AMERICAN HEALTHCARE REIT, INC.

FORM 10-K
(Annual Report)

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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**

For the transition period from to

Commission File Number: **000-55775**

AMERICAN HEALTHCARE REIT, INC.

(Exact name of registrant as specified in its charter)

Maryland	**47-2887436**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
18191 Von Karman Avenue, Suite 300 **Irvine, California**	**92612**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(949) 270-9200**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.01 par value per share

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 Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

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

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

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

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

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

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

There is no established market for the registrant's common stock. On March 18, 2021, the registrant's board of directors established an updated estimated per share net asset value, or NAV, of the registrant's common stock of $9.22 as of September 30, 2020. As of the last business day of the registrant's most recently completed second fiscal quarter, there were approximately 75,788,583 shares of Class T common stock and 5,405,560 shares of Class I common stock held by non-affiliates, excluding shares owned by officers of American Healthcare Investors, LLC, the registrant's then-affiliated co-sponsor, for an aggregate market value of $698,771,000 and $49,839,000, respectively, assuming a market value as of that date of $9.22 per share.

As of March 18, 2022, there were 77,504,480 shares of Class T common stock and 186,305,249 shares of Class I common stock of American Healthcare REIT, Inc. outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference portions of the American Healthcare REIT, Inc. definitive proxy statement for the 2022 annual meeting of stockholders (into Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K).

AMERICAN HEALTHCARE REIT, INC.
(A Maryland Corporation)

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PART I

Item 1. Business.

The use of the words "we," "us" or "our" refers to Griffin-American Healthcare REIT III, Inc. and its subsidiaries, including Griffin-American Healthcare REIT III Holdings, LP, for periods prior to the Merger, as defined below, and American Healthcare REIT, Inc. (formerly known as Griffin-American Healthcare REIT IV, Inc.) and its subsidiaries, including American Healthcare REIT Holdings, LP (formerly known as Griffin-American Healthcare REIT III Holdings, LP), for periods following the Merger, except where otherwise noted. Certain historical information of Griffin-American Healthcare REIT IV, Inc. is included for background purposes.

Company

American Healthcare REIT, Inc., a Maryland corporation, owns a diversified portfolio of clinical healthcare real estate properties, focusing primarily on medical office buildings, skilled nursing facilities, senior housing, hospitals and other healthcare-related facilities. We also operate healthcare-related facilities utilizing the structure permitted by the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure (the provisions of the Internal Revenue Code of 1986, as amended, or the Code, authorizing the RIDEA structure were enacted as part of the Housing and Economic Recovery Act of 2008). Our healthcare facilities operated under a RIDEA structure include our senior housing operating properties, or SHOP (formerly known as senior housing — RIDEA), and our integrated senior health campuses. We have originated and acquired secured loans and may also originate and acquire other real estate-related investments on an infrequent and opportunistic basis. We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, real estate properties. We qualified to be taxed as a real estate investment trust, or REIT, under the Code for federal income tax purposes, and we intend to continue to qualify to be taxed as a REIT.

Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc.

On June 23, 2021, Griffin-American Healthcare REIT III, Inc., a Maryland corporation, or GAHR III, Griffin-American Healthcare REIT III Holdings, LP, a Delaware limited partnership, or our operating partnership that subsequent to the Merger on October 1, 2021 described below is also referred to as the surviving partnership, Griffin-American Healthcare REIT IV, Inc., a Maryland corporation, or GAHR IV, its subsidiary Griffin-American Healthcare REIT IV Holdings, LP, a Delaware limited partnership, or GAHR IV Operating Partnership, and Continental Merger Sub, LLC, a Maryland limited liability company and a newly formed wholly owned subsidiary of GAHR IV, or Merger Sub, entered into an Agreement and Plan of Merger, or the Merger Agreement. On October 1, 2021, pursuant to the Merger Agreement, (i) GAHR III merged with and into Merger Sub, with Merger Sub being the surviving company, or the REIT Merger, and (ii) GAHR IV Operating Partnership merged with and into our operating partnership, with our operating partnership being the surviving entity and being renamed American Healthcare REIT Holdings, LP, or the Partnership Merger, and, together with the REIT Merger, the Merger. Following the Merger on October 1, 2021, our company, or the Combined Company, was renamed American Healthcare REIT, Inc. The REIT Merger was intended to qualify as a reorganization under, and within the meaning of, Section 368(a) of the Code. As a result of and at the effective time of the Merger, the separate corporate existence of GAHR III and GAHR IV Operating Partnership ceased.

At the effective time of the REIT Merger, each issued and outstanding share of GAHR III's common stock, $0.01 par value per share, converted into the right to receive 0.9266 shares of GAHR IV's Class I common stock, $0.01 par value per share. Further, at the effective time of the Partnership Merger, (i) each unit of limited partnership interest in the surviving partnership outstanding as of immediately prior to the effective time of the Partnership Merger was converted automatically into the right to receive 0.9266 of a Partnership Class I Unit, as defined in the agreement of limited partnership, as amended, of the surviving partnership, and (ii) each unit of limited partnership interest in GAHR IV Operating Partnership outstanding as of immediately prior to the effective time of the Partnership Merger was converted automatically into the right to receive one unit of limited partnership interest of the surviving partnership of like class.

AHI Acquisition

Also on June 23, 2021, GAHR III; our operating partnership; American Healthcare Investors, LLC, or AHI; Griffin Capital Company, LLC, or Griffin Capital; Platform Healthcare Investor T-II, LLC; Flaherty Trust; and Jeffrey T. Hanson, our former Chief Executive Officer and current Executive Chairman of the Board of Directors, Danny Prosky, our former Chief Operating Officer and current Chief Executive Officer and President, and Mathieu B. Streiff, our former Executive Vice President, General Counsel and current Chief Operating Officer, or collectively, the AHI Principals, entered into a contribution and exchange agreement, or the Contribution Agreement, pursuant to which, among other things, GAHR III agreed to acquire a newly formed entity, American Healthcare Opps Holdings, LLC, or NewCo, which we refer to as the AHI Acquisition. NewCo owned substantially all of the business and operations of AHI, as well as all of the equity interests in (i) Griffin-American Healthcare REIT IV Advisor, LLC, or GAHR IV Advisor, a subsidiary of AHI that served as the external advisor of GAHR IV, and (ii) Griffin-American Healthcare REIT III Advisor, LLC, or GAHR III Advisor, also referred to as our former advisor, a subsidiary of AHI that served as the external advisor of GAHR III. See "Operating Partnership and Former Advisor" below for a further discussion.

On October 1, 2021, the AHI Acquisition closed immediately prior to the consummation of the Merger, and pursuant to the Contribution Agreement, AHI contributed substantially all of its business and operations to the surviving partnership, including its interest in GAHR III Advisor and GAHR IV Advisor, and Griffin Capital contributed its then-current ownership interest in GAHR III Advisor and GAHR IV Advisor to the surviving partnership. In exchange for these contributions, the surviving partnership issued limited partnership units, or surviving partnership OP units. Subject to working capital and other customary adjustments, the total approximate value of these surviving partnership OP units at the time of consummation of the transactions contemplated by the Contribution Agreement was approximately $131,674,000, with a reference value for purposes thereof of $8.71 per unit, such that the surviving partnership issued 15,117,529 surviving partnership OP units as consideration, or the Closing Date Consideration. Following the consummation of the Merger and the AHI Acquisition, the Combined Company has become self-managed. As of December 31, 2021, such surviving partnership OP units are owned by AHI Group Holdings, LLC, or AHI Group Holdings, which is owned and controlled by the AHI Principals, Platform Healthcare Investor T-II, LLC, Flaherty Trust and a wholly owned subsidiary of Griffin Capital, or collectively, the NewCo Sellers.

In addition to the Closing Date Consideration, pursuant to the Contribution Agreement, we may in the future pay cash "earnout" consideration to AHI based on the fees that we may earn from our potential sponsorship of, and investment advisory services rendered to, American Healthcare RE Fund, L.P., a healthcare-related, real-estate-focused, private investment fund under consideration by AHI, or the Earnout Consideration. The Earnout Consideration is uncapped in amount and, if ever payable by us to AHI, will be due on the seventh anniversary of the closing of the AHI Acquisition (subject to acceleration in certain events, including if we achieve certain fee-generation milestones from our sponsorship of the private investment fund). AHI's ability to receive the Earnout Consideration is also subject to vesting conditions relating to the private investment fund's deployed equity capital and the continuous employment of at least two of the AHI Principals throughout the vesting period. As of December 31, 2021, the fair value of such cash earnout consideration was estimated to be $0.

The AHI Acquisition was treated as a business combination for accounting purposes, with GAHR III as both the legal and accounting acquiror of NewCo. While GAHR IV was the legal acquiror of GAHR III in the REIT Merger, GAHR III was determined to be the accounting acquiror in the REIT Merger in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 805, *Business Combinations*, or ASC Topic 805, after considering the relative share ownership and the composition of the governing body of the Combined Company. Thus, the financial information set forth herein subsequent to the consummation of the Merger and the AHI Acquisition reflects results of the Combined Company, and the financial information set forth herein prior to the Merger and the AHI Acquisition reflects GAHR III's results. For this reason, period to period comparisons may not be meaningful.

Please see Note 3, Business Combinations, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion of the Merger and the AHI Acquisition.

Operating Partnership and Former Advisor

We conduct substantially all of our operations through our operating partnership. Through September 30, 2021, we were externally advised by our former advisor pursuant to an advisory agreement, as amended, or the Advisory Agreement, between us and our former advisor, and GAHR IV was externally advised by its former advisor pursuant to a separate advisory agreement between those parties. On June 23, 2021, we also entered into a Mutual Consent Regarding Waiver of Subordination of Asset Management Fees, or the Mutual Consent, pursuant to which, for the period from the date the Mutual Consent was entered into until the earlier to occur of (i) the closing of the Merger, or (ii) the termination of the Merger Agreement, the parties waived the requirement in the Advisory Agreement that our stockholders receive distributions in an amount equal to 5.0% per annum, cumulative, non-compounded, of their invested capital before we would be obligated to pay an asset management fee. Our former advisor and the former advisor of GAHR IV used their best efforts, subject to the oversight and review of each company's board of directors, to, among other things, provide asset management, property management, acquisition, disposition and other advisory services on behalf of the respective company consistent with such company's investment policies and objectives. Following the Merger and the AHI Acquisition, we became self-managed and are no longer externally advised. As a result, any fees that would have otherwise been payable to our former advisor or the former advisor of GAHR IV, are no longer being paid.

Prior to the Merger and AHI Acquisition, our former advisor was 75.0% owned and managed by wholly owned subsidiaries of AHI, and 25.0% owned by a wholly owned subsidiary of Griffin Capital, or collectively, our former co-sponsors. Prior to the AHI Acquisition, AHI was 47.1% owned by AHI Group Holdings, 45.1% indirectly owned by Digital

Bridge Group, Inc. (NYSE: DBRG) (formerly known as Colony Capital, Inc.), or Digital Bridge, and 7.8% owned by James F. Flaherty III, a former partner of Colony Capital. We were not affiliated with Griffin Capital, Digital Bridge or Mr. Flaherty; however, we were affiliated with our former advisor, AHI and AHI Group Holdings. Please see the "Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc." and "AHI Acquisition" sections above for a further discussion of our operations effective October 1, 2021. As a result of the Merger and the AHI Acquisition on October 1, 2021, we, through our direct and indirect subsidiaries, own approximately 94.9% of our operating partnership and the remaining 5.1% is owned by the NewCo Sellers. See Note 13, Redeemable Noncontrolling Interests, and Note 14, Equity – Noncontrolling Interests in Total Equity, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

Public Offering

GAHR IV raised $754,118,000 through a best efforts initial public offering, or the initial offering, and issued 75,639,681 aggregate shares of its Class T and Class I common stock. In addition, during the initial offering, GAHR IV issued 3,253,535 aggregate shares of its Class T and Class I common stock pursuant to GAHR IV's distribution reinvestment plan, as amended, or the DRIP, for a total of $31,021,000 in distributions reinvested. Following the deregistration of the initial offering, GAHR IV continued issuing shares of its common stock pursuant to the DRIP through a subsequent offering, or the 2019 GAHR IV DRIP Offering. GAHR IV commenced offering shares pursuant to the 2019 GAHR IV DRIP Offering on March 1, 2019, following the termination of the initial offering on February 15, 2019. On March 18, 2021, the GAHR IV board of directors authorized the suspension of the DRIP, effective as of April 1, 2021.

On October 4, 2021, our board of directors, or our board, authorized the reinstatement of the DRIP. We continue to offer up to $100,000,000 of shares of our common stock to be issued pursuant to the DRIP under an existing Registration Statement on Form S-3 under the Securities Act of 1933, as amended, or the Securities Act, filed by GAHR IV. As of December 31, 2021, a total of $54,637,000 in distributions were reinvested that resulted in 5,755,013 shares of common stock being issued pursuant to the 2019 GAHR IV DRIP Offering. We collectively refer to the DRIP portion of GAHR IV's initial offering and the 2019 GAHR IV DRIP Offering as our DRIP Offerings. See Note 14, Equity — Distribution Reinvestment Plan, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

COVID-19

Due to the ongoing COVID-19 pandemic in the United States and globally, since March 2020, our residents, tenants, operating partners and managers have been materially impacted. The rise of the Delta and Omicron variants of COVID-19, and government and public health agencies' responses to potential future resurgences in the virus, further contributes to the prolonged economic impact and uncertainties caused by the COVID-19 pandemic. There is also uncertainty regarding the acceptance of available vaccines and boosters and the public's receptiveness to those measures. As the COVID-19 pandemic is still impacting the healthcare system, it continues to present challenges for us as an owner and operator of healthcare facilities, making it difficult to ascertain the long-term impact the COVID-19 pandemic will have on real estate markets in which we own and/or operate properties and our portfolio of investments.

We have evaluated the impacts of the COVID-19 pandemic on our business thus far and incorporated information concerning such impacts into our assessments of liquidity, impairment and collectability from tenants and residents as of December 31, 2021. We will continue to monitor such impacts and will adjust our estimates and assumptions based on the best available information. For a further discussion of the impact of the COVID-19 pandemic to our business, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Developments

- On October 1, 2021, we completed the Merger and the AHI Acquisition and were renamed American Healthcare REIT, Inc., which resulted in the creation of a self-managed, diversified healthcare real estate investment trust with approximately $4.3 billion in healthcare real estate assets.
- On October 4, 2021, our board authorized the reinstatement of the DRIP and as a result, beginning with the October 2021 distribution, which was paid in November 2021, stockholders who previously enrolled as participants in the DRIP (including former GAHR III stockholders who participated in the DRIP offerings conducted by GAHR III) were able to receive distributions in shares of our common stock pursuant to the terms of the DRIP, instead of cash distributions. Our board also authorized record date distributions to our Class T and Class I stockholders of record as of each monthly record date from October 2021 through March 2022, equal to $0.033333333 per share of our common stock, which is equal to an annualized distribution rate of $0.40 per share. The distributions were paid in cash or shares of our common stock pursuant to the DRIP.

- In addition, on October 4, 2021, our board amended and restated our share repurchase plan, which amended the repurchase price with respect to repurchases resulting from the death or qualifying disability (as such term is defined in the share repurchase plan) of a stockholder from 100% of the price paid by the stockholder to acquire shares of our Class T common stock or Class I common stock, as applicable, to the most recently published estimated per share net asset value, or NAV. On October 4, 2021, our board also authorized the partial reinstatement of our share repurchase plan with respect to requests to repurchase shares resulting from the death or qualifying disability of stockholders, effective with respect to qualifying repurchases for the fiscal quarter ending December 31, 2021, which were paid on January 4, 2022.
- During 2021, through our majority-owned subsidiary, Trilogy Investors, LLC, or Trilogy, GAHR III expanded our integrated senior health campuses segment by $165,818,000 primarily through the acquisition of previously leased campuses and completion of development projects, as well as the acquisition of land for development.
- On January 19, 2022, we terminated the 2018 Credit Facility (as defined below) and through our operating partnership, entered into a credit agreement that supersedes and replaces the 2019 Credit Facility (as defined below) with a credit facility for an aggregate maximum principal amount up to $1,050,000,000. See Note 9, Lines of Credit and Term Loans, and Note 22, Subsequent Events, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.
- On March 24, 2022, our board, at the recommendation of the audit committee of our board, comprised solely of independent directors, unanimously approved and established an updated estimated per share NAV of our common stock of $9.29 as of December 31, 2021. For a further discussion, see Part II, Item 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.
- As of March 25, 2022, we owned and/or operated 182 properties, comprising 191 buildings, and 122 integrated senior health campuses including completed development projects, or approximately 19,461,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,299,886,000. In addition, as of March 25, 2022, we also owned a real estate-related debt investment purchased for $60,429,000.

Our principal executive offices are located at 18191 Von Karman Avenue, Suite 300, Irvine, California 92612, and our telephone number is (949) 270-9200. We maintain a web site at *www.americanhealthcarereit.com,* at which there is additional information about us. The contents of that site are not incorporated by reference in, or otherwise a part of, this filing. We make our periodic and current reports and all amendments to those reports available at *www.americanhealthcarereit.com* as soon as reasonably practicable after such materials are electronically filed with the United States Securities and Exchange Commission, or the SEC. They also are available for printing by any stockholder upon request. In addition, copies of our filings with the SEC may be obtained from the SEC's website, *http://www.sec.gov*. Access to these filings is free of charge.

Investment Objectives

Our investment objectives are:

- to preserve, protect and return our stockholders' capital contributions;
- to pay regular cash distributions; and
- to realize growth in the value of our investments upon our ultimate sale of such investments.

Our board may change our investment objectives if it determines it is advisable and in the best interest of our stockholders.

Investment Strategy

We have and we may continue to invest in a diversified portfolio of clinical healthcare real estate properties, focusing primarily on medical office buildings, skilled nursing facilities, senior housing, hospitals and other healthcare-related facilities, such as long-term acute care centers, surgery centers, memory care facilities, specialty medical and diagnostic service facilities, laboratories and research facilities, pharmaceutical and medical supply manufacturing facilities and offices leased to tenants in healthcare-related industries. We have acquired, and may continue to acquire, properties either directly or jointly with third parties. We also have originated and acquired, and may continue to originate or acquire, secured loans and other real estate-related investments on an infrequent and opportunistic basis.

We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, real estate properties. Our portfolio may include properties in various stages of development other than those producing current income. These stages include unimproved land both with and without entitlements and permits, property to be redeveloped and repositioned, newly constructed properties and properties in lease-up or other stabilization, all of which have limited or no relevant operating histories and current income. Our board makes such investment determinations based upon a variety of factors, including the available risk-adjusted returns for such properties when compared with other available properties, the appropriate diversification of the portfolio and our objectives of realizing both current income and capital appreciation upon the ultimate sale of properties.

We seek to maximize long-term stockholder value by generating sustainable growth in cash flows and portfolio value. In order to achieve these objectives, we may invest using a number of investment structures, which may include direct acquisitions, joint ventures, leveraged investments, issuing securities for property and direct and indirect investments in real estate. In order to maintain our exemption from regulation as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act, we may be required to limit our investments in certain types of real estate-related investments. See "Investment Company Act Considerations" below for a further discussion.

For each of our investments, regardless of property type, we seek to invest in properties with the following attributes:

- *Quality.* We seek to acquire properties that are suitable for their intended use with a quality of construction that is capable of sustaining the property's investment potential for the long-term, assuming funding of budgeted maintenance, repairs and capital improvements.
- *Location.* We seek to acquire properties that are located in established or otherwise appropriate markets, with access and visibility suitable to meet the needs of its occupants. In addition to United States properties, we also seek to acquire international properties that meet our investment criteria.
- *Market; Supply and Demand.* We focus on local or regional markets that have potential for stable and growing property level cash flows over the long-term. These determinations are based in part on an evaluation of local and regional economic, demographic and regulatory factors affecting the property. For instance, we favor markets that indicate a growing population and employment base or markets that exhibit potential limitations on additions to supply, such as barriers to new construction. Barriers to new construction include lack of available land, stringent zoning restrictions and states where certificates of need are required. In addition, we generally seek to limit our investments in areas that have limited potential for growth.
- *Predictable Capital Needs.* We seek to acquire properties where the future expected capital needs can be reasonably projected in a manner that would enable us to meet our objectives of growth in cash flows and preservation of capital and stability.
- *Cash Flows.* We seek to acquire properties where the current and projected cash flows, including the potential for appreciation in value, would enable us to meet our overall investment objectives. We evaluate cash flows as well as expected growth and the potential for appreciation.

We are not limited as to the geographic areas where we may acquire properties. We are not specifically limited in the number or size of properties we may acquire or on the percentage of our assets that we may invest in a single property or investment. The number and mix of properties and real estate-related investments we will acquire will depend upon real estate and market conditions and other circumstances existing at the time we are acquiring our properties and making our investments and the amount of debt financing available.

Real Estate Investments

We have invested, and may continue to invest, in a diversified portfolio of clinical healthcare real estate investments, focusing primarily on medical office buildings, skilled nursing facilities, senior housing, hospitals and other healthcare-related facilities. We generally seek investments that produce current income. Our investments may include:

- medical office buildings;
- skilled nursing facilities;
- senior housing facilities;
- healthcare-related facilities operated utilizing a RIDEA structure;
- hospitals;
- long-term acute care facilities;
- surgery centers;
- memory care facilities;
- specialty medical and diagnostic service facilities;
- laboratories and research facilities;

- pharmaceutical and medical supply manufacturing facilities; and
- offices leased to tenants in healthcare-related industries.

We generally seek to acquire real estate of the types described above that will best enable us to meet our investment objectives, taking into account the diversification of our portfolio at the time, relevant real estate and financial factors, the location, the income-producing capacity and the prospects for long-range appreciation of a particular property and other considerations. As a result, we may acquire properties other than the types described above. In addition, we may acquire properties that vary from the parameters described above for a particular property type.

Our real estate investments generally take the form of holding fee title or long-term leasehold interests. Our investments may be made either directly through our operating partnership or indirectly through investments in joint ventures, limited liability companies, general partnerships or other co-ownership arrangements with the developers of the properties or other persons. See “Joint Ventures” below for a further discussion.

We have exercised, and may continue to exercise, our purchase options to acquire properties that we currently lease. In addition, we have participated in sale-leaseback transactions, in which we purchase real estate investments and lease them back to the sellers of such properties. We will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a “true lease” and so that we will be treated as the owner of the property for federal income tax purposes.

Our obligation to close a transaction involving the purchase of real estate is generally conditioned upon the delivery and verification of certain documents from the seller or developer, including, where appropriate: (i) plans and specifications; (ii) environmental reports (generally a minimum of a Phase I investigation); (iii) building condition reports; (iv) surveys; (v) evidence of marketable title subject to such liens and encumbrances; (vi) audited financial statements covering recent operations of real properties having operating histories unless such statements are not required to be filed with the SEC and delivered to stockholders; (vii) title insurance policies; and (viii) liability insurance policies.

In determining whether to purchase a particular real estate investment, we may obtain an option on such property, including land suitable for development. The amount paid for an option is normally surrendered if the real estate is not purchased, and is normally credited against the purchase price if the real estate is purchased. We also may enter into arrangements with the seller or developer of a real estate investment whereby the seller or developer agrees that if, during a stated period, the real estate investment does not generate specified cash flows, the seller or developer will pay us cash in an amount necessary to reach the specified cash flows level, subject in some cases to negotiated dollar limitations.

We have obtained, and we intend to continue to obtain, adequate insurance coverage for all real estate investments in which we invest.

We have acquired, and we intend to continue to acquire, leased properties with long-term leases and we generally do not intend to operate any healthcare-related facilities directly. As a REIT, we are prohibited from operating healthcare-related facilities directly; however, we have leased, and may continue to lease, healthcare-related facilities that we acquire to wholly owned taxable REIT subsidiaries, or TRS. In such an event, our TRS will engage a third party in the business of operating healthcare-related facilities to manage the property utilizing a RIDEA structure permitted by the Code. Through our TRS, we bear all operational risks and liabilities associated with the operation of such healthcare-related facilities unlike our triple-net leased properties. Such operational risks and liabilities include, but are not limited to, resident quality of care claims and governmental reimbursement matters.

Development and Construction Activities

On an opportunistic basis, we have selectively developed, and may continue to selectively develop, real estate assets within our integrated senior health campuses segment when market conditions warrant, which may be funded through capital that we, and in certain circumstances, our joint venture partners, provide. As of December 31, 2021, we had two integrated senior health campuses under development. In doing so, we may be able to reduce overall purchase costs by developing property versus purchasing an existing property. We retain and will continue to retain independent contractors to perform the actual construction work on tenant improvements, as well as property development.

Joint Ventures

We have entered into, and we may continue to enter into, joint ventures, general partnerships and other arrangements with one or more institutions or individuals, including real estate developers, operators, owners, investors and others, for the purpose of acquiring real estate. Such joint ventures may be leveraged with debt financing or unleveraged. We have entered into, and may continue to enter into, joint ventures to further diversify our investments or to access investments which meet our investment criteria that would otherwise be unavailable to us. In determining whether to invest in a particular joint venture, we will evaluate the real estate that such joint venture owns or is being formed to own under the same criteria described elsewhere in this Annual Report on Form 10-K for the selection of our other properties. However, we will not participate in tenant in common syndications or transactions.

Joint ventures with unaffiliated third parties may be structured such that the investment made by us and the co-venturer are on substantially different terms and conditions. This type of investment structure may result in the co-venturer receiving more of the cash flows, including appreciation, of an investment than we would receive. See Item 1A, Risk Factors — Risks Related to Joint Ventures, for a further discussion.

Our entering into such joint ventures may result in certain conflicts of interest. See Item 1A, Risk Factors — Risks Related to Joint Ventures, for a further discussion.

Real Estate-Related Investments

In addition to our acquisition of medical office buildings, skilled nursing facilities, senior housing, hospitals and other healthcare-related facilities, on an infrequent and opportunistic basis, we have invested, and may continue to invest, in real estate-related investments, including loans and securities investments.

Investing In and Originating Loans

We have invested, and we may continue to invest, in first and second mortgage loans, mezzanine loans and bridge loans. However, we will not make or invest in any loans that are subordinate to any mortgage or equity interest of any of our directors, or any of our affiliates. We also may invest in participations in mortgage loans. Second mortgage loans are secured by second deeds of trust on real property that is already subject to prior mortgage indebtedness. A mezzanine loan is a loan made in respect of certain real property but is secured by a lien on the ownership interests of the entity that, directly or indirectly, owns the real property. A bridge loan is short term financing, for an individual or business, until permanent or the next stage of financing can be obtained. Mortgage participation investments are investments in partial interests of mortgages of the type described above that are made and administered by third-party mortgage lenders. In evaluating prospective loan investments, we consider factors, including, but not limited to: the ratio of the investment amount to the underlying property's value, current and projected cash flows of the property, the degree of liquidity of the investment, the quality, experience and creditworthiness of the borrower and, in the case of mezzanine loans, the ability to acquire the underlying real property.

Our criteria for making or investing in loans are substantially the same as those involved in our investment in properties. We do not intend to make loans to other persons, to underwrite securities of other issuers or to engage in the purchase and sale of any types of investments other than those relating to real estate. We will not make or invest in mortgage loans on any one property if the aggregate amount of all mortgage loans outstanding on the property, including our loan, would exceed an amount equal to 85.0% of the appraised value of the property, as determined by an appraiser, unless we find substantial justification due to other underwriting criteria; however, our policy generally will be that the aggregate amount of all mortgage loans outstanding on the property, including our loan, would not exceed 75.0% of the appraised value of the property. We may find such justification in connection with the purchase of loans in cases in which we believe there is a high probability of our foreclosure upon the property in order to acquire the underlying assets and in which the cost of the loan investment does not exceed the fair market value of the underlying property. We will not invest in or make loans unless an appraisal has been obtained concerning the underlying property, except for those loans insured or guaranteed by a government or government agency. In the event the transaction is with any of our directors or their respective affiliates, the appraisal will be obtained from a certified independent appraiser to support its determination of fair market value. In addition, we will seek to obtain a customary lender's title insurance policy or commitment as to the priority of the mortgage or condition of the title. Because the factors considered, including the specific weight we place on each factor, will vary for each prospective loan investment, we do not, and are not able to, assign a specific weight or level of importance to any particular factor.

We will evaluate all potential loan investments to determine if the security for the loan and the loan-to-value ratio meets our investment criteria and objectives. Most loans that we will consider for investment would provide for monthly payments of interest and some may also provide for principal amortization, although many loans of the nature that we will consider provide for payments of interest only and a payment of principal in full at the end of the loan term. We will not originate loans with negative amortization provisions.

We are not limited as to the amount of our assets that may be invested in mezzanine loans, bridge loans and second mortgage loans. However, we recognize that these types of loans are riskier than first deeds of trust or first priority mortgages on income-producing, fee-simple properties, and we expect to minimize the amount of these types of loans in our portfolio. We will evaluate the fact that these types of loans are riskier in determining the rate of interest on the loans. We do not have any policy that limits the amount that we may invest in any single loan or the amount we may invest in loans to any one borrower. We have not established a portfolio turnover policy with respect to loans we invest in or originate.

Investing in Securities

We have invested, and may continue to invest, in debt securities such as commercial mortgage-backed securities issued by other unaffiliated real estate companies. We may also invest in equity securities of public or private real estate companies. Commercial mortgage-backed securities are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Commercial mortgage-backed securities generally are pass-through certificates that represent beneficial ownership interests in common law trusts whose assets consist of defined portfolios of one or more commercial mortgage loans. They typically are issued in multiple tranches whereby the more senior classes are entitled to priority distributions from the trust's income. Losses and other shortfalls from expected amounts to be received in the mortgage pool are borne by the most subordinate classes, which receive payments only after the more senior classes have received all principal and/or interest to which they are entitled. Commercial mortgage-backed securities are subject to all of the risks of the underlying mortgage loans. We may invest in investment grade and non-investment grade commercial mortgage-backed securities.

The specific number and mix of securities in which we invest will depend upon real estate market conditions, other circumstances existing at the time we are investing in securities and the amount of any future indebtedness that we may incur. We will not invest in securities of other issuers for the purpose of exercising control and the first or second mortgages in which we intend to invest will likely not be insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs or otherwise guaranteed or insured. Real estate-related equity securities are generally unsecured and also may be subordinated to other obligations of the issuer. Our investments in real estate-related equity securities will involve special risks relating to the particular issuer of the equity securities, including the financial condition and business outlook of the issuer.

Our Strategies and Policies With Respect to Borrowing

We have used, and intend to continue to use, secured and unsecured debt as a means of providing additional funds for the acquisition of properties and real estate-related investments. Our ability to enhance our investment returns and to increase our diversification by acquiring assets using additional funds provided through borrowing could be adversely impacted if banks and other lending institutions reduce the amount of funds available for the types of loans we seek. When interest rates are high or financing is otherwise unavailable on a timely basis, we may purchase certain assets for cash with the intention of obtaining debt financing at a later time. We have also used, and may continue to use, derivative financial instruments such as fixed interest rate swaps and caps to add stability to interest expense and to manage our exposure to interest rate movements.

We anticipate that our overall leverage will not exceed 50.0% of the combined fair market value of all of our properties and other real estate-related investments, as determined at the end of each calendar year. For these purposes, the market value of each asset will be equal to the contract purchase price paid for the asset or, if the asset was appraised subsequent to the date of purchase, then the market value will be equal to the value reported in the most recent independent appraisal of the asset. Our policies do not limit the amount we may borrow with respect to any individual investment. As of December 31, 2021, our aggregate borrowings were 46.8% of the combined market value of all of our real estate and real estate-related investments.

We use our best efforts to obtain financing on the most favorable terms available to us and refinance assets during the term of a loan only in limited circumstances, such as when a decline in interest rates makes it beneficial to prepay an existing loan, when an existing loan matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include increased cash flows resulting from reduced debt service requirements, an increase in distributions from proceeds of the refinancing, and an increase in diversification and assets owned if all or a portion of the refinancing proceeds are reinvested.

If we incur mortgage indebtedness, we will endeavor to obtain level payment financing, meaning that the amount of debt service payable would be substantially the same each year, although some mortgages are likely to provide for one large payment and we may incur floating or adjustable rate financing when our board determines it to be in our best interest.

Sale or Disposition of Assets

We have disposed, and may continue to dispose, of assets. We will determine whether a particular property or real estate-related investment should be sold or otherwise disposed of after consideration of the relevant factors, including prevailing economic conditions, with a view toward maximizing our investment objectives. We intend to hold each property or real estate-related investment we acquire for an extended period. However, circumstances might arise which could result in a shortened holding period for certain investments. A property or real estate-related investment may be sold before the end of the expected holding period if: (i) diversification benefits exist associated with disposing of the investment and rebalancing our investment portfolio; (ii) an opportunity arises to pursue a more attractive investment; (iii) the value of the investment might decline; (iv) with respect to properties, a major tenant involuntarily liquidates or is in default under its lease; (v) the investment was acquired as part of a portfolio acquisition and does not meet our general acquisition criteria; (vi) an opportunity exists to enhance overall investment returns by raising capital through sale of the investment; or (vii) the sale of the investment is in the best interest of our stockholders.

The determination of whether a particular property or real estate-related investment should be sold or otherwise disposed of will be made after consideration of the relevant factors, including prevailing economic conditions, with a view toward maximizing our investment objectives.

Terms of Leases

The terms and conditions of any lease we enter into with our tenants may vary substantially from those we describe in this Annual Report on Form 10-K. However, we expect that a majority of our leases will require the tenant to pay or reimburse us for some or all of the operating expenses of the building based on the tenant's proportionate share of rentable space within the building. Operating expenses typically include, but are not limited to, real estate and other taxes, utilities, insurance and building repairs, and other building operation and management costs. We expect to be responsible for the replacement of specific structural components of a property such as the roof of the building or the parking lot. We expect that many of our leases will have terms of five or more years, some of which may have renewal options.

Tax Status and Distribution Policy

As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. We qualified, and elected to be taxed, as a REIT under the Code for federal income tax purposes, and we intend to continue to qualify to be taxed as a REIT. To maintain our qualification as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90.0% of our annual taxable income, excluding net capital gains, to our stockholders. Existing Internal Revenue Service, or IRS, guidance includes a safe harbor pursuant to which publicly offered REITs can satisfy the distribution requirement by distributing a combination of cash and stock to stockholders. In general, to qualify under the safe harbor, each stockholder must elect to receive either cash or stock, and the aggregate cash component of the distribution to stockholders must represent at least 20.0% of the total distribution.

We cannot predict if we will generate sufficient cash flows to continue to pay cash distributions to our stockholders on an ongoing basis or at all. The amount of any cash distributions is determined by our board and depends on the amount of distributable funds, current and projected cash requirements, tax considerations, any limitations imposed by the terms of indebtedness we may incur and other factors. If our investments produce sufficient cash flows, we expect to continue paying distributions to our stockholders as determined at the discretion of our board of directors. Because our cash available for distribution in any year may be less than 90.0% of our annual taxable income, excluding net capital gains, for the year, we may be required to borrow money, use proceeds from the issuance of securities (in subsequent offerings, if any) or sell assets to pay out enough of our taxable income to satisfy the distribution requirement. These methods of obtaining funds could affect future distributions by increasing operating costs. We did not establish any limit on the amount of net proceeds from the initial offering or borrowings that may be used to fund distributions, except that, in accordance with our organizational documents and Maryland law, we may not make distributions that would: (i) cause us to be unable to pay our debts as they become due in the usual course of business; or (ii) cause our total assets to be less than the sum of our total liabilities plus senior liquidation preferences.

To the extent that any distributions to our stockholders are paid out of our current or accumulated earnings and profits, such distributions are taxable as ordinary income. To the extent that any of our distributions exceed our current and accumulated earnings and profits, such amounts constitute a return of capital to our stockholders for federal income tax purposes, to the extent of their basis in their stock and thereafter will constitute capital gain. Any portion of distributions to our stockholders paid from net offering proceeds or borrowings constitutes a return of capital to our stockholders.

Since September 2021, our board authorizes distributions to our stockholders of record as of a designated record date each month and pays such distributions monthly in arrears. However, our board could, at any time, elect to pay distributions quarterly to reduce administrative costs. The amount of distributions we pay to our stockholders is determined by our board and is dependent on a number of factors, including funds available for the payment of distributions, our financial condition, capital expenditure requirements, annual distribution requirements needed to maintain our status as a REIT under the Code and restrictions imposed by our organizational documents and Maryland Law.

See Part II, Item 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Distributions, for a further discussion of distributions approved by our board.

Competition

We compete with many other entities engaged in the acquisition, development, leasing and financing of healthcare-related real estate investments. Our ability to successfully compete is impacted by economic trends, availability of acceptable investment opportunities, our ability to negotiate beneficial investment terms, availability and cost of capital, construction and development costs and applicable laws and regulations.

Income from our investments is 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 patients and residents and the operators' ability to successfully attract and retain patients and residents depends on key factors such as the number of properties in the local market, the quality of the affiliated health system, proximity to hospital campuses, the price and range of services available, the scope and quality of care, reputation, age and appearance of each property, demographic trends and the cost of care in each locality. As a result, we may have to provide rent concessions, incur charges for tenant improvements, or offer other inducements, or we may be unable to timely lease vacant space in our properties, all of which may have an adverse impact on our results of operations. 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 patients and residents at the properties. For additional information on the risks associated with our business, please see Item 1A, Risk Factors.

Government Regulations

Our properties are subject to various federal, state and local regulatory requirements, and changes in these laws and regulations, or their interpretation by agencies, occur frequently. Further, our tenants and our healthcare facility operators and managers, including our TRS entities that own and operate our properties under a RIDEA structure, and our tenants are typically subject to extensive and complex federal, state and local healthcare laws and regulations relating to quality of care, government reimbursement, fraud and abuse practices, and similar laws governing the operation of healthcare facilities, and we expect the healthcare industry, in general, will continue to face increased regulation and pressure in the areas of healthcare management, fraud and provision of services, among others. If we fail to comply with these various requirements, we may incur governmental fines or private damage awards. While we believe that our properties are and will be in substantial compliance with all of these regulatory requirements, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated capital expenditures that will adversely affect our ability to make distributions to our stockholders. We believe, based in part on third-party due diligence reports which are generally obtained at the time we acquire the properties, that all of our properties comply in all material respects with current regulations. However, if we were required to make significant expenditures under applicable regulations, our financial condition, results of operations, cash flows and ability to satisfy our debt service obligations and to pay distributions could be adversely affected.

Privacy and Security Laws and Regulations. There are various United States federal and state privacy laws and regulations that provide for consumer protection of personal health information, particularly electronic security and privacy. Compliance with such laws and regulations may require us to, among other things, conduct additional risk analysis, modify our risk management plan, implement new policies and procedures and conduct additional training. We are generally dependent on our tenants and management companies to fulfill our compliance obligations, and we have in certain circumstances developed a program to periodically monitor compliance with such obligations. However, there can be no assurance we would not be required to alter one or more of our systems and data security procedures to be in compliance with these laws. If we fail to adequately protect health information, we could be subject to civil or criminal liability and adverse publicity, which could harm our business and impact our ability to attract new tenants and residents. We may be required to notify individuals, as well as government agencies and the media, if we experience a data breach.

Healthcare Licensure and Certification. Generally, certain properties in our portfolio are subject to licensure, may require a certificate of need, or CON, or other certification through regulatory agencies in order to operate and participate in Medicare and Medicaid programs. Requirements pertaining to such licensure and certification relate to the quality of care provided by the operator, qualifications of the operator's staff and continuing compliance with applicable laws and regulations. In addition, CON laws and regulations may place restrictions on certain activities such as the addition of beds at our facilities and changes in ownership. Failure to obtain a license, CON or other certification, or revocation, suspension or restriction of such required license, CON or other certification, could adversely impact our properties' operations and their ability to generate revenue from services provided. State CON laws are not uniform throughout the United States and are subject to change. We cannot predict the impact of state CON laws on our facilities or the operations of our tenants.

Compliance with the Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990, as amended, or the ADA, all public accommodations must meet federal requirements for access and use by disabled persons. Additional federal, state and local laws also may require modifications to our properties or restrict our ability to renovate our properties. We cannot predict the cost of compliance with the ADA or other legislation. We may incur substantial costs to comply with the ADA or any other legislation.

Government Environmental Regulation and Private Litigation. Environmental laws and regulations hold us liable for the costs of removal or remediation of certain hazardous or toxic substances which may be on our properties. These laws could impose liability without regard to whether we are responsible for the presence or release of the hazardous materials.

Government investigations and remediation actions may have substantial costs and the presence of hazardous substances on a property could result in personal injury or similar claims by private plaintiffs. Various laws also impose liability on a person who arranges for the disposal or treatment of hazardous or toxic substances and such person often must incur the cost of removal or remediation of hazardous substances at the disposal or treatment facility. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. As the owner of our properties, we may be deemed to have arranged for the disposal or treatment of hazardous or toxic substances.

Geographic Concentration

For a discussion of our geographic information, see Item 2, Properties — Geographic Diversification/Concentration Table, as well as Note 19, Segment Reporting and Note 20, Concentration of Credit Risk, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Employees; Human Capital Resources

Our People

Prior to the consummation of the Merger and the AHI Acquisition on October 1, 2021, we were externally managed by our former advisor and relied on its employees, and our executive officers were all employees of one of our former co-sponsors. As of October 1, 2021, as a result of the Merger and the AHI Acquisition, we became self-managed and as of December 31, 2021, we have approximately 100 employees.

We believe our employees are our greatest asset, and we pride ourselves on the diversity they bring to our company. Because of this, we have implemented a number of programs to foster not only their professional growth, but also their growth as global citizens. All of our employees are provided with a comprehensive benefits and wellness package, which may include high-quality medical, dental and vision insurance, life insurance, 401(k) matching, long-term incentive plans, educational grants, fitness programs and much more. We provide our employees, consultants and executive officers with competitive compensation and, where applicable, opportunities for equity ownership through our 2015 Incentive Plan, as amended. See Note 14, Equity — 2015 Incentive Plan, to the Consolidated Financial Statements that are part of this Annual Report on Form 10-K, for a further discussion.

We also believe that one of the keys to our success is our ability to benefit from a wide range of opinions and experiences. We believe the best way to accomplish this is through promoting racial, gender, and generational diversity across all layers of our organization. As of January 31, 2022, 69% of our employees are minorities and 67% are females. Generationally, our organization is composed of 43% Millennials, 47% Generation X, and 10% Baby Boomers.

Health and Safety

We are committed to providing a safe and healthy workplace. We continuously strive to meet or exceed compliance with all laws, regulations and accepted practices pertaining to workplace safety. All employees and contractors are required to comply with established safety policies, standards and procedures. As the COVID-19 pandemic persists, our focus remains on promoting employee health and safety and ensuring business continuity. Beginning in March 2020, our employees were instructed to work from home. As certain offices have reopened due to the lifting of local government restrictions, we have maintained a voluntary work-from-home policy, providing our people with valued flexibility. We have also substantially reduced employee travel to only essential business needs in favor of ongoing video-based meetings.

For our healthcare-related facilities operated pursuant to a RIDEA structure, which include our SHOP and integrated senior health campuses, we rely on each management company to attract and retain skilled personnel to provide services at our healthcare-related facilities. As a result of the COVID-19 pandemic, such management companies have put into place a number of health and safety measures to enable their employees to continue to work in our healthcare-related facilities, including the procurement and distribution of personal protective equipment and the implementation of daily employee and resident health screenings, vaccination clinics for employees and residents, as well as aggressive safety protocols in accordance with the Centers for Disease Control and Prevention, or CDC, Centers for Medicare and Medicaid Services, or CMS, and local health agency guidelines to limit the exposure and spread of COVID-19. While the health and safety measures instituted by each management company have allowed facilities to operate during the pandemic, these facilities may face challenges created by workforce shortages and absenteeism due to COVID-19.

Investment Company Act Considerations

We conduct, and intend to continue to conduct, our operations, and the operations of our operating partnership and any other subsidiaries, so that no such entity meets the definition of an "investment company" under Section 3(a)(1) of the Investment Company Act. We primarily engage in the business of investing in real estate assets; however, our portfolio does include, to a much lesser extent, other real estate-related investments. We have also acquired, and may continue to acquire, real estate assets through investments in joint venture entities, including joint venture entities in which we may not own a controlling interest. We anticipate that our assets generally will be held in wholly and majority-owned subsidiaries of the company, each formed to hold a particular asset. We monitor our operations and our assets on an ongoing basis in order to ensure that neither we, nor any of our subsidiaries, meet the definition of "investment company" under Section 3(a)(1) of the Investment Company Act. Among other things, we monitor the proportion of our portfolio that is placed in investments in securities.

Information About Industry Segments

We segregate our operations into reporting segments in order to assess the performance of our business in the same way that management reviews our performance and makes operating decisions. As of December 31, 2021, we operated through six reportable business segments — medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals.

Medical Office Buildings. As of December 31, 2021, we owned 105 medical office buildings, or MOBs. These properties typically contain physicians' offices and examination rooms and may also include pharmacies, hospital ancillary service space and outpatient services such as diagnostic centers, rehabilitation clinics and day-surgery operating rooms. While these properties are similar to commercial office buildings, they require additional parking spaces as well as plumbing, electrical and mechanical systems to accommodate multiple exam rooms that may require sinks in every room and special equipment such as x-ray machines. In addition, MOBs are often built to accommodate higher structural loads for certain equipment and may contain other specialized construction. Our MOBs are typically multi-tenant properties leased to healthcare providers (hospitals and physician practices) for approximately three to 10 years with fixed annual escalations.

Skilled Nursing Facilities. As of December 31, 2021, we owned 17 skilled nursing facilities, or SNFs. Skilled nursing facility residents are generally higher acuity and need assistance with eating, bathing, dressing, and/or require assistance with medication and also require available 24-hour nursing care. SNFs offer restorative, rehabilitative and custodial nursing care for people not requiring the more extensive and sophisticated treatment available at hospitals. Ancillary revenues and revenues from sub-acute care services are derived from providing services to residents beyond room and board and include occupational, physical, speech, respiratory and intravenous therapy, wound care, oncology treatment, brain injury care, orthopedic therapy and other services. Certain SNFs provide some of the foregoing services on an out-patient basis. Skilled nursing services provided by our tenants in these SNFs are primarily paid for either by private sources or through the Medicare and Medicaid programs. Our SNFs are leased to a single tenant under a triple-net lease structure with approximately 12 to 15 year terms and fixed annual rent escalations.

Senior Housing. As of December 31, 2021, we owned 20 senior housing facilities. Senior housing facilities cater to different segments of the elderly population based upon their personal needs, and include assisted living, memory care, and independent living. Residents of assisted living facilities typically require limited medical care and need assistance with eating, bathing, dressing, and/or medication management and those services can be provided by staff at the facility. Resident programs offered at such facilities may include transportation, social activities and exercise and fitness programs. Services provided by our tenants in these facilities are primarily paid for by the residents directly or through private insurance and are less reliant on government reimbursement programs such as Medicaid and Medicare. Our senior housing facilities are leased to single tenants under triple-net lease structures, whereby the tenant is responsible for making rent payments, maintaining the properties and paying taxes and other expenses. Leases are typically 12 to 15 years with annual escalations and required lease coverage ratios.

SHOP. As of December 31, 2021, we owned and operated 47 senior housing facilities utilizing a RIDEA structure. Such facilities are of a similar property type as our senior housing segment discussed above; however, we have entered into agreements with healthcare operators to manage the facilities on our behalf utilizing a RIDEA structure. The healthcare operators we engage provide management and operational services at the facilities, and we retain the net earnings generated by the performance of each of the facilities after payment of the management fee and other operational and maintenance expenses. As a result, under a RIDEA structure we retain the upside from improved operational performance, and similarly the risk of any decline in performance. Substantially all of our leases with residents in the senior housing facilities are for a term of one year or less.

Integrated Senior Health Campuses. As of December 31, 2021, we owned and/or operated 122 integrated senior health campuses, predominantly all of which are operated utilizing a RIDEA structure. Integrated senior health campuses include a range of senior care, including assisted living, memory care, independent living, skilled nursing services and certain ancillary businesses. Services provided in these facilities are primarily paid for by the residents directly or through private insurance and are less reliant on government reimbursement programs such as Medicaid and Medicare.

Hospitals. As of December 31, 2021, we owned two hospital buildings. Services provided by our operators and tenants in our hospitals are paid for by private sources, third-party payors (e.g., insurance and Health Maintenance Organizations), or through the Medicare and Medicaid programs. We expect that our hospital properties typically will include acute care, long-term acute care, specialty and rehabilitation hospitals and generally will be leased to single tenants or operators under triple-net lease structures.

For a further discussion of our segment reporting for the years ended December 31, 2021, 2020 and 2019, see Item 2, Properties, Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Note 19, Segment Reporting, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors

Risk Factor Summary

Our business, financial condition and results of operations are subject to numerous risks and uncertainties. Below is a summary of the principal factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face and should be read in conjunction with the full risk factors contained below in this "Risk Factors" section in this Annual Report on Form 10-K.

Investment Risks

- There is no public market for shares of our common stock, making it difficult for stockholders to sell their shares.
- Distributions paid using borrowings or other sources in anticipation of cash flows may negatively impact the value of our stockholders' investment.
- The estimated value per share of our common stock may not accurately reflect the fair value of our assets and liabilities.
- The prior performance of other programs may not accurately predict our ability to achieve our investment objectives or our future results.
- Our success is dependent on our key personnel who face conflicts of interest for their time and fiduciary duties.
- We are not obligated to effectuate a liquidity event; therefore, our stockholders may have to hold their investment in shares of our common stock for an indefinite period of time.
- If we complete a liquidity event, the market value attributed to the shares of our common stock may be significantly lower than the current estimated per share NAV.
- Competition for the acquisition and disposition of healthcare-related facilities may reduce our profitability.

Risks Related to Our Business

- The COVID-19 pandemic has adversely impacted, and will likely continue to adversely impact, our business and financial results.
- As a result of the recent Merger and AHI Acquisition, we internalized our management functions which could cause us to incur significant costs.
- Certain campuses managed by Trilogy Management Services, LLC, or TMS, account for a significant portion of our revenues/operating income, and it may be difficult to replace TMS if our management agreements are terminated.
- We may incur additional costs in re-leasing properties, which could adversely affect our cash flows.

Risks Related to Our Organizational Structure

- The ownership position of our stockholders was diluted by the Merger resulting in reduced stockholder influence over the management and policies of our company.
- Several potential events, our ability to issue preferred stock, and the percentage limit on shares of common stock that any person may own could cause our stockholders' investment in us to be diluted or prevent a sale of our common stock.
- Maryland law prohibits certain business combinations, which may make it more difficult for us to be acquired and may limit or delay our stockholders' ability to dispose of their shares of our common stock.
- If we become subject to registration under the Investment Company Act, we may not be able to continue our business.

Risks Related to Investments in Real Estate

- Uncertain market conditions could lead our acquired real estate investments to decrease in value or may cause us to sell our properties at a loss in the future.
- A high concentration of our properties in a particular geographic area would magnify the effects of downturns in that geographic area.
- Our business, tenants, residents and operators may face litigation and experience rising liability and insurance costs, which may adversely affect our financial condition.
- Most of our costs are subject to inflation.
- Delays in the acquisition, development, disposition and construction of real properties may have adverse effects on our results of operations and our ability to pay distributions to our stockholders.
- Our earnest money deposits made to certain development companies may not be fully refunded.
- Our stockholders may not receive any profits resulting from the sale of our properties, and representations made by us in connection with sales of our properties may subject us to liability.

- We face possible liability for environmental cleanup costs and damages for contamination related to properties we acquire.
- Our real estate investments may be too heavily concentrated in certain segments.

Risks Related to the Healthcare Industry

- Our tenants and operators are subject to regulation and oversight unique to the healthcare industry.
- Our tenants may be unable to make rent payments to us because of reductions in reimbursement from third-party payors and/or changes in the healthcare industry or regulations.
- Seniors delaying moving to senior housing facilities until they require greater care or forgoing moving to senior housing facilities altogether could have a material adverse effect on our business.
- Events that adversely affect the ability of seniors and their families to afford resident fees at our senior housing facilities could cause a decline in our occupancy rates, revenues and results of operations.
- Adverse trends in healthcare provider operations may negatively affect our lease revenues.
- We, our tenants and our operators for our skilled nursing, senior housing and integrated senior health campuses may be subject to various government reviews, audits and investigations that could adversely affect our business.

Risks Related to Debt Financing

- To the extent we borrow at fixed rates or enter into fixed interest rate swaps, we will not benefit from reduced interest expense if interest rates decrease.
- Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to pay distributions to our stockholders.
- Changes in banks' inter-bank lending rate reporting practices may adversely affect the value of financial obligations held or issued by us that are linked to LIBOR.
- Interest-only indebtedness may increase our risk of default, adversely affect our ability to refinance or sell properties and eventually may reduce our funds available for distribution to our stockholders.

Risks Related to Real Estate-Related Investments

- Unfavorable real estate market conditions and delays in liquidating defaulted mortgage loan investments may negatively impact mortgage loans we have invested and may invest in.
- We expect a portion of our real estate-related investments to be illiquid and we may not be able to adjust our portfolio in response to changes in economic and other conditions.
- If we liquidate prior to the maturity of our real estate-related investments, we may be forced to sell those investments on unfavorable terms or at a loss.

Risks Related to Joint Ventures

- Property ownership through joint ventures could limit our control and the amount we participate in the cash flows of those investments.

Risks Related to Taxes and Our REIT Status

- Failure to maintain our qualification as a REIT for federal income tax purposes would subject us to federal income tax on our taxable income at regular corporate rates, which would substantially reduce our ability to pay distributions to our stockholders.
- Legislative or regulatory tax changes could adversely affect investors.
- Failure of the REIT Merger to qualify as a tax-free reorganization would result in adverse tax consequences.

Investment Risks

There is no public market for the shares of our common stock. Therefore, it will be difficult for our stockholders to sell their shares of our common stock and, if our stockholders are able to sell their shares of our common stock, they will likely sell them at a substantial discount.

There currently is no public market for the shares of our common stock. We do not expect a public market for our stock to develop prior to the listing of the shares of our common stock on a national securities exchange, which may not occur in the near future or at all. Additionally, our charter contains restrictions on the ownership and transfer of shares of our stock and these restrictions may inhibit our stockholders' ability to sell their shares of our common stock. Our charter provides that no person may own more than 9.9% in value of our issued and outstanding shares of capital stock or more than 9.9% in value or in number of shares, whichever is more restrictive, of the issued and outstanding shares of our common stock. Any purported transfer of the shares of our common stock that would result in a violation of either of these limits will result in such shares being transferred to a trust for the benefit of a charitable beneficiary or such transfer being declared null and void. We have adopted a share repurchase plan, but it is limited in terms of the amount of shares of our common stock which may be repurchased annually, is subject to our board's discretion and is currently suspended except with respect to requests resulting from the death or qualifying disability of stockholders. As such, it will be difficult for our stockholders to sell their shares of our common stock promptly or at all. If our stockholders are able to sell their shares of our common stock, our stockholders may only be able to sell them to an unrelated third party at a substantial discount from the price they paid. This may be the result, in part, of the fact that, at the time we made our investments, the amount of funds available for investment were reduced by up to 12.0% of the gross offering proceeds, which amounts were used to pay selling commissions, a dealer manager fee and other organizational and offering expenses. We also were required to use gross offering proceeds to pay acquisition fees, acquisition expenses and asset management fees. Unless our aggregate investments increase in value to compensate for these fees and expenses, which may not occur, it is unlikely that our stockholders will be able to sell their shares of our common stock, whether pursuant to our share repurchase plan or otherwise, without incurring a substantial loss. We cannot assure our stockholders that their shares of our common stock will ever appreciate in value to equal the price our stockholders paid for their shares of our common stock. Therefore, shares of our common stock should be considered illiquid and a long-term investment and our stockholders must be prepared to hold their shares of our common stock for an indefinite length of time.

We have paid a portion of distributions from the net proceeds of the initial offering and borrowings, and in the future, may continue to pay distributions from borrowings or from other sources in anticipation of future cash flows. Any such distributions may reduce the amount of capital we ultimately invest in assets and may negatively impact the value of our stockholders' investment.

We have used the net proceeds from the initial offering, borrowings and certain fees payable to our former advisor which have been waived, and in the future, may use borrowed funds or other sources, to pay cash distributions to our stockholders, which may reduce the amount of proceeds available for investment and operations, cause us to incur additional interest expense as a result of borrowed funds or cause subsequent investors to experience dilution. Further, if the aggregate amount of cash distributed in any given year exceeds the amount of our current and accumulated earnings and profits, the excess amount will be deemed a return of capital. Therefore, distributions payable to our stockholders may partially include a return of capital, rather than a return on capital, and we have paid a portion of our distributions from the net proceeds of the initial offering. We have not established any limit on the amount of net proceeds from the initial offering or borrowings that may be used to fund distributions, except that, in accordance with our organizational documents and Maryland law, we may not make distributions that would: (i) cause us to be unable to pay our debts as they become due in the usual course of business; or (ii) cause our total assets to be less than the sum of our total liabilities plus senior liquidation preferences. The actual amount and timing of distributions is determined by our board, in its sole discretion and typically depends on the amount of funds available for distribution, which depend on items such as our financial condition, current and projected capital expenditure requirements, tax considerations and annual distribution requirements needed to maintain our qualification as a REIT. As a result, our distribution rate and payment frequency have varied, and may continue to vary, from time to time.

Prior to March 31, 2020, the GAHR IV board of directors authorized, on a quarterly basis, a daily distribution to its stockholders of record as of the close of business on each day of the period commencing on May 1, 2016 and ending on March 31, 2020. The daily distributions were calculated based on 365 days in the calendar year and were equal to $0.001643836 per share of GAHR IV's Class T and Class I common stock, which is equal to an annualized distribution rate of $0.60 per share. These distributions were aggregated and paid monthly in arrears in cash or shares of common stock pursuant to the DRIP Offerings, only from legally available funds.

