do not expect those commitments to exceed \$74 million for the next 12 months, of which we expect \$43 million to directly result in incremental rental income.

In addition, as of December 31, 2021, we have committed to provide up to \$63.0 million of future funding related to two preferred equity investments and two loans receivable investments with maturity dates ranging from April 2022 to November 2026.

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 \$262.9 million on our common stock during the year ended December 31, 2021. On February 1, 2022, our board of directors declared a quarterly cash dividend of \$0.30 per share of common stock. The dividend will be paid on February 28, 2022 to common stockholders of record as of February 11, 2022.

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, subject to release under certain circumstances as described below. 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 the applicable guarantors 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.

We will be automatically and unconditionally released from our obligations under the guarantee with respect to the 2026 Notes in the event of:

- A liquidation or dissolution, to the extent permitted under the indenture governing the 2026 Notes;
- A merger or consolidation, provided that the surviving entity remains a guarantor; or
- The requirements for legal defeasance or covenant defeasance or to discharge the indenture governing the 2026 Notes have been satisfied.

Pursuant to amendments to 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 non-guarantor subsidiaries nor the earnings from non-guarantor subsidiaries and therefore is not necessarily indicative of the results of operations or financial position had the Operating Partnership operated as an independent entity. Intercompany transactions have been eliminated. The aggregate summarized balance sheet information as of December 31, 2021 and 2020 and aggregate summarized statement of loss information for the year ended December 31, 2021 is as follows (in

thousands):

	As of December 31,	
	2021	2020
Total assets	\$ 117,755	\$ 77,825
Total liabilities	2,287,485	2,276,418
	Year Ended December 31,	
	2021	
Total revenues	\$ 100	
Total expenses	118,952	
Net loss	(155,144)	

Concentration of Credit Risk

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

Management believes our current portfolio is reasonably diversified across healthcare related real estate and geographical location and does not contain any other significant concentration of credit risks. Our portfolio of 416 real estate properties held for investment as of December 31, 2021 is diversified by location across the U.S. and Canada.

For the year ended December 31, 2021, no tenant relationship represented 10% or more of our total revenues.

Skilled Nursing Facility Reimbursement Rates

For the year ended December 31, 2021, 50.0% of our revenues was derived directly or indirectly from skilled nursing/transitional care facilities. Medicare reimburses skilled nursing facilities for Medicare Part A services under the Prospective Payment System (“PPS”), as implemented pursuant to the Balanced Budget Act of 1997 and modified pursuant to subsequent laws, most recently the Patient Protection and Affordable Care Act of 2010. PPS regulations predetermine a payment amount per patient, per day, based on a market basket index calculated for all covered costs.

Prior to October 1, 2019, the amount to be paid was determined by classifying each patient into one of 66 Resource Utilization Group (“RUG”) categories that represented the level of services required to treat different conditions and levels of acuity. The system of 66 RUG categories, or Resource Utilization Group version IV (“RUG IV”), became effective as of October 1, 2010. RUG IV resulted from research performed by CMS and was part of CMS’s continuing effort to increase the correlation of the cost of services to the condition of individual patients.

On July 31, 2018, CMS issued a final rule, CMS-1696-F, which includes changes to the case-mix classification system used under the PPS and fiscal year 2019 Medicare payment updates.

CMS-1696-F includes a new case-mix classification system called the skilled nursing facility Patient-Driven Payment Model (“PDPM”) that became effective on October 1, 2019. PDPM reflects significant changes to the Resident Classification System, Version I (“RCS-I”) that was being considered to replace RUG IV as outlined in an Advanced Notice of Proposed Rulemaking released by CMS in May 2017.

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, 2020, CMS released final fiscal year 2021 Medicare rates for skilled nursing facilities providing an estimated net increase of 2.2% over fiscal year 2020 payments (comprised of a market basket increase of 2.2% and no productivity adjustment). The new payment rates became effective on October 1, 2020.

On July 29, 2021, CMS released a final rule updating fiscal year 2022 Medicare rates for skilled nursing facilities providing an estimated net increase of 1.2% over fiscal year 2021 (comprised of a market basket increase of 2.7% less a forecast error adjustment of 0.8% and a productivity adjustment of 0.7%). These figures do not incorporate the value-based

purchasing reductions that are estimated to be \$184.3 million in fiscal year 2022. No adjustments were made to the PDPM rate methodology in this year's final rule. The new payment rates became effective on October 1, 2021.

In response to the COVID-19 pandemic, several federal relief packages were approved that have benefited and may continue to benefit our tenants, especially our tenants that operate skilled nursing/transitional care facilities.

On March 18, 2020, President Trump signed into law the Families First Coronavirus Response Act ("Families First Act"). Under the Families First Act, a temporary 6.2% increase in Federal Medical Assistance Percentages ("FMAP") was approved retroactive to January 1, 2020, and several states have directed FMAP funds to skilled nursing/transitional care facilities.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act provides for a \$178 billion fund for eligible health care providers, which includes skilled nursing/transitional care operators, and as of September 1, 2020 also includes assisted living facility operators. Thus far, approximately \$145 billion of such appropriated amount has been funded through three phases of general distributions, various targeted distributions and certain performance-based incentive payments, with \$25.5 billion of additional funding now being made available to health care providers (comprised of a \$17 billion "Phase 4" distribution from remaining allocated funds and \$8.5 billion allocated to rural providers via the American Rescue Act passed on March 11, 2021). The CARES Act also includes (i) a temporary suspension of 2% Medicare sequestration cut beginning May 1, 2020 through December 31, 2020, (ii) a deferral of the employer's Social Security remittances through December 31, 2020, (iii) the establishment of the Paycheck Protection Program, a Small Business Administration loan to businesses with fewer than 500 employees that may be partially forgivable, and (iv) accelerated and advance Medicare payments for certain providers, with deferred repayment obligations that are interest-free for up to 29 months.

In addition to the above, there have been other actions taken that benefit skilled nursing/transitional care operators, including the waiver of the requirement for skilled nursing/transitional care patients to have stayed in a hospital for three days in order for services rendered in a skilled nursing/transitional care facility to qualify for Medicare Part A, the acceleration and advance of three months of Medicare billing, and relaxation of certification requirements for employees performing non-clinical services in these facilities.

HHS most recently extended the COVID-19 Public Health Emergency for another 90 days, effective January 16, 2022, which allows HHS to continue providing temporary regulatory waivers, including the waiver of the three-day hospital stay requirement, and new rules to equip skilled nursing facilities and some assisted living operators with flexibility to respond to the COVID-19 pandemic. Lastly, suspension of the Medicare sequestration is effective through March 31, 2022 after which a 1% payment adjustment will be in effect from April through June 2022, and the FMAP funding increase is effective through June 30, 2022.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest rate risk. As of December 31, 2021, our indebtedness included \$1.8 billion aggregate principal amount of Senior Notes outstanding, \$598.4 million in Term Loans and \$67.6 million of secured indebtedness to third parties on certain of the properties that our subsidiaries own. As of December 31, 2021, we had \$598.4 million of outstanding variable rate indebtedness and \$1.0 billion available for borrowing under our Revolving Credit Facility.

We expect to manage our exposure to interest rate risk by maintaining a mix of fixed and variable rates for our indebtedness. We also may manage, or hedge, interest rate risks related to our borrowings through interest rate swap and collar agreements. As of December 31, 2021, we had interest rate swaps that fix and interest rate collars that set a cap and floor for the London Interbank Offered Rate ("LIBOR") portion of the interest rate for \$436.3 million of LIBOR-based borrowings under the U.S. dollar Term Loans at a weighted average rate of 1.14% and interest rate swaps that fix the Canadian Dollar Offered Rate ("CDOR") portion of the interest rate for CAD \$125.0 million at 1.10%.

From time to time, we may borrow under the Revolving Credit Facility to finance future investments in properties, including any improvements or renovations of current or newly acquired properties, or for other purposes. Because borrowings under the Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to an applicable interest margin plus, at our option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0%, the interest rate we will be required to pay on any such borrowings

will depend on then applicable rates and may vary. An increase in interest rates could make the financing of any investment by us more costly. Rising interest rates could also limit our ability to refinance our debt when it matures or cause us to pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness.

As of December 31, 2021, the index underlying our variable rate debt was below 100 basis points. For the twelve months following December 31, 2021, and after giving effect to the impact of interest rate derivative instruments, a 100 basis point increase in the index would increase interest expense by \$1.6 million, and a reduction of this index to zero would decrease interest expense by \$0.1 million.

Foreign currency risk. We are exposed to changes in foreign exchange rates as a result of our investments in Canadian real estate. Our foreign currency exposure is partially mitigated through the use of Canadian dollar denominated debt totaling CAD \$144.7 million and cross currency swap instruments. Based on our operating results for the three months ended December 31, 2021, if the value of the Canadian dollar relative to the U.S. dollar were to increase or decrease by 10% compared to the average exchange rate during the three months ended December 31, 2021, our cash flows would have decreased or increased, as applicable, by \$0.1 million.

The table below summarizes the book values and the weighted-average interest rates of our indebtedness by type as of December 31, 2021, based on the maturity dates (dollars in thousands):

	Maturity						Total Book Value	Total Fair Value
	2022	2023	2024	2025	2026	Thereafter		
Secured Indebtedness	\$ 17,479	\$ 1,979	\$ 2,034	\$ 2,089	\$ 2,147	\$ 41,874	\$ 67,602	\$ 65,361
Weighted average effective interest rate	3.38 %	3.36 %	3.37 %	3.38 %	3.39 %	3.59 %	3.42 %	
Term Loans	\$ —	\$ —	\$ 598,438	\$ —	\$ —	\$ —	\$ 598,438	\$ 598,438
Weighted average effective interest rate ⁽²⁾	—	—	2.27 %	—	—	—	2.27 %	
Senior Notes	\$ —	\$ —	\$ —	\$ —	\$ 500,000	\$ 1,250,000	\$ 1,750,000	\$ 1,808,781
Weighted average effective interest rate	—	—	—	—	4.77 %	3.70 %	4.01 %	

⁽¹⁾ Total book value for secured indebtedness and Term Loans does not include deferred financing costs, net of \$0.9 million and \$4.2 million, respectively, as of December 31, 2021. Total book value for Senior Notes does not include discount, net of \$2.9 million and deferred financing costs, net of \$13.6 million as of December 31, 2021.

⁽²⁾ Term loans include \$436.3 million subject to swap agreements that fix and collar agreements that set a cap and floor for LIBOR at a weighted average rate of 1.14%, and \$98.4 million (CAD \$125.0 million) subject to swap agreements that fix CDOR at 1.10%. Excluding these amounts, variable rate debt was 2.6% of total debt as of December 31, 2021.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of, the evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2021 to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria described in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation using the criteria described in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements included in this Form 10-K, as stated in their attestation report which is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as provided below, the information required under Item 10 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2021 in connection with our 2022 Annual Meeting of Stockholders.

Code of Conduct and Ethics

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

ITEM 11. EXECUTIVE COMPENSATION

The information required under Item 11 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2021 in connection with our 2022 Annual Meeting of Stockholders.

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

The information required under Item 12 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2021 in connection with our 2022 Annual Meeting of Stockholders.

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

The information required under Item 13 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2021 in connection with our 2022 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under Item 14 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2021 in connection with our 2022 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

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

(1) Financial Statements

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

(2) Financial Statement Schedules

The following financial statement schedules are included herein at pages F-40 through F-58 of this report:

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2021, 2020 and 2019

Schedule III - Real Estate Assets and Accumulated Depreciation as of December 31, 2021

Schedule IV - Mortgage Loans on Real Estate as of December 31, 2021

The Enlivant Joint Venture (as defined below) was deemed a significant equity investee under Rule 3-09 of Regulation S-X for the fiscal year ended December 31, 2021. As such, financial statements of the Enlivant Joint Venture are required to be filed as an amendment to this Annual Report on Form 10-K within 90 days after the end of Sabra's fiscal year. Accordingly, financial statements of the Enlivant Joint Venture as of December 31, 2021 are to be filed via an amendment to this Annual Report on Form 10-K on or before March 31, 2022.

(3) Exhibits

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

EXHIBIT LIST

Ex.	Description
3.1	<u>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).</u>
3.1.1	<u>Articles of Amendment of Sabra Health Care REIT, Inc., dated as of July 31, 2017 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on July 31, 2017).</u>
3.1.2	<u>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).</u>
3.2	<u>Amended and Restated Bylaws of Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on February 8, 2022).</u>
4.1*	<u>Description of Sabra Health Care REIT, Inc.'s Capital Stock.</u>
4.2	<u>Indenture, dated as of May 23, 2013, among Sabra Health Care Limited Partnership, Sabra Capital Corporation, Sabra Health Care REIT, Inc., and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on May 23, 2013).</u>
4.2.2	<u>Ninth Supplemental Indenture, dated October 7, 2019, among Sabra Health Care Limited Partnership, Sabra Capital Corporation, Sabra Health Care REIT, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on October 7, 2019).</u>
4.3	<u>Form of 3.90% senior note due 2029 (included in Exhibit 4.2.2).</u>
4.4	<u>Indenture, dated as of July 14, 2016, by and among Care Capital Properties, LP, Care Capital Properties, Inc., Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).</u>

Ex.	Description
4.4.1	<u>First Supplemental Indenture, dated as of August 17, 2017, by and among Care Capital Properties, LP, PR Sub, LLC, Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).</u>
4.4.2	<u>Second Supplemental Indenture, dated as of August 17, 2017, by and among Sabra Health Care Limited Partnership as successor to Care Capital Properties, LP, Sabra Health Care REIT, Inc., Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.3 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).</u>
4.4.3	<u>Third Supplemental Indenture, dated as of August 17, 2017, by and among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc., Care Capital Properties GP, LLC and Regions Bank, as trustee (incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).</u>
4.4.4	<u>Fourth Supplemental Indenture, dated as of August 18, 2017, by and among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc. and Regions Bank, as trustee (incorporated by reference to Exhibit 4.5 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 23, 2017).</u>
4.5	<u>Form of 5.125% senior note due 2026 (included in Exhibit 4.4.1).</u>
4.6	<u>Indenture, dated as of September 30, 2021, among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc., and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on September 30, 2021).</u>
4.6.1	<u>First Supplemental Indenture, dated September 30, 2021, among Sabra Health Care Limited Partnership, Sabra Health Care REIT, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on September 30, 2021).</u>
4.7	<u>Form of 3.200% senior note due 2031 (included in Exhibit 4.6.1).</u>
4.8	<u>Form of Indenture for Senior Debt Securities (incorporated by reference to Exhibit 4.7 of the Registration Statement on Form S-3 filed by Sabra Health Care REIT, Inc. and Sabra Health Care Limited Partnership on December 11, 2019).</u>
10.1	<u>Limited Partnership Agreement of Sabra Health Care Limited Partnership, dated as of November 15, 2010 (incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-4 (File No. 333-171820) filed by the issuers and guarantors on January 21, 2011).</u>
10.1.1	<u>First Amendment to the Limited Partnership Agreement by Sabra Health Care REIT, Inc. and Sabra Health Care, LLC, dated March 21, 2013 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on March 21, 2013).</u>
10.2	<u>Fifth Amended and Restated Credit Agreement, dated September 9, 2019, among Sabra Health Care Limited Partnership and Sabra Canadian Holdings, LLC, as Borrowers; Sabra Health Care REIT, Inc., as a guarantor, the other guarantors party thereto; the lenders party thereto; Bank of America, N.A., as Administrative Agent and L/C Issuer; Citizens Bank, National Association, Crédit Agricole Corporate and Investment Bank and Wells Fargo Bank, National Association, as Co-Syndication Agents and L/C Issuers; BMO Harris Bank, N.A., The Bank of Nova Scotia, MUFG Bank, Ltd., Barclays Bank PLC, Citibank, N.A., BBVA USA, Fifth Third Bank, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Sumitomo Mitsui Banking Corporation and Suntrust Bank, as Co-Documentation Agents; BofA Securities, Inc., as Joint Lead Arranger and Sole Bookrunner; and Citizens Bank, National Association, Crédit Agricole Corporate and Investment Bank and Wells Fargo Securities, LLC, as Joint Lead Arrangers (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on September 11, 2019).</u>
10.3	<u>Form of Indemnification Agreement entered into with each of the directors and officers of Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on January 3, 2022).</u>
10.4+	<u>Employment Agreement, dated December 24, 2019, between Sabra Health Care REIT, Inc. and Richard K. Matros (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on December 27, 2019).</u>
10.5+	<u>Employment Agreement, dated December 24, 2019, between Sabra Health Care REIT, Inc. and Talya Nevo-Hacohen (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on December 27, 2019).</u>

Ex.	Description
10.6+	<u>Employment Agreement, dated January 1, 2022, by and between Michael Costa and Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on January 3, 2022).</u>
10.7	<u>Consulting Agreement, dated December 30, 2021, by and between Harold W. Andrews, Jr. and Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on January 3, 2022).</u>
10.8+	<u>Sabra Health Care REIT, Inc. 2009 Performance Incentive Plan, effective April 21, 2017 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on June 21, 2017).</u>
10.9.1+	<u>Form of Notice and Terms and Conditions of Stock Unit Award (Time-Based Stock Units) (for Executive Officers), adopted December 2019 (incorporated by reference to Exhibit 10.8.1 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 24, 2020).</u>
10.9.2+	<u>Form of Notice and Terms and Conditions of Stock Unit Award (FFO Units) (for Executive Officers), adopted December 2019 (incorporated by reference to Exhibit 10.8.2 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 24, 2020).</u>
10.9.3+	<u>Form of Notice and Terms and Conditions of Stock Unit Award (TSR Units) (for Executive Officers), adopted December 2020 (incorporated by reference to Exhibit 10.8.3 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 22, 2021).</u>
10.9.4+	<u>Form of Notice and Terms and Conditions of Stock Unit Award (for Non-Employee Directors) (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q filed by Sabra Health Care REIT, Inc. on November 1, 2017).</u>
10.9.5+	<u>Non-Employee Directors Stock-for-Fees Program (incorporated by reference to Exhibit 10.10.5 of the Registration Statement on Form S-4 (File No. 333-171820-26) filed by Sabra Health Care REIT, Inc. on January 21, 2011).</u>
10.10+	<u>Sabra Health Care REIT, Inc. Directors' Compensation Policy, effective January 1, 2019 (incorporated by reference to Exhibit 10.9 of the Annual Report on Form 10-K filed by Sabra Health Care REIT, Inc. on February 25, 2019).</u>
10.11	<u>Equity Distribution Agreement, dated August 6, 2021, among the Company, the Sales Agents party thereto, and the Forward Purchasers party thereto (incorporated by reference to Exhibit 1.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on August 6, 2021).</u>
21.1*	<u>List of Subsidiaries of Sabra Health Care REIT, Inc.</u>
22.1*	<u>List of Subsidiary Issuers and Guarantors of Sabra Health Care REIT, Inc.</u>
23.1*	<u>Consent of PricewaterhouseCoopers LLP.</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.

Ex.	Description
104*	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*	Filed herewith.
**	Furnished herewith.
+	Designates a management compensation plan, contract or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

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Consolidated Financial Statements

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Financial Statement Schedules

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sabra Health Care REIT, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of (loss) income, of comprehensive (loss) income, of equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

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

Impairment Assessments of Real Estate Investments

As described in Notes 2, 4 and 5 to the consolidated financial statements, the Company's real estate investments net carrying value was \$5.2 billion as of December 31, 2021. Management regularly monitors events and changes in circumstances, including investment operating performance and general market conditions, that could indicate that the carrying amounts of its real estate investments may not be recoverable. When indicators of potential impairment suggest that the carrying value of real estate investments may not be recoverable, the Company assesses the recoverability by estimating whether the Company will recover the carrying value of its real estate investments through the undiscounted future cash flows and the eventual disposition of the investment. The undiscounted future cash flows used to assess recoverability are based on several assumptions and are probability-weighted based on the Company's best estimates as of the date of evaluation. These assumptions include, among others, market rent, revenue and expense growth rates, occupancy, holding period, market capitalization rates, and estimated market values based on analysis of letters of intent, purchase and sale agreements and recent sales data for comparable properties. If, based on this analysis, the Company does not believe that it will be able to recover the carrying value of its real estate investments, the Company would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of its real estate investments.

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

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

Impairment Assessments of the Investment in Unconsolidated Joint Venture

As described in Notes 2 and 4 to the consolidated financial statements, the carrying value of the Company's investment in unconsolidated joint venture was \$96.7 million as of December 31, 2021. Management regularly monitors events and changes in circumstances, including the investment operating performance, change in anticipated holding period and general market conditions, that could indicate that the carrying amount of its investment in the unconsolidated joint venture may be impaired. The investment in the unconsolidated joint venture is impaired when the fair value of the investment is less than its carrying value and management determines the decline in value is other-than-temporary. The fair value is estimated based on discounted cash flows models that include all estimated cash inflows and outflows and any estimated debt premiums or discounts. The discounted cash flows are based on several assumptions including management fee, absorption period, terminal capitalization rates, revenue and expense per bed, stabilized occupancy, stabilized operating margin, price per bed, and discount rates. If, based on this analysis, management believes that there is an other-than-temporary decline in the value of its investment in the unconsolidated joint venture, management would record an impairment loss to the extent that the carrying value exceeds the estimated fair value of its investment. During the year ended December 31, 2021, management determined that a \$164.1 million other-than-temporary decline had occurred and an impairment charge was required.

The principal considerations for our determination that performing procedures relating to the impairment assessments of the investment in the unconsolidated joint venture is a critical audit matter are (i) the significant judgment by management in (a) identifying events and changes in circumstances that are indicators of impairment related to the investment operating performance, change in anticipated holding period and general market conditions and (b) developing the fair value of the investment in the unconsolidated joint venture with potential other-than-temporary impairment, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to (a) management's identification of the events and changes in circumstances related to the investment operating performance, change in anticipated holding period and general market conditions and (b) management's assumptions used to develop the fair value related to the management fee, absorption period, terminal capitalization rates, revenue and expense per bed, stabilized occupancy, stabilized operating margin, price per bed and discount rates (collectively referred to as the "significant assumptions"), and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessments of the investment in the unconsolidated joint venture including controls over management's (a) identification of events and changes in circumstances indicating that the carrying amount of the investment may not be recoverable and (b) developing the fair value of the investment. These procedures also included, among others, (i) testing management's process for (a) identifying events and changes in circumstances that are indicators of impairment and (b) developing the fair value of the investment, (ii) evaluating the appropriateness of the discounted cash flow models used in developing the fair value of the investment, (iii) testing the completeness, accuracy, relevance and reliability of the underlying data used in the impairment assessment processes, (iv) evaluating the reasonableness of management's assessment of the events and changes in circumstances that are indicators of impairment related to investment operating performance, change in anticipated holding period and general market conditions by considering the consistency with current and past performance of the investment and external market and industry data, and (v) evaluating the reasonableness of the significant assumptions used to develop the fair value by considering the consistency with current and past performance of the investment, the consistency with external market and industry data, and whether the significant assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of management's discounted cash flow models and the reasonableness of the significant assumptions.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 22, 2022

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

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31,	
	2021	2020
Assets		
Real estate investments, net of accumulated depreciation of \$831,324 and \$681,657 as of December 31, 2021 and 2020, respectively	\$ 5,162,884	\$ 5,285,038
Loans receivable and other investments, net	399,086	102,839
Investment in unconsolidated joint venture	96,680	288,761
Cash and cash equivalents	111,996	59,076
Restricted cash	3,890	6,447
Lease intangible assets, net	54,063	82,796
Accounts receivable, prepaid expenses and other assets, net	138,108	160,646
Total assets	\$ 5,966,707	\$ 5,985,603
Liabilities		
Secured debt, net	\$ 66,663	\$ 79,065
Term loans, net	594,246	1,044,916
Senior unsecured notes, net	1,733,566	1,248,393
Accounts payable and accrued liabilities	142,989	146,276
Lease intangible liabilities, net	49,713	57,725
Total liabilities	2,587,177	2,576,375
Commitments and contingencies (Note 15)		
Equity		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of December 31, 2021 and 2020	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized, 230,398,655 and 210,560,815 shares issued and outstanding as of December 31, 2021 and 2020, respectively	2,304	2,106
Additional paid-in capital	4,482,451	4,163,228
Cumulative distributions in excess of net income	(1,095,204)	(716,195)
Accumulated other comprehensive loss	(10,021)	(39,911)
Total equity	3,379,530	3,409,228
Total liabilities and equity	\$ 5,966,707	\$ 5,985,603

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME
(in thousands, except share and per share amounts)

	Year Ended December 31,		
	2021	2020	2019
Revenues:			
Rental and related revenues (Note 4)	\$ 396,716	\$ 430,584	\$ 452,138
Interest and other income	17,317	11,940	81,540
Resident fees and services	155,512	156,045	128,058
Total revenues	569,545	598,569	661,736
Expenses:			
Depreciation and amortization	178,991	176,737	181,549
Interest	98,632	100,424	126,610
Triple-net portfolio operating expenses	20,221	20,590	22,215
Senior housing - managed portfolio operating expenses	120,980	110,963	86,257
General and administrative	34,669	32,755	30,886
Provision for loan losses and other reserves	3,935	1,855	1,238
Impairment of real estate	9,499	4,003	121,819
Total expenses	466,927	447,327	570,574
Other (expense) income:			
Loss on extinguishment of debt	(34,622)	(531)	(16,340)
Other income	373	2,154	2,094
Net gain on sales of real estate	12,301	2,861	2,300
Total other (expense) income	(21,948)	4,484	(11,946)
Income before loss from unconsolidated joint venture and income tax expense	80,670	155,726	79,216
Loss from unconsolidated joint venture	(192,081)	(16,599)	(6,796)
Income tax expense	(1,845)	(710)	(3,402)
Net (loss) income	(113,256)	138,417	69,018
Net income attributable to noncontrolling interest	—	—	(22)
Net (loss) income attributable to common stockholders	\$ (113,256)	\$ 138,417	\$ 68,996
Net (loss) income attributable to common stockholders, per:			
Basic common share	\$ (0.52)	\$ 0.67	\$ 0.37
Diluted common share	\$ (0.52)	\$ 0.67	\$ 0.37
Weighted-average number of common shares outstanding, basic	219,073,027	206,223,503	187,172,210
Weighted-average number of common shares outstanding, diluted	219,073,027	207,252,830	188,127,092

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands, except footnote data)

	Year Ended December 31,		
	2021	2020	2019
Net (loss) income	\$ (113,256)	\$ 138,417	\$ 69,018
Other comprehensive income (loss):			
Unrealized gain (loss), net of tax:			
Foreign currency translation (loss) gain	(142)	(315)	679
Unrealized gain (loss) on cash flow hedges ⁽¹⁾	30,032	(27,208)	(25,368)
Total other comprehensive income (loss)	29,890	(27,523)	(24,689)
Comprehensive (loss) income	(83,366)	110,894	44,329
Comprehensive income attributable to noncontrolling interest	—	—	(22)
Comprehensive (loss) income attributable to Sabra Health Care REIT, Inc.	\$ (83,366)	\$ 110,894	\$ 44,307

⁽¹⁾ Amounts are net of income tax benefit of \$106,000, \$138,000 and \$49,000 for the years ended December 31, 2021, 2020 and 2019, respectively.

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Amounts						
Balance, December 31, 2018	178,306,528	\$ 1,783	\$ 3,507,925	\$ (271,595)	\$ 12,301	\$ 3,250,414	\$ 4,333	\$ 3,254,747
Cumulative effect of Topic 842 adoption	—	—	—	(32,502)	—	(32,502)	—	(32,502)
Net income	—	—	—	68,996	—	68,996	22	69,018
Other comprehensive loss	—	—	—	—	(24,689)	(24,689)	—	(24,689)
Buyout of noncontrolling interest	—	—	4,039	—	—	4,039	(4,039)	—
Distributions to noncontrolling interest	—	—	—	—	—	—	(316)	(316)
Amortization of stock-based compensation	—	—	12,567	—	—	12,567	—	12,567
Common stock issuance, net	26,901,490	269	547,548	—	—	547,817	—	547,817
Common dividends (\$1.80 per share)	—	—	—	(338,182)	—	(338,182)	—	(338,182)
Balance, December 31, 2019	205,208,018	2,052	4,072,079	(573,283)	(12,388)	3,488,460	—	3,488,460
Cumulative effect of Topic 326 adoption	—	—	—	(167)	—	(167)	—	(167)
Net income	—	—	—	138,417	—	138,417	—	138,417
Other comprehensive loss	—	—	—	—	(27,523)	(27,523)	—	(27,523)
Amortization of stock-based compensation	—	—	10,769	—	—	10,769	—	10,769
Common stock issuance, net	5,352,797	54	80,380	—	—	80,434	—	80,434
Common dividends (\$1.35 per share)	—	—	—	(281,162)	—	(281,162)	—	(281,162)
Balance, December 31, 2020	210,560,815	2,106	4,163,228	(716,195)	(39,911)	3,409,228	—	3,409,228
Net loss	—	—	—	(113,256)	—	(113,256)	—	(113,256)
Other comprehensive income	—	—	—	—	29,890	29,890	—	29,890
Amortization of stock-based compensation	—	—	10,748	—	—	10,748	—	10,748
Common stock issuance, net	19,837,840	198	308,475	—	—	308,673	—	308,673
Common dividends (\$1.20 per share)	—	—	—	(265,753)	—	(265,753)	—	(265,753)
Balance, December 31, 2021	230,398,655	\$ 2,304	\$ 4,482,451	\$ (1,095,204)	\$ (10,021)	\$ 3,379,530	\$ —	\$ 3,379,530

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net (loss) income	\$ (113,256)	\$ 138,417	\$ 69,018
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	178,991	176,737	181,549
Non-cash rental and related revenues	25,823	(4,458)	(19,449)
Non-cash interest income	(1,988)	(2,351)	(2,212)
Non-cash interest expense	8,368	8,418	10,080
Stock-based compensation expense	7,914	7,907	9,819
Non-cash lease termination income	—	—	(10,579)
Loss on extinguishment of debt	34,622	531	16,340
Provision for loan losses and other reserves	3,935	1,855	1,238
Net gain on sales of real estate	(12,301)	(2,861)	(2,300)
Impairment of real estate	9,499	4,003	121,819
Other-than-temporary impairment of unconsolidated joint venture	164,126	—	—
Loss from unconsolidated joint venture	27,955	16,599	6,796
Distributions of earnings from unconsolidated joint venture	—	12,795	13,865
Changes in operating assets and liabilities:			
Accounts receivable, prepaid expenses and other assets, net	8,223	(6,398)	(9,639)
Accounts payable and accrued liabilities	14,479	3,658	(13,870)
Net cash provided by operating activities	<u>356,390</u>	<u>354,852</u>	<u>372,475</u>
Cash flows from investing activities:			
Acquisition of real estate	(99,448)	(92,945)	(51,136)
Origination and fundings of loans receivable	(290,000)	(1,651)	(13,065)
Origination and fundings of preferred equity investments	(9,061)	(20,069)	—
Additions to real estate	(42,651)	(47,354)	(25,451)
Repayments of loans receivable	2,949	4,093	18,367
Repayments of preferred equity investments	1,292	3,419	5,079
Net proceeds from the sales of real estate	100,723	16,751	329,050
Distributions in excess of earnings from unconsolidated joint venture	—	1,305	—
Net cash (used in) provided by investing activities	<u>(336,196)</u>	<u>(136,451)</u>	<u>262,844</u>
Cash flows from financing activities:			
Net repayments of revolving credit facility	—	—	(624,000)
Proceeds from issuance of senior unsecured notes	791,520	—	638,779
Principal payments on senior unsecured notes	(300,000)	—	(700,000)
Principal payments on term loans	(455,000)	—	(145,000)
Principal payments on secured debt	(12,661)	(3,072)	(3,436)
Payments of deferred financing costs	(9,317)	(830)	(15,598)
Payments related to extinguishment of debt	(30,196)	—	(10,502)
Distributions to noncontrolling interest	—	—	(316)
Issuance of common stock, net	308,713	80,092	549,328
Dividends paid on common stock	(262,919)	(278,299)	(335,435)
Net cash provided by (used in) financing activities	<u>30,140</u>	<u>(202,109)</u>	<u>(646,180)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	50,334	16,292	(10,861)
Effect of foreign currency translation on cash, cash equivalents and restricted cash	29	88	346
Cash, cash equivalents and restricted cash, beginning of period	65,523	49,143	59,658
Cash, cash equivalents and restricted cash, end of period	<u>\$ 115,886</u>	<u>\$ 65,523</u>	<u>\$ 49,143</u>

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Supplemental disclosure of cash flow information:			
Interest paid	\$ 85,464	\$ 92,589	\$ 123,854
Income taxes paid	\$ 1,839	\$ 2,439	\$ 3,911
Supplemental disclosure of non-cash investing activities:			
Decrease in loans receivable and other investments due to acquisition of real estate	\$ —	\$ 20,731	\$ —
Secured debt assumed by buyer in connection with sale of real estate	\$ —	\$ 31,830	\$ —

See accompanying notes to consolidated financial statements.

SABRA HEALTH CARE REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS

Overview

Sabra Health Care REIT, Inc. (“Sabra” or the “Company”) was incorporated on May 10, 2010 as a wholly owned subsidiary of Sun Healthcare Group, Inc. (“Sun”) and commenced operations on November 15, 2010 following Sabra’s separation from Sun. Sabra elected to be treated as a real estate investment trust (“REIT”) with the filing of its United States (“U.S.”) federal income tax return for the taxable year beginning January 1, 2011. Sabra believes that it has been organized and operated, and it intends to continue to operate, in a manner to qualify as a REIT. Sabra’s primary business consists of acquiring, financing and owning real estate property to be leased to third-party tenants in the healthcare sector. Sabra primarily generates revenues by leasing properties to tenants and operators 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”) 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 loans receivable; and preferred equity investments.

COVID-19

The ongoing COVID-19 pandemic and measures intended to prevent its spread have negatively impacted and are expected to continue to negatively impact the Company and its operations in a number of ways, including but not limited to:

- Decreased occupancy and increased operating costs for the Company’s 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 the Company. In some cases, the Company may have to restructure tenants’ long-term rent obligations and may not be able to do so on terms that are as favorable to the Company as those currently in place. Reduced or modified rental and debt service amounts could result in the determination that the full amounts of the Company’s investments are not recoverable, which could result in an impairment charge. To date, the impact of COVID-19 on the Company’s skilled nursing/transitional care facility and assisted living community tenants has been partially mitigated by the assistance they have received or expect to receive from state and federal assistance programs, including through the CARES Act (as defined and further described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Skilled Nursing Facility Reimbursement Rates” in Part II, Item 7), although these benefits on an individual tenant basis vary and may not provide enough relief to meet their rental obligations to the Company. From the beginning of the pandemic through December 31, 2021, the Company has agreed to temporary pandemic-related rent deferrals for six tenants of two to nine months of rent totaling \$3.4 million, of which \$0.3 million has been repaid. In addition, the Company has drawn \$11.9 million from a tenant’s letter of credit to fund rent for September through November 2021 and a portion of December 2021 due from its tenant, the Avamere Family of Companies (“Avamere”) (see the related discussion in Note 4, “Investment in Real Estate Properties”). However, the longer the duration of the COVID-19 pandemic, the more likely that the Company’s tenants and borrowers will begin to default on these obligations, particularly if state and federal assistance is reduced or eliminated. Such defaults could materially and adversely affect the Company’s results of operations and liquidity, in addition to resulting in potential impairment charges.
- Decreased occupancy and increased operating costs within the Company’s Senior Housing - Managed portfolio, which have negatively impacted and are expected to continue to negatively impact the operating results of these investments. As noted above, the assistance received or expected to be received by eligible assisted living operators will partially mitigate the negative impact of COVID-19 on the Company’s Senior Housing - Managed portfolio. During the year ended December 31, 2021, the Company recognized government grants of \$0.5 million in resident fees and services. Prolonged deterioration in the operating results for the Company’s investments in its Senior Housing - Managed portfolio could result in the determination that the full amounts of the Company’s investments are not recoverable, which could result in an impairment charge.

- See Note 4, “Investment in Real Estate Properties,” for discussion of the impact on the Company’s investment in unconsolidated joint venture.

The Company’s financial results as of and for the year ended December 31, 2021 reflect the results of the Company’s evaluation of the impact of COVID-19 on its business including, but not limited to, its evaluation of potential impairments of long-lived or other assets, measurement of credit losses on financial instruments, evaluation of any lease modifications, evaluation of lease accounting impact, estimates of fair value and the Company’s ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Sabra and its wholly owned subsidiaries as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

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

The Company identifies the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. The Company performs this analysis on an ongoing basis. As of December 31, 2021, the Company determined that it was not the primary beneficiary of any VIEs.

As it relates to investments in loans, in addition to the Company’s assessment of VIEs and whether the Company is the primary beneficiary of those VIEs, the Company evaluates the loan terms and other pertinent facts to determine whether the loan investment should be accounted for as a loan or as a real estate joint venture. If an investment has the characteristics of a real estate joint venture, including if the Company participates in the majority of the borrower’s expected residual profit, the Company would account for the investment as an investment in a real estate joint venture and not as a loan investment. Expected residual profit is defined as the amount of profit, whether called interest or another name, such as an equity kicker, above a reasonable amount of interest and fees expected to be earned by a lender. At December 31, 2021 and 2020, 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 limited partners’ rights and their impact on the presumption of control of the limited 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 sole general partner or managing member increases or decreases its ownership interests, or there is an increase or decrease in the number of outstanding ownership interests. As of December 31, 2021, the Company’s determination of which entity controls its investments in joint ventures has not changed as a result of any reassessment.

Use of Estimates

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

Real Estate Investments and Rental Revenue Recognition

Real Estate Acquisition Valuation

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

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

Depreciation and Amortization

Real estate costs related to the acquisition and improvement of properties are capitalized and amortized on a straight-line basis over the lesser of the expected useful life of the asset and the remaining lease term of any property subject to a ground lease. Tenant improvements are capitalized and amortized on a straight-line basis over the lesser of the expected useful life of the asset and the remaining lease term. Depreciation is discontinued when a property is identified as held for sale. Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repair and maintenance costs include all costs that do not extend the useful life of the real estate asset. The Company considers the period of future benefit of an asset to determine its appropriate useful life. Depreciation of real estate assets and amortization of tenant origination and absorption costs and tenant relationship lease intangibles are included in depreciation and amortization on the accompanying consolidated statements of (loss) income. Amortization of above and below market lease intangibles is included in rental income on the accompanying consolidated statements of (loss) income. The Company anticipates the estimated useful lives of its assets by class to be generally as follows: land improvements, 15 to 20 years; buildings and building improvements, five to 45 years; and furniture and equipment, three to 10 years. Intangibles are generally amortized over the remaining noncancellable lease terms, with tenant relationship intangible amortization periods including extension periods of up to 25 years.

Impairment of Real Estate Investments

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

Revenue Recognition

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

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

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

Government Grants

By analogy to International Accounting Standards 20, Accounting for Government Grants and Disclosure of Government Assistance, government assistance provided to the Company in the form of an income grant, which is not related to long-lived assets and is not required to be repaid, is recognized as grant income when there is reasonable assurance that the grant will be received and the Company will comply with any conditions associated with the grant. Additionally, grants are recognized over the periods in which the Company recognizes the qualifying expenses and/or lost income for which the grants are intended to compensate. As of December 31, 2021 and 2020, the amount of qualifying expenditures exceeded amounts recognized under the CARES Act and other programs, and the Company had complied with all grant conditions. Accordingly, during the years ended December 31, 2021 and 2020, the Company recognized \$0.5 million and \$1.8 million, respectively, of grants in resident fees and services, and during the year ended December 31, 2020, the Company recognized \$3.5 million of grants in loss from unconsolidated joint venture in the accompanying consolidated statements of (loss) income.

Assets Held for Sale, Dispositions and Discontinued Operations

The Company generally considers real estate to be "held for sale" when the following criteria are met: (i) management commits to a plan to sell the property, (ii) the property is available for sale immediately, (iii) the property is actively being marketed for sale at a price that is reasonable in relation to its current fair value, (iv) the sale of the property within one year is considered probable and (v) significant changes to the plan to sell are not expected. Real estate that is held for sale and its related assets are classified as assets held for sale and are included in accounts receivable, prepaid expenses and other assets, net on the accompanying consolidated balance sheets. Secured indebtedness and other liabilities related to real estate held for sale are classified as liabilities related to assets held for sale and are included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets. Real estate classified as held for sale is no longer depreciated and is reported at the lower of its carrying value or its estimated fair value less estimated costs to sell. As of December 31, 2021 and 2020, the Company did not have any assets held for sale.

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

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

Investment in Unconsolidated Joint Venture

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

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

Loans Receivable, Sales-Type Lease and Credit Losses

Loans Receivable

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

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

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

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

Sales-Type Lease

The Company's investment in sales-type leases is reflected on the accompanying consolidated balance sheets as the present value of total rental payments, plus estimated purchase price, less unearned lease income. Selling profit or loss is

recorded upon classification as a sales-type lease, and unearned income is amortized over the lease term to provide a constant yield when collectability of the lease payments is reasonably assured.

Credit Losses

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

Preferred Equity Investments and Preferred Return

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

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

Cash and Cash Equivalents

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

The Company's cash and cash equivalents balance exceeded federally insurable limits as of December 31, 2021. To date, the Company has experienced no loss or lack of access to cash in its operating accounts. The Company has a corporate banking relationship with Bank of America, N.A. in which it deposits the majority of its cash.

Restricted Cash

Restricted cash primarily consists of amounts held by an exchange accommodation titleholder or by secured debt lenders to provide for future real estate tax expenditures, tenant improvements and capital expenditures. Pursuant to the terms of the Company's leases with certain tenants, the Company has assigned its interests in certain of these restricted cash accounts with secured debt lenders to the tenants, and this amount is included in accounts payable and accrued liabilities on the Company's consolidated balance sheets. As of December 31, 2021 and 2020, restricted cash totaled \$3.9 million and \$6.4 million, respectively, and restricted cash obligations totaled \$3.2 million and \$3.5 million, respectively.

Stock-Based Compensation

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

Deferred Financing Costs

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

Income Taxes

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

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

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

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

Foreign Currency

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

Derivative Instruments

The Company uses certain types of derivative instruments for the purpose of managing interest rate and currency risk. To qualify for hedge accounting, derivative instruments used for risk management purposes must effectively reduce the risk

exposure that they are designed to hedge. In addition, at inception, the Company must make an assessment that the transaction that the Company intends to hedge is probable of occurring, and this assessment must be updated each reporting period.

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

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

Fair Value Measurements

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

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

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

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

The Company considers the following factors to be indicators of an inactive market: (i) there are few recent transactions, (ii) price quotations are not based on current information, (iii) price quotations vary substantially either over time or among market makers (for example, some brokered markets), (iv) indexes that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability, (v) there is a significant increase in implied liquidity risk premiums, yields, or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with the Company's estimate of expected cash flows,

considering all available market data about credit and other nonperformance risk for the asset or liability, (vi) there is a wide bid-ask spread or significant increase in the bid-ask spread, (vii) there is a significant decline or absence of a market for new issuances (that is, a primary market) for the asset or liability or similar assets or liabilities, and (viii) little information is released publicly (for example, a principal-to-principal market).

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

Per Share Data

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

Industry Segments

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

Beds, Units and Other Measures

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

Recently Issued Accounting Standards Update

Adopted

Effective January 1, 2019, the Company adopted Accounting Standards Update ("ASU") 2016-02, Leases, as amended by subsequent ASUs ("Topic 842") using the modified retrospective transition method. Topic 842 supersedes guidance related to accounting for leases and provides for the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases under GAAP. In addition, the Company elected to use the available practical expedients, and therefore did not reassess classification of its existing leases and did not separate lease and nonlease components (such as services rendered). As a result of electing these practical expedients, the Company, beginning January 1, 2019, recognizes revenue from its leased skilled nursing/transitional care facilities, Senior Housing - Leased communities, and specialty hospitals and other facilities under Topic 842 and recognizes revenue from its Senior Housing - Managed communities under the Revenue ASUs (codified under Topic 606). Upon adoption of Topic 842 and as of the adoption date, the Company recorded a \$32.5 million reduction in equity and accounts receivable due to the cumulative effect of this change. This reduction consisted of \$17.5 million of straight-line rental income receivables and \$15.0 million of cash rent receivables, although management believes the \$15.0 million of cash rent receivables are collectible.

In November 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-10, Government Assistance (Topic 832) ("ASU 2021-10"). ASU 2021-10 requires annual disclosures about transactions with a government that are accounted for by applying a grant or contribution model by analogy to other accounting guidance, including information about the nature of the transactions and related accounting policy used to account for the transactions, the financial statement line items affected by the transactions and the applicable amounts, and significant terms and conditions of the transactions. ASU 2021-10 is effective for annual periods beginning after December 15, 2021, with early adoption permitted. The Company early adopted ASU 2021-10, and the adoption of ASU 2021-10 did not have a material impact on the Company's financial statements.

Issued but Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). ASU 2020-04 provides temporary optional guidance that provides transition relief for reference rate reform, including optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions that reference LIBOR or a reference rate that is expected to be

discontinued as a result of reference rate reform if certain criteria are met. ASU 2020-04 is effective upon issuance, and the provisions generally can be applied prospectively as of January 1, 2020 through December 31, 2024. During the first quarter of 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. 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. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

3. RECENT REAL ESTATE ACQUISITIONS

During the year ended December 31, 2021, the Company acquired two Senior Housing - Managed communities, one Senior Housing - Leased community, two addiction treatment centers and one skilled nursing/transitional care facility. During the year ended December 31, 2020, the Company acquired three Senior Housing - Leased communities and one Senior Housing - Managed community that were part of the Company's proprietary development pipeline, and \$20.7 million was previously funded through its preferred equity investments in these developments. The consideration was allocated as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Land	\$ 5,465	\$ 5,800
Building and improvements	90,692	104,952
Tenant origination and absorption costs intangible assets	3,097	2,578
Tenant relationship intangible assets	194	347
Total consideration	\$ 99,448	\$ 113,677

The tenant origination and absorption costs intangible assets and tenant relationship intangible assets had weighted-average amortization periods as of the respective dates of acquisition of four years and 23 years, respectively, for acquisitions completed during the year ended December 31, 2021, and seven years and 25 years, respectively, for acquisitions completed during the year ended December 31, 2020.

For the year ended December 31, 2021, the Company recognized \$8.7 million and \$0.7 million of total revenues and net income attributable to common stockholders, respectively, from the facilities acquired during the year ended December 31, 2021. For the year ended December 31, 2020, the Company recognized \$12.5 million and \$4.8 million of total revenues and net income attributable to common stockholders, respectively, from the facilities acquired during the year ended December 31, 2020.

4. INVESTMENT IN REAL ESTATE PROPERTIES

Real Estate Investments

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

As of December 31, 2021

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	279	30,920	\$ 3,617,359	\$ (474,534)	\$ 3,142,825
Senior Housing - Leased	60	4,099	720,581	(104,046)	616,535
Senior Housing - Managed	49	5,140	1,012,398	(174,098)	838,300
Specialty Hospitals and Other	28	1,187	643,007	(78,179)	564,828
	<u>416</u>	<u>41,346</u>	<u>5,993,345</u>	<u>(830,857)</u>	<u>5,162,488</u>
Corporate Level			863	(467)	396
			<u>\$ 5,994,208</u>	<u>\$ (831,324)</u>	<u>\$ 5,162,884</u>

As of December 31, 2020

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	287	31,761	\$ 3,644,470	\$ (385,094)	\$ 3,259,376
Senior Housing - Leased	65	4,282	707,634	(87,600)	620,034
Senior Housing - Managed	47	4,924	942,996	(142,538)	800,458
Specialty Hospitals and Other	27	1,092	670,793	(66,021)	604,772
	<u>426</u>	<u>42,059</u>	<u>5,965,893</u>	<u>(681,253)</u>	<u>5,284,640</u>
Corporate Level			802	(404)	398
			<u>\$ 5,966,695</u>	<u>\$ (681,657)</u>	<u>\$ 5,285,038</u>

	As of December 31,	
	2021	2020
Building and improvements	\$ 5,145,096	\$ 5,120,598
Furniture and equipment	262,969	249,034
Land improvements	4,295	2,220
Land	581,848	594,843
Total real estate at cost	<u>5,994,208</u>	<u>5,966,695</u>
Accumulated depreciation	<u>(831,324)</u>	<u>(681,657)</u>
Total real estate investments, net	<u>\$ 5,162,884</u>	<u>\$ 5,285,038</u>

Operating Leases

As of December 31, 2021, the substantial majority of the Company's real estate properties (excluding 49 Senior Housing - Managed communities) were leased under triple-net operating leases with expirations ranging from less than one year to 20 years. As of December 31, 2021, the leases had a weighted-average remaining term of seven years. The leases generally include provisions to extend the lease terms and other negotiated terms and conditions. The Company, through its subsidiaries, retains substantially all of the risks and benefits of ownership of the real estate assets leased to the tenants. The Company may receive additional security under these operating leases in the form of letters of credit and security deposits from the lessee or guarantees from the parent of the lessee. Security deposits received in cash related to tenant leases are included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets and totaled \$28.6 million and \$17.5 million as of December 31, 2021 and 2020, respectively, and letters of credit deposited with the Company totaled approximately \$63 million and \$85 million as of December 31, 2021 and 2020, respectively. In addition, the Company's tenants have deposited with the Company \$16.8 million and \$16.9 million as of December 31, 2021 and 2020, 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 \$18.0 million, \$20.9 million and \$17.6 million during the years ended December 31, 2021, 2020 and 2019, 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.

Avamere leases 27 facilities from the Company (primarily in Oregon, Colorado and Washington). Oregon, Colorado and Washington have been hit particularly hard by the spike in COVID-19 cases as a result of the Delta variant which, combined with state mandated admissions limitations associated with any COVID-19 cases occurring in skilled nursing facilities in those states and increased labor pressure, has resulted in recent census declines, labor cost increases and cash flow constraints for Avamere. In response to these constraints, the Company used Avamere's \$11.9 million letter of credit to fund rent for September through November 2021 and a portion of December 2021. Accordingly, the Company concluded that its lease with Avamere should no longer be accounted for on an accrual basis and wrote off \$25.2 million of straight-line rent receivable balances related to this lease as of September 30, 2021. Additionally, the Company determined further assistance was necessary, and effective February 1, 2022, Avamere's annual base rent was reduced to \$30.7 million from \$44.1 million. The Company shortened the useful life of its above market lease intangible, leading to the acceleration of the amortization of the remaining \$18.6 million balance during the year ended December 31, 2021. The write-off of the straight-line rent receivable balances and the above market lease intangible amortization acceleration reduced rental and related revenues by \$43.8 million for the year ended December 31, 2021 versus the prior year.

For the year ended December 31, 2021, no tenant relationship represented 10% or more of the Company's total revenues.

As of December 31, 2021, 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):

2022	\$	424,942
2023		403,471
2024		404,353
2025		396,638
2026		379,716
Thereafter		1,472,488
	\$	<u>3,481,608</u>

Senior Housing - Managed Communities

The Company's Senior Housing - Managed communities offer residents certain ancillary services that are not contemplated in the lease with each resident (i.e., housekeeping, laundry, guest meals, etc.). These services are provided and paid for in addition to the standard services included in each resident lease (i.e., room and board, standard meals, etc.). The Company bills residents for ancillary services one month in arrears and recognizes revenue as the services are provided, as the Company has no continuing performance obligation related to those services. Resident fees and services includes ancillary service revenue of \$1.3 million, \$0.9 million and \$0.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Investment in Unconsolidated Joint Venture

The Company has a 49% equity interest in a joint venture (the "Enlivant Joint Venture") with affiliates of TPG Real Estate, the real estate platform of TPG. TPG also owns Enlivant, the senior housing management platform that manages the portfolio owned by the Enlivant Joint Venture. As of December 31, 2021, the Enlivant Joint Venture owned 158 senior housing communities.