In response to the COVID-19 pandemic and its effects on GAHR IV's business and operations, the GAHR IV board of directors decided to take steps to protect GAHR IV's capital and maximize GAHR IV's liquidity in an effort to strengthen GAHR IV's long-term financial prospects. Consequently, on March 31, 2020, the GAHR IV board of directors authorized a reduced distribution to its stockholders which is payable monthly in arrears only from legally available funds and equal to an annualized distribution rate of $0.40 per share, a decrease from the annualized distribution rate of $0.60 per share previously paid by GAHR IV. On October 4, 2021, our board reinstated the DRIP. As a result of the reinstatement of the DRIP, beginning with the October 2021 distribution, stockholders who previously enrolled as participants in the DRIP will receive distributions in shares of our common stock pursuant to the terms of the DRIP, instead of cash distributions. See our Current Report on Form 8-K filed with the SEC on October 5, 2021 for more information.

The estimated value per share of our common stock may not be an accurate reflection of fair value of our assets and liabilities and likely will not represent the amount of net proceeds that would result if we were liquidated, dissolved or completed a merger or other sale of our company. Additionally, between valuations it may be difficult to accurately reflect material events that may impact our estimated per share NAV.

On March 24, 2022, our board, at the recommendation of the audit committee of our board, comprised solely of independent directors, unanimously approved and established an updated estimated per share NAV of our common stock of $9.29. We provide this updated estimated per share NAV to assist broker-dealers in connection with their obligations under Financial Industry Regulatory Authority, or FINRA, Rule 2231, with respect to customer account statements. The valuation was performed in accordance with the methodology provided in the Practice Guideline 2013-01, *Valuations of Publicly Registered Non-Listed REITs,* issued by the Institute for Portfolio Alternatives, or the IPA, in April 2013, in addition to guidance from the SEC.

The updated estimated per share NAV was determined after consultation with an independent third-party valuation firm, the engagement of which was approved by the audit committee of our board. FINRA rules provide no guidance on the methodology an issuer must use to determine its estimated per share NAV. As with any valuation methodology, our independent valuation firm's methodology was based upon a number of estimates and assumptions that may not have been accurate or complete. Different parties with different assumptions and estimates could derive a different estimated per share NAV, and these differences could be significant.

The updated estimated per share NAV was not audited or reviewed by our independent registered public accounting firm and did not represent the fair value of our assets or liabilities according to accounting principles generally accepted in the United States of America, or GAAP. In addition, the updated estimated per share NAV was an estimate as of a given point in time and the value of our shares will fluctuate over time as a result of, among other things, developments related to individual assets and changes in the real estate and capital markets. Accordingly, with respect to the updated estimated per share NAV, we can give no assurance that:

- a stockholder would be able to resell his or her shares at our updated estimated per share NAV;
- a stockholder would ultimately realize distributions per share equal to our updated estimated per share NAV upon liquidation of our assets and settlement of our liabilities or a sale of our company;
- our shares of common stock would trade at our updated estimated per share NAV on a national securities exchange;
- an independent third-party appraiser or other third-party valuation firm, other than the third-party valuation firm engaged by our board to assist in its determination of the updated estimated per share NAV, would agree with our estimated per share NAV; or
- the methodology used to estimate our updated per share NAV would be acceptable to FINRA or comply with reporting requirements under the Employee Retirement Income Security Act of 1974, or ERISA, the Code, other applicable law, or the applicable provisions of a retirement plan or individual retirement account, or IRA.

Further, our board is ultimately responsible for determining the estimated per share NAV. Our independent valuation firm calculates estimates of the value of our assets, and our board then determines the net value of assets and liabilities taking into consideration such estimate provided by the independent valuation firm. Since our board generally determines our estimated per share NAV at least annually, there may be changes in the value of our assets that are not fully reflected in the updated estimated per share NAV. As a result, the published estimated per share NAV may not fully reflect changes in value that may have occurred since the prior valuation. Furthermore, we will monitor our portfolio, but it has been, and may continue to be, difficult to reflect changing market conditions or material events, such as the COVID-19 pandemic, that may impact the value of our portfolio between valuations, or to obtain timely or complete information regarding any such events. Therefore, the estimated per share NAV published before and during the announcement of an extraordinary event may differ significantly from our actual per share NAV until such time as sufficient information is available and analyzed, the financial impact is fully evaluated, and the appropriate adjustment is made to our estimated per share NAV, as determined by our board.

For a full description of the methodologies used to value our assets and liabilities in connection with the calculation of the updated estimated per share NAV, see our Current Report on Form 8-K filed with the SEC on March 25, 2022.

We have experienced losses in the past and we may experience additional losses in the future.

Historically, we have experienced net losses (calculated in accordance with GAAP) and we may not be profitable or realize growth in the value of our investments. Many of our losses can be attributed to start-up costs, general and administrative expenses, depreciation and amortization, as well as acquisition expenses incurred in connection with purchasing properties or making other investments. For a further discussion of our operational history and the factors affecting our losses, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements and the notes thereto.

Our prior performance may not be an accurate predictor of our ability to achieve our investment objectives or our future results.

We were formed in January 2015 and did not engage in any material business operations prior to the effective date of the initial offering. As a result, an investment in shares of our common stock may entail more risks than the shares of common stock of a REIT with a more substantial operating history. In addition, our stockholders should not rely on our past performance to predict our future results. Our stockholders should consider our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies like ours that do not have a substantial operating history, many of which may be beyond our control. For example, due to challenging economic conditions in the past, distributions to stockholders were reduced. Therefore, to be successful in this market, we must, among other things:

- identify and acquire investments that further our investment strategy;
- attract, integrate, motivate and retain qualified personnel to manage our day-to-day operations;
- respond to competition both for investment opportunities and potential investors' investment in us; and
- build and expand our operational structure to support our business.

We cannot guarantee that we will succeed in achieving these goals, and our failure to do so could adversely affect our results of operations and cause our stockholders to lose all or a portion of their investment and adversely affect our results of operations.

Our success is dependent on the performance and continued contributions of certain of our key personnel and, in the event they are no longer affiliated with us, our operating results could suffer.

Our success depends to a significant degree upon the continued contributions of our executives and key officers, in particular, Danny Prosky and Mathieu B. Streiff, each of whom would be difficult to replace. Messrs. Prosky and Streiff currently serve as our executive officers and directors. In the event that Messrs. Prosky or Streiff are no longer affiliated with us, for any reason, it could have a material adverse effect on our success and we may not be able to attract and hire equally capable individuals to replace Messrs. Prosky and/or Streiff. If we were to lose the benefit of the experience, efforts and abilities of one or more of these individuals, our operating results could suffer.

We may not effect a liquidity event within any targeted time frame, or at all. If we do not effect a liquidity event, our stockholders may have to hold their investment in shares of our common stock for an indefinite period of time.

Although we are currently positioning our company for a potential future listing on a national securities exchange at an opportune time, we are not obligated, through our charter or otherwise, to effectuate a transaction or liquidity event and may not effectuate a transaction or liquidity event within any time frame or at all. If we do not effectuate a transaction or liquidity event, it will be very difficult for our stockholders to have liquidity for their investment in the shares of our common stock other than limited liquidity through our share repurchase plan, if our share repurchase plan is fully reinstated by our board.

If and when we complete a liquidity event, the market value ascribed to our shares of common stock upon the liquidity event may be significantly lower than the current estimated per share NAV.

In the event that we complete a liquidity event, such as a listing of our shares on a national securities exchange, a merger in which our stockholders receive securities that are listed on a national securities exchange, or a sale for cash, the market value of our shares upon consummation of such liquidity event may be significantly lower than the current estimated per share NAV of our common stock that may be reflected on the account statements of our stockholders. For example, if our shares are listed on a national securities exchange, the trading price of the shares may be significantly lower than the most recent estimated per share NAV of our common stock of $9.29 as of December 31, 2021.

Our results of operations, our ability to pay distributions to our stockholders and our ability to dispose of our investments are subject to international, national and local economic factors we cannot control or predict.

Our results of operations are subject to the risks of an international or national economic slowdown or downturn and other changes in international, national and local economic conditions. The following factors may have affected, and may continue to affect, income from our properties, our ability to acquire and dispose of properties, and yields from our properties:

- poor economic times may result in defaults by tenants of our properties due to bankruptcy, lack of liquidity, or operational failures. We have provided an insignificant number of rent concessions, and may continue to provide rent concessions, tenant improvement expenditures or reduced rental rates to maintain or increase occupancy levels;

- fluctuations in property values as a result of increases or decreases in supply and demand, occupancies and rental rates may cause the properties that we own to decrease in value. Consequently, we may not be able to recover the carrying amount of our properties, which may require us to recognize an impairment charge or record a loss on sale in earnings;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- constricted access to credit may result in tenant defaults or non-renewals under leases;
- layoffs may lead to a lower demand for medical services and cause vacancies to increase and a lack of future population and job growth may make it difficult to maintain or increase occupancy levels;
- future disruptions in the financial markets, deterioration in economic conditions or a public health crisis, such as the COVID-19 pandemic, have resulted, and may continue to result, in lower occupancy in our facilities, increased vacancy rates for commercial real estate due to generally lower demand for rentable space, as well as an oversupply of rentable space;
- governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses; and
- increased insurance premiums, real estate taxes or utilities or other expenses, such as inflation costs, may reduce funds available for distribution or, to the extent such increases are passed through to tenants, may lead to tenant defaults. Also, any such increased expenses may make it difficult to increase rents to tenants on turnover, which may limit our ability to increase our returns.

The length and severity of any economic slowdown or downturn cannot be predicted with confidence at this time. Our results of operations, our ability to continue to pay distributions to our stockholders and our ability to dispose of our investments have been, and we expect may continue to be, negatively impacted to the extent an economic slowdown or downturn is prolonged or becomes more severe.

We face competition for the acquisition and disposition of MOBs, hospitals, SNFs, senior housing and other healthcare-related facilities, which may impede our ability to take, and increase the cost of, such actions, which may reduce our profitability and cause our stockholders to experience a lower return on their investment.

We face significant competition from other entities engaged in real estate investment activities for acquisitions and dispositions of MOBs, hospitals, SNFs, senior housing and other healthcare-related facilities, some of whom may have greater resources and lower costs of capital than we do. Increased competition makes it more challenging for us to identify and successfully capitalize on opportunities that meet our business goals and could improve the bargaining power of us and other property owners seeking to sell, thereby impeding our investment, acquisition and disposition activities. If we pay higher prices per property or receive lower prices for dispositions of our MOBs, hospitals, SNFs, senior housing or other healthcare-related facilities as a result of such competition, our business, financial condition, results of operations and our ability to pay distributions to our stockholders may be materially and adversely affected and our stockholders may experience a lower return on their investment.

Risks Related to Our Business

The COVID-19 pandemic has adversely impacted, and will likely continue to adversely impact, our business and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.

As a result of the COVID-19 pandemic and related shelter-in-place, business re-opening and quarantine restrictions, our property values, net operating income, or NOI, and revenues may decline, and our tenants, operating partners and managers have been, and may continue to be, limited in their ability to generate income, service patients and residents and/or properly manage our properties. In addition, based on preliminary information available to management as of March 4, 2022, we have experienced an approximate 11.9% decline in resident occupancies at our SHOP since February 2020, as well as a significant increase in costs for residents, at both our SHOP and our integrated senior health campuses. Our leased senior housing and skilled nursing facility tenants have also experienced, and may continue to experience, similar pressures related to occupancy declines and expense increases, which may impact their ability to pay rent and have an adverse effect on our operations. Given the significant uncertainty of the impact of the COVID-19 pandemic, we are unable to predict the impact it will have on such tenants' continued ability to pay rent. Therefore, information provided regarding prior rent collections should not serve as an indication of expected future rent collections. As such, our immediate focus continues to be on resident occupancy recovery and operating expense management.

The emergence of the Delta and Omicron variants and other new variants may put additional pressure on our operations. Additionally, the public perception of a risk of a pandemic or media coverage of the COVID-19 pandemic and related deaths or confirmed cases, or public perception of health risks linked to perceived regional healthcare safety in our senior housing or SNFs, particularly if focused on regions in which our properties are located, may adversely affect our business operations by reducing occupancy demand at our facilities. We have also held discussions with our tenants, operating partners and managers and they have expressed that the ultimate impact of the COVID-19 pandemic on their business operations is uncertain.

Although vaccines for COVID-19 that have been approved for use are generally effective, vaccine boosters may be necessary and there can be no assurance that efforts to vaccinate the public will be successful in ending the pandemic or that vaccines will be effective against current and future COVID-19 variants. The rapid development and fluidity of this situation continues to preclude any prediction as to the ultimate adverse impact of the COVID-19 pandemic on economic and market conditions, and, as a result, present material uncertainty and risk with respect to us and the performance of our investments. The full extent of the impact and effects of the COVID-19 pandemic will depend on future developments, including, among other factors, the success of efforts to contain or treat COVID-19 and its variants, the use and distribution of effective vaccines and availability of such vaccines and vaccine boosters, potential resurgences of COVID-19, along with the related travel advisories, quarantines and business restrictions, the recovery time of the disrupted supply chains and industries, the impact of the labor market interruptions, the impact of government interventions, and the performance or valuation outlook for healthcare REIT markets and certain property types. The COVID-19 pandemic and the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk and have had an adverse effect on us and may have a material adverse effect on us in the future.

As a result of the AHI Acquisition, we are newly self-managed.

As a result of the Merger and the AHI Acquisition, we are a self-managed REIT. We will no longer bear the costs of the various fees and expense reimbursements previously paid to the former external advisors of GAHR III and GAHR IV and their affiliates; however, our expenses will include the compensation and benefits of our officers, employees and consultants, as well as overhead previously paid by the former external advisors of GAHR III and GAHR IV and their affiliates. Our employees will provide services historically provided by our former external advisors and their affiliates. We are now subject to potential liabilities that are commonly faced by employers, such as workers' disability and compensation claims, potential labor disputes, and other employee-related liabilities and grievances, and we will bear the cost of the establishment and maintenance of any employee compensation plans. In addition, we have not previously operated as a self-managed REIT and may encounter unforeseen costs, expenses and difficulties associated with providing these services on a self-advised basis. If we incur unexpected expenses as a result of our self-management, our results of operations could be lower than they otherwise would have been.

We are uncertain of all of our sources of debt or equity for funding our capital needs. If we cannot obtain funding on acceptable terms, our ability to acquire, and make necessary capital improvements to, properties may be impaired or delayed.

We have not identified all of our sources of debt or equity for funding, and such sources of funding may not be available to us on favorable terms or at all. If we do not have access to sufficient funding in the future, we may not be able to acquire, and make necessary capital improvements to, properties, pay other expenses or expand our business.

We use mortgage indebtedness and other borrowings, which may increase our business risks, could hinder our ability to pay distributions and could decrease the value of our stockholders' investment.

We have financed, and will continue to finance, all or a portion of the purchase price of our investments in real estate and real estate-related investments by borrowing funds. In addition, we may incur mortgage debt and pledge some or all of our real properties as security for that debt to obtain funds to acquire additional real properties or for working capital. Furthermore, we may borrow if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes.

High debt levels may cause us to incur higher interest charges, which would result in higher debt service payments and could be accompanied by restrictive covenants. If there is a shortfall between the cash flows from a property and the cash flows needed to service mortgage debt on that property, then the amount available for distributions to our stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of our stockholders' investment. In addition, lenders may have recourse to assets other than those specifically securing the repayment of indebtedness. For tax purposes, a foreclosure on any of our properties will be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we will recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt to the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgage contains cross-collateralization or cross-default provisions, a default on a single property could affect multiple properties. If any of our properties are foreclosed upon due to a default, our ability to pay cash distributions to our stockholders will be adversely affected.

We are dependent on tenants for our revenue, and lease terminations could reduce our distributions to our stockholders.

The successful performance of our real estate investments is materially dependent on the financial stability of our tenants. Lease payment defaults by tenants would cause us to lose the revenue associated with such leases and could cause us to reduce the amount of distributions to our stockholders. If a property is subject to a mortgage, a default by a significant tenant on its lease payments to us may result in a foreclosure on the property if we are unable to find an alternative source of revenue to meet mortgage payments. In the event of a tenant default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property. Further, we cannot assure our stockholders that we will be able to re-lease the property for the rent previously received, if at all, or that lease terminations will not cause us to sell the property at a loss.

The integrated senior health campuses managed by TMS account for a significant portion of our revenues and/or operating income. Adverse developments in TMS's business or financial condition could have a material adverse effect on us.

As of March 25, 2022, TMS managed all of the day-to-day operations for our integrated senior health campuses pursuant to long-term management agreements. These integrated senior health campuses represent a substantial portion of our portfolio, based on their gross book value, and account for a significant portion of our revenues and/or NOI. Although we have various rights as the owner of these integrated senior health campuses under our management agreements, we rely on TMS's personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our integrated senior health campuses operations efficiently and effectively, and to identify and manage development opportunities for new integrated senior health campuses. We also rely on TMS to provide accurate campus-level financial results for our integrated senior health campuses in a timely manner and to otherwise operate our integrated senior health campuses in compliance with the terms of our management agreements and all applicable laws and regulations. We depend on TMS's ability to attract and retain skilled personnel to provide these services. A shortage of nurses or other trained personnel or general inflationary pressures may force TMS to enhance its pay and benefits package to compete effectively for such personnel, but it may not be able to offset these added costs by increasing the rates charged to residents. As such, any adverse developments in TMS's business or financial condition, including its ability to retain key personnel, could impair its ability to manage our integrated senior health campuses efficiently and effectively and could have a material adverse effect on us. In addition, if TMS experiences any significant financial, legal, accounting or regulatory difficulties due to a weak economy, industry downturn or otherwise, such difficulties could result in, among other adverse events, acceleration of its indebtedness, impairment of its continued access to capital, the enforcement of default remedies by its counterparties, or the commencement of insolvency proceedings by or against it under the United States Bankruptcy Code. Any one or a combination of these risks could have a material adverse effect on us.

In the event that our management agreements with TMS are terminated or not renewed, we may be unable to replace TMS with another suitable manager, or, if we were successful in locating such a manager, that it would manage the integrated senior health campuses effectively or that any such transition would be completed timely, which may have a material adverse effect on us.

We continually monitor and assess our contractual rights and remedies under our management agreements with TMS. When determining whether to pursue any existing or future rights or remedies under those agreements, including termination rights, we consider numerous factors, including legal, contractual, regulatory, business and other relevant considerations. In the event that we exercise our rights to terminate management agreements with TMS for any reason or such agreements are not renewed upon expiration of their terms, we would attempt to reposition the affected integrated senior health campuses with another manager. Although we believe that many qualified national and regional operators would be interested in managing our integrated senior health campuses, we cannot provide any assurance that we would be able to locate another suitable manager or, if we were successful in locating such a manager, that it would manage the integrated senior health campuses effectively or that any such transition would be completed timely. Any such transition would likely result in disruption of the operation of such facilities, including matters relating to staffing and reporting. Moreover, the transition to a replacement manager may require approval by the applicable regulatory authorities and, in most cases, one or more of our lenders including the mortgage lenders for the integrated senior health campuses, and we cannot provide any assurance that such approvals would be granted on a timely basis, if at all. Any inability to replace, or delay in replacing TMS as the manager of integrated senior health campuses could have a material adverse effect on us.

The financial deterioration, insolvency or bankruptcy of one or more of our major tenants, operators, borrowers, managers and other obligors could have a material adverse effect on our business, results of operations and financial condition.

A downturn in any of our tenants', operators', borrowers', managers' or other obligors' businesses could ultimately lead to voluntary or involuntary bankruptcy or similar insolvency proceedings, including but not limited to assignment for the benefit of creditors, liquidation or winding-up. Bankruptcy and insolvency laws afford certain rights to a defaulting tenant, operator, borrower or manager that has filed for bankruptcy or reorganization that may render certain of our remedies unenforceable or, at the least, delay our ability to pursue such remedies and realize any related recoveries. A debtor has the right to assume, or to assume and assign to a third party, or to reject its executory contracts and unexpired leases in a bankruptcy proceeding. If a debtor were to reject its leases with us, obligations under such rejected leases would cease. The claim against the rejecting debtor would be an unsecured claim, which would be limited by the statutory cap set forth in the United States Bankruptcy Code. This statutory cap may be substantially less than the remaining rent actually owed under the lease. In addition, a debtor may also assert in bankruptcy proceedings that leases should be re-characterized as financing agreements, which could result in our being deemed a lender instead of a landlord. A lender's rights and remedies, as compared to a landlord's, generally are materially less favorable, and our rights as a lender may be subordinated to other creditors' rights.

Furthermore, the automatic stay provisions of the United States 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 to preserve the value of our properties, avoid the imposition of liens on our properties or transition our properties to a new tenant, operator or manager. Additionally, we lease many of our properties to healthcare providers who provide long-term custodial care to the elderly. Evicting operators or managers 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 or manager, significant management distraction and performance declines. If we are unable to transition affected properties, they would likely experience prolonged operational disruption, leading to lower occupancy rates and further depressed revenues. Publicity about the operator's or manager's financial condition and bankruptcy or insolvency proceedings may also negatively impact their and our reputations, decreasing customer demand and revenues. Any or all of these risks could have a material adverse effect on our revenues, results of operations and cash flows.

We may incur additional costs in re-leasing properties, which could adversely affect the cash available for future distribution to our stockholders.

Some of the properties we have acquired and will seek to acquire are healthcare properties designed or built primarily for a particular tenant of a specific type of use known as a single-user facility. If we or our tenants terminate the leases for these properties or our tenants default on their lease obligations or lose their regulatory authority to operate such properties, we may not be able to locate suitable replacement tenants to lease the properties for their specialized uses. Alternatively, we may be required to spend substantial amounts to adapt the properties to other uses or incur other significant re-leasing costs. Any loss of revenues or additional capital expenditures required as a result may have a material adverse effect on our business, financial condition and results of operations and our ability to pay future distributions to our stockholders.

We may be unable to secure funds for future tenant or other capital improvements, which could limit our ability to attract, replace or retain tenants and decrease our stockholders' return on investment.

When tenants do not renew their leases or otherwise vacate their space, in order to attract replacement tenants, we have expended, and may be required to expend in the future, substantial funds for tenant improvements and leasing commissions related to the vacated space. Such tenant improvements have required, and may continue to require, us to incur substantial capital expenditures. If we have not established capital reserves for such tenant or other capital improvements, we will have to obtain financing from other sources and we have not identified any sources for such financing. We may also have future financing needs for other capital improvements to refurbish or renovate our properties. If we need to secure financing sources for tenant improvements or other capital improvements in the future, but are unable to secure such financing or are unable to secure financing on terms we feel are acceptable, we may be unable to make tenant and other capital improvements or we may be required to defer such improvements. If this happens, it may cause one or more of our properties to suffer from a greater risk of obsolescence or a decline in value, or a greater risk of decreased cash flows as a result of fewer potential tenants being attracted to the property or our existing tenants not renewing their leases. If we do not have access to sufficient funding in the future, we may not be able to make necessary capital improvements to our properties, pay other expenses or pay distributions to our stockholders.

Our use of derivative financial instruments to hedge against foreign currency exchange rate fluctuations could expose us to risks that may adversely affect our results of operations, financial condition and ability to pay distributions to our stockholders.

We have used, and may continue to use, derivative financial instruments to hedge against foreign currency exchange rate fluctuations, in which case we would be exposed to credit risk and legal enforceability risks. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. Legal enforceability risks encompass general contractual risks, including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract. If we are unable to manage these risks effectively, our results of operations, financial condition and ability to pay distributions to our stockholders will be adversely affected.

A breach of information technology systems on which we rely could materially and adversely impact our business, financial condition, results of operations and reputation.

We and our operators rely on information technology systems, including the Internet and networks and systems maintained and controlled by third-party vendors and other third parties, to process, transmit and store information and to manage or support our business processes. Third-party vendors collect and hold personally identifiable information and other confidential information of our tenants, patients, stockholders and employees. We also maintain confidential financial and business information regarding us and persons and entities with which we do business on our information technology systems. While we and our operators take steps to protect the security of the information maintained in our information technology systems, including the use of commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing of the information, it is possible that such security measures will not be able to prevent human error or the systems' improper functioning, or the loss, misappropriation, disclosure or corruption of personally identifiable information or other confidential or sensitive information, including information about our tenants and employees. Cybersecurity breaches, including physical or electronic break-ins, computer viruses, phishing scams, attacks by hackers, breaches due to employee error or misconduct, and similar breaches, can create, and in some instances in the past resulted in, system disruptions, shutdowns or unauthorized access to information maintained on our information technology systems or the information technology systems of our third-party vendors or other third parties or otherwise cause disruption or negative impacts to occur to our business and adversely affect our financial condition and results of operations. While we and most of our operators maintain cyber risk insurance to provide some coverage for certain risks arising out of cybersecurity breaches, there is no assurance that such insurance would cover all or a significant portion of the costs or consequences associated with a cybersecurity breach. As our reliance on technology increases, so will the risks posed to our information systems, both internal and those we outsource. In addition, as the techniques used to obtain unauthorized access to information technology systems become more varied and sophisticated and the occurrence of such breaches becomes more frequent, we and our third-party vendors and other third parties may be unable to adequately anticipate these techniques or breaches and implement appropriate preventative measures. There is no guarantee that any processes, procedures and internal controls we have implemented or will implement will prevent cyber intrusions. Any failure to prevent cybersecurity breaches and maintain the proper function, security and availability of our or our third-party vendors' and other third parties' information technology systems could interrupt our operations, damage our reputation and brand, damage our competitive position, make it difficult for us to attract and retain tenants, and subject us to liability claims or regulatory penalties, which could adversely affect our business, financial condition and results of operations.

Risks Related to Our Organizational Structure

Several potential events could cause our stockholders' investment in us to be diluted, which may reduce the overall value of our stockholders' investment.

Our stockholders' investment in us could be diluted by a number of factors, including:

- future offerings of our securities, including issuances pursuant to the DRIP and up to 200,000,000 shares of any class or series of preferred stock that our board may authorize;
- private issuances of our securities to other investors, including institutional investors;
- issuances of our securities pursuant to our incentive plan; or
- redemptions of units of limited partnership interest in our operating partnership in exchange for shares of our common stock.

To the extent we issue additional equity interests, current stockholders' percentage ownership interest in us will be diluted. In addition, depending upon the terms and pricing of any additional offerings and the value of our real estate and real estate-related investments, our stockholders may also experience dilution in the book value and fair market value of their shares of our common stock.

Our ability to issue preferred stock may include a preference in distributions superior to our common stock and also may deter or prevent a sale of shares of our common stock in which our stockholders could profit.

Our charter authorizes our board to issue up to 200,000,000 shares of preferred stock. Our board has the discretion to establish the preferences and rights, including a preference in distributions superior to our common stockholders, of any issued preferred stock. If we authorize and issue preferred stock with a distribution preference over our common stock, payment of any distribution preferences of outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our common stock. Further, holders of preferred stock are normally entitled to receive a preference payment in the event we liquidate, dissolve or wind up before any payment is made to our common stockholders, likely reducing the amount our common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of preferred stock or a separate class or series of common stock may render more difficult or tend to discourage:

- a merger, tender offer or proxy contest;
- assumption of control by a holder of a large block of our securities; or
- removal of incumbent management.

The limit on the percentage of shares of our common stock that any person may own may discourage a takeover or business combination that may have benefited our stockholders.

Our charter restricts the direct or indirect ownership by one person or entity to no more than 9.9% of the value of shares of our then outstanding capital stock (which includes common stock and any preferred stock we may issue) and no more than 9.9% of the value or number of shares, whichever is more restrictive, of our then outstanding common stock. This restriction may discourage a change of control of us and may deter individuals or entities from making tender offers for shares of our stock on terms that might be financially attractive to our stockholders or which may cause a change in our management. This ownership restriction may also prohibit business combinations that would have otherwise been approved by our board and our stockholders. In addition to deterring potential transactions that may be favorable to our stockholders, these provisions may also decrease our stockholders' ability to sell their shares of our common stock.

Our stockholders' ability to control our operations is severely limited.

Our board determines our major strategies, including our strategies regarding investments, financing, growth, debt capitalization, REIT qualification and distributions. Our board may amend or revise these and other strategies without a vote of the stockholders. Under our charter and Maryland law, our stockholders have a right to vote only on the following matters:

- the election or removal of directors;
- the amendment of our charter, except that our board may amend our charter without stockholder approval to change our name or the name of other designation or the par value of any class or series of our stock and the aggregate par value of our stock, increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have the authority to issue, or effect certain reverse stock splits;
- our dissolution; and
- certain mergers, consolidations, conversions, statutory share exchanges and sales or other dispositions of all or substantially all of our assets.

All other matters are subject to the discretion of our board.

Conflicts of interest could arise as a result of our officers' other positions and/or interests outside of our company.

We rely on our management for implementation of our policies and our day-to-day operations. Although a majority of their business time is spent working for our company, they may engage in other investment and business activities in which we have no economic interest. Their responsibilities to these other entities could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy. They may face conflicts of interest in allocating time among us and their other business ventures and in meeting obligations to us and those other entities.

Maryland law prohibits certain business combinations, which may make it more difficult for us to be acquired and may limit or delay our stockholders' ability to dispose of their shares of our common stock.

Certain provisions of the Maryland General Corporation Law, or the MGCL, such as the business combination statute and the control share acquisition statute, are designed to prevent, or have the effect of preventing, someone from acquiring control of us. The MGCL prohibits "business combinations" between a Maryland corporation and:

- any person who beneficially owns, directly or indirectly, 10.0% or more of the voting power of the corporation's outstanding voting stock, which is referred to as an "interested stockholder";
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was an interested stockholder; or
- an affiliate of an interested stockholder.

These prohibitions last for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any business combination with the interested stockholder or an affiliate of the interested stockholder must be recommended by the corporation's board and approved by the affirmative vote of at least 80.0% 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 of voting stock held by the interested stockholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in our stockholders' best interests.

Pursuant to the MGCL, our bylaws exempt us from the control share acquisition statute, which eliminates voting rights for certain levels of shares that could exercise control over us, and our board has adopted a resolution providing that any business combination between us and any other person is exempted from the business combination statute, provided that such business combination is first approved by our board. However, if the bylaws provisions exempting us from the control share acquisition statute or our board resolution opting out of the business combination statute were repealed in whole or in part at any time, these provisions of the MGCL could delay or prevent offers to acquire us and increase the difficulty of consummating any such offers, even if such a transaction would be in our stockholders' best interest.

The MGCL and our organizational documents limit our stockholders' right to bring claims against our officers and directors.

The MGCL provides that a director has no liability in such capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the corporation's best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter requires us, subject to certain exceptions, to indemnify and advance expenses to our directors, officers, employees and agents. Additionally, our charter limits, subject to certain exceptions, the liability of our directors and officers to us and our stockholders for monetary damages. Moreover, we have entered into separate indemnification agreements with each of our directors and executive officers and intend to enter into indemnification agreements with each of our future directors and executive officers. Although our charter does not allow us to indemnify our directors for any liability or loss suffered by them or hold harmless our directors for any loss or liability suffered by us to a greater extent than permitted under Maryland law, we and our stockholders may have more limited rights against our directors, officers, employees and agents than might otherwise exist under common law, which could reduce our stockholders' and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents in some cases, which would decrease the cash otherwise available for distribution to our stockholders.

Our stockholders' investment return may be reduced if we are required to register as an investment company under the Investment Company Act. If we become subject to registration under the Investment Company Act, we may not be able to continue our business.

We do not intend to register as an investment company under the Investment Company Act. We monitor our operations and our assets on an ongoing basis in order to ensure that neither we, nor any of our subsidiaries, meet the definition of "investment company" under Section 3(a)(1) of the Investment Company Act. If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act imposing, among other things: limitations on capital structure; restrictions on specified investments; prohibitions on transactions with affiliates; compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations; and potentially, compliance with daily valuation requirements.

To maintain compliance with our Investment Company Act exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. Similarly, we may have to acquire additional income- or loss-generating assets that we might not otherwise have acquired or may have to forgo opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our investment strategy.

Accordingly, our board may not be able to change our investment policies as our board may deem appropriate if such change would cause us to meet the definition of an “investment company.” In addition, a change in the value of any of our assets could negatively affect our ability to avoid being required to register as an investment company. If we were required to register as an investment company under the Investment Company Act, but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court were to require enforcement, and a court could appoint a receiver to take control of us and liquidate our business, which would reduce our stockholders’ investment return.

Risks Related to Investments in Real Estate

Uncertain market conditions relating to the future acquisition or disposition of properties could lead such acquired real estate investments to decrease in value or may cause us to sell our properties at a loss in the future.

Our management, subject to the oversight of our board, may exercise its discretion as to whether and when to sell a property, and we will have no obligation to sell properties at any particular time. We cannot predict with any certainty the various market conditions affecting real estate investments that will exist at any particular time in the future. As such, we may be purchasing our properties at a time when capitalization rates are at historically low levels and purchase prices are high. In addition, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We may not have adequate funds available to correct such defects or to make such improvements. Moreover, in acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Therefore, the value of our properties may not increase over time, which may restrict our ability to sell our properties, or in the event we are able to sell such properties, may lead to sale prices less than the prices that we paid to purchase the properties. Additionally, we may incur prepayment penalties in the event we sell a property subject to a mortgage earlier than we otherwise had planned. Accordingly, the extent to which our stockholders will receive cash distributions and realize potential appreciation on our real estate investments will, among other things, be dependent upon fluctuating market conditions.

Uninsured losses relating to real estate and lender requirements to obtain insurance may reduce our stockholders’ returns.

There are types of losses relating to real estate, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution, climate change or environmental matters, for which we do not intend to obtain insurance unless we are required to do so by mortgage lenders. If any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, other than any reserves we may establish, we have no source of funding to repair or reconstruct any uninsured damaged property, and we cannot assure our stockholders that any such sources of funding will be available to us for such purposes in the future. Also, to the extent we must pay unexpectedly large amounts for uninsured losses, we could suffer reduced earnings that would result in less cash to be distributed to our stockholders. In cases where we are required by mortgage lenders to obtain casualty loss insurance for catastrophic events, effects of climate change or terrorism, such insurance may not be available, or may not be available at a reasonable cost, which could inhibit our ability to finance or refinance our properties. Additionally, if we obtain such insurance, the costs associated with owning a property would increase and could have a material adverse effect on the net income from the property, and, thus, the cash available for distribution to our stockholders.

A high concentration of our properties in a particular geographic area would magnify the effects of downturns in that geographic area.

We have a concentration of properties in particular geographic areas; therefore, any adverse situation that disproportionately effects one of those areas would have a magnified adverse effect on our portfolio. As of March 25, 2022, properties located in Indiana accounted for approximately 30.9% of our total property portfolio’s annualized base rent or annualized NOI. Accordingly, there is a geographic concentration of risk subject to fluctuations in such state’s economy.

Terrorist attacks, acts of violence or war, political protests and unrest or public health crises may affect the markets in which we operate and have a material adverse effect on our financial condition and results of operations.

Terrorist attacks, acts of violence or war, political protests and unrest or public health crises (including the COVID-19 pandemic) have negatively affected, and may continue to negatively affect, our operations and our stockholders’ investments. We have acquired, and may continue to acquire, real estate assets located in areas that are susceptible to terrorist attacks, acts of violence or war, political protests or public health crises. These events may directly impact the value of our assets through damage, destruction, loss or increased security costs. Although we may obtain terrorism insurance, we may not be able to obtain sufficient coverage to fund any losses we may incur. Risks associated with potential acts of terrorism could sharply increase the premiums we pay for coverage against property and casualty claims. Further, certain losses resulting from these types of events are uninsurable or not insurable at reasonable costs. More generally, any terrorist attack, other act of violence or war, political protest and unrest or public health crisis could result in increased volatility in, or damage to, the United States and worldwide financial markets and economy, all of which could adversely affect our tenants' ability to pay rent on their leases or our ability to borrow money or issue capital stock at acceptable prices, which could have a material adverse effect on our financial condition and results of operations.

Our business, tenants, residents and operators may face litigation and experience rising liability and insurance costs, which may adversely affect our financial condition, results of operations, liquidity or cash flows.

We currently intend to pursue insurance recovery for any losses caused by the COVID-19 pandemic, but there can be no assurance that coverage will be available under our existing policies or if such coverage is available, which and how much of our losses will be covered and what other limitations may apply. Due to the likely increase in claims as a result of the impact of the COVID-19 pandemic, insurance companies may limit or stop offering coverage to companies like ours for pandemic related claims and/or significantly increase the cost of insurance so that it is no longer available at commercially reasonable rates.

With respect to our SHOP and integrated senior health campuses, we are ultimately responsible for operational risks and other liabilities of the facility, other than those arising out of certain actions by our operator, such as gross negligence or willful misconduct. As such, operational risks include, and our resulting revenues therefore depend on, the availability and cost of general and professional liability insurance coverage or increases in insurance policy deductibles. Furthermore, because we bear such operational risks and liabilities related to our SHOP and integrated senior health campuses, we may be directly adversely impacted by potential litigation related to the COVID-19 pandemic that have occurred or may occur at those facilities, and our insurance coverage may not cover or may not be sufficient to cover any potential losses.

Additionally, as a result of the COVID-19 pandemic, the cost of insurance for our tenants, operators and residents is expected to increase as well, and such insurance may not cover certain claims related to COVID-19, which could impair their ability to pay rent to us. Our exposure to COVID-19 related litigation risk may be further increased if our operators or residents of such facilities are subject to bankruptcy or insolvency. Combined with the factors above, these trends in insurance coverage may adversely affect our financial condition, results of operations, liquidity or cash flows.

Most of our costs, such as operating and general and administrative expenses, interest expense, and real estate acquisition and construction costs, are subject to inflation.

A significant portion of our operating expenses is sensitive to inflation. These include expenses for property-related costs such as insurance, utilities and repairs and maintenance. Property taxes are also impacted by inflationary changes as taxes are typically regularly reassessed in most states based on changes in the fair value of our properties. We also have ground lease expenses in certain of our properties. Ground lease costs are contractual, but in some cases, lease payments reset every few years based on changes on consumer price indexes.

Operating expenses on our non-RIDEA properties, with the exception of ground lease rental expenses, are typically recoverable through our lease arrangements, which allow us to pass through substantially all expenses associated with property taxes, insurance, utilities, repairs and maintenance, and other operating expenses (including increases thereto) to our tenants. As of December 31, 2021, the majority of our existing leases were either triple net leases or leases that allow us to recover operating expenses, and also provided for the recapture of capital expenditures. Our remaining leases are generally gross leases, which provide for recoveries of operating expenses above the operating expenses from the initial year within each lease. During inflationary periods, we expect to recover increases in operating expenses from our triple net leases and our gross leases. As a result, we do not believe that inflation would result in a significant adverse effect on our net operating income, results of operations, and operating cash flows at the property level. For our RIDEA properties, increases in operating expenses, including labor, that are caused by inflationary pressures will generally be passed through to us and may adversely impact our net operating income, results of operations and operating cash flows.

Our general and administrative expenses consist primarily of compensation costs, as well as professional and legal fees. Annually, our employee compensation is adjusted to reflect merit increases; however, to maintain our ability to successfully compete for the best talent, rising inflation rates may require us to provide compensation increases beyond historical annual merit increases, which may significantly increase our compensation costs. Similarly, professional and legal fees are also subject to the impact of inflation and expected to increase proportionately with increasing market prices for such services. Consequently, inflation is expected to increase our general and administrative expenses over time and may adversely impact our results of operations and operating cash flows.

Also, during inflationary periods, interest rates have historically increased, which would have a direct effect on the interest expense of our borrowings. Our exposure to increases in interest rates is limited to our variable-rate borrowings, which consist of borrowings under our credit facilities and variable-rate mortgage loans payable. As of December 31, 2021, our outstanding debt aggregated $2.3 billion, of which 43.4% was unhedged variable-rate debt. Therefore, a significant increase in inflation rates would have a material adverse impact on our financing costs and interest expense.

We have long term lease agreements with our tenants that contain effective annual rent escalations that were either fixed or indexed based on a consumer price index or other index. We believe our annual lease expirations allow us to reset these leases to market rents upon renewal or re-leasing and that annual rent escalations within our long-term leases are generally sufficient to offset the effect of inflation on non-recoverable costs, such as general and administrative expenses and interest expense. However, it is possible that during higher inflationary periods the impact of inflation will not be adequately offset by the resetting of rents from our renewal and re-leasing activities or our annual rent escalations. As a result, during inflationary periods in which the inflation rate exceeds the annual rent escalation percentages within our lease contracts, we may not adequately mitigate the impact of inflation, which may adversely affect to our business, financial condition, results of operations, and cash flows.

Additionally, inflationary pricing may have a negative effect on the real estate acquisitions and construction costs necessary to complete our development and redevelopment projects, including, but not limited to, costs of construction materials, labor, and services from third-party contractors and suppliers. Higher acquisition and construction costs could adversely impact our net investments in real estate and expected yields in our development and redevelopment projects, which may make otherwise lucrative investment opportunities less profitable to us. As a result, our financial condition, results of operations, and cash flows, we well as our ability to pay dividends, could be adversely affected over time.

Delays in the acquisition, development and construction of real properties may have adverse effects on our results of operations and our ability to pay distributions to our stockholders.

Delays we encounter in the selection, acquisition and development of real properties could adversely affect our stockholders' returns. Where properties are acquired prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. If we engage in development or construction projects, we will be subject to uncertainties associated with re-zoning for development, environmental concerns of governmental entities and/or community groups, and our builder's ability to build in conformity with plans, specifications, budgeted costs and timetables. If a builder fails to perform, we may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control. Therefore, our stockholders could suffer delays in the receipt of cash distributions attributable to those particular real properties. Delays in completion of construction could give tenants the right to terminate preconstruction leases for space at a newly developed project. We may incur additional risks if we make periodic progress payments or other advances to builders prior to completion of construction. These and other such factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. We also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a price at the time we acquire the property. If our projections are inaccurate, we may pay too much for a property, and our return on our investment could suffer.

If we contract with a development company for newly developed property, our earnest money deposit made to the development company may not be fully refunded.

We may acquire one or more properties under development. We anticipate that if we do acquire properties that are under development, we will be obligated to pay a substantial earnest money deposit at the time of contracting to acquire such properties, and that we will be required to close the purchase of the property upon completion of the development of the property. We may enter into such a contract with the development company even if at the time we enter into the contract, we have not yet secured sufficient financing to enable us to close the purchase of such property. However, we may not be required to close a purchase from the development company, and may be entitled to a refund of our earnest money, in the following circumstances:

- the development company fails to develop the property;
- all or a specified portion of the pre-leased tenants fail to take possession under their leases for any reason; or
- we are unable to secure sufficient financing to pay the purchase price at closing.

The obligation of the development company to refund our earnest money deposit will be unsecured, and we may not be able to obtain a refund of such earnest money deposit from it under these circumstances since the development company may be an entity without substantial assets or operations.

Our stockholders may not receive any profits resulting from the sale of our properties, or receive such profits in a timely manner, because we may provide financing to the purchaser of such property.

When we decide to sell one of our properties, we may provide financing to the purchasers. When we provide financing to purchasers, we will bear the risk that the purchaser may default on its obligations under the financing, which could negatively impact cash flows from operations. Even in the absence of a purchaser default, the distribution of sale proceeds, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon the sale are actually paid, sold, refinanced or otherwise disposed of. In some cases, we may receive initial down payments in cash and other property in the year of sale in an amount less than the selling price, and subsequent payments will be spread over a number of years. Therefore, our stockholders may experience a delay in the distribution to our stockholders of the proceeds of a sale until such time. Additionally, if any purchaser defaults under a financing arrangement with us, it could negatively impact our ability to pay cash distributions to our stockholders.

Representations and warranties made by us in connection with sales of our properties may subject us to liability that could result in losses and could harm our operating results and, therefore distributions we make to our stockholders.

When we sell a property, we have been required, and may continue to be required, to make representations and warranties regarding the property and other customary items. In the event of a breach of such representations or warranties, the purchaser of the property may have claims for damages against us, rights to indemnification from us or otherwise have remedies against us. In any such case, we may incur liabilities that could result in losses and could harm our operating results and, therefore distributions we make to our stockholders.

We face possible liability for environmental cleanup costs and damages for contamination related to properties we acquire, which could substantially increase our costs and reduce our liquidity and cash distributions to our stockholders.

Because we own and operate real estate, we are subject to various federal, state and local environmental laws, ordinances and regulations. Under these laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. The costs of removal or remediation could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances, including the release of asbestos-containing materials into the air, and third parties may seek recovery from owners or operators of real estate for personal injury or property damage associated with exposure to released hazardous substances. In addition, new or more stringent laws or stricter interpretations of existing laws could change the cost of compliance or liabilities and restrictions arising out of such laws. The cost of defending against these claims, complying with environmental regulatory requirements, conducting remediation of any contaminated property, or of paying personal injury claims could be substantial, which would reduce our liquidity and cash available for distribution to our stockholders. In addition, the presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may materially impair our ability to use, lease or sell a property, or to use the property as collateral for borrowing.

Our real estate investments may be concentrated in MOBs, hospitals, SNFs, senior housing, integrated senior health campuses or other healthcare-related facilities, making us potentially more vulnerable economically than if our investments were diversified.

As a REIT, we invest primarily in real estate. Within the real estate industry, we have acquired, and may continue to acquire, or selectively develop and own MOBs, hospitals, SNFs, senior housing, integrated senior health campuses and other healthcare-related facilities. We are subject to risks inherent in concentrating investments in real estate. These risks resulting from a lack of diversification become even greater as a result of our business strategy to invest to a substantial degree in healthcare-related facilities.

A downturn in the commercial real estate industry generally could significantly adversely affect the value of our properties. A downturn in the healthcare industry could negatively affect our lessees' ability to make lease payments to us and our ability to pay distributions to our stockholders. These adverse effects could be more pronounced than if we diversified our investments outside of real estate or if our portfolio did not include a substantial concentration in MOBs, hospitals, SNFs, senior housing and other healthcare-related facilities.

Certain of our properties may not have efficient alternative uses, so the loss of a tenant may cause us not to be able to find a replacement or cause us to spend considerable capital to adapt the property to an alternative use.

Some of the properties we have acquired and will seek to acquire are healthcare properties that may only be suitable for similar healthcare-related tenants. If we or our tenants terminate the leases for these properties or our tenants lose their regulatory authority to operate such properties, we may not be able to locate suitable replacement tenants to lease the properties for their specialized uses. Alternatively, we may be required to spend substantial amounts to adapt the properties to other uses. Any loss of revenues or additional capital expenditures required as a result may have a material adverse effect on our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

Our current and future properties and our tenants may be unable to compete successfully, which could result in lower rent payments, reduce our cash flows from operations and amount available for distributions.

Our current and future properties often will face competition from nearby properties that provide comparable services. Some of those competing properties are owned by governmental agencies and supported by tax revenues, and others are owned by nonprofit corporations and may be supported to a large extent by endowments and charitable contributions. These types of support are not available to our properties.

Similarly, our tenants face competition from other medical practices in nearby hospitals and other medical facilities. Our tenants' failure to compete successfully with these other practices could adversely affect their ability to make rental payments, which could adversely affect our rental revenues. Further, from time to time and for reasons beyond our control, referral sources, including physicians and managed care organizations, may change their lists of hospitals or physicians to which they refer patients or that are permitted to participate in the payor program. This could adversely affect our tenants' ability to make rental payments, which could adversely affect our rental revenues.

Any reduction in rental revenues resulting from the inability of our properties and our tenants to compete successfully may have a material adverse effect on our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

Ownership of property outside the United States may subject us to different or greater risks than those associated with our domestic operations.

As of December 31, 2021, we had $68,085,000 invested in the United Kingdom, or UK, and the Isle of Man, or 1.6% of our portfolio, based on our aggregate purchase price of real estate investments. International development, ownership, and operating activities involve risks that are different from those we face with respect to our domestic properties and operations. For example, we have limited investing experience in international markets. If we are unable to successfully manage the risks associated with international expansion and operations, our results of operations and financial condition may be adversely affected.

Additionally, our ownership of properties in the Isle of Man and the UK currently subjects us to fluctuations in the exchange rates between United States dollars, or USD, and the UK Pound Sterling, which may, from time to time, impact our financial condition and results of operations. Revenues generated from any properties or other real estate-related investments we acquire or ventures we enter into relating to transactions involving assets located in markets outside the United States likely will be denominated in the local currency. Therefore, any investments we make outside the United States may subject us to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the USD. As a result, changes in exchange rates of any such foreign currency to USD may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity. In addition, changes in foreign currency exchange rates used to value a REIT's foreign assets may be considered changes in the value of the REIT's assets. These changes may adversely affect our status as a REIT. Further, bank accounts in a foreign currency which are not considered cash or cash equivalents may adversely affect our status as a REIT.

Risks Related to the Healthcare Industry

The healthcare industry is heavily regulated and new laws or regulations, changes to existing laws or regulations, loss of licensure or failure to obtain licensure could result in the inability of our tenants to make rent payments to us.

The healthcare industry is heavily regulated by federal, state and local governmental bodies. The tenants in our healthcare properties generally will be subject to laws and regulations covering, among other things, licensure, certification for participation in government programs, and relationships with physicians and other referral sources. Changes in these laws and regulations or our tenants' failure to comply with these laws and regulations could negatively affect the ability of our tenants to make lease payments to us and our ability to pay distributions to our stockholders.

Many of our healthcare properties and their tenants may require a license or CON to operate. Failure to obtain a license or CON, or loss of a required license or CON, would prevent a facility from operating in the manner intended by the tenant. These events could materially adversely affect our tenants' ability to make rent payments to us. State and local laws also may regulate expansion, including the addition of new beds or services or acquisition of medical equipment, and the construction of healthcare-related facilities, by requiring a CON or other similar approval. State CON laws and other similar laws are not uniform throughout the United States and are subject to change; therefore, this may adversely impact our tenants' ability to provide services in different states. We cannot predict the impact of state CON laws or similar laws on our development of facilities or the operations of our tenants.

In addition, state CON laws often materially impact the ability of competitors to enter into the marketplace of our facilities. The repeal of CON laws could allow competitors to freely operate in previously closed markets. This could negatively affect our tenants' abilities to make rent payments to us.

In limited circumstances, loss of state licensure or certification or closure of a facility could ultimately result in loss of authority to operate the facility or provide services at the facility and require new CON authorization licensure and/or authorization or potential authorization from CMS to re-institute operations. As a result, a portion of the value of the facility may be reduced, which would adversely impact our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

Reductions in reimbursement from third-party payors, including Medicare and Medicaid, could adversely affect the profitability of our tenants and hinder their ability to make rental payments to us, and comprehensive healthcare reform legislation could materially adversely affect our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

Sources of revenue for our tenants may include the federal Medicare program, state Medicaid programs, private insurance carriers and health maintenance organizations, among others. Efforts by such payors to reduce healthcare costs will likely continue, which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. In addition, the healthcare billing rules and regulations are complex, and the failure of any of our tenants to comply with various laws and regulations could jeopardize their ability to continue participating in Medicare, Medicaid and other government sponsored payment programs. Moreover, the state and federal governmental healthcare programs are subject to reductions by state and federal legislative actions, and changes in reimbursement models may impact our tenants' payments and create uncertainty in the tenants' financial condition.

The healthcare industry continues to face various challenges, including increased government and private payor pressure on healthcare providers to control or reduce costs. It is possible that our tenants will continue to experience a shift in payor mix away from fee-for-service payors, resulting in an increase in the percentage of revenues attributable to reimbursement based upon value-based principles and quality driven managed care programs, and general industry trends that include pressures to control healthcare costs. Pressures to control healthcare costs and a shift away from traditional health insurance reimbursement based upon a fee for service payment to payment based upon quality outcomes have increased the uncertainty of payments.

In addition, the Patient Protection and Affordable Care Act of 2010, or the Healthcare Reform Act, is intended to reduce the number of individuals in the United States without health insurance and effect significant other changes to the ways in which healthcare is organized, delivered and reimbursed. Included within the legislation is a limitation on physician-owned hospitals from expanding, unless the facility satisfies very narrow federal exceptions to this limitation. Therefore, if our tenants are physicians that own and refer to a hospital, the hospital would be limited in its operations and expansion potential, which may limit the hospital's services and resulting revenues and may impact the owner's ability to make rental payments.

Furthermore, the Healthcare Reform Act included new payment models with new shared savings programs and demonstration programs that include bundled payment models and payments contingent upon reporting on satisfaction of quality benchmarks. The new payment models will likely change how physicians are paid for services. These changes could have a material adverse effect on the financial condition of some of our tenants.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 was signed into law and repealed the individual mandate financial penalty portion of the Healthcare Reform Act beginning in 2019. With the elimination of the individual mandate enforcement mechanism, several states brought suit seeking to invalidate the entire Affordable Care Act. In response, several other states intervened in the suit, seeking to uphold the Healthcare Reform Act. In 2021, the United States Supreme Court determined that this latest challenge to the Healthcare Reform Act was unreviewable because the plaintiffs in the suit lacked standing. However, challenges to the Healthcare Reform Act may continue. If all or a portion of the Healthcare Reform Act, including the individual mandate, is eventually ruled unconstitutional, our tenants may have more patients and residents who do not have insurance coverage, which may adversely impact the tenants' collections and revenues. The financial impact on our tenants could restrict their ability to make rent payments to us, which would have a material adverse effect on our business, financial condition and results of operations and our ability to pay distributions to stockholders.

We cannot predict the ultimate content, timing or effect of any further healthcare reform legislation or the impact of potential legislation on our business, financial condition and results of operations and our ability to pay distributions to stockholders. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare services, which may adversely impact our tenants' ability to make rental payments to us.

The current trend for seniors to delay moving to senior housing facilities until they require greater care or to forgo moving to senior housing facilities altogether could have a material adverse effect on our business, financial condition and results of operations.

Seniors have been increasingly delaying their moves to senior housing facilities, including to our leased and managed senior housing facilities, until they require greater care, and increasingly forgoing moving to senior housing facilities altogether. The COVID-19 pandemic could cause seniors and their families to be reluctant to move into senior housing facilities during the pandemic. Further, rehabilitation therapy and other services are increasingly being provided to seniors on an outpatient basis or in seniors' personal residences in response to market demand and government regulation, which may increase the trend for seniors to delay moving to senior housing facilities. Such delays may cause decreases in occupancy rates and increases in resident turnover rates at our senior housing facilities. Moreover, seniors may have greater care needs and require higher acuity services, which may increase our tenants' and managers' cost of business, expose our tenants and managers to additional liability or result in lost business and shorter stays at our leased and managed senior housing facilities if our tenants and managers are not able to provide the requisite care services or fail to adequately provide those services. These trends may negatively impact the occupancy rates, revenues, and cash flows at our leased and managed senior housing facilities and our results of operations. Further, if any of our tenants or managers are unable to offset lost revenues from these trends by providing and growing other revenue sources, such as new or increased service offerings to seniors, our senior housing facilities may be unprofitable and we may receive lower returns and rent, and the value of our senior housing facilities may decline.

Events that adversely affect the ability of seniors and their families to afford resident fees at our senior housing facilities could cause our occupancy rates, resident fee revenues and results of operations to decline.

Costs to seniors associated with independent and assisted living services are generally not reimbursable under government reimbursement programs such as Medicare and Medicaid. Only seniors with income or assets meeting or exceeding the comparable median in the regions where our facilities are located typically will be able to afford to pay the entrance fees and monthly resident fees, and a weak economy, depressed housing market or changes in demographics could adversely affect their continued ability to do so. If our tenants and operators are unable to retain and attract seniors with sufficient income, assets or other resources required to pay the fees associated with independent and assisted living services and other services provided by our tenants and operators at our healthcare facilities, our occupancy rates and resident fee revenues could decline, which could, in turn, materially adversely affect our business, results of operations and financial condition and our ability to make distributions to stockholders.

Some tenants of our current and future properties will be subject to fraud and abuse laws, the violation of which by a tenant may jeopardize the tenant's ability to make rent payments to us.

There are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from or are in a position to make referrals in connection with government-sponsored healthcare programs, including the Medicare and Medicaid programs. Our lease arrangements with certain current and future tenants may also be subject to these fraud and abuse laws. In order to support compliance with the fraud and abuse laws, our lease agreements may be required to satisfy individual state law requirements that vary from state to state, such as the Stark Law exception and the Anti-Kickback Statute safe harbor for lease arrangements, which impacts the terms and conditions that may be negotiated in the lease arrangements.

These federal laws include:

- the Federal Anti-Kickback Statute, which prohibits, among other things, the offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of any item or service reimbursed by state or federal healthcare programs;
- the Federal Physician Self-Referral Prohibition, which, subject to specific exceptions, restricts physicians from making referrals for specifically designated health services for which payment may be made under federal healthcare programs to an entity with which the physician, or an immediate family member, has a financial relationship;
- the False Claims Act, which prohibits any person from knowingly presenting false or fraudulent claims for payment to the federal government, including claims paid by the Medicare and Medicaid programs;
- the Civil Monetary Penalties Law, which authorizes the United States Department of Health & Human Services to impose monetary penalties or exclusion from participating in state or federal healthcare programs for certain fraudulent acts;

- the Health Insurance Portability and Accountability Act of 1996, as amended, or HIPAA, Fraud Statute, which makes it a federal crime to defraud any health benefit plan, including private payors; and
- the Exclusions Law, which authorizes the United States Department of Health & Human Services to exclude someone from participating in state or federal healthcare programs for certain fraudulent acts.

Each of these laws includes criminal and/or civil penalties for violations that range from punitive sanctions, damage assessments, penalties, imprisonment, denial of Medicare and Medicaid payments and/or exclusion from the Medicare and Medicaid programs. Monetary penalties associated with violations of these laws have been increased in recent years. Certain laws, such as the False Claims Act, allow for individuals to bring whistleblower actions on behalf of the government for violations thereof. Additionally, states in which the facilities are located may have similar fraud and abuse laws. Investigation by a federal or state governmental body for violation of fraud and abuse laws or imposition of any of these penalties upon one of our tenants could jeopardize that tenant's ability to operate or to make rent payments, which may have a material adverse effect on our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

In late 2020, CMS and the United States Health and Human Services Office of Inspector General issued material revisions to rules and regulations relating to the federal Physician Self-Referral Prohibition and the federal Anti-Kickback Statute. While these revisions were designed to modernize the regulatory scheme and advance the transition to value-based care, there is little published guidance and interpretation with respect to the new regulations, which may lead to uncertainty for our tenants in trying to comply with the various safe harbors and exceptions to these laws.