During the second quarter of 2021, TPG reached out to Sabra to explore the Company acquiring TPG's 51% interest in the Enlivant Joint Venture. The parties were not able to reach mutually acceptable terms for a transaction, in part due to modifications requested by TPG in the Enlivant management fee structure. At that time, TPG informed the Company of its intent to re-evaluate its plans with respect to the management company. Furthermore, decreased occupancy and revenues and increased operating costs during the COVID-19 pandemic have had a significant negative impact on the financial performance of the Enlivant Joint Venture. As a result, the Company re-evaluated its plans with respect to the Enlivant Joint Venture and determined that it would no longer seek to acquire TPG's majority interest in the Enlivant Joint Venture and that it expects to sell its 49% equity interest should TPG secure a buyer for the portfolio sometime in the future. In connection with this re-evaluation and the Company's eventual intent to exit its 49% stake, the Company revisited its estimate of the fair value of its investment in the Enlivant Joint Venture and believes that it has declined below its investment basis. The Company also believes that, given the Company's intent to sell the portfolio, it is unlikely that the Company will hold its investment for an adequate period of time to recover this estimated decline in value. As such, this decline was deemed to be other-than-temporary and the Company recorded an impairment charge for the amount that the carrying value exceeded the estimated fair value of the investment totaling \$164.1 million during the three months ended June 30, 2021. This impairment is included in loss from

unconsolidated joint venture on the accompanying consolidated statements of (loss) income. As of December 31, 2021, the book value of the Company's investment in the Enlivant Joint Venture was \$96.7 million and includes an unamortized basis difference of \$293.7 million. The unamortized basis difference is related to the difference between the amount the Company purchased its interest in the Enlivant Joint Venture for and the historical cost basis of the assets. The Company's book value of the Enlivant Joint Venture is presented net of the debt at the joint venture level.

Determining the estimated fair value of the Company's investment as of June 30, 2021 was based on significant unobservable assumptions. The Company estimated the then current fair value of its investment in the Enlivant Joint Venture based on a discounted cash flow analysis, management fee ranging from 6.0% to 7.0% and using a holding period of three years, terminal capitalization rates ranging from 6.75% to 7.25% and discount rates ranging from 11.0% to 11.5%. The assumptions to determine fair value under the income approach are Level 3 inputs in accordance with the fair value hierarchy established by Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements and Disclosures." The ongoing operating performance of the Enlivant Joint Venture, as well as whether TPG is able to secure a buyer on favorable terms or at all, will impact the ultimate amounts realized from the Enlivant Joint Venture and may require the Company to recognize an additional impairment charge in the future with respect to this investment. Accordingly, the amount ultimately realized by the Company for its investment in the Enlivant Joint Venture could materially differ from its estimated fair value as reflected in the consolidated balance sheets as of December 31, 2021.

The following tables present summarized financial information for the Enlivant Joint Venture and, except for basis adjustments, other-than-temporary impairment and loss from unconsolidated joint venture, reflect the historical cost basis of the assets which pre-dated the Company's investment in the Enlivant Joint Venture (in thousands):

	As of December 31,	
	2021	2020
Total assets	\$ 467,762	\$ 490,541
Total liabilities	822,063	824,410
Member's deficit	(354,301)	(333,869)

	Year Ended December 31,		
	2021	2020	2019
Total revenues	\$ 274,693	\$ 299,031	\$ 312,055
Operating expenses ⁽¹⁾	265,194	240,331	231,659
Net (loss) income	(35,276)	5,196	13,161
Company's share of net (loss) income	\$ (17,184)	\$ 2,546	\$ 6,449
Basis adjustments	10,771	19,145	13,245
Other-than-temporary impairment	164,126	—	—
Loss from unconsolidated joint venture	\$ (192,081)	\$ (16,599)	\$ (6,796)

⁽¹⁾ During the year ended December 31, 2021, TPG caused the Enlivant Joint Venture to fund \$20.0 million of payments to Enlivant, the senior housing management platform that manages the portfolio owned by the Enlivant Joint Venture, beyond amounts contractually required under the management agreement. These payments were to support the operations of Enlivant and are reflected as operating expenses.

Certain amounts in the financial information for the Enlivant Joint Venture have been reclassified to conform to Sabra's presentation. The Company's share of net (loss) income in the Enlivant Joint Venture reflects its 49% equity interest and excludes certain equity-like compensation expense and the related income tax impact as per the joint venture agreement such expense is not the responsibility of the Company.

Net Investment in Sales-Type Lease

As of December 31, 2021, the Company had a \$25.3 million net investment in one skilled nursing/transitional care facility leased to an operator under a sales-type lease, as the tenant is obligated to purchase the property at the end of the lease term. The net investment in sales-type lease is recorded in accounts receivable, prepaid expenses and other assets, net on the accompanying consolidated balance sheets and represents the present value of total rental payments of \$3.0 million, plus the estimated purchase price of \$25.6 million, less the unearned lease income of \$3.1 million and allowance for credit losses of \$0.2 million as of December 31, 2021. Unearned lease income represents the excess of the minimum lease payments and residual value over the cost of the investment. Unearned lease income is deferred and amortized to income over the lease term to provide a constant yield when collectability of the lease payments is reasonably assured. Income from the Company's net investment in sales-type lease was \$2.4 million, \$2.7 million and \$2.7 million for the years ended December 31, 2021, 2020 and

2019, respectively, and is reflected in interest and other income on the accompanying consolidated statements of (loss) income. During each of the years ended December 31, 2021 and 2020, the Company reduced its allowance for credit losses by \$0.1 million. During the year ended December 31, 2021, the Company was required to recognize a \$1.0 million gain on sale of real estate prior to the sale to the tenant as a result of a lease modification and reassessing the classification of the lease and determining it should be accounted for as a sales-type lease. Future minimum lease payments contractually due under the sales-type lease at December 31, 2021, were as follows: \$2.4 million for 2022 and \$0.8 million for 2023.

5. IMPAIRMENT OF REAL ESTATE AND DISPOSITIONS

Impairment of Real Estate

During the year ended December 31, 2021, the Company recognized a \$9.5 million real estate impairment, of which \$9.0 million related to one facility that was closed during the year and the remaining \$0.5 million related to two facilities that have been sold.

During the year ended December 31, 2020, the Company recognized a \$4.0 million real estate impairment related to four facilities that have been sold.

During the year ended December 31, 2019, the Company recognized a \$121.8 million real estate impairment, of which \$95.2 million related to 30 Senior Care Centers facilities that the Company sold and one additional Senior Care Centers facility that the Company transitioned to another operator, and the remaining \$26.6 million related to 10 facilities that have been sold.

To estimate the fair value of the impaired facilities, the Company utilized a market approach which considered binding sale agreements (Level 2 measurements), non-binding offers from unrelated third parties or model-derived valuations with significant unobservable inputs (Level 3 measurements), as applicable.

Dispositions

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

	Year Ended December 31,		
	2021	2020	2019
Number of facilities	16	8	46
Consideration, net of closing costs	\$ 103.4	\$ 50.0	\$ 323.6
Net carrying value	92.1	47.1	321.3
Net gain on sale	\$ 11.3	\$ 2.9	\$ 2.3
Net income (loss) ⁽¹⁾	\$ 16.0	\$ 5.9	\$ (102.2)

⁽¹⁾ In addition to net gain on sale, net income (loss) includes impairment of real estate of \$0.5 million, \$4.0 million and \$115.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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

6. INTANGIBLE ASSETS AND LIABILITIES

The following table summarizes the Company's intangible assets and liabilities as of December 31, 2021 and 2020 (in thousands):

	As of December 31,	
	2021	2020
Lease Intangible Assets:		
Above market leases	\$ 7,496	\$ 35,695
Tenant origination and absorption costs	61,414	60,413
Tenant relationship	22,823	23,289
Gross lease intangible assets	91,733	119,397
Accumulated amortization	(37,670)	(36,601)
Lease intangible assets, net	\$ 54,063	\$ 82,796
Lease Intangible Liabilities:		
Below market leases	\$ 81,211	\$ 89,389
Accumulated amortization	(31,498)	(31,664)
Lease intangible liabilities, net	\$ 49,713	\$ 57,725

The following is a summary of real estate intangible amortization income (expense) for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year Ended December 31,		
	2021	2020	2019
(Decrease) increase to rental income related to above/below market leases, net ⁽¹⁾	\$ (13,512)	\$ 849	\$ 508
Depreciation and amortization related to tenant origination and absorption costs and tenant relationship	(8,694)	(10,620)	(17,674)

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

The remaining unamortized balance for these outstanding intangible assets and liabilities as of December 31, 2021 will be amortized for the years ending December 31 as follows (dollars in thousands):

	Lease Intangible Assets	Lease Intangible Liabilities
2022	\$ 9,000	\$ 7,269
2023	6,762	7,269
2024	6,266	7,168
2025	5,833	6,228
2026	5,489	4,956
Thereafter	20,713	16,823
	\$ 54,063	\$ 49,713

Weighted-average remaining amortization period	9.7 years	7.8 years
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7. LOANS RECEIVABLE AND OTHER INVESTMENTS

As of December 31, 2021 and 2020, the Company's loans receivable and other investments consisted of the following (dollars in thousands):

Investment	Quantity as of December 31, 2021	Property Type	Principal Balance as of December 31, 2021 ⁽¹⁾	Book Value as of December 31, 2021	Book Value as of December 31, 2020	As of December 31, 2021		Maturity Date as of December 31, 2021
						Weighted Average Contractual Interest Rate / Rate of Return	Weighted Average Annualized Effective Interest Rate / Rate of Return	
Loans Receivable:								
Mortgage	2	Specialty Hospital	\$ 309,000	\$ 309,000	\$ 19,000	7.7 %	7.7 %	11/01/26 - 01/31/27
Construction	1	Senior Housing	3,343	3,347	3,352	8.0 %	7.8 %	09/30/22
Other	15	Multiple	39,816	36,028	39,005	6.8 %	6.1 %	01/31/22 - 08/31/28
	18		352,159	348,375	61,357	7.6 %	7.5 %	
Allowance for loan losses			—	(6,344)	(2,458)			
			<u>\$ 352,159</u>	<u>\$ 342,031</u>	<u>\$ 58,899</u>			
Other Investments:								
Preferred Equity	8	Skilled Nursing / Senior Housing	56,805	57,055	43,940	11.1 %	11.1 %	N/A
Total	<u>26</u>		<u>\$ 408,964</u>	<u>\$ 399,086</u>	<u>\$ 102,839</u>	<u>8.1 %</u>	<u>8.0 %</u>	

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

On October 15, 2021, the Company funded a \$290.0 million mortgage loan receivable to Recovery Centers of America Holdings, LLC (the "RCA Mortgage Loan") secured by six inpatient addiction treatment centers with a 7.50% rate of return. The transaction provides Sabra a right of first offer to acquire the underlying facilities and includes an additional \$35.0 million commitment to be funded after specific performance metrics are achieved by the portfolio and by the two additional properties currently in lease-up.

In addition, as of December 31, 2021, the Company has committed to provide up to \$28.0 million of future funding related to two preferred equity investments and one loan receivable investment with a maturity date of April 2022.

As of December 31, 2021 and 2020, the Company had four loans receivable investments, with an aggregate principal balance of \$1.8 million and \$2.1 million, respectively, that were considered to have deteriorated credit quality. As of December 31, 2021 and 2020, the book value of the outstanding loans with deteriorated credit quality was \$0.2 million and \$0.5 million, respectively.

During the years ended December 31, 2021 and 2020, the Company increased its allowance for loan losses by \$3.9 million and \$1.9 million, respectively.

As of December 31, 2021, the Company had a \$6.3 million allowance for loan losses and three loans receivable investments with no book value were on nonaccrual status. As of December 31, 2021, the Company did not consider any preferred equity investments to be impaired, and no preferred equity investments were on nonaccrual status.

As of December 31, 2020, the Company had a \$2.5 million allowance for loan losses and two loans receivable investments with no book value were on nonaccrual status. As of December 31, 2020, the Company did not consider any preferred equity investments to be impaired, and no preferred equity investments were on nonaccrual status.

8. DEBT

Secured Indebtedness

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

Interest Rate Type	Principal Balance as of December 31, 2021 ⁽¹⁾	Principal Balance as of December 31, 2020 ⁽¹⁾	As of December 31, 2021		Maturity Date
			Weighted Average Interest Rate	Weighted Average Effective Interest Rate ⁽²⁾	
Fixed Rate	\$ 67,602	\$ 80,199	3.04 %	3.42 %	April 2022 - August 2051

⁽¹⁾ Principal balance does not include deferred financing costs, net of \$0.9 million and \$1.1 million as of December 31, 2021 and 2020, respectively.

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

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

During the year ended December 31, 2020, the Company sold three facilities that secured an aggregate \$31.8 million of debt which was assumed by the buyers of the facilities and recognized a \$0.5 million loss on extinguishment of debt related to write-offs of deferred financing costs in connection with the sales.

Senior Unsecured Notes

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

Title	Maturity Date	Principal Balance as of December 31,	
		2021 ⁽¹⁾	2020 ⁽¹⁾
4.80% senior unsecured notes due 2024	June 1, 2024	\$ —	\$ 300,000
5.125% senior unsecured notes due 2026	August 15, 2026	500,000	500,000
5.88% senior unsecured notes due 2027	May 17, 2027	100,000	100,000
3.90% senior unsecured notes due 2029	October 15, 2029	350,000	350,000
3.20% senior unsecured notes due 2031	December 1, 2031	800,000	—
		<u>\$ 1,750,000</u>	<u>\$ 1,250,000</u>

⁽¹⁾ Principal balance does not include discount, net of \$2.9 million and deferred financing costs, net of \$13.6 million as of December 31, 2021 and does not include premium, net of \$6.4 million and deferred financing costs, net of \$8.0 million as of December 31, 2020. In addition, the weighted average effective interest rate as of December 31, 2021 was 4.01%.

4.80% Notes Due 2024. On May 29, 2019, the Operating Partnership and Sabra Capital Corporation, wholly owned subsidiaries of the Company (the "Issuers"), completed an underwritten public offering of \$300.0 million aggregate principal amount of 4.80% senior unsecured notes due 2024 (the "2024 Notes"). The net proceeds were \$295.3 million after deducting underwriting discounts and other offering expenses. The net proceeds, together with borrowings under the Revolving Credit Facility, were used to redeem all \$500.0 million aggregate principal amount of 5.5% senior unsecured notes due 2021. The 2024 Notes accrued interest at a rate of 4.80% per annum payable semiannually on June 1 and December 1 of each year.

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

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

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

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

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

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

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

3.20% Notes Due 2031. On September 30, 2021, the Operating Partnership completed an underwritten public offering of \$800.0 million aggregate principal amount of 3.20% senior unsecured notes due 2031 (the "2031 Notes"). The net proceeds were \$782.2 million after deducting underwriting discounts and other offering expenses. The net proceeds were used to repay \$345.0 million of the Company's U.S. dollar Term Loans (as defined below), redeem all of the 2024 Notes, as discussed above, and to fund a portion of the RCA Mortgage Loan (see Note 7, "Loans Receivable and Other Investments"). The 2031 Notes accrue interest at a rate of 3.20% per annum payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022.

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

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

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

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

The indenture governing the 2029 Notes and 2031 Notes contains restrictive covenants that, among other things, restrict the ability of Sabra, the Issuers and their subsidiaries to: (i) incur or guarantee additional indebtedness; (ii) incur or guarantee secured indebtedness; and (iii) merge or consolidate or sell all or substantially all of their assets. The indenture governing the 2029 Notes and 2031 Notes also provides for customary events of default, including, but not limited to, the failure to make

payments of interest or premium, if any, on, or principal of, the 2029 Notes and 2031 Notes, the failure to comply with certain covenants and agreements specified in the indenture for a period of time after notice has been provided, the acceleration of other indebtedness resulting from the failure to pay principal on such other indebtedness prior to its maturity, and certain events of insolvency. If any event of default occurs, the principal of, premium, if any, and accrued interest on all the then-outstanding 2029 Notes and 2031 Notes may become due and payable immediately. The indenture governing the 2029 Notes and 2031 Notes requires Sabra, the Issuers and their subsidiaries to maintain Total Unencumbered Assets (as defined in the indentures) of at least 150% of the Company's unsecured indebtedness.

The Company was in compliance with all applicable financial covenants under the indentures and agreements (the "Senior Notes Indentures") governing the 2026 Notes, 2027 Notes, 2029 Notes and 2031 Notes (collectively, the "Senior Notes") outstanding as of December 31, 2021.

Credit Agreement

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

The Credit Agreement includes a \$1.0 billion revolving credit facility (the "Revolving Credit Facility"), \$500.0 million in U.S. dollar term loans and a CAD \$125.0 million Canadian dollar term loan (collectively, the "Term Loans"). Further, up to \$175.0 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 September 9, 2023, and includes two six-month extension options. The Term Loans have a maturity date of September 9, 2024.

During the year ended December 31, 2021, the Company recognized \$1.8 million of loss on extinguishment of debt related to write-offs of deferred financing costs in connection with the partial pay down of the U.S. dollar Term Loans.

As of December 31, 2021, there were no amounts outstanding under the Revolving Credit Facility and \$1.0 billion 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, at the Operating Partnership's option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0% (the "Base Rate"). 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 1.45% per annum for LIBOR based borrowings and 0.00% to 0.45% per annum for borrowings at the Base Rate. As of December 31, 2021, the interest rate on the Revolving Credit Facility was 1.20%. 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 Loans bear interest on the outstanding principal amount at a rate equal to a ratings-based applicable interest margin plus, at the Operating Partnership's option, either (a) LIBOR or (b) the Base Rate. The ratings-based applicable interest margin for borrowings will vary based on the Debt Ratings and will range from 0.85% to 1.65% per annum for LIBOR based borrowings and 0.00% to 0.65% per annum for borrowings at the Base Rate. As of December 31, 2021, the interest rate on the U.S. dollar Term Loans was 1.35%. The Canadian dollar Term Loan bears interest on the outstanding principal amount at a rate equal to the Canadian Dollar Offered Rate ("CDOR") plus an interest margin that ranges from 0.85% to 1.65% depending on the Debt Ratings. As of December 31, 2021, the interest rate on the Canadian dollar Term Loan was 1.71%.

The Company has interest rate swaps that fix and interest rate collars that set a cap and floor for the LIBOR portion of the interest rate for \$436.3 million of LIBOR-based borrowings under its U.S. dollar Term Loans at a weighted average rate of 1.14% and interest rate swaps that fix the CDOR portion of the interest rate for CAD \$125.0 million of CDOR-based borrowings under its Canadian dollar Term Loan at a rate of 1.10%. As of December 31, 2021, the effective interest rate on the U.S. dollar and Canadian dollar Term Loans was 2.26% and 2.35%, respectively. In addition, CAD \$125.0 million of the Canadian dollar Term Loan is designated as a net investment hedge. See Note 9, "Derivative and Hedging Instruments," for further information.

The obligations of the Borrowers under the Credit Agreement 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 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 minimum secured debt leverage ratio, a minimum fixed charge coverage ratio, a maximum unsecured leverage ratio, a minimum tangible net worth requirement and a minimum unsecured interest coverage ratio. As of December 31, 2021, the Company was in compliance with all applicable financial covenants under the Credit Agreement.

Interest Expense

During the years ended December 31, 2021, 2020 and 2019, the Company incurred interest expense of \$98.6 million, \$100.4 million and \$126.6 million, respectively. Interest expense includes non-cash interest expense of \$8.4 million, \$8.4 million and \$10.1 million for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, the Company had \$21.5 million and \$16.1 million, respectively, of accrued interest included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets.

Maturities

The following is a schedule of maturities for the Company's outstanding debt as of December 31, 2021 (in thousands):

	Secured Indebtedness	Term Loans	Senior Notes	Total
2022	\$ 17,479	\$ —	\$ —	\$ 17,479
2023	1,979	—	—	1,979
2024	2,034	598,438	—	600,472
2025	2,089	—	—	2,089
2026	2,147	—	500,000	502,147
Thereafter	41,874	—	1,250,000	1,291,874
Total Debt	67,602	598,438	1,750,000	2,416,040
Discount, net	—	—	(2,882)	(2,882)
Deferred financing costs, net	(939)	(4,192)	(13,552)	(18,683)
Total Debt, Net	\$ 66,663	\$ 594,246	\$ 1,733,566	\$ 2,394,475

9. DERIVATIVE AND HEDGING INSTRUMENTS

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

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

Cash Flow Hedges

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and collars as part of its interest rate risk management strategy. In September 2021, the Company terminated six forward starting interest rate swaps and five interest rate swaps, resulting in net proceeds totaling \$3.0 million. The balance of the net gain in other comprehensive income will be reclassified to earnings through 2034. As of December 31, 2021, approximately \$9.2 million of losses, which are included in accumulated other comprehensive income, are expected to be reclassified into earnings in the next 12 months.

Net Investment Hedges

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

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

	As of December 31,	
	2021	2020
Derivatives designated as cash flow hedges:		
Denominated in U.S. Dollars ⁽¹⁾	\$ 436,250	\$ 1,340,000
Denominated in Canadian Dollars ⁽²⁾	\$ 125,000	\$ 250,000
Derivatives designated as net investment hedges:		
Denominated in Canadian Dollars	\$ 50,859	\$ 52,778
Financial instrument designated as net investment hedge:		
Denominated in Canadian Dollars	\$ 125,000	\$ 125,000
Derivatives not designated as net investment hedges:		
Denominated in Canadian Dollars	\$ 5,441	\$ 3,522

⁽¹⁾ Balance includes swaps with an aggregate notional amount of \$175.0 million, which accretes to \$262.5 million in January 2023. Balance as of December 31, 2020 includes six forward starting interest rate swaps with an effective date of May 2024 and an aggregate notional amount of \$250.0 million, and two forward starting interest rate swaps and one forward starting interest rate collar with an effective date of January 2021 and an aggregate notional amount of \$245.0 million.

⁽²⁾ Balance as of December 31, 2020 includes two forward starting interest rate swaps with an effective date of January 2021 and an aggregate notional amount of CAD \$125.0 million.

Derivative and Financial Instruments Designated as Hedging Instruments

The following is a summary of the derivative and financial instruments designated as hedging instruments held by the Company at December 31, 2021 and 2020 (dollars in thousands):

Type	Designation	Count as of December 31, 2021	Fair Value		Maturity Dates	Balance Sheet Location
			As of December 31, 2021	2020		
Assets:						
Interest rate swaps	Cash flow	2	\$ 1,481	\$ —	2024	Accounts receivable, prepaid expenses and other assets, net
Forward starting interest rate swaps	Cash flow	—	—	10,652	2034	Accounts receivable, prepaid expenses and other assets, net
Cross currency interest rate swaps	Net investment	2	1,849	2,150	2025	Accounts receivable, prepaid expenses and other assets, net
			<u>\$ 3,330</u>	<u>\$ 12,802</u>		
Liabilities:						
Interest rate swaps	Cash flow	4	\$ 3,522	\$ 23,849	2023- 2024	Accounts payable and accrued liabilities
Interest rate collars	Cash flow	2	204	1,626	2024	Accounts payable and accrued liabilities
Forward starting interest rate swaps	Cash flow	—	—	10,723	2024	Accounts payable and accrued liabilities
Forward starting interest rate collar	Cash flow	—	—	820	2024	Accounts payable and accrued liabilities
CAD term loan	Net investment	1	98,438	98,100	2024	Term loans, net
			<u>\$ 102,164</u>	<u>\$ 135,118</u>		

The following presents the effect of the Company's derivative and financial instruments designated as hedging instruments on the consolidated statements of (loss) income and the consolidated statements of equity for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Gain (Loss) Recognized in Other Comprehensive (Loss) Income			(Loss) Gain Reclassified from Accumulated Other Comprehensive (Loss) Income Into Income			Income Statement Location
	For the year ended December 31,						
	2021	2020	2019	2021	2020	2019	
Cash Flow Hedges:							
Interest rate products	\$ 17,408	\$ (35,320)	\$ (19,932)	\$ (12,774)	\$ (8,072)	\$ 5,545	Interest expense
Net Investment Hedges:							
Foreign currency products	(272)	(758)	(772)	—	—	—	N/A
CAD term loan	(338)	(2,075)	(4,325)	—	—	—	N/A
	<u>\$ 16,798</u>	<u>\$ (38,153)</u>	<u>\$ (25,029)</u>	<u>\$ (12,774)</u>	<u>\$ (8,072)</u>	<u>\$ 5,545</u>	

During the years ended December 31, 2021, 2020 and 2019, no cash flow hedges were determined to be ineffective.

Derivatives Not Designated as Hedging Instruments

As of December 31, 2021, 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 \$0.2 million and included this amount in accounts receivable, prepaid expenses and other assets, net on the consolidated balance sheets. During the years ended December 31, 2021, 2020 and 2019, the Company recorded \$22,000 and \$0.1 million of other expense and \$5,000 of other income, respectively, related to the portion of derivatives not designated as hedging instruments.

Offsetting Derivatives

The Company enters into master netting arrangements, which reduce credit risk by permitting net settlement of transactions with the same counterparty. The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of December 31, 2021 and 2020 (in thousands):

	As of December 31, 2021					
	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	\$ 3,330	\$ —	\$ 3,330	\$ (930)	\$ —	\$ 2,400
Offsetting Liabilities:						
Derivatives	\$ 3,726	\$ —	\$ 3,726	\$ (930)	\$ —	\$ 2,796
	As of December 31, 2020					
	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	\$ 12,802	\$ —	\$ 12,802	\$ (7,420)	\$ —	\$ 5,382
Offsetting Liabilities:						
Derivatives	\$ 37,018	\$ —	\$ 37,018	\$ (7,420)	\$ —	\$ 29,598

Credit Risk-related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision pursuant to which the Company could be declared in default on the derivative obligation if the Company defaults on any of its indebtedness, including a default where repayment of the indebtedness has not been accelerated by the lender. As of December 31, 2021, the 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 \$2.2 million. As of December 31, 2021, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions at December 31, 2021, it could have been required to settle its obligations under the agreements at their termination value of \$2.1 million.

10. FAIR VALUE DISCLOSURES

Financial Instruments

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

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

Loans receivable: These instruments are presented on the accompanying consolidated balance sheets at their amortized cost and not at fair value. The fair values of the loans receivable were estimated using an internal valuation model that considered the expected cash flows for the loans receivable, as well as the underlying collateral value and other credit enhancements as applicable. The Company utilized discount rates ranging from 7% to 11% with a weighted average rate of 8% in its fair value calculation. As such, the Company classifies these instruments as Level 3.

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

Derivative instruments: The Company's derivative instruments are presented at fair value on the accompanying consolidated balance sheets. The Company estimates the fair value of derivative instruments, including its interest rate swaps, interest rate collars and cross currency swaps, using the assistance of a third party using inputs that are observable in the market, which include forward yield curves and other relevant information. Although the Company has determined that the majority of the inputs used to value its derivative financial instruments fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivative financial instruments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. The Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivative financial instruments. As a result, the Company has determined that its derivative financial instruments valuations in their entirety are classified in Level 2 of the fair value hierarchy.

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

Secured indebtedness: These instruments are presented on the accompanying consolidated balance sheets at their outstanding principal balance, net of unamortized deferred financing costs and premiums/discounts and not at fair value. The fair values of the Company's secured debt were estimated using a discounted cash flow analysis based on management's estimates of current market interest rates for instruments with similar characteristics, including remaining loan term, loan-to-value ratio, type of collateral and other credit enhancements. The Company utilized rates ranging from 3% to 4% with a weighted average rate of 3% in its fair value calculation. As such, the Company classifies these instruments as Level 3.

The following are the face values, carrying amounts and fair values of the Company's financial instruments as of December 31, 2021 and 2020 whose carrying amounts do not approximate their fair value (in thousands):

	As of December 31, 2021			As of December 31, 2020		
	Face Value ⁽¹⁾	Carrying Amount ⁽²⁾	Fair Value	Face Value ⁽¹⁾	Carrying Amount ⁽²⁾	Fair Value
Financial assets:						
Loans receivable	\$ 352,159	\$ 342,031	\$ 350,107	\$ 65,320	\$ 58,899	\$ 60,421
Preferred equity investments	56,805	57,055	57,784	43,724	43,940	44,597
Financial liabilities:						
Senior Notes	1,750,000	1,733,566	1,808,781	1,250,000	1,248,393	1,362,678
Secured indebtedness	67,602	66,663	65,361	80,199	79,065	79,326

⁽¹⁾ Face value represents amounts contractually due under the terms of the respective agreements.

⁽²⁾ Carrying amount represents the book value of financial instruments, including unamortized premiums/discounts and deferred financing costs.

The Company determined the fair value of financial instruments as of December 31, 2021 whose carrying amounts do not approximate their fair value with valuation methods utilizing the following types of inputs (in thousands):

	Total	Fair Value Measurements Using		
		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	\$ 350,107	\$ —	\$ —	\$ 350,107
Preferred equity investments	57,784	—	—	57,784
Financial liabilities:				
Senior Notes	1,808,781	—	1,808,781	—
Secured indebtedness	65,361	—	—	65,361

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

Items Measured at Fair Value on a Recurring Basis

During the year ended December 31, 2021, the Company recorded the following amounts measured at fair value (in thousands):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring Basis:				
Financial assets:				
Interest rate swaps	\$ 1,481	\$ —	\$ 1,481	\$ —
Cross currency interest rate swaps	1,849	—	1,849	—
Financial liabilities:				
Interest rate swaps	3,522	—	3,522	—
Interest rate collars	204	—	204	—

11. EQUITY

Common Stock

On February 25, 2019, the Company established an at-the-market equity offering program to sell shares of its common stock having an aggregate gross sales price of up to \$500.0 million from time to time through a consortium of banks acting as sales agents, which automatically terminated in accordance with its terms on December 5, 2019 upon the issuance and sale of the maximum aggregate amount of the shares subject to the program.

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

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

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

During the year ended December 31, 2020, the Company sold 3.7 million shares under the Prior ATM Program at an average price of \$16.23 per share, generating gross proceeds of \$60.0 million, before \$0.9 million of commissions (excluding sales utilizing the forward feature of the Prior ATM Program, as described below).

Additionally, during the year ended December 31, 2020, the Company utilized the forward feature of the Prior ATM Program to allow for the sale of up to 2.6 million shares of the Company’s common stock at an initial weighted average price of \$17.44 per share, net of commissions. During the year ended December 31, 2020, the Company settled 1.4 million shares at a weighted average net price of \$17.45 per share, after commissions and fees, resulting in net proceeds of \$25.0 million.

On August 6, 2021, the Company established a new at-the-market equity offering program (the “ATM Program”) pursuant to which shares of its common stock having an aggregate gross sales price of up to \$500.0 million may be sold from time to time (i) by the Company through a consortium of banks acting as sales agents or directly to the banks acting as principals or (ii) by a consortium of banks acting as forward sellers on behalf of any forward purchasers pursuant to a forward sale agreement. The use of a forward sale agreement would allow the Company to lock in a share price on the sale of shares at the time the agreement is effective, but defer receiving the proceeds from the sale of the shares until a later date. The Company may also elect to cash settle or net share settle all or a portion of its obligations under any forward sale agreement. The forward sale agreements have a one year term during which time the Company may settle the forward sales by delivery of physical shares of common stock to the forward purchasers or, at the Company’s election, in cash or net shares. The forward sale price that the Company expects to receive upon settlement will be the initial forward price established upon the effective date, subject to adjustments for (i) the forward purchasers’ stock borrowing costs and (ii) certain fixed price reductions during the term of the agreement.

During the year ended December 31, 2021, the Company utilized the forward feature of the ATM Program to allow for the sale of up to 1.7 million shares of the Company’s common stock at an initial weighted average price of \$14.56 per share, net of commissions, and settled all of the open forward positions under the ATM Program by issuing 1.7 million shares at a weighted average net price of \$14.23 per share, after commissions and fees, resulting in net proceeds of \$24.2 million. No other shares were sold under the ATM Program during the year ended December 31, 2021.

As of December 31, 2021, the Company had \$475.0 million available under the ATM Program.

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

During each of the years ended December 31, 2021 and 2020, the Company issued 0.2 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 years ended December 31, 2021, 2020 and 2019, the Company incurred \$2.1 million, \$3.2 million and \$1.5 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 Loss

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

	As of December 31,	
	2021	2020
Foreign currency translation loss	\$ (1,973)	\$ (1,831)
Unrealized loss on cash flow hedges	(8,048)	(38,080)
Total accumulated other comprehensive loss	\$ (10,021)	\$ (39,911)

12. STOCK-BASED COMPENSATION

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

Restricted Stock Units and Performance-Based Restricted Stock Units

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

The following table summarizes additional information concerning restricted stock units at December 31, 2021:

	Restricted Stock Units	Weighted Average Grant Date Fair Value Per Unit
Unvested as of December 31, 2020	1,815,415	\$ 17.73
Granted	877,501	15.55
Vested	(863,827)	18.46
Dividends reinvested	177,266	17.70
Cancelled/forfeited	(349,811)	16.60
Unvested as of December 31, 2021	1,656,544	\$ 16.43

As of December 31, 2021, the weighted average remaining vesting period of restricted stock units was 2.6 years. The weighted average fair value per share at the date of grant for restricted stock units for the years ended December 31, 2021, 2020 and 2019 was \$15.55, \$17.13 and \$20.59, respectively. The total fair value of units vested during the years ended December 31, 2021, 2020 and 2019 was \$15.9 million, \$10.7 million and \$7.9 million, respectively.

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

	2021	2020	2019
Risk free interest rate	0.17% - 0.99%	0.17% - 1.63%	1.57% - 2.54%
Expected stock price volatility	53.17% - 53.60%	23.80% - 53.17%	23.80% - 28.57%
Expected service period	3.0 years	2.7 - 3.0 years	2.4 - 3.0 years
Expected dividend yield (assuming full reinvestment)	— %	— %	— %

During the years ended December 31, 2021, 2020 and 2019, the Company recognized \$7.9 million, \$7.9 million and \$9.8 million, respectively, of stock-based compensation expense included in general and administrative expense in the consolidated statements of (loss) income. As of December 31, 2021, there was \$21.8 million of total unrecognized stock-based compensation expense related to unvested awards, which is expected to be recognized over a weighted average period of 2.6 years.

Employee Benefit Plan

The Company maintains a 401(k) plan that allows for eligible participants to defer compensation, subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended (the “Code”). The Company provides a discretionary matching contribution of up to 4% of each participant’s eligible compensation. During each of the years ended December 31, 2021, 2020 and 2019, the Company’s matching contributions were \$0.3 million, \$0.2 million and \$0.2 million, respectively.

13. INCOME TAXES

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

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

	Year Ended December 31,		
	2021	2020	2019
Provision for federal, state and local income taxes	\$ 2,263	\$ 495	\$ 3,307
(Benefit) provision for foreign income taxes	(418)	215	95
Income tax expense	\$ 1,845	\$ 710	\$ 3,402

	As of December 31,	
	2021	2020
Deferred tax assets:		
Federal	\$ 3,668	\$ 1,593
Valuation allowance on federal	(3,668)	(1,593)
Foreign	6,307	4,327
Valuation allowance on foreign	(6,255)	(4,327)
Deferred tax (liabilities):		
Foreign	(52)	—
	\$ —	\$ —

The Company classifies interest and penalties from significant uncertain tax positions as interest expense and operating expenses, respectively, in its consolidated financial statements. During the years ended December 31, 2021, 2020 and 2019, the Company did not incur any such interest or penalties. With certain exceptions, the tax years 2019 and thereafter remain open to examination by the major taxing jurisdictions with which the Company files tax returns.

14. EARNINGS PER COMMON SHARE

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

	Year Ended December 31,		
	2021	2020	2019
Numerator			
Net (loss) income attributable to common stockholders	\$ (113,256)	\$ 138,417	\$ 68,996
Denominator			
Basic weighted average common shares and common equivalents	219,073,027	206,223,503	187,172,210
Dilutive restricted stock units	—	1,029,327	954,882
Diluted weighted average common shares	219,073,027	207,252,830	188,127,092
Net (loss) income attributable to common stockholders, per:			
Basic common share	\$ (0.52)	\$ 0.67	\$ 0.37
Diluted common share	\$ (0.52)	\$ 0.67	\$ 0.37

During the years ended December 31, 2021, 2020 and 2019, approximately 1.0 million, 67,000 and 1,000 restricted stock units, respectively, and during the year ended December 31, 2021, approximately 25,000 shares related to forward equity sale agreements, were not included in computing diluted earnings per share because they were considered anti-dilutive.

15. COMMITMENTS AND CONTINGENCIES

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. The Company is not aware of any environmental liability that could have a material adverse effect on its financial condition or results of operations. However, changes in applicable environmental laws and regulations, the uses and conditions of properties in the vicinity of the Company's properties, the activities of its tenants and other environmental conditions of which the Company is unaware with respect to the properties could result in future environmental liabilities. As of December 31, 2021,

the Company does not expect that compliance with existing environmental laws will have a material adverse effect on the Company's financial condition and results of operations.

Legal Matters

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

16. SUBSEQUENT EVENTS

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

Dividend Declaration

On February 1, 2022, the Company's board of directors declared a quarterly cash dividend of \$0.30 per share of common stock. The dividend will be paid on February 28, 2022 to common stockholders of record as of the close of business on February 11, 2022.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2021, 2020 and 2019
(dollars in thousands)

	Balance at Beginning of Year	Charged to Earnings	Recoveries	Uncollectible Accounts Written-off	Balance at End of Year
Year ended December 31, 2021					
Allowance for loan losses	\$ 2,458	\$ 3,886	\$ —	\$ —	\$ 6,344
Allowance for credit losses - sales-type lease	128	49	—	—	177
	<u>\$ 2,586</u>	<u>\$ 3,935</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,521</u>
Year ended December 31, 2020					
Allowance for loan losses ⁽¹⁾	\$ 542	\$ 1,916	\$ —	\$ —	\$ 2,458
Allowance for credit losses - sales-type lease ⁽¹⁾	189	(61)	—	—	128
	<u>\$ 731</u>	<u>\$ 1,855</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,586</u>
Year ended December 31, 2019					
Allowance for doubtful accounts ⁽²⁾	\$ 3,706	\$ —	\$ —	\$ (3,706)	\$ —
Straight-line rent receivable allowance ⁽²⁾	35,778	—	—	(35,778)	—
Allowance for loan losses	1,258	1,238	—	(1,932)	564
	<u>\$ 40,742</u>	<u>\$ 1,238</u>	<u>\$ —</u>	<u>\$ (41,416)</u>	<u>\$ 564</u>

⁽¹⁾ In conjunction with the adoption of Topic 326 on January 1, 2020, the Company recognized the cumulative effect through an adjustment to equity to increase (decrease) cumulative distributions in excess of net income by (\$22,000) and \$189,000 for loan loss reserves and allowance for credit losses - sales-type lease, respectively. These amounts are included in the balances at beginning of year for 2020 but are excluded from the balances at end of year for 2019.

⁽²⁾ Balances written-off in connection with the adoption of Topic 842 on January 1, 2019.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION

As of December 31, 2021

(dollars in thousands)

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Skilled Nursing/Transitional Care Facilities														
Bedford Hills	Bedford, NH	100%	\$ 5,404	\$ 1,911	\$ 12,245	\$ 14,156	\$ —	\$ 1,911	\$ 10,681	\$ 12,592	\$ (4,758)	1992/2010, 2019	11/15/10	36
The Elms Care	Milford, NH	100%	—	312	1,679	1,991	—	312	1,246	1,558	(940)	1890/2005	11/15/10	20
Mineral Springs	North Conway, NH	100%	11,011	417	5,352	5,769	—	417	4,413	4,830	(1,837)	1988/2009	11/15/10	43
Wolfeboro	Wolfeboro, NH	100%	9,275	454	4,531	4,985	—	454	3,747	4,201	(1,488)	1984/1986, 1987, 2009	11/15/10	41
Broadmeadow Healthcare	Middletown, DE	100%	—	1,650	21,730	23,380	—	1,650	21,730	23,380	(6,497)	2005	08/01/11	40
Capitol Healthcare	Dover, DE	100%	—	4,940	15,500	20,440	—	4,940	15,500	20,440	(4,851)	1996/2016	08/01/11	40
Pike Creek Healthcare	Wilmington, DE	100%	—	2,460	25,240	27,700	2,125	2,460	27,365	29,825	(7,628)	2009	08/01/11	40
Renaissance Healthcare	Millsboro, DE	100%	—	1,640	22,620	24,260	—	1,632	22,620	24,252	(6,966)	2008	08/01/11	40
Clara Burke	Plymouth Meeting, PA	100%	—	2,527	12,453	14,980	228	2,527	12,681	15,208	(3,874)	1927/1990, 2007/2016	03/30/12	40
Warrington	Warrington, PA	100%	—	2,617	11,662	14,279	130	2,617	11,792	14,409	(3,305)	1958/2009/2016	03/30/12	40
Ridgecrest	Duffield, VA	100%	—	509	5,018	5,527	1,333	509	6,351	6,860	(2,263)	1981/2013	05/10/12	40
Arbrook Plaza	Arlington, TX	100%	—	3,783	14,219	18,002	—	3,783	14,219	18,002	(3,712)	2003/2012	11/30/12	40
Northgate Plaza	Irving, TX	100%	—	4,901	10,299	15,200	—	4,901	10,299	15,200	(2,770)	2003/2012, 2015	11/30/12	40
Gulf Pointe Plaza	Rockport, TX	100%	—	1,005	6,628	7,633	—	1,005	6,628	7,633	(1,873)	2002/2012, 2018	11/30/12	40
Gateway Senior Living	Lincoln, NE	100%	—	6,368	29,919	36,287	—	6,368	29,919	36,287	(6,666)	1962/1996, 2013	02/14/14	40
Legacy	Fremont, NE	100%	—	615	16,176	16,791	—	615	16,176	16,791	(3,954)	2008	02/14/14	40
Pointe	Fremont, NE	100%	—	615	2,943	3,558	—	615	2,943	3,558	(854)	1970/1979, 1983, 1994	02/14/14	40
Parkmoor Village	Colorado Springs, CO	100%	—	430	13,703	14,133	—	430	13,703	14,133	(3,541)	1985/2017, 2018	03/05/14	40
Ignite Medical Resort - AdamsPARC	Bartlesville, OK	100%	—	1,332	6,904	8,236	986	1,332	7,890	9,222	(1,585)	1989/2019	10/29/14	40
Ignite Medical Resort - OKC	Oklahoma City, OK	100%	—	2,189	23,567	25,756	2,534	2,189	26,101	28,290	(5,225)	1963/1984, 2018, 2019	10/29/14	40
Ignite Medical Resort - Norman	Norman, OK	100%	—	869	5,236	6,105	785	869	6,021	6,890	(1,343)	2001/2013, 2019	10/29/14	40
Cadia Healthcare of Hyattsville	Hyattsville, MD	100%	—	6,343	65,573	71,916	712	6,343	66,285	72,628	(12,862)	1950/1976, 2008	06/30/15	40
Cadia Healthcare of Annapolis	Annapolis, MD	100%	—	1,548	40,773	42,321	334	1,548	41,106	42,654	(7,479)	1964/1993, 2012	06/30/15	40
Cadia Healthcare of Wheaton	Wheaton, MD	100%	—	676	56,897	57,573	286	676	57,183	57,859	(10,188)	1966/1991, 2012	06/30/15	40

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Cadia Healthcare Hagerstown	Hagerstown, MD	100%	—	1,475	56,237	57,712	8,428	1,475	64,442	65,917	(10,092)	1950/1953, 1975, 2014, 2019, 2020	11/25/15	40
Cadia Healthcare of Spring Brook	Silver Spring, MD	100%	—	963	48,085	49,048	356	963	48,441	49,404	(7,300)	1965/2015	07/26/16	40
Andrew Residence	Minneapolis, MN	100%	—	2,931	6,943	9,874	1,033	2,931	7,842	10,773	(1,144)	1941/2014, 2019	08/17/17	40
Avamere Riverpark of Eugene	Eugene, OR	100%	—	2,205	28,700	30,905	2,252	2,205	30,952	33,157	(4,025)	1988/2016	08/17/17	40
Avamere Rehab of Lebanon	Lebanon, OR	100%	—	958	14,176	15,134	—	958	14,176	15,134	(1,660)	1974	08/17/17	40
Avamere Crestview of Portland	Portland, OR	100%	—	1,791	12,833	14,624	2,761	1,791	15,594	17,385	(2,372)	1964/2016	08/17/17	40
Avamere Rehabilitation of King City	Tigard, OR	100%	—	2,011	11,667	13,678	—	2,011	11,667	13,678	(1,412)	1975	08/17/17	40
Avamere Rehabilitation of Hillsboro	Hillsboro, OR	100%	—	1,387	14,028	15,415	—	1,387	14,028	15,415	(1,641)	1973	08/17/17	40
Avamere Rehab of Junction City	Junction City, OR	100%	—	584	7,901	8,485	—	584	7,901	8,485	(960)	1966/2015	08/17/17	40
Avamere Rehab of Eugene	Eugene, OR	100%	—	1,380	14,921	16,301	1,791	1,380	16,712	18,092	(2,341)	1966/2016	08/17/17	40
Avamere Rehab of Coos Bay	Coos Bay, OR	100%	—	829	8,518	9,347	—	829	8,518	9,347	(1,074)	1968	08/17/17	40
Avamere Rehab of Clackamas	Gladstone, OR	100%	—	792	5,000	5,792	—	792	5,000	5,792	(621)	1961	08/17/17	40
Avamere Rehab of Newport	Newport, OR	100%	—	406	5,001	5,407	—	406	5,001	5,407	(593)	1973/2014	08/17/17	40
Avamere Rehab of Oregon City	Oregon City, OR	100%	—	1,496	12,142	13,638	—	1,496	12,142	13,638	(1,421)	1974	08/17/17	40
Avamere Transitional Care of Puget Sound	Tacoma, WA	100%	—	1,771	11,595	13,366	15	1,771	11,610	13,381	(1,583)	2017	08/17/17	40
Richmond Beach Rehab	Shoreline, WA	100%	—	4,703	14,444	19,147	—	4,703	14,444	19,147	(1,751)	1993/2014	08/17/17	40
St. Francis of Bellingham	Bellingham, WA	100%	—	—	15,330	15,330	—	—	15,330	15,330	(1,875)	1984/2015	08/17/17	40
Avamere Olympic Rehabilitation of Sequim	Sequim, WA	100%	—	427	4,450	4,877	—	427	4,450	4,877	(653)	1974	08/17/17	40
Avamere Heritage Rehabilitation of Tacoma	Tacoma, WA	100%	—	1,705	4,952	6,657	—	1,705	4,952	6,657	(633)	1968	08/17/17	40
Avamere at Pacific Ridge	Tacoma, WA	100%	—	2,195	1,956	4,151	—	2,195	1,956	4,151	(331)	1972/2014	08/17/17	40
Avamere Rehabilitation of Cascade Park	Vancouver, WA	100%	—	1,782	15,116	16,898	—	1,782	15,116	16,898	(1,915)	1991	08/17/17	40
The Pearl at Kruse Way	Lake Oswego, OR	100%	—	5,947	13,401	19,348	—	5,947	13,401	19,348	(1,639)	2005/2016	08/17/17	40
Avamere at Medford	Medford, OR	100%	—	2,043	38,485	40,528	2,960	2,043	41,445	43,488	(5,318)	1974/2016	08/17/17	40
Avamere Bellingham Healthcare and Rehab Services	Bellingham, WA	100%	—	2,908	2,058	4,966	—	2,908	2,058	4,966	(338)	1972/2015	08/17/17	40
Queen Anne Healthcare	Seattle, WA	100%	—	2,508	6,401	8,909	—	2,508	6,401	8,909	(792)	1970	08/17/17	40
Skyline Transitional Care Center	Boise, ID	100%	—	681	9,348	10,029	393	681	9,740	10,421	(1,158)	1979	08/17/17	40

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Avamere Transitional Care at Sunnyside	Salem, OR	100%	—	2,114	15,651	17,765	—	2,114	15,651	17,765	(1,887)	1981	08/17/17	40
Avamere Health Services of Rogue Valley	Medford, OR	100%	—	1,375	23,808	25,183	—	1,375	23,808	25,183	(2,895)	1961/2016	08/17/17	40
Avamere Transitional Care and Rehab - Malley	Northglenn, CO	100%	—	1,662	26,014	27,676	3,258	1,662	29,272	30,934	(4,048)	1972/2016	08/17/17	40
Avamere Transitional Care and Rehab - Brighton	Brighton, CO	100%	—	1,933	11,624	13,557	200	1,933	11,824	13,757	(1,472)	1971	08/17/17	40
Phoenix Rehabilitation Services	Phoenix, AZ	100%	—	1,270	11,502	12,772	—	280	2,241	2,521	—	2008	08/17/17	40
Tustin Subacute Care Facility	Santa Ana, CA	100%	—	1,889	11,682	13,571	—	1,889	11,682	13,571	(1,332)	2008	08/17/17	40
La Mesa Nursing & Rehab	La Mesa, CA	100%	—	1,276	8,177	9,453	—	1,276	8,177	9,453	(969)	2012	08/17/17	40
Westminster Healthcare Center	Westminster, MD	100%	—	2,128	6,614	8,742	487	2,128	7,101	9,229	(1,196)	1973/2010, 2019	08/17/17	40
Maple Wood Healthcare Center	Kansas City, MO	100%	—	1,142	3,226	4,368	653	1,142	3,879	5,021	(1,029)	1983	08/17/17	40
Garden Valley Healthcare Center	Kansas City, MO	100%	—	1,985	2,714	4,699	309	1,985	3,023	5,008	(931)	1983	08/17/17	40
Worthington Nursing & Rehab	Parkersburg, WV	100%	—	697	10,688	11,385	285	697	10,973	11,670	(1,694)	1974/1999, 2019	08/17/17	40
Burlington House Healthcare Center	Cincinnati, OH	100%	—	2,686	10,062	12,748	—	2,686	10,062	12,748	(1,408)	1989/2015	08/17/17	40
Cedars Healthcare Center	Charlottesville, VA	100%	—	2,840	8,450	11,290	1,176	2,840	9,626	12,466	(1,617)	1964/2009, 2019	08/17/17	40
Annandale Healthcare Center	Annandale, VA	100%	—	7,241	17,727	24,968	2,314	7,241	20,041	27,282	(2,986)	1963/2013, 2019	08/17/17	40
Petersburg Healthcare Center	Petersburg, VA	100%	—	988	8,416	9,404	146	988	8,562	9,550	(1,204)	1970/2009	08/17/17	40
Battlefield Park Healthcare Center	Petersburg, VA	100%	—	1,174	8,858	10,032	151	1,174	9,009	10,183	(1,245)	1976/2010	08/17/17	40
Hagerstown Healthcare Center	Hagerstown, MD	100%	—	1,393	13,438	14,831	150	1,393	13,588	14,981	(1,794)	1971/2010	08/17/17	40
Cumberland Healthcare Center	Cumberland, MD	100%	—	800	16,973	17,773	457	800	17,430	18,230	(2,301)	1968	08/17/17	40
Gilroy Healthcare and Rehabilitation Center	Gilroy, CA	100%	—	662	23,775	24,437	—	662	23,775	24,437	(2,752)	1968/2021	08/17/17	40
North Cascades Health and Rehabilitation Center	Bellingham, WA	100%	—	1,437	14,196	15,633	—	1,437	14,196	15,633	(1,719)	1999	08/17/17	40
Granite Rehabilitation & Wellness	Cheyenne, WY	100%	—	387	13,613	14,000	2,246	387	15,859	16,246	(2,443)	1967/2017	08/17/17	40
Rawlins Rehabilitation & Wellness	Rawlins, WY	100%	—	281	6,007	6,288	—	281	6,007	6,288	(723)	1967	08/17/17	40
Wind River Rehabilitation & Wellness	Riverton, WY	100%	—	199	11,398	11,597	—	199	11,398	11,597	(1,337)	1967	08/17/17	40
Sage View Care Center	Rock Springs, WY	100%	—	420	8,665	9,085	—	420	8,665	9,085	(1,060)	1964/2017	08/17/17	40
Shelton Health and Rehabilitation Center	Shelton, WA	100%	—	415	8,965	9,380	328	415	9,293	9,708	(1,172)	1998	08/17/17	40
Dundee Nursing Home	Bennettsville, SC	100%	—	1,437	4,631	6,068	—	1,437	4,631	6,068	(620)	1958	08/17/17	40