Adverse trends in healthcare provider operations may negatively affect our lease revenues and our ability to pay distributions to our stockholders.

The healthcare industry is currently experiencing:

- changes in the demand for and methods of delivering healthcare services;
- changes in third-party reimbursement policies;
- significant unused capacity in certain areas, which has created substantial competition for patients among healthcare providers in those areas;
- increased expense for uninsured patients;
- increased competition among healthcare providers;
- increased liability insurance expense;
- continued pressure by private and governmental payors to reduce payments to providers of services;
- increased scrutiny of billing, referral and other practices by federal and state authorities;
- changes in federal and state healthcare program payment models;
- increased emphasis on compliance with privacy and security requirements related to personal health information; and
- increased instability in the Health Insurance Exchange market and lack of access to insurance plans participating in the exchange.

Additionally, in connection with the COVID-19 pandemic, many governmental entities relaxed certain licensure and other regulatory requirements relating to telemedicine, allowing more patients to virtually access care without having to visit a healthcare facility. If governmental and regulatory authorities continue to allow for increased virtual health care, this may affect the demand for some of our properties, such as MOBs.

These factors may adversely affect the economic performance of some or all of our tenants and, in turn, our lease revenues and our ability to pay distributions to our stockholders.

Operators/managers of healthcare properties that we own, or may acquire, may be affected by the financial deterioration, insolvency and/or bankruptcy of other significant operators/managers in the healthcare industry.

Certain companies in the healthcare industry, including some key senior housing operators/managers, are experiencing considerable financial, legal and/or regulatory difficulties which have resulted or may result in financial deterioration and, in some cases, insolvency and/or bankruptcy. The adverse effects on these companies could have a significant impact on the industry as a whole, including but not limited to negative public perception by investors, lenders and consumers. As a result, lessees of healthcare facilities that we own, or may acquire, could experience the damaging financial effects of a weakened industry sector driven by negative headlines, ultimately making them unable to meet their obligations to us, and our business could be adversely affected.

Our healthcare-related tenants may be subject to significant legal actions that could subject them to increased operating costs and substantial uninsured liabilities, which may affect their ability to pay their rent payments to us.

As is typical in the healthcare industry, our healthcare-related tenants may often become subject to claims that their services have resulted in patient injury or other adverse effects. Many of these tenants may have experienced an increasing trend in the frequency and severity of professional liability and general liability insurance claims and litigation asserted against them. The insurance coverage maintained by these tenants may not cover all claims made against them nor continue to be available at a reasonable cost, if at all. In some states, insurance coverage for the risk of punitive damages arising from professional liability and general liability claims and/or litigation may not, in certain cases, be available to these tenants due to state law prohibitions or limitations of availability. As a result, these types of tenants of our MOBs, hospitals, SNFs, senior housing and other healthcare-related facilities operating in these states may be liable for punitive damage awards that are either not covered or are in excess of their insurance policy limits. We also believe that there has been, and will continue to be, an increase in governmental investigations of certain healthcare providers, particularly in the area of Medicare/Medicaid false claims, as well as an increase in enforcement actions resulting from these investigations. Insurance may not always be available to cover such losses. Any adverse determination in a legal proceeding or governmental investigation, whether currently asserted or arising in the future, could have a material adverse effect on a tenant’s financial condition. If a tenant is unable to obtain or maintain insurance coverage, if judgments are obtained in excess of the insurance coverage, if a tenant is required to pay uninsured punitive damages, or if a tenant is subject to an uninsurable government enforcement action, the tenant could be exposed to substantial additional liabilities, which may affect the tenant’s ability to pay rent, which in turn could have a material adverse effect on our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

We, our tenants and our operators for our skilled nursing, senior housing and integrated senior health campuses may be subject to various government reviews, audits and investigations that could adversely affect our business, including an obligation to refund amounts previously paid to us, potential criminal charges, the imposition of fines, and/or the loss of the right to participate in Medicare and Medicaid programs.

We, our tenants and our operators for our skilled nursing, senior housing and integrated senior health campuses are subject to various governmental reviews, audits and investigations to verify compliance with the Medicaid and Medicare programs and applicable laws and regulations. We, our tenants and our operators for our skilled nursing, senior housing and integrated senior health campuses are also subject to audits under various government programs, including Recovery Audit Contractors, Unified Program Integrity Contractors, and other third party audit programs, in which third-party firms engaged by CMS conduct extensive reviews of claims data and medical and other records to identify potential improper payments under the Medicare and Medicaid programs. Private pay sources also reserve the right to conduct audits. An adverse review, audit or investigation could result in:

- an obligation to refund amounts previously paid to us, our tenants or our operators pursuant to the Medicare or Medicaid programs or from private payors, in amounts that could be material to our business;
- state or federal agencies imposing fines, penalties and other sanctions on us, our tenants or our operators;
- loss of our right, our tenants’ right or our operators’ right to participate in the Medicare or Medicaid programs or one or more private payor networks;
- an increase in private litigation against us, our tenants or our operators; and
- damage to our reputation in various markets.

While we, our tenants and our operators for our skilled nursing, senior housing and integrated senior health campuses have always been subject to post-payment audits and reviews, more intensive “probe reviews” appear to be a permanent procedure with our fiscal intermediaries. If the government or a court were to conclude that such errors, deficiencies or disagreements constituted criminal violations, or were to conclude that such errors, deficiencies or disagreements resulted in the submission of false claims to federal healthcare programs, or if the government were to discover other problems in addition to the ones identified by the probe reviews that rose to actionable levels, we and certain of our officers, and our tenants and operators for our skilled nursing, senior housing and integrated senior health campuses and certain of their officers, might face potential criminal charges and/or civil claims, administrative sanctions and penalties for amounts that could be material to our business, results of operations and financial condition. In addition, we and/or some of the key personnel of our operating subsidiaries, or those of our tenants and operators for our skilled nursing, senior housing and integrated senior health campuses, could be temporarily or permanently excluded from future participation in state and federal healthcare reimbursement programs such as Medicaid and Medicare. In any event, it is likely that a governmental investigation alone, regardless of its outcome, would divert material time, resources and attention from our management team and our staff, or those of our tenants and our operators for our skilled nursing, senior housing and integrated senior health campuses and could have a materially detrimental impact on our results of operations during and after any such investigation or proceedings.

In cases where claim and documentation review by any CMS contractor results in repeated poor performance, a facility can be subjected to protracted oversight. This oversight may include repeat education and re-probe, extended pre-payment review, referral to recovery audit or integrity contractors, or extrapolation of an error rate to other reimbursement outside of specifically reviewed claims. Sustained failure to demonstrate improvement towards meeting all claim filing and documentation requirements could ultimately lead to Medicare and Medicaid decertification, which could have a materially detrimental impact on our results of operations. Adverse actions by CMS may also cause third party payor or licensure authorities to audit our tenants. These additional audits could result in termination of third-party payor agreements or licensure of the facility, which would also adversely impact our operations.

In addition, our tenants and operators that accepted relief funds distributed to combat the adverse effects of COVID-19 and reimburse providers for unreimbursed expenses and lost revenues may be subject to certain reporting and auditing obligations associated with the receipt of such relief funds. If these tenants or operators fail to comply with the terms and conditions associated with relief funds, they may be subject to government recovery and enforcement actions. Furthermore, regulatory guidance relating to use of the relief funds, recordkeeping requirements and other terms and conditions continues to evolve and there is a high degree of uncertainty surrounding many aspects of the relief funds. This uncertainty may create compliance challenges for tenants and operators who accepted relief funds.

The Healthcare Reform Law imposes additional requirements on skilled nursing facilities regarding compliance and disclosure.

The Health Care and Education and Reconciliation Act of 2010, or the Healthcare Reform Law, requires SNFs to have a compliance and ethics program that is effective in preventing and detecting criminal, civil and administrative violations and in promoting quality of care. The United States Department of Health and Human Services included in the final rule published on October 4, 2016 the requirement for operators to implement a compliance and ethics program as a condition of participation in Medicare and Medicaid. Long-term care facilities, including skilled nursing facilities, had until November 28, 2019 to comply. If our operators fall short in their compliance and ethics programs and quality assurance and performance improvement programs, if and when required, their reputations and ability to attract residents could be adversely affected.

Risks Related to Debt Financing

Changes in banks' inter-bank lending rate reporting practices or the method pursuant to which LIBOR is determined may adversely affect the value of the financial obligations to be held or issued by us that are linked to LIBOR.

London Interbank Offered Rate, or LIBOR, and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or have other consequences which cannot be predicted. As published by the Federal Reserve Bank of New York, it currently appears that, over time, United States dollar LIBOR may be replaced by the Secured Overnight Financing Rate, or SOFR. The Financial Conduct Authority, or FCA, ceased publishing one-week and two-month LIBOR after December 31, 2021 and intends to cease publishing all remaining LIBOR after June 30, 2023. At this time, it is not known whether or when SOFR or other alternative reference rates will attain market traction as replacements for LIBOR. Market participants are still considering how various types of financial instruments and securitization vehicles should react to a discontinuation of LIBOR. It is possible that not all of our assets and liabilities will transition away from LIBOR at the same time, or to the same alternative reference rate, in each case increasing the difficulty of hedging. The process of transition involves operational risks. It is also possible that no transition will occur for many financial instruments. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the market for or value of any securities on which the interest or dividend is determined by reference to LIBOR, loans, derivatives and other financial obligations or on our overall financial condition or results of operations. More generally, any of the above changes or any other consequential changes to LIBOR or any other "benchmark" as a result of international, national or other proposals for reform or other initiatives, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the value of financial assets and liabilities based on or linked to a "benchmark."

Increases in interest rates could increase the amount of our debt payments, and therefore, negatively impact our operating results.

Interest we pay on our debt obligations will reduce cash available for distributions. Whenever we incur variable-rate debt, increases in interest rates would increase our interest costs, which would reduce our cash flows and our ability to pay distributions to our stockholders. If we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments.

To the extent we borrow at fixed rates or enter into fixed interest rate swaps, we will not benefit from reduced interest expense if interest rates decrease.

We are exposed to the effects of interest rate changes primarily as a result of borrowings we have used to maintain liquidity and fund expansion and refinancing of our real estate investment portfolio and operations. To limit the impact of interest rate changes on earnings, prepayment penalties and cash flows and to lower overall borrowing costs while taking into account variable interest rate risk, we have borrowed, and may continue to borrow, at fixed rates or variable rates depending upon prevailing market conditions. We have and may also continue to enter into derivative financial instruments such as interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. Therefore, to the extent we borrow at fixed rates or enter into fixed interest rate swaps, we will not benefit from reduced interest expense if interest rates decrease.

Hedging activity may expose us to risks.

We have used, and may continue to use, derivative financial instruments to hedge our exposure to changes in exchange rates and interest rates on loans secured by our assets. If we use derivative financial instruments to hedge against interest rate fluctuations, we will be exposed to credit risk and legal enforceability risks. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. Legal enforceability risks encompass general contractual risks, including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract. These derivative instruments are speculative in nature and there is no guarantee that they will be effective. If we are unable to manage these risks effectively, our results of operations, financial condition and ability to pay distributions to our stockholders will be adversely affected.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to pay distributions to our stockholders.

When providing financing, a lender may impose restrictions on us that affect our ability to incur additional debt and affect our distribution and operating strategies. We have entered into, and may continue to enter into, loan documents that contain covenants that limit our ability to further mortgage the property or discontinue insurance coverage. These or other limitations may adversely affect our flexibility and our ability to achieve our investment objectives.

Interest-only indebtedness may increase our risk of default, adversely affect our ability to refinance or sell properties and ultimately may reduce our funds available for distribution to our stockholders.

We may finance or refinance our properties using interest-only mortgage indebtedness. During the interest-only period, the amount of each scheduled payment will be less than that of a traditional amortizing mortgage loan. The principal balance of the mortgage loan will not be reduced (except in the case of prepayments) because there are no scheduled monthly payments of principal during this period. After the interest-only period, we will be required either to make scheduled payments of amortized principal and interest or to make a lump-sum or “balloon” payment at maturity. At the time such a balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the particular property at a price sufficient to make the balloon payment. Furthermore, these required principal or balloon payments will increase the amount of our scheduled payments and may increase our risk of default under the related mortgage loan. If the mortgage loan has an adjustable interest rate, the amount of our scheduled payments also may increase at a time of rising interest rates. In addition, payments of principal and interest made to service our debts, including balloon payments, may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT. Any of these results would have a significant, negative impact on our stockholders’ investment.

If we are required to make payments under any “bad boy” carve-out guaranties that we may provide in connection with certain mortgages and related loans, our business and financial results could be materially adversely affected.

In obtaining certain nonrecourse loans, we have provided, and may continue to provide, standard carve-out guaranties. These guaranties are only applicable if and when the borrower directly, or indirectly through agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper (commonly referred to as “bad boy” guaranties). Although we believe that “bad boy” carve-out guaranties are not guaranties of payment in the event of foreclosure or other actions of the foreclosing lender that are beyond the borrower’s control, some lenders in the real estate industry have recently sought to make claims for payment under such guaranties. In the event such a claim was made against us under a “bad boy” carve-out guaranty following foreclosure on mortgages or related loan, and such claim was successful, our business and financial results could be materially adversely affected.

Risks Related to Real Estate-Related Investments

Unfavorable real estate market conditions and delays in liquidating defaulted mortgage loan investments may negatively impact mortgage loans we have invested and may invest in, which could result in losses to us.

The investment in mortgage loans or mortgage-backed securities we have made, and may continue to make, involve special risks relating to the particular borrower or issuer of the mortgage-backed securities and we will be at risk of loss on those investments, including losses as a result of defaults on mortgage loans. These losses may be caused by many conditions beyond our control, including economic conditions affecting real estate values, tenant defaults and lease expirations, interest rate levels and the other economic and liability risks associated with real estate. If we acquire property by foreclosure following defaults under our mortgage loan investments, we will have the economic and liability risks as the owner described above. We do not know whether the values of the property securing any of our real estate-related investments will remain at the levels existing on the dates we initially make the related investment. If the values of the underlying properties drop, our risk will increase and the values of our interests may decrease. Furthermore, if there are defaults under our mortgage loan investments, we may not be able to foreclose on or obtain a suitable remedy with respect to such investments. Specifically, we may not be able to repossess and sell the underlying properties quickly, which could reduce the value of our investment. For example, an action to foreclose on a property securing a mortgage loan is regulated by state statutes and rules and is subject to many of the delays and expenses of lawsuits if the defendant raises defenses or counterclaims. Additionally, in the event of default by a mortgagor, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to us on the mortgage loan.

The commercial mortgage-backed securities in which we have invested, and may continue to invest, are subject to several types of risks.

Commercial mortgage-backed securities are bonds which evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, the mortgage-backed securities in which we have invested, and may continue to invest, are subject to all the risks of the underlying mortgage loans.

In a rising interest rate environment, the value of commercial mortgage-backed securities may be adversely affected when payments on underlying mortgages do not occur as anticipated, resulting in the extension of the security’s effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. The value of commercial mortgage-backed securities may also change due to shifts in the market’s perception of issuers and regulatory or tax changes adversely affecting the mortgage securities markets as a whole. In addition, commercial mortgage-backed securities are subject to the credit risk associated with the performance of the underlying mortgage properties.

Commercial mortgage-backed securities are also subject to several risks created through the securitization process. Subordinate commercial mortgage-backed securities are paid interest-only to the extent that there are funds available to make payments. To the extent the collateral pool includes a large percentage of delinquent loans, there is a risk that interest payments on subordinate commercial mortgage-backed securities will not be fully paid. Subordinate securities of commercial mortgage-backed securities are also subject to greater credit risk than those commercial mortgage-backed securities that are more highly rated.

The mezzanine loans in which we have invested, and may continue to invest, involve greater risks of loss than senior loans secured by income-producing real estate.

We have invested, and may continue to invest, in mezzanine loans that take the form of subordinated loans secured by second mortgages on the underlying real estate or loans secured by a pledge of the ownership interests of either the entity owning the real estate or the entity that owns the interest in the entity owning the real estate. These types of investments involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real estate because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real estate and increasing the risk of loss of principal.

We expect a portion of our real estate-related investments to be illiquid and we may not be able to adjust our portfolio in response to changes in economic and other conditions.

We may acquire real estate-related investments in connection with privately negotiated transactions which are not registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited. The mezzanine and bridge loans we may purchase will be particularly illiquid investments due to their short life, their unsuitability for securitization and the greater difficulty of recoupment in the event of a borrower's default.

If we liquidate prior to the maturity of our real estate-related investments, we may be forced to sell those investments on unfavorable terms or at a loss.

Our board may choose to effect a liquidity event in which we liquidate our assets, including our real estate-related investments. If we liquidate those investments prior to their maturity, we may be forced to sell those investments on unfavorable terms or at a loss. For instance, if we are required to liquidate mortgage loans at a time when prevailing interest rates are higher than the interest rates of such mortgage loans, we would likely sell such loans at a discount to their stated principal values.

Risks Related to Joint Ventures

Property ownership through joint ventures could limit our control of those investments, restrict our ability to operate and finance the property on our term and reduce their expected return.

In connection with the purchase of real estate, we have entered, and may continue to enter, into joint ventures with third parties. We may also purchase or develop properties in co-ownership arrangements with the sellers of the properties, developers or other persons. We own operating properties through both consolidated and unconsolidated joint ventures. These structures involve participation in the investment by other parties whose interests and rights may not be the same as ours. Our joint ventures, and joint ventures we may enter into in the future, may involve risks not present with respect to our wholly owned properties, including the following:

- we may share decision-making authority with our joint venture partners regarding certain major decisions affecting the ownership or operation of the joint venture and the joint venture property, such as, but not limited to, (i) additional capital contribution requirements, (ii) obtaining, refinancing or paying off debt and (iii) obtaining consent prior to the sale or transfer of our interest in the joint venture to a third party, which may prevent us from taking actions that are opposed by our joint venture partners;
- our joint venture partners might become bankrupt and such proceedings could have an adverse impact on the operation of the partnership or joint venture;
- our joint venture partners may have business interests or goals with respect to the property that conflict with our business interests and goals, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;
- disputes may develop with our joint venture partners over decisions affecting the property or the joint venture, which may result in litigation or arbitration that would increase our expenses and distract our officers from focusing their time and effort on our business, disrupt the day-to-day operations of the property such as by delaying the implementation of important decisions until the conflict is resolved, and possibly force a sale of the property if the dispute cannot be resolved; and
- the activities of a joint venture could adversely affect our ability to maintain our qualification as a REIT.

We may structure our joint venture relationships in a manner which may limit the amount we participate in the cash flows or appreciation of an investment.

We have entered, and may continue to enter, into joint venture agreements, the economic terms of which may provide for the distribution of income to us otherwise than in direct proportion to our ownership interest in the joint venture. For example, while we and a co-venturer may invest an equal amount of capital in an investment, the investment may be structured such that we have a right to priority distributions of cash flows up to a certain target return while the co-venturer may receive a disproportionately greater share of cash flows than we are to receive once such target return has been achieved. This type of investment structure may result in the co-venturer receiving more of the cash flows, including appreciation, of an investment than we would receive. If we do not accurately judge the appreciation prospects of a particular investment or structure the venture appropriately, we may incur losses on joint venture investments or have limited participation in the profits of a joint venture investment, either of which could reduce our ability to pay cash distributions to our stockholders.

Risks Related to Taxes and Our REIT Status

Failure to maintain our qualification as a REIT for federal income tax purposes would subject us to federal income tax on our taxable income at regular corporate rates, which would substantially reduce our ability to pay distributions to our stockholders.

GAHR IV qualified and elected to be taxed as a REIT under the Code beginning with its taxable year ended December 31, 2016. To continue to maintain our qualification as a REIT, we must meet various requirements set forth in the Code concerning, among other things, the ownership of our outstanding common stock, the nature of our assets, the sources of our income and the amount of our distributions to our stockholders. The REIT qualification requirements are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Accordingly, we cannot be certain that we will be successful in operating so as to maintain our qualification as a REIT. At any time, new laws, interpretations or court decisions may change the federal tax laws relating to, or the federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our board to determine that it is not in our best interest to maintain our qualification as a REIT, and to revoke our REIT election, which it may do without stockholder approval.

If we fail to maintain our qualification as a REIT for any taxable year, we will be subject to federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status unless the IRS grants us relief under certain statutory provisions. Losing our REIT status would reduce our net earnings available for investment or distribution to our stockholders because of the additional tax liability. In addition, distributions would no longer qualify for the distributions paid deduction, and we would no longer be required to pay distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

As a result of all these factors, our failure to maintain our qualification as a REIT could impair our ability to expand our business and raise capital, and would substantially reduce our ability to pay distributions to our stockholders.

TRSs are subject to corporate-level taxes and our dealings with TRSs may be subject to a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20.0% (25.0% for taxable years beginning prior to January 1, 2018) of the gross value of a REIT's assets may consist of stock or securities of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross income from operations pursuant to management contracts. We lease our properties that are "qualified health care properties" to one or more TRSs which, in turn, contract with independent third-party management companies to operate those "qualified health care properties" on behalf of those TRSs. In addition, we may use one or more TRSs generally to hold properties for sale in the ordinary course of a trade or business or to hold assets or conduct activities that we cannot conduct directly as a REIT. A TRS is subject to applicable U.S. federal, state, local and foreign income tax on its taxable income, as well as limitations on the deductibility of its interest expenses. In addition, the Code imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

If our "qualified health care properties" are not properly leased to a TRS or the managers of those "qualified health care properties" do not qualify as "eligible independent contractors," we could fail to qualify as a REIT.

In general, under the REIT rules, we cannot directly operate any properties that are "qualified health care properties" and can only indirectly participate in the operation of "qualified health care properties" on an after-tax basis by leasing those properties to independent health care facility operators or to TRSs. A "qualified health care property" is any real property (and any personal property incident to that real property) which is, or is necessary or incidental to the use of, a hospital, nursing facility, assisted living facilities, congregate care facility, qualified continuing care facility, or other licensed facility which extends medical or nursing or ancillary services to patients and is operated by a provider of those services that is eligible for participation in the Medicare program with respect to that facility. Furthermore, rent paid by a lessee of a "qualified health care property" that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. However, a TRS that leases "qualified health care properties" from us will not be treated as a "related party tenant" with respect to our "qualified health care properties" that are managed by an "eligible independent contractor."

An “eligible independent contractor” is an independent contractor that, at the time such contractor enters into a management or other agreement with a TRS to operate a “qualified health care property,” is actively engaged in the trade or business of operating “qualified health care properties” for any person not related to us or the TRS. Among other requirements to qualify as an independent contractor, a manager must not own, directly or applying attribution provisions of the Code, more than 35% of the shares of our outstanding stock (by value), and no person or group of persons can own more than 35.0% of the shares of our outstanding stock and 35.0% of the ownership interests of the manager (taking into account only owners of more than 5% of our shares and, with respect to ownership interest in such managers that are publicly traded, only holders of more than 5% of such ownership interests). The ownership attribution rules that apply for purposes of the 35.0% thresholds are complex. There can be no assurance that the levels of ownership of our shares by our managers and their owners will not be exceeded.

Our stockholders may have a current tax liability on distributions they elected to reinvest in shares of our common stock.

If our stockholders participated in our DRIP Offerings, they will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in shares of our common stock to the extent the amount reinvested was not a tax-free return of capital. In addition, our stockholders may be treated, for income tax purposes, as having received an additional distribution to the extent the shares are purchased at a discount from fair market value. As a result, unless our stockholders are a tax-exempt entity, our stockholders may have to use funds from other sources to pay their tax liability on the value of the shares of common stock received.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability or reduce our operating flexibility.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of federal and state income tax laws applicable to investments similar to an investment in shares of our common stock. Additional changes to the tax laws are likely to continue to occur, and we cannot assure our stockholders that any such changes will not adversely affect our taxation and our ability to continue to qualify as a REIT or the taxation of a stockholder. Any such changes could have an adverse effect on an investment in shares of our common stock or on the market value or the resale potential of our assets. Our stockholders are urged to consult with their tax advisor with respect to the impact of recent legislation on their investment in our stock and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our common stock.

Although REITs generally receive better tax treatment than entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for income tax purposes as a regular corporation. As a result, our charter provides our board with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the vote of our stockholders. Our board has fiduciary duties to us and our stockholders and could only cause such changes in our tax treatment if it determines in good faith that such changes are in the best interests of our stockholders.

In certain circumstances, we may be subject to federal and state income taxes even if we maintain our qualification as a REIT, which would reduce our cash available for distribution to our stockholders.

Even if we maintain our qualification as a REIT, we may be subject to federal income taxes or state taxes. For example, net income from a “prohibited transaction” will be subject to a 100% tax. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain capital gains we earn from the sale or other disposition of our property and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, our stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. We may also be subject to state and local taxes on our income or property, either directly or at the level of the companies through which we indirectly own our assets. Any federal or state taxes we pay will reduce our cash available for distribution to our stockholders.

Dividends payable by REITs generally do not qualify for the reduced tax rates on dividend income as compared to regular corporations, which could adversely affect the value of our shares.

The federal income tax rate for certain qualified dividends payable to domestic stockholders that are individuals, trusts and estates generally is up to 20.0%. Dividends payable by REITs, however, are generally not eligible for these reduced rates for qualified dividends. For taxable years beginning after December 31, 2017 and before January 1, 2026, the Tax Cuts and Jobs Act permits a deduction for certain pass-through business income, including “qualified REIT dividends” (generally, dividends received by a REIT stockholder that are not designated as capital gain dividends or qualified dividend income), which allows United States individuals, trusts, and estates to deduct up to 20% of such amounts, subject to certain limitations. Although the reduced United States federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to qualified dividends from C corporations could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our shares.

Dividends on, and gains recognized on the sale of, shares by a tax-exempt stockholder may be subject to United States federal income tax as unrelated business taxable income.

If (i) we are a "pension-held REIT," (ii) a tax-exempt stockholder has incurred (or is deemed to have incurred) debt to purchase or hold our shares or (iii) a holder of shares is a certain type of tax-exempt stockholder, dividends on, and gains recognized on the sale of, shares by such tax-exempt stockholder may be subject to United States federal income tax as unrelated business taxable income under the Code.

Characterization of our sale-leaseback transactions may be challenged.

We have participated, and may continue to participate, in sale-leaseback transactions in which we purchase real estate investments and lease them back to the sellers of such properties. We will use our best efforts to structure any of our sale-leaseback transactions such that the lease will be characterized as a "true lease" and so that we will be treated as the owner of the property for federal income tax purposes. However, we cannot assure our stockholders that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is re-characterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such real estate investment would be disallowed or significantly reduced. If a sale-leaseback transaction is so re-characterized, we might fail to satisfy the REIT asset tests or income tests and, consequently, lose our REIT status.

Complying with the REIT requirements may cause us to forego otherwise attractive opportunities.

To maintain our qualification as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of shares of our common stock. We may be required to pay distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution, or we may be required to liquidate otherwise attractive investments in order to comply with the REIT tests. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Foreign purchasers of shares of our common stock may be subject to FIRPTA tax upon the sale of their shares of our common stock or upon the payment of a capital gains dividend.

A foreign person disposing of a United States real property interest, including shares of stock of a United States corporation whose assets consist principally of United States real property interests, is generally subject to the Foreign Investment in Real Property Tax Act of 1980, as amended, or FIRPTA, on the amount received from the disposition. However, foreign pension plans and certain foreign publicly traded entities are exempt from FIRPTA withholding. Further, such FIRPTA tax does not apply to the disposition of stock in a REIT if the REIT is "domestically controlled." A REIT is "domestically controlled" if less than 50.0% of the REIT's stock, by value, has been owned directly or indirectly by persons who are not qualifying United States persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT's existence. We cannot assure our stockholders that we will qualify as a "domestically controlled" REIT. If we were to fail to so qualify, amounts received by foreign investors on a sale of shares of our common stock would be subject to FIRPTA tax, unless the shares of our common stock were traded on an established securities market and the foreign investor did not at any time during a specified period directly or indirectly own more than 10.0% of the value of our outstanding common stock. Additionally, a foreign stockholder will likely be subject to FIRPTA upon the payment of any capital gain dividends by us if such gain is attributable to gain from sales or exchanges of United States real property interests. However, these rules do not apply to foreign pension plans and certain publicly traded entities.

If the REIT Merger does not qualify as a tax-free reorganization, there may be adverse tax consequences.

The REIT Merger is intended to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code. The closing of the REIT Merger was conditioned on the receipt by GAHR IV and GAHR III of an opinion of counsel to the effect that the REIT Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code. However, these legal opinions will not be binding on the IRS or on the courts. If, for any reason, the REIT Merger were to fail to qualify as a tax-free reorganization, then there would be adverse tax implications to us and our stockholders, which could substantially reduce our ability to pay distributions to our stockholders.

Employee Benefit Plan, IRA, and Other Tax-Exempt Investor Risks

We, and our stockholders that are employee benefit plans, IRAs, annuities described in Sections 403(a) or (b) of the Code, Archer Medical Savings Accounts, health savings accounts, Coverdell education savings accounts, and other arrangements that are subject to ERISA or Section 4975 of the Code (referred to generally as "Benefit Plans and IRAs") will be subject to risks relating specifically to our having such Benefit Plan and IRA stockholders, which risks are discussed below.

If a stockholder that is a Benefit Plan or IRA fails to meet the fiduciary and other standards under ERISA or the Code as a result of an investment in shares of our common stock, such stockholder could be subject to civil and criminal, if the failure is willful, penalties.

There are special considerations that apply to Benefit Plans and IRAs investing in shares of our common stock. Stockholders that are Benefit Plans and IRAs should consider whether, among other things:

- their investment is consistent with their fiduciary obligations under ERISA and the Code;
- their investment is made in accordance with the documents and instruments governing the Benefit Plan or IRA, including any investment policy;
- their investment satisfies the prudence and diversification requirements of ERISA;
- their investment will not impair the liquidity of the Benefit Plan or IRA;
- their investment will not produce UBTI for the Benefit Plan or IRA; and
- they will be able to value the assets of the Benefit Plan or IRA annually in accordance with ERISA, the Code and the applicable provisions of the Benefit Plan or IRA.

ERISA and Section 4975 of the Code prohibit certain transactions that involve (i) Benefit Plans or IRAs, and (ii) any person who is a "party-in-interest" or "disqualified person" with respect to such a Benefit Plan or IRA. Consequently, the fiduciary or owner of a Benefit Plan or an IRA contemplating an investment in our common stock should consider whether we, any other person associated with the issuance of the common stock, or any of our or their affiliates is or might become a "party-in-interest" or "disqualified person" with respect to the Benefit Plan or IRA and, if so, whether an exemption from such prohibited transaction rules is applicable. In addition, the United States Department of Labor plan asset regulations provide that, subject to certain exceptions, the assets of an entity in which a plan holds an equity interest may be treated as assets of the investing plan, in which event investment made by and certain other transactions entered into by such entity would be subject to the prohibited transaction rules. To avoid our assets from being considered "plan assets," our charter prohibits "benefit plan investors" from owning 25% or more of the shares of our common stock prior to the time that the common stock qualifies as a class of publicly-offered securities, within the meaning of the plan assets regulation. However, we cannot assure our stockholders that those provisions in our charter will be effective in limiting benefit plan investors' ownership to less than the 25% limit. Due to the complexity of these rules and the potential penalties that may be imposed, it is important that stockholders that are Benefit Plans and IRAs consult with their own advisors regarding the potential applicability of ERISA, the Code and any similar applicable law.

Stockholders that are Benefit Plans and IRAs may be limited in their ability to withdraw required minimum distributions as a result of an investment in shares of our common stock.

If Benefit Plans or IRAs invest in our common stock, the Code may require such plan or IRA to withdraw required minimum distributions in the future. Our stock will be highly illiquid, and our share repurchase plan only offers limited liquidity. If a Benefit Plan or IRA requires liquidity, it may generally sell its shares, but such sale may be at a price less than the price at which such plan or IRA initially purchased its shares of our common stock. If a Benefit Plan or IRA fails to make required minimum distributions, it may be subject to certain taxes and tax penalties.

Specific rules apply to foreign, governmental and church plans.

As a general rule, certain employee benefit plans, including foreign pension plans, governmental plans established or maintained in the United States (as defined in Section 3(32) of ERISA), and certain church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA's requirements and are not "benefit plan investors" within the meaning of the plan assets regulation. Any such plan that is qualified and exempt from taxation under Sections 401(a) and 501(a) of the Code may nonetheless be subject to the prohibited transaction rules set forth in Section 503 of the Code and, under certain circumstances in the case of church plans, Section 4975 of the Code. Also, some foreign plans and governmental plans may be subject to foreign, state, or local laws which are, to a material extent, similar to the provisions of ERISA or Section 4975 of the Code. Each fiduciary of a plan subject to any such similar law should make its own determination as to the need for, and the availability of, any exemption relief.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

As of December 31, 2021, our principal executive offices are located at 18191 Von Karman Avenue, Suite 300, Irvine, California 92612. We also lease office and building spaces in Arizona and Indiana. We believe our existing leased facilities are in good condition and suitable for the conduct of our business.

Real Estate Investments

As of December 31, 2021, we operated through six reportable business segments: MOBs, integrated senior health campuses, SNFs, SHOP, senior housing and hospitals. We own and/or operate 100% of our properties as of December 31, 2021, with the exception of our investments through Trilogy, or Trilogy Portfolio, Lakeview IN Medical Plaza, Southlake TX Hospital, Central Florida Senior Housing Portfolio, Pinnacle Beaumont ALF, Pinnacle Warrenton ALF, Catalina West Haven ALF, Louisiana Senior Housing Portfolio and Catalina Madera ALF. See Note 13, Redeemable Noncontrolling Interests, and Note 14, Equity — Noncontrolling Interests in Total Equity, to the Consolidated Financial Statements that are part of this Annual Report on Form 10-K, for a further discussion of our noncontrolling interests. The following table presents certain additional information about our real estate investments as of December 31, 2021:

Reportable Segment	Number of Buildings/ Campuses	GLA (Sq Ft)	% of GLA	Aggregate Contract Purchase Price	Annualized Base Rent/NOI(1)	% of Annualized Base Rent/NOI	Leased Percentage(2)
Integrated senior health campuses	122	8,866,000	46.2 %	$ 1,787,698,000	$ 98,369,000	36.5 %	78.1 %
Medical office buildings	105	4,986,000	26.0	1,249,658,000	110,884,000	41.1	92.0 %
SHOP	47	3,338,000	17.4	708,050,000	15,448,000	5.7	72.4 %
Senior housing	20	673,000	3.5	169,885,000	12,340,000	4.6	100.0 %
Skilled nursing facilities	17	1,142,000	6.0	237,300,000	23,665,000	8.8	100.0 %
Hospitals	2	173,000	0.9	139,780,000	8,964,000	3.3	100.0 %
Total/weighted average(3)	313	19,178,000	100 %	$ 4,292,371,000	$ 269,670,000	100 %	94.3 %

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(1) With the exception of our SHOP and integrated senior health campuses, amount is based on contractual base rent from leases in effect as of December 31, 2021. For our SHOP and integrated senior health campuses, amount is based on annualized NOI, a non-GAAP financial measure. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Net Operating Income, for a further discussion of NOI.

(2) Leased percentage includes all leased space of the properties included in the respective segment including master leases, except for our SHOP and integrated senior health campuses where leased percentage represents resident occupancy on the available units of the SHOP or integrated senior health campuses.

(3) Total portfolio weighted average leased percentage excludes our SHOP and integrated senior health campuses.

We own fee simple interests in all of our buildings except for 24 buildings for which we own fee simple interests in the building and improvements of such properties subject to the respective ground leases.

The following information generally applies to our properties:

- we believe all of our properties are adequately covered by insurance and are suitable for their intended purposes;
- we have no plans for any material renovations, improvements or development with respect to any of our properties, except in accordance with planned budgets and within our Trilogy Portfolio;
- our properties are located in markets where we are subject to competition for attracting new tenants and residents, as well as retaining current tenants and residents; and
- depreciation is provided on a straight-line basis over the estimated useful lives of the buildings and capital improvements, up to 39 years, over the shorter of the lease term or useful lives of the tenant improvements, up to 34 years, and over the estimated useful life of furniture, fixtures and equipment, up to 28 years.

For additional information regarding our real estate investments, see Schedule III, Real Estate and Accumulated Depreciation, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Lease Expirations

Substantially all of our leases with residents at our SHOP and integrated senior health campuses are for a term of one year or less. The following table presents the sensitivity of our annual base rent due to lease expirations for the next 10 years and thereafter at our properties as of December 31, 2021, excluding our SHOP and integrated senior health campuses:

Year	Number of Expiring Leases	Total Square Feet of Expiring Leases	% of Leased Area Represented by Expiring Leases	Annual Base Rent of Expiring Leases(1)	% of Total Annual Base Rent Represented by Expiring Leases
2022	143	614,000	9.3 %	$ 13,703,000	7.6 %
2023	104	510,000	7.7	13,059,000	7.3
2024	87	607,000	9.2	13,511,000	7.5
2025	72	628,000	9.5	16,454,000	9.2
2026	57	271,000	4.1	6,324,000	3.5
2027	44	310,000	4.7	8,232,000	4.6
2028	36	508,000	7.7	15,763,000	8.8
2029	31	389,000	5.9	10,489,000	5.8
2030	27	334,000	5.1	11,496,000	6.4
2031	17	511,000	7.8	15,186,000	8.4
Thereafter	53	1,913,000	29.0	55,525,000	30.9
Total	671	6,595,000	100 %	$ 179,742,000	100 %

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(1) Amount is based on the total annual contractual base rent expiring in the applicable year, based on leases in effect as of December 31, 2021.

Geographic Diversification/Concentration Table

The following table lists our property locations and provides certain information regarding our portfolio's geographic diversification/concentration as of December 31, 2021:

State	Number of Buildings/ Campuses	GLA (Sq Ft)	% of GLA	Annualized Base Rent/NOI(1)	% of Annualized Base Rent/NOI
Alabama	5	290,000	1.5 %	$ 5,186,000	1.9 %
Arizona	1	34,000	0.2	906,000	0.3
Arkansas	1	51,000	0.3	541,000	0.2
California	9	333,000	1.7	4,784,000	1.8
Colorado	6	283,000	1.5	6,422,000	2.4
Connecticut	6	187,000	1.0	4,109,000	1.5
District of Columbia	1	134,000	0.7	4,743,000	1.8
Florida	11	910,000	4.8	(1,973,000)	(0.7)
Georgia	16	493,000	2.6	9,989,000	3.7
Iowa	1	38,000	0.2	570,000	0.2
Illinois	13	411,000	2.1	7,321,000	2.7
Indiana	75	5,205,000	27.1	83,468,000	31.0
Kansas	2	116,000	0.6	3,119,000	1.2
Kentucky	13	1,009,000	5.3	(8,823,000)	(3.3)
Louisiana	7	257,000	1.3	1,822,000	0.7
Maryland	1	77,000	0.4	1,649,000	0.6
Massachusetts	7	513,000	2.7	12,887,000	4.8
Michigan	27	1,588,000	8.3	25,062,000	9.3
Minnesota	1	46,000	0.2	1,059,000	0.4
Mississippi	2	76,000	0.4	276,000	0.1
Missouri	12	769,000	4.0	15,535,000	5.8
Nebraska	2	282,000	1.5	1,429,000	0.5
Nevada	1	191,000	1.0	4,716,000	1.7
New Jersey	5	327,000	1.7	8,342,000	3.1
New York	1	91,000	0.5	2,904,000	1.1
North Carolina	8	330,000	1.7	5,355,000	2.0
Ohio	35	2,683,000	14.0	16,727,000	6.2
Oregon	1	62,000	0.3	1,668,000	0.6
Pennsylvania	9	592,000	3.1	11,627,000	4.3
South Carolina	1	58,000	0.3	1,584,000	0.6
Tennessee	2	73,000	0.4	1,466,000	0.5
Texas	16	753,000	3.9	19,469,000	7.2
Utah	1	66,000	0.3	(131,000)	(0.1)
Virginia	2	284,000	1.5	4,878,000	1.8
Washington	2	77,000	0.4	2,083,000	0.8
Wisconsin	4	334,000	1.7	4,031,000	1.5
Total Domestic	307	19,023,000	99.2	264,800,000	98.2
Isle of Man and UK	6	155,000	0.8	4,870,000	1.8
Total	313	19,178,000	100 %	$ 269,670,000	100 %

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(1) Amount is based on contractual base rent from leases in effect as of December 31, 2021, with the exception of our SHOP and integrated senior health campuses, which amount is based on annualized NOI.

Indebtedness

For a discussion of our indebtedness, see Note 8, Mortgage Loans Payable, Net, and Note 9, Lines of Credit and Term Loans, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Item 3. Legal Proceedings.

For a discussion of our legal proceedings, see Note 12, Commitments and Contingencies — Litigation, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

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.

Market Information

There is no established public trading market for shares of our common stock.

To assist the members of FINRA and their associated persons, pursuant to FINRA Rule 2231, we disclose in each annual report distributed to stockholders a per share estimated value of the shares, the method by which it was developed, and the date of the data used to develop the estimated value. In addition, we prepare annual statements of the estimated share value to assist fiduciaries of Benefit Plans and IRAs subject to the annual reporting requirements of ERISA in the preparation of their reports relating to an investment in shares of our common stock. For these purposes, our updated estimated per share NAV is $9.29 calculated as of December 31, 2021, which was approved and established by our board on March 24, 2022 based on the estimated value of our assets less the estimated value of our liabilities, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2021. On March 18, 2021, the GAHR IV board previously determined an estimated per share NAV of GAHR IV's common stock of $9.22 calculated as of September 30, 2020. However, there is no established public trading market for the shares of our common stock at this time, and there can be no assurance that stockholders could receive $9.29 per share if such a market did exist and they sold their shares of our common stock or that they would be able to receive such amount for their shares of our common stock in the future.

Pursuant to FINRA rules, we generally disclose an estimated per share NAV of our shares based on a valuation performed at least annually, and we disclose the resulting estimated per share NAV in our Annual Reports on Form 10-K distributed to stockholders. When determining the estimated per share NAV, there are currently no SEC, federal and state rules that establish requirements specifying the methodology to employ in determining an estimated per share NAV; provided, however, that the determination of the estimated per share NAV must be conducted by, or with the material assistance or confirmation of, a third-party valuation expert or service and must be derived from a methodology that conforms to standard industry practice. In determining the updated estimated per share NAV of our shares, our board considered information and analysis, including valuation materials that were provided by an independent third-party valuation firm, and the estimated per share NAV recommendation made by the audit committee of our board, which committee is comprised entirely of independent directors. See our Current Report on Form 8-K, filed with the SEC on March 25, 2022, for additional information regarding our independent third-party valuation firm, its valuation materials and the methodology used to determine the updated estimated per share NAV.

Stockholders

As of March 11, 2022, we had approximately 48,452 stockholders of record.

Distributions

The following information represents distributions of GAHR IV for the nine months ended September 30, 2021 and the year ended December 31, 2020. From the consummation of the Merger between GAHR III and GAHR IV on October 1, 2021, and through December 31, 2021, the information included below represents the distributions of the Combined Company.

Prior to March 31, 2020, the GAHR IV board authorized a daily distribution to our stockholders of record as of the close of business on each day of the period commencing on May 1, 2016 and ending on March 31, 2020. The daily distributions were calculated based on 365 days in the calendar year and were equal to $0.001643836 per share of our Class T and Class I common stock, which was equal to an annualized distribution rate of $0.60 per share. These distributions were aggregated and paid in cash or shares of our common stock pursuant to the DRIP on a monthly basis, in arrears, only from legally available funds.

In response to the COVID-19 pandemic and its effects to our business and operations, at the end of the first quarter of 2020, the GAHR IV board decided to take steps to protect our capital and maximize our liquidity in an effort to strengthen our long-term financial prospects by reducing our distribution payments to stockholders. Consequently, the GAHR IV board authorized a daily distribution to our stockholders of record as of the close of business on each day of the period commencing on April 1, 2020 and ending on August 31, 2021, which was calculated based on 365 days in the calendar year and was equal to $0.001095890 per share of our Class T and Class I common stock. Such daily distribution was equal to an annualized distribution rate of $0.40 per share. The distributions were aggregated and paid in cash or shares of our common stock pursuant to the DRIP on a monthly basis, in arrears, only from legally available funds.

The GAHR IV board of directors also authorized distributions to our Class T and Class I stockholders of record as of the close of business on September 17, 2021, equal to $0.0328767 per share of our common stock, which was equal to an annualized distribution of $0.40 per share. Further, our board authorized record date distributions to our Class T and Class I stockholders of record as of each monthly record date from October 2021 through March 2022, equal to $0.033333333 per share of our common stock, which is equal to an annualized distribution rate of $0.40 per share. The distributions were or will be paid in cash or shares of our common stock pursuant to the DRIP.

On March 18, 2021, in connection with the GAHR IV special committee's strategic alternative review process, the GAHR IV board authorized the suspension of the DRIP, effective as of April 1, 2021. As a result, beginning with the April 2021 distributions, which were paid in May 2021, there were no further issuances of shares pursuant to the DRIP, and stockholders who were participants in the DRIP received cash distributions instead. On October 4, 2021, our board authorized the reinstatement of the DRIP and as a result, beginning with the October 2021 distribution, which was paid in November 2021, stockholders who previously enrolled as participants in the DRIP (including former GAHR III stockholders who participated in the GAHR III distribution reinvestment plan) received distributions in shares of our common stock pursuant to the terms of the DRIP, instead of cash distributions. For a further discussion, see our Current Report on Form 8-K filed with the SEC on October 5, 2021 for more information on the reinstatement of the DRIP and the declaration of the October 2021 distribution.

The amount of the distributions paid to our common stockholders was determined quarterly or monthly, as applicable, by our board and was dependent on a number of factors, including funds available for payment of distributions, our financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our qualification as a REIT under the Code. We have not established any limit on the amount of borrowings that may be used to fund distributions, except that, in accordance with our organizational documents and Maryland law, we may not make distributions that would: (i) cause us to be unable to pay our debts as they become due in the usual course of business or (ii) cause our total assets to be less than the sum of our total liabilities plus senior liquidation preferences.

Recent Sales of Unregistered Securities

On November 18, 2021, we granted an aggregate of 32,814 shares of our restricted Class T common stock to our independent directors pursuant to our 2015 Incentive Plan as compensation for their services as independent directors to our board. The shares of restricted stock issued pursuant to our 2015 Incentive Plan were issued in transactions exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

In connection with the AHI Acquisition, on October 1, 2021, GAHR III redeemed all 208 limited partnership units held by GAHR IV Advisor in GAHR IV Operating Partnership for $2,000, at an average price paid per unit of $9.22, as well as all 222 limited partnership units that the GAHR III Advisor held in GAHR III’s operating partnership for $2,000, at an average price of $8.55 per unit.

Prior to the Merger but upon the closing of the AHI Acquisition, GAHR III also redeemed all 22,222 shares of common stock held by the GAHR III Advisor in GAHR III for $190,000, at an average price paid per unit of $8.55 per share, and all 20,833 shares of GAHR IV Class T common stock held by GAHR IV Advisor for $192,000, at an average price paid per unit of $9.22 per share.

Except as outlined above, we did not repurchase any of our securities during the three months ended December 31, 2021.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The use of the words "we," "us" or "our" refers to Griffin-American Healthcare REIT III, Inc. and its subsidiaries, including Griffin-American Healthcare REIT III Holdings, LP, for periods prior to the Merger, as defined below, and American Healthcare REIT, Inc. (formerly known as Griffin-American Healthcare REIT IV, Inc.) and its subsidiaries, including American Healthcare REIT Holdings, LP (formerly known as Griffin-American Healthcare REIT III Holdings, LP), for periods following the Merger, except where otherwise noted. Certain historical information of Griffin-American Healthcare REIT IV, Inc. is included for background purposes.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to promote understanding of our results of operations and financial condition. The following discussion is provided as a supplement to, and should be read in conjunction with our accompanying consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K. Such consolidated financial statements and information have been prepared to reflect our financial position as of December 31, 2021 and 2020, together with our results of operations and cash flows for the years ended December 31, 2021, 2020 and 2019. This section discusses the results of operations and cash flows for fiscal year 2021 compared to fiscal year 2020. We have omitted the discussion related to the results of operations and changes in financial condition for fiscal year 2020 compared to fiscal year 2019 from this Annual Report on Form 10-K, but such discussion may be found in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our fiscal year 2020 Annual Report Form 10-K, which was filed with the United States Securities and Exchange Commission, or the SEC, on March 25, 2021.

In connection with the Merger as discussed and defined below, Griffin-American Healthcare REIT IV, Inc., or GAHR IV, was the legal acquiror of Griffin-American Healthcare REIT III, Inc., or GAHR III, whereas GAHR III was the accounting acquiror of GAHR IV in accordance with accounting principles generally accepted in the United States of America, or GAAP, and as discussed in Note 3, Business Combinations, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K. Thus, the financial information set forth herein subsequent to the Merger reflects results of the Combined Company (as defined below), and the financial information set forth herein prior to the Merger reflects GAHR III's results. For this reason, period to period comparisons may not be meaningful.

Forward-Looking Statements

Historical results and trends should not be taken as indicative of future operations. Our statements contained in this report that are not historical facts are forward-looking. Actual results may differ materially from those included in the forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations, are generally identifiable by use of the words "expect," "project," "may," "will," "should," "could," "would," "intend," "plan," "anticipate," "estimate," "believe," "continue," "opinion," "predict," "potential," "seek" and any other comparable and derivative terms or the negatives thereof. Our ability to predict results or the actual effect of future plans and strategies is inherently uncertain. Factors which could have a material adverse effect on our operations on a consolidated basis include, but are not limited to: changes in economic conditions generally and the real estate market specifically; the continuing adverse effects of the coronavirus, or COVID-19, pandemic, including its effects on the healthcare industry, senior housing and skilled nursing facilities and the economy in general; legislative and regulatory changes, including changes to laws governing the taxation of real estate investment trusts, or REITs; the availability of capital; changes in interest rates and foreign currency risk; uncertainty from the discontinuance of the London Inter-bank Offered Rate, or LIBOR, and the transition to the Secured Overnight Financing Rate, or SOFR; competition in the real estate industry; changes in GAAP policies and guidelines applicable to REITs; the success of our investment strategy; the availability of financing; our ability to retain our executives and key employees; and unexpected labor costs and inflationary pressures. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Forward-looking statements in this Annual Report on Form 10-K speak only as of the date on which such statements are made, and undue reliance should not be placed on such statements. We undertake no obligation to update any such statements that may become untrue because of subsequent events. Additional information concerning us and our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Overview and Background

American Healthcare REIT, Inc., a Maryland corporation, owns a diversified portfolio of clinical healthcare real estate properties, focusing primarily on medical office buildings, skilled nursing facilities, senior housing, hospitals and other healthcare-related facilities. We also operate healthcare-related facilities utilizing the structure permitted by the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure (the provisions of the Internal Revenue Code of 1986, as amended, or the Code, authorizing the RIDEA structure were enacted as part of the Housing and Economic Recovery Act of 2008). Our healthcare facilities operated under a RIDEA structure include our senior housing operating properties, or SHOP (formerly known as senior housing — RIDEA), and our integrated senior health campuses. We have originated and acquired secured loans and may also originate and acquire other real estate-related investments on an infrequent and opportunistic basis. We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, real estate properties. We qualified to be taxed as a real estate investment trust, or REIT, under the Code for federal income tax purposes, and we intend to continue to qualify to be taxed as a REIT.

Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc.

On June 23, 2021, GAHR III, Griffin-American Healthcare REIT III Holdings, LP, a Delaware limited partnership, or our operating partnership that subsequent to the Merger on October 1, 2021 described below is also referred to as the surviving partnership, GAHR IV, its subsidiary Griffin-American Healthcare REIT IV Holdings, LP, a Delaware limited partnership, or GAHR IV Operating Partnership, and Continental Merger Sub, LLC, a Maryland limited liability company and a newly formed wholly owned subsidiary of GAHR IV, or Merger Sub, entered into an Agreement and Plan of Merger, or the Merger Agreement. On October 1, 2021, pursuant to the Merger Agreement, (i) GAHR III merged with and into Merger Sub, with Merger Sub being the surviving company, or the REIT Merger, and (ii) GAHR IV Operating Partnership merged with and into our operating partnership, with our operating partnership being the surviving entity and being renamed American Healthcare REIT Holdings, LP, or the Partnership Merger, and, together with the REIT Merger, the Merger. Following the Merger on October 1, 2021, our company, or the Combined Company, was renamed American Healthcare REIT, Inc. The REIT Merger was intended to qualify as a reorganization under, and within the meaning of, Section 368(a) of the Code. As a result of and at the effective time of the Merger, the separate corporate existence of GAHR III and GAHR IV Operating Partnership ceased.

At the effective time of the REIT Merger, each issued and outstanding share of GAHR III's common stock, $0.01 par value per share, converted into the right to receive 0.9266 shares of GAHR IV's Class I common stock, $0.01 par value per share. Further, at the effective time of the Partnership Merger, (i) each unit of limited partnership interest in the surviving partnership outstanding as of immediately prior to the effective time of the Partnership Merger was converted automatically into the right to receive 0.9266 of a Partnership Class I Unit, as defined in the agreement of limited partnership, as amended, of the surviving partnership, and (ii) each unit of limited partnership interest in GAHR IV Operating Partnership outstanding as of immediately prior to the effective time of the Partnership Merger was converted automatically into the right to receive one unit of limited partnership interest of the surviving partnership of like class.

AHI Acquisition

Also on June 23, 2021, GAHR III; our operating partnership; American Healthcare Investors, LLC, or AHI; Griffin Capital Company, LLC, or Griffin Capital; Platform Healthcare Investor T-II, LLC; Flaherty Trust; and Jeffrey T. Hanson, our former Chief Executive Officer and current Executive Chairman of the Board of Directors, Danny Prosky, our former Chief Operating Officer and current Chief Executive Officer and President, and Mathieu B. Streiff, our former Executive Vice President, General Counsel and current Chief Operating Officer, or collectively, the AHI Principals, entered into a contribution and exchange agreement, or the Contribution Agreement, pursuant to which, among other things, GAHR III agreed to acquire a newly formed entity, American Healthcare Opps Holdings, LLC, or NewCo, which we refer to as the AHI Acquisition. NewCo owned substantially all of the business and operations of AHI, as well as all of the equity interests in (i) Griffin-American Healthcare REIT IV Advisor, LLC, or GAHR IV Advisor, a subsidiary of AHI that served as the external advisor of GAHR IV, and (ii) Griffin-American Healthcare REIT III Advisor, LLC, or GAHR III Advisor, also referred to as our former advisor, a subsidiary of AHI that served as the external advisor of GAHR III. See "Operating Partnership and Former Advisor" below for a further discussion.

On October 1, 2021, the AHI Acquisition closed immediately prior to the consummation of the Merger, and pursuant to the Contribution Agreement, AHI contributed substantially all of its business and operations to the surviving partnership, including its interest in GAHR III Advisor and GAHR IV Advisor, and Griffin Capital contributed its then-current ownership interest in GAHR III Advisor and GAHR IV Advisor to the surviving partnership. In exchange for these contributions, the surviving partnership issued limited partnership units, or surviving partnership OP units. Subject to working capital and other customary adjustments, the total approximate value of these surviving partnership OP units at the time of consummation of the transactions contemplated by the Contribution Agreement was approximately $131,674,000, with a reference value for purposes thereof of $8.71 per unit, such that the surviving partnership issued 15,117,529 surviving partnership OP units as consideration, or the Closing Date Consideration. Following the consummation of the Merger and the AHI Acquisition, the Combined Company has become self-managed. As of December 31, 2021, such surviving partnership OP units are owned by AHI Group Holdings, LLC, or AHI Group Holdings, which is owned and controlled by the AHI Principals, Platform Healthcare Investor T-II, LLC, Flaherty Trust and a wholly owned subsidiary of Griffin Capital, or collectively, the NewCo Sellers.

In addition to the Closing Date Consideration, pursuant to the Contribution Agreement, we may in the future pay cash "earnout" consideration to AHI based on the fees that we may earn from our potential sponsorship of, and investment advisory services rendered to, American Healthcare RE Fund, L.P., a healthcare-related, real-estate-focused, private investment fund under consideration by AHI, or the Earnout Consideration. The Earnout Consideration is uncapped in amount and, if ever payable by us to AHI, will be due on the seventh anniversary of the closing of the AHI Acquisition (subject to acceleration in certain events, including if we achieve certain fee-generation milestones from our sponsorship of the private investment fund). AHI's ability to receive the Earnout Consideration is also subject to vesting conditions relating to the private investment fund's deployed equity capital and the continuous employment of at least two of the AHI Principals throughout the vesting period. As of December 31, 2021, the fair value of such cash earnout consideration was estimated to be $0.

The AHI Acquisition was treated as a business combination for accounting purposes, with GAHR III as both the legal and accounting acquiror of NewCo. While GAHR IV was the legal acquiror of GAHR III in the REIT Merger, GAHR III was determined to be the accounting acquiror in the REIT Merger in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 805, *Business Combinations*, or ASC Topic 805, after considering the relative share ownership and the composition of the governing body of the Combined Company. Thus, the financial information set forth herein subsequent to the consummation of the Merger and the AHI Acquisition reflects results of the Combined Company, and the financial information set forth herein prior to the Merger and the AHI Acquisition reflects GAHR III's results. For this reason, period to period comparisons may not be meaningful.

Please see Note 3, Business Combinations, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion of the Merger and the AHI Acquisition.

Operating Partnership and Former Advisor

We conduct substantially all of our operations through our operating partnership. Through September 30, 2021, we were externally advised by our former advisor pursuant to an advisory agreement, as amended, or the Advisory Agreement, between us and our former advisor. On June 23, 2021, we also entered into a Mutual Consent Regarding Waiver of Subordination of Asset Management Fees, or the Mutual Consent, pursuant to which, for the period from the date the Mutual Consent was entered into until the earlier to occur of (i) the closing of the Merger, or (ii) the termination of the Merger Agreement, the parties waived the requirement in the Advisory Agreement that our stockholders receive distributions in an amount equal to 5.0% per annum, cumulative, non-compounded, of their invested capital before we would be obligated to pay an asset management fee. Our former advisor used its best efforts, subject to the oversight and review of our board of directors, or our board, to, among other things, provide asset management, property management, acquisition, disposition and other advisory services on our behalf consistent with our investment policies and objectives. Following the Merger and AHI Acquisition, we became self-managed and are no longer externally advised. As a result, any fees that would have otherwise been payable to our former advisor, are no longer being paid.

Prior to the Merger and AHI Acquisition, our former advisor was 75.0% owned and managed by wholly owned subsidiaries of AHI, and 25.0% owned by a wholly owned subsidiary of Griffin Capital, or collectively, our former co-sponsors. Prior to the AHI Acquisition, AHI was 47.1% owned by AHI Group Holdings, 45.1% indirectly owned by Digital Bridge Group, Inc. (NYSE: DBRG) (formerly known as Colony Capital, Inc.), or Digital Bridge, and 7.8% owned by James F. Flaherty III, a former partner of Colony Capital. We were not affiliated with Griffin Capital, Digital Bridge or Mr. Flaherty; however, we were affiliated with our former advisor, AHI and AHI Group Holdings. Please see the "Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc." and "AHI Acquisition" sections above for a further discussion of our operations effective October 1, 2021. As a result of the Merger and the AHI Acquisition on October 1, 2021, we, through our direct and indirect subsidiaries, own approximately 94.9% of our operating partnership and the remaining 5.1% is owned by the NewCo Sellers. See Note 13, Redeemable Noncontrolling Interests, and Note 14, Equity – Noncontrolling Interests in Total Equity, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

Public Offering

GAHR IV raised $754,118,000 through a best efforts initial public offering, or the initial offering, and issued 75,639,681 aggregate shares of its Class T and Class I common stock. In addition, during the initial offering, GAHR IV issued 3,253,535 aggregate shares of its Class T and Class I common stock pursuant to GAHR IV's distribution reinvestment plan, as amended, or the DRIP, for a total of $31,021,000 in distributions reinvested. Following the deregistration of the initial offering, GAHR IV continued issuing shares of its common stock pursuant to the DRIP through a subsequent offering, or the 2019 GAHR IV DRIP Offering. GAHR IV commenced offering shares pursuant to the 2019 GAHR IV DRIP Offering on March 1, 2019, following the termination of the initial offering on February 15, 2019. On March 18, 2021, the GAHR IV board of directors authorized the suspension of the DRIP, effective as of April 1, 2021.

On October 4, 2021, our board of directors, or our board, authorized the reinstatement of the DRIP. We continue to offer up to $100,000,000 of shares of our common stock to be issued pursuant to the DRIP under an existing Registration Statement on Form S-3 under the Securities Act of 1933, as amended, or the Securities Act, filed by GAHR IV. As of December 31, 2021, a total of $54,637,000 in distributions were reinvested that resulted in 5,755,013 shares of common stock being issued pursuant to the 2019 GAHR IV DRIP Offering. We collectively refer to the DRIP portion of GAHR IV's initial offering and the 2019 GAHR IV DRIP Offering as our DRIP Offerings. See Note 14, Equity — Distribution Reinvestment Plan, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

On March 24, 2022, our board, at the recommendation of the audit committee of our board, comprised solely of independent directors, unanimously approved and established an updated estimated per share net asset value, or NAV, of our common stock of $9.29. We provide this updated estimated per share NAV annually to assist broker-dealers in connection with their obligations under Financial Industry Regulatory Authority, or FINRA, Rule 2231 with respect to customer account statements. The updated estimated per share NAV is based on the estimated value of our assets less the estimated value of our liabilities, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2021. The valuation was performed in accordance with the methodology provided in Practice Guideline 2013-01, *Valuations of Publicly Registered Non-Listed REITs,* issued by the Institute for Portfolio Alternatives, or the IPA, in April 2013, in addition to guidance from the SEC. See our Current Report on Form 8-K filed with the SEC on March 25, 2022 for more information on the methodologies and assumptions used to determine, and the limitations and risks of, our updated estimated per share NAV.

Our Real Estate Investments Portfolio

We currently operate through six reportable business segments: medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals. As of December 31, 2021, we owned and/or operated 182 properties, comprising 191 buildings, and 122 integrated senior health campuses including completed development projects, or approximately 19,178,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,292,371,000. In addition, as of December 31, 2021, we also owned a real estate-related debt investment purchased for $60,429,000.

Critical Accounting Estimates

Our critical accounting policies are those that will have the most impact on the reporting of our financial condition and results of operations and those requiring significant judgments and estimates. We believe that our judgments and estimates are consistently applied and produce financial information that fairly present our results of operations. Our most critical accounting policies that involve judgments and estimates include (1) real estate investments purchase price allocation, (2) impairment of long-lived assets, (3) goodwill, (4) revenue recognition and grant income, (5) resident receivable allowances and (6) income taxes.

These critical accounting policies involve estimates that may require complex judgment in their application and are evaluated on an on-going basis using information that is available as well as various other assumptions believed to be reasonable under the circumstances. However, if our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, we may have applied a different accounting treatment, resulting in a different presentation of our financial statements. A discussion of our significant accounting policies is included within Note 2, Summary of Significant Accounting Policies, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K. There have been no significant changes to our critical accounting policies during 2021.

The following is a summary of the key judgments and estimates used in our critical accounting policies:

Real Estate Investments Purchase Price Allocation

Upon the acquisition of real estate properties or other entities owning real estate properties, we determine whether the transaction is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired and liabilities assumed are not a business, we account for the transaction as an asset acquisition. Under both methods, we recognize the identifiable assets acquired and liabilities assumed; however, for a transaction accounted for as an asset acquisition, we capitalize transaction costs and allocate the purchase price using a relative fair value method allocating all accumulated costs. Whereas, for a transaction accounted for as a business combination, we immediately expense transaction costs incurred associated with the business combination and allocate the purchase price based on the estimated fair value of each separately identifiable asset and liability.

In accounting for asset acquisitions and business combinations, we, with assistance from independent valuation specialists, measure the fair value of tangible and intangible identified assets and liabilities, as applicable, based on their respective fair values for acquired properties, which is then allocated to acquired investments in real estate. The fair value and its allocation require significant judgment and in some cases involve complex calculations. These allocation assessments directly impact our financial condition and results of operations.

Impairment of Long-Lived Assets

We also periodically perform analysis that requires us to judge whether indicators of impairment exist and to estimate the likely future cash flows. Projections of expected future operating cash flows require that we estimate future revenue amounts, future property operating expenses and the number of years the property is held for investment, among other factors. The subjectivity of assumptions used in the future cash flow analysis, including discount rates, where applicable, could result in an incorrect assessment of the real estate fair value and could result in the misstatement of the carrying value of our real estate assets and net income (loss).

Goodwill

Goodwill represents the excess of consideration paid over the fair value of underlying identifiable net assets of a business acquired. This allocation is based upon our determination of the value of the acquired assets and assumed liabilities, which requires judgment and some of the estimates involve complex calculations. These allocation assessments have a direct impact on our financial condition and results of operations. Our goodwill has an indeterminate life and is not amortized, but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Such evaluation could involve estimated future cash flows, which is highly subjective, and is based in part on assumptions regarding future events. We compare the fair value of a reporting segment with its carrying amount. We recognize an impairment loss to the extent the carrying value of goodwill exceeds the implied value in the current period. We take a qualitative approach to consider whether an impairment of goodwill exists prior to quantitatively determining the fair value of the reporting segment in step one of the impairment test.

Revenue Recognition and Grant Income

A significant portion of resident fees and services revenue represents healthcare service revenue that is reported at the amount that we expect to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), other healthcare facilities, and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Such variable consideration is included in the determination of the estimated transaction price for providing care. These settlements include estimates based on the terms of the payment agreement with the payor, correspondence from the payor and our historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations.

We recognize government grants as grant income or as a reduction of property operating expenses, as applicable, when there is reasonable assurance that the grants will be received and all conditions to retain the funds will be met. We adjust our estimates and assumptions of such grants based on the applicable guidance provided by the government and the best available information that we have.

Resident Receivable Allowances

An allowance is maintained for estimated losses resulting from the inability of residents and payors to meet the contractual obligations under their lease or service agreements. Substantially all of such allowances are recorded as direct reductions of resident fees and services revenue as contractual adjustments provided to third-party payors or implicit price concessions in our accompanying consolidated statements of operations and comprehensive income (loss). Our determination of the adequacy of these allowances is based primarily upon evaluations of historical loss experience, the residents' financial condition, security deposits, cash collection patterns by payor and by state, current economic conditions, future expectations in estimating credit losses and other relevant factors.

Income Taxes

We qualified and elected to be taxed as a REIT under the Code for federal income tax purposes, and we intend to continue to qualify to be taxed as a REIT. To maintain our qualification as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90.0% of our annual taxable income, excluding net capital gains, to stockholders. This process involves using preliminary financial information and assumptions in order to estimate earnings and profits. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders.

If we fail to maintain our qualification as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the IRS grants us relief under certain statutory provisions. Such an event could have a material adverse effect on our net income and net cash available for distribution to stockholders.

Recently Issued Accounting Pronouncements

For a discussion of recently issued accounting pronouncements, see Note 2, Summary of Significant Accounting Policies — Recently Issued Accounting Pronouncements, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Acquisitions and Dispositions in 2021, 2020 and 2019

For a discussion of our acquisitions and dispositions of investments in 2021, 2020 and 2019, see Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, and Note 4, Real Estate Investments, Net, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Factors Which May Influence Results of Operations

In connection with the Merger, GAHR IV was the legal acquiror and GAHR III was the accounting acquiror for financial reporting purposes, as discussed in Note 3, Business Combinations, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K. Thus, the financial information set forth herein subsequent to the Merger reflects results of the Combined Company, and the financial information set forth herein prior to the Merger reflects GAHR III's results. Furthermore, as a result of the closing of the AHI Acquisition on October 1, 2021, and following the Merger, our company is now self-managed and employs all the employees necessary to operate as a self-managed company. The impact of being a self-managed company on our results of operations is predominantly an increase in general and administrative costs related to hiring the workforce necessary to operate as a self-managed company and cost savings associated with no longer paying advisory fees to our former advisor. For these reasons, period to period comparisons may not be meaningful.

Other than the effects of the Merger and AHI Acquisition discussed above, and the COVID-19 pandemic discussed below, as well as other national economic conditions affecting real estate generally, we are not aware of any material trends or uncertainties that may reasonably be expected to have a material impact, favorable or unfavorable, on revenues or income from the acquisition, disposition, management and operation of our properties. In addition, see Part I, Item 1A, Risk Factors, of this Annual Report on Form 10-K.

COVID-19

Due to the ongoing COVID-19 pandemic in the United States and globally, since March 2020, our residents, tenants, operating partners and managers have been materially impacted. The rise of the Delta and Omicron variants of COVID-19, and government and public health agencies' responses to potential future resurgences in the virus, further contributes to the prolonged economic impact and uncertainties caused by the COVID-19 pandemic. There is also uncertainty regarding the acceptance of available vaccines and boosters and the public's receptiveness to those measures. As the COVID-19 pandemic is still impacting the healthcare system, it continues to present challenges for us as an owner and operator of healthcare facilities, making it difficult to ascertain the long-term impact the COVID-19 pandemic will have on real estate markets in which we own and/or operate properties and our portfolio of investments. COVID-19 is particularly dangerous among the senior population and results in heightened risk to our senior housing and skilled nursing facilities, and we continue to work diligently to implement and maintain aggressive protocols at such facilities as well as actively collaborate with our tenants, operating partners and managers to respond and take action to mitigate the impact of the COVID-19 pandemic.

We have evaluated the impacts of the COVID-19 pandemic on our business thus far and incorporated information concerning such impacts into our assessments of liquidity, impairment and collectability from tenants and residents as of December 31, 2021. We will continue to monitor such impacts and will adjust our estimates and assumptions based on the best available information.

Since March 2020, we have taken actions to strengthen our balance sheet and preserve liquidity in response to the COVID-19 pandemic, including reducing the stockholder distribution rate and temporarily suspending our share repurchase plan. We believe that the long-term stability of our portfolio of investments will return once the virus has been controlled. Each type of real estate asset we own has been impacted by the COVID-19 pandemic to varying degrees.

In the early months of the pandemic, the businesses of our medical office tenants were negatively impacted when many of the states had implemented “stay at home” orders, thereby creating unprecedented revenue pressure on such tenants and their ability to pay rent on a timely basis. However, substantially all of our physician practices and other medical service providers of non-essential and elective services in our medical office buildings are now open and as a result, our medical office building segment rebounded quickly from the initial shock of the pandemic and has demonstrated remarkable resilience. This trend has continued despite the emergence of the Delta and Omicron variants in the latter half of 2021.

The COVID-19 pandemic has resulted in a significant decline in resident occupancies at our senior housing facilities, SHOP, integrated senior health campuses and skilled nursing facilities, and an increase in COVID-19 related operating expenses with more costly short-term hires due to the shortage of healthcare personnel. Therefore, our focus at such properties continues to be on resident occupancy recovery and operating expense management. While resident occupancies at our integrated senior health campuses and skilled nursing facilities have gradually improved to near pre-pandemic levels, our SHOP have been slower to recover. This has been primarily due to the emergence of the Delta and Omicron variants since the third quarter of 2021 through January 2022, when we were seeing case counts reach levels not seen since January 2021, thereby impacting resident occupancies in these facilities. Based on information available to management as of March 4, 2022, resident occupancy at our SHOP have declined by approximately 11.9% since February 2020, prior to COVID-19 shutdowns. In the fourth quarter of 2020, COVID-19 vaccines became available, followed by COVID-19 boosters being available to certain parts of the population in the fourth quarter of 2021, which we believe is an important factor for a rebound in our resident occupancy levels over time. As of March 1, 2022, based on information provided by our operators, the majority of our residents at our healthcare-related facilities have been fully vaccinated and also received booster shots.

To date, the impacts of the COVID-19 pandemic have been significant, rapidly evolving and may continue into the future. Managers of our SHOP continue to evaluate their options for financial assistance, such as utilizing programs within the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, passed by the federal government on March 27, 2020, as well as other state and local government relief programs. The CARES Act includes multiple opportunities for immediate cash relief in the form of grants, tax benefits and Medicare reimbursement programs. Some of our tenants within our non-SHOP properties have sought financial assistance from the CARES Act through programs such as the Payroll Protection Program and deferral of payroll tax payments. However, these government assistance programs are not expected to fully offset the negative financial impact of the ongoing COVID-19 pandemic, and there can be no assurance that these programs will continue or the extent to which they will be expanded. Therefore, the ultimate impact of such relief from the CARES Act and other enacted and future legislation and regulation, including the extent to which relief funds from such programs will provide meaningful support for lost revenue and increasing costs, is uncertain.

The information in this Annual Report on Form 10-K is based on data currently available to us and will likely change as the COVID-19 pandemic progresses. Although almost all of the initial restrictions imposed at the onset of the pandemic in the U.S. have been relaxed or lifted as a result of the distribution of vaccines and COVID-19 boosters, there was a resurgence of COVID-19 cases at the start of 2022 fueled by the Omicron and Delta variants. Many states throughout the U.S. experienced record-breaking levels of COVID-19 cases due to the accelerated spread of these variants, which led some state and local governments to reinstitute measures and restrictions to slow the transmission and mitigate public health risks in certain jurisdictions. As of the date of filing this Annual Report on Form 10-K, such measures and restrictions have been lifted. Similar future actions could disrupt our business, activities and operations, the extent to which are highly uncertain. We continue to closely monitor COVID-19 developments and are continuously assessing the implications to our business, residents, tenants, operating partners, managers and our portfolio of investments. While our medical office buildings segment rebounded quickly from the initial shock of the pandemic, we cannot predict with reasonable certainty when demand for healthcare services at our senior housing and skilled nursing facility segments will return to pre-COVID-19 pandemic levels.

The lasting effect of the COVID-19 pandemic over the next 12 months could be significant and will largely depend on future developments, including COVID-19 vaccination and booster rates; the long term efficacy of COVID-19 vaccinations and boosters; and the potential emergence of new, more transmissible or severe variants, which cannot be predicted with confidence at this time. See the “Results of Operations” and “Liquidity and Capital Resources” sections below, as well as Part I, Item 1A, Risk Factors, of this Annual Report on Form 10-K, for a further discussion.

Scheduled Lease Expirations

Excluding our SHOP and integrated senior health campuses, as of December 31, 2021, our properties were 94.3% leased and during 2022, 9.3% of the leased GLA is scheduled to expire. Our leasing strategy focuses on negotiating renewals for leases scheduled to expire during the next twelve months. In the future, if we are unable to negotiate renewals, we will try to identify new tenants or collaborate with existing tenants who are seeking additional space to occupy. As of December 31, 2021, our remaining weighted average lease term was 7.6 years, excluding our SHOP and integrated senior health campuses.

Our combined SHOP and integrated senior health campuses were 77.9% leased as of December 31, 2021. Substantially all of our leases with residents at such properties are for a term of one year or less.

Results of Operations

Comparison of the Years Ended December 31, 2021 and 2020

Our operating results are primarily comprised of income derived from our portfolio of properties and expenses in connection with the acquisition and operation of such properties. Our primary sources of revenue include rent generated by our leased, non-RIDEA properties, and resident fees and services revenue from our RIDEA properties. Our primary expenses include property operating expenses and rental expenses. In addition, in the fourth quarter of 2021, following the AHI Acquisition that resulted in our company being self managed, general and administrative expenses include payroll and other corporate operating expenses but no longer include advisory fees to our former advisor. In general, and under a normal operating environment without the disruption of the COVID-19 pandemic, we expect amounts related to our portfolio of operating properties to increase in the future due to fixed annual rent escalations on our portfolio of properties. The ability to compare one period to another is also impacted by the closing of the AHI Acquisition and the increase in size of our real estate portfolio as a result of the Merger. See Note 3, Business Combinations, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

We segregate our operations into reporting segments in order to assess the performance of our business in the same way that management reviews our performance and makes operating decisions. As of December 31, 2021, we operated through six reportable business segments: medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals.

The COVID-19 pandemic has had a significant adverse impact on the operations of our real estate portfolio. Although we experienced some delays in receiving rent payments from our tenants, substantially all of the contractual rent through December 2021 from our medical office building tenants has been received. However, given the ongoing uncertainty of the impact of the COVID-19 pandemic over the next 12 months, we are unable to predict the impact it will have on such tenants' continued ability to pay rent.

Except where otherwise noted, the changes in our consolidated results of operations for 2021 as compared to 2020 are primarily due to the acquisition of GAHR IV's portfolio of 87 properties, comprising 92 buildings, or approximately 4,799,000 square feet of GLA, as a result of the Merger on October 1, 2021, the disruption to our normal operations as a result of the COVID-19 pandemic, grant income received and transitioning the operations of the four senior housing facilities within Delta Valley ALF Portfolio to a RIDEA structure in December 2021. As of December 31, 2021 and 2020, we owned and/or operated the following types of properties:

	December 31,					
	2021			2020		
	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased %	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased %
Integrated senior health campuses	122	$ 1,787,698,000	(1)	119	$ 1,626,950,000	(1)
Medical office buildings	105	1,249,658,000	92.0 %	63	657,885,000	89.0 %
SHOP	47	708,050,000	(2)	20	433,891,000	(2)
Senior housing	20	169,885,000	100 %	9	89,535,000	100 %
Skilled nursing facilities	17	237,300,000	100 %	7	128,000,000	100 %
Hospitals	2	139,780,000	100 %	2	139,780,000	100 %
Total/weighted average(3)	313	$ 4,292,371,000	94.3 %	220	$ 3,076,041,000	91.9 %

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(1) The leased percentage for the resident units of our integrated senior health campuses was 78.1% and 66.9% as of December 31, 2021 and 2020, respectively.

(2) The leased percentage for the resident units of our SHOP was 72.4% and 70.0% as of December 31, 2021 and 2020, respectively.

(3) Leased percentage excludes our SHOP and integrated senior health campuses.

Revenues and Grant Income

Our primary sources of revenue include rent generated by our leased, non-RIDEA properties, and resident fees and services revenue from our RIDEA properties. The amount of revenues generated by our properties depends principally on our ability to maintain the occupancy rates of currently leased space and to lease available space at the then existing rental rates. We also receive grant income. Revenues and grant income by reportable segment consisted of the following for the periods then ended:

	Years Ended December 31,	
	2021	2020
Resident Fees and Services Revenue		
Integrated senior health campuses	$ 1,025,699,000	$ 983,169,000
SHOP	98,236,000	85,904,000
Total resident fees and services revenue	1,123,935,000	1,069,073,000
Real Estate Revenue		
Medical office buildings	97,297,000	78,424,000
Skilled nursing facilities	17,309,000	16,107,000
Senior housing	16,530,000	14,524,000
Hospitals	10,232,000	10,992,000
Total real estate revenue	141,368,000	120,047,000
Grant Income		
Integrated senior health campuses	13,911,000	53,855,000
SHOP	3,040,000	1,326,000
Total grant income	16,951,000	55,181,000
Total revenues and grant income	$ 1,282,254,000	$ 1,244,301,000

For the years ended December 31, 2021 and 2020, resident fees and services revenue primarily consisted of rental fees related to resident leases, extended health care fees and other ancillary services, and real estate revenue primarily consisted of base rent and expense recoveries. For the year ended December 31, 2021, $14,211,000 in resident fees and services revenue for our SHOP was due to the increase in the size of our portfolio as a result of the Merger. The remaining increase in resident fees and services revenue was primarily attributable to improved occupancy and higher reimbursement rates from both Medicare and Medicaid programs for our integrated senior health campuses. In addition, for the year ended December 31, 2021, $21,682,000 of real estate revenue was primarily due to the increase in the size of our portfolio as a result of the Merger.

For the years ended December 31, 2021 and 2020, we recognized $16,951,000 and $55,181,000, respectively, of grant income at our integrated senior health campuses and SHOP related to government grants received through the CARES Act economic stimulus programs. See Note 2, Summary of Significant Accounting Policies — Government Grants, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

Property Operating Expenses and Rental Expenses

Property operating expenses and property operating expenses as a percentage of resident fees and services revenue and grant income, as well as rental expenses and rental expenses as a percentage of real estate revenues, by reportable segment consisted of the following for the periods then ended:

	Years Ended December 31,			
	2021		2020	
Property Operating Expenses				
Integrated senior health campuses	$ 943,743,000	90.8 %	$ 929,897,000	89.7 %
SHOP	86,450,000	85.4 %	63,830,000	73.2 %
Total property operating expenses	$ 1,030,193,000	90.3 %	$ 993,727,000	88.4 %
Rental Expenses				
Medical office buildings	$ 36,375,000	37.4 %	$ 30,216,000	38.5 %
Skilled nursing facilities	1,507,000	8.7 %	1,572,000	9.8 %
Hospitals	477,000	4.7 %	446,000	4.1 %
Senior housing	366,000	2.2 %	64,000	0.4 %
Total rental expenses	$ 38,725,000	27.4 %	$ 32,298,000	26.9 %

Integrated senior health campuses and SHOP typically have a higher percentage of direct operating expenses to revenue than medical office buildings, hospitals, and leased senior housing and skilled nursing facilities due to the nature of RIDEA — type facilities where we conduct day-to-day operations. For the year ended December 31, 2021, as compared to the year ended December 31, 2020, rental expenses increased by $6,025,000 and property operating expenses increased by $15,836,000 for our SHOP due to the increase in the size of our portfolio as a result of the Merger. Further, the remaining increase in total property operating expenses of $20,630,000 was due to an increase in labor costs at our SHOP and integrated senior health campuses.

General and Administrative

For the year ended December 31, 2021, general and administrative expenses were $43,199,000 compared to $27,007,000 for the year ended December 31, 2020. The increase in general and administrative expenses of $16,192,000 was primarily the result of an increase of: (i) $10,845,000 in stock compensation expense in connection with profit interests redemptions; (ii) $4,449,000 in payroll costs for the acquired employees as a result of the AHI Acquisition; (iii) $1,317,000 in operator transition expenses at certain of our SHOP; and (iv) $1,062,000 in corporate operating expenses. Such increases were partially offset by a decrease in our asset management and property management oversight fees of $4,812,000 as a result of the AHI Acquisition. For a discussion of the 2021 profit interests redemptions, see Note 14, Equity — Noncontrolling Interests in Total Equity, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Business Acquisition Expenses

For the years ended December 31, 2021 and 2020, we recorded business acquisition expenses of $13,022,000 and $290,000, respectively. For the year ended December 31, 2021, such expenses were primarily due to $12,873,000 in third-party legal costs and professional services incurred related to the Merger and the AHI Acquisition.

Depreciation and Amortization

For the years ended December 31, 2021 and 2020, depreciation and amortization was $133,191,000 and $98,858,000, respectively, which primarily consisted of depreciation on our operating properties of $109,036,000 and $90,997,000, respectively, and amortization of our identified intangible assets of $21,111,000 and $6,258,000, respectively. The increase in depreciation and amortization of $34,333,000 was primarily the result of an increase of (i) $25,690,000 in depreciable assets in our portfolio as a result of the Merger; and (ii) $2,380,000 due to the write-off of tenant improvements and in-place leases in connection with the transition of senior housing facilities within Delta Valley ALF Portfolio to a RIDEA structure on December 1, 2021.

Interest Expense

Interest expense, including gain or loss in fair value of derivative financial instruments, consisted of the following for the periods then ended:

	Years Ended December 31,	
	2021	2020
Interest expense:		
Lines of credit and term loans and derivative financial instruments	$ 33,966,000	$ 31,499,000
Mortgage loans payable	36,253,000	32,568,000
Amortization of deferred financing costs:		
Lines of credit and term loans	4,261,000	3,559,000
Mortgage loans payable	1,652,000	1,171,000
Amortization of debt discount/premium, net	773,000	826,000
(Gain) loss in fair value of derivative financial instruments	(8,200,000)	3,906,000
Loss on extinguishment of debt	2,655,000	—
Interest expense on financing obligations and other liabilities	1,377,000	1,655,000
Total	$ 72,737,000	$ 75,184,000

For the year ended December 31, 2021, interest expense was $72,737,000 compared to $75,184,000 for the year ended December 31, 2020. The decrease in interest expense was primarily related to the change to a gain in fair value recognized on our derivative financial instruments, partially offset by the loss on debt extinguishment of $2,655,000 and the increase in interest expense of $3,852,000 due to the larger portfolio of mortgage loans payable and lines of credit and term loans as a result of the Merger. See Note 8, Mortgage Loans Payable, Net, and Note 9, Lines of Credit and Term Loans, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion on debt extinguishments.

Liquidity and Capital Resources

In the normal course of business, our material cash requirements consist of payment of operating expenses, capital improvement expenditures, interest on our indebtedness, distributions to our stockholders and repurchases of our common stock. Our sources of funds primarily consist of operating cash flows and borrowings.

Absent our requirements to make distributions to maintain our REIT qualification (as more fully described in Note 2, Summary of Significant Accounting Policies, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K) and our current contractual commitments discussed below, we do not have any material off-balance sheet arrangements that we expect would materially affect our liquidity and capital resources.

Material Cash Requirements

Capital Improvement Expenditures

A capital plan for each investment is established upon acquisition that contemplates the estimated capital needs of that investment, including costs of refurbishment, tenant improvements or other major capital expenditures. The capital plan also sets forth the anticipated sources of the necessary capital, which may include operating cash generated by the investment, capital reserves, a line of credit or other loan established with respect to the investment, other borrowings or additional equity investments from us and joint venture partners. The capital plan for each investment is adjusted through ongoing, regular reviews of our portfolio or as necessary to respond to unanticipated additional capital needs. As of December 31, 2021, we had $16,822,000 of restricted cash in loan impounds and reserve accounts to fund a portion of such capital expenditures. Based on the budget for the properties we own as of December 31, 2021, we estimate that our discretionary expenditures for capital and tenant improvements could require up to $108,803,000 within the next 12 months.

Contractual Obligations

The following table provides information with respect to: (i) the maturity and scheduled principal repayment of our secured mortgage loans payable and our lines of credit and term loans; (ii) interest payments on our mortgage loans payable, lines of credit and term loans; (iii) ground and other lease obligations; and (iv) financing obligations as of December 31, 2021:

	Payments Due by Period				
	2022	2023-2024	2025-2026	Thereafter	Total
Principal payments — fixed-rate debt	$ 65,147,000	$ 105,579,000	$ 182,402,000	$ 492,376,000	$ 845,504,000
Interest payments — fixed-rate debt	26,899,000	47,066,000	38,793,000	213,407,000	326,165,000
Principal payments — variable-rate debt	982,439,000	483,053,000	12,751,000	19,103,000	1,497,346,000
Interest payments — variable-rate debt (based on rates in effect as of December 31, 2021)	17,646,000	12,130,000	1,159,000	1,997,000	32,932,000
Ground and other lease obligations	19,188,000	37,460,000	34,248,000	163,816,000	254,712,000
Financing obligations	15,031,000	5,313,000	3,048,000	16,243,000	39,635,000
Total	$ 1,126,350,000	$ 690,601,000	$ 272,401,000	$ 906,942,000	$ 2,996,294,000

Distributions and Share Repurchases

For information on distributions, see Part II, Item 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Distributions, and the "Distributions" section below. For information on our share repurchase plan, see Note 14, Equity — Share Repurchase Plan, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Credit Facilities

On October 1, 2021, upon consummation of the Merger, we amended the 2019 Corporate Credit Agreement, or the 2019 Corporate Credit Agreement, with respect to an amended credit facility with a maximum principal amount of $480,000,000, or the 2019 Credit Facility, which was set to mature on January 25, 2022. In addition, upon consummation of the Merger, we are subject to an amended and restated loan agreement regarding a senior secured revolving credit facility with an aggregate maximum principal amount of $360,000,000, or the 2019 Trilogy Credit Facility. We also amended our credit agreement for our line of credit and term loans with an aggregate maximum principal amount of $530,000,000, or the 2018 Credit Facility, which was set to mature on November 19, 2021, but was extended for an additional 12-month term to mature on November 19, 2022 after paying an extension fee of $795,000. On January 19, 2022, we terminated the 2018 Credit Facility, and, through our operating partnership, entered into an agreement that supersedes and replaces the 2019 Credit Facility with a credit facility with an aggregate maximum principal amount of up to $1,050,000,000, or the 2022 Credit Facility. See Note 9, Lines of Credit and Term Loans, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion, our Current Report on Form 8-K filed with the SEC on October 5, 2021 and our Current Report on Form 8-K filed with the SEC on January 25, 2022 for more information. Our total capacity to pay operating expenses, capital improvement expenditures, interest, distributions and repurchases is a function of our current cash position, our borrowing capacity on our lines of credit and term loans, as well as any future indebtedness that we may incur.

As of December 31, 2021, our aggregate borrowing capacity under the 2018 Credit Facility, the 2019 Credit Facility and the 2019 Trilogy Credit Facility was $1,370,000,000. As of December 31, 2021, our aggregate borrowings outstanding under our credit facilities was $1,226,634,000 and we had an aggregate of $143,366,000 available on such facilities. We believe that the resources described above will be sufficient to satisfy our cash requirements for the foreseeable future.

Cash Flows

The following table sets forth changes in cash flows:

	Years Ended December 31,	
	2021	2020
Cash, cash equivalents and restricted cash — beginning of period	$ 152,190,000	$ 89,880,000
Net cash provided by operating activities	17,913,000	219,156,000
Net cash used in investing activities	(138,652,000)	(147,945,000)
Net cash provided by (used in) financing activities	94,109,000	(8,811,000)
Effect of foreign currency translation on cash, cash equivalents and restricted cash	(74,000)	(90,000)
Cash, cash equivalents and restricted cash — end of period	$ 125,486,000	$ 152,190,000

The following summary discussion of our changes in our cash flows is based on our accompanying consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below. In connection with the Merger, GAHR IV was the legal acquiror of GAHR III, while GAHR III was the accounting acquiror of GAHR IV in accordance with GAAP and as discussed in Note 3, Business Combinations, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K. Thus, the financial information set forth herein subsequent to the Merger reflects results of the Combined Company, and the financial information set forth herein prior to the Merger reflects GAHR III's results. For this reason, period to period comparisons may not be meaningful.

Operating Activities

The change in net cash provided by operating activities of $201,243,000 was primarily due to a decrease in grant income of $38,230,000 and an increase in general and administrative expenses and interest payments on our outstanding indebtedness due to the Merger and the AHI Acquisition during the year ended December 31, 2021, as compared to the prior year period. In addition, the decrease in net cash provided by operating activities was due to $52,322,000 in Medicare advance payments that
were received in the prior year, as well as the payment of deferred payroll taxes related to the CARES Act of $20,388,000 and the payment of costs related to the Merger of $12,873,000 during the year ended December 31, 2021.

Investing Activities

The change in net cash used in investing activities of $9,293,000 was primarily due to a decrease in developments and capital expenditures of $48,607,000 during the year ended December 31, 2021, compared to the year ended December 31, 2020, and cash, cash equivalents and restricted cash acquired in connection with the Merger on October 1, 2021 of $17,852,000, partially offset by an increase of $49,557,000 in investing activities related to our property acquisitions and a decrease in proceeds from dispositions of real estate of $8,026,000 during the year ended December 31, 2021, compared to the year ended December 31, 2020.

Financing Activities

The change from net cash used in financing activities to net cash provided by financing activities of $102,920,000 was primarily due to an increase in net borrowings under our mortgage loans payable of $243,490,000, a decrease in share repurchases of $22,725,000 and a decrease in distributions paid to common stockholders of $4,209,000. Such increases in financing activities were partially offset by a decrease in net borrowings under our lines of credit of $133,655,000, an increase in distributions to noncontrolling interests of $9,412,000, an increase in repurchases of stock warrants and redeemable noncontrolling interests of $8,783,000 and an increase in payments on financing and lease obligations of $6,232,000 during the year ended December 31, 2021 as compared to the year ended December 31, 2020, as well as $11,000,000 received in connection with the issuance of noncontrolling interests in the prior year. The decrease in share repurchases was due to the suspension of the GAHR III share repurchase plan from May 31, 2020 through October 4, 2021, when the partial reinstatement of our share repurchase plan was approved by our board. The decrease in distributions paid to common stockholders was due to the suspension of all stockholder distributions on May 29, 2020 in response to the impact of the COVID-19 pandemic; the board of directors of GAHR III reinstated stockholder distributions in June 2021 at an annualized distribution rate of $0.20 per share, which distributions were further increased, as approved by our board, to an annualized distribution rate of $0.40 per share starting with distributions declared for the month of October 2021.

Distributions

The income tax treatment for distributions reportable for the years ended December 31, 2021 and 2020 was as follows:

	Years Ended December 31,					
	2021			2020		
Ordinary income	$	7,989,000	26.3 %	$	—	— %
Capital gain		—	—		—	—
Return of capital		22,406,000	73.7		48,842,000	100
	$	30,395,000	100 %	$	48,842,000	100 %

Amounts listed above do not include distributions paid on nonvested shares of our restricted common stock which have been separately reported.

The distributions paid for the years ended December 31, 2021 and 2020, along with the amount of distributions reinvested pursuant to our DRIP Offerings, and the sources of our distributions as compared to cash flows from operations were as follows:

	Years Ended December 31,					
	2021			2020		
Distributions paid in cash	$	22,788,000		$	26,997,000	
Distributions reinvested		7,666,000			21,861,000	
	$	30,454,000		$	48,858,000	
Sources of distributions:						
Cash flows from operations	$	17,913,000	58.8 %	$	48,858,000	100 %
Proceeds from borrowings		12,541,000	41.2		—	—
	$	30,454,000	100 %	$	48,858,000	100 %

For the years ended December 31, 2021 and 2020, any distributions of amounts in excess of our current and accumulated earnings and profits have resulted in a return of capital to our stockholders, and all or any portion of a distribution to our stockholders may have been paid from borrowings. The payment of any distributions from our borrowings reduced the amount of capital we ultimately invested in assets and negatively impacted the amount of income available for future distributions.

The distributions paid for the years ended December 31, 2021 and 2020, along with the amount of distributions reinvested pursuant to our DRIP Offerings, and the sources of our distributions as compared to funds from operations, or FFO, were as follows:

	Years Ended December 31,					
	2021			2020		
Distributions paid in cash	$	22,788,000		$	26,997,000	
Distributions reinvested		7,666,000			21,861,000	
	$	30,454,000		$	48,858,000	
Sources of distributions:						
FFO attributable to controlling interest	$	30,454,000	100 %	$	48,858,000	100 %
Proceeds from borrowings		—	—		—	—
	$	30,454,000	100 %	$	48,858,000	100 %

The payment of distributions from sources other than FFO may reduce the amount of proceeds available for investment and operations or may cause us to incur additional interest expense as a result of borrowed funds. For a further discussion of FFO, a non-GAAP financial measure, including a reconciliation of our GAAP net income (loss) to FFO, see "Funds from Operations and Modified Funds from Operations" below.

For information on future distributions of the Combined Company, see Item 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Distributions.

Financing

We anticipate that our overall leverage will not exceed 50.0% of the combined fair market value of all of our properties, including the properties acquired as part of the Merger, and other real estate-related investments, as determined at the end of each calendar year. For these purposes, the market value of each asset will be equal to the contract purchase price paid for the asset or, if the asset was appraised subsequent to the date of purchase, then the market value will be equal to the value reported in the most recent independent appraisal of the asset. Our policies do not limit the amount we may borrow with respect to any individual investment. As of December 31, 2021, our aggregate borrowings were 46.8% of the combined market value of all of our real estate and real estate-related investments.

Mortgage Loans Payable, Net

For a discussion of our mortgage loans payable, see Note 8, Mortgage Loans Payable, Net, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Lines of Credit and Term Loans

For a discussion of our lines of credit and term loans, see Note 9, Lines of Credit and Term Loans, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

REIT Requirements

In order to maintain our qualification as a REIT for federal income tax purposes, we are required to distribute to our stockholders a minimum of 90.0% of our annual taxable income, excluding net capital gains. Existing Internal Revenue Service, or IRS, guidance includes a safe harbor pursuant to which publicly offered REITs can satisfy the distribution requirement by distributing a combination of cash and stock to stockholders. In general, to qualify under the safe harbor, each stockholder must elect to receive either cash or stock, and the aggregate cash component of the distribution to stockholders must represent at least 20.0% of the total distribution. In the event that there is a shortfall in net cash available due to factors including, without limitation, the timing of such distributions or the timing of the collection of receivables, we may seek to obtain capital to pay distributions by means of secured and unsecured debt financing through one or more unaffiliated third parties. We may also pay distributions from cash from capital transactions including, without limitation, the sale of one or more of our properties.

Commitments and Contingencies

For a discussion of our commitments and contingencies, see Note 12, Commitments and Contingencies, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Debt Service Requirements

A significant liquidity need is the payment of principal and interest on our outstanding indebtedness. As of December 31, 2021, we had $1,116,216,000 ($1,095,594,000, net of discount/premium and deferred financing costs) of fixed-rate and variable-rate mortgage loans payable outstanding secured by our properties. As of December 31, 2021, we had $1,226,634,000 outstanding and $143,366,000 remained available under our lines of credit, and the weighted average effective interest rate on our outstanding debt, factoring in our fixed-rate interest rate swaps and interest rate cap, was 3.18% per annum. See Note 8, Mortgage Loans Payable, Net and Note 9, Lines of Credit and Term Loans, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

We are required by the terms of certain loan documents to meet various financial and non-financial covenants, such as leverage ratios, net worth ratios, debt service coverage ratios and fixed charge coverage ratios. Except as explained below, as of December 31, 2021, we were in compliance with all such covenants and requirements on our mortgage loans payable and our lines of credit and term loans. Some of our mortgage loan agreements include a standard loan term requiring lender approval for a change of control event, which was triggered upon the closing of the Merger. All of our mortgage lenders and loan servicers approved such event, except for the servicers of two of our mortgage loans with an aggregate principal balance of $14,229,000. We have been closely working with such servicers to address their requirements to receive final approval; however, we have not received notice from such servicers to accelerate our debt obligations. The extent and severity of the COVID-19 pandemic on our business continues to evolve, and any continued future deterioration of operations in excess of management's projections as a result of COVID-19 could impact future compliance with these covenants. If any future covenants are violated, we anticipate seeking a waiver or amending the debt covenants with the lenders when and if such event should occur. However, there can be no assurances that management will be able to effectively achieve such plans.

Inflation

During the years ended December 31, 2021 and 2020, inflation has not significantly affected our operations because of the predominantly moderate inflation rate; however, the annual rate of inflation in the United States reached 7.5% in January 2022, the highest rate in more than three decades, as measured by the Consumer Price Index, and while we believe inflation has not significantly impacted our operations, we have experienced, and continue to experience, increases in the cost of labor, services and PPE and therefore continued inflationary pressures could impact our profitability in future periods. There are provisions in the majority of our tenant leases that will protect us from the impact of inflation. These provisions include negotiated rental increases, reimbursement billings for operating expense pass-through charges and real estate tax and insurance reimbursements. However, due to the long-term nature of the anticipated leases, among other factors, the leases may not re-set frequently enough to cover inflation.

Related Party Transactions

For a discussion of related party transactions, see Note 15, Related Party Transactions, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K.

Funds from Operations and Modified Funds from Operations

Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, has promulgated a measure known as funds from operations, a non-GAAP measure, which we believe to be an appropriate supplemental performance measure to reflect the operating performance of a REIT. The use of funds from operations is recommended by the REIT industry as a supplemental performance measure, and our management uses FFO to evaluate our performance over time. FFO is not equivalent to our net income (loss) as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on funds from operations approved by the Board of Governors of NAREIT, or the White Paper. The White Paper defines funds from operations as net income (loss) computed in accordance with GAAP, excluding gains or losses from sales of certain real estate assets and impairment writedowns of certain real estate assets and investments, plus depreciation and amortization related to real estate, and after adjustments for unconsolidated partnerships and joint ventures. While impairment charges are excluded from the calculation of FFO as described above, investors are cautioned that impairments are based on estimated future undiscounted cash flows. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations. Our FFO calculation complies with NAREIT's policy described above.

Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate-related depreciation and amortization and impairments, provides a further understanding of our performance to investors and to our management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs, which may not be immediately apparent from net income (loss).

However, FFO and modified funds from operations, or MFFO, as described below, should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income (loss) or in its applicability in evaluating our operating performance. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP FFO and MFFO measures and the adjustments to GAAP in calculating FFO and MFFO.

The Institute for Portfolio Alternatives, or the IPA, an industry trade group, has standardized a measure known as modified funds from operations, which the IPA has recommended as a supplemental performance measure for publicly registered, non-listed REITs and which we believe to be another appropriate supplemental performance measure to reflect the operating performance of a publicly registered, non-listed REIT having the characteristics described above. MFFO is not equivalent to our net income (loss) as determined under GAAP, and MFFO may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate with a limited life and targeted exit strategy, as currently intended. We believe that, because MFFO excludes expensed acquisition fees and expenses that affect our operations only in periods in which properties are acquired and that we consider more reflective of investing activities, as well as other non-operating items included in FFO, MFFO can provide, on a going forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of our operating performance after the period in which we are acquiring our properties and once our portfolio is in place. By providing MFFO, we believe we are presenting useful information that assists investors and analysts to better assess the sustainability of our operating performance after the initial offering stage has been completed and our properties have been acquired. We also believe that MFFO is a recognized measure of sustainable operating performance by the publicly registered, non-listed REIT industry. Further, we believe MFFO is useful in comparing the sustainability of our operating performance after our offering stage and acquisitions are completed with the sustainability of the operating performance of other real estate companies that are not as involved in acquisition activities. Investors are cautioned that MFFO should only be used to assess the sustainability of our operating performance after the initial offering stage has been completed and properties have been acquired, as it excludes expensed acquisition fees and expenses that have a negative effect on our initial operating performance during the periods in which properties are acquired.

We define MFFO, a non-GAAP measure, consistent with the IPA's Practice Guideline 2010-01, *Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations*, or the Practice Guideline, issued by the IPA in November 2010. The Practice Guideline defines modified funds from operations as funds from operations further adjusted for the following items included in the determination of GAAP net income (loss): expensed acquisition fees and costs; amounts relating to deferred rent and amortization of above- and below-market leases and liabilities (which are adjusted in order to reflect such payments from a GAAP accrual basis to closer to an expected to be received cash basis of disclosing the rent and lease payments); accretion of discounts and amortization of premiums on debt investments; mark-to-market adjustments included in net income (loss); gains or losses included in net income (loss) from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan; unrealized gains or losses resulting from consolidation from, or deconsolidation to, equity accounting; and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect modified funds from operations on the same basis. Our MFFO calculation complies with the IPA's Practice Guideline described above.

Our management uses MFFO and the adjustments used to calculate it in order to evaluate our performance against other publicly registered, non-listed REITs which intend to have limited lives with short and defined acquisition periods and targeted exit strategies shortly thereafter. As noted above, MFFO may not be a useful measure of the impact of long-term operating performance if we do not continue to operate in this manner. We believe that our use of MFFO and the adjustments used to calculate it allow us to present our performance in a manner that reflects certain characteristics that are unique to publicly registered, non-listed REITs, such as their limited life, limited and defined acquisition period and targeted exit strategy, and hence, that the use of such measures may be useful to investors.

Presentation of this information is intended to provide useful information to investors as they compare the operating performance of different REITs, although it should be noted that not all REITs calculate funds from operations and modified funds from operations the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and MFFO are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) as an indication of our performance, as an alternative to cash flows from operations, which is an indication of our liquidity, or indicative of funds available to fund our cash needs including our ability to make distributions to our stockholders. FFO and MFFO should be reviewed in conjunction with other measurements as an indication of our performance. MFFO may be useful in assisting management and investors in assessing the sustainability of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete. FFO and MFFO are not useful measures in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining FFO and MFFO.

Neither the SEC, NAREIT nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, the SEC, NAREIT or another regulatory body may decide to standardize the allowable adjustments across the publicly registered, non-listed REIT industry and we would have to adjust our calculation and characterization of FFO or MFFO.

For the years ended December 31, 2021 and 2020, we recognized government grants as grant income or as a reduction of property operating expenses, as applicable, and within loss from unconsolidated entities. Such amounts were granted through federal and state government programs, such as through the CARES Act, and which were established for eligible healthcare providers to preserve liquidity in response to the COVID-19 pandemic. See the "Results of Operations" section above for a further discussion. The government grants helped mitigate some of the negative impact that the COVID-19 pandemic had on our financial condition and results of operations. Without such relief funds, the COVID-19 pandemic impact would have had a material adverse impact to our FFO and MFFO. For the years ended December 31, 2021 and 2020, FFO would have been approximately $54,516,000 and $54,872,000, respectively, excluding government grants recognized. For the years ended December 31, 2021 and 2020, MFFO would have been approximately $62,480,000 and $55,869,000, respectively, excluding government grants recognized.

The following is a reconciliation of net income or loss, which is the most directly comparable GAAP financial measure, to FFO and MFFO for the periods presented below:

	Years Ended December 31, 2021	Years Ended December 31, 2020
Net (loss) income	$ (53,269,000)	$ 8,863,000
Add:		
Depreciation and amortization related to real estate — consolidated properties	133,191,000	98,858,000
Depreciation and amortization related to real estate — unconsolidated entities	3,116,000	2,992,000
Impairment of real estate investments — consolidated properties	3,335,000	11,069,000
Loss (gain) on dispositions of real estate investments — consolidated properties	100,000	(1,395,000)
Net loss (income) attributable to noncontrolling interests	5,475,000	(6,700,000)
Less:		
Depreciation, amortization, impairments and gain/loss on dispositions — noncontrolling interests	(22,270,000)	(18,012,000)
FFO attributable to controlling interest	$ 69,678,000	$ 95,675,000
Business acquisition expenses(1)	$ 13,022,000	$ 290,000
Amortization of above- and below-market leases(2)	953,000	124,000
Amortization of loan and closing costs(3)	201,000	170,000
Change in deferred rent(4)	(20,000)	(1,479,000)
Loss on debt extinguishments(5)	2,655,000	—
(Gain) loss in fair value of derivative financial instruments(6)	(8,200,000)	3,906,000
Foreign currency loss (gain)(7)	564,000	(1,469,000)
Adjustments for unconsolidated entities(8)	573,000	941,000
Adjustments for noncontrolling interests(8)	(1,784,000)	(1,486,000)
MFFO attributable to controlling interest	$ 77,642,000	$ 96,672,000
Weighted average common shares outstanding — basic and diluted	200,324,561	179,916,841
Net (loss) income per common share — basic and diluted	$ (0.27)	$ 0.05
FFO attributable to controlling interest per common share — basic and diluted	$ 0.35	$ 0.53
MFFO attributable to controlling interest per common share — basic and diluted	$ 0.39	$ 0.54

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(1) In evaluating investments in real estate, we differentiate the costs to acquire the investment from the operations derived from the investment. Such information would be comparable only for publicly registered, non-listed REITs that have completed their acquisition activity and have other similar operating characteristics. By excluding business acquisition expenses that have been deducted as expenses in the determination of GAAP net income or loss, we believe MFFO provides useful supplemental information that is comparable for each type of real estate investment and is consistent with management's analysis of the investing and operating performance of our properties. Business acquisition expenses include payments to our former advisor or its affiliates and third parties.

(2) Under GAAP, above- and below-market leases are assumed to diminish predictably in value over time and amortized, similar to depreciation and amortization of other real estate related assets that are excluded from FFO. However, because real estate values and market lease rates historically rise or fall with market conditions, including inflation, interest rates, the business cycle, unemployment and consumer spending, we believe that by excluding charges relating to the amortization of above- and below-market leases, MFFO may provide useful supplemental information on the performance of the real estate.

(3) Under GAAP, closing costs are amortized over the term of our debt security investment as an adjustment to the yield on our debt security investment. This may result in income recognition that is different than the contractual cash flows under our debt security investment. By adjusting for the amortization of the closing costs, MFFO may provide useful supplemental information on the realized economic impact of our debt security investment, providing insight on the expected contractual cash flows of such investment, and aligns results with management's analysis of operating performance.

(4) Under GAAP, as a lessor, rental revenue is recognized on a straight-line basis over the terms of the related lease (including rent holidays). As a lessee, we record amortization of right-of-use assets and accretion of lease liabilities for our operating leases. This may result in income or expense recognition that is significantly different than the underlying contract terms. By adjusting such amounts, MFFO may provide useful supplemental information on the realized

economic impact of lease terms, providing insight on the expected contractual cash flows of such lease terms, and aligns results with management's analysis of operating performance.

(5) The loss associated with the early extinguishment of debt primarily relates to the write-off of unamortized deferred financing fees, write-off of unamortized debt discount, penalties, or other fees incurred. We believe that adjusting for such non-recurring losses provides useful supplemental information because such charges (or losses) may not be reflective of on-going business transactions and operations and is consistent with management's analysis of our operating performance.

(6) Under GAAP, we are required to include changes in fair value of our derivative financial instruments in the determination of net income or loss. We believe that adjusting for the change in fair value of our derivative financial instruments to arrive at MFFO is appropriate because such adjustments may not be reflective of on-going operations and reflect unrealized impacts on value based only on then current market conditions, although they may be based upon general market conditions. The need to reflect the change in fair value of our derivative financial instruments is a continuous process and is analyzed on a quarterly basis in accordance with GAAP.

(7) We believe that adjusting for the change in foreign currency exchange rates provides useful information because such adjustments may not be reflective of on-going operations.

(8) Includes all adjustments to eliminate the unconsolidated entities' share or noncontrolling interests' share, as applicable, of the adjustments described in notes (1) – (7) above to convert our FFO to MFFO.

Net Operating Income

NOI is a non-GAAP financial measure that is defined as net income (loss), computed in accordance with GAAP, generated from properties before general and administrative expenses, business acquisition expenses, depreciation and amortization, interest expense, gain or loss on dispositions, impairment of real estate investments, income or loss from unconsolidated entities, foreign currency gain or loss, other income and income tax benefit or expense.

NOI is not equivalent to our net income (loss) as determined under GAAP and may not be a useful measure in measuring operational income or cash flows. Furthermore, NOI should not be considered as an alternative to net income (loss) as an indication of our performance, as an alternative to cash flows from operations, as an indication of our liquidity, or indicative of cash flow available to fund our cash needs including our ability to make distributions to our stockholders. NOI should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income (loss) or in its applicability in evaluating our operating performance. Investors are also cautioned that NOI should only be used to assess our operational performance in periods in which we have not incurred or accrued any business acquisition expenses.

We believe that NOI is an appropriate supplemental performance measure to reflect the performance of our operating assets because NOI excludes certain items that are not associated with the operations of the properties. We believe that NOI is a widely accepted measure of comparative operating performance in the real estate community. However, our use of the term NOI may not be comparable to that of other real estate companies as they may have different methodologies for computing this amount.

For the years ended December 31, 2021 and 2020, we recognized government grants as grant income or as a reduction of property operating expenses, as applicable. The government grants helped mitigate some of the negative impact that the COVID-19 pandemic had on our financial condition and results of operations. Without such relief funds, the COVID-19 pandemic impact would have had a material adverse impact to our NOI. For the years ended December 31, 2021 and 2020, NOI would have been approximately $196,385,000 and $162,576,000, respectively, excluding government grants recognized.

To facilitate understanding of this financial measure, the following is a reconciliation of net income or loss, which is the most directly comparable GAAP financial measure, to NOI for the periods presented below:

	Years Ended December 31,	
	2021	2020
Net (loss) income	$ (53,269,000)	$ 8,863,000
General and administrative	43,199,000	27,007,000
Business acquisition expenses	13,022,000	290,000
Depreciation and amortization	133,191,000	98,858,000
Interest expense	72,737,000	75,184,000
Loss (gain) on dispositions of real estate investments	100,000	(1,395,000)
Impairment of real estate investments	3,335,000	11,069,000
Loss from unconsolidated entities	1,355,000	4,517,000
Foreign currency loss (gain)	564,000	(1,469,000)
Other income	(1,854,000)	(1,570,000)
Income tax expense (benefit)	956,000	(3,078,000)
Net operating income	$ 213,336,000	$ 218,276,000

Subsequent Events

For a discussion of subsequent events, see Note 22, Subsequent Events, to our accompanying consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business plan, we expect that the primary market risk to which we will be exposed is interest rate risk. There were no material changes in our market risk exposures, or in the methods we use to manage market risk, between the years ended December 31, 2021 and 2020.

Interest Rate Risk

We are exposed to the effects of interest rate changes primarily as a result of long-term debt used to acquire and develop properties and other permitted investments. Our interest rate risk is monitored using a variety of techniques. Our interest rate risk management objectives are to limit the impact of interest rate increases on earnings, prepayment penalties and cash flows and to lower overall borrowing costs while taking into account variable interest rate risk. To achieve our objectives, we may borrow or lend at fixed or variable rates.

We have entered into, and may continue to enter into, derivative financial instruments such as interest rate swaps and interest rate caps in order to mitigate our interest rate risk on a related financial instrument, and for which we have not and may not elect hedge accounting treatment. We have not elected to apply hedge accounting treatment to these derivatives; therefore, changes in the fair value of interest rate derivative financial instruments are recorded as a component of interest expense in gain or loss in fair value of derivative financial instruments in our accompanying consolidated statements of operations and comprehensive income (loss). As of December 31, 2021, our interest rate swaps are recorded in security deposits, prepaid rent and other liabilities in our accompanying consolidated balance sheets at their fair value of $500,000, and such swaps matured in January 2022. We do not enter into derivative transactions for speculative purposes.

In July 2017, the Financial Conduct Authority, or FCA, that regulates LIBOR announced its intention to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate, or SOFR, as its preferred alternative to United States dollar LIBOR in derivatives and other financial contracts. The FCA ceased publishing one-week and two-month LIBOR after December 31, 2021 and intends to cease publishing all remaining LIBOR after June 30, 2023. On January 19, 2022, we entered into the 2022 Credit Agreement that bears interest at varying rates based upon our option, as follows: (i) the Daily Simple Secured Overnight Financing Rate, or Daily SOFR, as defined in the 2022 Credit Agreement, plus the Applicable Rate for Daily SOFR Rate Loans or (ii) the Term Secured Overnight Financing Rate, or the Term SOFR, as defined in the 2022 Credit Agreement, plus the Applicable Rate for Term SOFR Rate Loans. Please see Note 22, Subsequent Events — 2022 Credit Facility, for a further discussion.

We have variable rate debt outstanding and maturing on various dates from 2022 to 2031 and interest rate swaps maturing in January 2022, as discussed above, that are indexed to LIBOR. As such, we are monitoring and evaluating the related risks of the discontinuation of LIBOR, which include possible changes to the interest on loans or amounts received and paid on derivative instruments we may enter into in the future. These risks arise in connection with transitioning contracts to a new alternative rate, including any resulting value transfer that may occur. The value of loans or derivative instruments tied to LIBOR could also be impacted if LIBOR is discontinued. For some instruments, the method of transitioning to an alternative rate may be challenging, as they may require negotiation with the respective counterparty. If a contract is not transitioned to an alternative rate and LIBOR is discontinued, the impact on our contracts is likely to vary. If LIBOR is discontinued, interest rates on our current or future indebtedness may be adversely affected. Currently we cannot estimate the overall impact of the phase-out of LIBOR on our current debt agreements, although it is possible that an alternative variable rate could raise our borrowing costs. It is not possible to predict whether LIBOR will continue to be viewed as an acceptable market “benchmark” prior to June 30, 2023, and it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if a sufficient number of banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

As of December 31, 2021, the table below presents the principal amounts and weighted average interest rates by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes.