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Mt. Pleasant Nursing Center	Mount Pleasant, SC	100%	—	2,689	3,942	6,631	—	2,689	3,942	6,631	(561)	1977/2015	08/17/17	40
Tri-State Comp Care Center	Harrogate, TN	100%	—	1,811	4,963	6,774	—	1,811	4,963	6,774	(721)	1990/2005	08/17/17	40
Epic-Conway	Conway, SC	100%	—	1,408	10,784	12,192	—	1,408	10,784	12,192	(1,408)	1975	08/17/17	40
Epic- Bayview	Beaufort, SC	100%	—	1,842	11,389	13,231	—	1,842	11,389	13,231	(1,443)	1970	08/17/17	40
Focused Care at Baytown	Baytown, TX	100%	—	479	6,351	6,830	209	479	6,457	6,936	(843)	1970/2019	08/17/17	40
Focused Care at Allenbrook	Baytown, TX	100%	—	426	3,236	3,662	173	426	3,372	3,798	(561)	1975/2019	08/17/17	40
Focused Care at Huntsville	Huntsville, TX	100%	—	302	3,153	3,455	75	302	3,201	3,503	(467)	1968/2019	08/17/17	40
Focused Care at Center	Center, TX	100%	—	231	1,335	1,566	312	231	1,556	1,787	(331)	1972/2019	08/17/17	40
Focused Care at Humble	Humble, TX	100%	—	2,114	1,643	3,757	596	2,114	2,100	4,214	(509)	1972/2019	08/17/17	40
Focused Care at Beechnut	Houston, TX	100%	—	1,019	5,734	6,753	318	1,019	5,876	6,895	(819)	1982/2019	08/17/17	40
Focused Care at Linden	Linden, TX	100%	—	112	256	368	133	112	331	443	(108)	1968/2019	08/17/17	40
Focused Care at Sherman	Sherman, TX	100%	—	469	6,310	6,779	255	469	6,400	6,869	(863)	1971/2019	08/17/17	40
Focused Care at Mount Pleasant	Mount Pleasant, TX	100%	—	250	6,913	7,163	345	250	7,249	7,499	(1,004)	1970/2019	08/17/17	40
Focused Care at Waxahachie	Waxahachie, TX	100%	—	416	7,259	7,675	976	416	8,183	8,599	(1,083)	1976/2019	08/17/17	40
Focused Care at Gilmer	Gilmer, TX	100%	—	707	4,552	5,259	93	707	4,605	5,312	(657)	1990/2019	08/17/17	40
Hearthstone of Northern Nevada	Sparks, NV	100%	—	1,986	9,004	10,990	—	1,986	9,004	10,990	(1,173)	1988	08/17/17	40
Richmond Care Center	Richmond, IN	100%	—	259	9,819	10,078	131	259	9,950	10,209	(1,242)	1975/2005	08/17/17	40
Petersburg Care Center	Petersburg, IN	100%	—	581	5,367	5,948	23	581	5,390	5,971	(716)	1970/2009	08/17/17	40
Fort Pierce Health Care	Fort Pierce, FL	100%	—	787	16,648	17,435	605	787	17,253	18,040	(2,006)	1960/2011	08/17/17	40
Maryville	Maryville, MO	100%	—	114	5,955	6,069	—	150	5,955	6,105	(812)	1972	08/17/17	40
Ashland Healthcare	Ashland, MO	100%	—	765	2,669	3,434	—	765	2,669	3,434	(390)	1993	08/17/17	40
Bellefontaine Gardens	St. Louis, MO	100%	—	2,071	5,739	7,810	—	2,071	5,739	7,810	(838)	1988/1991	08/17/17	40
Current River Nursing Center	Doniphan, MO	100%	—	657	8,251	8,908	—	657	8,251	8,908	(1,061)	1991	08/17/17	40
Dixon Nursing & Rehab	Dixon, MO	100%	—	521	3,358	3,879	—	521	3,358	3,879	(468)	1989/2011	08/17/17	40
Forsyth Nursing & Rehab	Forsyth, MO	100%	—	594	8,549	9,143	—	594	8,549	9,143	(1,116)	1993/2007	08/17/17	40
Glenwood Healthcare	Seymour, MO	100%	—	658	901	1,559	—	658	901	1,559	(164)	1990	08/17/17	40
Silex Community Care	Silex, MO	100%	—	807	4,990	5,797	—	807	4,990	5,797	(660)	1991	08/17/17	40
South Hampton Place	Columbia, MO	100%	—	2,322	6,547	8,869	—	2,322	6,547	8,869	(881)	1994	08/17/17	40
Strafford Care Center	Strafford, MO	100%	—	1,634	6,518	8,152	—	1,634	6,518	8,152	(857)	1995	08/17/17	40
Windsor Healthcare & Rehab	Windsor, MO	100%	—	471	6,819	7,290	—	471	6,819	7,290	(813)	1996	08/17/17	40
Park Manor of Conroe	Conroe, TX	100%	—	1,222	19,099	20,321	—	1,222	19,099	20,321	(2,224)	2001	08/17/17	40
Park Manor of Cypress Station	Houston, TX	100%	—	1,334	11,615	12,949	—	1,334	11,615	12,949	(1,410)	2003/2013	08/17/17	40

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				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Park Manor of Humble	Humble, TX	100%	—	1,541	12,332	13,873	645	1,541	12,977	14,518	(1,741)	2003/2019	08/17/17	40
Park Manor of Quail Valley	Missouri City, TX	100%	—	1,825	9,681	11,506	—	1,825	9,681	11,506	(1,221)	2005	08/17/17	40
Park Manor of Westchase	Houston, TX	100%	—	2,676	7,396	10,072	—	2,676	7,396	10,072	(954)	2005	08/17/17	40
Park Manor of CyFair	Houston, TX	100%	—	1,732	12,921	14,653	—	1,732	12,921	14,653	(1,556)	1999	08/17/17	40
Park Manor of McKinney	McKinney, TX	100%	—	1,441	9,017	10,458	—	1,441	9,017	10,458	(1,184)	1993/2012	08/17/17	40
Tanglewood Health and Rehabilitation	Topeka, KS	100%	—	176	2,340	2,516	—	176	2,340	2,516	(325)	1973/2013	08/17/17	40
Smoky Hill Health and Rehabilitation	Salina, KS	100%	—	301	4,201	4,502	—	301	4,201	4,502	(557)	1981	08/17/17	40
Westridge Healthcare Center	Terre Haute, IN	100%	—	1,067	7,061	8,128	—	1,067	7,061	8,128	(880)	1965/1984	08/17/17	40
Willow Bend Living Center	Muncie, IN	100%	—	1,168	9,562	10,730	—	1,168	9,562	10,730	(1,137)	1976/1986, 2021	08/17/17	40
Twin City Healthcare	Gas City, IN	100%	—	345	8,852	9,197	—	345	8,852	9,197	(1,051)	1974	08/17/17	40
Pine Knoll Rehabilitation Center	Winchester, IN	100%	—	711	5,554	6,265	—	711	5,554	6,265	(695)	1986/1998, 2021	08/17/17	40
Willow Crossing Health & Rehab Center	Columbus, IN	100%	—	1,290	10,714	12,004	—	1,290	10,714	12,004	(1,278)	1988/2004	08/17/17	40
Persimmon Ridge Center	Portland, IN	100%	—	315	9,848	10,163	—	315	9,848	10,163	(1,193)	1964	08/17/17	40
Vermillion Convalescent Center	Clinton, IN	100%	—	884	9,839	10,723	—	884	9,839	10,723	(1,251)	1971	08/17/17	40
Las Vegas Post Acute & Rehabilitation	Las Vegas, NV	100%	—	509	18,216	18,725	—	509	18,216	18,725	(2,077)	1964	08/17/17	40
Torey Pines Rehabilitation Hospital	Las Vegas, NV	100%	—	3,169	7,863	11,032	—	3,169	7,863	11,032	(1,010)	1972/1997	08/17/17	40
Haven of Saguaro Valley	Tucson, AZ	100%	—	1,800	4,387	6,187	1,522	1,800	5,909	7,709	(983)	1983/2011, 2020, 2021	08/17/17	40
Haven of Sedona	Sedona, AZ	100%	—	2,035	10,981	13,016	1,034	2,035	12,014	14,049	(1,635)	1984/2011, 2021	08/17/17	40
Bay View Rehabilitation Hospital	Alameda, CA	100%	—	3,078	22,328	25,406	—	3,078	22,328	25,406	(2,604)	1967/2021	08/17/17	40
Dover Center for Health & Rehabilitation	Dover, NH	100%	—	522	5,839	6,361	—	522	5,839	6,361	(948)	1969/1992, 2017	08/17/17	40
Augusta Center for Health & Rehabilitation	Augusta, ME	100%	—	135	6,470	6,605	—	135	6,470	6,605	(825)	1967	08/17/17	40
Eastside Center for Health & Rehabilitation	Bangor, ME	100%	—	302	1,811	2,113	2,210	302	4,021	4,323	(523)	1967/1993, 2019	08/17/17	40
Winship Green Center for Health & Rehabilitation	Bath, ME	100%	—	250	1,934	2,184	—	250	1,934	2,184	(275)	1974	08/17/17	40
Brewer Center for Health & Rehabilitation	Brewer, ME	100%	—	177	14,497	14,674	2,520	177	17,017	17,194	(2,088)	1974/1990, 2019	08/17/17	40
Kennebunk Center for Health & Rehabilitation	Kennebunk, ME	100%	—	198	6,822	7,020	1,575	198	8,397	8,595	(916)	1977	08/17/17	40
Norway Center for Health & Rehabilitation	Norway, ME	100%	—	791	3,680	4,471	—	791	3,680	4,471	(499)	1976	08/17/17	40
Brentwood Center for Health & Rehabilitation	Yarmouth, ME	100%	—	134	2,072	2,206	—	134	2,072	2,206	(302)	1952	08/17/17	40

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				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Country Center for Health & Rehabilitation	Newburyport, MA	100%	—	269	4,436	4,705	—	269	4,436	4,705	(748)	1968/2009	08/17/17	40
Sachem Center for Health & Rehabilitation	E. Bridgewater, MA	100%	—	447	1,357	1,804	—	447	1,357	1,804	(280)	1968	08/17/17	40
Eliot Center for Health & Rehabilitation	Natick, MA	100%	—	475	1,491	1,966	—	475	1,491	1,966	(266)	1964	08/17/17	40
The Reservoir Center for Health & Rehabilitation	Marlborough, MA	100%	—	942	1,541	2,483	8,727	942	10,268	11,210	(2,007)	1973/2018	08/17/17	40
Newton Wellesley Center for Alzheimer's Care	Wellesley, MA	100%	—	1,186	13,917	15,103	—	1,186	13,917	15,103	(1,660)	1971	08/17/17	40
Colony Center for Health & Rehabilitation	Abington, MA	100%	—	1,727	2,103	3,830	—	1,727	2,103	3,830	(349)	1965	08/17/17	40
Westgate Center for Rehab & Alzheimer's Care	Bangor, ME	100%	—	229	7,171	7,400	210	229	7,381	7,610	(964)	1969/1993	08/17/17	40
New Orange Hills	Orange, CA	100%	—	4,163	14,755	18,918	—	4,163	14,755	18,918	(1,806)	1987/2020	08/17/17	40
Millbrook Healthcare & Rehabilitation Center	Lancaster, TX	100%	—	548	5,794	6,342	—	548	5,794	6,342	(780)	2008	08/17/17	40
Pleasant Valley Health & Rehab	Garland, TX	100%	—	1,118	7,490	8,608	—	1,118	7,490	8,608	(960)	2008	08/17/17	40
Focused Care at Clarksville	Clarksville, TX	100%	—	279	4,269	4,548	100	279	4,369	4,648	(654)	1989/2019	08/17/17	40
McKinney Healthcare & Rehab	McKinney, TX	100%	—	1,272	6,047	7,319	—	1,272	6,047	7,319	(833)	2006	08/17/17	40
Hopkins Health Services	Hopkins, MN	100%	—	807	4,668	5,475	530	807	5,198	6,005	(920)	1961/2008, 2019	08/17/17	40
Florence Health Services	Florence, WI	100%	—	291	3,778	4,069	—	291	3,778	4,069	(544)	1970	08/17/17	40
St. Francis Health Services	St. Francis, WI	100%	—	166	1,887	2,053	—	166	1,887	2,053	(282)	1960/1997	08/17/17	40
Rochester East Health Services	Rochester, MN	100%	—	645	7,067	7,712	178	645	7,245	7,890	(965)	1967/2011, 2019	08/17/17	40
Wisconsin Dells Health Services	Wisconsin Dells, WI	100%	—	1,640	1,599	3,239	—	1,640	1,599	3,239	(310)	1972/2006	08/17/17	40
Sheboygan Health Services	Sheboygan, WI	100%	—	1,038	2,839	3,877	—	1,038	2,839	3,877	(466)	1967/2012	08/17/17	40
Blue Ridge Health & Rehabilitation Center	Hendersonville, NC	100%	—	1,611	3,503	5,114	—	1,611	3,503	5,114	(530)	1979	08/17/17	40
Focused Care at Corpus	Corpus Christi, TX	100%	—	366	6,961	7,327	127	51	1,061	1,112	(593)	1973/2010	08/17/17	40
Focused Care at Burnet Bay	Baytown, TX	100%	—	579	22,317	22,896	103	579	22,420	22,999	(2,636)	2000/2013	08/17/17	40
Focused Care at Cedar Bayou	Baytown, TX	100%	—	589	20,475	21,064	362	589	20,837	21,426	(2,578)	2008	08/17/17	40
Focused Care at Westwood	Houston, TX	100%	—	1,300	13,353	14,653	31	1,300	13,384	14,684	(1,691)	2006	08/17/17	40
Focused Care at Pasadena	Pasadena, TX	100%	—	1,148	23,579	24,727	47	1,148	23,626	24,774	(2,827)	2004	08/17/17	40
Focused Care at Webster	Webster, TX	100%	—	904	10,315	11,219	24	904	10,339	11,243	(1,337)	2000/2009	08/17/17	40
Focused Care at Summer Place	Beaumont, TX	100%	—	945	20,424	21,369	272	945	20,696	21,641	(2,461)	2009	08/17/17	40
Focused Care at Orange	Orange, TX	100%	—	711	10,737	11,448	186	711	10,923	11,634	(1,361)	2006	08/17/17	40

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				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
SHC of Whitesburg Gardens	Huntsville, AL	100%	—	634	28,071	28,705	—	634	28,071	28,705	(3,223)	1968/2012	08/17/17	40
SHC of Terre Haute	Terre Haute, IN	100%	—	644	37,451	38,095	—	644	37,451	38,095	(4,831)	1996/2013	08/17/17	40
SHC at Larkin Springs	Madison, TN	100%	—	902	3,850	4,752	—	902	3,850	4,752	(604)	1969/2016	08/17/17	40
SHC of Savannah	Savannah, GA	100%	—	1,235	3,765	5,000	—	1,235	3,765	5,000	(619)	1970/2015	08/17/17	40
SHC of Bowling Green	Bowling Green, KY	100%	—	280	13,975	14,255	—	280	13,975	14,255	(1,774)	1970/2015	08/17/17	40
Oakview Nursing and Rehabilitation Center	Calvert City, KY	100%	—	1,176	7,012	8,188	—	1,176	7,012	8,188	(945)	1962/2015	08/17/17	40
Fountain Circle Care and Rehabilitation Center	Winchester, KY	100%	—	554	13,207	13,761	—	554	13,207	13,761	(1,711)	1967/2015	08/17/17	40
Riverside Care & Rehabilitation Center	Calhoun, KY	100%	—	613	7,643	8,256	—	613	7,643	8,256	(1,058)	1963/2015	08/17/17	40
SHC of Bremen	Bremen, IN	100%	—	173	7,393	7,566	—	173	7,393	7,566	(936)	1982/2015	08/17/17	40
SHC of Muncie	Muncie, IN	100%	—	374	27,429	27,803	—	374	27,429	27,803	(3,219)	1980/2013	08/17/17	40
SHC at Parkwood	Lebanon, IN	100%	—	612	11,755	12,367	—	612	11,755	12,367	(1,461)	1977/2012	08/17/17	40
SHC at Tower Road	Marietta, GA	100%	—	364	16,116	16,480	—	364	16,116	16,480	(2,053)	1969/2015	08/17/17	40
Danville Centre for Health and Rehabilitation	Danville, KY	100%	—	790	9,356	10,146	—	790	9,356	10,146	(1,398)	1962/2015	08/17/17	40
SHC at Hillcrest	Owensboro, KY	100%	—	1,048	22,587	23,635	—	1,048	22,587	23,635	(2,754)	1963/2011	08/17/17	40
SHC of Elizabethtown	Elizabethtown, KY	100%	—	239	4,853	5,092	—	239	4,853	5,092	(662)	1969	08/17/17	40
SHC of Primacy	Memphis, TN	100%	—	1,633	9,371	11,004	—	1,633	9,371	11,004	(1,251)	1981/2015	08/17/17	40
SHC of Harbour Pointe	Norfolk, VA	100%	—	705	16,451	17,156	—	705	16,451	17,156	(2,269)	1969/2015	08/17/17	40
Harrodsburg Health & Rehabilitation Center	Harrodsburg, KY	100%	—	1,049	9,851	10,900	—	1,049	9,851	10,900	(1,400)	1975/2016	08/17/17	40
SHC of Putnam County	Cookeville, TN	100%	—	1,034	15,555	16,589	—	1,034	15,555	16,589	(1,941)	1979/2016	08/17/17	40
SHC of Fayette County	Washington CthS, OH	100%	—	405	4,839	5,244	—	405	4,839	5,244	(716)	1984/2015	08/17/17	40
SHC of Galion	Galion, OH	100%	—	836	668	1,504	—	836	668	1,504	(161)	1967/1985	08/17/17	40
SHC of Roanoke Rapids	Roanoke Rapids, NC	100%	—	373	10,308	10,681	—	373	10,308	10,681	(1,414)	1967/2015	08/17/17	40
SHC of Kinston	Kinston, NC	100%	—	954	7,987	8,941	—	954	7,987	8,941	(1,229)	1960/2015	08/17/17	40
SHC of Chapel Hill	Chapel Hill, NC	100%	—	809	2,703	3,512	302	809	3,005	3,814	(600)	1984/2015	08/17/17	40
SHC of Chillicothe	Chillicothe, OH	100%	—	260	8,924	9,184	—	260	8,924	9,184	(1,264)	1974/2015	08/17/17	40
SHC of Coshocton	Coshocton, OH	100%	—	374	2,530	2,904	—	374	2,530	2,904	(485)	1974/2015	08/17/17	40
SHC of McCreary County Rehab & Wellness Center	Pine Knot, KY	100%	—	208	7,665	7,873	—	208	7,665	7,873	(987)	1990	08/17/17	40
SHC at Colonial Rehab & Wellness Center	Bardstown, KY	100%	—	634	4,094	4,728	—	634	4,094	4,728	(616)	1968/2010	08/17/17	40
SHC of Glasgow Rehab & Wellness Center	Glasgow, KY	100%	—	83	2,057	2,140	—	83	2,057	2,140	(374)	1968	08/17/17	40
SHC of Carrollton Rehab & Wellness Center	Carrollton, KY	100%	—	124	1,693	1,817	—	124	1,693	1,817	(324)	1978/2016	08/17/17	40
SHC of Hart County Rehab & Wellness Center	Horse Cave, KY	100%	—	208	7,070	7,278	—	208	7,070	7,278	(995)	1993	08/17/17	40
SHC at Heritage Hall Rehab & Wellness Center	Lawrenceburg, KY	100%	—	635	9,861	10,496	—	635	9,861	10,496	(1,289)	1973	08/17/17	40

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SHC at Jackson Manor Rehab & Wellness Center	Annville, KY	100%	—	479	6,078	6,557	—	479	6,078	6,557	(778)	1989	08/17/17	40
SHC at Jefferson Manor Rehab & Wellness Center	Louisville, KY	100%	—	3,528	4,653	8,181	—	3,528	4,653	8,181	(747)	1982/2012	08/17/17	40
SHC at Jefferson Place Rehab & Wellness Center	Louisville, KY	100%	—	2,207	20,733	22,940	—	2,207	20,733	22,940	(2,506)	1991/2010	08/17/17	40
SHC of Monroe County Rehab & Wellness Center	Tompkinsville, KY	100%	—	333	9,556	9,889	—	333	9,556	9,889	(1,235)	1969	08/17/17	40
SHC at North Hardin Rehab & Wellness Center	Radcliff, KY	100%	—	1,815	7,470	9,285	—	1,815	7,470	9,285	(1,223)	1986	08/17/17	40
SHC of Hartford Rehab & Wellness Center	Hartford, KY	100%	—	312	8,189	8,501	—	312	8,189	8,501	(1,081)	1967	08/17/17	40
SHC at Rockford Rehab & Wellness Center	Louisville, KY	100%	—	427	6,003	6,430	—	427	6,003	6,430	(844)	1975/2005	08/17/17	40
SHC at Summerfield Rehab & Wellness Center	Louisville, KY	100%	—	1,134	9,166	10,300	—	1,134	9,166	10,300	(1,323)	1979/2013	08/17/17	40
SHC at Tanbark Rehab & Wellness Center	Lexington, KY	100%	—	2,558	4,311	6,869	—	2,558	4,311	6,869	(678)	1989	08/17/17	40
SHC at Summit Manor Rehab & Wellness Center	Columbia, KY	100%	—	114	11,141	11,255	—	114	11,141	11,255	(1,409)	1965	08/17/17	40
Belle View Estates Rehabilitation and Care Center	Monticello, AR	100%	—	206	3,179	3,385	—	206	3,179	3,385	(482)	1995	08/17/17	40
River Chase Rehabilitation and Care Center	Morrilton, AR	100%	—	508	—	508	—	508	—	508	—	1988/2019	08/17/17	40
Heartland Rehabilitation and Care Center	Benton, AR	100%	—	1,336	7,386	8,722	—	1,336	7,386	8,722	(1,022)	1992	08/17/17	40
River Ridge Rehabilitation and Care Center	Wynne, AR	100%	—	227	4,007	4,234	—	227	4,007	4,234	(560)	1990	08/17/17	40
Brookridge Cove Rehabilitation and Care Center	Morrilton, AR	100%	—	412	2,642	3,054	416	467	3,058	3,525	(454)	1996	08/17/17	40
Southern Trace Rehabilitation and Care Center	Bryant, AR	100%	—	819	8,938	9,757	—	819	8,938	9,757	(1,101)	1989/2015	08/17/17	40
Savannah Specialty Care Center	Savannah, GA	100%	—	2,194	11,711	13,905	—	2,194	11,711	13,905	(1,423)	1972	08/17/17	40
Pettigrew Rehabilitation Center	Durham, NC	100%	—	470	9,633	10,103	—	470	9,633	10,103	(1,160)	1968/2006	08/17/17	40
Sunnybrook Rehabilitation Center	Raleigh, NC	100%	—	1,155	11,749	12,904	—	1,155	11,749	12,904	(1,449)	1971	08/17/17	40
Raleigh Rehabilitation Center	Raleigh, NC	100%	—	926	17,649	18,575	—	926	17,649	18,575	(2,138)	1967/2007	08/17/17	40
Cypress Pointe Rehabilitation Center	Wilmington, NC	100%	—	611	5,051	5,662	—	611	5,051	5,662	(695)	1966/2013	08/17/17	40
Silas Creek Rehabilitation Center	Winston-Salem, NC	100%	—	879	3,283	4,162	—	879	3,283	4,162	(515)	1965	08/17/17	40
Lincolnton Rehabilitation Center	Lincolnton, NC	100%	—	—	9,967	9,967	—	—	9,967	9,967	(1,234)	1976	08/17/17	40

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				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Rehabilitation and Nursing Center of Monroe	Monroe, NC	100%	—	166	5,906	6,072	—	166	5,906	6,072	(813)	1963/2005	08/17/17	40
Guardian Care of Zebulon	Zebulon, NC	100%	—	594	8,559	9,153	—	594	8,559	9,153	(1,017)	1973/2010	08/17/17	40
Guardian Care of Rocky Mount	Rocky Mount, NC	100%	—	—	18,314	18,314	—	—	18,314	18,314	(2,137)	1975	08/17/17	40
Park Village Healthcare and Rehab	DeSoto, TX	100%	—	942	6,033	6,975	—	942	6,033	6,975	(817)	1987	08/17/17	40
River Pointe of Trinity Healthcare and Rehab	Trinity, TX	100%	—	363	3,852	4,215	—	363	3,852	4,215	(562)	1985/2019	08/17/17	40
Avalon Place - Kirbyville	Kirbyville, TX	100%	—	208	5,809	6,017	—	208	5,809	6,017	(811)	1987	08/17/17	40
Heritage House of Marshall	Marshall, TX	100%	—	732	4,288	5,020	—	732	4,288	5,020	(617)	2008	08/17/17	40
Autumn Woods Residential Health Care Facility	Warren, MI	100%	—	2,052	25,539	27,591	—	2,052	25,539	27,591	(3,427)	1961/2001	08/17/17	40
Autumn View Health Care Facility	Hamburg, NY	100%	—	1,026	54,086	55,112	—	1,026	54,086	55,112	(6,345)	1983/2014	08/17/17	40
Brookhaven Health Care Facility	East Patchogue, NY	100%	—	2,181	30,373	32,554	—	2,181	30,373	32,554	(3,748)	1988/2011	08/17/17	40
Harris Hill Nursing Facility	Williamsville, NY	100%	—	1,122	46,413	47,535	—	1,122	46,413	47,535	(5,346)	1992/2007	08/17/17	40
Garden Gate Health Care Facility	Cheektowaga, NY	100%	—	1,164	29,905	31,069	—	1,164	29,905	31,069	(3,650)	1979/2006	08/17/17	40
Northgate Health Care Facility	North Tonawanda, NY	100%	—	830	29,488	30,318	—	830	29,488	30,318	(3,598)	1982/2007	08/17/17	40
Seneca Health Care Center	West Seneca, NY	100%	—	1,325	26,839	28,164	—	1,325	26,839	28,164	(3,214)	1974/2008	08/17/17	40
Blueberry Hill Rehabilitation and Healthcare Center	Beverly, MA	100%	—	2,410	13,588	15,998	—	2,410	13,588	15,998	(2,189)	1965/2015	08/17/17	40
River Terrace Rehabilitation and Healthcare Center	Lancaster, MA	100%	—	343	7,733	8,076	—	343	7,733	8,076	(963)	1970/2005	08/17/17	40
The Crossings East Campus	New London, CT	100%	—	505	2,248	2,753	48	505	2,296	2,801	(483)	1967/2016	08/17/17	40
Parkway Pavilion Healthcare	Enfield, CT	100%	—	437	16,461	16,898	27	437	16,488	16,925	(2,096)	1968/2015	08/17/17	40
Quincy Health & Rehabilitation Center	Quincy, MA	100%	—	894	904	1,798	129	894	1,033	1,927	(222)	1965/2003	08/17/17	40
Firesteel Healthcare Community	Mitchell, SD	100%	—	621	14,059	14,680	8,716	621	22,775	23,396	(4,252)	1966/2017	08/17/17	40
Fountain Springs Healthcare Community	Rapid City, SD	100%	—	1,134	13,109	14,243	268	1,134	13,377	14,511	(1,665)	1989/2016, 2019	08/17/17	40
Palisade Healthcare Community	Garretson, SD	100%	—	362	2,548	2,910	297	362	2,845	3,207	(479)	1971/1982, 2019	08/17/17	40
Shepherd of the Valley Healthcare Community	Casper, WY	100%	—	803	19,210	20,013	1,148	803	20,358	21,161	(2,691)	1961/1990, 2019	08/17/17	40
Wheatcrest Hills Healthcare Community	Britton, SD	100%	—	679	3,216	3,895	461	679	3,676	4,355	(541)	1969/2019	08/17/17	40
Riverview Healthcare Community & Independent Living	Flandreau, SD	100%	—	240	6,327	6,567	—	240	6,327	6,567	(821)	1965/1989	08/17/17	40