	Expected Maturity Date							
	2022	2023	2024	2025	2026	Thereafter	Total	Fair Value
Assets								
Debt security held-to-maturity	$ —	$ —	$ —	$ —	$ 93,433,000	$ —	$ 93,433,000	$ 93,920,000
Weighted average interest rate on maturing fixed-rate debt security	— %	— %	— %	— %	4.24 %	— %	4.24 %	—
Liabilities								
Fixed-rate debt — principal payments	$ 65,147,000	$ 34,227,000	$ 71,352,000	$ 28,277,000	$ 154,125,000	$ 492,376,000	$ 845,504,000	$ 803,202,000
Weighted average interest rate on maturing fixed-rate debt	3.99 %	3.75 %	3.51 %	2.62 %	2.97 %	2.98 %	3.17 %	—
Variable-rate debt — principal payments	$ 982,439,000	$ 389,863,000	$ 93,190,000	$ 12,276,000	$ 475,000	$ 19,103,000	$ 1,497,346,000	$ 1,499,163,000
Weighted average interest rate on maturing variable-rate debt (based on rates in effect as of December 31, 2021)	2.44 %	2.89 %	3.76 %	2.59 %	2.33 %	2.33 %	2.65 %	—

Debt Security Investment, Net

As of December 31, 2021, the net carrying value of our debt security investment was $79,315,000. As we expect to hold our debt security investment to maturity and the amounts due under such debt security investment would be limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our debt security investment, would have a significant impact on our operations. See Note 16, Fair Value Measurements, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a discussion of the fair value of our investment in a held-to-maturity debt security. The effective interest rate on our debt security investment was 4.24% per annum as of December 31, 2021.

Mortgage Loans Payable, Net and Lines of Credit and Term Loans

Mortgage loans payable were $1,116,216,000 ($1,095,594,000, net of discount/premium and deferred financing costs) as of December 31, 2021. As of December 31, 2021, we had 66 fixed-rate mortgage loans payable and 12 variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 5.25% per annum and a weighted average effective interest rate of 3.21%. In addition, as of December 31, 2021, we had $1,226,634,000 outstanding under our lines of credit and term loans, at a weighted-average interest rate of 2.55% per annum. On October 1, 2021, as a result of the Merger, we recognized the fair value of GAHR IV's three fixed-rate mortgage loans of $18,602,000, which consist of an aggregate principal balance of $18,291,000 and premium of $311,000. These mortgage loans carry interest rates ranging from 3.67% to 5.25% per annum with maturity dates ranging from April 1, 2025 to February 1, 2051 and a weighted average effective interest rate of 3.91%.

As of December 31, 2021, the weighted average effective interest rate on our outstanding debt, factoring in our fixed-rate interest rate swaps, was 3.18% per annum. An increase in the variable interest rate on our variable-rate mortgage loans payable and lines of credit and term loans constitutes a market risk. As of December 31, 2021, we have three fixed-rate interest rate swaps on our term loan; an increase in the variable interest rate thereon would have no effect on our overall annual interest expense. As of December 31, 2021, a 0.50% increase in the market rates of interest would have increased our overall annualized interest expense on all of our other variable-rate mortgage loans payable and lines of credit and term loans by $3,477,000, or 4.32% of total annualized interest expense on our mortgage loans payable and lines of credit and term loans. See

Note 8, Mortgage Loans Payable, Net, and Note 9, Lines of Credit and Term Loans, to the Consolidated Financial Statements that are a part of this Annual Report on Form 10-K, for a further discussion.

Other Market Risk

In addition to changes in interest rates and foreign currency exchange rates, the value of our future investments is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of tenants, which may affect our ability to refinance our debt if necessary.

Item 8. Financial Statements and Supplementary Data.

See Part IV, Item 15, Exhibits, Financial Statement Schedules.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) *Evaluation of disclosure controls and procedures*. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms, and that such information is accumulated and communicated to us, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily are required to apply our judgment in evaluating whether the benefits of the controls and procedures that we adopt outweigh their costs.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of December 31, 2021 was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of December 31, 2021, were effective at the reasonable assurance level.

(b) *Management's Annual Report on Internal Control over Financial Reporting*. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Exchange Act Rules 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 based on the framework in Internal Control-Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the Internal Control-Integrated Framework issued in 2013, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

(c) *Changes in internal control over financial reporting*. There were no changes in internal control over financial reporting that occurred during the fiscal 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.

On March 24, 2022, Jeffrey T. Hanson informed our board of his intention to retire from the day-to-day operations of our company and transition from his position as Executive Chairman of our board to non-executive Chairman of our board effective June 30, 2022, assuming he is re-elected as a director at our 2022 annual meeting of stockholders. Mr. Hanson's decision to retire from the day-to-day operations of our company and transition from his position as Executive Chairman of our board to non-executive Chairman of our board was not the result of any disagreement with our company on any matter relating to our company's operations, policies or practices.

In connection with this transition, our company, American Healthcare Opps Holdings, LLC and Mr. Hanson have entered into a Transition Letter Agreement, or the Transition Letter Agreement. Pursuant to the Transition Letter Agreement, beginning July 1, 2022, although Mr. Hanson is not an independent director, he will receive the same compensation and reimbursement of expenses that our company pays to each of its independent directors, with the portion of his 2022 compensation that is paid in cash being prorated for the period from July 1, 2022 to December 31, 2022; provided, however, that Mr. Hanson has agreed to waive the equity retainer compensation that will be paid to our independent directors in 2022. In addition, as Chairman of our board, Mr. Hanson will receive annual cash compensation of $100,000, with such compensation also being prorated for the period from July 1, 2022 to December 31, 2022. The amount of cash compensation payable to our Chairman of the board was determined by our board after engaging Ferguson Partners Consulting, L.P., formerly known as FPL Associates, L.P., as an independent compensation consultant to advise our board on executive officer and director compensation.

In addition, pursuant to the Transition Letter Agreement, Mr. Hanson has agreed to forfeit the performance-based-vesting restricted stock units that were granted to him in October 2021 pursuant to his offer letter with our company to serve as Executive Chairman of our board. However, he will retain the time-based-vesting restricted shares of Class T common stock that were granted pursuant to such offer letter in October 2021, which time-based-vesting restricted shares will remain subject to the existing vesting schedule and other terms and conditions; provided, however, that the award agreement of such restricted shares granted to Mr. Hanson is amended as of the close of business on June 30, 2022 to conform to the accelerated vesting provisions of restricted stock grants to our independent directors, including acceleration of vesting upon a change of control of our company. Because Mr. Hanson is no longer an executive officer of our company, he also will no longer be a participant in our Executive Severance and Change in Control Plan as of July 1, 2022; however, our company will reimburse Mr. Hanson for the monthly premium cost of medical coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or COBRA, for a period of up to 18 months beginning on July 1, 2022.

The preceding summary of the Transition Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the Transition Letter Agreement, a copy of which is filed as Exhibit 10.15 to this Annual Report on Form 10-K and is incorporated into this Item 9B of Form 10-K by reference.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to our definitive proxy statement to be filed within 120 days after the end of fiscal year 2021 with respect to our 2022 annual meeting of stockholders.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to our definitive proxy statement to be filed within 120 days after the end of fiscal year 2021 with respect to our 2022 annual meeting of stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to our definitive proxy statement to be filed within 120 days after the end of fiscal year 2021 with respect to our 2022 annual meeting of stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to our definitive proxy statement to be filed within 120 days after the end of fiscal year 2021 with respect to our 2022 annual meeting of stockholders.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated by reference to our definitive proxy statement to be filed within 120 days after the end of fiscal year 2021 with respect to our 2022 annual meeting of stockholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) *Financial Statements:*

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

(a)(2) *Financial Statement Schedule:*

The following financial statement schedule for the year ended December 31, 2021 is submitted herewith:

All schedules other than the one listed above have been omitted as the required information is inapplicable or the information is presented in our consolidated financial statements or related notes.

(a)(3) *Exhibits:*

(b) *Exhibits:*

See Item 15(a)(3) above.

(c) *Financial Statement Schedule:*

See Item 15(a)(2) above.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of American Healthcare REIT, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of American Healthcare REIT, Inc. and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements 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.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the 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.

Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc. — Real Estate Investments Purchase Price Allocation — Refer to Notes 1, 2 and 3 to the financial statements

Critical Audit Matter Description

On October 1, 2021, pursuant to the Merger Agreement (as defined in Note 1), Griffin-American Healthcare REIT III, Inc. (“GAHR III”) merged with and into a wholly owned subsidiary of the Company, and each issued and outstanding share of GAHR III’s common stock converted into the right to receive 0.9266 shares of the Company’s Class I common stock (referred to as the “REIT Merger”). The Company treated the REIT Merger as a business combination accounted for as a reverse acquisition. The accounting for the REIT Merger included determining the fair value of the assets acquired and liabilities assumed, including $1,126,641,000 of real estate investments. The Company’s methods for determining the respective fair value of the assets acquired and liabilities assumed varied depending on the type of asset or liability, and involved management making significant estimates related to assumptions such as expected net operating income, market sales comparisons, replacement costs, cap rates and market rent.

We identified the allocation of fair value to the assets acquired and liabilities assumed in the REIT Merger as a critical audit matter because of the significant estimates management makes to determine the respective fair value of assets acquired and liabilities assumed. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the fair value of assets acquired and liabilities assumed in the REIT Merger included the following, among others:

- With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology, (2) current market data, such as cap rate and market rent, (3) replacement costs for certain assets, and (4) market sales comparisons for certain assets. With the assistance of our fair value specialists, we also tested the mathematical accuracy of the Company's valuation model.
- We evaluated the reasonableness of management's projections of net operating income by comparing the assumptions used in the projections to external market sources, in-place lease agreements, historical data, and results from other areas of the audit.

Impairment of Long-Lived Assets relating to historical GAHR III real estate investments — Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company periodically evaluates long-lived assets, primarily consisting of investments in real estate that are carried at historical cost less accumulated depreciation, for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company considers the following indicators, among others, in its evaluation of impairment:

- Significant negative industry or economic trends;
- A significant underperformance relative to historical or projected future operating results; and
- A significant change in the extent or manner in which the asset is used or significant physical change in the asset.

If indicators of impairment of long-lived assets are present, the Company evaluates the carrying value of the related real estate investment in relation to the future undiscounted cash flows of the underlying operations. In performing this evaluation, the Company considers market conditions and the Company's current intentions with respect to holding or disposing of the asset. The Company adjusts the net book value of properties it leases to others and other long-lived assets to fair value if the sum of the expected future undiscounted cash flows, including sales proceeds, is less than carrying value. The Company recognizes an impairment loss at the time any such determination is made.

We identified the determination of impairment indicators for real estate investments, specifically the historical GAHR III real estate investments, as a critical audit matter because of the significant assumptions management makes when determining whether events or changes in circumstances have occurred indicating that the carrying amounts of real estate assets may not be recoverable. This required a high degree of auditor judgment when performing audit procedures to evaluate whether management appropriately identified impairment indicators. The remaining real estate investments were recently recorded at fair value in connection with the REIT Merger and are the subject of the critical audit matter described above.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the evaluation of historical GAHR III real estate investments for possible indications of impairment included the following, among others:

- Obtained independent market data to determine if there were indicators of impairment not identified by management.
- Determined whether there are adverse qualitative or quantitative asset-specific conditions, which may indicate that an other than temporary impairment exists.

/s/ Deloitte & Touche LLP

Costa Mesa, California
March 25, 2022

We have served as the Company's auditor since 2013.

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED BALANCE SHEETS
As of December 31, 2021 and 2020

	December 31,	
	2021	**2020**
ASSETS		
Real estate investments, net	$ 3,514,686,000	$ 2,330,000,000
Debt security investment, net	79,315,000	75,851,000
Cash and cash equivalents	81,597,000	113,212,000
Restricted cash	43,889,000	38,978,000
Accounts and other receivables, net	122,778,000	124,556,000
Identified intangible assets, net	248,871,000	154,687,000
Goodwill	209,898,000	75,309,000
Operating lease right-of-use assets, net	158,157,000	203,988,000
Other assets, net	121,148,000	118,356,000
Total assets	$ 4,580,339,000	$ 3,234,937,000
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Mortgage loans payable, net(1)	$ 1,095,594,000	$ 810,478,000
Lines of credit and term loans(1)	1,226,634,000	843,634,000
Accounts payable and accrued liabilities(1)	187,254,000	186,651,000
Accounts payable due to affiliates(1)	866,000	8,026,000
Identified intangible liabilities, net	12,715,000	367,000
Financing obligations(1)	33,653,000	28,425,000
Operating lease liabilities(1)	145,485,000	193,634,000
Security deposits, prepaid rent and other liabilities(1)	48,567,000	88,899,000
Total liabilities	2,750,768,000	2,160,114,000
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests (Note 13)	72,725,000	40,340,000
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; 200,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.01 par value per share; 1,000,000,000 shares authorized; 179,658,367 shares issued and outstanding as of December 31, 2020	—	1,798,000
Class T common stock, $0.01 par value per share; 200,000,000 shares authorized; 77,176,406 shares issued and outstanding as of December 31, 2021	763,000	—
Class I common stock, $0.01 par value per share; 800,000,000 shares authorized; 185,855,625 shares issued and outstanding as of December 31, 2021	1,859,000	—
Additional paid-in capital	2,531,940,000	1,730,589,000
Accumulated deficit	(951,303,000)	(864,271,000)
Accumulated other comprehensive loss	(1,966,000)	(2,008,000)
Total stockholders' equity	1,581,293,000	866,108,000
Noncontrolling interests (Note 14)	175,553,000	168,375,000
Total equity	1,756,846,000	1,034,483,000
Total liabilities, redeemable noncontrolling interests and equity	$ 4,580,339,000	$ 3,234,937,000

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED BALANCE SHEETS — (Continued)
As of December 31, 2021 and 2020

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(1) Prior to the Merger, as defined and described in Note 1, on October 1, 2021, such liabilities of Griffin-American Healthcare REIT III, Inc., or GAHR III, represented liabilities of Griffin-American Healthcare REIT III Holdings, LP or its consolidated subsidiaries. Griffin-American Healthcare REIT III Holdings, LP was a variable interest entity, or VIE, and a consolidated subsidiary of GAHR III. The creditors of Griffin-American Healthcare REIT III Holdings, LP, or its consolidated subsidiaries did not have recourse against GAHR III, except for the 2019 Credit Facility, as defined in Note 9, held by Griffin-American Healthcare REIT III Holdings, LP in the amount of $556,500,000 as of December 31, 2020, which was guaranteed by GAHR III.

Following the Merger, such liabilities of American Healthcare REIT, Inc., formally known as Griffin-American Healthcare REIT IV, Inc., as successor by merger with GAHR III, represented liabilities of American Healthcare REIT Holdings, LP, formally known as Griffin-American Healthcare REIT III Holdings, LP, or its consolidated subsidiaries as of December 31, 2021. American Healthcare REIT Holdings, LP is a VIE and a consolidated subsidiary of American Healthcare REIT, Inc. The creditors of American Healthcare REIT Holdings, LP or its consolidated subsidiaries do not have recourse against American Healthcare REIT, Inc., except for the 2018 Credit Facility and 2019 Credit Facility, as defined in Note 9, held by American Healthcare REIT Holdings, LP in the amount of $441,900,000 and $480,000,000, respectively, as of December 31, 2021, which were guaranteed by American Healthcare REIT, Inc.

The accompanying notes are an integral part of these consolidated financial statements.

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2021, 2020 and 2019

	Years Ended December 31,		
	2021	2020	2019
Revenues and grant income:			
Resident fees and services	$ 1,123,935,000	$ 1,069,073,000	$ 1,099,078,000
Real estate revenue	141,368,000	120,047,000	124,038,000
Grant income	16,951,000	55,181,000	—
Total revenues and grant income	1,282,254,000	1,244,301,000	1,223,116,000
Expenses:			
Property operating expenses	1,030,193,000	993,727,000	967,860,000
Rental expenses	38,725,000	32,298,000	33,859,000
General and administrative	43,199,000	27,007,000	29,749,000
Business acquisition expenses	13,022,000	290,000	(161,000)
Depreciation and amortization	133,191,000	98,858,000	111,412,000
Total expenses	1,258,330,000	1,152,180,000	1,142,719,000
Other income (expense):			
Interest expense:			
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishments)	(80,937,000)	(71,278,000)	(78,553,000)
Gain (loss) in fair value of derivative financial instruments	8,200,000	(3,906,000)	(4,541,000)
(Loss) gain on dispositions of real estate investments	(100,000)	1,395,000	—
Impairment of real estate investments	(3,335,000)	(11,069,000)	—
Loss from unconsolidated entities	(1,355,000)	(4,517,000)	(2,097,000)
Foreign currency (loss) gain	(564,000)	1,469,000	1,730,000
Other income	1,854,000	1,570,000	3,736,000
Total net other expense	(76,237,000)	(86,336,000)	(79,725,000)
(Loss) income before income taxes	(52,313,000)	5,785,000	672,000
Income tax (expense) benefit	(956,000)	3,078,000	(1,524,000)
Net (loss) income	(53,269,000)	8,863,000	(852,000)
Less: net loss (income) attributable to noncontrolling interests	5,475,000	(6,700,000)	(4,113,000)
Net (loss) income attributable to controlling interest	$ (47,794,000)	$ 2,163,000	$ (4,965,000)
Net (loss) income per Class T and Class I common share attributable to controlling interest — basic and diluted	$ (0.24)	$ 0.01	$ (0.03)
Weighted average number of Class T and Class I common shares outstanding — basic and diluted	200,324,561	179,916,841	181,931,306
Net (loss) income	$ (53,269,000)	$ 8,863,000	$ (852,000)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(65,000)	247,000	305,000
Total other comprehensive (loss) income	(65,000)	247,000	305,000
Comprehensive (loss) income	(53,334,000)	9,110,000	(547,000)
Less: comprehensive loss (income) attributable to noncontrolling interests	5,582,000	(6,700,000)	(4,113,000)
Comprehensive (loss) income attributable to controlling interest	$ (47,752,000)	$ 2,410,000	$ (4,660,000)

The accompanying notes are an integral part of these consolidated financial statements.

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF EQUITY
For the Years Ended December 31, 2021, 2020 and 2019

	Stockholders' Equity								
	Common Stock								
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — December 31, 2018	183,056,666	$ 1,831,000	$ 1,765,984,000	$ (704,748,000)	$ (2,560,000)	$ 1,060,507,000	$ 158,128,000	$ 1,218,635,000	
Offering costs — common stock	—	—	(91,000)	—	—	(91,000)	—	(91,000)	
Issuance of common stock under the DRIP	5,479,620	55,000	55,385,000	—	—	55,440,000	—	55,440,000	
Issuance of vested and nonvested restricted common stock	20,849	—	42,000	—	—	42,000	—	42,000	
Amortization of nonvested common stock compensation	—	—	173,000	—	—	173,000	—	173,000	
Stock based compensation	—	—	—	—	—	—	2,698,000	2,698,000	
Repurchase of common stock	(8,826,872)	(88,000)	(89,800,000)	—	—	(89,888,000)	—	(89,888,000)	
Contribution from noncontrolling interest	—	—	—	—	—	—	3,000,000	3,000,000	
Distributions to noncontrolling interests	—	—	—	—	—	—	(7,272,000)	(7,272,000)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(780,000)	(780,000)	
Adjustment to value of redeemable noncontrolling interests	—	—	(3,131,000)	—	—	(3,131,000)	(1,342,000)	(4,473,000)	
Distributions declared ($0.65 per share)	—	—	—	(117,837,000)	—	(117,837,000)	—	(117,837,000)	
Net (loss) income	—	—	—	(4,965,000)	—	(4,965,000)	3,676,000	(1,289,000)	(1)
Other comprehensive income	—	—	—	—	305,000	305,000	—	305,000	
BALANCE — December 31, 2019	179,730,263	$ 1,798,000	$ 1,728,562,000	$ (827,550,000)	$ (2,255,000)	$ 900,555,000	$ 158,108,000	$ 1,058,663,000	
Offering costs — common stock	—	—	(8,000)	—	—	(8,000)	—	(8,000)	
Issuance of common stock under the DRIP	2,155,061	22,000	21,839,000	—	—	21,861,000	—	21,861,000	
Issuance of vested and nonvested restricted common stock	6,950	—	14,000	—	—	14,000	—	14,000	
Amortization of nonvested common stock compensation	—	—	141,000	—	—	141,000	—	141,000	
Stock based compensation	—	—	—	—	—	—	(1,188,000)	(1,188,000)	
Repurchase of common stock	(2,233,907)	(22,000)	(23,085,000)	—	—	(23,107,000)	—	(23,107,000)	
Issuance of noncontrolling interest	—	—	515,000	—	—	515,000	10,485,000	11,000,000	
Distributions to noncontrolling interests	—	—	—	—	—	—	(5,463,000)	(5,463,000)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(715,000)	(715,000)	
Adjustment to value of redeemable noncontrolling interests	—	—	2,611,000	—	—	2,611,000	1,103,000	3,714,000	
Distributions declared ($0.22 per share)	—	—	—	(38,884,000)	—	(38,884,000)	—	(38,884,000)	
Net income	—	—	—	2,163,000	—	2,163,000	6,045,000	8,208,000	(1)
Other comprehensive income	—	—	—	—	247,000	247,000	—	247,000	
BALANCE — December 31, 2020	179,658,367	$ 1,798,000	$ 1,730,589,000	$ (864,271,000)	$ (2,008,000)	$ 866,108,000	$ 168,375,000	$ 1,034,483,000	
Offering costs — common stock	—	—	(14,000)	—	—	(14,000)	—	(14,000)	
Issuance of common stock and purchase of noncontrolling interest in connection with the Merger	81,731,261	816,000	764,332,000	—	—	765,148,000	(43,203,000)	721,945,000	(2)

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Years Ended December 31, 2021, 2020 and 2019

	Stockholders' Equity								
	Common Stock								
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
Issuance of operating partnership units to acquire AHI	—	$ —	$ 36,449,000	$ —	$ 107,000	$ 36,556,000	$ 75,727,000	$ 112,283,000	
Issuance of common stock under the DRIP	831,463	8,000	7,658,000	—	—	7,666,000	—	7,666,000	
Issuance of vested and nonvested restricted common stock	852,364	—	41,000	—	—	41,000	—	41,000	
Amortization of nonvested common stock compensation	—	—	816,000	—	—	816,000	—	816,000	
Stock based compensation	—	—	—	—	—	—	(14,000)	(14,000)	
Repurchase of common stock	(41,424)	—	(382,000)	—	—	(382,000)	—	(382,000)	(3)
Distributions to noncontrolling interests	—	—	—	—	—	—	(15,247,000)	(15,247,000)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(5,923,000)	(5,923,000)	
Adjustment to value of redeemable noncontrolling interests	—	—	(7,549,000)	—	—	(7,549,000)	169,000	(7,380,000)	
Distributions declared ($0.17 per share)	—	—	—	(39,238,000)	—	(39,238,000)	—	(39,238,000)	
Net loss	—	—	—	(47,794,000)	—	(47,794,000)	(4,331,000)	(52,125,000)	(1)
Other comprehensive loss	—	—	—	—	(65,000)	(65,000)	—	(65,000)	
BALANCE — December 31, 2021	263,032,031	$ 2,622,000	$ 2,531,940,000	$ (951,303,000)	$ (1,966,000)	$ 1,581,293,000	$ 175,553,000	$ 1,756,846,000	

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(1) For the years ended December 31, 2021, 2020 and 2019, amounts exclude $(1,144,000), $655,000 and $437,000, respectively, of net (loss) income attributable to redeemable noncontrolling interests. See Note 13, Redeemable Noncontrolling Interests, for a further discussion.

(2) In connection with the Merger, on October 1, 2021, a wholly owned subsidiary of Griffin-American Healthcare REIT IV Holdings, LP sold its 6.0% interest in Trilogy REIT Holdings, LLC to GAHR III. See Note 14, Equity — Noncontrolling Interests in Total Equity, for a further discussion.

(3) Prior to the Merger, but upon the closing of the AHI Acquisition, as defined in Note 1, GAHR III redeemed all 22,222 shares of its common stock held by GAHR III's former advisor as well as all 20,833 shares of GAHR IV Class T common stock held by GAHR IV's former advisor.

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021, 2020 and 2019

	Years Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (53,269,000)	$ 8,863,000	$ (852,000)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	133,191,000	98,858,000	111,412,000
Other amortization	24,189,000	30,789,000	29,740,000
Deferred rent	(2,673,000)	(5,606,000)	(3,264,000)
Stock based compensation	8,801,000	(1,342,000)	2,744,000
Stock based compensation — vested and nonvested restricted common stock	857,000	155,000	215,000
Change in fair value of derivative financial instruments	(8,200,000)	3,906,000	4,541,000
Impairment of real estate investments	3,335,000	11,069,000	—
Loss from unconsolidated entities	1,355,000	4,517,000	2,097,000
Loss (gain) on dispositions of real estate investments	100,000	(1,395,000)	—
Foreign currency loss (gain)	573,000	(1,522,000)	(1,731,000)
Loss on extinguishments of debt	2,655,000	—	2,968,000
Deferred income taxes	—	(3,329,000)	964,000
Change in fair value of contingent consideration	—	—	(681,000)
Other adjustments	466,000	—	—
Changes in operating assets and liabilities:			
Accounts and other receivables	3,691,000	20,318,000	(22,435,000)
Other assets	(2,775,000)	(7,357,000)	(6,537,000)
Accounts payable and accrued liabilities	(32,571,000)	30,290,000	18,103,000
Accounts payable due to affiliates	(7,140,000)	5,162,000	121,000
Operating lease liabilities	(16,793,000)	(23,790,000)	(22,114,000)
Security deposits, prepaid rent and other liabilities	(37,879,000)	49,570,000	2,163,000
Net cash provided by operating activities	17,913,000	219,156,000	117,454,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Developments and capital expenditures	(79,695,000)	(128,302,000)	(92,836,000)
Acquisitions of real estate and other investments	(80,109,000)	(30,552,000)	(37,863,000)
Cash, cash equivalents and restricted cash acquired in connection with the Merger and the AHI Acquisition	17,852,000	—	—
Proceeds from dispositions of real estate and other investments	4,499,000	12,525,000	1,227,000
Investments in unconsolidated entities	(650,000)	(960,000)	(1,640,000)
Real estate and other deposits	(549,000)	(656,000)	(650,000)
Principal repayments on real estate notes receivable	—	—	28,650,000
Net cash used in investing activities	(138,652,000)	(147,945,000)	(103,112,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings under mortgage loans payable	298,515,000	92,399,000	191,246,000
Payments on mortgage loans payable	(34,616,000)	(71,990,000)	(74,037,000)
Early payoff of mortgage loans payable	—	(2,601,000)	(14,022,000)
Borrowings under the lines of credit and term loans	51,100,000	121,755,000	1,030,653,000
Payments on the lines of credit and term loans	(157,000,000)	(94,000,000)	(952,822,000)
Deferred financing costs	(3,854,000)	(4,890,000)	(12,945,000)
Debt extinguishment costs	(127,000)	—	(870,000)
Borrowing under financing obligation	—	1,907,000	—
Payments on financing and other obligations	(11,685,000)	(5,453,000)	(7,850,000)
Distributions paid to common stockholders	(22,788,000)	(26,997,000)	(62,612,000)
Repurchase of common stock	(382,000)	(23,107,000)	(89,888,000)

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
For the Years Ended December 31, 2021, 2020 and 2019

	Years Ended December 31,		
	2021	2020	2019
Issuance of noncontrolling interest	$ —	$ 11,000,000	$ —
Contributions from noncontrolling interests	—	—	3,000,000
Distributions to noncontrolling interests	(14,875,000)	(5,463,000)	(7,272,000)
Contributions from redeemable noncontrolling interests	152,000	—	2,000,000
Distributions to redeemable noncontrolling interests	(1,483,000)	(1,271,000)	(1,430,000)
Repurchase of redeemable noncontrolling interests and stock warrants	(8,933,000)	(150,000)	(475,000)
Security deposits and other	85,000	50,000	12,000
Net cash provided by (used in) financing activities	94,109,000	(8,811,000)	2,688,000
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ (26,630,000)	$ 62,400,000	$ 17,030,000
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(74,000)	(90,000)	145,000
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	152,190,000	89,880,000	72,705,000
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	$ 125,486,000	$ 152,190,000	$ 89,880,000
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Beginning of period:			
Cash and cash equivalents	$ 113,212,000	$ 53,149,000	$ 35,132,000
Restricted cash	38,978,000	36,731,000	37,573,000
Cash, cash equivalents and restricted cash	$ 152,190,000	$ 89,880,000	$ 72,705,000
End of period:			
Cash and cash equivalents	$ 81,597,000	$ 113,212,000	$ 53,149,000
Restricted cash	43,889,000	38,978,000	36,731,000
Cash, cash equivalents and restricted cash	$ 125,486,000	$ 152,190,000	$ 89,880,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for:			
Interest	$ 70,212,000	$ 65,771,000	$ 68,654,000
Income taxes	$ 1,239,000	$ 753,000	$ 921,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued developments and capital expenditures	$ 19,546,000	$ 22,342,000	$ 25,194,000
Capital expenditures from financing obligations	$ 1,409,000	$ 1,053,000	$ 11,821,000
Tenant improvement overage	$ 1,598,000	$ 4,482,000	$ 1,216,000
Acquisition of real estate investment with financing obligation	$ 15,504,000	$ —	$ —
Issuance of common stock under the DRIP	$ 7,666,000	$ 21,861,000	$ 55,440,000
Distributions declared but not paid — common stockholders	$ 8,768,000	$ —	$ 9,974,000
Distributions declared but not paid — limited partnership units	$ 467,000	$ —	$ —
Reclassification of noncontrolling interests to mezzanine equity	$ 5,923,000	$ 715,000	$ 780,000
Issuance of redeemable noncontrolling interests	$ 7,999,000	$ —	$ —
Investments in unconsolidated entity	$ —	$ —	$ 5,276,000
The following represents the net (decrease) increase in certain assets and liabilities in connection with our acquisitions and dispositions of real estate investments:			
Accounts and other receivables	$ (153,000)	$ (11,000)	$ —
Other assets	$ (4,036,000)	$ (253,000)	$ —
Due to affiliates	$ 6,000	$ —	$ —
Accounts payable and accrued liabilities	$ (161,000)	$ (110,000)	$ 46,000
Security deposits, prepaid rent and other liabilities	$ —	$ (459,000)	$ 105,000
Merger and AHI Acquisition (Note 1):			
Issuance of limited partnership units in the AHI Acquisition	$ 131,674,000	$ —	$ —

AMERICAN HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
For the Years Ended December 31, 2021, 2020 and 2019

	Years Ended December 31,		
	2021	2020	2019
Implied issuance of GAHR III common stock in exchange for net assets acquired and purchase of noncontrolling interests in connection with the Merger	$ 722,169,000	$ —	$ —
Fair value of mortgage loans payable and lines of credit and term loans assumed in the Merger	$ 507,503,000	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

AMERICAN HEALTHCARE REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021, 2020 and 2019

The use of the words "we," "us" or "our" refers to Griffin-American Healthcare REIT III, Inc. and its subsidiaries, including Griffin-American Healthcare REIT III Holdings, LP, for periods prior to the Merger, as defined below, and American Healthcare REIT, Inc. (formerly known as Griffin-American Healthcare REIT IV, Inc.) and its subsidiaries, including American Healthcare REIT Holdings, LP (formerly known as Griffin-American Healthcare REIT III Holdings, LP), for periods following the Merger, except where otherwise noted. Certain historical information of Griffin-American Healthcare REIT IV, Inc. is included for background purposes.

1. Organization and Description of Business

Overview and Background

American Healthcare REIT, Inc., a Maryland corporation, owns a diversified portfolio of clinical healthcare real estate properties, focusing primarily on medical office buildings, skilled nursing facilities, senior housing, hospitals and other healthcare-related facilities. We also operate healthcare-related facilities utilizing the structure permitted by the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure (the provisions of the Internal Revenue Code of 1986, as amended, or the Code, authorizing the RIDEA structure were enacted as part of the Housing and Economic Recovery Act of 2008). Our healthcare facilities operated under a RIDEA structure include our senior housing operating properties, or SHOP (formerly known as senior housing — RIDEA), and our integrated senior health campuses. We have originated and acquired secured loans and may also originate and acquire other real estate-related investments on an infrequent and opportunistic basis. We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, real estate properties. We qualified to be taxed as a real estate investment trust, or REIT, under the Code for federal income tax purposes, and we intend to continue to qualify to be taxed as a REIT.

Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc.

On June 23, 2021, Griffin-American Healthcare REIT III, Inc., a Maryland corporation, or GAHR III, Griffin-American Healthcare REIT III Holdings, LP, a Delaware limited partnership, or our operating partnership that subsequent to the Merger on October 1, 2021 described below is also referred to as the surviving partnership, Griffin-American Healthcare REIT IV, Inc., a Maryland corporation, or GAHR IV, its subsidiary Griffin-American Healthcare REIT IV Holdings, LP, a Delaware limited partnership, or GAHR IV Operating Partnership, and Continental Merger Sub, LLC, a Maryland limited liability company and a newly formed wholly owned subsidiary of GAHR IV, or Merger Sub, entered into an Agreement and Plan of Merger, or the Merger Agreement. On October 1, 2021, pursuant to the Merger Agreement, (i) GAHR III merged with and into Merger Sub, with Merger Sub being the surviving company, or the REIT Merger, and (ii) GAHR IV Operating Partnership merged with and into our operating partnership, with our operating partnership being the surviving entity and being renamed American Healthcare REIT Holdings, LP, or the Partnership Merger, and, together with the REIT Merger, the Merger. Following the Merger on October 1, 2021, our company, or the Combined Company, was renamed American Healthcare REIT, Inc. The REIT Merger was intended to qualify as a reorganization under, and within the meaning of, Section 368(a) of the Code. As a result of and at the effective time of the Merger, the separate corporate existence of GAHR III and GAHR IV Operating Partnership ceased.

AHI Acquisition

Also on June 23, 2021, GAHR III; our operating partnership; American Healthcare Investors, LLC, or AHI; Griffin Capital Company, LLC, or Griffin Capital; Platform Healthcare Investor T-II, LLC; Flaherty Trust; and Jeffrey T. Hanson, our former Chief Executive Officer and current Executive Chairman of the Board of Directors, Danny Prosky, our former Chief Operating Officer and current Chief Executive Officer and President, and Mathieu B. Streiff, our former Executive Vice President, General Counsel and current Chief Operating Officer, or collectively, the AHI Principals, entered into a contribution and exchange agreement, or the Contribution Agreement, pursuant to which, among other things, GAHR III agreed to acquire a newly formed entity, American Healthcare Opps Holdings, LLC, or NewCo, which we refer to as the AHI Acquisition. NewCo owned substantially all of the business and operations of AHI, as well as all of the equity interests in (i) Griffin-American Healthcare REIT IV Advisor, LLC, or GAHR IV Advisor, a subsidiary of AHI that served as the external advisor of GAHR IV, and (ii) Griffin-American Healthcare REIT III Advisor, LLC, or GAHR III Advisor, also referred to as our former advisor, a subsidiary of AHI that served as the external advisor of GAHR III. See "Operating Partnership and Former Advisor" below for a further discussion.

On October 1, 2021, the AHI Acquisition closed immediately prior to the consummation of the Merger, and pursuant to the Contribution Agreement, AHI contributed substantially all of its business and operations to the surviving partnership, including its interest in GAHR III Advisor and GAHR IV Advisor, and Griffin Capital contributed its then-current ownership interest in GAHR III Advisor and GAHR IV Advisor to the surviving partnership. In exchange for these contributions, the surviving partnership issued limited partnership units, or surviving partnership OP units. Subject to working capital and other customary adjustments, the total approximate value of these surviving partnership OP units at the time of consummation of the transactions contemplated by the Contribution Agreement was approximately $131,674,000, with a reference value for purposes thereof of $8.71 per unit, such that the surviving partnership issued 15,117,529 surviving partnership OP units as consideration, or the Closing Date Consideration. Following the consummation of the Merger and the AHI Acquisition, the Combined Company has become self-managed. As of December 31, 2021, such surviving partnership OP units are owned by AHI Group Holdings, LLC, or AHI Group Holdings, which is owned and controlled by the AHI Principals, Platform Healthcare Investor T-II, LLC, Flaherty Trust and a wholly owned subsidiary of Griffin Capital, or collectively, the NewCo Sellers.

In addition to the Closing Date Consideration, pursuant to the Contribution Agreement, we may in the future pay cash "earnout" consideration to AHI based on the fees that we may earn from our potential sponsorship of, and investment advisory services rendered to, American Healthcare RE Fund, L.P., a healthcare-related, real-estate-focused, private investment fund under consideration by AHI, or the Earnout Consideration. The Earnout Consideration is uncapped in amount and, if ever payable by us to AHI, will be due on the seventh anniversary of the closing of the AHI Acquisition (subject to acceleration in certain events, including if we achieve certain fee-generation milestones from our sponsorship of the private investment fund). AHI's ability to receive the Earnout Consideration is also subject to vesting conditions relating to the private investment fund's deployed equity capital and the continuous employment of at least two of the AHI Principals throughout the vesting period. As of December 31, 2021, the fair value of such cash earnout consideration was estimated to be $0.

The AHI Acquisition was treated as a business combination for accounting purposes, with GAHR III as both the legal and accounting acquiror of NewCo. While GAHR IV was the legal acquiror of GAHR III in the REIT Merger, GAHR III was determined to be the accounting acquiror in the REIT Merger in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 805, *Business Combinations*, or ASC Topic 805, after considering the relative share ownership and the composition of the governing body of the Combined Company. Thus, the financial information set forth herein subsequent to the consummation of the Merger and the AHI Acquisition reflects results of the Combined Company, and the financial information set forth herein prior to the Merger and the AHI Acquisition reflects GAHR III's results. For this reason, period to period comparisons may not be meaningful.

Please see Note 3, Business Combinations, for a further discussion of the Merger and the AHI Acquisition.

Operating Partnership and Former Advisor

We conduct substantially all of our operations through our operating partnership. Through September 30, 2021, we were externally advised by our former advisor pursuant to an advisory agreement, as amended, or the Advisory Agreement, between us and our former advisor. On June 23, 2021, we also entered into a Mutual Consent Regarding Waiver of Subordination of Asset Management Fees, or the Mutual Consent, pursuant to which, for the period from the date the Mutual Consent was entered into until the earlier to occur of (i) the closing of the Merger, or (ii) the termination of the Merger Agreement, the parties waived the requirement in the Advisory Agreement that our stockholders receive distributions in an amount equal to 5.0% per annum, cumulative, non-compounded, of their invested capital before we would be obligated to pay an asset management fee. Our former advisor used its best efforts, subject to the oversight and review of our board of directors, or our board, to, among other things, provide asset management, property management, acquisition, disposition and other advisory services on our behalf consistent with our investment policies and objectives. Following the Merger and AHI Acquisition, we became self-managed and are no longer externally advised. As a result, any fees that would have otherwise been payable to our former advisor, are no longer being paid.

Prior to the Merger and the AHI Acquisition, our former advisor was 75.0% owned and managed by wholly owned subsidiaries of AHI, and 25.0% owned by a wholly owned subsidiary of Griffin Capital, or collectively, our former co-sponsors. Prior to the AHI Acquisition, AHI was 47.1% owned by AHI Group Holdings, 45.1% indirectly owned by Digital Bridge Group, Inc. (NYSE: DBRG) (formerly known as Colony Capital, Inc.), or Digital Bridge, and 7.8% owned by James F. Flaherty III, a former partner of Colony Capital. We were not affiliated with Griffin Capital, Digital Bridge or Mr. Flaherty; however, we were affiliated with our former advisor, AHI and AHI Group Holdings. Please see the "Merger of Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT IV, Inc." and "AHI Acquisition" sections above for a further discussion of our operations effective October 1, 2021. As a result of the Merger and the AHI Acquisition on October 1, 2021, we, through our direct and indirect subsidiaries, own approximately 94.9% of our operating partnership and the remaining 5.1% is owned by the NewCo Sellers. See Note 13, Redeemable Noncontrolling Interests, and Note 14, Equity – Noncontrolling Interests in Total Equity, for a further discussion.

Public Offering

Prior to the Merger, we raised $1,842,618,000 through a best efforts initial public offering that commenced on February 26, 2014, or the GAHR III initial offering, and issued 184,930,598 shares of our common stock. In addition, during the GAHR III initial offering, we issued 1,948,563 shares of our common stock pursuant to our initial distribution reinvestment plan, or the Initial DRIP, for a total of $18,511,000 in distributions reinvested. Following the deregistration of the GAHR III initial offering on April 22, 2015, we continued issuing shares of our common stock pursuant to the Initial DRIP through a subsequent offering, or the 2015 GAHR III DRIP Offering. Effective October 5, 2016, we amended and restated the Initial DRIP, or the Amended and Restated DRIP, to amend the price at which shares of our common stock were issued pursuant to the 2015 GAHR III DRIP Offering. A total of $245,396,000 in distributions were reinvested that resulted in 26,386,545 shares of common stock being issued pursuant to the 2015 GAHR III DRIP Offering.

On January 30, 2019, we filed a Registration Statement on Form S-3 under the Securities Act of 1933, as amended, or the Securities Act, to register a maximum of $200,000,000 of additional shares of our common stock to be issued pursuant to the Amended and Restated DRIP, or the 2019 GAHR III DRIP Offering, which commenced on April 1, 2019, following the deregistration of the 2015 GAHR III DRIP Offering. On May 29, 2020, in consideration of the impact the coronavirus, or COVID-19, pandemic had on the United States, globally and on our business operations, our board authorized the suspension of the 2019 GAHR III DRIP Offering. Such suspension was effective upon the completion of all shares issued with respect to distributions payable to stockholders of record on or prior to the close of business on May 31, 2020. A total of $63,105,000 in distributions were reinvested that resulted in 6,724,348 shares of common stock being issued pursuant to the 2019 GAHR III DRIP Offering.

As a result of the Merger, we deregistered the 2019 GAHR III DRIP Offering. Further, on October 4, 2021, our board authorized the reinstatement of our distribution reinvestment plan, as amended, or the DRIP. We continue to offer up to $100,000,000 of shares of our common stock to be issued pursuant to the DRIP under an existing Registration Statement on Form S-3 under the Securities Act filed by GAHR IV, or the AHR DRIP Offering. We collectively refer to the Initial DRIP portion of the GAHR III initial offering, the 2015 GAHR III DRIP Offering, the 2019 GAHR III DRIP Offering and the AHR DRIP Offering as our DRIP Offerings. See Note 14, Equity — Distribution Reinvestment Plan, for a further discussion. As of December 31, 2021, a total of $54,637,000 in distributions were reinvested that resulted in 5,755,013 shares of common stock being issued pursuant to the AHR DRIP Offering.

Our Real Estate Investments Portfolio

We currently operate through six reportable business segments: medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals. As of December 31, 2021, we owned and/or operated 182 properties, comprising 191 buildings, and 122 integrated senior health campuses including completed development projects, or approximately 19,178,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,292,371,000, including the fair value of the properties acquired in the Merger. In addition, as of December 31, 2021, we also owned a real estate-related debt investment purchased for $60,429,000.

COVID-19

Due to the COVID-19 pandemic in the United States and globally, since March 2020, our residents, tenants, operating partners and managers have been materially impacted. The rise of the Delta and Omicron variants of COVID-19, and government and public health agencies' responses to potential future resurgences in the virus, further contributes to the prolonged economic impact and uncertainties caused by the COVID-19 pandemic. There is also uncertainty regarding the acceptance of available vaccines and boosters and the public's receptiveness to those measures. As the COVID-19 pandemic is still impacting the healthcare system, it continues to present challenges for us as an owner and operator of healthcare facilities, making it difficult to ascertain the long-term impact the COVID-19 pandemic will have on real estate markets in which we own and/or operate properties and our portfolio of investments.

We have evaluated the impacts of the COVID-19 pandemic on our business thus far and incorporated information concerning such impacts into our assessments of liquidity, impairment and collectability from tenants and residents as of December 31, 2021. We will continue to monitor such impacts and will adjust our estimates and assumptions based on the best available information.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding our accompanying consolidated financial statements. Such consolidated financial statements and the accompanying notes thereto are the representations of our management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, or GAAP, in all material respects, and have been consistently applied in preparing our accompanying consolidated financial statements.

Basis of Presentation

Our accompanying consolidated financial statements include our accounts and those of our operating partnership, the wholly owned subsidiaries of our operating partnership and all non-wholly owned subsidiaries in which we have control, as well as any VIEs, in which we are the primary beneficiary. The portion of equity in any subsidiary that is not wholly owned by us is presented in our accompanying consolidated financial statements as a noncontrolling interest. We evaluate our ability to control an entity, and whether the entity is a VIE and we are the primary beneficiary, by considering substantive terms of the arrangement and identifying which enterprise has the power to direct the activities of the entity that most significantly impacts the entity's economic performance.

We operate and intend to continue to operate in an umbrella partnership REIT structure in which our operating partnership, or wholly owned subsidiaries of our operating partnership and all non-wholly owned subsidiaries of which we have control, will own substantially all of the interests in properties acquired on our behalf. We are the sole general partner of our operating partnership and as of December 31, 2021, we owned an approximately 94.9% general partnership interest therein and the remaining 5.1% was owned by the NewCo Sellers. Prior to the Merger on October 1, 2021 and as of December 31, 2020, we owned greater than a 99.99% general partnership interest in our operating partnership. Our former advisor was a limited partner and owned less than a 0.01% noncontrolling limited partnership interest in our operating partnership. On October 1, 2021, in connection with the Merger, we repurchased our former advisor's limited partnership interest in our operating partnership.

The accounts of our operating partnership are consolidated in our accompanying consolidated financial statements because we are the sole general partner of our operating partnership and have unilateral control over its management and major operating decisions (even if additional limited partners are admitted to our operating partnership). All intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of our accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, at the date of our consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, the initial and recurring valuation of certain assets acquired and liabilities assumed through property acquisitions including through business combinations, goodwill and its impairment, revenues and grant income, allowance for credit losses, impairment of long-lived and intangible assets and contingencies. These estimates are made and evaluated on an on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates, perhaps in material adverse ways, and those estimates could be different under different assumptions or conditions.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of all highly liquid investments with a maturity of three months or less when purchased. Restricted cash primarily comprises lender required accounts for property taxes, tenant improvements, capital improvements and insurance, which are restricted as to use or withdrawal.

Leases

Lessee: We determine if a contract is a lease upon inception of the lease and maintain a distinction between finance and operating leases. Pursuant to FASB ASC Topic 842, *Leases*, or ASC Topic 842, lessees are required to recognize the following for all leases with terms greater than 12 months at the commencement date: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease; and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The lease liability is calculated by using either the implicit rate of the lease or the incremental borrowing rate. The accretion of lease liabilities and amortization expense on right-of-use assets for our operating leases are included in rental expenses and property operating expenses in our accompanying consolidated statements of operations and comprehensive income (loss). Operating lease liabilities are calculated using our incremental borrowing rate based on the information available as of the lease commencement date.

For our finance leases, the accretion of lease liabilities are included in interest expense and the amortization expense on right-of-use assets are included in depreciation and amortization in our accompanying consolidated statements of operations and comprehensive income (loss). Further, finance lease assets are included within real estate investments, net and finance lease liabilities are included within financing obligations in our accompanying consolidated balance sheets.

Lessor: Pursuant to ASC Topic 842, lessors bifurcate lease revenues into lease components and non-lease components and separately recognize and disclose non-lease components that are executory in nature. Lease components continue to be recognized on a straight-line basis over the lease term and certain non-lease components may be accounted for under the revenue recognition guidance in ASC Topic 606, *Revenue from Contracts with Customers,* or ASC Topic 606. See the “Revenue Recognition” section below. ASC Topic 842 also provides for a practical expedient package that permits lessors to not separate non-lease components from the associated lease component if certain conditions are met. In addition, such practical expedient causes an entity to assess whether a contract is predominately lease or service based, and recognize the revenue from the entire contract under the relevant accounting guidance. We recognize revenue for our medical office buildings, senior housing, skilled nursing facilities and hospitals segments as real estate revenue. Minimum annual rental revenue is recognized on a straight-line basis over the term of the related lease (including rent holidays). Differences between real estate revenue recognized and cash amounts contractually due from tenants under the lease agreements are recorded to deferred rent receivable, which is included in other assets, net in our accompanying consolidated balance sheets. Tenant reimbursement revenue, which comprises additional amounts recoverable from tenants for common area maintenance expenses and certain other recoverable expenses, are considered non-lease components and variable lease payments. We qualified for and elected the practical expedient as outlined above to combine the non-lease component with the lease component, which is the predominant component, and therefore the non-lease component is recognized as part of real estate revenue. In addition, as lessors, we exclude certain lessor costs (i.e., property taxes and insurance) paid directly by a lessee to third parties on our behalf from our measurement of variable lease revenue and associated expense (i.e., no gross up of revenue and expense for these costs); and include lessor costs that we paid and are reimbursed by the lessee in our measurement of variable lease revenue and associated expense (i.e., gross up revenue and expense for these costs).

At our RIDEA facilities, we offer residents room and board (lease component), standard meals and healthcare services (non-lease component) and certain ancillary services that are not contemplated in the lease with each resident (i.e., laundry, guest meals, etc.). For our RIDEA facilities, we recognize revenue under ASC Topic 606 as resident fees and services, based on our predominance assessment from electing the practical expedient outlined above. See the “Revenue Recognition” section below.

See Note 18, Leases, for a further discussion.

Revenue Recognition

Real Estate Revenue

We recognize real estate revenue in accordance with ASC Topic 842. See the “Leases” section above.

Resident Fees and Services Revenue

We recognize resident fees and services revenue in accordance with ASC Topic 606. A significant portion of resident fees and services revenue represents healthcare service revenue that is reported at the amount that we expect to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), other healthcare facilities, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, we bill the patients, third-party payors and other healthcare facilities several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by us. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. This method provides a depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving long-term healthcare services, including rehabilitation services. We measure the performance obligation from admission into the facility to the point when we are no longer required to provide services to that patient. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and we do not believe we are required to provide additional goods or services to the patient. Generally, performance obligations satisfied at a point in time relate to sales of our pharmaceuticals business or to sales of ancillary supplies.

Because all of our performance obligations relate to contracts with a duration of less than one year, we have elected to apply the optional exemption provided in ASC Topic 606 and, therefore, are not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed within months of the end of the reporting period.

We determine the transaction price based on standard charges for goods and services provided, reduced, where applicable, by contractual adjustments provided to third-party payors, implicit price concessions provided to uninsured patients, and estimates of goods to be returned. We also determine the estimates of contractual adjustments based on Medicare and Medicaid pricing tables and historical experience. We determine the estimate of implicit price concessions based on the historical collection experience with each class of payor.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain healthcare services are paid at prospectively determined rates based on cost-reimbursement methodologies subject to certain limits.
- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates. In the state of Indiana, we participate in an Upper Payment Limit program, or IGT, with various county hospital partners, which provides supplemental Medicaid payments to skilled nursing facilities that are licensed to non-state, government-owned entities such as county hospital districts. We have operational responsibility through management agreements for facilities retained by the county hospital districts including this IGT.
- **Other:** Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined periodic rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge our compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon us.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and our historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2021, 2020 and 2019.

Disaggregation of Resident Fees and Services Revenue

We disaggregate revenue from contracts with customers according to lines of business and payor classes. The transfer of goods and services may occur at a point in time or over time; in other words, revenue may be recognized over the course of the underlying contract, or may occur at a single point in time based upon a single transfer of control. This distinction is discussed in further detail below. We determine that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables disaggregate our resident fees and services revenue by line of business, according to whether such revenue is recognized at a point in time or over time, for the years then ended:

	Integrated Senior Health Campuses	SHOP(1)	Total
2021:			
Over time	$ 824,991,000	$ 96,000,000	$ 920,991,000
Point in time	200,708,000	2,236,000	202,944,000
Total resident fees and services	$ 1,025,699,000	$ 98,236,000	$ 1,123,935,000
2020:			
Over time	$ 787,116,000	$ 83,043,000	$ 870,159,000
Point in time	196,053,000	2,861,000	198,914,000
Total resident fees and services	$ 983,169,000	$ 85,904,000	$ 1,069,073,000
2019:			
Over time	$ 816,284,000	$ 65,200,000	$ 881,484,000
Point in time	214,650,000	2,944,000	217,594,000
Total resident fees and services	$ 1,030,934,000	$ 68,144,000	$ 1,099,078,000

The following tables disaggregate our resident fees and services revenue by payor class for the years then ended:

	Integrated Senior Health Campuses	SHOP(1)	Total
2021:			
Private and other payors	$ 462,828,000	$ 94,673,000	$ 557,501,000
Medicare	349,876,000	—	349,876,000
Medicaid	212,995,000	3,563,000	216,558,000
Total resident fees and services	$ 1,025,699,000	$ 98,236,000	$ 1,123,935,000
2020:			
Private and other payors	$ 437,133,000	$ 84,308,000	$ 521,441,000
Medicare	356,350,000	—	356,350,000
Medicaid	189,686,000	1,596,000	191,282,000
Total resident fees and services	$ 983,169,000	$ 85,904,000	$ 1,069,073,000
2019:			
Private and other payors	$ 499,693,000	$ 67,930,000	$ 567,623,000
Medicare	338,466,000	—	338,466,000
Medicaid	192,775,000	214,000	192,989,000
Total resident fees and services	$ 1,030,934,000	$ 68,144,000	$ 1,099,078,000

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(1) Includes fees for basic housing and assisted living care. We record revenue when services are rendered at amounts billable to individual residents. Residency agreements are generally for a term of 30 days, with resident fees billed monthly in advance. For patients under reimbursement arrangements with Medicaid, revenue is recorded based on contractually agreed-upon amounts or rates on a per resident, daily basis or as services are rendered.

Accounts Receivable, Net — Resident Fees and Services Revenue

The beginning and ending balances of accounts receivable, net — resident fees and services are as follows:

	Private and Other Payors	Medicare	Medicaid	Total
Beginning balance — January 1, 2021	$ 36,125,000	$ 36,479,000	$ 14,473,000	$ 87,077,000
Ending balance — December 31, 2021	42,056,000	35,953,000	16,922,000	94,931,000
Increase/(decrease)	$ 5,931,000	$ (526,000)	$ 2,449,000	$ 7,854,000

Deferred Revenue — Resident Fees and Services Revenue

The beginning and ending balances of deferred revenue — resident fees and services, almost all of which relates to private and other payors, are as follows:

	Total
Beginning balance — January 1, 2021	$ 10,597,000
Ending balance — December 31, 2021	14,673,000
Increase	$ 4,076,000

In addition to the deferred revenue above, during the second quarter of 2020 we received approximately $52,322,000 of Medicare advance payments through an expanded program of the Centers for Medicare & Medicaid Services, or CMS. These payments are required to be applied to claims beginning one year after their receipt through Medicare claims submitted over a future period. Any amounts of unutilized Medicare advance payments, which reflect funds received that are not applied to actual billings for Medicare services performed, will be repaid to CMS by the end of 2022. Our recoupment period commenced in the second quarter of 2021 and continues through 2022, and as such, for the year ended December 31, 2021, we recognized $38,677,000 of resident fees and services pertaining to such Medicare advance payments. The remaining balance in Medicare advance payments will be applied to future Medicare claims. Such amounts are deferred and included in security deposits, prepaid rent and other liabilities in our accompanying consolidated balance sheets.

Financing Component

We have elected a practical expedient allowed under ASC Topic 606 and, therefore, we do not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to our expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

Contract Costs

We have applied the practical expedient provided by FASB ASC Topic 340, *Other Assets and Deferred Costs*, and, therefore, all incremental customer contract acquisition costs are expensed as they are incurred since the amortization period of the asset that we otherwise would have recognized is one year or less in duration.

Government Grants

We have been granted stimulus funds through various federal and state government programs, such as through the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, passed by the federal government on March 27, 2020, which were established for eligible healthcare providers to preserve liquidity in response to lost revenues and/or increased healthcare expenses (as such terms are defined in the applicable regulatory guidance) associated with the COVID-19 pandemic. Such grants are not loans and, as such, are not required to be repaid, subject to certain conditions. We recognize government grants as grant income or as a reduction of property operating expenses, as applicable, in our accompanying consolidated statements of operations and comprehensive income (loss) when there is reasonable assurance that the grants will be received and all conditions to retain the funds will be met. We adjust our estimates and assumptions based on the applicable guidance provided by the government and the best available information that we have. Any stimulus or other relief funds received that are not expected to be used in accordance with such terms and conditions will be returned to the government, and any related deferred income will not be recognized.

For the years ended December 31, 2021 and 2020, we recognized government grants of $16,951,000 and $55,181,000, respectively, as grant income and $134,000 and $519,000, respectively, as a reduction of property operating expenses. As of December 31, 2021 and 2020, we deferred approximately $443,000 and $2,635,000, respectively, of grant income until such time as it is earned. Such deferred amounts are included in security deposits, prepaid rent and other liabilities in our accompanying consolidated balance sheets. As of and for the year ended December 31, 2019, we did not recognize any government grants.

Tenant and Resident Receivables and Allowances

On January 1, 2020, we adopted ASC Topic 326, *Financial Instruments Credit Losses*, or ASC Topic 326. We adopted ASC Topic 326 using the modified retrospective approach whereby the cumulative effect of adoption was recognized on the adoption date and prior periods were not restated. There was no net cumulative effect adjustment to retained earnings as of January 1, 2020. Resident receivables are carried net of an allowance for credit losses. An allowance is maintained for estimated losses resulting from the inability of residents and payors to meet the contractual obligations under their lease or service agreements. Substantially all of such allowances are recorded as direct reductions of resident fees and services revenue as contractual adjustments provided to third-party payors or implicit price concessions in our accompanying consolidated statements of operations and comprehensive income (loss). Our determination of the adequacy of these allowances is based primarily upon evaluations of historical loss experience, the residents' financial condition, security deposits, cash collection patterns by payor and by state, current economic conditions, future expectations in estimating credit losses and other relevant factors. Prior to our adoption of ASC Topic 326 on January 1, 2020, resident receivables were carried net of an allowance for uncollectible amounts. Tenant receivables and unbilled deferred rent receivables are reduced for uncollectible amounts, which are recognized as direct reductions of real estate revenue in our accompanying consolidated statements of operations and comprehensive income (loss).