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Prairie View Healthcare Center	Woonsocket, SD	100%	—	383	2,041	2,424	—	383	2,041	2,424	(310)	1968/2012	08/17/17	40
Wingate at Dutchess (Fishkill)	Fishkill, NY	100%	—	964	30,107	31,071	338	964	30,435	31,399	(3,741)	1995	08/17/17	40
Wingate at Ulster (Highland)	Highland, NY	100%	—	4,371	11,473	15,844	136	4,371	11,609	15,980	(1,526)	1998	08/17/17	40
Wingate at Beacon	Beacon, NY	100%	—	—	25,400	25,400	42	—	25,442	25,442	(3,276)	2002	08/17/17	40
Sixteen Acres Healthcare Center	Springfield, MA	100%	—	817	11,357	12,174	381	817	11,738	12,555	(1,420)	1987	08/17/17	40
Bear Mountain at Andover	Andover, MA	100%	—	2,123	5,383	7,506	18	2,123	5,401	7,524	(771)	1992	08/17/17	40
Bear Mountain at Reading	Reading, MA	100%	—	1,534	5,221	6,755	540	1,534	5,760	7,294	(791)	1988	08/17/17	40
Bear Mountain at Sudbury	Sudbury, MA	100%	—	2,017	3,458	5,475	421	2,017	3,879	5,896	(595)	1997/2021	08/17/17	40
Belvidere Healthcare Center	Lowell, MA	100%	—	1,335	9,019	10,354	360	1,335	9,379	10,714	(1,229)	1966/2007	08/17/17	40
Bear Mountain at Worcester	Worcester, MA	100%	—	945	8,770	9,715	50	945	8,820	9,765	(1,158)	1970/1988	08/17/17	40
Bear Mountain at West Springfield	W. Springfield, MA	100%	—	2,022	7,345	9,367	—	2,022	7,345	9,367	(1,065)	1960/1985	08/17/17	40
Chestnut Hill of East Longmeadow	East Longmeadow, MA	100%	—	2,968	8,957	11,925	638	2,968	9,595	12,563	(1,341)	1985/2005	08/17/17	40
Broadway by the Sea	Long Beach, CA	100%	—	2,939	11,782	14,721	—	2,939	11,690	14,629	(1,527)	1968/2011	09/19/17	40
Coventry Court Health Center	Anaheim, CA	100%	—	2,044	14,167	16,211	—	2,044	14,167	16,211	(1,797)	1968/2011	09/19/17	40
Fairfield Post-Acute Rehab	Fairfield, CA	100%	—	586	23,582	24,168	—	586	23,582	24,168	(2,785)	1966/2006	09/19/17	40
Garden View Post-Acute Rehab	Baldwin Park, CA	100%	—	2,270	17,063	19,333	—	2,270	17,063	19,333	(2,126)	1970/2015	09/19/17	40
Grand Terrace Health Care Ctr	Grand Terrace, CA	100%	—	432	9,382	9,814	—	432	9,382	9,814	(1,178)	1945/2017	09/19/17	40
Pacifica Nursing & Rehab Ctr	Pacifica, CA	100%	—	1,510	27,397	28,907	—	1,510	27,397	28,907	(3,190)	1975	09/19/17	40
Burien Nursing & Rehab Center	Burien, WA	100%	—	823	17,431	18,254	—	826	17,431	18,257	(2,138)	1965/2014	09/19/17	40
Park West Care Center	Seattle, WA	100%	—	4,802	7,927	12,729	—	4,802	7,927	12,729	(1,091)	1963/2016	09/19/17	40
Beachside Nursing Center	Huntington Bch, CA	100%	—	2,312	9,885	12,197	—	2,312	9,885	12,197	(1,236)	1965/2010	09/19/17	40
Chatsworth Park Health Care	Chatsworth, CA	100%	—	7,841	16,916	24,757	—	7,841	16,916	24,757	(2,203)	1976	09/19/17	40
Cottonwood Post-Acute Rehab	Woodland, CA	100%	—	504	7,369	7,873	—	504	7,369	7,873	(969)	1975/2010	09/19/17	40
Danville Post-Acute Rehab	Danville, CA	100%	—	1,491	17,157	18,648	—	1,491	17,157	18,648	(2,090)	1965	09/19/17	40
Lake Balboa Care Center	Van Nuys, CA	100%	—	2,456	16,462	18,918	—	2,456	16,462	18,918	(1,932)	1958/2015	09/19/17	40
Lomita Post-Acute Care Center	Lomita, CA	100%	—	2,743	14,734	17,477	—	2,743	14,734	17,477	(1,879)	1969	09/19/17	40
University Post-Acute Rehab	Sacramento, CA	100%	—	2,846	17,962	20,808	—	2,846	17,962	20,808	(2,161)	1972	09/19/17	40
Issaquah Nursing & Rehab Ctr	Issaquah, WA	100%	—	10,125	7,771	17,896	—	10,125	7,771	17,896	(1,124)	1975/2012	09/19/17	40

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Alamitos-Belmont Rehab Hosp	Long Beach, CA	100%	—	3,157	22,067	25,224	—	3,157	22,067	25,224	(2,721)	1966/2014	09/19/17	40
Edgewater Skilled Nursing Ctr	Long Beach, CA	100%	—	2,857	5,878	8,735	—	2,857	5,878	8,735	(782)	1952/2013	09/19/17	40
Fairmont Rehabilitation Hosp	Lodi, CA	100%	—	812	21,059	21,871	—	812	21,059	21,871	(2,416)	1965	09/19/17	40
Palm Terrace Care Center	Riverside, CA	100%	—	1,717	13,806	15,523	—	1,717	13,806	15,523	(1,853)	1966	09/19/17	40
Woodland Nursing & Rehab	Woodland, CA	100%	—	278	16,729	17,007	—	278	16,729	17,007	(2,033)	1930/2007	09/19/17	40
Park Manor at Bee Cave	Bee Cave, TX	100%	—	2,107	10,413	12,520	—	2,107	10,413	12,520	(1,460)	2014	12/15/17	40
Ramona	El Monte, CA	100%	—	2,058	19,671	21,729	—	2,058	19,671	21,729	(2,267)	1965	01/10/18	40
Park Ridge	Shoreline, WA	100%	—	8,861	11,478	20,339	—	8,861	11,478	20,339	(1,569)	1964/2012	01/19/18	40
SHC of Elizabethtown	Elizabethtown, KY	100%	—	729	—	729	2,386	729	4,394	5,123	—	2021	05/27/21	40
			25,690	372,369	3,181,199	3,553,568	83,371	371,150	3,246,209	3,617,359	(474,534)			
Senior Housing - Leased														
Langdon Place of Exeter	Exeter, NH	100%	2,330	571	7,183	7,754	—	571	5,929	6,500	(2,505)	1987	11/15/10	43
Langdon Place of Nashua	Nashua, NH	100%	4,748	—	5,654	5,654	—	—	4,598	4,598	(1,748)	1989	11/15/10	40
Langdon Place of Keene	Keene, NH	100%	3,693	304	3,992	4,296	—	304	3,282	3,586	(1,522)	1995	11/15/10	46
Langdon Place of Dover	Dover, NH	100%	2,894	801	10,036	10,837	—	801	8,630	9,431	(3,606)	1987/2009, 2019	11/15/10	42
Age-Well Senior Living	Green Bay, WI	100%	—	256	2,262	2,518	1,032	256	1,976	2,232	(640)	2004/2011	11/22/11	40
Gulf Pointe Village	Rockport, TX	100%	—	789	607	1,396	—	789	607	1,396	(269)	1996/2018	11/30/12	40
Aspen Ridge Retirement Village	Gaylord, MI	100%	—	2,024	5,467	7,491	—	2,024	5,467	7,491	(1,763)	2002	12/14/12	40
Green Acres of Cadillac	Cadillac, MI	100%	—	217	3,000	3,217	—	217	3,000	3,217	(818)	2001/2006	12/14/12	40
Green Acres of Greenville	Greenville, MI	100%	—	684	5,832	6,516	249	684	6,081	6,765	(1,713)	1999/2001, 2012, 2013, 2018	12/14/12	40
Green Acres of Manistee	Manistee, MI	100%	—	952	2,578	3,530	2,547	952	5,125	6,077	(1,494)	2002/2017	12/14/12	40
Green Acres of Mason	Mason, MI	100%	—	198	4,131	4,329	—	198	4,131	4,329	(1,174)	2009/2012	12/14/12	40
Nottingham Place	Midland, MI	100%	—	744	1,745	2,489	400	744	2,145	2,889	(658)	1995/2015	12/14/12	40
Royal View	Mecosta, MI	100%	—	307	2,477	2,784	—	307	2,477	2,784	(771)	2001	12/14/12	40
Tawas Village	East Tawas, MI	100%	—	258	3,713	3,971	233	258	3,946	4,204	(1,393)	2005	12/14/12	40
Turning Brook	Alpena, MI	100%	—	546	13,139	13,685	—	546	13,139	13,685	(3,210)	2006/2008, 2010	12/14/12	40
Greenfield of Woodstock	Woodstock, VA	100%	—	597	5,465	6,062	—	597	5,465	6,062	(1,352)	1996/2015	06/28/13	40
Nye Square	Fremont, NE	100%	—	504	17,670	18,174	—	504	17,670	18,174	(4,008)	1989/2002	02/14/14	40
The Meadows	Norfolk, NE	100%	—	217	9,906	10,123	4,680	217	14,586	14,803	(3,002)	1989/1991, 1994, 2018, 2019	02/14/14	40
Park Place	Fort Wayne, IN	100%	12,694	2,300	21,115	23,415	2,747	2,300	23,848	26,148	(6,115)	2011/2016, 2018	04/30/14	40
Avalon MC - Boat Club	Fort Worth, TX	100%	—	359	8,126	8,485	—	359	8,126	8,485	(1,690)	1996/2015	09/29/14	40

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Avalon MC - 7200	Arlington, TX	100%	—	123	4,914	5,037	—	123	4,914	5,037	(1,025)	1988/2014	09/29/14	40
Avalon MC - 7204	Arlington, TX	100%	—	215	4,821	5,036	—	215	4,822	5,037	(1,011)	1988/2014	09/29/14	40
Avalon MC - 7140	Arlington, TX	100%	—	143	6,653	6,796	—	143	6,653	6,796	(1,354)	2011	09/29/14	40
Affinity Rosecastle of Delaney Creek	Brandon, FL	100%	—	1,283	8,424	9,707	483	1,283	8,907	10,190	(2,094)	1999/2016	10/01/14	40
Affinity Rosecastle of Citrus	Lecanto, FL	100%	—	1,031	5,577	6,608	452	1,031	6,030	7,061	(1,656)	1997/2016	10/01/14	40
Affinity Rosecastle of Zephyrhills	Zephyrhills, FL	100%	—	1,688	9,098	10,786	360	1,688	9,459	11,147	(2,366)	2008/2016	10/01/14	40
Ashley Pointe	Lake Stevens, WA	100%	—	1,559	9,059	10,618	68	1,559	9,127	10,686	(1,765)	1998/2012	09/17/15	40
Farmington Square Eugene	Eugene, OR	100%	—	1,428	16,138	17,566	101	1,428	16,239	17,667	(2,775)	1996/1997, 2011, 2019	09/17/15	40
Farmington Square Tualatin	Tualatin, OR	100%	—	527	14,659	15,186	101	527	14,760	15,287	(2,532)	1995/1997, 2019	09/17/15	40
Farmington Square of Salem	Salem, OR	100%	—	1,074	19,421	20,495	408	1,074	19,829	20,903	(3,555)	1989/1995, 2018	09/17/15	40
Colorado Springs	Colorado Springs, CO	100%	—	1,210	9,490	10,700	—	1,210	9,490	10,700	(1,750)	2013/2019	11/16/15	40
Sun City West	Sun City West, AZ	100%	—	930	9,170	10,100	248	930	9,418	10,348	(1,597)	2012	07/01/16	40
Poet's Walk at Fredericksburg	Fredericksburg, VA	100%	—	1,379	21,209	22,588	—	1,379	21,209	22,588	(3,405)	2016	07/14/16	40
Poet's Walk of Round Rock	Round Rock, TX	100%	—	679	13,642	14,321	—	679	13,642	14,321	(2,216)	2016	08/01/16	40
The Montecito Santa Fe	Santa Fe, NM	100%	—	2,536	19,441	21,977	—	2,157	21,736	23,893	(3,291)	2006	09/23/16	40
Montecito - MC	Santa Fe, NM	100%	—	670	7,743	8,413	430	670	8,571	9,241	(295)	2020	09/23/16	40
The Golden Crest	Franklin, NH	100%	—	292	6,889	7,181	97	292	6,996	7,288	(1,217)	1988	11/30/16	40
Poet's Walk at Henderson	Henderson, NV	100%	—	1,430	21,850	23,280	—	1,430	21,862	23,292	(3,166)	2016	12/01/16	40
Kruse Village	Brenham, TX	100%	—	476	11,912	12,388	—	476	11,922	12,398	(1,975)	1991	12/02/16	40
Poet's Walk of Cedar Parks	Cedar Park, TX	100%	—	1,035	13,127	14,162	—	1,035	13,127	14,162	(1,773)	2017	06/01/17	40
Avamere Court at Keizer	Keizer, OR	100%	—	1,220	31,783	33,003	—	1,220	31,783	33,003	(3,719)	1970/2021	08/17/17	40
Arbor Court Retirement Community at Alvamar	Lawrence, KS	100%	—	584	4,431	5,015	—	584	4,431	5,015	(581)	1995/2014	08/17/17	40
Arbor Court Retirement Community at Salina	Salina, KS	100%	—	584	3,020	3,604	—	584	3,020	3,604	(394)	1989/2014	08/17/17	40
Arbor Court Retirement Community at Topeka	Topeka, KS	100%	—	313	5,492	5,805	—	313	5,492	5,805	(661)	1986/2014	08/17/17	40
Aspen Grove Assisted Living	Sturgis, SD	100%	—	555	6,487	7,042	—	555	6,487	7,042	(863)	2013	08/17/17	40
Maurice Griffith Manor Living Center	Casper, WY	100%	—	294	72	366	—	294	72	366	(18)	1984/1985	08/17/17	40
The Peaks at Old Laramie Trail (Lafayette)	Lafayette, CO	100%	—	1,085	19,243	20,328	—	1,883	19,196	21,079	(2,299)	2016	12/15/17	40
Prairie View	Winnebago, IL	100%	—	263	3,743	4,006	—	263	3,743	4,006	(468)	2007	01/31/18	40
Arbor View Assisted Living	Pewaukee, WI	100%	—	1,019	3,606	4,625	—	1,019	3,606	4,625	(411)	2010	04/16/18	40
Legacy Assisted Living	Pewaukee, WI	100%	—	661	5,680	6,341	—	661	5,680	6,341	(597)	2015	04/16/18	40

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				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total					
Greenfield of Strasburg	Strasburg, VA	100%	—	666	5,551	6,217	—	666	5,551	6,217	(601)	2001	04/30/18	40	
Poets Walk of Sarasota	Sarasota, FL	100%	—	1,440	22,541	23,981	—	1,440	22,541	23,981	(2,243)	2018	05/18/18	40	
The Pointe at Lifespring	Knoxville, TN	100%	—	1,603	9,219	10,822	—	1,603	9,219	10,822	(1,032)	2017	08/31/18	40	
Shavano Park Senior Living	Shavano Park, TX	100%	—	2,131	11,541	13,672	—	2,131	11,541	13,672	(1,181)	2015	08/31/18	40	
Traditions of Beaver Creek	Beaver Creek, OH	100%	—	1,622	24,215	25,837	7,561	1,622	31,772	33,394	(3,348)	2016	11/01/18	40	
Cadence at Poway Gardens	Poway, CA	100%	—	3,693	14,467	18,160	336	3,693	14,803	18,496	(883)	1987/2011, 2021	11/22/19	40	
Traditions of Brookside (McCordsville)	McCordsville, IN	100%	—	1,587	31,315	32,902	—	1,587	31,315	32,902	(1,744)	2017	01/07/20	40	
Traditions of Beaumont	Louisville, KY	100%	—	1,841	21,827	23,668	—	1,841	21,827	23,668	(1,155)	2015	01/31/20	40	
Traditions at Hunter Station (Clarksville)	Sellersburg, IN	100%	—	1,060	28,702	29,762	—	1,060	28,702	29,762	(1,400)	2015	04/01/20	40	
Legacy Living of Jasper	Jasper, IN	100%	—	657	25,226	25,883	—	657	25,226	25,883	(179)	2019	10/01/21	40	
				26,359	55,214	645,496	700,710	22,533	55,633	664,948	720,581	(104,046)			
Senior Housing - Managed															
Winter Village	Frankenmuth, MI	100%	—	5,027	20,929	25,956	1,384	5,027	22,313	27,340	(6,199)	1982/2008	09/21/12	40	
Stoney River Marshfield	Marshfield, WI	100%	—	574	8,733	9,307	238	574	8,945	9,519	(2,334)	2010	12/18/12	40	
Kensington Court	Windsor, ON	100%	—	1,360	16,855	18,215	1,392	1,440	19,060	20,500	(3,681)	1998	06/11/15	40	
Masonville Manor	London, ON	100%	—	960	19,056	20,016	663	1,016	20,761	21,777	(3,899)	1998/2015, 2019	06/11/15	40	
Okanagan Chateau	Kelowna, BC	100%	—	2,321	8,308	10,629	1,690	2,457	10,342	12,799	(2,308)	1990/2019, 2020	06/11/15	40	
Court at Laurelwood	Waterloo, ON	100%	—	1,823	22,135	23,958	532	1,928	23,886	25,814	(4,468)	2005/2015	06/11/15	40	
Fairwoods Lodge	Sarnia, ON	100%	—	1,187	20,346	21,533	863	1,255	22,294	23,549	(4,167)	2000/2019	06/11/15	40	
The Shores	Kamloops, BC	100%	4,727	679	8,024	8,703	568	717	9,062	9,779	(1,754)	1992/2014	06/11/15	40	
Orchard Valley	Vernon, BC	100%	6,294	843	10,724	11,567	669	285	12,013	12,298	(2,264)	1990/2008, 2021	06/11/15	40	
Cherry Park	Penticton, BC	100%	4,532	763	6,771	7,534	1,077	807	8,210	9,017	(1,638)	1990/1991, 2014, 2019	06/11/15	40	
Maison Senior Living	Calgary, AB	100%	—	3,908	20,996	24,904	935	4,135	23,068	27,203	(4,043)	2013	09/17/15	40	
Ramsey	Ramsey, MN	100%	—	1,182	13,280	14,462	178	1,182	13,458	14,640	(1,738)	2015	10/06/17	40	
Marshfield II	Marshfield, WI	100%	—	500	4,134	4,634	55	500	4,189	4,689	(608)	2014	10/06/17	40	
Dover Place	Dover, DE	100%	—	2,797	23,054	25,851	254	2,797	23,302	26,099	(2,817)	1999	01/02/18	40	
Kanawha Place	Charleston, WV	100%	—	419	4,239	4,658	850	419	5,080	5,499	(830)	1969	01/02/18	40	
Leighton Place	Williamsport, PA	100%	—	296	9,191	9,487	679	296	9,848	10,144	(1,244)	1990/2009	01/02/18	40	
Maiden Creek Place	Reading, PA	100%	—	684	12,950	13,634	123	684	13,073	13,757	(1,625)	2004	01/02/18	40	
Rolling Meadows Place	Scott Depot, WV	100%	—	230	6,271	6,501	415	230	6,668	6,898	(1,018)	1996	01/02/18	40	
Willowbrook Place	Clarks Summit, PA	100%	—	406	9,471	9,877	787	406	10,255	10,661	(1,498)	1997	01/02/18	40	
Wyncote Place	Wyncote, PA	100%	—	1,781	4,911	6,692	491	1,781	5,398	7,179	(933)	1909	01/02/18	40	

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Amity Place	Douglasville, PA	100%	—	611	19,083	19,694	195	611	19,277	19,888	(2,271)	2008	01/02/18	40
Milford Place	Milford, DE	100%	—	1,199	18,786	19,985	324	1,199	19,105	20,304	(2,328)	1999	01/02/18	40
Oak Hill Place	Oak Hill, WV	100%	—	609	2,636	3,245	632	609	3,268	3,877	(563)	2001/2014	01/02/18	40
Seasons Place	Lewisburg, WV	100%	—	355	5,055	5,410	528	355	5,569	5,924	(961)	1995	01/02/18	40
Parkview In Allen	Allen, TX	100%	—	2,190	45,767	47,957	—	2,190	46,829	49,019	(9,864)	2004/2010	09/25/14	40
The Atrium At Gainesville	Gainesville, FL	100%	—	2,139	44,789	46,928	—	2,139	47,199	49,338	(10,471)	1986/2013, 2015, 2019	09/25/14	40
The Chateau Gardens At Wakefield	McKinney, TX	100%	—	2,760	44,397	47,157	—	2,760	45,907	48,667	(9,870)	2006/2010, 2019	09/25/14	40
Las Brisas	Raleigh, NC	100%	—	2,344	37,506	39,850	—	2,344	38,532	40,876	(7,970)	2002/2014	09/25/14	40
Creekside Terrace	San Luis Obispo, CA	100%	—	4,992	30,909	35,901	—	4,992	33,361	38,353	(6,784)	1987/2006, 2015, 2021	09/25/14	40
Colonial Village	Winston-Salem, NC	100%	—	2,995	24,428	27,423	—	2,995	25,225	28,220	(5,440)	2001	09/25/14	40
Garden Village	Longview, TX	100%	—	805	26,498	27,303	—	805	27,832	28,637	(6,083)	1985/2010	09/25/14	40
Desert Rose	Kansas City, MO	100%	—	1,325	20,510	21,835	—	1,325	21,868	23,193	(5,074)	1983	09/25/14	40
Windland South	Yuma, AZ	100%	—	530	21,775	22,305	—	530	22,394	22,924	(4,832)	1996/2014	09/25/14	40
Cedar Woods	Nashville, TN	100%	—	1,996	19,368	21,364	—	1,996	20,629	22,625	(5,036)	1986/2000	09/25/14	40
Virginian	Branford, CT	100%	—	2,403	18,821	21,224	—	2,403	19,816	22,219	(4,334)	1987	09/25/14	40
Monarch Estates	Richmond, VA	100%	—	1,080	19,545	20,625	—	1,080	20,751	21,831	(4,623)	1989/2007	09/25/14	40
Village At The Falls	Auburn, AL	100%	—	3,209	17,326	20,535	—	3,209	17,855	21,064	(4,045)	2001	09/25/14	40
Holiday At The Atrium	Menomonee Falls, WI	100%	—	1,477	18,778	20,255	—	1,477	19,410	20,887	(4,314)	2005/2006, 2007/2011, 2019	09/25/14	40
Lake Ridge Village	Glenville, NY	100%	—	978	18,257	19,235	—	978	19,240	20,218	(4,230)	2001/2014	09/25/14	40
Heritage Village	Eustis, FL	100%	—	1,152	17,523	18,675	—	1,152	19,262	20,414	(4,525)	1984/1988, 2013	09/25/14	40
Madison Meadows	McAllen, TX	100%	—	4,092	13,823	17,915	—	4,092	14,881	18,973	(3,436)	1988	09/25/14	40
South Wind Heights	Phoenix, AZ	100%	—	2,567	12,029	14,596	—	2,567	13,276	15,843	(3,292)	1986	09/25/14	40
Harrison Regent	Jonesboro, AR	100%	—	1,782	11,244	13,026	—	1,782	12,156	13,938	(2,875)	1999	09/25/14	40
Capital Place	Ogden, UT	100%	—	794	10,873	11,667	—	794	11,812	12,606	(2,832)	1985/2016	09/25/14	40
The Monarch at Richardson	Olympia, WA	100%	—	2,477	23,767	26,244	—	2,477	25,424	27,901	(5,609)	1986/2016	10/07/14	40
Elan Westpointe	Richardson, TX	100%	—	2,282	10,556	12,838	1,048	2,282	11,593	13,875	(824)	1999/2020	11/01/19	40
The Claiborne at West Lake	New Braunfels, TX	100%	—	1,312	23,108	24,420	120	1,312	23,228	24,540	(1,385)	2015	01/15/20	40
Baxter Senior Living	Augusta, GA	100%	—	419	24,958	25,377	110	419	25,068	25,487	(586)	2018	03/05/21	40
	Anchorage, AK	100%	—	1,965	29,533	31,498	98	1,965	29,631	31,596	(575)	2019	05/01/21	40
			15,553	80,579	882,026	962,605	16,898	80,775	931,623	1,012,398	(174,098)			
Specialty Hospitals and Other														
Texas Regional Medical Center	Sunnyvale, TX	100%	—	4,020	57,620	61,640	—	4,020	57,620	61,640	(19,330)	2009	05/03/11	40