As of December 31, 2021 and 2020, we had $12,378,000 and $9,466,000, respectively, in allowances, which were determined necessary to reduce receivables by our expected future credit losses. For the years ended December 31, 2021, 2020 and 2019, we increased allowances by $10,779,000, $12,494,000 and $13,087,000, respectively, and reduced allowances for collections or adjustments by $5,624,000, $7,697,000 and $6,094,000, respectively. For the years ended December 31, 2021, 2020 and 2019, $4,353,000, $6,766,000 and $6,774,000, respectively, of our receivables were written off against the related allowances. For the year ended December 31, 2021, the allowance also included an increase of $2,110,000 as a result of the Merger.

Real Estate Investments Purchase Price Allocation

Upon the acquisition of real estate properties or other entities owning real estate properties, we determine whether the transaction is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired and liabilities assumed are not a business, we account for the transaction as an asset acquisition. Under both methods, we recognize the identifiable assets acquired and liabilities assumed; however, for a transaction accounted for as an asset acquisition, we capitalize transaction costs and allocate the purchase price using a relative fair value method allocating all accumulated costs, whereas for a transaction accounted for as a business combination, we immediately expense transaction costs incurred associated with the business combination and allocate the purchase price based on the estimated fair value of each separately identifiable asset and liability. For the years ended December 31, 2021, 2020 and 2019, all of our investment transactions were accounted for as asset acquisitions with the exception of the Merger and the AHI Acquisition which took place in 2021 and were accounted for as business combinations. See Note 3, Business Combinations — Merger and the AHI Acquisition, and Note 4, Real Estate Investments, Net — Acquisition of Real Estate Investments, for a further discussion.

We, with assistance from independent valuation specialists, measure the fair value of tangible and identified intangible assets and liabilities, as applicable, based on their respective fair values for acquired properties. Our method for allocating the purchase price to acquired investments in real estate requires us to make subjective assessments for determining fair value of the assets acquired and liabilities assumed. This includes determining the value of the buildings, land, leasehold interests, furniture, fixtures and equipment, above- or below-market rent, in-place leases, master leases, tenant improvements, above- or below-market debt assumed, derivative financial instruments assumed, and noncontrolling interest in the acquiree, if any. These estimates require significant judgment and in some cases involve complex calculations. These allocation assessments directly impact our results of operations, as amounts allocated to certain assets and liabilities have different depreciation or amortization lives. In addition, we amortize the value assigned to above- or below-market rent as a component of revenue, unlike in-place leases and other intangibles, which we include in depreciation and amortization in our accompanying consolidated statements of operations and comprehensive income (loss).

The determination of the fair value of land is based upon comparable sales data. In cases where a leasehold interest in the land is acquired, only the above/below market consideration is necessary where the value of the leasehold interest is determined by discounting the difference between the contract ground lease payments and a market ground lease payment back to a present value as of the acquisition date. The fair value of buildings is based upon our determination of the value under two methods: one, as if it were to be replaced and vacant using cost data and, two, also using a residual technique based on discounted cash flow models, as vacant. Factors considered by us include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. We also recognize the fair value of furniture, fixtures and equipment on the premises, as well as the above- or below-market rent, the value of in-place leases, master leases, above- or below-market debt and derivative financial instruments assumed.

The value of the above- or below-market component of the acquired in-place leases is determined based upon the present value (using a discount rate that reflects the risks associated with the acquired leases) of the difference between: (i) the level payment equivalent of the contract rent paid pursuant to the lease; and (ii) our estimate of market rent payments taking into account the expected market rent growth. In the case of leases with options, a case-by-case analysis is performed based on all facts and circumstances of the specific lease to determine whether the option will be assumed to be exercised. The amounts related to above-market leases are included in identified intangible assets, net in our accompanying consolidated balance sheets and are amortized against real estate revenue over the remaining non-cancelable lease term of the acquired leases with each property. The amounts related to below-market leases are included in identified intangible liabilities, net in our accompanying consolidated balance sheets and are amortized to real estate revenue over the remaining non-cancelable lease term plus any below-market renewal options of the acquired leases with each property.

The value of in-place lease costs are based on management's evaluation of the specific characteristics of the tenant's lease and our overall relationship with the tenants. Characteristics considered by us in allocating these values include the nature and extent of the credit quality and expectations of lease renewals, among other factors. The in-place lease intangible represents the value related to the economic benefit for acquiring a property with in-place leases as opposed to a vacant property, which is evaluated based on a review of comparable leases for a similar property, terms and conditions for marketing and executing new leases, and implied in the difference between the value of the whole property "as is" and "as vacant." The net amounts related to in-place lease costs are included in identified intangible assets, net in our accompanying consolidated balance sheets and are amortized to depreciation and amortization expense over the average downtime of the acquired leases with each property. The net amounts related to the value of tenant relationships, if any, are included in identified intangible assets, net in our accompanying consolidated balance sheets and are amortized to depreciation and amortization expense over the average remaining non-cancelable lease term of the acquired leases plus the market renewal lease term. The value of a master lease, if any, in which a previous owner or a tenant is relieved of specific rental obligations as additional space is leased, is determined by discounting the expected real estate revenue associated with the master lease space over the assumed lease-up period.

The value of above- or below-market debt is determined based upon the present value of the difference between the cash flow stream of the assumed mortgage and the cash flow stream of a market rate mortgage at the time of assumption. The net value of above- or below-market debt is included in mortgage loans payable, net in our accompanying consolidated balance sheets and is amortized to interest expense over the remaining term of the assumed mortgage.

The value of derivative financial instruments, if any, is determined in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, and is included in other assets or other liabilities in our accompanying consolidated balance sheets.

The values of contingent consideration assets and liabilities are analyzed at the time of acquisition. For contingent purchase options, the fair market value of the acquired asset is compared to the specified option price at the exercise date. If the option price is below market, it is assumed to be exercised and the difference between the fair market value and the option price is discounted to the present value at the time of acquisition.

The values of the redeemable and nonredeemable noncontrolling interests are estimated by applying the income approach based on a discounted cash flow analysis. The fair value measurement may apply significant inputs that are not observable in the market. See Note 3, Business Combinations — Merger and the AHI Acquisition — Fair Value of Noncontrolling Interests, for a further discussion of our fair value measurement approach and the significant inputs used in the values of redeemable and nonredeemable noncontrolling interests in GAHR IV.

Real Estate Investments, Net

We carry our operating properties at our historical cost less accumulated depreciation. The cost of operating properties includes the cost of land and completed buildings and related improvements, including those related to financing obligations. Expenditures that increase the service life of properties are capitalized and the cost of maintenance and repairs is charged to expense as incurred. The cost of buildings and capital improvements is depreciated on a straight-line basis over the estimated useful lives of the buildings and capital improvements, up to 39 years, and the cost for tenant improvements is depreciated over the shorter of the lease term or useful life, up to 34 years. The cost of furniture, fixtures and equipment is depreciated over the estimated useful life, up to 28 years. When depreciable property is retired, replaced or disposed of, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is reflected in earnings.

As part of the leasing process, we may provide the lessee with an allowance for the construction of leasehold improvements. These leasehold improvements are capitalized and recorded as tenant improvements and depreciated over the shorter of the useful life of the improvements or the lease term. If the allowance represents a payment for a purpose other than funding leasehold improvements, or in the event we are not considered the owner of the improvements, the allowance is considered to be a lease inducement and is included in other assets, net in our accompanying consolidated balance sheets. Lease inducement is recognized over the lease term as a reduction of real estate revenue on a straight-line basis. Factors considered during this evaluation include, among other things, who holds legal title to the improvements as well as other controlling rights provided by the lease agreement and provisions for substantiation of such costs (e.g.*,* unilateral control of the tenant space during the build-out process). Determination of the appropriate accounting for the payment of a tenant allowance is made on a lease-by-lease basis, considering the facts and circumstances of the individual tenant lease. Recognition of lease revenue commences when the lessee is given possession of the leased space upon completion of tenant improvements when we are the owner of the leasehold improvements. However, when the leasehold improvements are owned by the tenant, the lease inception date (and the date on which recognition of lease revenue commences) is the date the tenant obtains possession of the leased space for purposes of constructing its leasehold improvements.

Goodwill

Goodwill represents the excess of consideration paid over the fair value of underlying identifiable net assets of a business acquired in a business combination. Our goodwill has an indeterminate life and is not amortized, but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. We compare the fair value of a reporting segment with its carrying amount. We recognize an impairment loss to the extent the carrying value of goodwill exceeds the implied value in the current period. We take a qualitative approach to consider whether an impairment of goodwill exists prior to quantitatively determining the fair value of the reporting segment in step one of the impairment test. We perform our annual assessment of goodwill on October 1. Please see Note 3, Business Combinations, for a further discussion of goodwill recognized on October 1, 2021 in connection with the AHI acquisition, and Note 19, Segment Reporting, for a further discussion of goodwill as of December 31, 2021. For the years ended December 31, 2021, 2020 and 2019, we did not incur any impairment losses with respect to goodwill.

Impairment of Long-Lived Assets and Intangible Assets

We periodically evaluate our long-lived assets, primarily consisting of investments in real estate that we carry at our historical cost less accumulated depreciation, for impairment when events or changes in circumstances indicate that its carrying value may not be recoverable. We consider the following indicators, among others, in our evaluation of impairment:

- significant negative industry or economic trends;
- a significant underperformance relative to historical or projected future operating results; and
- a significant change in the extent or manner in which the asset is used or significant physical change in the asset.

If indicators of impairment of our long-lived assets are present, we evaluate the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying operations. In performing this evaluation, we consider market conditions and our current intentions with respect to holding or disposing of the asset. We adjust the net book value of properties we lease to others and other long-lived assets to fair value if the sum of the expected future undiscounted cash flows, including sales proceeds, is less than carrying value. We recognize an impairment loss at the time we make any such determination.

We test indefinite-lived intangible assets, other than goodwill, for impairment at least annually, and more frequently if indicators arise. We first assess qualitative factors to determine the likelihood that the fair value of the reporting group is less than its carrying value. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of other indefinite-lived intangible assets are usually determined based on discounted cash flows or appraised values, as appropriate.

If impairment indicators arise with respect to intangible assets with finite useful lives, we evaluate impairment by comparing the carrying amount of the asset to the estimated future undiscounted net cash flows expected to be generated by the asset. If the estimated future undiscounted net cash flows are less than the carrying amount of the asset, then we estimate the fair value of the asset and compare the estimated fair value to the intangible asset's carrying value. For all of our reporting units, we recognize any shortfall from carrying value as an impairment loss in the current period.

See Note 4, Real Estate Investments, Net, for a further discussion of impairment of long-lived assets. For the years ended December 31, 2021, 2020 and 2019, we did not incur any impairment losses with respect to intangible assets.

Properties Held for Sale

A property or a group of properties is reported in discontinued operations in our consolidated statements of operations and comprehensive income (loss) for current and prior periods if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when either: (i) the component has been disposed of or (ii) is classified as held for sale. At such time as a property is held for sale, such property is carried at the lower of: (i) its carrying amount or (ii) fair value less costs to sell. In addition, a property being held for sale ceases to be depreciated. We classify operating properties as property held for sale in the period in which all of the following criteria are met:

- management, having the authority to approve the action, commits to a plan to sell the asset;
- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- an active program to locate a buyer or buyers and other actions required to complete the plan to sell the asset has been initiated;
- the sale of the asset is probable and the transfer of the asset is expected to qualify for recognition as a completed sale within one year;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- given the actions required to complete the plan to sell the asset, it is unlikely that significant changes to the plan would be made or that the plan would be withdrawn.

Our properties held for sale are included in other assets, net in our accompanying consolidated balance sheets. We did not recognize impairment charges on properties held for sale for the years ended December 31, 2021 and 2019. For the year ended December 31, 2020, we determined that the fair values of two integrated senior health campuses that were held for sale were lower than their carrying amounts, and as such, we recognized an aggregate impairment charge of $2,719,000, which reduced the total aggregate carrying value of such assets to $807,000. The fair values of such properties were determined by the sales prices from executed purchase and sales agreements with third-party buyers, and adjusted for anticipated selling costs, which were considered Level 2 measurements within the fair value hierarchy. For the year ended December 31, 2021, we disposed of two integrated senior health campuses included in properties held for sale for an aggregate contract sales price of $500,000 and recognized an aggregate net loss on sale of $114,000. For the year ended December 31, 2020, we disposed of two integrated senior health campuses included in properties held for sale for an aggregate contract sales price of $10,457,000 and recognized an aggregate net gain on sale of $1,380,000. For the year ended December 31, 2019, we did not dispose of any held for sale properties.

Debt Security Investment, Net

We classify our marketable debt security investment as held-to-maturity because we have the positive intent and ability to hold the security to maturity, and we have not recorded any unrealized holding gains or losses on such investment. Our held-to-maturity security is recorded at amortized cost and adjusted for the amortization of premiums or discounts through maturity. Prior to the adoption of ASC Topic 326 on January 1, 2020, a loss was recognized in earnings when we determined declines in the fair value of marketable securities were other-than-temporary. For the year ended December 31, 2019, we did not incur any such loss. Effective January 1, 2020, we evaluated our debt security investment for expected future credit loss in accordance with ASC Topic 326. There was no net cumulative effect adjustment to retained earnings as of January 1, 2020.

See Note 5, Debt Security Investment, Net, for a further discussion.

Derivative Financial Instruments

We are exposed to the effect of interest rate changes in the normal course of business. We seek to mitigate these risks by following established risk management policies and procedures, which include the occasional use of derivatives. Our primary strategy in entering into derivative contracts, such as fixed rate interest rate swaps and interest rate caps, is to add stability to interest expense and to manage our exposure to interest rate movements by effectively converting a portion of our variable-rate debt to fixed-rate debt. We do not enter into derivative instruments for speculative purposes.

Derivatives are recognized as either other assets or other liabilities in our accompanying consolidated balance sheets and are measured at fair value. We do not designate our derivative instruments as hedge instruments as defined by guidance under ASC Topic 815, *Derivatives and Hedges*, or ASC Topic 815, which allows for gains and losses on derivatives designated as hedges to be offset by the change in value of the hedged items or to be deferred in other comprehensive income (loss). Changes in the fair value of our derivative financial instruments are recorded as a component of interest expense in gain or loss in fair value of derivative financial instruments in our accompanying consolidated statements of operations and comprehensive income (loss).

See Note 10, Derivative Financial Instruments, and Note 16, Fair Value Measurements, for a further discussion of our derivative financial instruments.

Fair Value Measurements

The fair value of certain assets and liabilities is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, we follow a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of our reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and our reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. An active market is defined as a market in which transactions for the assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

See Note 16, Fair Value Measurements, for a further discussion.

Other Assets, Net

Other assets, net primarily consists of inventory, prepaid expenses and deposits, deferred financing costs related to our lines of credit and term loans, deferred rent receivables, deferred tax assets, investments in unconsolidated entities, lease inducements and lease commissions. Inventory consists primarily of pharmaceutical and medical supplies and is stated at the lower of cost (first-in, first-out) or market. Deferred financing costs related to our lines of credit and term loans include amounts paid to lenders and others to obtain such financing. Such costs are amortized using the straight-line method over the term of the related loan, which approximates the effective interest rate method. Amortization of deferred financing costs related to our lines of credit and term loans is included in interest expense in our accompanying consolidated statements of operations and comprehensive income (loss). Lease commissions are amortized using the straight-line method over the term of the related lease. Prepaid expenses are amortized over the related contract periods.

We report investments in unconsolidated entities using the equity method of accounting when we have the ability to exercise significant influence over the operating and financial policies. Under the equity method, our share of the investee's earnings or losses is included in our accompanying consolidated statements of operations and comprehensive income (loss). We generally do not recognize equity method losses when such losses exceed our net equity method investment balance unless we have committed to provide such investee additional financial support or guaranteed its obligations. To the extent that our cost basis is different from the basis reflected at the entity level, the basis difference is generally amortized over the lives of the related assets and liabilities, and such amortization is included in our share of equity in earnings of the entity. The initial carrying value of investments in unconsolidated entities is based on the amount paid to purchase the entity interest or the estimated fair value of the assets prior to the sale of interests in the entity. We have elected to follow the cumulative earnings approach when classifying distributions received from equity method investments in our consolidated statements of cash flows, whereby any distributions received up to the amount of cumulative equity earnings will be considered a return on investment and classified in operating activities and any excess distributions would be considered a return of investment and classified in investing activities. We evaluate our equity method investments for impairment based upon a comparison of the estimated fair value of the equity method investment to its carrying value. When we determine a decline in the estimated fair value of such an investment below its carrying value is other-than-temporary, an impairment is recorded. For the years ended December 31, 2021, 2020 and 2019, we did not incur any impairment losses from unconsolidated entities.

See Note 7, Other Assets, Net, for a further discussion.

Accounts Payable and Accrued Liabilities

As of December 31, 2021 and 2020, accounts payable and accrued liabilities primarily include reimbursement of payroll-related costs to the managers of our SHOP and integrated senior health campuses of $31,101,000 and $46,540,000, respectively, insurance reserves of $36,440,000 and $36,251,000, respectively, accrued developments and capital expenditures to unaffiliated third parties of $22,852,000 and $21,508,000, respectively, accrued property taxes of $22,102,000 and $14,521,000, respectively, and accrued investor distributions of $8,768,000 and $0, respectively.

Stock Based Compensation

We follow ASC Topic 718, *Compensation — Stock Compensation*, or ASC Topic 718, to account for our stock compensation pursuant to the 2015 Incentive Plan, or our incentive plan, using the fair value method, which requires an estimate of fair value of the award at the time of grant and recognition of compensation expense on a straight-line basis over the requisite service period of the awards. The compensation expense is adjusted for actual forfeitures upon occurrence. Awards granted under our incentive plan consist of restricted stock or units issued to our executive officers and key employees, in addition to restricted stock issued to our independent directors. See Note 14, Equity — 2015 Incentive Plan, for a further discussion of awards granted under our incentive plan.

On January 1, 2019, we adopted Accounting Standards Update, or ASU, 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting,* or ASU 2018-07, which simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. It expands the scope of ASC Topic 718 to include share-based payments granted to nonemployees in exchange for goods or services used or consumed in the entity's own operations and supersedes the guidance of ASC Topic 505-50, *Equity-Based Payments to Nonemployees.* We applied this guidance using a modified retrospective approach for all equity-classified nonemployee awards for which a measurement date has not been established as of the adoption date. See Note 14, Equity — Noncontrolling Interests in Total Equity, for a further discussion of grants to nonemployees.

Foreign Currency

We have real estate investments in the United Kingdom, or UK, and Isle of Man for which the functional currency is the UK Pound Sterling, or GBP. We translate the results of operations of our foreign real estate investments into United States Dollars, or USD, using the average currency rates of exchange in effect during the period, and we translate assets and liabilities using the currency exchange rate in effect at the end of the period. The resulting foreign currency translation adjustments are included in accumulated other comprehensive loss, a component of stockholders' equity, in our accompanying consolidated balance sheets. Certain balance sheet items, primarily equity and capital-related accounts, are reflected at the historical currency exchange rates. We also have intercompany notes and payables denominated in GBP with our UK subsidiaries. Gains or losses resulting from remeasuring such intercompany notes and payables into USD at the end of each reporting period are reflected in our accompanying consolidated statements of operations and comprehensive income (loss). When such intercompany notes and payables are deemed to be of a long-term investment nature, they will be reflected in accumulated other comprehensive loss in our accompanying consolidated balance sheets.

Gains or losses resulting from foreign currency transactions are remeasured into USD at the rates of exchange prevailing on the date of the transactions. The effects of transaction gains or losses are included in our accompanying consolidated statements of operations and comprehensive income (loss).

Income Taxes

We qualified, and elected to be taxed, as a REIT under the Code, and we intend to continue to qualify to be taxed as a REIT. To maintain our qualification as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute to our stockholders a minimum of 90.0% of our annual taxable income, excluding net capital gains. We generally will not be subject to federal income taxes if we distribute 100% of our taxable income each year to our stockholders.

If we fail to maintain our qualification as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could have a material adverse effect on our net income and net cash available for distribution to our stockholders.

We may be subject to certain state and local income taxes on our income, property or net worth in some jurisdictions, and in certain circumstances we may also be subject to federal excise taxes on undistributed income. In addition, certain activities that we undertake are conducted by subsidiaries, which we elected to be treated as taxable REIT subsidiaries, or TRS, to allow us to provide services that would otherwise be considered impermissible for REITs. Also, we have real estate investments in the UK and Isle of Man, which do not accord REIT status to United States REITs under their tax laws. Accordingly, we recognize an income tax benefit or expense for the federal, state and local income taxes incurred by our TRS and foreign income taxes on our real estate investments in the UK and Isle of Man.

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 temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets reflect the impact of the future deductibility of operating loss 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 us to change our judgment about the realizability of the related deferred tax asset, is included in income tax benefit or expense in our accompanying consolidated statements of operations and comprehensive income (loss) when such changes occur. Any increase or decrease in the deferred tax liability that results from a change in circumstances, and that causes us to change our judgment about expected future tax consequences of events, is recorded in income tax benefit or expense in our accompanying consolidated statements of operations and comprehensive income (loss).

Net deferred tax assets are included in other assets, or net deferred tax liabilities are included in security deposits, prepaid rent and other liabilities, in our accompanying consolidated balance sheets.

See Note 17, Income Taxes, for a further discussion.

Segment Disclosure

We segregate our operations into reporting segments in order to assess the performance of our business in the same way that management reviews our performance and makes operating decisions. Accordingly, when we acquired our first medical office building in June 2014; senior housing facility in September 2014; hospital in December 2014; SHOP in May 2015; skilled nursing facility in October 2015; and integrated senior health campus in December 2015, we established a new reportable segment at such time. As of December 31, 2021, we operated through six reportable business segments, with activities related to investing in medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals.

See Note 19, Segment Reporting, for a further discussion.

GLA and Other Measures

GLA and other measures used to describe real estate investments included in our accompanying consolidated financial statements are presented on an unaudited basis.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform of Financial Reporting*, or ASU 2020-04, which provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria. ASU 2020-04 applies to the aforementioned transactions that reference the London Inter-bank Offered Rate, or LIBOR, or another reference rate expected to be discontinued because of the reference rate reform. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848),* or ASU 2021-01, which clarifies that certain optional expedients and exceptions for contract modification and hedge accounting apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of the discontinuation of the use of LIBOR as a benchmark interest rate due to reference rate reform. ASU 2020-04 and ASU 2021-01 are effective for fiscal years and interim periods beginning after March 12, 2020 and through December 31, 2022. We are currently evaluating the impact this guidance has on our variable rate debt, derivatives and lease contracts to determine the impact on our disclosures.

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors — Certain Leases with Variable Lease Payments,* or ASU 2021-05, which amends the lease classification requirements for lessors to align them with practice under the previous lease accounting standard, ASC Topic 840, *Leases*. Lessors should classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease, if both of the following criteria are met: (1) the lease would have been classified as a sales-type lease or a direct financing lease; and (2) the lessor would have otherwise recognized a day-one loss. ASU 2021-05 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. We are currently evaluating this guidance to determine the impact to our consolidated financial statements and disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, or ASU 2021-08, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquiror on the acquisition date in accordance with ASC Topic 606 as if it had originated the contracts. Under the current business combination guidance, such assets and liabilities were recognized by the acquiror as fair value on the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. We are currently evaluating this guidance to determine the impact to our consolidated financial statements and disclosures.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832),* or ASU 2021-10, which requires annual disclosures that increase the transparency of transactions involving government grants, including (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. ASU 2021-10 is effective for annual periods beginning after December 15, 2021. We adopted such accounting pronouncements on January 1, 2022, which did not have a material impact to our financial statement disclosures.

3. Business Combinations

Merger and the AHI Acquisition

As discussed in Note 1, Organization and Description of Business, on October 1, 2021, pursuant to the Merger Agreement, we completed the REIT Merger and Partnership Merger. At the effective time of the REIT Merger, each issued and outstanding share of GAHR III's common stock, $0.01 par value per share, converted into the right to receive 0.9266 shares of GAHR IV's Class I common stock, $0.01 par value per share. At the effective time of the Partnership Merger, (i) each unit of limited partnership interest in our operating partnership outstanding as of immediately prior to the effective time of the Partnership Merger was converted automatically into the right to receive 0.9266 of a Partnership Class I Unit, as defined in the agreement of limited partnership, as amended, of the surviving partnership and (ii) each unit of limited partnership interest in GAHR IV Operating Partnership outstanding as of immediately prior to the effective time of the Partnership Merger was converted automatically into the right to receive one unit of limited partnership interest of the surviving partnership of like class.

Additionally, on October 1, 2021, the AHI Acquisition closed immediately prior to the consummation of the Merger, and pursuant to the Contribution Agreement, AHI contributed substantially all of its business and operations to the surviving partnership, including its interest in GAHR III Advisor and GAHR IV Advisor, and Griffin Capital contributed its ownership interest in GAHR III Advisor and GAHR IV Advisor to the surviving partnership. In exchange for their contributions, the surviving partnership issued surviving partnership OP units to the NewCo Sellers.

Purchase Consideration

REIT Merger

The fair value of the purchase consideration transferred was calculated as follows:

Deemed equity consideration (1)	$	768,075,000
Consideration for acquisition of noncontrolling interest (2)		(53,300,000)
Repurchase of GAHR IV Class T common stock		192,000
Total purchase consideration	$	714,967,000

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(1) Represents the fair value of GAHR III common stock that is deemed to be issued for accounting purposes only. The fair value of the purchase consideration is calculated based on 88,183,065 shares of common stock deemed to be issued by GAHR III at the fair value per share of $8.71.

(2) Represents the fair value of additional interest acquired in GAHR III's subsidiary, Trilogy REIT Holdings, LLC, or Trilogy. The acquisition of additional interest in Trilogy is accounted for separately from the REIT Merger in accordance with ASC Topic 810, *Consolidation*, or ASC Topic 810. See Note 14, Equity — Noncontrolling Interests in Total Equity, for a discussion of the Trilogy Transaction.

AHI Acquisition

The fair value of the purchase consideration transferred was calculated as follows:

Equity consideration (1)	$	131,674,000
Post-closing cash payment to NewCo Sellers related to net working capital adjustments		73,000
Contingent consideration (2)		—
Total purchase consideration	$	131,747,000

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(1) Represents the estimated fair value of the 15,117,529 surviving partnership OP units issued as consideration, with a reference value for purposes thereof of $8.71 per unit. The issuance of surviving partnership OP units was accounted for separately from the AHI Acquisition.

(2) Represents the estimated fair value of contingent consideration based on the performance of a possible private investment fund under consideration by AHI. As of the acquisition date, we have no definitive plans to establish the investment fund and therefore the fair value of contingent consideration was estimated to be $0.

Purchase Price Allocation

REIT Merger

The following table sets forth the allocation of the purchase consideration to the fair values of identifiable tangible and intangible assets acquired and liabilities assumed recognized at the acquisition date of GAHR IV, as well as the fair value at the acquisition date of the noncontrolling interests in GAHR IV:

Real estate investments	$	1,126,641,000
Cash and cash equivalents		16,163,000
Accounts and other receivables, net		2,086,000
Restricted cash		986,000
Identified intangible assets		115,824,000
Operating lease right-of-use assets		11,939,000
Other assets		3,938,000
Total assets		1,277,577,000
Mortgage loans payable, net		(18,602,000)
Lines of credit and term loans		(488,900,000)
Accounts payable and accrued liabilities		(21,882,000)
Accounts payable due to affiliates		(324,000)
Identified intangible liabilities		(12,927,000)
Operating lease liabilities		(7,568,000)
Security deposits, prepaid rent and other liabilities		(8,354,000)
Total liabilities		(558,557,000)
Total net identifiable assets acquired		719,020,000
Redeemable noncontrolling interests		(2,525,000)
Noncontrolling interest in total equity		(1,528,000)
Total purchase consideration	$	714,967,000

AHI Acquisition

The following table sets forth the allocation of the purchase consideration to the fair values of identifiable tangible and intangible assets acquired and liabilities assumed recognized at the acquisition date:

Cash and cash equivalents	$	706,000
Operating lease right-of-use assets		3,526,000
Other assets		362,000
Total assets		4,594,000
Accounts payable and accrued liabilities		(3,910,000)
Operating lease liabilities		(3,526,000)
Total liabilities		(7,436,000)
Net identifiable liabilities assumed		(2,842,000)
Goodwill		134,589,000
Total purchase consideration	$	131,747,000

Acquisition-related Costs

The Merger and the AHI Acquisition were accounted for as business combinations and as a result, acquisition-related costs incurred in connection with these transactions of $12,873,000 were expensed and included in business acquisition expenses in our accompanying consolidated statement of operations and comprehensive income (loss). Acquisition-related costs of $6,753,000 were incurred by GAHR IV in the period before the consummation of the Merger on October 1, 2021 and are therefore not reflected in our accompanying consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2021 as GAHR III was the accounting acquiror in the Merger under ASC Topic 805, as further explained above.

Fair Value of Noncontrolling Interests

The fair value of the redeemable and nonredeemable noncontrolling interest in GAHR IV was estimated by applying the income approach based on a discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market. The key assumptions applied in the income approach include the estimates of stabilized occupancy, market rents, capitalization rates, and discount rates.

AHI Acquisition — Goodwill

In connection with the AHI Acquisition, we recorded goodwill of $134,589,000 as a result of the consideration exceeding the fair value of the net assets acquired and liabilities assumed. Goodwill represents the estimated future benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill recognized in this transaction is not deductible for tax purposes. There has been no change to the carrying values of goodwill since the acquisition date through December 31, 2021.

The table below represents the allocation of goodwill in connection with the AHI Acquisition to our reporting segments:

Medical office buildings	$ 47,812,000
Integrated senior health campuses	44,547,000
SHOP	23,277,000
Skilled nursing facilities	8,640,000
Senior housing	5,924,000
Hospitals	4,389,000
Total	$ 134,589,000

REIT Merger — Real Estate Investments, Intangible Assets and Intangible Liabilities

Real estate investments consist of land, building improvements, site improvements, unamortized tenant improvement allowances and unamortized capital improvements. Intangibles assets consist of in-place leases, above-market leases and certificates of need. We amortize purchased real estate investments and intangible assets on a straight-line basis over their respective useful lives. The following tables present the approximate fair value and the weighted-average depreciation and amortization periods of each major type of asset and liability.

Real Estate Investments	**Approximate Fair Value**	**Estimated Useful Lives (in years)**
Land	$ 114,525,000	N/A
Building improvements	930,700,000	39
Site improvements	33,644,000	7
Unamortized tenant improvement allowances	42,407,000	6
Unamortized capital improvements	5,365,000	11
Total real estate investments	$ 1,126,641,000	

Intangible Assets		Approximate Fair Value	Estimated Useful Lives (in years)
In-place leases	$	79,887,000	6
Above-market leases		35,606,000	10
Certificates of need		331,000	N/A
Total identified intangible assets	$	115,824,000	

Intangible Liabilities		Approximate Fair Value	Estimated Useful Life (in years)
Below-market leases	$	12,927,000	10

The fair values of the assets acquired and liabilities assumed, as well as the fair value of the noncontrolling interests, on October 1, 2021 were preliminary estimates determined using the cost approach and direct capitalization method under the income approach, and in limited circumstances, the market approach. Any necessary adjustments will be finalized within one year from the date of acquisition.

Pro Forma Financial Information (Unaudited)

The following unaudited pro forma operating information is presented as if the Merger and the AHI Acquisition occurred on January 1, 2020. Such unaudited pro forma information includes a nonrecurring adjustment to present acquisition related expenses incurred in the year ended December 31, 2021 in the 2020 pro forma results. The pro forma results are not necessarily indicative of the operating results that would have been obtained had the Merger and the AHI Acquisition occurred at the beginning of the periods presented, nor are they necessarily indicative of future operating results. Unaudited pro forma revenue, net loss and net loss attributable to controlling interest would have been as follows:

	Years Ended December 31,			
	2021		2020	
Revenue	$	1,392,884,000	$	1,397,261,000
Net loss	$	(45,253,000)	$	(17,116,000)
Net loss attributable to controlling interest	$	(35,140,000)	$	(20,642,000)

4. Real Estate Investments, Net

Our real estate investments, net consisted of the following as of December 31, 2021 and 2020:

	December 31,			
	2021		2020	
Building, improvements and construction in process	$	3,505,786,000	$	2,379,337,000
Land and improvements		334,562,000		200,319,000
Furniture, fixtures and equipment		198,224,000		174,994,000
		4,038,572,000		2,754,650,000
Less: accumulated depreciation		(523,886,000)		(424,650,000)
	$	3,514,686,000	$	2,330,000,000

Depreciation expense for the years ended December 31, 2021, 2020 and 2019 was $109,036,000, $90,997,000 and $90,914,000, respectively. In addition to the acquisitions and dispositions discussed below, for the years ended December 31, 2021, 2020 and 2019, we incurred capital expenditures of $62,596,000, $111,286,000 and $93,485,000, respectively, for our integrated senior health campuses, $21,605,000, $17,854,000 and $16,571,000, respectively, for our medical office buildings, $3,539,000, $1,232,000 and $2,015,000, respectively, for our SHOP, $31,000, $0 and $1,954,000, respectively, for our skilled nursing facilities and $0, $47,000 and $53,000, respectively, for our hospitals. We did not incur any capital expenditures for our senior housing facilities for the years ended December 31, 2021, 2020 and 2019.

Included in the capital expenditure amounts above are costs for the development and expansion of our integrated senior health campuses. For the year ended December 31, 2021, we completed the development of three properties for $50,435,000 and incurred $22,720,000 to expand two of our existing integrated senior health campuses. We also exercised our right to purchase a leased property that cost $11,004,000. For the year ended December 31, 2020, we completed the development of six integrated senior health campuses for $64,409,000 and incurred $2,573,000 to expand two of our existing integrated senior health campuses. For the year ended December 31, 2019, we completed the development of two integrated senior health campuses for $25,087,000.

For the year ended December 31, 2021, we determined that one medical office building was impaired and recognized an impairment charge of $3,335,000, which reduced the carrying value of such asset to $2,880,000. The fair value of such property was determined by the sales price from an executed purchase and sale agreement with third-party buyer, and adjusted for anticipated selling costs, which was considered a Level 2 measurement within the fair value hierarchy. We disposed of such impaired medical office building in July 2021 for a contract sales price of $3,000,000 and recognized a net gain on sale of $346,000.

For the year ended December 31, 2020, we determined that one skilled nursing facility and one medical office building were impaired and recognized an aggregate impairment charge of $8,350,000, which reduced the total carrying value of such assets to $4,256,000. The fair values of such properties were determined by the sales price from executed purchase and sales agreements with third-party buyers, and adjusted for anticipated selling costs, which were considered Level 2 measurements within the fair value hierarchy. We disposed of such impaired medical office building in July 2020 for a contract sales price of $3,500,000 and recognized a net gain on sale of $15,000. As of December 31, 2020, the remaining $1,056,000 carrying value of such skilled nursing facility was classified in properties held for sale, and we subsequently disposed of such property in February 2021 for a contract sales price of $1,300,000 and recognized a net loss on sale of $332,000. No impairment charges were recognized on our properties for the year ended December 31, 2019. For the year ended December 31, 2019, we did not dispose of any long-lived assets.

Acquisitions of Real Estate Investments

For the years ended December 31, 2021, 2020 and 2019, with the exception of the Merger and the AHI Acquisition, all of our acquisitions of real estate investments were determined to be asset acquisitions. Below is a summary of such property acquisitions by year, including our acquisition of previously leased real estate investments. On October 1, 2021, we completed the Merger and the AHI Acquisition and accounted for such transactions as business combinations under ASC Topic 805. See Note 3, Business Combinations — Merger and the AHI Acquisition, for a further discussion.

2021 Acquisitions of Real Estate Investments

For the year ended December 31, 2021, we, through a majority-owned subsidiary of Trilogy, of which we owned 67.6% at the time of acquisition, acquired a portfolio of six previously leased real estate investments located in Indiana and Ohio. The following is a summary of such property acquisitions, which are included in our integrated senior health campuses segment:

Location	Date Acquired	Contract Purchase Price	Mortgage Loan Payable(1)	Acquisition Fee(2)
Kendallville, IN; and Delphos, Lima, Springfield, Sylvania and Union Township, OH	01/19/21	$ 76,549,000	$ 78,587,000	$ 1,164,000

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(1) Represents the principal balance of the mortgage loan payable placed on the properties at the time of acquisition.

(2) Our former advisor was paid, as compensation for services rendered in connection with the investigation, selection and acquisition of our properties, an acquisition fee of 2.25% of the portion of the contract purchase price of the properties attributed to our ownership interest in the Trilogy subsidiary that acquired the properties.

Prior to the Merger on October 1, 2021, we, through a majority-owned subsidiary of Trilogy, acquired land in Indiana and Ohio for an aggregate contract purchase price of $1,459,000 plus closing costs and paid to our former advisor an acquisition fee of 2.25% of the portion of the contract purchase price of each land parcel attributed to our ownership interest. On October 15, 2021, we, through a majority-owned subsidiary of Trilogy, acquired a land parcel in Ohio for a contract purchase price of $249,000 plus closing costs.

For the year ended December 31, 2021, we incurred and capitalized acquisition fees and direct acquisition related expenses of $1,855,000 for the property acquisitions described above. The following table summarizes the purchase price of such assets acquired at the time of acquisition, adjusted for $57,647,000 operating lease right-of-use assets and $54,564,000 operating lease liabilities, and based on their relative fair values:

	2021 Acquisitions
Building and improvements	$ 66,167,000
Land	17,612,000
Total assets acquired	$ 83,779,000

In July 2021, we, through a majority-owned subsidiary of Trilogy, sold an integrated senior health campus, or the Sold Property, to an unaffiliated third party, or the Buyer, and leased it back, while retaining control of the Sold Property. This transaction did not meet the criteria for a sale and leaseback under GAAP. The lease agreement includes a finance obligation with a present value of $15,504,000 representing our obligation to purchase the Sold Property between 2028 and 2029. Simultaneously, we, through a majority-owned subsidiary of Trilogy, purchased a previously leased integrated senior health campus, or the Purchased Property, from the Buyer which was in exchange for the Sold Property. No cash consideration was exchanged as part of the transactions explained above. As of December 31, 2021, the carrying value of the Purchased Property of $14,807,000 was recorded to real estate investments, net, in our accompanying consolidated balance sheet and the carrying value of the finance obligation of $15,504,000 was recorded to financing obligations in our accompanying consolidated balance sheet.

2020 Acquisitions of Real Estate Investments

For the year ended December 31, 2020, we, through a majority-owned subsidiary of Trilogy, of which we owned 67.6% at the time of property acquisition, acquired two previously leased real estate investments located in Indiana and Kentucky. The following is a summary of such property acquisitions, which are included in our integrated senior health campuses segment:

Location	Date Acquired	Contract Purchase Price	Line of Credit(1)	Acquisition Fee(2)
Monticello, IN	07/30/20	$ 10,600,000	$ 13,200,000	$ 161,000
Louisville, KY	07/30/20	16,719,000	15,055,000	254,000
Total		$ 27,319,000	$ 28,255,000	$ 415,000

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(1) Represents borrowings under the 2019 Trilogy Credit Facility, as defined in Note 9, Lines of Credit and Term Loans, at the time of acquisition.

(2) Our former advisor was paid, as compensation for services rendered in connection with the investigation, selection and acquisition of our properties, an acquisition fee of 2.25% of the portion of the contract purchase price of the properties attributed to our ownership interest at the time of acquisition in the Trilogy subsidiary that acquired the properties.

In addition to the property acquisitions discussed above, for the year ended December 31, 2020, we, through a majority-owned subsidiary of Trilogy, acquired land in Ohio for an aggregate contract purchase price of $2,833,000 plus closing costs and paid to our former advisor an acquisition fee of 2.25% of the portion of the contract purchase price of such land parcel attributed to our ownership interest.

For the year ended December 31, 2020, we incurred and capitalized closing costs and direct acquisition related expenses of $709,000 for the property acquisitions described above. The following table summarizes the purchase price of the assets acquired at the time of acquisition, adjusted for $14,281,000 of operating lease right-of-use assets and $15,530,000 of operating lease liabilities, and based on their relative fair values:

	2020 Acquisitions
Building and improvements	$ 26,311,000
Land	4,563,000
Total assets acquired	$ 30,874,000

2019 Acquisitions of Real Estate Investments

For the year ended December 31, 2019, using cash on hand and debt financing, we completed the acquisition of two buildings from unaffiliated third parties. The following is a summary of such property acquisitions:

Acquisition	Location	Type	Date Acquired	Contract Purchase Price	Line of Credit	Acquisition Fee
North Carolina ALF Portfolio(1)	Garner, NC	SHOP	03/27/19	$ 15,000,000	$ 15,000,000	$ 338,000
The Cloister at Silvercrest(2)	New Albany, IN	Integrated Senior Health Campus	10/01/19	750,000	—	11,000
				$ 15,750,000	$ 15,000,000	$ 349,000

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(1) We own 100% of our property acquired, which we added to our existing North Carolina ALF Portfolio. The other six buildings in North Carolina ALF Portfolio were acquired between January 2015 and August 2018. We borrowed under the 2019 Credit Facility, as defined in Note 9, Lines of Credit and Term Loans, at the time of acquisition. Our former advisor was paid, as compensation for services rendered in connection with the investigation, selection and acquisition of our property, and acquisition fee of 2.25% of the contract purchase price of such property.

(2) We, through a majority-owned subsidiary of Trilogy, of which we owned 67.7% at the time of such property acquisition, acquired such property using using cash on hand. Our former advisor was paid, as compensation for services rendered in connection with the investigation, selection and acquisition of our property, an acquisition fee of 2.25% of the portion of the contract purchase price of the property attributed to our ownership interest in the Trilogy subsidiary that acquired the property.

In addition to the property acquisitions discussed above, for the year ended December 31, 2019, we, through a majority-owned subsidiary of Trilogy, acquired land in Ohio and Michigan for an aggregate contract purchase price of $4,806,000 plus closing costs and paid to our former advisor an acquisition fee of 2.25% of the portion of the contract purchase price of each land parcel attributed to our ownership interest at the time of acquisition.

2019 Acquisition of Previously Leased Real Estate Investments

For the year ended December 31, 2019, we, through a majority-owned subsidiary of Trilogy, of which we owned 67.6% at the time of property acquisition, acquired one previously leased real estate investment located in Indiana. The following is a summary of such property acquisition, which is included in our integrated senior health campuses segment:

Locations	Date Acquired	Contract Purchase Price	Line of Credit(1)	Acquisition Fee(2)
Corydon, IN	09/05/19	$ 14,082,000	$ 14,114,000	$ 215,000

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(1) Represents a borrowing under the 2019 Trilogy Credit Facility, at the time of acquisition.

(2) Our former advisor was paid, as compensation for services rendered in connection with the investigation, selection and acquisition of our property, an acquisition fee of 2.25% of the portion of the contract purchase price of the property attributed to our ownership interest at the time of acquisition in the Trilogy subsidiary that acquired the property.

For the year ended December 31, 2019, we incurred and capitalized closing costs and direct acquisition related expenses of $836,000 for the property acquisition described above. The following table summarizes the purchase price of the assets acquired at the time of acquisition, adjusted for $13,052,000 of operating lease right-of-use assets and $12,599,000 of operating lease liabilities, and based on their relative fair values:

	2019 Acquisitions
Building and improvements	$ 23,834,000
Land	8,496,000
In-place leases	3,596,000
Total assets acquired	$ 35,926,000

5. Debt Security Investment, Net

On October 15, 2015, we acquired a commercial mortgage-backed debt security, or debt security, from an unaffiliated third party. The debt security bears an interest rate on the stated principal amount thereof equal to 4.24% per annum, the terms of which security provide for monthly interest-only payments. The debt security matures on August 25, 2025 at a stated amount of $93,433,000, resulting in an anticipated yield-to-maturity of 10.0% per annum. The debt security was issued by an unaffiliated mortgage trust and represents a 10.0% beneficial ownership interest in such mortgage trust. The debt security is subordinate to all other interests in the mortgage trust and is not guaranteed by a government-sponsored entity.

As of December 31, 2021 and 2020, the carrying amount of the debt security investment was $79,315,000 and $75,851,000, respectively, net of unamortized closing costs of $1,004,000 and $1,205,000, respectively. Accretion on the debt security for the years ended December 31, 2021, 2020 and 2019 was $3,665,000, $3,304,000 and $2,987,000, respectively, which is recorded as an increase to real estate revenue in our accompanying consolidated statements of operations and comprehensive income (loss). Amortization expense of closing costs for the years ended December 31, 2021, 2020 and 2019 was $201,000, $170,000 and $143,000, respectively, which is recorded as a decrease to real estate revenue in our accompanying consolidated statements of operations and comprehensive income (loss). We evaluated credit quality indicators such as the agency ratings and the underlying collateral of such investment in order to determine expected future credit loss. No credit loss was recorded for the years ended December 31, 2021 and 2020.

6. Identified Intangible Assets, Net

Identified intangible assets, net consisted of the following as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
Amortized intangible assets:		
In-place leases, net of accumulated amortization of $28,120,000 and $22,019,000 as of December 31, 2021 and 2020, respectively (with a weighted average remaining life of 8.2 years and 9.4 years as of December 31, 2021 and 2020, respectively)	$ 81,538,000	$ 23,760,000
Above-market leases, net of accumulated amortization of $2,082,000 and $1,975,000 as of December 31, 2021 and 2020, respectively (with a weighted average remaining life of 9.7 years and 4.6 years as of December 31, 2021 and 2020, respectively)	35,106,000	1,032,000
Customer relationships, net of accumulated amortization of $635,000 and $486,000 as of December 31, 2021 and 2020, respectively (with a weighted average remaining life of 14.7 years and 15.7 years as of December 31, 2021 and 2020, respectively)	2,205,000	2,354,000
Internally developed technology and software, net of accumulated amortization of $399,000 and $305,000 as of December 31, 2021 and 2020, respectively (with a weighted average remaining life of 0.7 years and 1.7 years as of December 31, 2021 and 2020, respectively)	70,000	165,000
Unamortized intangible assets:		
Certificates of need	99,165,000	96,589,000
Trade names	30,787,000	30,787,000
	$ 248,871,000	$ 154,687,000

Amortization expense for the years ended December 31, 2021, 2020 and 2019 was $22,460,000, $6,678,000 and $19,973,000, respectively, which included $1,349,000, $420,000 and $607,000, respectively, of amortization recorded as a decrease to real estate revenue for above-market leases in our accompanying consolidated statements of operations and comprehensive income (loss).

The aggregate weighted average remaining life of the identified intangible assets was 8.8 years and 9.7 years as of December 31, 2021 and 2020, respectively. As of December 31, 2021, estimated amortization expense on the identified intangible assets for each of the next five years ending December 31 and thereafter was as follows:

Year	Amount
2022	$ 22,460,000
2023	16,662,000
2024	13,724,000
2025	11,085,000
2026	9,886,000
Thereafter	45,102,000
	$ 118,919,000

7. Other Assets, Net

Other assets, net consisted of the following as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
Deferred rent receivables	$ 41,061,000	$ 38,918,000
Prepaid expenses, deposits, other assets and deferred tax assets, net	22,484,000	16,618,000
Inventory	18,929,000	24,669,000
Lease commissions, net of accumulated amortization of $4,911,000 and $3,413,000 as of December 31, 2021 and 2020, respectively	16,120,000	11,309,000
Investments in unconsolidated entities	15,615,000	16,469,000
Deferred financing costs, net of accumulated amortization of $8,469,000 and $5,700,000 as of December 31, 2021 and 2020, respectively(1)	3,781,000	6,864,000
Lease inducement, net of accumulated amortization of $1,842,000 and $1,491,000 as of December 31, 2021 and 2020, respectively (with a weighted average remaining life of 8.9 years and 9.9 years as of December 31, 2021 and 2020, respectively)	3,158,000	3,509,000
	$ 121,148,000	$ 118,356,000

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(1) Deferred financing costs only include costs related to our lines of credit and term loans. See Note 9, Lines of Credit and Term Loans.

Amortization expense on deferred financing costs of our lines of credit and term loans for the years ended December 31, 2021, 2020 and 2019 was $4,261,000, $3,559,000 and $3,664,000, respectively, and is recorded to interest expense in our accompanying consolidated statements of operations and comprehensive income (loss). For the year ended December 31, 2021, such amount included the $230,000 write-off of unamortized deferred financing fees in connection with the termination of the 2019 Credit Facility term loan as discussed in Note 9, Lines of Credit and Term Loans. Amortization expense on lease inducement for the years ended December 31, 2021, 2020 and 2019 was $351,000, $351,000 and $351,000, respectively, and is recorded against real estate revenue in our accompanying consolidated statements of operations and comprehensive income (loss).

8. Mortgage Loans Payable, Net

As of December 31, 2021 and 2020, mortgage loans payable were $1,116,216,000 ($1,095,594,000, net of discount/premium and deferred financing costs) and $834,026,000 ($810,478,000, net of discount/premium and deferred financing costs), respectively. As of December 31, 2021, we had 66 fixed-rate mortgage loans payable and 12 variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 5.25% per annum based on interest rates in effect as of December 31, 2021 and a weighted average effective interest rate of 3.21%. As of December 31, 2020, we had 62 fixed-rate mortgage loans payable and 10 variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 5.23% per annum based on interest rates in effect as of December 31, 2020 and a weighted average effective interest rate of 3.58%. We are required by the terms of certain loan documents to meet certain reporting requirements and covenants, such as net worth ratios, fixed charge coverage ratios and leverage ratios.

Mortgage loans payable, net consisted of the following as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
Total fixed-rate debt	$ 845,504,000	$ 742,686,000
Total variable-rate debt	270,712,000	91,340,000
Total fixed- and variable-rate debt	1,116,216,000	834,026,000
Less: deferred financing costs, net	(8,680,000)	(10,389,000)
Add: premium	397,000	204,000
Less: discount	(12,339,000)	(13,363,000)
Mortgage loans payable, net	$ 1,095,594,000	$ 810,478,000

The following table reflects the changes in the carrying amount of mortgage loans payable, net for the years ended December 31, 2021 and 2020:

	Years Ended December 31,	
	2021	2020
Beginning balance	$ 810,478,000	$ 792,870,000
Additions:		
Assumed mortgage loans in the Merger(1)	18,602,000	—
Borrowings under mortgage loans payable	407,939,000	92,399,000
Amortization of deferred financing costs	4,077,000	796,000
Amortization of discount/premium on mortgage loans payable	773,000	826,000
Deductions:		
Scheduled principal payments on mortgage loans payable	(34,616,000)	(71,990,000)
Early payoff of mortgage loans payable	(109,424,000)	(2,601,000)
Deferred financing costs	(2,235,000)	(1,822,000)
Ending balance	$ 1,095,594,000	$ 810,478,000

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(1) On October 1, 2021, as a result of the Merger, we recognized the aggregate fair value of three fixed-rate mortgage loans of $18,602,000, which consisted of the assumed aggregate principal balance of $18,291,000 and a total premium of $311,000. The assumed mortgage loans carry interest rates ranging from 3.67% to 5.25% per annum, maturity dates ranging from April 1, 2025 to February 1, 2051 and a weighted average effective interest rate of 3.91%.

For the year ended December 31, 2021, we incurred an aggregate loss on the extinguishment of mortgage loans payable of $2,425,000, which is recorded to interest expense in our accompanying consolidated statements of operations and comprehensive income (loss). Such loss was primarily related to the write-off of unamortized deferred financing costs of 10 mortgage loans payable that we refinanced on January 29, 2021 and one mortgage loan payable that we refinanced on December 1, 2021 that were due to mature in 2053 and 2049, respectively. For the year ended December 31, 2020, we did not incur any gain or loss on the extinguishment of mortgage loans payable. For the year ended December 31, 2019, we incurred an aggregate loss on the extinguishment of mortgage loans payable of $2,182,000, which is recorded to interest expense in our accompanying consolidated statements of operations and comprehensive income (loss). Such losses were primarily related to the write-off of unamortized debt discounts and prepayment penalties on two mortgage loans payable that were due to mature in November 2047 and April 2049.

As of December 31, 2021, the principal payments due on our mortgage loans payable for each of the next five years ending December 31 and thereafter were as follows:

Year	Amount
2022	$ 125,686,000
2023	119,356,000
2024	164,542,000
2025	40,553,000
2026	154,600,000
Thereafter	511,479,000
	$ 1,116,216,000

Some of our mortgage loan agreements include a standard loan term requiring lender approval for a change of control event, which was triggered upon the closing of the Merger. All of our mortgage lenders and loan servicers approved such event, except for the servicers of two of our mortgage loans with an aggregate principal balance of $14,229,000. We have been closely working with such servicers to address their requirements to receive final approval; however, we have not received notice from such servicers to accelerate our debt obligations.

9. Lines of Credit and Term Loans

2018 Credit Facility

In order to accommodate the Merger, we amended GAHR IV and its operating partnership's credit agreement, as amended, or the 2018 Credit Agreement, with Bank of America, N.A., or Bank of America; KeyBank, National Association, or KeyBank; Citizens Bank, National Association, or Citizens Bank; Merrill Lynch, Pierce, Fenner & Smith Incorporated; KeyBanc Capital Markets, Inc., or KeyBanc Capital Markets; and the lenders named therein, for a credit facility with an aggregate maximum principal amount of $530,000,000, or the 2018 Credit Facility. The 2018 Credit Facility consisted of a senior unsecured revolving credit facility in the amount of $235,000,000 and senior unsecured term loan facilities in the aggregate amount of $295,000,000. The maximum principal amount of the 2018 Credit Facility may have been increased by up to $120,000,000, for a total principal amount of $650,000,000, subject to certain conditions. At our option, the 2018 Credit Facility bore interest at per annum rates equal to (a)(i) the Eurodollar Rate, as defined in the 2018 Credit Agreement, plus (ii) a margin ranging from 1.70% to 2.20% based on our Consolidated Leverage Ratio, as defined in the 2018 Credit Agreement, or (b)(i) the greater of: (1) the prime rate publicly announced by Bank of America (2) the Federal Funds Rate, as defined in the 2018 Credit Agreement, plus 0.50%, (3) the one-month Eurodollar Rate plus 1.00%, and (4) 0.00%, plus (ii) a margin ranging from 0.70% to 1.20% based on our Consolidated Leverage Ratio.

On October 1, 2021, we also entered into a Second Amendment to the 2018 Credit Agreement, or the Amendment, which provided for, among other things, the following: (i) revisions to financial covenant calculations to exclude the assets, liabilities and operating performance of Trilogy or any subsidiary thereof; (ii) our operating partnership pledging the equity interests in each direct and indirect subsidiary that owns an unencumbered asset; (iii) updates regarding restrictions and limitations on certain investments during the remainder of the term of the 2018 Credit Facility; and (iv) updates to certain financial covenants to reflect the Combined Company subsequent to the Merger. There were no changes to the contractual interest rates as a result of the Amendment. The 2018 Credit Facility was due to mature on November 19, 2021; however, pursuant to the terms of the 2018 Credit Agreement, at such time we extended the maturity date for an additional 12 months and paid an extension fee of $795,000.

As of December 31, 2021, our aggregate borrowing capacity under the 2018 Credit Facility was $530,000,000. As of December 31, 2021, borrowings outstanding totaled $441,900,000 and the weighted average interest rate on such borrowings outstanding was 2.27% per annum.

On January 19, 2022, we terminated the 2018 Credit Agreement and entered into the 2022 Credit Agreement, as defined and discussed in Note 22, Subsequent Events — 2022 Credit Facility.

2019 Credit Facility

On October 1, 2021, upon consummation of the Merger, we, through the surviving partnership, are subject to GAHR III's credit agreement, as amended, or the 2019 Corporate Credit Agreement, with Bank of America; KeyBank; Citizens Bank; and a syndicate of other banks, as lenders, for a credit facility with an aggregate maximum principal amount of $630,000,000, or the 2019 Credit Facility. The 2019 Credit Facility consisted of a senior unsecured revolving credit facility in an aggregate amount of $150,000,000 and a senior unsecured term loan facility in an aggregate amount of $480,000,000.

The maximum principal amount of the 2019 Credit Facility may have been increased by up to $370,000,000, for a total principal amount of $1,000,000,000, subject to certain conditions. On October 1, 2021, upon consummation of the Merger, the previously available $150,000,000 senior unsecured revolving credit facility was cancelled and a ratable amendment to certain financial covenants was made to account for the Combined Company. As a result, the maximum total principal amount of the 2019 Credit Facility available for increase was reduced to $850,000,000, subject to certain conditions.

At our option, the 2019 Credit Facility bore interest at per annum rates equal to (a) (i) the Eurodollar Rate, as defined in the 2019 Corporate Credit Agreement, plus (ii) a margin ranging from 1.85% to 2.80% based on our Consolidated Leverage Ratio, as defined in the 2019 Corporate Credit Agreement, or (b) (i) the greater of: (1) the prime rate publicly announced by Bank of America, (2) the Federal Funds Rate, as defined in the 2019 Corporate Credit Agreement, plus 0.50%, (3) the one-month Eurodollar Rate plus 1.00%, and (4) 0.00%, plus (ii) a margin ranging from 0.85% to 1.80% based on our Consolidated Leverage Ratio. Accrued interest on the 2019 Credit Facility was payable monthly. The loans may have been repaid in whole or in part without prepayment premium or penalty, subject to certain conditions.

As of December 31, 2021 and 2020, our aggregate borrowing capacity under the 2019 Credit Facility was $480,000,000 and $630,000,000, respectively. As of December 31, 2021 and 2020, borrowings outstanding under the 2019 Credit Facility totaled $480,000,000 and $556,500,000, respectively, and the weighted average interest rate on such borrowings outstanding was 2.60% and 2.70% per annum, respectively.

The 2019 Corporate Credit Agreement was due to mature on January 25, 2022. On January 19, 2022, we, through our operating partnership, entered into an agreement that amends and restates the 2019 Corporate Credit Agreement in its entirety, or the 2022 Credit Agreement. See Note 22, Subsequent Events — 2022 Credit Facility, for a further discussion.

Trilogy PropCo and OpCo Line of Credit

In connection with our acquisition of Trilogy on December 1, 2015, we, through Trilogy PropCo Finance, LLC, a Delaware limited liability company and an indirect subsidiary of Trilogy, or Trilogy PropCo Parent, and certain of its subsidiaries, or the Trilogy PropCo Co-Borrowers, entered into a loan agreement, or the Trilogy PropCo Credit Agreement, with KeyBank, as administrative agent; Regions Bank, as syndication agent; and a syndicate of other banks, as lenders, to obtain a line of credit with an aggregate maximum principal amount of $300,000,000, or the Trilogy PropCo Line of Credit. On October 27, 2017, we amended the Trilogy PropCo Credit Agreement, which included a reduction of the total commitment under the Trilogy PropCo Line of Credit from $300,000,000 to $250,000,000.

On March 21, 2016, we, through Trilogy Healthcare Holdings, Inc., a direct subsidiary of Trilogy, and certain of its subsidiaries, or the Trilogy OpCo Borrowers, entered into a credit agreement, or the Trilogy OpCo Credit Agreement, with Wells Fargo Bank, National Association, as administrative agent and lender; and a syndicate of other banks, as lenders, to obtain a $42,000,000 secured revolving credit facility, or the Trilogy OpCo Line of Credit, as amended on April 2016. In April 2018, we further amended the Trilogy OpCo Credit Agreement to reduce the aggregate maximum principal amount to $25,000,000.

On September 5, 2019, we paid off and terminated the Trilogy OpCo Line of Credit and further amended and restated the Trilogy PropCo Credit Agreement to replace both agreements with the 2019 Trilogy Credit Facility, as described below. As a result of the termination of the Trilogy OpCo Credit Agreement, we incurred a loss on extinguishment of $786,000 for the year ended December 31, 2019, which is recorded to interest expense in our accompanying consolidated statements of operations and comprehensive income (loss) and was primarily related to the write-off of unamortized deferred financing fees. The source of funds for the payoff was from the 2019 Trilogy Credit Facility. We currently do not have any obligations under the Trilogy OpCo Credit Agreement, as amended.

2019 Trilogy Credit Facility

On October 1, 2021, upon consummation of the Merger, through Trilogy RER, LLC, we are subject to an amended and restated loan agreement, or the 2019 Trilogy Credit Agreement, among certain subsidiaries of Trilogy OpCo, LLC, Trilogy RER, LLC, and Trilogy Pro Services, LLC; KeyBank; CIT Bank, N.A.; Regions Bank; KeyBanc Capital Markets, Inc.; Regions Capital Markets; Bank of America; The Huntington National Bank; and a syndicate of other banks, as lenders named therein, with respect to a senior secured revolving credit facility with an aggregate maximum principal amount of $360,000,000, consisting of: (i) a $325,000,000 secured revolver supported by real estate assets and ancillary business cash flow and (ii) a $35,000,000 accounts receivable revolving credit facility supported by eligible accounts receivable, or the 2019 Trilogy Credit Facility. The proceeds of the 2019 Trilogy Credit Facility may be used for acquisitions, debt repayment and general corporate purposes. The maximum principal amount of the 2019 Trilogy Credit Facility may be increased by up to $140,000,000, for a total principal amount of $500,000,000, subject to certain conditions. The 2019 Trilogy Credit Facility matures on September 5, 2023 and may be extended for one 12-month period during the term of the 2019 Trilogy Credit Agreement, subject to the satisfaction of certain conditions, including payment of an extension fee.

At our option, the 2019 Trilogy Credit Facility bears interest at per annum rates equal to (a) LIBOR, plus 2.75% for LIBOR Rate Loans, as defined in the 2019 Trilogy Credit Agreement, and (b) for Base Rate Loans, as defined in the 2019 Trilogy Credit Agreement, 1.75% plus the greater of: (i) the fluctuating annual rate of interest announced from time to time by KeyBank as its prime rate, (ii) 0.50% above the Federal Funds Effective Rate, as defined in the 2019 Trilogy Credit Agreement, and (iii) 1.00% above the one-month LIBOR.

As of both December 31, 2021 and 2020, our aggregate borrowing capacity under the 2019 Trilogy Credit Facility was $360,000,000. As of December 31, 2021 and 2020, borrowings outstanding under the 2019 Trilogy Credit Facility totaled $304,734,000 and $287,134,000, respectively, and the weighted average interest rate on such borrowings outstanding was 2.85% and 2.94% per annum, respectively.

10. Derivative Financial Instruments

We use derivative financial instruments to manage interest rate risk associated with variable-rate debt. We record such derivative financial instruments in our accompanying consolidated balance sheets as either an asset or a liability measured at fair value. The following table lists the derivative financial instruments held by us as of December 31, 2021 and 2020, which are included in security deposits, prepaid rent and other liabilities in our accompanying consolidated balance sheets:

					Fair Value December 31,	
Instrument	**Notional Amount**	**Index**	**Interest Rate**	**Maturity Date**	**2021**	**2020**
Cap	$ 20,000,000	one month LIBOR	3.00%	09/23/21	$ —	$ —
Swap	$ 250,000,000	one month LIBOR	2.10%	01/25/22	(332,000)	(5,245,000)
Swap	$ 130,000,000	one month LIBOR	1.98%	01/25/22	(162,000)	(2,561,000)
Swap	$ 100,000,000	one month LIBOR	0.20%	01/25/22	(6,000)	(71,000)
					$ (500,000)	$ (7,877,000)

As of December 31, 2021 and 2020, none of our derivative financial instruments were designated as hedges as defined by guidance under ASC Topic 815. Derivative financial instruments not designated as hedges are not speculative and are used to manage our exposure to interest rate movements, but do not meet the strict hedge accounting requirements. For the years ended December 31, 2021, 2020 and 2019, we recorded a gain (loss) in the fair value of derivative financial instruments of $8,200,000, $(3,906,000) and $(4,541,000), respectively, which is included as a decrease/(increase) to interest expense in our accompanying consolidated statements of operations and comprehensive income (loss). Included in the gain in the fair value of derivative instruments recognized for the year ended December 31, 2021 is $823,000 related to the fair value of an interest rate swap entered into by GAHR IV, which matured on November 19, 2021.

See Note 16, Fair Value Measurements, for a further discussion of the fair value of our derivative financial instruments.

11. Identified Intangible Liabilities, Net

As of December 31, 2021 and 2020, identified intangible liabilities, net consisted of below-market leases of $12,715,000 and $367,000, respectively, net of accumulated amortization of $1,047,000 and $834,000, respectively. Amortization expense on below-market leases for the years ended December 31, 2021, 2020 and 2019 was $396,000, $296,000 and $388,000, respectively, which is recorded as an increase to real estate revenue in our accompanying consolidated statements of operations and comprehensive income (loss).

The weighted average remaining life of below-market leases was 9.1 years and 2.6 years as of December 31, 2021 and 2020, respectively. As of December 31, 2021, estimated amortization expense on below-market leases for each of the next five years ending December 31 and thereafter was as follows:

Year	Amount
2022	$ 1,685,000
2023	1,623,000
2024	1,502,000
2025	1,374,000
2026	1,225,000
Thereafter	5,306,000
	$ 12,715,000

12. Commitments and Contingencies

Litigation

We are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us, which if determined unfavorably to us, would have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Environmental Matters

We follow a policy of monitoring our properties for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist at our properties, we are not currently aware of any environmental liability with respect to our properties that would have a material effect on our consolidated financial position, results of operations or cash flows. Further, we are not aware of any material environmental liability or any unasserted claim or assessment with respect to an environmental liability that we believe would require additional disclosure or the recording of a loss contingency.

Other

Our other commitments and contingencies include the usual obligations of real estate owners and operators in the normal course of business, which include calls/puts to sell/acquire properties. In our view, these matters are not expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows.

13. Redeemable Noncontrolling Interests

Prior to the Merger on October 1, 2021 and as of December 31, 2020, our former advisor owned all 222 limited partnership units outstanding in our operating partnership. As of December 31, 2020, we owned greater than a 99.99% general partnership interest in our operating partnership, and our former advisor owned less than a 0.01% limited partnership interest in our operating partnership. Our former advisor was entitled to special redemption rights of its limited partnership units. The noncontrolling interest of our former advisor in our operating partnership that had redemption features outside of our control was accounted for as a redeemable noncontrolling interest and was presented outside of permanent equity in our accompanying consolidated balance sheets. In connection with the AHI Acquisition, on October 1, 2021, we redeemed all 222 limited partnership units in our operating partnership owned by our former advisor for approximately $2,000.

As discussed in Note 1, Organization and Description of Business, as a result of the Merger and the AHI Acquisition on October 1, 2021 and as of December 31, 2021, we, through our direct and indirect subsidiaries, own an approximately 94.9% general partnership interest in our operating partnership and the remaining approximate 5.1% limited partnership interest in our operating partnership is owned by the NewCo Sellers. Some of the limited partnership units outstanding, which account for approximately 1.0% of our total operating partnership units outstanding, have redemption features outside of our control and are accounted for as redeemable noncontrolling interests presented outside of permanent equity in our accompanying consolidated balance sheets. The issuance of our surviving operating partnership units was accounted for separately from the business combination as an equity transaction under ASC Topic 810. The transaction resulted in an increase in redeemable noncontrolling interests of $19,392,000 offset to additional paid-in capital. The adjustment to accumulated other comprehensive income was nominal.

As of December 31, 2021 and 2020, we, through Trilogy REIT Holdings, in which we indirectly hold a 76.0% and 70.0%, respectively, ownership interest, owned 95.9% and 96.6%, respectively, of the outstanding equity interests of Trilogy. As of December 31, 2021 and 2020, certain members of Trilogy's management and certain members of an advisory committee to Trilogy's board of directors owned approximately 4.1% and 3.4%, respectively, of the outstanding equity interests of Trilogy. The noncontrolling interests held by such members have redemption features outside of our control and are accounted for as redeemable noncontrolling interests in our accompanying consolidated balance sheets.

On October 1, 2021, upon consummation of the Merger and through our operating partnership, we acquired approximately 98.0% of the joint ventures with an affiliate of Meridian Senior Living, LLC, or Meridian, that own Central Florida Senior Housing Portfolio, Pinnacle Beaumont ALF and Pinnacle Warrenton ALF. Also on October 1, 2021, in connection with the Merger, we acquired approximately 90.0% of the joint venture with Avalon Health Care, Inc., or Avalon, that owns Catalina West Haven ALF and Catalina Madera ALF. The noncontrolling interests held by Meridian and Avalon have redemption features outside of our control and are accounted for as redeemable noncontrolling interests in our accompanying consolidated balance sheets.

We record the carrying amount of redeemable noncontrolling interests at the greater of: (i) the initial carrying amount, increased or decreased for the noncontrolling interests' share of net income or loss and distributions or (ii) the redemption value. The changes in the carrying amount of redeemable noncontrolling interests consisted of the following for the years ended December 31, 2021 and 2020:

	December 31,	
	2021	2020
Beginning balance	$ 40,340,000	$ 44,105,000
Additional redeemable noncontrolling interests	30,236,000	—
Reclassification from equity	5,923,000	715,000
Distributions	(1,579,000)	(1,271,000)
Repurchase of redeemable noncontrolling interests	(8,431,000)	(150,000)
Adjustment to redemption value	7,380,000	(3,714,000)
Net (loss) income attributable to redeemable noncontrolling interests	(1,144,000)	655,000
Ending balance	$ 72,725,000	$ 40,340,000

14. Equity

Any stock transactions described below that occurred prior to the Merger are presented at their historical amounts. Subsequent to the Merger, such stock transactions would be converted using the conversion ratio of 0.9266 shares of GAHR IV Class I common stock for each share of GAHR III common stock, as determined in the Merger.

Preferred Stock

Pursuant to our charter, we are authorized to issue 200,000,000 shares of our preferred stock, par value $0.01 per share. As of both December 31, 2021 and 2020, no shares of preferred stock were issued and outstanding.

Common Stock

Prior to the Merger on October 1, 2021 and as of December 31, 2020, our charter authorized us to issue 1,000,000,000 shares of our common stock, par value $0.01 per share and our former advisor owned 22,222 shares of our common stock. In connection with the AHI Acquisition, on October 1, 2021, all 22,222 shares of our common stock owned by our former advisor were redeemed by our operating partnership for $190,000. In addition and in connection with the AHI Acquisition, on October 1, 2021, our operating partnership also redeemed all 20,833 shares of our Class T common stock owned by GAHR IV Advisor in GAHR IV for approximately $192,000.

At the effective time of the REIT Merger, on October 1, 2021, each issued and outstanding share of GAHR III's common stock, $0.01 par value per share, was converted into the right to receive 0.9266 shares of GAHR IV's Class I common stock, $0.01 par value per share, resulting in the issuance of 179,637,776 shares of Class I common stock to GAHR III's stockholders. Also, on October 1, 2021, we filed the Fourth Articles of Amendment and Restatement to our charter, or the Charter Amendment, which among other things, amended the common stock we are authorized to issue. As of December 31, 2021, the Charter Amendment authorized us to issue 1,000,000,000 shares of our common stock, par value $0.01 per share, whereby 200,000,000 shares were classified as Class T common stock and 800,000,000 shares were classified as Class I common stock.

On March 12, 2015, we terminated the primary portion of our initial public offering. We continued to offer shares of our common stock in the GAHR III initial offering pursuant to the Initial DRIP, until the termination of the DRIP portion of the GAHR III initial offering and deregistration of the GAHR III initial offering on April 22, 2015. On March 25, 2015, we filed a Registration Statement on Form S-3 under the Securities Act to register a maximum of $250,000,000 of additional shares of our common stock pursuant to the 2015 GAHR III DRIP Offering and we commenced offering shares following the deregistration of the GAHR III initial offering until its termination and deregistration of the 2015 GAHR III DRIP Offering on March 29, 2019.

On January 30, 2019, we filed a Registration Statement on Form S-3 under the Securities Act to register a maximum of $200,000,000 of additional shares of our common stock to be issued pursuant to the 2019 GAHR III DRIP Offering, which we commenced offering on April 1, 2019, following the deregistration of the 2015 GAHR III DRIP Offering. On May 29, 2020, our board authorized the suspension of the 2019 GAHR III DRIP Offering, and consequently, ceased issuing shares pursuant to such offering following the distributions paid in June 2020 to stockholders of record on or prior to the close of business on May 31, 2020. As a result of the Merger, we deregistered the 2019 GAHR III DRIP Offering on October 4, 2021. Further, on October 4, 2021, our board authorized the reinstatement of the AHR DRIP Offering. We continue to offer up to $100,000,000 of shares of our common stock to be issued pursuant to the DRIP under the AHR DRIP Offering. See Note 1, Organization and Description of Business — Public Offering and "Distribution Reinvestment Plan" section below for a further discussion.

Through September 30, 2021, GAHR III had issued 184,930,598 shares of its common stock in connection with the primary portion of its initial public offering and 35,059,456 shares of its common stock pursuant to our DRIP Offerings. GAHR III also repurchased 26,257,404 shares of its common stock under its share repurchase plan and granted an aggregate of 135,000 shares of its restricted common stock to our independent directors through September 30, 2021. Upon consummation of the Merger on October 1, 2021, we, as a Combined Company, issued 179,637,776 shares of Class I common stock to GAHR III's stockholders, pursuant to the terms of the REIT Merger.

Noncontrolling Interests in Total Equity

As of December 31, 2021 and 2020, Trilogy REIT Holdings owned approximately 95.9% and 96.6%, respectively, of Trilogy. Prior to October 1, 2021, we were the indirect owner of a 70.0% interest in Trilogy REIT Holdings pursuant to an amended joint venture agreement with an indirect, wholly owned subsidiary of NorthStar Healthcare Income, Inc., or NHI, and a wholly owned subsidiary of GAHR IV Operating Partnership. Both we and GAHR IV were co-sponsored by AHI and Griffin Capital. We serve as the managing member of Trilogy REIT Holdings. As part of the Merger on October 1, 2021, the wholly owned subsidiary of GAHR IV Operating Partnership sold its 6.0% interest in Trilogy REIT Holdings to GAHR III, thereby increasing our indirect ownership in Trilogy REIT Holdings to 76.0%. As of December 31, 2021, NHI indirectly owned a 24.0% membership interest in Trilogy REIT Holdings. As of December 31, 2020, NHI and GAHR IV indirectly owned a 24.0% and 6.0% membership interest in Trilogy REIT Holdings, respectively. Through September 30, 2021, 30.0% of the net earnings of Trilogy REIT Holdings were allocated to noncontrolling interests, and for the period October 1, 2021 through December 31, 2021, 24.0% of the net earnings of Trilogy REIT Holdings were allocated to a noncontrolling interest. The acquisition of additional interest in Trilogy REIT Holdings as a result of the REIT Merger was accounted for separately from the business combination as an equity transaction under ASC Topic 810. The transaction resulted in a decrease to noncontrolling interest of $44,730,000 with an offset to additional paid-in capital.

In connection with our acquisition and operation of Trilogy, profit interest units in Trilogy, or the Profit Interests, were issued to Trilogy Management Services, LLC and an independent director of Trilogy, both unaffiliated third parties that manage or direct the day-to-day operations of Trilogy. The Profit Interests consist of time-based or performance-based commitments. The time-based Profit Interests were measured at their grant date fair value and vest in increments of 20.0% on each anniversary of the respective grant date over a five year period. We amortized the time-based Profit Interests on a straight-line basis over the vesting periods, which are recorded to general and administrative in our accompanying consolidated statements of operations and comprehensive income (loss). The performance-based Profit Interests are subject to a performance commitment and vest upon liquidity events as defined in the Profit Interests agreements. The performance-based Profit Interests were measured at their fair value on the adoption date of ASU 2018-07 using a modified retrospective approach. The nonvested awards are presented as noncontrolling interests in total equity in our accompanying consolidated balance sheets, and are re-classified to redeemable noncontrolling interests upon vesting as they have redemption features outside of our control similar to the common stock units held by Trilogy's management. See Note 13, Redeemable Noncontrolling Interests, for a further discussion.

In December 2021, we redeemed a part of the time-based Profit Interests, and all of the performance-based Profit Interests that were included in noncontrolling interests in total equity. We redeemed such Profit Interests for $16,517,000, which was paid $8,650,000 in cash and $7,867,000 through the issuance of additional equity interests in Trilogy that are classified as redeemable noncontrolling interests in our consolidated balance sheets. There were no canceled, expired or exercised Profit Interests during the years ended December 31, 2020 and 2019. For the years ended December 31, 2021, 2020 and 2019, we recognized stock compensation expense related to the Profit Interests of $8,801,000, $(1,342,000) and $2,744,000, respectively.

One of our consolidated subsidiaries issued non-voting preferred shares of beneficial interests to qualified investors for total proceeds of $125,000. These preferred shares of beneficial interests are entitled to receive cumulative preferential cash dividends at the rate of 12.5% per annum. We classify the value of the subsidiary's preferred shares of beneficial interests as noncontrolling interests in our accompanying consolidated balance sheets and the dividends of the preferred shares of beneficial interests in net income or loss attributable to noncontrolling interests in our accompanying consolidated statements of operations and comprehensive income (loss).

As of both December 31, 2021 and 2020, we owned an 86.0% interest in a consolidated limited liability company that owns Lakeview IN Medical Plaza, which we acquired on January 21, 2016. As such, 14.0% of the net earnings of Lakeview IN Medical Plaza were allocated to noncontrolling interests for the years ended December 31, 2021, 2020 and 2019.

On April 7, 2020, we sold a 9.4% membership interest in a consolidated limited liability company that owns Southlake TX Hospital to an unaffiliated third party for a contract purchase price of $11,000,000 and therefore as of both December 31, 2021 and 2020, we owned a 90.6% membership interest in such consolidated limited liability company. For the year ended December 31, 2020, our former advisor agreed to waive the $220,000 disposition fee that may have otherwise been due to our former advisor pursuant to the Advisory Agreement. For the year ended December 31, 2021 and for the period from April 7, 2020 through December 31, 2020, 9.4% of the net earnings of Southlake TX Hospital were allocated to noncontrolling interests in our accompanying consolidated statements of operations and comprehensive income (loss).

On October 1, 2021, upon consummation of the Merger, through our operating partnership, we acquired an approximate 90.0% interest in a joint venture that owns the Louisiana Senior Housing Portfolio. As such, 10.0% of the net earnings of the joint venture were allocated to noncontrolling interests in our accompanying consolidated statements of operations from October 1, 2021 through December 31, 2021.

As discussed in Note 1, Organization and Description of Business, as a result of the Merger and the AHI Acquisition on October 1, 2021 and as of December 31, 2021, we, through our direct and indirect subsidiaries, own an approximately 94.9% general partnership interest in our operating partnership and the remaining approximate 5.1% limited partnership interest in our operating partnership is owned by the NewCo Sellers. Approximately 4.1% of our total operating partnership units outstanding is presented in total equity in our accompanying consolidated balance sheet as of December 31, 2021. The issuance of our surviving operating partnership units was accounted for separately from the business combination as an equity transaction under ASC Topic 810. The transaction resulted in an increase to noncontrolling interest of $75,727,000 with an offset to additional paid-in capital. See Note 13, Redeemable Noncontrolling Interests, for a further discussion.

Distribution Reinvestment Plan

We had registered and reserved $35,000,000 in shares of our common stock for sale pursuant to the Initial DRIP in the GAHR III initial offering, which we deregistered on April 22, 2015. We continued to offer shares of our common stock pursuant to the 2015 GAHR III DRIP Offering, which commenced following the deregistration of the GAHR III initial offering, until the deregistration of the 2015 GAHR III DRIP Offering on March 29, 2019. We continued to offer up to $200,000,000 of additional shares of our common stock pursuant to the 2019 GAHR III DRIP Offering, which commenced on April 1, 2019, following the deregistration of the 2015 GAHR III DRIP Offering.

Effective October 5, 2016, we amended and restated the Initial DRIP to amend the price at which shares of our common stock were issued pursuant to such distribution reinvestment plan. Pursuant to the Amended and Restated DRIP, shares are issued at a price equal to the most recently estimated net asset value, or NAV, of one share of our common stock, as approved and established by our board. The Amended and Restated DRIP became effective with the distribution payments to stockholders paid in the month of November 2016. In all other material respects, the terms of the 2015 GAHR III DRIP Offering remained unchanged by the Amended and Restated DRIP.

On May 29, 2020, in consideration of the impact the COVID-19 pandemic had on the United States, globally and on our business operations, our board authorized the temporary suspension of all stockholder distributions upon the completion of the payment of distributions payable to stockholders of record on or prior to the close of business on May 31, 2020. As a result, our board also approved the suspension of the 2019 GAHR III DRIP Offering. Such suspension was effective upon the completion of all shares issued with respect to distributions payable to stockholders of record on or prior to the close of business on May 31, 2020. As a result of the Merger, we deregistered the 2019 GAHR III DRIP Offering on October 4, 2021. Further, on October 4, 2021, our board reinstated distributions and authorized the reinstatement of the AHR DRIP Offering. We continue to offer up to $100,000,000 of shares of our common stock to be issued pursuant to the DRIP under the AHR DRIP Offering. As a result, beginning with the October 2021 distribution, which was paid in November 2021, stockholders who previously enrolled as participants in the DRIP received or will receive distributions in shares of our common stock pursuant to the terms of the DRIP, instead of cash distributions.

Since October 5, 2016, our board had approved and established an estimated per share NAV annually. Commencing with the distribution payment to stockholders paid in the month following such board approval, shares of our common stock issued pursuant to our distribution reinvestment plan are issued at the current estimated per share NAV until such time as our board determined an updated estimated per share NAV. The following is a summary of the historical estimated per share NAV for GAHR III and the Combined Company, as applicable:

Approval Date by our Board	Estimated Per Share NAV (Unaudited)	
10/03/18	$	9.37
10/03/19	$	9.40
03/18/21	$	8.55
03/24/22	$	9.29

For the years ended December 31, 2021, 2020 and 2019, $7,666,000, $21,861,000 and $55,440,000, respectively, in distributions were reinvested and 831,463, 2,325,762 and 5,913,684 shares of our common stock, respectively, were issued pursuant to our DRIP Offerings.

Share Repurchase Plan

In response to the effects of the COVID-19 pandemic and to protect our capital and maximize our liquidity in an effort to strengthen our long-term financial prospects, on March 31, 2020, our board partially suspended our share repurchase plan with respect to all repurchase requests other than repurchases resulting from the death or qualifying disability of stockholders, beginning with share repurchase requests submitted for repurchase during the second quarter of 2020. Repurchase requests that resulted from the death or qualifying disability of stockholders were not suspended, but remained subject to all terms and conditions of our share repurchase plan, including our board's discretion to determine whether we had sufficient funds available to repurchase any shares. Subsequently, on May 29, 2020, our board suspended our share repurchase plan with respect to all share repurchase requests received after May 31, 2020, including repurchases resulting from the death or qualifying disability of stockholders. On July 1, 2020, we repurchased the shares submitted pursuant to the final share repurchase requests honored prior to the suspension of our share repurchase plan.

Our share repurchase plan allows for repurchases of shares of our common stock by us when certain criteria are met. Share repurchases are made at the sole discretion of our board. Subject to the availability of the funds for share repurchases and other certain conditions, we generally limit the number of shares of our common stock repurchased during any calendar year to 5.0% of the weighted average number of shares of our common stock outstanding during the prior calendar year; provided however, that shares subject to a repurchase requested upon the death or "qualifying disability," as defined in our share repurchase plan, of a stockholder are not subject to this cap. Funds for the repurchase of shares of our common stock come from the cumulative proceeds we receive from the sale of shares of our common stock pursuant to our DRIP Offerings. Furthermore, our share repurchase plan provides that if there are insufficient funds to honor all repurchase requests, pending requests may be honored among all requests for repurchase in any given repurchase period as follows: first, repurchases in full as to repurchases that would result in a stockholder owning less than $2,500 of shares; and, next, pro rata as to other repurchase requests.

Pursuant to our share repurchase plan, the repurchase price is equal to the lesser of (i) the amount per share that a stockholder paid for their shares of our common stock, or (ii) the most recent estimated value of one share of our common stock, as determined by our board. Prior to October 4, 2021, for requests submitted pursuant to a death or a qualifying disability of a stockholder, the repurchase price was 100% of the amount per share the stockholder paid for their shares of common stock. However, on October 4, 2021, our board authorized our amended and restated share repurchase plan that included the change in the repurchase price with respect to repurchases resulting from the death or qualifying disability (as such term is defined in the share repurchase plan) of stockholders from 100% of the price paid by the stockholder to acquire shares of our Class T common stock or Class I common stock, as applicable, to the most recently published estimated per share NAV. In addition, on October 4, 2021, our board authorized the partial reinstatement of our share repurchase plan with respect to requests to repurchase shares resulting from the death or qualifying disability of stockholders, effective with respect to qualifying repurchases for the fiscal quarter ending December 31, 2021. All share repurchase requests other than those requests resulting from the death or qualifying disability of stockholders were and shall be rejected.

For the year ended December 31, 2021, we repurchased shares of our common stock owned by our former advisor and GAHR IV Advisor as discussed above in the “Common Stock” section. For the years ended December 31, 2020 and 2019, we repurchased 2,410,864 and 9,526,087 shares of our common stock, respectively, for an aggregate of $23,107,000 and $89,888,000, respectively, at an average repurchase price of $9.58 and $9.44 per share, respectively. In January 2022, we repurchased 448,375 shares of our common stock, for an aggregate of $4,134,000, at an average repurchase price of $9.22 per share. All shares were repurchased using the cumulative proceeds we received from the sale of shares of our common stock pursuant to our DRIP Offerings.

2015 Incentive Plan

Prior to the REIT Merger, GAHR III adopted the 2013 Incentive Plan pursuant to which its board, or a committee of its independent directors, could grant options, shares of our common stock, stock purchase rights, stock appreciation rights or other awards to its independent directors, employees and consultants, or the 2013 Incentive Plan. The maximum number of shares of common stock that could have been issued pursuant to the 2013 Incentive Plan was 2,000,000 shares.

Upon consummation of the Merger, we adopted the 2015 Incentive Plan, as amended and restated, or our incentive plan, pursuant to which our board (with respect to options and restricted shares of common stock granted to independent directors), or our compensation committee (with respect to any other award), may make grants of options, restricted shares of common stock, stock purchase rights, stock appreciation rights or other awards to our independent directors, officers, employees and consultants. The maximum number of shares of our common stock that may be issued pursuant to our incentive plan is 4,000,000 shares.

As a result of the REIT Merger, under our incentive plan, certain executive officers and key employees received initial grants of 477,901 time-based shares of our restricted Class T common stock and 159,301 performance-based restricted units representing the right to receive shares of our Class T common stock upon vesting. The time-based restricted stock vests in three equal annual installments on October 1, 2022, October 1, 2023 and October 1, 2024 (subject to continuous service through each vesting date). The performance-based restricted units will cliff vest in the first quarter of 2025 (subject to continuous service through that vesting date) with the amount vesting depending on meeting certain key performance criteria as further described in our incentive plan. Also in connection with the Merger, on October 4, 2021, certain of our key employees were granted 319,149 shares of our restricted Class T common stock under our incentive plan, which will cliff vest on October 4, 2024 (subject to continuous service through that vesting date).

As of December 31, 2021, we granted an aggregate of 1,082,455 of shares of our restricted common stock under our incentive plan. Such amount includes: (i) 160,314 shares of our restricted Class T common stock, at a weighted average grant date fair value of $9.61 per share, to our independent directors; (ii) 477,901 time-based shares of our restricted Class T common stock, at a grant date fair value of $9.22 per share, to certain executive officers and key employees; and (iii) 319,149 shares of our restricted Class T common stock, at a grant date fair value of $9.22 per share, to certain of our key employees. In addition, as of December 31, 2021, under the 2013 Incentive Plan, GAHR III granted an aggregate of 135,000 shares of its restricted common stock, which is equal to 125,091 shares of restricted Class I common stock, using the conversion ratio of 0.9266 shares of GAHR IV Class I common stock for each share of GAHR III restricted common stock, as determined in the Merger.

For the year ended December 31, 2021, we recognized stock compensation expense related to the restricted stock grants to our independent directors, executive officers and key employees of $857,000. Such stock compensation expense is included in general and administrative in our accompanying consolidated statements of operations and comprehensive income (loss).

For the years ended December 31, 2020 and 2019, under the 2013 Incentive Plan, GAHR III granted an aggregate of 7,500 and 22,500 shares of its restricted common stock, respectively, at a weighted average grant date fair value of $9.40 and $9.37 per share, respectively, to its independent directors in connection with their re-election to its board or in consideration for their past services rendered. Such shares vested as to 20.0% of the shares on the date of grant and on each of the first four anniversaries of the grant date. For the years ended December 31, 2020 and 2019, GAHR III recognized stock compensation expense related to the independent director grants of $155,000 and $215,000, respectively. Such stock compensation expense is included in general and administrative in the Combined Company's accompanying consolidated statements of operations and comprehensive income (loss).

Stockholder Servicing Fee

On October 1, 2021, in connection with the Merger, we assumed GAHR IV's obligations related to stockholder servicing fees. Such fees are paid quarterly with respect to our Class T shares sold in GAHR IV's initial public offering as additional compensation to participating broker-dealers. No stockholder servicing fee is paid with respect to Class I shares or shares of our common stock sold pursuant to our DRIP Offerings. The stockholder servicing fee accrued daily in an amount equal to 1/365th of 1.0% of the purchase price per share of our Class T shares sold in the primary portion of GAHR IV's public offering. We will cease paying the stockholder servicing fee upon the occurrence of certain defined events, such as our redemption of such Class T shares. By agreement with participating broker-dealers, such stockholder servicing fee may have been reduced or limited.

Following the termination of GAHR IV's public offering on February 15, 2019, we no longer incur additional stockholder servicing fees. As of December 31, 2021, we accrued $1,583,000 in connection with the stockholder servicing fee payable, which is included in accounts payable and accrued liabilities in our accompanying consolidated balance sheet.

15. Related Party Transactions

Fees and Expenses Paid to Affiliates

Prior to the closing of the AHI Acquisition on October 1, 2021, our former advisor used its best efforts, subject to the oversight and review of our board, to, among other things, provide asset management, property management, acquisition, disposition and other advisory services on our behalf consistent with our investment policies and objectives. Our former advisor performed its duties and responsibilities under the Advisory Agreement as our fiduciary. Until September 30, 2021, all of our executive officers were officers of our former advisor and officers, limited partners and/or members of one of our former co-sponsors and other affiliates of our former advisor.

Set forth below is a description of the transactions with our former advisor or its affiliates that occurred prior to the closing of the Merger and the AHI Acquisition. On December 20, 2021, the Advisory Agreement was assigned to NewCo and as a result, any fees that would have otherwise been payable to our former advisor are now eliminated in consolidation. Following the consummation of the Merger, we became self-managed and as a result, we no longer incur to our former advisor and its affiliates any fees or expense reimbursements arising from the Advisory Agreement. In the aggregate, for the years ended December 31, 2021, 2020 and 2019, we incurred $21,113,000, $25,875,000 and $25,064,000, respectively, in fees and expenses to our former advisor or its affiliates as detailed below.

Acquisition and Development Stage

Acquisition Fee

We paid our former advisor or its affiliates an acquisition fee of up to 2.25% of the contract purchase price, including any contingent or earn-out payments that were paid, for each property we acquired or 2.00% of the origination or acquisition price, including any contingent or earn-out payments that were paid, for any real estate-related investment we originated or acquired. Our former advisor or its affiliates were entitled to receive these acquisition fees for properties and real estate-related investments we acquired with funds raised in the GAHR III initial offering, or funded with net proceeds from the sale of a property or real estate-related investment, subject to certain conditions.

On June 23, 2021, in anticipation of the Merger, we entered into an amendment to the Advisory Agreement, whereby it was agreed that any acquisition fee due to our former advisor would be waived in connection with the REIT Merger. For the years ended December 31, 2021, 2020 and 2019, we incurred $1,363,000, $480,000 and $1,124,000, respectively, in acquisition fees to our former advisor. Acquisition fees in connection with the acquisition of properties accounted for as asset acquisitions or the acquisition of real estate-related investments were capitalized as part of the associated investments in our accompanying consolidated balance sheets.

Development Fee

In the event our former advisor or its affiliates provided development-related services, our former advisor or its affiliates received a development fee in an amount that was usual and customary for comparable services rendered for similar projects in the geographic market where the services were provided; however, we did not pay a development fee to our former advisor or its affiliates if our former advisor or its affiliates elected to receive an acquisition fee based on the cost of such development.

For the years ended December 31, 2021, 2020 and 2019, we incurred $856,000, $1,073,000 and $346,000, respectively, in development fees to our former advisor or its affiliates, which were capitalized as part of the associated investments in our accompanying consolidated balance sheets.

Operational Stage

Asset Management Fee

We paid our former advisor or its affiliates a monthly fee for services rendered in connection with the management of our assets equal to one-twelfth of 0.75% of average invested assets, subject to our stockholders receiving distributions in an amount equal to 5.0% per annum, cumulative, non-compounded, of invested capital. For such purposes, average invested assets means the average of the aggregate book value of our assets invested in real estate and real estate-related investments, before deducting depreciation, amortization, bad debt and other similar non-cash reserves, computed by taking the average of such values at the end of each month during the period of calculation; and invested capital means, for a specified period, the aggregate issue price of shares of our common stock purchased by our stockholders, reduced by distributions of net sales proceeds by us to our stockholders and by any amounts paid by us to repurchase shares of our common stock pursuant to our share repurchase plan. In an effort to increase our liquidity during the ongoing uncertainty surrounding the COVID-19 pandemic, on May 29, 2020, our former advisor deferred 50.0% of the asset management fees that it would otherwise have been entitled to receive pursuant to the Advisory Agreement for services performed by our former advisor or its affiliates during the period from June 1, 2020 to November 30, 2020. Such deferred asset management fees of $5,207,000 as of December 31, 2020 were included in accounts payable due to affiliates in our accompanying consolidated balance sheets, and were paid in full on January 4, 2021. In addition, on June 23, 2021, in anticipation of the Merger, we entered into a Mutual Consent, pursuant to which, for the period from the date of the Mutual Consent until the earlier to occur of (i) the closing of the Merger, or (ii) the termination of the Merger Agreement, the parties waived the requirement that the asset management fee accrues until our stockholders have received distributions in an amount equal to 5.0% per annum, cumulative, non-compounded, of their invested capital.

For the years ended December 31, 2021, 2020 and 2019, we incurred $16,187,000, $20,693,000 and $20,073,000, respectively, in asset management fees to our former advisor or its affiliates. Asset management fees were included in general and administrative in our accompanying consolidated statements of operations and comprehensive income (loss).

Property Management Fee

Our former advisor or its affiliates directly served as property manager to certain of our properties or sub-contracted their property management duties to any third party and provided oversight of such third-party property manager. We paid our former advisor or its affiliates a monthly management fee equal to a percentage of the gross monthly cash receipts of such property as follows: (i) a property management oversight fee of 1.0% of the gross monthly cash receipts of any stand-alone, single-tenant, net leased property; (ii) a property management oversight fee of 1.5% of the gross monthly cash receipts of any property that was not a stand-alone, single-tenant, net leased property and for which our former advisor or its affiliates provided oversight of a third party that performed the duties of a property manager with respect to such property; or (iii) a fair and reasonable property management fee that was approved by a majority of our directors, including a majority of our independent directors, that was not less favorable to us than terms available from unaffiliated third parties for any property that was not a stand-alone, single-tenant, net leased property and for which our former advisor or its affiliates directly served as the property manager without sub-contracting such duties to a third party.

For the years ended December 31, 2021, 2020 and 2019, we incurred $1,993,000, $2,632,000 and $2,611,000, respectively, in property management fees to our former advisor or its affiliates. Property management fees were included in rental expenses or general and administrative expenses in our accompanying consolidated statements of operations and comprehensive income (loss), as applicable.

Lease Fees

We paid our former advisor or its affiliates a separate fee for any leasing activities in an amount not to exceed the fee customarily charged in arm's-length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area. Such fee generally ranged from 3.0% to 6.0% of the gross revenues generated during the initial term of the lease.

For the years ended December 31, 2021, 2020 and 2019, we incurred $410,000, $579,000 and $379,000, respectively, in lease fees to our former advisor or its affiliates. Lease fees were capitalized as lease commissions and included in other assets, net in our accompanying consolidated balance sheets.

Construction Management Fee

In the event that our former advisor or its affiliates assisted with planning and coordinating the construction of any capital or tenant improvements, our former advisor or its affiliates were paid a construction management fee of up to 5.0% of the cost of such improvements.

For the years ended December 31, 2021, 2020 and 2019, we incurred $144,000, $183,000 and $320,000, respectively, in construction management fees to our former advisor or its affiliates. Construction management fees were capitalized as part of the associated asset and included in real estate investments, net in our accompanying consolidated balance sheets.

Operating Expenses

We reimbursed our former advisor or its affiliates for operating expenses incurred in rendering services to us, subject to certain limitations. However, we did not reimburse our former advisor or its affiliates at the end of any fiscal quarter for total operating expenses that, in the four consecutive fiscal quarters then ended, exceeded the greater of: (i) 2.0% of our average invested assets, as defined in the Advisory Agreement; or (ii) 25.0% of our net income, as defined in the Advisory Agreement, unless our independent directors determined that such excess expenses were justified based on unusual and nonrecurring factors which they deem sufficient.

For the 12 months ended December 31, 2021, 2020 and 2019, our operating expenses did not exceed the aforementioned limitations. For the years ended December 31, 2021, 2020 and 2019, our former advisor or its affiliates incurred operating expenses on our behalf of $160,000, $235,000 and $211,000, respectively. Following the Merger and the AHI Acquisition, we no longer reimburse our former advisor for operating expenses incurred. Operating expenses were generally included in general and administrative in our accompanying consolidated statements of operations and comprehensive income (loss).

Liquidity Stage

Disposition Fees

For services relating to the sale of one or more properties, we paid our former advisor or its affiliates a disposition fee of up to the lesser of 2.0% of the contract sales price or 50.0% of a customary competitive real estate commission given the circumstances surrounding the sale, in each case as determined by our board, including a majority of our independent directors, upon the provision of a substantial amount of the services in the sales effort. The amount of disposition fees paid, when added to the real estate commissions paid to unaffiliated third parties, did not exceed the lesser of the customary competitive real estate commission or an amount equal to 6.0% of the contract sales price.

For the years ended December 31, 2021 and 2020, our former advisor agreed to waive $93,000 and $431,000, respectively, of disposition fees that may otherwise have been due to our former advisor pursuant to the Advisory Agreement. See Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, and Note 4, Real Estate Investments, Net, for discussions of our property dispositions, as well as Note 14, Equity — Noncontrolling Interests in Total Equity, for a discussion of the disposition of membership interests in a consolidated limited liability company. Our former advisor did not receive any additional securities, shares of stock or any other form of consideration or any repayment as a result of the waiver of such disposition fees. For the year ended December 31, 2019, we did not incur any disposition fees to our former advisor or its affiliates.

Registration Rights Agreement

On October 1, 2021, at the consummation of the AHI Acquisition, GAHR III and the surviving partnership entered into a registration rights agreement, or the Registration Rights Agreement, with Griffin-American Strategic Holdings, LLC, or HoldCo, pursuant to which, subject to certain limitations therein, as promptly as practicable following the later of the expiration of (i) the period commencing on the closing of the AHI Acquisition and ending upon the earliest to occur of (a) the second anniversary date of the issuance of the surviving partnership OP units issued in connection with the AHI Acquisition, (b) a change of control of Merger Sub, and (c) the listing of shares of our common stock on a national securities exchange, or the Lock-Up Period; and (ii) the date on which we are eligible to file a registration statement (but in any event no later than 180 days after such date), we, as the indirect parent company of the surviving partnership, are required to file a shelf registration statement with the SEC under the Securities Act covering the resale of the shares of our Class I common stock issued or issuable in redemption of the surviving partnership OP units that the surviving partnership issued as consideration in the AHI Acquisition. The Registration Rights Agreement also grants HoldCo (or any successor holder of such shares) demand rights to request additional registration statement filings as well as "piggyback" registration rights, in each case on or after the expiration of the Lock-Up Period. In connection with the Merger, we assumed from GAHR III the Registration Rights Agreement and GAHR III's obligations thereunder in their entirety.

Accounts Payable Due to Affiliates

The following amounts were outstanding to our affiliates as of December 31, 2021 and 2020:

	December 31,	
Fee	**2021**	**2020**
Lease commissions	$ 245,000	$ 27,000
Development fees	229,000	743,000
Construction management fees	152,000	91,000
Operating expenses	100,000	10,000
Asset and property management fees	83,000	7,155,000
Acquisition fees	57,000	—
	$ 866,000	$ 8,026,000

16. Fair Value Measurements

Assets and Liabilities Reported at Fair Value

The table below presents our assets and liabilities measured at fair value on a recurring basis as of December 31, 2021, aggregated by the level in the fair value hierarchy within which those measurements fall:

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities:				
Derivative financial instruments	$ —	$ 500,000	$ —	$ 500,000
Warrants	—	—	786,000	786,000
Total liabilities at fair value	$ —	$ 500,000	$ 786,000	$ 1,286,000

The table below presents our assets and liabilities measured at fair value on a recurring basis as of December 31, 2020, aggregated by the level in the fair value hierarchy within which those measurements fall:

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Derivative financial instrument	$ —	$ —	$ —	$ —
Total assets at fair value	$ —	$ —	$ —	$ —
Liabilities:				
Derivative financial instruments	$ —	$ 7,877,000	$ —	$ 7,877,000
Warrants	—	—	1,025,000	1,025,000
Total liabilities at fair value	$ —	$ 7,877,000	$ 1,025,000	$ 8,902,000

There were no transfers into and out of fair value measurement levels during the years ended December 31, 2021 and 2020.

Derivative Financial Instruments

We use interest rate swaps or interest rate caps to manage interest rate risk associated with variable-rate debt. The valuation of these instruments is determined using widely accepted valuation techniques including a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, as well as option volatility. The fair values of interest rate swaps are determined by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates derived from observable market interest rate curves.

We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although we have determined that the majority of the inputs used to value our derivative financial instruments fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with these instruments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparty. However, as of December 31, 2021, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Warrants

As of December 31, 2021 and 2020, we have recorded $786,000 and $1,025,000, respectively, related to warrants in Trilogy common units held by certain members of Trilogy's management, which is included in security deposits, prepaid rent and other liabilities in our accompanying consolidated balance sheets. Once exercised, these warrants have redemption features similar to the common units held by members of Trilogy's management. See Note 13, Redeemable Noncontrolling Interests, for a further discussion. As of December 31, 2021 and 2020, the carrying value is a reasonable estimate of fair value.

Financial Instruments Disclosed at Fair Value

Our accompanying consolidated balance sheets include the following financial instruments: debt security investment, cash and cash equivalents, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, accounts payable due to affiliates, mortgage loans payable and borrowings under our lines of credit and term loans.

We consider the carrying values of cash and cash equivalents, restricted cash, accounts and other receivables and accounts payable and accrued liabilities to approximate the fair value for these financial instruments based upon an evaluation of the underlying characteristics, market data and because of the short period of time between origination of the instruments and their expected realization. The fair value of accounts payable due to affiliates is not determinable due to the related party nature of the accounts payable. The fair values of the other financial instruments are classified in Level 2 of the fair value hierarchy.

The fair value of our debt security investment is estimated using a discounted cash flow analysis using interest rates available to us for investments with similar terms and maturities. The fair values of our mortgage loans payable and our lines of credit and term loans are estimated using discounted cash flow analyses using borrowing rates available to us for debt instruments with similar terms and maturities. We have determined that the valuations of our debt security investment, mortgage loans payable and lines of credit and term loans are classified in Level 2 within the fair value hierarchy. The carrying amounts and estimated fair values of such financial instruments as of December 31, 2021 and 2020 were as follows:

	December 31,			
	2021		2020	
	Carrying Amount(1)	Fair Value	Carrying Amount(1)	Fair Value
Financial Assets:				
Debt security investment	$ 79,315,000	$ 93,920,000	$ 75,851,000	$ 94,033,000
Financial Liabilities:				
Mortgage loans payable	$ 1,095,594,000	$ 1,075,729,000	$ 810,478,000	$ 830,049,000
Lines of credit and term loans	$ 1,222,853,000	$ 1,226,636,000	$ 836,770,000	$ 847,048,000

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(1) Carrying amount is net of any discount/premium and unamortized costs.

17. Income Taxes

As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. We have elected to treat certain of our consolidated subsidiaries as TRS pursuant to the Code. TRS may participate in services that would otherwise be considered impermissible for REITs and are subject to federal and state income tax at regular corporate tax rates.

The components of income or loss before taxes for the years ended December 31, 2021, 2020 and 2019, were as follows:

	December 31,		
	2021	2020	2019
Domestic	$ (52,001,000)	$ 6,171,000	$ 1,193,000
Foreign	(312,000)	(386,000)	(521,000)
(Loss) income before income taxes	$ (52,313,000)	$ 5,785,000	$ 672,000

The components of income tax benefit or expense for the years ended December 31, 2021, 2020 and 2019 were as follows:

	December 31,		
	2021	2020	2019
Federal deferred	$ (12,033,000)	$ (4,818,000)	$ (3,672,000)
State deferred	(2,908,000)	(932,000)	(737,000)
Federal current	—	(361,000)	(29,000)
State current	329,000	—	(16,000)
Foreign current	627,000	612,000	605,000
Valuation allowances	14,941,000	2,421,000	5,373,000
Total income tax expense (benefit)	$ 956,000	$ (3,078,000)	$ 1,524,000

Current Income Tax

Federal and state income taxes are generally a function of the level of income recognized by our TRS. Foreign income taxes are generally a function of our income on our real estate located in the UK and Isle of Man.

Deferred Taxes

Deferred income tax is generally a function of the period's temporary differences (primarily basis differences between tax and financial reporting for real estate assets and equity investments) and generation of tax NOL that may be realized in future periods depending on sufficient taxable income.

We recognize the financial statement effects of an uncertain tax position when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the "more likely than not" threshold, the measurement of the tax benefit will be based on our estimate of the ultimate tax benefit to be sustained if audited by the taxing authority. As of both December 31, 2021 and 2020, we did not have any tax benefits or liabilities for uncertain tax positions that we believe should be recognized in our accompanying consolidated financial statements.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A valuation allowance is established if we believe it is more likely than not that all or a portion of the deferred tax assets are not realizable. As of December 31, 2021 and 2020, our valuation allowance fully reserves and substantially reserves, respectively, the net deferred tax assets due to historical losses and inherent uncertainty of future income. We will continue to monitor industry and economic conditions, and our ability to generate taxable income based on our business plan and available tax planning strategies, which would allow us to utilize the tax benefits of the net deferred tax assets and thereby allow us to reverse all, or a portion of, our valuation allowance in the future.

Any increases or decreases to the deferred income tax assets or liabilities are reflected in income tax (expense) benefit in our accompanying consolidated statements of operations and comprehensive income (loss). The components of deferred tax assets and liabilities as of December 31, 2021 and 2020 were as follows:

	December 31,	
	2021	2020
Deferred income tax assets:		
Fixed assets and intangibles	$ 9,870,000	$ 5,619,000
Expense accruals and other	17,804,000	13,968,000
Net operating loss and other carry forwards	41,164,000	21,168,000
Reserves and accruals	7,375,000	6,541,000
Allowances for accounts receivable	1,951,000	1,932,000
Investments in unconsolidated entities	2,611,000	2,357,000
Total deferred income tax assets	$ 80,775,000	$ 51,585,000
Deferred income tax liabilities:		
Fixed assets and intangibles	$ (18,689,000)	$ (16,840,000)
Other — temporary differences	(2,467,000)	(2,868,000)
Total deferred income tax liabilities	$ (21,156,000)	$ (19,708,000)
Net deferred income tax assets before valuation allowance	$ 59,619,000	$ 31,877,000
Valuation allowances	(59,619,000)	(31,877,000)
Net deferred income tax assets (liabilities)	$ —	$ —

At December 31, 2021 and 2020, we had a NOL carryforward of $165,321,000 and $87,347,000, respectively, related to our TRS. These amounts can be used to offset future taxable income, if any. The NOL carryforwards incurred before January 1, 2018 will begin to expire starting 2035, and NOL carryforwards incurred after December 31, 2017 will be carried forward indefinitely.

Tax Treatment of Distributions (Unaudited)

For federal income tax purposes, distributions to stockholders are characterized as ordinary income, capital gain distributions or nontaxable distributions. Nontaxable distributions will reduce United States stockholders' basis (but not below zero) in their shares. The income tax treatment for distributions reportable for the years ended December 31, 2021, 2020 and 2019 was as follows:

	Years Ended December 31,					
	2021		2020		2019	
Ordinary income	$ 7,989,000	26.3 %	$ —	— %	$ 35,294,000	29.9 %
Capital gain	—	—	—	—	—	—
Return of capital	22,406,000	73.7	48,842,000	100	82,731,000	70.1
	$ 30,395,000	100 %	$ 48,842,000	100 %	$ 118,025,000	100 %

Amounts listed above do not include distributions paid on nonvested shares of our restricted common stock which have been separately reported.

18. Leases

Lessor

We have operating leases with tenants that expire at various dates through 2050. For the years ended December 31, 2021 and 2020, we recognized $136,294,000 and $114,770,000, respectively, of revenues related to operating lease payments, of which $23,340,000 and $18,452,000, respectively, was for variable lease payments. As of December 31, 2021, the following table sets forth the undiscounted cash flows for future minimum base rents due under operating leases for each of the next five years ending December 31 and thereafter for properties that we wholly own:

Year	Amount
2022	$ 151,659,000
2023	143,130,000
2024	132,101,000
2025	118,323,000
2026	107,322,000
Thereafter	611,713,000
Total	$ 1,264,248,000

Lessee

We lease certain land, buildings, furniture, fixtures, campus equipment, office equipment and automobiles. We have lease agreements with lease and non-lease components, which are generally accounted for separately. Most leases include one or more options to renew, with renewal terms that generally can extend at various dates through 2107, excluding extension options. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. As of December 31, 2021, we had future lease payments of $27,229,000 for an operating lease that had not yet commenced. Such operating lease will commence in fiscal year 2022 with a lease term of 15 years.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Certain of our lease agreements include rental payments that are adjusted periodically based on the United States Bureau of Labor Statistics' Consumer Price Index, and may also include other variable lease costs (i.e., common area maintenance, property taxes and insurance). Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease costs were as follows:

Lease Cost	Classification	Years Ended December 31, 2021	2020	2019
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 23,774,000	$ 32,441,000	$ 29,974,000
Finance lease cost				
Amortization of leased assets	Depreciation and amortization	1,447,000	1,891,000	2,001,000
Interest on lease liabilities	Interest expense	384,000	609,000	391,000
Sublease income	Resident fees and services revenue or other income	(210,000)	—	—
Total lease cost		$ 25,395,000	$ 34,941,000	$ 32,366,000

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(1) Includes short-term leases and variable lease costs, which are immaterial.

Additional information related to our leases for the periods presented below was as follows:

Lease Term and Discount Rate	December 31, 2021	2020	2019
Weighted average remaining lease term (in years)			
Operating leases	16.9	13.3	13.5
Finance leases	3.6	1.3	1.3
Weighted average discount rate			
Operating leases	5.52 %	5.77 %	5.94 %
Finance leases	7.68 %	5.62 %	7.33 %

Supplemental Disclosure of Cash Flows Information	Years Ended December 31, 2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash outflows related to operating leases	$ 16,793,000	$ 23,790,000	$ 22,114,000
Operating cash outflows related to finance leases	$ 384,000	$ 609,000	$ 390,000
Financing cash outflows related to finance leases	$ 170,000	$ 1,235,000	$ 3,076,000
Leased assets obtained in exchange for finance lease liabilities	$ 1,409,000	$ 66,000	$ —
Right-of-use assets obtained in exchange for operating lease liabilities	$ 29,523,000	$ 14,302,000	$ 31,958,000

Operating Leases

As of December 31, 2021, the following table sets forth the undiscounted cash flows of our scheduled obligations for future minimum payments for each of the next five years ending December 31 and thereafter, as well as the reconciliation of those cash flows to operating lease liabilities on our accompanying consolidated balance sheet:

Year	Amount
2022	$ 19,188,000
2023	19,203,000
2024	18,257,000
2025	17,292,000
2026	16,956,000
Thereafter	163,816,000
Total operating lease payments	254,712,000
Less: interest	109,227,000
Present value of operating lease liabilities	$ 145,485,000

Finance Leases

As of December 31, 2021, the following table sets forth the undiscounted cash flows of our scheduled obligations for future minimum payments for each of the next five years ending December 31 and thereafter, as well as a reconciliation of those cash flows to finance lease liabilities:

Year	Amount
2022	$ 55,000
2023	49,000
2024	34,000
2025	31,000
2026	—
Thereafter	—
Total finance lease payments	169,000
Less: interest	21,000
Present value of finance lease liabilities	$ 148,000

19. Segment Reporting

As of December 31, 2021, we evaluated our business and made resource allocations based on six reportable business segments: medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals. Our medical office buildings are typically leased to multiple tenants under separate leases, thus requiring active management and responsibility for many of the associated operating expenses (much of which are, or can effectively be, passed through to the tenants). In addition, our medical office buildings segment included our real estate notes receivable that were settled in full in June 2019. Our hospital investments are primarily single-tenant properties for which we lease the facilities to unaffiliated tenants under triple-net and generally master leases that transfer the obligation for all facility operating costs (including maintenance, repairs, taxes, insurance and capital expenditures) to the tenant. Our skilled nursing and senior housing facilities are similarly structured to our hospital investments. In addition, our senior housing segment includes our debt security investment. Our SHOP include senior housing facilities that are owned and operated utilizing a RIDEA structure. Our integrated senior health campuses include a range of assisted living, memory care, independent living, skilled nursing services and certain ancillary businesses that are owned and operated utilizing a RIDEA structure.

While we believe that net income (loss), as defined by GAAP, is the most appropriate earnings measurement, we evaluate our segments' performance based upon segment net operating income, or NOI. We define segment NOI as total revenues and grant income, less property operating expenses and rental expenses, which excludes depreciation and amortization, general and administrative expenses, business acquisition expenses, interest expense, gain or loss on dispositions of real estate investments, impairment of real estate investments, income or loss from unconsolidated entities, foreign currency gain or loss, other income and income tax benefit or expense for each segment. We believe that segment NOI serves as an appropriate supplemental performance measure to net income (loss) because it allows investors and our management to measure unlevered property-level operating results and to compare our operating results to the operating results of other real estate companies and between periods on a consistent basis.

Interest expense, depreciation and amortization and other expenses not attributable to individual properties are not allocated to individual segments for purposes of assessing segment performance. Non-segment assets primarily consist of corporate assets including cash and cash equivalents, other receivables, deferred financing costs and other assets not attributable to individual properties.

On October 1, 2021, as part of the Merger, we acquired 87 properties, comprising 92 buildings, or approximately 4,799,000 square feet of GLA, which expanded our portfolio of real estate properties and SHOP within the segments as outlined above.