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation/	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
Landmark Aurora	Aurora, CO	100%	—	2,874	12,829	15,703	1,718	2,874	14,547	17,421	(3,218)	2009/2018, 2021	09/20/12	40
Landmark of Bluffton	Bluffton, IN	100%	—	254	5,105	5,359	1,486	254	6,591	6,845	(737)	1970/2015, 2021	08/17/17	40
Baylor Orthopedic Spine Hospital at Arlington	Arlington, TX	100%	—	—	44,217	44,217	—	—	44,217	44,217	(4,923)	2009/2016	08/17/17	40
Touchstone Neurorecovery Center	Conroe, TX	100%	—	2,935	25,003	27,938	—	2,935	25,003	27,938	(3,147)	1992	08/17/17	40
HealthBridge Children's Hospital (Houston)	Houston, TX	100%	—	3,001	14,581	17,582	—	3,001	14,581	17,582	(1,653)	1999/2009	08/17/17	40
Nexus Specialty Hospital - Woodlands Campus	Spring, TX	100%	—	1,319	15,153	16,472	—	1,319	15,153	16,472	(1,721)	1995/1998	08/17/17	40
HealthBridge Children's Hospital (Orange)	Orange, CA	100%	—	2,060	5,538	7,598	51	2,060	5,589	7,649	(656)	2000	08/17/17	40
ResCare Tangram - Texas Hill Country School	Maxwell, TX	100%	—	902	2,384	3,286	1	902	2,385	3,287	(314)	1993	08/17/17	40
ResCare Tangram - Chaparral	Maxwell, TX	100%	—	901	1,198	2,099	—	901	1,198	2,099	(190)	1994/2009	08/17/17	40
ResCare Tangram - Sierra Verde & Roca Vista	Maxwell, TX	100%	—	456	2,632	3,088	—	456	2,632	3,088	(326)	1992	08/17/17	40
ResCare Tangram - 618 W. Hutchinson	San Marcos, TX	100%	—	51	359	410	62	51	359	410	(46)	1869	08/17/17	40
ResCare Tangram - Ranch	Seguin, TX	100%	—	539	2,627	3,166	—	539	2,627	3,166	(414)	1989	08/17/17	40
ResCare Tangram - Mesquite	Seguin, TX	100%	—	228	3,407	3,635	79	228	3,486	3,714	(458)	1985/1991	08/17/17	40
ResCare Tangram - Hacienda	Kingsbury, TX	100%	—	104	2,788	2,892	27	104	2,815	2,919	(339)	1990/2012	08/17/17	40
ResCare Tangram - Loma Linda	Seguin, TX	100%	—	52	805	857	—	52	805	857	(106)	1970	08/17/17	40
Aurora Arizona West	Glendale, AZ	100%	—	1,501	67,046	68,547	—	1,501	67,046	68,547	(7,622)	1996/2013	08/17/17	40
Aurora Arizona East	Tempe, AZ	100%	—	3,137	50,073	53,210	—	3,137	50,073	53,210	(5,819)	2001/2016	08/17/17	40
Aurora Charter Oak Hospital	Covina, CA	100%	—	23,472	71,542	95,014	—	23,472	71,542	95,014	(8,449)	1974/2011	08/17/17	40
Aurora Vista del Mar Hospital	Ventura, CA	100%	—	8,089	43,645	51,734	—	8,089	43,645	51,734	(5,604)	1984/2018	08/17/17	40
Aurora San Diego Hospital	San Diego, CA	100%	—	8,403	55,015	63,418	7,599	8,403	62,614	71,017	(7,884)	1988/2017	08/17/17	40
Gateway Rehabilitation Hospital at Florence	Florence, KY	100%	—	3,866	26,447	30,313	—	3,866	26,447	30,313	(3,000)	2000	08/17/17	40
Landmark New London	New London, CT	100%	—	356	152	508	3,665	356	3,817	4,173	(173)	1967/2016, 2021	08/17/17	40
Landmark Carmel	Carmel, IN	100%	—	963	4,347	5,310	—	963	4,347	5,310	(372)	1996/2019	07/24/19	40
Landmark Louisville	Louisville, KY	100%	—	1,078	8,305	9,383	—	1,078	8,296	9,374	(621)	2002/2018	08/21/19	40
Recovery Centers of America at Monroeville	Monroeville, PA	100%	—	2,034	1,758	3,792	18,545	2,034	20,306	22,340	(1,016)	1987/2020	12/18/19	40
Landmark Pensacola (Gulf Breeze)	Gulf Breeze, FL	100%	—	498	1,480	1,978	—	498	1,480	1,978	(41)	2001/2021	03/15/21	40
Recovery Centers of America at Greenville	Greenville, SC	100%	—	1,197	9,496	10,693	—	1,197	9,496	10,693	—	1994/2022	03/15/21	40
			—	74,290	535,552	609,842	33,233	74,290	568,717	643,007	(78,179)			

Description	Location	Ownership Percentage	Encumbrances ⁽¹⁾	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation and Amortization	Original Date of Construction/Renovation	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
				Land	Building and Improvements ⁽²⁾⁽³⁾	Total		Land	Building and Improvements ⁽²⁾⁽³⁾	Total				
			67,602	582,452	5,244,273	5,826,725	156,035	581,848	5,411,497	5,993,345	(830,857)			
Corporate Assets			—	—	136	136	727	—	863	863	(467)			
			<u>\$ 67,602</u>	<u>\$ 582,452</u>	<u>\$ 5,244,409</u>	<u>\$ 5,826,861</u>	<u>\$ 156,762</u>	<u>\$ 581,848</u>	<u>\$ 5,412,360</u>	<u>\$ 5,994,208</u>	<u>\$ (831,324)</u>			

⁽¹⁾ Encumbrances do not include deferred financing costs, net of \$0.9 million as of December 31, 2021.

⁽²⁾ Building and building improvements include land improvements and furniture and equipment.

⁽³⁾ The aggregate cost of real estate for federal income tax purposes was \$5.0 billion.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION

(dollars in thousands)

	Year Ended December 31,		
	2021	2020	2019
Real estate:			
Balance at the beginning of the year	\$ 5,966,695	\$ 5,880,583	\$ 6,255,883
Acquisitions	96,157	110,752	49,483
Real estate assumed	—	—	12,962
Improvements	47,319	47,354	25,451
Impairment	(11,063)	(6,776)	(143,655)
Sale of real estate	(102,575)	(63,050)	(322,910)
Foreign currency translation	524	3,448	6,918
Write-off of fully depreciated assets	(2,849)	(5,616)	(3,549)
Balance at the end of the year	<u>\$ 5,994,208</u>	<u>\$ 5,966,695</u>	<u>\$ 5,880,583</u>
Accumulated depreciation:			
Balance at the beginning of the year	\$ (681,657)	\$ (539,213)	\$ (402,338)
Depreciation expense	(170,264)	(166,086)	(163,863)
Impairment	1,666	2,773	22,070
Sale of real estate	16,097	15,886	2,092
Foreign currency translation	(15)	(633)	(723)
Write-off of fully depreciated assets	2,849	5,616	3,549
Balance at the end of the year	<u>\$ (831,324)</u>	<u>\$ (681,657)</u>	<u>\$ (539,213)</u>

SCHEDULE IV
MORTGAGE LOANS ON REAL ESTATE
As of December 31, 2021
(dollars in thousands)

Description	Contractual Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Principal Balance	Book Value ⁽¹⁾	Principal Amount of Loans Subject to Delinquent Principal or Interest
Mortgages:							
River Vista	10.0 %	2027	(2)	\$ —	\$ 19,000	\$ 19,000	N/A
RCA	7.5	2026	(2)	—	290,000	290,000	N/A
				—	309,000	309,000	
Construction Mortgages:							
Arlington	8.0	2022	(3)	—	3,343	3,347	N/A
				\$ —	\$ 312,343	\$ 312,347	

⁽¹⁾ The aggregate cost for federal income tax purposes was \$314.3 million as of December 31, 2021.

⁽²⁾ Interest is due monthly, and principal is due at the maturity date.

⁽³⁾ Interest and principal for the first 36 months is deferred and due at the maturity date. Interest after the first 36 months is due monthly.

Changes in mortgage loans are summarized as follows:

	Year Ended December 31,		
	2021	2020	2019
Balance at the beginning of the year	\$ 22,343	\$ 21,468	\$ 23,146
Additions during period:			
Draws	—	706	1,689
New mortgage loans	290,000	—	—
Interest income added to principal	—	169	194
Deductions during period:			
Paydowns/repayments	—	—	(3,561)
Balance at the end of the year	<u>\$ 312,343</u>	<u>\$ 22,343</u>	<u>\$ 21,468</u>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on February 22, 2022.

SABRA HEALTH CARE REIT, INC.

By: /S/ RICHARD K. MATROS
Richard K. Matros
Chief Executive Officer, President and Chair

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u> /S/ RICHARD K. MATROS </u> Richard K. Matros	Chief Executive Officer, President and Chair (Principal Executive Officer)	February 22, 2022
<u> /S/ MICHAEL COSTA </u> Michael Costa	Chief Financial Officer, Secretary and Executive Vice President (Principal Financial and Accounting Officer)	February 22, 2022
<u> /S/ CRAIG A. BARBAROSH </u> Craig A. Barbarosh	Director	February 22, 2022
<u> /S/ KATIE CUSACK </u> Katie Cusack	Director	February 22, 2022
<u> /S/ MICHAEL J. FOSTER </u> Michael J. Foster	Director	February 22, 2022
<u> /S/ LYNNE S. KATZMANN </u> Lynne S. Katzmann	Director	February 22, 2022
<u> /S/ ANN KONO </u> Ann Kono	Director	February 22, 2022
<u> /S/ JEFFREY A. MALEHORN </u> Jeffrey A. Malehorn	Director	February 22, 2022
<u> /S/ CLIFTON J. PORTER II </u> Clifton J. Porter II	Director	February 22, 2022

**DESCRIPTION OF CAPITAL STOCK OF
SABRA HEALTH CARE REIT, INC.**

The following is a summary of the material terms of our capital stock as set forth in our Articles of Amendment and Restatement (our “charter”) and our Amended and Restated Bylaws (our “bylaws”), which govern the rights of holders of our capital stock. The following summary does not purport to be complete and is subject to and qualified in its entirety by reference to applicable provisions of the Maryland General Corporation Law (the “MGCL”) and to our charter and bylaws. For a complete description, we refer to the MGCL, our charter and our bylaws. Copies of our charter and bylaws are included as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part.

General

Our charter provides that we may issue up to 500,000,000 shares of common stock, \$0.01 par value per share, and up to 10,000,000 shares of preferred stock, \$0.01 par value per share. As of December 31, 2021, 230,398,655 shares of common stock were issued and outstanding, and no shares of preferred stock were issued and outstanding. Under Maryland law, stockholders are not generally liable for our or our subsidiaries’ debts or obligations solely as a result of their status as stockholders.

Common Stock

All issued and outstanding shares of common stock are fully paid and nonassessable. Subject to the preferential rights of any other class or series of stock and the provisions of our charter that restrict transfer and ownership of our stock, the holders of shares of our common stock generally are entitled to receive dividends on such stock out of assets legally available for distribution to our stockholders when, as and if authorized by our board of directors and declared by us. The holders of shares of common stock are also entitled to share ratably in our net assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of, or adequate provision for, all of our known debts and liabilities.

Subject to the rights of any other class or series of our stock and the provisions of our charter that restrict the transfer and ownership of our stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of the stockholders, including the election of directors, and the holders of shares of our common stock possess the exclusive voting power.

Holders of shares of our common stock generally have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the provisions of our charter that restrict transfer and ownership of our stock, all shares of common stock have equal dividend, liquidation and other rights.

Preferred Stock

Under our charter, our board of directors may from time to time establish and cause us to issue one or more classes or series of preferred stock. Prior to the issuance of shares of each class or series of preferred stock, our board of directors will be required by the MGCL and our charter to adopt resolutions and file articles supplementary with the State Department of Assessments and Taxation of Maryland. The articles supplementary will fix for each class or series the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption, including, but not limited to, the following:

- the title, designation and stated value of the preferred stock;
- the number of shares constituting each class or series;
- voting rights;
- rights and terms of redemption (including sinking fund provisions);
- dividend rights and rates;
- dissolution;
- terms concerning the distribution of assets;
- conversion or exchange terms;
- redemption prices; and
- liquidation preferences.

All shares of preferred stock will, when issued in exchange for the consideration therefor, be fully paid and nonassessable and, unless otherwise provided for in the terms of a particular class or series of preferred stock, will not have any preemptive or similar rights. Our board of directors, without stockholder approval, could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a takeover or other transaction that might involve a premium price for holders of the shares or which holders might believe to be in their best interests. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of our common stock and may adversely affect the voting and other rights of the holders of our common stock.

We will set forth in the applicable prospectus supplement relating to the class or series of preferred stock being offered the specific terms of each class or series of our preferred stock, including the price at which the preferred stock may be purchased, the number of shares of preferred stock offered, and the terms, if any, on which the preferred stock may be convertible into common stock or exchangeable for other securities.

Power to Reclassify Unissued Shares

Our board of directors has the power, without stockholder approval, to amend our charter to increase or decrease the aggregate number of authorized shares of capital stock or the number of authorized shares of capital stock of any class or series, to authorize us to issue additional authorized but unissued shares of common stock or preferred stock and to classify and reclassify any unissued shares of common stock or preferred stock into other classes or series of stock, including one or more classes or series of common stock or preferred stock that have priority with respect to voting rights, dividends or upon liquidation over shares of common stock. Prior to the issuance of shares of each new class or series, our board of directors will be required by the MGCL and our charter to set, subject to the provisions of our charter regarding restrictions on transfer and ownership of stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption for each class or series of capital stock.

Restrictions on Transfer and Ownership of Stock

In order for us to qualify as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”), among other requirements, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of our stock may be owned, directly or

indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). In addition, rent from related-party tenants (generally, a tenant of a REIT that is 10% or more owned, actually or constructively, by the REIT, or that is a 10% owner of the REIT) is not qualifying income for purposes of the gross income tests under the Code.

Our charter contains restrictions on the transfer and ownership of our stock. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.9% in value or number of shares, whichever is more restrictive, of our outstanding common stock or more than 9.9% in value of our outstanding stock. In addition, classes of shares other than common stock may be subject to ownership limitations set forth in the articles supplementary relating to such shares. These limits are collectively referred to as the “ownership limits.” The constructive ownership rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.9% of our outstanding common stock or less than 9.9% of our outstanding stock, or the acquisition of an interest in an entity that owns, actually or constructively, our stock, could, nevertheless, cause the acquiror, or another individual or entity, to own constructively shares of our outstanding stock in excess of the ownership limits.

Our board of directors may, upon receipt of certain representations, covenants and undertakings and in its sole and absolute discretion, prospectively or retroactively, exempt a person from the ownership limits or establish a different limit on ownership, or an excepted holder limit, for a particular stockholder if the stockholder’s ownership in excess of the ownership limits would not result in our being “closely held” under Section 856(h) of the Code or otherwise failing to qualify as a REIT. As a condition of granting a waiver of the ownership limits or creating an excepted holder limit, our board of directors may, but is not required to, require an Internal Revenue Service ruling or opinion of counsel satisfactory to our board of directors (in its sole discretion) as it may deem necessary or advisable to determine or ensure our status as a REIT. Our board of directors may only reduce any excepted holder limit with the written consent of such excepted holder at any time or pursuant to the terms and conditions of the agreements entered into with the stockholder in connection with the establishment of the excepted holder limit.

Our board of directors may also, from time to time, increase or decrease the ownership limits unless, after giving effect to the increased or decreased ownership limits, five or fewer persons could beneficially own, in the aggregate, more than 49.9% in number or value of our outstanding stock or we would otherwise fail to qualify as a REIT. Decreased ownership limits do not apply to any person or entity whose ownership of stock is in excess of the decreased ownership limits until the person or entity’s ownership of stock equals or falls below the decreased ownership limits, but any further acquisition of stock would be in violation of the decreased ownership limits.

Our charter also prohibits:

- any person from beneficially or constructively owning shares of our stock to the extent such beneficial or constructive ownership would result in our being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise cause us to fail to qualify as a REIT;
- any transfer of shares of our stock if the transfer would result in shares of our stock being beneficially owned by fewer than 100 persons;

- any person from beneficially or constructively owning shares of our stock to the extent such beneficial or constructive ownership would result in our constructively owning 9.9% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Code; and
- any person from constructively owning shares of our stock to the extent such constructive ownership would cause any “eligible independent contractor” that operates a “qualified health care property” on behalf of a “taxable REIT subsidiary” of ours (as such terms are defined in Sections 856(d)(9)(A), 856(e)(6)(D)(i) and 856(l) of the Code, respectively) to fail to qualify as such.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits, or any of the other restrictions on transfer and ownership of stock, and any person who is the intended transferee of shares of stock that are transferred to the charitable trust described below, will be required to give us immediate written notice and, in the case of a proposed transaction, at least 15 days’ prior written notice and to provide us with such other information as we may request in order to determine the effect of the transfer on our status as a REIT. The provisions of our charter regarding restrictions on transfer and ownership of stock do not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required in order for us to qualify as a REIT.

Any attempted transfer of our stock which, if effective, would result in our stock being beneficially owned by fewer than 100 persons will be null and void and the intended transferee shall acquire no rights in such shares of stock. Any attempted transfer of our stock which, if effective, would violate any of the other restrictions described above will cause the number of shares causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares. We will appoint the trustee of the trust, who will be unaffiliated with us and any proposed transferee of the shares. The automatic transfer will be deemed to be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. Shares of our stock held in the trust will be issued and outstanding shares. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restrictions on transfer and ownership of stock, then the transfer of the shares will be null and void.

The proposed transferee shall have no rights in the shares held by the trust. The proposed transferee will not benefit economically from ownership of any shares of stock held in the trust, will have no rights to dividends or other distributions and no rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will exercise all voting rights and receive all dividends and other distributions with respect to shares held in the trust for the exclusive benefit of the charitable beneficiary of the trust. Any dividend or other distribution paid prior to our discovery that shares have been transferred to a trust as described above must be repaid by the recipient to the trustee upon demand and any dividend or other distribution authorized but unpaid shall be held in trust for the charitable beneficiary. Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority, at the trustee’s sole discretion, to rescind as void any vote cast by a proposed transferee prior to our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary of the trust. However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

If our board of directors or a committee thereof or other designee if permitted by the MGCL determines in good faith that a proposed transfer or other event has taken place that violates the restrictions on transfer

and ownership of stock set forth in our charter or that a person intends to acquire or has attempted to acquire beneficial or constructive ownership in violation of our ownership limits, then our board of directors or such committee or other designee if permitted by the MGCL shall take such action as it deems advisable to refuse to give effect to or to prevent such transfer or other event, including, but not limited to, causing us to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer; provided, however, that any transfer or attempted transfer or other event in violation of the above restrictions shall automatically result in the transfer to the trust described above, and, where applicable, such transfer or other event shall be null and void as provided above irrespective of any action or non-action by our board of directors or any committee or designee thereof.

Shares of stock transferred to the trustee will be deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid per share in the transaction that resulted in such transfer to the charitable trust (or, in the case of a devise or gift, the market price of such stock at the time of such devise or gift) and (ii) the market price of such stock on the date we, or our designee, accepts such offer. We will have the right to accept such offer until the trustee has sold the shares held in the charitable trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will be required to distribute the net proceeds of the sale to the proposed transferee and any distributions held by the trustee with respect to such shares to the charitable beneficiary. We may reduce the amount payable to the proposed transferee by the amount of dividends and distributions that have been paid to the proposed transferee and are owed by the proposed transferee to the trustee. We may pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary.

If we do not buy the shares, the trustee will be required, within 20 days of receiving notice from us of a transfer of shares to the trust, to sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits, or the other restrictions on transfer and ownership of stock. Upon such sale, the interest of the charitable beneficiary in the shares of stock sold shall terminate and the trustee shall distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary. After selling the shares, the trustee will be required to distribute to the proposed transferee an amount equal to the lesser of (i) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held by the trust (e.g., in the case of a gift, devise or other such transaction), the market price of such stock on the day of the event causing the shares to be held by the trust and (ii) the price per share received by the trustee (net of any commissions and other expenses) from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and distributions that have been paid to the proposed transferee and are owed by the proposed transferee to the trustee. Any net sales proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If the proposed transferee sells such shares prior to the discovery that such shares have been transferred to the trustee, then (i) such shares shall be deemed to have been sold on behalf of the trust and (ii) to the extent that the proposed transferee received an amount for such shares that exceeds the amount that such proposed transferee would have received if such shares had been sold by the trustee, such excess shall be paid to the trustee upon demand.

Any certificates representing shares of our stock will bear a legend referring to the restrictions on transfer and ownership described above or state that we will furnish a full statement of the above restrictions on request and without charge.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, in number or in value, within 30 days after the end of each taxable

year, will be required to give us written notice stating the person's name and address, the number of shares of each class and series of stock that the person beneficially owns, a description of the manner in which the shares are held and any additional information that we request in order to determine the effect, if any, of the person's beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, any beneficial owner or constructive owner of shares of our stock and any person or entity (including the stockholder of record) who holds shares of our stock for a beneficial owner or constructive owner will be required to, on request, disclose to us in writing such information as we may request in order to determine the effect, if any, of the stockholder's actual and constructive ownership of stock on our status as a REIT and to comply with the requirements of any governmental or taxing authority.

The restrictions on transfer and ownership described above could have the effect of delaying, deferring or preventing a change of control in which holders of shares of our stock might receive a premium for their shares over the then-prevailing price.

Certain Provisions of Maryland Law and of Our Charter and Bylaws

The following paragraphs summarize certain provisions of our charter and bylaws, as well as selected provisions of the MGCL.

Board of Directors

Our charter and bylaws provide that the number of directors of our company may be established by our board of directors, but may not be fewer than the minimum number required by the MGCL nor more than eight. Currently, we have eight directors. We have elected to be subject to certain provisions of the MGCL, as a result of which our board of directors has the exclusive power to fill vacancies on the board of directors.

Each of our directors is elected by our stockholders to serve until the next annual meeting of stockholders and until a successor is duly elected and qualifies. In order for any incumbent director to become a nominee of our board of directors for further service on our board of directors, such person must submit an irrevocable resignation, which will only become effective as described below. Under our charter, there is no cumulative voting in the election of our board of directors. Instead, our bylaws require that, in uncontested elections, each director be elected by the majority of votes cast with respect to such director. This means that the number of shares voted "for" a director nominee must exceed the number of shares affirmatively voted "against" that nominee in order for that nominee to be elected. If a nominee who is an incumbent director does not receive a majority of the votes cast in an uncontested election, the nominating and governance committee of our board of directors shall consider the facts and circumstances relating to the election and the resignation submitted by such nominee, and recommend to our board of directors, within sixty (60) days following certification of the election results, whether such resignation should be accepted or rejected or whether other action should be taken. The board of directors shall act on the resignation within ninety (90) days following certification of the election results, taking into account the committee's recommendation, and publicly disclose (by a press release and filing an appropriate disclosure with the Securities and Exchange Commission) its decision regarding the resignation. The committee in making its recommendation and the board of directors in making its decision each may consider any factors and other information that they consider appropriate and relevant.

Removal of Directors

Our charter provides that, subject to the rights of holders of any class or series of stock separately entitled to elect or remove one or more directors, a director may be removed with or without cause, by the affirmative vote of at least a majority of the votes entitled to be cast generally in the election of directors.

Amendments to Our Charter and Bylaws and Approval of Extraordinary Actions

Under Maryland law, a Maryland corporation generally cannot amend its charter, merge, convert, consolidate, sell all or substantially all of its assets, engage in a statutory share exchange, dissolve or engage in similar transactions outside the ordinary course of business unless the action is advised by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these actions by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides that the affirmative vote of at least a majority of the votes entitled to be cast on the matter will be required to approve all charter amendments or extraordinary actions. Also, Maryland law permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if 90% or more of the equity interests of the person or persons are owned, directly or indirectly, by the corporation.

Our bylaws may be altered, amended or repealed, in whole or in part, and new bylaws may be adopted by (i) our board of directors or (ii) our stockholders with the affirmative vote of a majority of the votes entitled to be cast on the matter by stockholders entitled to vote generally in the election of directors.

Business Combinations

Under the MGCL, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns, directly or indirectly, 10 percent or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10 percent or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which such person otherwise would have become an interested stockholder. However, in approving a transaction, a board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- eighty percent of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder, voting together as a single class.

These supermajority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under the MGCL, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The statute provides various exemptions from its provisions, including for business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has not opted out of the business combination provisions of the MGCL, and consequently, the five-year prohibition and the supermajority vote requirements will apply to business combinations between us and any interested stockholder.

We are subject to the business combination provisions described above. However, our board of directors may elect to opt out of the business combination provisions at any time.

Control Share Acquisitions

Maryland law provides that issued and outstanding control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by the stockholders by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to, directly or indirectly, exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third,
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares the acquiror is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction or waiver of certain conditions, including an undertaking to pay the expenses of the special meeting. If no request for a special meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the special meeting or if the acquiror does not deliver an acquiring person statement as required by the statute, then the corporation may, subject to certain conditions and limitations, redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision that exempts from the control share acquisition statute any and all acquisitions by any person of shares of our stock. This provision may be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and at least three independent directors to elect to be subject, by provision in its charter or bylaws or by a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the affirmative vote of a majority of the remaining directors in office and such director shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualifies, and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

Pursuant to our charter, we have elected to be subject to the provision of Subtitle 8 that requires that vacancies on the board may be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our bylaws unrelated to Subtitle 8, we already (1) vest in the board of directors the exclusive power to fix the number of directors and (2) require, unless called by our chair, chief executive officer, president or the board of directors, the request of stockholders entitled to cast not less than a majority of the votes entitled to be cast at such meeting to call a special meeting of stockholders if certain procedural requirements are met.

Special Meetings of the Stockholders

Each of our chair of the board, chief executive officer, president and board of directors has the power to call a special meeting of the stockholders. A special meeting of the stockholders to act on any matter that may properly be brought before a meeting of stockholders will also be called by our secretary upon the written request of the stockholders entitled to cast a majority of all the votes entitled to be cast on such matter at the meeting and containing the information required by our bylaws. The secretary will be required to inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including our proxy materials), and the requesting stockholder will be required to pay such estimated cost to the secretary prior to the preparation and mailing of any notice for such special meeting.

Advance Notice of Director Nomination and New Business; Proxy Access

Our charter and bylaws provide that, at any annual meeting of stockholders, nominations of individuals for election to the board of directors and proposals of business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of the board of directors, or (iii) by a stockholder who was a stockholder of record at each of (A) the record date with respect to the annual meeting, (B) the time of giving of notice by the stockholder as provided in the advance notice provisions set forth in our bylaws, and (C) the time of the annual meeting (and any postponement or adjournment thereof), who is entitled to vote at the annual meeting in the election of directors or on such other proposed business and who has complied with the advance notice provisions set forth in our bylaws. The stockholder generally must provide notice to the secretary not less than 120 days nor more than 150 days prior to the first anniversary of the date of our proxy statement for the solicitation of proxies for election of directors at the preceding year's annual meeting.

Only the business specified in our notice of meeting may be brought before any special meeting of stockholders. Our bylaws provide that nominations of individuals for election to our board of directors at a special meeting of stockholders may be made only (i) by or at the direction of our board of directors, (ii) by a stockholder that has requested that a special meeting be called for the purpose of electing directors and provides the information required to request such a meeting under our bylaws, or (iii) provided that the special meeting has been called for the purpose of electing directors, by any stockholder of record at each of (A) the record date with respect to the special meeting, (B) the time of giving of notice provided for in the advance notice provisions set forth in our bylaws and (C) the time of the special meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions set forth in our bylaws. Such stockholder will be entitled to nominate one or more individuals, as the case may be, for election as a director if the stockholder's notice, containing the information required by our bylaws, is delivered to the secretary at our principal executive office not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of (i) the 90th day prior to such special meeting or (ii) the tenth day following the day on which public announcement is first made of the date of the special meeting and any of the nominees proposed by the board of directors to be elected at such meeting.

Our bylaws also include proxy access to allow eligible stockholders to include their own nominee or nominees for director in our proxy materials for an annual meeting of stockholders, along with the candidates nominated by the board of directors. A stockholder, or group of up to 20 stockholders, owning 3% or more of our outstanding common stock continuously for at least three years would be permitted to include director candidates constituting up to 25% of our board of directors (rounded down to the nearest whole number, but not less than two). Under the proxy access procedure, for the stockholders' notice in respect of the annual meeting of our stockholders to be timely, such notice must be delivered to us not later than the close of business on the 120th day nor earlier than the 150th day prior to the first anniversary of the release date of the proxy materials for the preceding year's annual meeting of stockholders. The foregoing proxy access right is subject to additional eligibility, procedural and disclosure requirements set forth in our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals. The advance notice and proxy access procedures also permit a more orderly procedure for conducting stockholder meetings.

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for:

- any derivative action or proceeding brought on behalf of our company,
- any action asserting a claim of breach of any duty owed by any director or officer or other employee of our company to our company or to the stockholders of our company,
- any action asserting a claim against our company or any director or officer or other employee of our company arising pursuant to any provision of the MGCL, our charter or our bylaws, or
- any action asserting a claim against our company or any director or officer or other employee of our company that is governed by the internal affairs doctrine.

This exclusive forum provision is intended to apply to claims arising under Maryland state law and would not apply to claims brought pursuant to the Exchange Act or the Securities Act of 1933, or any other claim for which the federal courts have exclusive jurisdiction. This exclusive forum provision will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

The restrictions on transfer and ownership of our stock will prohibit any person from acquiring more than 9.9% of outstanding common stock or more than 9.9% of outstanding stock without prior approval of our board of directors. The business combination statute may discourage others from trying to acquire more than 10% of our stock without the advance approval of our board of directors, and may substantially delay or increase the difficulty of consummating any transaction with or change in control of us. Because our board of directors can approve exceptions to the transfer and ownership limits and exempt transactions from the business combination statute, the transfer and ownership limits and the business combination statute will not interfere with a merger or other business combination approved by our board of directors. The power of our board of directors to classify and reclassify unissued common stock or preferred stock, and authorize us to issue classified or reclassified shares, also could have the effect of delaying, deferring or preventing a change in control or other transaction.

These provisions, along with other provisions of the MGCL and our charter and bylaws discussed above, including provisions relating to the removal of directors and the filling of vacancies, the advance notice provisions and the procedures that stockholders will be required to follow to request a special meeting, alone or in combination, could have the effect of delaying, deferring or preventing a proxy contest, tender offer, merger or other change in control that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders, and could increase the difficulty of consummating any offer.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Listing

Shares of our common stock are listed on the The Nasdaq Stock Market LLC and trade on the Nasdaq Global Select Market under the symbol “SBRA.”

Sabra Subsidiaries

Entity Name	Jurisdiction of Organization
1717 Senior Partners, LLC (Subsidiary of Joint Venture)	Indiana
2100 Benvoulin Court Holdings, Inc.	British Columbia
2829-34th Street Holdings, Inc.	British Columbia
317 Winnipeg St. Holdings Inc.	British Columbia
3211 Alexis Park Drive Holdings Inc.	British Columbia
870 Westminster Ave. Holdings, Inc.	British Columbia
Arden Real Estate Holdings, LLC	Delaware
Beaumont Senior Partners, LLC (Subsidiary of Joint Venture)	Indiana
Beavercreek Senior Partners, LLC	Indiana
Bloomsburg Nominee LLC	Delaware
Bloomsburg Nominee LP	Delaware
C.H.W. Limited Liability Company	New Hampshire
CCP Arlington 1961 LLC	Delaware
CCP Ashland 7250 LLC	Delaware
CCP Aspen Grove 7382 LLC	Delaware
CCP Augusta 0544 LLC	Delaware
CCP Autumn View 7580 LLC	Delaware
CCP Autumn Woods 7586 LLC	Delaware
CCP Avalon 5010 LP	Delaware
CCP Bay View 0738 LP	Delaware
CCP Bayview 7176 LLC	Delaware
CCP Bear Creek 3764 LLC	Delaware
CCP Bellefontaine Gardens 7251 LLC	Delaware
CCP Belleville 7343 LLC	Delaware
CCP Bellingham 0158 LLC	Delaware
CCP Bellingham 1501 LLC	Delaware
CCP Blueberry Hill 0581 LLC	Delaware
CCP Boise 0216 LLC	Delaware
CCP Bolton Manor 0529 LLC	Delaware
CCP Bremen 0290 LLC	Delaware
CCP Brentwood 0555 LLC	Delaware
CCP Brewer 0547 LLC	Delaware
CCP Brighton 0873 LLC	Delaware
CCP Brookhaven 7581 LLC	Delaware
CCP Burlington House 2702 LP	Delaware
CCP Camelot 0563 LLC	Delaware
CCP Cascade Park 7360 LLC	Delaware
CCP Chapel Hill 0806 LP	Delaware
CCP Cherry Hills 1159 LLC	Delaware
CCP Cheyenne 0441 LLC	Delaware
CCP Chillicothe 0569 LP	Delaware
CCP Clackamas 1513 LLC	Delaware
CCP Colony House 0582 LLC	Delaware
CCP Conway 7175 LLC	Delaware

CCP Coos Bay 1510 LLC	Delaware
CCP Coshocton 0635 LP	Delaware
CCP Country Manor 0507 LLC	Delaware
CCP Covina 4003 LP	Delaware
CCP Crestview 1505 LLC	Delaware
CCP Current River 7252 LLC	Delaware
CCP Cypress Pointe 0188 LP	Delaware
CCP Danville Centre 0782 LLC	Delaware
CCP Den-Mar 0542 LLC	Delaware
CCP Dixon 7253 LLC	Delaware
CCP Dover 0591 LLC	Delaware
CCP Driftwood 7140 LP	Delaware
CCP Dundee 7170 LLC	Delaware
CCP Dutchess 1741 LLC	Delaware
CCP Eastside 0545 LLC	Delaware
CCP Eliot 0526 LLC	Delaware
CCP Elizabethtown 0787 LLC	Delaware
CCP Eugene 1509 LLC	Delaware
CCP Evergreen North Cascades 7201 LLC	Delaware
CCP Fayette County 7452 LP	Delaware
CCP Finance I LLC	Delaware
CCP Finance II LLC	Delaware
CCP Firesteel 7380 LLC	Delaware
CCP Florence Villa 3781 LLC	Delaware
CCP Forsyth 7254 LLC	Delaware
CCP Fountain Circle 0280 LLC	Delaware
CCP Fountain Springs 7381 LLC	Delaware
CCP Galion 7451 LP	Delaware
CCP Garden Gate 7583 LLC	Delaware
CCP Garden Valley 1155 LLC	Delaware
CCP Glendale 4001 LLC	Delaware
CCP Glenwood 7255 LLC	Delaware
CCP Golden/7470 LLC	Delaware
CCP Gravios 2227 LLC	Delaware
CCP Guardian Roanoke 0704 LP	Delaware
CCP Guardian Rocky Mount 0723 LP	Delaware
CCP Guardian Zebulon 0713 LP	Delaware
CCP Harbour Point 0826 LLC	Delaware
CCP Harris Hill 7582 LLC	Delaware
CCP Harrodsburg 0864 LLC	Delaware
CCP Healthbridge 7403 LP	Delaware
CCP Hillcrest 0785 LLC	Delaware
CCP Hillsboro 1507 LLC	Delaware
CCP Holdings GP1 LLC	Delaware
CCP Hopkins 3784 LLC	Delaware
CCP Junction City 1508 LLC	Delaware
CCP Kachina Point 0853 LLC	Delaware
CCP Kansas II LLC	Delaware

CCP Keizer 1526 LLC	Delaware
CCP Kennebunk 0549 LLC	Delaware
CCP King City 1506 LLC	Delaware
CCP Kinston 0711 LP	Delaware
CCP La Mesa 1910 LLC	Delaware
CCP Lakeshore 4000 LLC	Delaware
CCP Las Vegas 0640 LLC	Delaware
CCP Lebanon 1504 LLC	Delaware
CCP Lincoln 0307 LP	Delaware
CCP Madison 0132 LLC	Delaware
CCP Malley 0859 LLC	Delaware
CCP Marietta 0645 LLC	Delaware
CCP Maryville 3785 LLC	Delaware
CCP Masters 0884 LLC	Delaware
CCP McKinney 1677 LLC	Delaware
CCP Meadowvale 0269 LLC	Delaware
CCP Medford 0453 LLC	Delaware
CCP MG Manor 7387 LLC	Delaware
CCP Millbrook 1678 LLC	Delaware
CCP Minneapolis 7005 LLC	Delaware
CCP Monroe 0707 LP	Delaware
CCP Mountain View 1529 LLC	Delaware
CCP Mountain View 2228 LLC	Delaware
CCP Mt. Pleasant 7171 LLC	Delaware
CCP Muncie 0406 LLC	Delaware
CCP Newport 1528 LLC	Delaware
CCP Newton Wellesley 0539 LLC	Delaware
CCP North Gate 7584 LLC	Delaware
CCP Northern Nevada 2226 LLC	Delaware
CCP Norway 0550 LLC	Delaware
CCP Nutmeg Pavilion 0567 LLC	Delaware
CCP Oakridge 3766 LLC	Delaware
CCP Oakview 0278 LLC	Delaware
CCP Olympic 1503 LLC	Delaware
CCP Orange Hills 7390 LP	Delaware
CCP Palisade 7383 LLC	Delaware
CCP Parkway Pavilion 0568 LLC	Delaware
CCP Parkwood 0407 LLC	Delaware
CCP Pearl Kruse 1527 LLC	Delaware
CCP Petersburg 3767 LLC	Delaware
CCP Pettigrew 0116 LP	Delaware
CCP Phoenix 1930 LLC	Delaware
CCP Pleasant Valley 1679 LLC	Delaware
CCP Prairie View 7385 LLC	Delaware
CCP Primacy 0822 LLC	Delaware
CCP Properties Business Trust	Massachusetts
CCP Queen Anne 0462 LLC	Delaware
CCP Quincy 0537 LLC	Delaware

CCP Raleigh 0143 LP	Delaware
CCP Rawlins 0481 LLC	Delaware
CCP Regency 1676 LLC	Delaware
CCP Regency Manor 2701 LP	Delaware
CCP Richmond Beach 1500 LLC	Delaware
CCP River Terrace 0587 LLC	Delaware
CCP Riverpark 1502 LLC	Delaware
CCP Riverside 0281 LLC	Delaware
CCP Riverview 7384 LLC	Delaware
CCP Rosewood 0277 LLC	Delaware
CCP Royal Oaks 0112 LLC	Delaware
CCP Sachem 0514 LLC	Delaware
CCP Sage View 0483 LLC	Delaware
CCP San Diego 4005 LP	Delaware
CCP San Diego GP LLC	Delaware
CCP Savannah Rehab 0155 LLC	Delaware
CCP Savannah Specialty 0660 LLC	Delaware
CCP Seneca 7585 LLC	Delaware
CCP Senior Indiana LLC	Delaware
CCP Shepherd 7386 LLC	Delaware
CCP Silas Creek 0191 LP	Delaware
CCP Silex 7256 LLC	Delaware
CCP Smoky Hill 7350 LLC	Delaware
CCP South Hampton 7257 LLC	Delaware
CCP South Shore Manor 3782 LLC	Delaware
CCP Springfield Business Trust	Massachusetts
CCP St. Francis 1742 LLC	Delaware
CCP Strafford 7258 LLC	Delaware
CCP Sunnybrook 0137 LP	Delaware
CCP Sunnyside 0452 LLC	Delaware
CCP Tacoma 1512 LLC	Delaware
CCP Tacoma 1515 LLC	Delaware
CCP Tacoma Pearl 1532 LLC	Delaware
CCP Tempe 4002 LLC	Delaware
CCP Three Fountains 1525 LLC	Delaware
CCP Torrey Pines 0641 LLC	Delaware
CCP Tri-State 7172 LLC	Delaware
CCP Ulster 1743 LLC	Delaware
CCP Ventura 4004 LP	Delaware
CCP Villa Campana 0851 LLC	Delaware
CCP Village 1931 LLC	Delaware
CCP Warren 7453 LP	Delaware
CCP Western Village 3780 LLC	Delaware
CCP Westgate Manor 0554 LLC	Delaware
CCP Westminster 3775 LLC	Delaware
CCP Westwood Manor 7348 LLC	Delaware
CCP WH Holdings LLC	Delaware
CCP Wheatcrest 7388 LLC	Delaware

CCP Whitesburg 0791 LLC	Delaware
CCP Wind River 0482 LLC	Delaware
CCP Windsor 7259 LLC	Delaware
CCP Winship Green 0546 LLC	Delaware
CCP Worthington 1160 LLC	Delaware
CCP Wyomissing 1237 LLC	Delaware
Charleston AID II OpCo LLC	Delaware
Charleston AID II PropCo LLC	Delaware
Chesterfield Holdings, LLC (Subsidiary of Joint Venture)	Delaware
Chesterfield TRS, LLC (Subsidiary of Joint Venture)	Delaware
Clarks Summit AID II OpCo LLC	Delaware
Clarks Summit AID II PropCo LLC	Delaware
Clarksville Senior Partners, LLC (Subsidiary of Joint Venture)	Indiana
Deerfield Senior Partners, LLC (Subsidiary of Joint Venture)	Indiana
Douglasville AID II OpCo LLC	Delaware
Douglasville AID II PropCo LLC	Delaware
Dover AID II OpCo LLC	Delaware
Dover AID II PropCo LLC	Delaware
HEB Health Care Partners, LLC (Joint Venture)	Delaware
HEB SNF RE GenPar, LLC	Texas
HEB SNF RE, L.P.	Texas
L.P.E.	New Hampshire
Langdon Place of Dover, a general partnership	New Hampshire
Langdon Place of Keene Limited Partnership	New Hampshire
Lewisburg AID II OpCo LLC	Delaware
Lewisburg AID II PropCo LLC	Delaware
Madeira Senior Partners, LLC (Subsidiary of Joint Venture)	Indiana
Master Aid II PROPCO LLC	Delaware
Master Aid II-B PROPCO LLC	Delaware
Master Tenant (FNMA) AID II Opco LLC	Delaware
Master Tenant (UNEN) AID II Opco LLC	Delaware
McCordsville Senior Partners, LLC (Subsidiary of Joint Venture)	Indiana
Milford AID II OpCo LLC	Delaware
Milford AID II PropCo LLC	Delaware
MLD Properties, LLC	Delaware
MLD Shelton Investors Partnership	California
New Hampshire Holdings, LLC	Delaware
Oak Hill AID II OpCo LLC	Delaware
Oak Hill AID II PropCo LLC	Delaware
Parent AID II Opco TRS LLC	Delaware
Park Place AL, LLC	Indiana
Reading AID II OpCo LLC	Delaware
Reading AID II PropCo LLC	Delaware
Sabra 1717 Preferred Equity, LLC	Delaware
Sabra AL Holdings, LLC	Delaware
Sabra AL Operations, LLC	Delaware
Sabra Alamos, LP	Delaware
Sabra Beachside, LP	Delaware

Sabra Beaumont Preferred Equity, LLC	Delaware
Sabra Beaver creek Preferred Equity, LLC	Delaware
Sabra Bedford Hills, LLC	Delaware
Sabra Broadway, LP	Delaware
Sabra Burien, LLC	Delaware
Sabra CA Holdco, Inc.	British Columbia
Sabra CA Holdings, LP	Delaware
Sabra California GP, LLC	Delaware
Sabra Canadian GP I, Inc.	British Columbia
Sabra Canadian GP II, Inc.	British Columbia
Sabra Canadian GP III, Inc.	British Columbia
Sabra Canadian GP IV, Inc.	British Columbia
Sabra Canadian Holdings, LLC	Delaware
Sabra Canadian Properties I, Limited Partnership	British Columbia
Sabra Canadian Properties II, Limited Partnership	British Columbia
Sabra Canadian Properties III, Limited Partnership	British Columbia
Sabra Canadian Properties IV, Limited Partnership	British Columbia
Sabra Capital Corporation	Delaware
Sabra Chatsworth, LP	Delaware
Sabra Chesterfield Preferred Equity, LLC	Delaware
Sabra Clarksville Preferred Equity, LLC	Delaware
Sabra Colorado, LLC	Nevada
Sabra Colorado II, LLC	Nevada
Sabra Cottonwood, LP	Delaware
Sabra Coventry, LP	Delaware
Sabra Danville, LP	Delaware
Sabra Deer Lodge, LLC	Delaware
Sabra Deerfield Operations, LLC	Delaware
Sabra Deerfield Preferred Equity, LLC	Delaware
Sabra Edgewater, LP	Delaware
Sabra Fairfield, LP	Delaware
Sabra Fairmont, LP	Delaware
Sabra FHAPT, LLC	Delaware
Sabra Forest Hills, LLC	Delaware
Sabra Garden View, LP	Delaware
Sabra Grand Terrace, LP	Delaware
Sabra Hagerstown, LLC	Delaware
Sabra Health Care AL, LLC	Delaware
Sabra Health Care Delaware, LLC	Delaware
Sabra Health Care Frankenmuth, LLC	Delaware
Sabra Health Care Holdings I, LLC	Delaware
Sabra Health Care Holdings II, LLC	Delaware
Sabra Health Care Holdings III, LLC	Delaware
Sabra Health Care Holdings IV, LLC	Delaware
Sabra Health Care Holdings V, LLC	Delaware
Sabra Health Care Holdings VI, LLC	Delaware
Sabra Health Care Investments, LP	Delaware
Sabra Health Care Limited Partnership	Delaware

Sabra Health Care Northeast, LLC	Delaware
Sabra Health Care Pennsylvania, LLC	Delaware
Sabra Health Care Virginia II, LLC	Delaware
Sabra Health Care Virginia, LLC	Delaware
Sabra Health Care, L.L.C.	Delaware
Sabra IL California GP, LLC	Delaware
Sabra IL California, L.P.	Delaware
Sabra IL Holdings, LLC	Delaware
Sabra IL Operations, LLC	Delaware
Sabra IL Texas GP, LLC	Texas
Sabra IL Texas, L.P.	Texas
Sabra Issaquah, LLC	Delaware
Sabra Lake Balboa, LP	Delaware
Sabra Lake Drive, LLC	Delaware
Sabra LBG 1717 JV, LLC (Joint Venture)	Delaware
Sabra LBG Clarksville JV, LLC (Joint Venture)	Delaware
Sabra LBG Deerfield JV, LLC (Joint Venture)	Delaware
Sabra LBG JV, LLC (Joint Venture)	Delaware
Sabra LBG Madeira, LLC (Joint Venture)	Delaware
Sabra LBG McCordsville, LLC (Joint Venture)	Delaware
Sabra Lomita, LP	Delaware
Sabra Madiera Preferred Equity, LLC	Delaware
Sabra Marshfield II RP, LLC	Delaware
Sabra Marshfield II TRS, LLC	Delaware
Sabra McCordsville Preferred Equity, LLC	Delaware
Sabra Michigan, LLC	Delaware
Sabra Missouri River, LLC	Delaware
Sabra Nashua, LLC	New Hampshire
Sabra New Braunfels Preferred Equity, LLC	Delaware
Sabra New Mexico II, LLC	Delaware
Sabra North Carolina GP, LLC	Delaware
Sabra North Carolina, L.P.	Delaware
Sabra North Conway, L.L.C.	New Hampshire
Sabra Opco AL, LLC	Delaware
Sabra Pacifica, LP	Delaware
Sabra Palm Terrace, LP	Delaware
Sabra Park Ridge, LLC	Delaware
Sabra Park West, LLC	Delaware
Sabra Phoenix Holding, LLC	Delaware
Sabra Phoenix Marshfield, LLC	Delaware
Sabra Phoenix TRS Venture II, LLC	Delaware
Sabra Phoenix TRS Venture, LLC	Delaware
Sabra Phoenix Wisconsin, LLC	Delaware
Sabra Propco AL, LLC	Delaware
Sabra Ramona, LP	Delaware
Sabra Ramsey, LLC	Delaware
Sabra Ramsey TRS, LLC	Delaware
Sabra Texas GP, LLC	Texas

Sabra Texas Holdings GP, LLC	Texas
Sabra Texas Holdings, LP	Texas
Sabra Texas Holdings II, L.P.	Texas
Sabra Texas Properties LP	Texas
Sabra Texas Properties II, L.P.	Texas
Sabra Texas Properties III, L.P.	Texas
Sabra Texas Properties IV, L.P.	Texas
Sabra Texas Properties VI, L.P.	Texas
Sabra TRS Holdings, LLC	Delaware
Sabra University, LP	Delaware
Sabra Virginia III, LLC	Delaware
Sabra Wellmore Preferred Equity, LLC	Delaware
Sabra West Lake Operations, LLC	Delaware
Sabra Wisconsin, LLC	Delaware
Sabra Wisconsin II, LLC	Delaware
Sabra Woodland, LP	Delaware
Sabra-Sundara Master Developer, LLC	Delaware
SbraREIT Assisted Living I, ULC	Nova Scotia
SbraREIT Canadian GP V Inc.	Nova Scotia
SbraREIT Canadian Properties V, Limited Partnership	Alberta
SbraREIT Independent Living I, ULC	British Columbia
SbraREIT Independent Living II, ULC	British Columbia
Scott Depot AID II OpCo LLC	Delaware
Scott Depot AID II PropCo LLC	Delaware
SHDG Chesterfield, LLC (Subsidiary of Joint Venture)	Delaware
SHDG Missouri, LLC (Subsidiary of Joint Venture)	Delaware
Sundara Prop-1, LLC (Subsidiary of Joint Venture)	Texas
TSL NB Prop Co., LLC (Joint Venture)	Delaware
United Rehab Realty Holding, LLC	Delaware
Wellmore of Daniel Island JV, LLC	Delaware
Wellmore of Daniel Island Propco, LLC (Subsidiary of Joint Venture)	Delaware
Williamsport AID II OpCo LLC	Delaware
Williamsport AID II PropCo LLC	Delaware
Wyncote AID II OpCo LLC	Delaware
Wyncote AID II PropCo LLC	Delaware

List of Subsidiary Issuers and Guarantors of Sabra Health Care REIT, Inc.

Sabra Health Care Limited Partnership (the “Operating Partnership”), a Delaware limited partnership and subsidiary of Sabra Health Care REIT, Inc. (the “Company”), is the issuer of the following securities registered under the Securities Act of 1933, as amended, for which the Company is the guarantor:

- (i) \$500.0 million aggregate principal amount of 5.125% Senior Notes due 2026 assumed on August 17, 2017 in connection with the Company’s merger with Care Capital Properties, Inc.;
- (ii) \$350.0 million aggregate principal amount of 3.90% Senior Notes due 2029 issued on October 7, 2019; and
- (iii) \$800.0 million aggregate principal amount of 3.20% Senior Notes due 2031 issued on September 30, 2021.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-235449) and Form S-8 (Nos. 333-220055 and 333-239427) of Sabra Health Care REIT, Inc. of our report dated February 22, 2022 relating to the financial statements, financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 22, 2022

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

I, Richard K. Matros, certify that:

1. I have reviewed this annual report on Form 10-K of Sabra Health Care REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

/s/ RICHARD K. MATROS

Richard K. Matros

Chief Executive Officer, President and Chair

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

I, Michael Costa, certify that:

1. I have reviewed this annual report on Form 10-K of Sabra Health Care REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

/S/ MICHAEL COSTA

Michael Costa

Chief Financial Officer, Secretary and Executive Vice President

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

In connection with the Annual Report on Form 10-K of Sabra Health Care REIT, Inc. (the "Registrant") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Richard K. Matros, as Chief Executive Officer, President and Chair of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 22, 2022

/S/ RICHARD K. MATROS

Richard K. Matros

Chief Executive Officer, President and Chair

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

In connection with the Annual Report on Form 10-K of Sabra Health Care REIT, Inc. (the "Registrant") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael Costa, as Chief Financial Officer, Secretary and Executive Vice President of the Registrant, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 22, 2022

/S/ MICHAEL COSTA

Michael Costa

Chief Financial Officer, Secretary and Executive Vice President