Summary information for the reportable segments during the years ended December 31, 2021, 2020 and 2019 was as follows:

	Integrated Senior Health Campuses	SHOP	Medical Office Buildings	Senior Housing	Skilled Nursing Facilities	Hospitals	Year Ended December 31, 2021
Revenues and grant income:							
Resident fees and services	$ 1,025,699,000	$ 98,236,000	$ —	$ —	$ —	$ —	$ 1,123,935,000
Real estate revenue	—	—	97,297,000	16,530,000	17,309,000	10,232,000	141,368,000
Grant income	13,911,000	3,040,000	—	—	—	—	16,951,000
Total revenues and grant income	1,039,610,000	101,276,000	97,297,000	16,530,000	17,309,000	10,232,000	1,282,254,000
Expenses:							
Property operating expenses	943,743,000	86,450,000	—	—	—	—	1,030,193,000
Rental expenses	—	—	36,375,000	366,000	1,507,000	477,000	38,725,000
Segment net operating income	$ 95,867,000	$ 14,826,000	$ 60,922,000	$ 16,164,000	$ 15,802,000	$ 9,755,000	$ 213,336,000
Expenses:							
General and administrative							$ 43,199,000
Business acquisition expenses							13,022,000
Depreciation and amortization							133,191,000
Other income (expense):							
Interest expense:							
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishments)							(80,937,000)
Gain in fair value of derivative financial instruments							8,200,000
Loss on dispositions of real estate investments							(100,000)
Impairment of real estate investments							(3,335,000)
Loss from unconsolidated entities							(1,355,000)
Foreign currency loss							(564,000)
Other income							1,854,000
Total net other expense							(76,237,000)
Loss before income taxes							(52,313,000)
Income tax expense							(956,000)
Net loss							$ (53,269,000)

	Integrated Senior Health Campuses	SHOP	Medical Office Buildings	Senior Housing	Skilled Nursing Facilities	Hospitals	Year Ended December 31, 2020
Revenues and grant income:							
Resident fees and services	$ 983,169,000	$ 85,904,000	$ —	$ —	$ —	$ —	$ 1,069,073,000
Real estate revenue	—	—	78,424,000	14,524,000	16,107,000	10,992,000	120,047,000
Grant income	53,855,000	1,326,000	—	—	—	—	55,181,000
Total revenues and grant income	1,037,024,000	87,230,000	78,424,000	14,524,000	16,107,000	10,992,000	1,244,301,000
Expenses:							
Property operating expenses	929,897,000	63,830,000	—	—	—	—	993,727,000
Rental expenses	—	—	30,216,000	64,000	1,572,000	446,000	32,298,000
Segment net operating income	$ 107,127,000	$ 23,400,000	$ 48,208,000	$ 14,460,000	$ 14,535,000	$ 10,546,000	$ 218,276,000
Expenses:							
General and administrative							$ 27,007,000
Business acquisition expenses							290,000
Depreciation and amortization							98,858,000
Other income (expense):							
Interest expense:							
Interest expense (including amortization of deferred financing costs and debt discount/premium)							(71,278,000)
Loss in fair value of derivative financial instruments							(3,906,000)
Gain on dispositions of real estate investments							1,395,000
Impairment of real estate investment							(11,069,000)
Loss from unconsolidated entities							(4,517,000)
Foreign currency gain							1,469,000
Other income							1,570,000
Total net other expense							(86,336,000)
Income before income taxes							5,785,000
Income tax benefit							3,078,000
Net income							$ 8,863,000

	Integrated Senior Health Campuses	SHOP	Medical Office Buildings	Senior Housing	Skilled Nursing Facilities	Hospitals	Year Ended December 31, 2019
Revenues:							
Resident fees and services	$ 1,030,934,000	$ 68,144,000	$ —	$ —	$ —	$ —	$ 1,099,078,000
Real estate revenue	—	—	80,805,000	18,407,000	13,345,000	11,481,000	124,038,000
Total revenues	1,030,934,000	68,144,000	80,805,000	18,407,000	13,345,000	11,481,000	1,223,116,000
Expenses:							
Property operating expenses	919,793,000	48,067,000	—	—	—	—	967,860,000
Rental expenses	—	—	30,870,000	1,001,000	1,456,000	532,000	33,859,000
Segment net operating income	$ 111,141,000	$ 20,077,000	$ 49,935,000	$ 17,406,000	$ 11,889,000	$ 10,949,000	$ 221,397,000
Expenses:							
General and administrative							$ 29,749,000
Business acquisition expenses							(161,000)
Depreciation and amortization							111,412,000
Other income (expense):							
Interest expense:							
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishment)							(78,553,000)
Loss in fair value of derivative financial instruments							(4,541,000)
Loss from unconsolidated entities							(2,097,000)
Foreign currency gain							1,730,000
Other income							3,736,000
Total net other expense							(79,725,000)
Income before income taxes							672,000
Income tax expense							(1,524,000)
Net loss							$ (852,000)

Total assets by reportable segment as of December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Integrated senior health campuses	$ 1,896,608,000	$ 1,886,878,000
Medical office buildings	1,412,247,000	610,653,000
SHOP	625,164,000	348,987,000
Senior housing	255,555,000	152,406,000
Skilled nursing facilities	252,869,000	115,941,000
Hospitals	109,834,000	109,663,000
Other	28,062,000	10,409,000
Total assets	$ 4,580,339,000	$ 3,234,937,000

As discussed in Note 3, Business Combinations, in connection with the AHI Acquisition, we recorded goodwill of $134,589,000, which was allocated across our reporting segments. As of December 31, 2021, goodwill of $47,812,000, $8,640,000, $4,389,000, $23,277,000, $5,924,000 and $119,856,000 was allocated to our medical office buildings, skilled nursing facilities, hospitals, SHOP, senior housing facilities and integrated senior health campuses, respectively. As of December 31, 2020, goodwill of $75,309,000 was allocated to integrated senior health campuses, and no other segments had goodwill.

Our portfolio of properties and other investments are located in the United States, the UK and Isle of Man. Revenues and grant income and assets are attributed to the country in which the property is physically located. The following is a summary of geographic information for our operations for the periods presented:

	Years Ended December 31,		
	2021	2020	2019
Revenues and grant income:			
United States	$ 1,277,095,000	$ 1,239,509,000	$ 1,218,337,000
International	5,159,000	4,792,000	4,779,000
	$ 1,282,254,000	$ 1,244,301,000	$ 1,223,116,000

The following is a summary of real estate investments, net by geographic regions as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
Real estate investments, net:		
United States	$ 3,466,019,000	$ 2,279,257,000
International	48,667,000	50,743,000
	$ 3,514,686,000	$ 2,330,000,000

20. Concentration of Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk are primarily our debt security investment, cash and cash equivalents, restricted cash and accounts and other receivables. We are exposed to credit risk with respect to our debt security investment, but we believe collection of the outstanding amount is probable. Cash and cash equivalents are generally invested in investment-grade, short-term instruments with a maturity of three months or less when purchased. We have cash and cash equivalents in financial institutions that are insured by the Federal Deposit Insurance Corporation, or FDIC. As of December 31, 2021 and 2020, we had cash and cash equivalents in excess of FDIC insured limits. We believe this risk is not significant. Concentration of credit risk with respect to accounts receivable from tenants is limited. We perform credit evaluations of prospective tenants and security deposits are obtained at the time of property acquisition and upon lease execution.

Based on leases in effect as of December 31, 2021, properties in one state in the United States accounted for 10.0% or more of our total property portfolio's annualized base rent or annualized NOI. Properties located in Indiana accounted for 31.0% of our total property portfolio's annualized base rent or annualized NOI. Accordingly, there is a geographic concentration of risk subject to fluctuations in such state's economy.

Based on leases in effect as of December 31, 2021, our six reportable business segments, medical office buildings, integrated senior health campuses, skilled nursing facilities, SHOP, senior housing and hospitals accounted for 41.1%, 36.5%, 8.8%, 5.7%, 4.6% and 3.3%, respectively, of our total property portfolio's annualized base rent or annualized NOI. As of December 31, 2021, none of our tenants at our properties accounted for 10.0% or more of our total property portfolio's annualized base rent or annualized NOI, which is based on contractual base rent from leases in effect for our non-RIDEA properties and annualized NOI for our SHOP and integrated senior health campuses operations as of December 31, 2021.

21. Per Share Data

Basic earnings (loss) per share for all periods presented are computed by dividing net income (loss) applicable to common stock by the weighted average number of shares of our common stock outstanding during the period. Net income (loss) applicable to common stock is calculated as net income (loss) attributable to controlling interest less distributions allocated to participating securities of $1,440,000, $9,000 and $28,000, respectively, for the years ended December 31, 2021, 2020 and 2019. Diluted earnings (loss) per share are computed based on the weighted average number of shares of our common stock and all potentially dilutive securities, if any. Nonvested shares of our restricted common stock and limited partnership units of our operating partnership are participating securities and give rise to potentially dilutive shares of our common stock.

As of December 31, 2021 and 2020, there were 891,543 and 33,000 nonvested shares, respectively, of our restricted common stock outstanding, but such shares were excluded from the computation of diluted earnings per share because such shares were anti-dilutive during these periods. As of December 31, 2021 and 2020, there were 14,007,903 and 222 limited partnership units, respectively, of our operating partnership outstanding, but such units were also excluded from the computation of diluted earnings per share because such units were anti-dilutive during these periods.

22. Subsequent Events

Distributions Declared

On January 20, 2022, our board authorized a distribution to our Class T and Class I stockholders of record as of the close of business on each of January 28, 2022, February 25, 2022 and March 29, 2022. The distribution for the months of January 2022, February 2022 and March 2022, is equal to $0.033333333 per share of our common stock, which is equal to an annualized distribution rate of $0.40 per share. The distributions will be paid in cash or shares of our common stock pursuant to our DRIP. The distribution for the months of January 2022 and February 2022 were paid on or about February 1, 2022 and March 1, 2022, respectively. The distribution for the month of March 2022 will be paid on or about April 1, 2022, only from legally available funds.

2022 Credit Facility

On January 19, 2022, we, through our operating partnership, as borrower, and certain of our subsidiaries, or the subsidiary guarantors, collectively as guarantors, entered into the 2022 Credit Agreement that amends, restates, supersedes and replaces the 2019 Corporate Credit Agreement with Bank of America; KeyBank; Citizens Bank; and a syndicate of other banks, as lenders, to obtain a credit facility with an aggregate maximum principal amount up to $1,050,000,000, or the 2022 Credit Facility. The 2022 Credit Facility consists of a senior unsecured revolving credit facility in the initial aggregate amount of $500,000,000 and a senior unsecured term loan facility in the initial aggregate amount of $550,000,000. The proceeds of loans made under the 2022 Credit Facility may be used for refinancing existing indebtedness and for general corporate purposes including for working capital, capital expenditures and other corporate purposes not inconsistent with obligations under the 2022 Credit Agreement. We may also obtain up to $25,000,000 in the form of standby letters of credit pursuant to the 2022 Credit Facility.

Under the terms of the 2022 Credit Agreement, the revolving loans mature on January 19, 2026, and may be extended for one 12-month period, subject to the satisfaction of certain conditions, including payment of an extension fee. The term loan matures on January 19, 2027, and may not be extended. The maximum principal amount of the 2022 Credit Facility may be increased by an aggregate incremental amount of $700,000,000, subject to: (i) the terms of the 2022 Credit Agreement; and (ii) at least five business days' prior written notice to Bank of America. Unless otherwise defined herein, all capitalized terms in this Note 22, Subsequent Events — 2022 Credit Facility, are as defined and set forth in the 2022 Credit Agreement.

The 2022 Credit Facility bears interest at varying rates based upon, at our option, (i) the Daily Simple Secured Overnight Financing Rate, or Daily SOFR, plus the Applicable Rate for Daily SOFR Rate Loans or (ii) the Term Secured Overnight Financing Rate, or the Term SOFR, plus the Applicable Rate for Term SOFR Rate Loans. If, under the terms of the 2022 Credit Agreement, there is an inability to determine the Daily SOFR or the Term SOFR then the 2022 Credit Facility will bear interest at a rate per annum equal to the Base Rate plus the Applicable Rate for Base Rate Loans. The loans may be repaid in whole or in part without prepayment premium or penalty, subject to certain conditions.

We are required to pay a fee on the unused portion of the lenders' commitments under the 2022 Credit Agreement computed at (a) 0.25% per annum if the actual daily Commitment Utilization Percentage for such quarter is less than or equal to 50% and (b) 0.20% per annum if the actual daily Commitment Utilization Percentage for such quarter is greater than 50%, which fee shall be computed on the actual daily amount of the Available Commitments during the period for which payment is made and payable in arrears on a quarterly basis.

At any time that the Applicable Rate is determined based on the Debt Ratings Based Pricing Grid, we are required to pay a facility fee as determined in the Debt Ratings Based Pricing Grid multiplied by the actual daily amount of the Aggregate Revolving Commitments, or, if the Aggregate Revolving Commitments have terminated, the Outstanding Amount of all Revolving Loans and L/C Obligations, regardless of usage.

The 2022 Credit Agreement contains various affirmative and negative covenants that are customary for credit facilities and transactions of this type, including limitations on the incurrence of debt by our operating partnership and its subsidiaries and limitations on secured recourse indebtedness. The 2022 Credit Agreement also imposes certain financial covenants based on certain criteria described in the 2022 Credit Agreement.

The 2022 Credit Agreement requires us to add additional subsidiaries as guarantors in the event the value of the assets owned by the subsidiary guarantors falls below a certain threshold as set forth in the 2022 Credit Agreement. In the event of default, Bank of America has the right to terminate the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions under the 2022 Credit Agreement, and to accelerate the payment on any unpaid principal amount of all outstanding loans and interest thereon. The 2022 Credit Facility replaces the 2018 Credit Facility and the 2019 Credit Facility.

AMERICAN HEALTHCARE REIT, INC.
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December 31, 2021

			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
DeKalb Professional Center (Medical Office)	Lithonia, GA	$ —	$ 479,000	$ 2,871,000	$ 199,000	$ 479,000	$ 3,070,000	$ 3,549,000	$ (792,000)	2008	06/06/14
Country Club MOB (Medical Office)	Stockbridge, GA	—	240,000	2,306,000	382,000	240,000	2,688,000	2,928,000	(703,000)	2002	06/26/14
Acworth Medical Complex (Medical Office)	Acworth, GA	—	216,000	3,135,000	241,000	216,000	3,376,000	3,592,000	(775,000)	1976/2009	07/02/14
	Acworth, GA	—	250,000	2,214,000	326,000	250,000	2,540,000	2,790,000	(607,000)	1976/2009	07/02/14
	Acworth, GA	—	104,000	774,000	10,000	104,000	784,000	888,000	(223,000)	1976/2009	07/02/14
Wichita KS MOB (Medical Office)	Wichita, KS	—	943,000	6,288,000	753,000	943,000	7,041,000	7,984,000	(1,867,000)	1980/1996	09/04/14
Delta Valley ALF Portfolio (SHOP)	Batesville, MS	—	331,000	5,103,000	(573,000)	331,000	4,530,000	4,861,000	(990,000)	1999/2005	09/11/14
	Cleveland, MS	—	348,000	6,369,000	(1,017,000)	348,000	5,352,000	5,700,000	(1,179,000)	2004	09/11/14
	Springdale, AR	—	891,000	6,538,000	(1,067,000)	891,000	5,471,000	6,362,000	(1,187,000)	1998/2005	01/08/15
Lee's Summit MO MOB (Medical Office)	Lee's Summit, MO	—	1,045,000	5,068,000	646,000	1,045,000	5,714,000	6,759,000	(1,835,000)	2006	09/18/14
Carolina Commons MOB (Medical Office)	Indian Land, SC	6,022,000	1,028,000	9,430,000	4,252,000	1,028,000	13,682,000	14,710,000	(2,813,000)	2009	10/15/14
Mount Olympia MOB Portfolio (Medical Office)	Mount Dora, FL	—	393,000	5,633,000	—	393,000	5,633,000	6,026,000	(1,229,000)	2009	12/04/14
	Olympia Fields, IL	—	298,000	2,726,000	33,000	298,000	2,759,000	3,057,000	(693,000)	2005	12/04/14
Southlake TX Hospital (Hospital)	Southlake, TX	95,000,000	5,089,000	108,517,000	—	5,089,000	108,517,000	113,606,000	(20,606,000)	2013	12/04/14
East Texas MOB Portfolio (Medical Office)	Longview, TX	—	—	19,942,000	111,000	—	20,053,000	20,053,000	(4,727,000)	2008	12/12/14
	Longview, TX	—	228,000	965,000	—	228,000	965,000	1,193,000	(362,000)	1979/1997	12/12/14
	Longview, TX	—	759,000	1,696,000	—	759,000	1,696,000	2,455,000	(706,000)	1998	12/12/14
	Longview, TX	—	—	8,027,000	—	—	8,027,000	8,027,000	(1,941,000)	2004	12/12/14
	Longview, TX	—	—	696,000	29,000	—	725,000	725,000	(270,000)	1956	12/12/14
	Longview, TX	—	—	27,601,000	4,243,000	—	31,844,000	31,844,000	(7,853,000)	1985/1993/2004	12/12/14
	Marshall, TX	—	368,000	1,711,000	99,000	368,000	1,810,000	2,178,000	(703,000)	1970	12/12/14

AMERICAN HEALTHCARE REIT, INC.
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			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Premier MOB (Medical Office)	Novi, MI	$ —	$ 644,000	$ 10,420,000	$ 1,367,000	$ 644,000	$ 11,787,000	$ 12,431,000	$ (2,833,000)	2006	12/19/14
Independence MOB Portfolio (Medical Office)	Southgate, KY	—	411,000	11,005,000	2,301,000	411,000	13,306,000	13,717,000	(3,024,000)	1988	01/13/15
	Somerville, MA	29,735,000	1,509,000	46,775,000	5,471,000	1,509,000	52,246,000	53,755,000	(9,436,000)	1985	01/13/15
	Morristown, NJ	27,797,000	3,763,000	26,957,000	4,574,000	3,764,000	31,530,000	35,294,000	(7,870,000)	1980	01/13/15
	Verona, NJ	—	1,683,000	9,405,000	1,386,000	1,683,000	10,791,000	12,474,000	(2,410,000)	1970	01/13/15
	Bronx, NY	—	—	19,593,000	3,078,000	—	22,671,000	22,671,000	(4,544,000)	1987/1988	01/26/15
King of Prussia PA MOB (Medical Office)	King of Prussia, PA	8,567,000	3,427,000	13,849,000	5,976,000	3,427,000	19,825,000	23,252,000	(5,172,000)	1946/2000	01/21/15
North Carolina ALF Portfolio (SHOP)	Clemmons, NC	—	596,000	13,237,000	(691,000)	596,000	12,546,000	13,142,000	(2,477,000)	2014	06/29/15
	Garner, NC	—	1,723,000	11,517,000	51,000	1,723,000	11,568,000	13,291,000	(1,138,000)	2014	03/27/19
	Huntersville, NC	—	2,033,000	11,494,000	(102,000)	2,033,000	11,392,000	13,425,000	(1,794,000)	2015	01/18/17
	Matthews, NC	—	949,000	12,537,000	(144,000)	949,000	12,393,000	13,342,000	(1,390,000)	2017	08/30/18
	Mooresville, NC	—	835,000	15,894,000	(716,000)	835,000	15,178,000	16,013,000	(3,019,000)	2012	01/28/15
	Raleigh, NC	—	1,069,000	21,235,000	(720,000)	1,069,000	20,515,000	21,584,000	(3,861,000)	2013	01/28/15
	Wake Forest, NC	—	772,000	13,596,000	(828,000)	772,000	12,768,000	13,540,000	(2,373,000)	2014	06/29/15
Orange Star Medical Portfolio (Medical Office and Hospital)	Durango, CO	—	623,000	14,166,000	295,000	623,000	14,461,000	15,084,000	(2,824,000)	2004	02/26/15
	Durango, CO	—	788,000	10,467,000	666,000	788,000	11,133,000	11,921,000	(2,252,000)	2004	02/26/15
	Friendswood, TX	—	500,000	7,664,000	522,000	500,000	8,186,000	8,686,000	(1,747,000)	2008	02/26/15
	Keller, TX	—	1,604,000	7,912,000	521,000	1,604,000	8,433,000	10,037,000	(1,881,000)	2011	02/26/15
	Wharton, TX	—	259,000	10,590,000	325,000	259,000	10,915,000	11,174,000	(2,317,000)	1987	02/26/15
Kingwood MOB Portfolio (Medical Office)	Kingwood, TX	—	820,000	8,589,000	290,000	820,000	8,879,000	9,699,000	(1,913,000)	2005	03/11/15
	Kingwood, TX	—	781,000	3,943,000	95,000	781,000	4,038,000	4,819,000	(916,000)	2008	03/11/15
Mt Juliet TN MOB (Medical Office)	Mount Juliet, TN	—	1,188,000	10,720,000	187,000	1,188,000	10,907,000	12,095,000	(2,353,000)	2012	03/17/15
Homewood AL MOB (Medical Office)	Homewood, AL	—	405,000	6,590,000	(60,000)	405,000	6,530,000	6,935,000	(1,488,000)	2010	03/27/15

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Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Paoli PA Medical Plaza (Medical Office)	Paoli, PA	$ 12,077,000	$ 2,313,000	$ 12,447,000	$ 8,068,000	$ 2,313,000	$ 20,515,000	$ 22,828,000	$ (3,944,000)	1951	04/10/15
	Paoli, PA	—	1,668,000	7,357,000	1,332,000	1,668,000	8,689,000	10,357,000	(2,324,000)	1975	04/10/15
Glen Burnie MD MOB (Medical Office)	Glen Burnie, MD	—	2,692,000	14,095,000	3,072,000	2,692,000	17,167,000	19,859,000	(4,269,000)	1981	05/06/15
Marietta GA MOB (Medical Office)	Marietta, GA	—	1,347,000	10,947,000	468,000	1,347,000	11,415,000	12,762,000	(2,281,000)	2002	05/07/15
Mountain Crest Senior Housing Portfolio (SHOP)	Elkhart, IN	—	793,000	6,009,000	427,000	793,000	6,436,000	7,229,000	(1,559,000)	1997	05/14/15
	Elkhart, IN	—	782,000	6,760,000	607,000	782,000	7,367,000	8,149,000	(1,890,000)	2000	05/14/15
	Hobart, IN	—	604,000	11,529,000	158,000	604,000	11,687,000	12,291,000	(2,446,000)	2008	05/14/15
	LaPorte, IN	—	392,000	14,894,000	413,000	392,000	15,307,000	15,699,000	(3,141,000)	2008	05/14/15
	Mishawaka, IN	8,872,000	3,670,000	14,416,000	834,000	3,670,000	15,250,000	18,920,000	(3,423,000)	1978	07/14/15
	Niles, MI	—	404,000	5,050,000	421,000	404,000	5,471,000	5,875,000	(1,356,000)	2000	06/11/15 and 11/20/15
Nebraska Senior Housing Portfolio (SHOP)	Bennington, NE	—	981,000	20,427,000	749,000	981,000	21,176,000	22,157,000	(4,150,000)	2009	05/29/15
	Omaha, NE	—	1,274,000	38,619,000	972,000	1,274,000	39,591,000	40,865,000	(7,303,000)	2000	05/29/15
Pennsylvania Senior Housing Portfolio (SHOP)	Bethlehem, PA	—	1,542,000	22,249,000	679,000	1,542,000	22,928,000	24,470,000	(4,924,000)	2005	06/30/15
	Boyertown, PA	22,932,000	480,000	25,544,000	521,000	480,000	26,065,000	26,545,000	(5,026,000)	2000	06/30/15
	York, PA	12,432,000	972,000	29,860,000	438,000	972,000	30,298,000	31,270,000	(5,765,000)	1986	06/30/15
Southern Illinois MOB Portfolio (Medical Office)	Waterloo, IL	—	94,000	1,977,000	—	94,000	1,977,000	2,071,000	(455,000)	2015	07/01/15
	Waterloo, IL	—	738,000	6,332,000	509,000	738,000	6,841,000	7,579,000	(1,559,000)	1995	07/01/15, 12/19/17 and 04/17/18
	Waterloo, IL	—	200,000	2,648,000	76,000	200,000	2,724,000	2,924,000	(670,000)	2011	07/01/15
Napa Medical Center (Medical Office)	Napa, CA	—	1,176,000	13,328,000	1,732,000	1,176,000	15,060,000	16,236,000	(3,584,000)	1980	07/02/15
Chesterfield Corporate Plaza (Medical Office)	Chesterfield, MO	—	8,030,000	24,533,000	3,120,000	8,030,000	27,653,000	35,683,000	(6,941,000)	1989	08/14/15

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			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Richmond VA ALF (SHOP)	North Chesterfield, VA	$ 32,476,000	$ 2,146,000	$ 56,671,000	$ 563,000	$ 2,146,000	$ 57,234,000	$ 59,380,000	$ (9,757,000)	2009	09/11/15
Crown Senior Care Portfolio (Senior Housing)	Peel, Isle of Man	—	1,236,000	7,378,000	—	1,236,000	7,378,000	8,614,000	(1,397,000)	2015	09/15/15
	St. Albans, UK	—	1,246,000	13,100,000	723,000	1,246,000	13,823,000	15,069,000	(2,544,000)	2015	10/08/15
	Salisbury, UK	—	1,324,000	12,720,000	42,000	1,324,000	12,762,000	14,086,000	(2,360,000)	2015	12/08/15
	Aberdeen, UK	—	2,149,000	6,407,000	—	2,149,000	6,407,000	8,556,000	(949,000)	1986	11/15/16
	Felixstowe, UK	—	747,000	6,155,000	546,000	747,000	6,701,000	7,448,000	(983,000)	2010/2011	11/15/16
	Felixstowe, UK	—	564,000	2,698,000	363,000	564,000	3,061,000	3,625,000	(499,000)	2010/2011	11/15/16
Washington DC SNF (Skilled Nursing)	Washington, DC	60,100,000	1,194,000	34,200,000	—	1,194,000	34,200,000	35,394,000	(6,995,000)	1983	10/29/15
Stockbridge GA MOB II (Medical Office)	Stockbridge, GA	—	499,000	8,353,000	1,049,000	499,000	9,402,000	9,901,000	(1,745,000)	2006	12/03/15
Marietta GA MOB II (Medical Office)	Marietta, GA	—	661,000	4,783,000	313,000	661,000	5,096,000	5,757,000	(1,067,000)	2007	12/09/15
Naperville MOB (Medical Office)	Naperville, IL	—	392,000	3,765,000	206,000	392,000	3,971,000	4,363,000	(894,000)	1999	01/12/16
	Naperville, IL	—	548,000	11,815,000	887,000	548,000	12,702,000	13,250,000	(2,554,000)	1989	01/12/16
Lakeview IN Medical Plaza (Medical Office)	Indianapolis, IN	20,155,000	2,375,000	15,911,000	8,001,000	2,375,000	23,912,000	26,287,000	(5,393,000)	1987	01/21/16
Pennsylvania Senior Housing Portfolio II (SHOP)	Palmyra, PA	19,114,000	835,000	24,424,000	355,000	835,000	24,779,000	25,614,000	(5,172,000)	2007	02/01/16
Snellville GA MOB (Medical Office)	Snellville, GA	—	332,000	7,781,000	1,112,000	332,000	8,893,000	9,225,000	(1,574,000)	2005	02/05/16
Lakebrook Medical Center (Medical Office)	Westbrook, CT	—	653,000	4,855,000	817,000	653,000	5,672,000	6,325,000	(1,118,000)	2007	02/19/16
Stockbridge GA MOB III (Medical Office)	Stockbridge, GA	—	606,000	7,924,000	1,440,000	606,000	9,364,000	9,970,000	(1,622,000)	2007	03/29/16
Joplin MO MOB (Medical Office)	Joplin, MO	—	1,245,000	9,860,000	70,000	1,245,000	9,930,000	11,175,000	(2,590,000)	2000	05/10/16
Austell GA MOB (Medical Office)	Austell, GA	—	663,000	10,547,000	125,000	663,000	10,672,000	11,335,000	(1,800,000)	2008	05/25/16
Middletown OH MOB (Medical Office)	Middletown, OH	—	—	17,389,000	853,000	—	18,242,000	18,242,000	(3,044,000)	2007	06/16/16

AMERICAN HEALTHCARE REIT, INC.
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Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Fox Grape SNF Portfolio (Skilled Nursing)	Braintree, MA	$ —	$ 1,844,000	$ 10,847,000	$ 31,000	$ 1,844,000	$ 10,878,000	$ 12,722,000	$ (1,706,000)	2015	07/01/16
	Brighton, MA	—	779,000	2,661,000	334,000	779,000	2,995,000	3,774,000	(522,000)	1982	07/01/16
	Duxbury, MA	—	2,921,000	11,244,000	1,933,000	2,921,000	13,177,000	16,098,000	(2,194,000)	1983	07/01/16
	Hingham, MA	—	2,316,000	17,390,000	(166,000)	2,316,000	17,224,000	19,540,000	(2,692,000)	1990	07/01/16
	Quincy, MA	14,141,000	3,537,000	13,697,000	333,000	3,537,000	14,030,000	17,567,000	(2,093,000)	1995	11/01/16
Voorhees NJ MOB (Medical Office)	Voorhees, NJ	—	1,727,000	8,451,000	1,327,000	1,727,000	9,778,000	11,505,000	(1,974,000)	2008	07/08/16
Norwich CT MOB Portfolio (Medical Office)	Norwich, CT	—	403,000	1,601,000	1,228,000	403,000	2,829,000	3,232,000	(627,000)	2014	12/16/16
	Norwich, CT	—	804,000	12,094,000	566,000	804,000	12,660,000	13,464,000	(1,980,000)	1999	12/16/16
New London CT MOB (Medical Office)	New London, CT	—	669,000	3,479,000	600,000	670,000	4,078,000	4,748,000	(874,000)	1987	05/03/17
Middletown OH MOB II (Medical Office)	Middletown, OH	—	—	3,949,000	549,000	—	4,498,000	4,498,000	(584,000)	2007	12/20/17
Owen Valley Health Campus	Spencer, IN	8,760,000	307,000	9,111,000	245,000	307,000	9,356,000	9,663,000	(1,520,000)	1999	12/01/15
Homewood Health Campus	Lebanon, IN	8,792,000	973,000	9,702,000	640,000	1,040,000	10,275,000	11,315,000	(1,696,000)	2000	12/01/15
Ashford Place Health Campus	Shelbyville, IN	6,003,000	664,000	12,662,000	1,019,000	849,000	13,496,000	14,345,000	(2,226,000)	2004	12/01/15
Mill Pond Health Campus	Greencastle, IN	7,104,000	1,576,000	8,124,000	535,000	1,629,000	8,606,000	10,235,000	(1,395,000)	2005	12/01/15
St. Andrews Health Campus	Batesville, IN	4,482,000	552,000	8,213,000	508,000	625,000	8,648,000	9,273,000	(1,416,000)	2005	12/01/15
Hampton Oaks Health Campus	Scottsburg, IN	6,310,000	720,000	8,145,000	671,000	845,000	8,691,000	9,536,000	(1,478,000)	2006	12/01/15
Forest Park Health Campus	Richmond, IN	6,890,000	535,000	9,399,000	472,000	639,000	9,767,000	10,406,000	(1,670,000)	2007	12/01/15
The Maples at Waterford Crossing	Goshen, IN	5,823,000	344,000	8,027,000	52,000	351,000	8,072,000	8,423,000	(1,304,000)	2006	12/01/15
Morrison Woods Health Campus	Muncie, IN	(c)	1,903,000	21,806,000	359,000	1,903,000	22,165,000	24,068,000	(2,661,000)	2008	12/01/15, 09/14/16 and 03/03/21
Woodbridge Health Campus	Logansport, IN	8,326,000	228,000	11,812,000	322,000	257,000	12,105,000	12,362,000	(1,990,000)	2003	12/01/15

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			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Bridgepointe Health Campus	Vincennes, IN	$ 7,128,000	$ 747,000	$ 7,469,000	$ 1,312,000	$ 854,000	$ 8,674,000	$ 9,528,000	$ (1,325,000)	2002	12/01/15
Greenleaf Living Center	Elkhart, IN	11,406,000	492,000	12,157,000	801,000	517,000	12,933,000	13,450,000	(2,041,000)	2000	12/01/15
Forest Glen Health Campus	Springfield, OH	9,992,000	846,000	12,754,000	519,000	881,000	13,238,000	14,119,000	(2,204,000)	2007	12/01/15
The Meadows of Kalida Health Campus	Kalida, OH	7,883,000	298,000	7,628,000	183,000	303,000	7,806,000	8,109,000	(1,270,000)	2007	12/01/15
The Heritage	Findlay, OH	13,077,000	1,312,000	13,475,000	433,000	1,402,000	13,818,000	15,220,000	(2,298,000)	1975	12/01/15
Genoa Retirement Village	Genoa, OH	8,269,000	881,000	8,113,000	667,000	909,000	8,752,000	9,661,000	(1,468,000)	1985	12/01/15
Waterford Crossing	Goshen, IN	8,116,000	344,000	4,381,000	898,000	349,000	5,274,000	5,623,000	(881,000)	2004	12/01/15
St. Elizabeth Healthcare	Delphi, IN	8,926,000	522,000	5,463,000	5,382,000	634,000	10,733,000	11,367,000	(1,554,000)	1986	12/01/15
Cumberland Pointe	West Lafayette, IN	9,465,000	1,645,000	13,696,000	652,000	1,901,000	14,092,000	15,993,000	(2,552,000)	1980	12/01/15
Franciscan Healthcare Center	Louisville, KY	10,614,000	808,000	8,439,000	1,750,000	910,000	10,087,000	10,997,000	(1,738,000)	1975	12/01/15
Blair Ridge Health Campus	Peru, IN	7,691,000	734,000	11,648,000	591,000	773,000	12,200,000	12,973,000	(2,294,000)	2001	12/01/15
Glen Oaks Health Campus	New Castle, IN	5,146,000	384,000	8,189,000	199,000	413,000	8,359,000	8,772,000	(1,316,000)	2011	12/01/15
Covered Bridge Health Campus	Seymour, IN	(c)	386,000	9,699,000	552,000	28,000	10,609,000	10,637,000	(1,722,000)	2002	12/01/15
Stonebridge Health Campus	Bedford, IN	9,815,000	1,087,000	7,965,000	421,000	1,144,000	8,329,000	9,473,000	(1,426,000)	2004	12/01/15
RiverOaks Health Campus	Princeton, IN	14,632,000	440,000	8,953,000	509,000	472,000	9,430,000	9,902,000	(1,559,000)	2004	12/01/15
Park Terrace Health Campus	Louisville, KY	(c)	2,177,000	7,626,000	1,228,000	2,177,000	8,854,000	11,031,000	(1,564,000)	1977	12/01/15
Cobblestone Crossing	Terre Haute, IN	(c)	1,462,000	13,860,000	5,702,000	1,505,000	19,519,000	21,024,000	(3,079,000)	2008	12/01/15
Creasy Springs Health Campus	Lafayette, IN	16,200,000	2,111,000	14,337,000	5,914,000	2,393,000	19,969,000	22,362,000	(3,167,000)	2010	12/01/15
Avalon Springs Health Campus	Valparaiso, IN	17,622,000	1,542,000	14,107,000	156,000	1,575,000	14,230,000	15,805,000	(2,308,000)	2012	12/01/15
Prairie Lakes Health Campus	Noblesville, IN	8,901,000	2,204,000	13,227,000	737,000	2,342,000	13,826,000	16,168,000	(2,223,000)	2010	12/01/15
RidgeWood Health Campus	Lawrenceburg, IN	13,804,000	1,240,000	16,118,000	200,000	1,261,000	16,297,000	17,558,000	(2,581,000)	2009	12/01/15

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			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Westport Place Health Campus	Louisville, KY	(c)	$ 1,245,000	$ 9,946,000	$ 113,000	$ 1,262,000	$ 10,042,000	$ 11,304,000	$ (1,588,000)	2011	12/01/15
Paddock Springs	Warsaw, IN	$ 8,762,000	488,000	—	10,602,000	654,000	10,436,000	11,090,000	(848,000)	2019	02/14/19
Amber Manor Care Center	Petersburg, IN	5,623,000	446,000	6,063,000	354,000	515,000	6,348,000	6,863,000	(1,100,000)	1990	12/01/15
The Meadows of Leipsic Health Campus	Leipsic, OH	(c)	1,242,000	6,988,000	689,000	1,317,000	7,602,000	8,919,000	(1,295,000)	1986	12/01/15
Springview Manor	Lima, OH	(c)	260,000	3,968,000	333,000	278,000	4,283,000	4,561,000	(688,000)	1978	12/01/15
Willows at Bellevue	Bellevue, OH	16,507,000	587,000	15,575,000	1,176,000	788,000	16,550,000	17,338,000	(2,684,000)	2008	12/01/15
Briar Hill Health Campus	North Baltimore, OH	(c)	673,000	2,688,000	452,000	700,000	3,113,000	3,813,000	(566,000)	1977	12/01/15
Cypress Pointe Health Campus	Englewood, OH	(c)	921,000	10,291,000	10,263,000	1,624,000	19,851,000	21,475,000	(2,079,000)	2010	12/01/15
The Oaks at NorthPointe Woods	Battle Creek, MI	(c)	567,000	12,716,000	161,000	567,000	12,877,000	13,444,000	(2,049,000)	2008	12/01/15
Westlake Health Campus	Commerce, MI	14,406,000	815,000	13,502,000	(192,000)	541,000	13,584,000	14,125,000	(2,177,000)	2011	12/01/15
Springhurst Health Campus	Greenfield, IN	20,011,000	931,000	14,114,000	3,110,000	2,241,000	15,914,000	18,155,000	(3,010,000)	2007	12/01/15 and 05/16/17
Glen Ridge Health Campus	Louisville, KY	(c)	1,208,000	9,771,000	1,622,000	1,333,000	11,268,000	12,601,000	(1,932,000)	2006	12/01/15
St. Mary Healthcare	Lafayette, IN	5,281,000	348,000	2,710,000	222,000	393,000	2,887,000	3,280,000	(483,000)	1969	12/01/15
The Oaks at Woodfield	Grand Blanc, MI	(c)	897,000	12,270,000	256,000	1,080,000	12,343,000	13,423,000	(2,043,000)	2012	12/01/15
Stonegate Health Campus	Lapeer, MI	(c)	538,000	13,159,000	169,000	567,000	13,299,000	13,866,000	(2,174,000)	2012	12/01/15
Senior Living at Forest Ridge	New Castle, IN	(c)	204,000	5,470,000	140,000	238,000	5,576,000	5,814,000	(915,000)	2005	12/01/15
Highland Oaks Health Center	McConnelsville, OH	(c)	880,000	1,803,000	1,149,000	1,316,000	2,516,000	3,832,000	(543,000)	1978	12/01/15
River Terrace Health Campus	Madison, IN	(c)	—	13,378,000	4,185,000	76,000	17,487,000	17,563,000	(2,789,000)	2016	03/28/16
St. Charles Health Campus	Jasper, IN	11,531,000	467,000	14,532,000	1,564,000	558,000	16,005,000	16,563,000	(2,551,000)	2000	06/24/16 and 06/30/16
Bethany Pointe Health Campus	Anderson, IN	19,757,000	2,337,000	26,524,000	2,429,000	2,499,000	28,791,000	31,290,000	(4,639,000)	1999	06/30/16
River Pointe Health Campus	Evansville, IN	14,195,000	1,118,000	14,736,000	1,402,000	1,126,000	16,130,000	17,256,000	(2,732,000)	1999	06/30/16

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Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Waterford Place Health Campus	Kokomo, IN	$ 15,027,000	$ 1,219,000	$ 18,557,000	$ 1,493,000	$ 1,448,000	$ 19,821,000	$ 21,269,000	$ (3,324,000)	2000	06/30/16
Autumn Woods Health Campus	New Albany, IN	(c)	1,016,000	13,414,000	1,794,000	1,048,000	15,176,000	16,224,000	(2,698,000)	2000	06/30/16
Oakwood Health Campus	Tell City, IN	9,225,000	783,000	11,880,000	1,136,000	874,000	12,925,000	13,799,000	(2,330,000)	2000	06/30/16
Cedar Ridge Health Campus	Cynthiana, KY	(c)	102,000	8,435,000	3,598,000	205,000	11,930,000	12,135,000	(2,299,000)	2005	06/30/16
Aspen Place Health Campus	Greensburg, IN	9,540,000	980,000	10,970,000	885,000	1,212,000	11,623,000	12,835,000	(1,890,000)	2012	08/16/16
The Willows at East Lansing	East Lansing, MI	16,484,000	1,449,000	15,161,000	1,486,000	1,496,000	16,600,000	18,096,000	(2,844,000)	2014	08/16/16
The Willows at Howell	Howell, MI	(c)	1,051,000	12,099,000	6,643,000	1,123,000	18,670,000	19,793,000	(2,340,000)	2015	08/16/16
The Willows at Okemos	Okemos, MI	7,555,000	1,171,000	12,326,000	791,000	1,210,000	13,078,000	14,288,000	(2,319,000)	2014	08/16/16
Shelby Crossing Health Campus	Macomb, MI	17,324,000	2,533,000	18,440,000	2,011,000	2,612,000	20,372,000	22,984,000	(3,728,000)	2013	08/16/16
Village Green Healthcare Center	Greenville, OH	7,021,000	355,000	9,696,000	612,000	373,000	10,290,000	10,663,000	(1,632,000)	2014	08/16/16
The Oaks at Northpointe	Zanesville, OH	(c)	624,000	11,665,000	989,000	650,000	12,628,000	13,278,000	(2,155,000)	2013	08/16/16
The Oaks at Bethesda	Zanesville, OH	4,585,000	714,000	10,791,000	679,000	743,000	11,441,000	12,184,000	(1,893,000)	2013	08/16/16
White Oak Health Campus	Monticello, IN	(c)	1,005,000	13,207,000	14,000	1,005,000	13,221,000	14,226,000	(1,255,000)	2010	09/23/16 and 07/30/20
Woodmont Health Campus	Boonville, IN	7,873,000	790,000	9,633,000	1,001,000	1,010,000	10,414,000	11,424,000	(1,852,000)	2000	02/01/17
Silver Oaks Health Campus	Columbus, IN	(c)	1,776,000	21,420,000	1,434,000	1,000	24,629,000	24,630,000	(4,062,000)	2001	02/01/17
Thornton Terrace Health Campus	Hanover, IN	5,580,000	764,000	9,209,000	879,000	826,000	10,026,000	10,852,000	(1,707,000)	2003	02/01/17
The Willows at Hamburg	Lexington, KY	11,618,000	1,740,000	13,422,000	574,000	1,775,000	13,961,000	15,736,000	(2,015,000)	2012	02/01/17
The Lakes at Monclova	Monclova, OH	19,591,000	2,869,000	12,855,000	10,232,000	3,186,000	22,770,000	25,956,000	(2,443,000)	2013	12/01/17
The Willows at Willard	Willard, OH	(c)	610,000	12,256,000	9,568,000	213,000	22,221,000	22,434,000	(2,811,000)	2012	02/01/17

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Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Westlake Health Campus — Commerce Villa	Commerce, MI	(c)	$ 261,000	$ 6,610,000	$ 1,228,000	$ 553,000	$ 7,546,000	$ 8,099,000	(965,000)	2017	11/17/17
Orchard Grove Health Campus	Romeo, MI	$ 25,737,000	2,065,000	11,510,000	17,998,000	3,441,000	28,132,000	31,573,000	(2,100,000)	2016	07/20/18 and 11/30/17
The Meadows of Ottawa	Ottawa, OH	(c)	695,000	7,752,000	666,000	728,000	8,385,000	9,113,000	(1,133,000)	2014	12/15/17
Valley View Healthcare Center	Fremont, OH	10,666,000	930,000	7,635,000	1,496,000	1,089,000	8,972,000	10,061,000	(850,000)	2017	07/20/18
Novi Lakes Health Campus	Novi, MI	12,628,000	1,654,000	7,494,000	2,649,000	1,663,000	10,134,000	11,797,000	(1,639,000)	2016	07/20/18
The Willows at Fritz Farm	Lexington, KY	9,280,000	1,538,000	8,637,000	425,000	1,563,000	9,037,000	10,600,000	(823,000)	2017	07/20/18
Trilogy Real Estate Gahanna, LLC	Gahanna, OH	14,325,000	1,146,000	—	16,741,000	1,202,000	16,685,000	17,887,000	(502,000)	2020	11/13/20
Oaks at Byron Center	Byron Center, MI	14,343,000	2,000,000	—	15,834,000	2,193,000	15,641,000	17,834,000	(644,000)	2020	07/08/20
Harrison Springs Health Campus	Corydon, IN	(c)	2,017,000	11,487,000	1,099,000	2,025,000	12,578,000	14,603,000	(852,000)	2016	09/05/19
The Cloister at Silvercrest	New Albany, IN	—	139,000	634,000	—	139,000	634,000	773,000	(37,000)	1940	10/01/19
Trilogy Healthcare of Ferdinand II, LLC	Ferdinand, IN	11,222,000	—	—	14,599,000	—	14,599,000	14,599,000	(784,000)	2019	11/19/19
Trilogy Healthcare of Hilliard, LLC	Hilliard, OH	12,239,000	1,702,000	17,976,000	—	1,833,000	17,845,000	19,678,000	(37,000)	2021	12/08/21
Forest Springs Health Campus	Louisville, KY	(c)	964,000	16,691,000	47,000	975,000	16,727,000	17,702,000	(672,000)	2015	07/30/20
Gateway Springs Health Campus	Hamilton, OH	11,505,000	1,277,000	10,923,000	1,592,000	1,417,000	12,375,000	13,792,000	(336,000)	2020	12/28/20
The Meadows of Delphos	Kendallville, IN	—	1,806,000	9,243,000	—	1,806,000	9,243,000	11,049,000	(311,000)	2016	01/19/21
	Delphos, OH	78,587,000	2,345,000	8,150,000	—	2,345,000	8,150,000	10,495,000	(353,000)	2018	01/19/21
	Lima, OH	—	2,397,000	9,638,000	—	2,397,000	9,638,000	12,035,000	(381,000)	2018	01/19/21
	Springfield, OH	—	2,803,000	11,928,000	—	2,803,000	11,928,000	14,731,000	(451,000)	2018	01/19/21
	Sylvania, OH	—	2,548,000	15,059,000	—	2,548,000	15,059,000	17,607,000	(585,000)	2017	01/19/21
	Union Township, OH	—	2,789,000	12,343,000	—	2,789,000	12,343,000	15,132,000	(449,000)	2018	01/19/21

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Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Harrison Trial Health Campus	Harrison, OH	$ 14,935,000	$ 1,750,000	$ 17,114,000	$ —	$ 2,045,000	$ 16,819,000	$ 18,864,000	$ (310,000)	2021	04/28/21
The Oaks of Belmont	Grand Rapids, MI	14,512,000	767,000	17,043,000	—	1,058,000	16,752,000	17,810,000	(392,000)	2021	03/13/21
Cedar Creek Health Campus	Lowell, IN	—	2,326,000	12,650,000	—	2,326,000	12,650,000	14,976,000	(160,000)	2014	07/07/21
Auburn MOB (Medical Office)	Auburn, CA	—	567,000	6,472,000	192,000	567,000	6,664,000	7,231,000	(66,000)	1997	10/01/21
Pottsville MOB (Medical Office)	Pottsville, PA	—	1,478,000	8,854,000	—	1,478,000	8,854,000	10,332,000	(85,000)	2004	10/01/21
Charlottesville MOB (Medical Office)	Charlottesville, VA	—	4,902,000	19,741,000	13,000	4,902,000	19,754,000	24,656,000	(222,000)	2001	10/01/21
Rochester Hills MOB (Medical Office)	Rochester Hills, MI	2,492,000	2,218,000	8,380,000	261,000	2,218,000	8,641,000	10,859,000	(96,000)	1990	10/01/21
Cullman MOB III (Medical Office)	Cullman, AL	—	—	19,224,000	226,000	—	19,450,000	19,450,000	(160,000)	2010	10/01/21
Iron MOB Portfolio (Medical Office)	Cullman, AL	—	—	14,799,000	544,000	—	15,343,000	15,343,000	(135,000)	1994	10/01/21
	Cullman, AL	—	—	12,287,000	721,000	—	13,008,000	13,008,000	(118,000)	1998	10/01/21
	Sylacauga, AL	—	—	11,273,000	—	—	11,273,000	11,273,000	(108,000)	1997	10/01/21
Mint Hill MOB (Medical Office)	Mint Hill, NC	—	—	24,110,000	—	—	24,110,000	24,110,000	(237,000)	2007	10/01/21
Lafayette Assisted Living Portfolio (SHOP)	Lafayette, LA	—	1,206,000	9,076,000	4,000	1,206,000	9,080,000	10,286,000	(60,000)	1996	10/01/21
	Lafayette, LA	—	1,039,000	4,684,000	25,000	1,039,000	4,709,000	5,748,000	(32,000)	2014	10/01/21
Evendale MOB (Medical Office)	Evendale, OH	—	1,776,000	11,695,000	171,000	1,776,000	11,866,000	13,642,000	(156,000)	1988	10/01/21
Battle Creek MOB (Medical Office)	Battle Creek, MI	—	1,156,000	7,910,000	28,000	1,156,000	7,938,000	9,094,000	(98,000)	1996	10/01/21
Reno MOB (Medical Office)	Reno, NV	—	—	82,515,000	402,000	—	82,917,000	82,917,000	(684,000)	2005	10/01/21
Athens MOB Portfolio (Medical Office)	Athens, GA	—	860,000	7,989,000	—	860,000	7,989,000	8,849,000	(88,000)	2006	10/01/21
	Athens, GA	—	1,106,000	11,531,000	500,000	1,106,000	12,031,000	13,137,000	(102,000)	2006	10/01/21
SW Illinois Senior Housing Portfolio (Senior Housing)	Columbia, IL	—	1,117,000	9,700,000	—	1,117,000	9,700,000	10,817,000	(71,000)	2007	10/01/21
	Columbia, IL	—	147,000	2,106,000	—	147,000	2,106,000	2,253,000	(15,000)	1999	10/01/21
	Millstadt, IL	—	259,000	3,980,000	—	259,000	3,980,000	4,239,000	(28,000)	2004	10/01/21

AMERICAN HEALTHCARE REIT, INC.
SCHEDULE III — REAL ESTATE AND
ACCUMULATED DEPRECIATION — (Continued)
December 31, 2021

			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
	Red Bud, IL	$ —	$ 690,000	$ 5,175,000	$ —	$ 690,000	$ 5,175,000	$ 5,865,000	$ (37,000)	2006	10/01/21
	Waterloo, IL	—	934,000	8,932,000	—	934,000	8,932,000	9,866,000	(64,000)	2012	10/01/21
Lawrenceville MOB (Medical Office)	Lawrenceville, GA	—	1,663,000	12,019,000	—	1,663,000	12,019,000	13,682,000	(124,000)	2005	10/01/21
Northern California Senior Housing Portfolio (SHOP)	Belmont, CA	—	10,491,000	9,650,000	14,000	10,491,000	9,664,000	20,155,000	(66,000)	1958/2000	10/01/21
	Menlo Park, CA	—	3,730,000	3,018,000	(1,000)	3,730,000	3,017,000	6,747,000	(20,000)	1945	10/01/21
Roseburg MOB (Medical Office)	Roseburg, OR	—	—	28,140,000	—	—	28,140,000	28,140,000	(241,000)	2003	10/01/21
Fairfield County MOB Portfolio (Medical Office)	Stratford, CT	—	1,209,000	4,272,000	53,000	1,209,000	4,325,000	5,534,000	(58,000)	1963	10/01/21
	Trumbull, CT	—	2,797,000	10,400,000	40,000	2,797,000	10,440,000	13,237,000	(133,000)	1987	10/01/21
Central Florida Senior Housing Portfolio (SHOP)	Bradenton, FL	—	1,325,000	7,871,000	37,000	1,325,000	7,908,000	9,233,000	(54,000)	1973/1983	10/01/21
	Brooksville, FL	—	1,545,000	11,107,000	6,000	1,545,000	11,113,000	12,658,000	(83,000)	1960/2007	10/01/21
	Brooksville, FL	—	756,000	6,939,000	81,000	756,000	7,020,000	7,776,000	(51,000)	2008	10/01/21
	Lake Placid, FL	—	590,000	2,847,000	38,000	590,000	2,885,000	3,475,000	(20,000)	2008	10/01/21
	Lakeland, FL	—	383,000	15,622,000	55,000	383,000	15,677,000	16,060,000	(102,000)	1985	10/01/21
	Pinellas Park, FL	—	1,065,000	7,610,000	38,000	1,065,000	7,648,000	8,713,000	(53,000)	2016	10/01/21
	Sanford, FL	—	1,803,000	9,504,000	90,000	1,803,000	9,594,000	11,397,000	(66,000)	1984	10/01/21
	Spring Hill, FL	—	2,623,000	12,200,000	19,000	2,623,000	12,219,000	14,842,000	(90,000)	1988	10/01/21
	Winter Haven, FL	—	2,654,000	19,811,000	803,000	2,654,000	20,614,000	23,268,000	(140,000)	1984	10/01/21
Central Wisconsin Senior Care Portfolio (Skilled Nursing)	Sun Prairie, WI	—	543,000	2,587,000	—	543,000	2,587,000	3,130,000	(22,000)	1960/2006	10/01/21
	Waunakee, WI	—	2,171,000	10,198,000	30,000	2,171,000	10,228,000	12,399,000	(87,000)	1974/2005	10/01/21
Sauk Prairie MOB (Medical Office)	Prairie du Sac, WI	—	2,044,000	19,669,000	333,000	2,044,000	20,002,000	22,046,000	(173,000)	2014	10/01/21
Surprise MOB (Medical Office)	Surprise, AZ	—	1,827,000	10,968,000	353,000	1,827,000	11,321,000	13,148,000	(116,000)	2012	10/01/21
Southfield MOB (Medical Office)	Southfield, MI	5,662,000	1,634,000	16,550,000	182,000	1,634,000	16,732,000	18,366,000	(198,000)	1975/2014	10/01/21
Pinnacle Beaumont ALF (SHOP)	Beaumont, TX	—	1,775,000	17,541,000	(2,000)	1,775,000	17,539,000	19,314,000	(118,000)	2012	10/01/21
Grand Junction MOB (Medical Office)	Grand Junction, CO	—	2,460,000	34,188,000	—	2,460,000	34,188,000	36,648,000	(305,000)	2013	10/01/21

**AMERICAN HEALTHCARE REIT, INC.
SCHEDULE III — REAL ESTATE AND
ACCUMULATED DEPRECIATION — (Continued)
December 31, 2021**

			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
Edmonds MOB (Medical Office)	Edmonds, WA	$ —	$ 4,523,000	$ 22,414,000	$ 269,000	$ 4,523,000	$ 22,683,000	$ 27,206,000	$ (203,000)	1991/2008	10/01/21
Pinnacle Warrenton ALF (SHOP)	Warrenton, MO	—	514,000	7,059,000	11,000	514,000	7,070,000	7,584,000	(49,000)	1986	10/01/21
Glendale MOB (Medical Office)	Glendale, WI	—	665,000	6,782,000	141,000	665,000	6,923,000	7,588,000	(75,000)	2004	10/01/21
Missouri SNF Portfolio (Skilled Nursing)	Florissant, MO	—	800,000	10,363,000	—	800,000	10,363,000	11,163,000	(77,000)	1987	10/01/21
	Kansas City, MO	—	2,090,000	10,527,000	—	2,090,000	10,527,000	12,617,000	(91,000)	1974	10/01/21
	Milan, MO	—	493,000	7,057,000	—	493,000	7,057,000	7,550,000	(52,000)	1980	10/01/21
	Missouri, MO	—	729,000	10,187,000	—	729,000	10,187,000	10,916,000	(73,000)	1963	10/01/21
	Salisbury, MO	—	515,000	8,852,000	—	515,000	8,852,000	9,367,000	(65,000)	1970	10/01/21
	Sedalia, MO	—	631,000	24,172,000	—	631,000	24,172,000	24,803,000	(163,000)	1975	10/01/21
	St. Elizabeth, MO	—	437,000	4,561,000	—	437,000	4,561,000	4,998,000	(34,000)	1981	10/01/21
	Trenton, MO	—	310,000	4,875,000	—	310,000	4,875,000	5,185,000	(35,000)	1967	10/01/21
Flemington MOB Portfolio (Medical Office)	Flemington, NJ	—	1,419,000	11,110,000	368,000	1,419,000	11,478,000	12,897,000	(116,000)	2002	10/01/21
	Flemington, NJ	—	578,000	3,340,000	92,000	578,000	3,432,000	4,010,000	(43,000)	1993	10/01/21
Lawrenceville MOB II (Medical Office)	Lawrenceville, GA	—	1,058,000	9,709,000	197,000	1,058,000	9,906,000	10,964,000	(116,000)	1990	10/01/21
Mill Creek MOB (Medical Office)	Mill Creek, WA	—	1,344,000	7,516,000	28,000	1,344,000	7,544,000	8,888,000	(69,000)	1991	10/01/21
Modesto MOB (Medical Office)	Modesto, CA	—	—	16,065,000	8,000	—	16,073,000	16,073,000	(141,000)	1991/2016	10/01/21
Michigan ALF Portfolio (Senior Housing)	Grand Rapids, MI	—	1,196,000	8,955,000	—	1,196,000	8,955,000	10,151,000	(69,000)	1953/2016	10/01/21
	Grand Rapids, MI	9,990,000	1,291,000	11,308,000	—	1,291,000	11,308,000	12,599,000	(87,000)	1989	10/01/21
	Holland, MI	—	716,000	6,534,000	—	716,000	6,534,000	7,250,000	(58,000)	2007/2017	10/01/21
	Howell, MI	—	836,000	4,202,000	—	836,000	4,202,000	5,038,000	(32,000)	2003	10/01/21
	Lansing, MI	—	1,300,000	11,629,000	—	1,300,000	11,629,000	12,929,000	(85,000)	1988/2015	10/01/21
	Wyoming, MI	—	1,343,000	13,347,000	—	1,343,000	13,347,000	14,690,000	(98,000)	1964/2016	10/01/21
Lithonia MOB (Medical Office)	Lithonia, GA	—	1,676,000	10,871,000	263,000	1,676,000	11,134,000	12,810,000	(108,000)	2015	10/01/21

AMERICAN HEALTHCARE REIT, INC.
SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION — (Continued)
December 31, 2021

			Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)		Encumbrances	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition(b)	Land	Buildings and Improvements	Total(e)	Accumulated Depreciation (g)(h)	Date of Construction	Date Acquired
West Des Moines SNF (Skilled Nursing)	West Des Moines, IA	$ —	$ 509,000	$ 3,813,000	$ —	$ 509,000	$ 3,813,000	$ 4,322,000	$ (29,000)	2004	10/01/21
Great Nord MOB Portfolio (Medical Office)	Tinley Park, IL	—	—	15,423,000	237,000	—	15,660,000	15,660,000	(154,000)	2002	10/01/21
	Chesterton, IN	—	743,000	9,070,000	25,000	743,000	9,095,000	9,838,000	(98,000)	2007	10/01/21
	Crown Point, IN	—	265,000	5,467,000	—	265,000	5,467,000	5,732,000	(50,000)	2005	10/01/21
	Plymouth, MN	—	1,491,000	12,994,000	—	1,491,000	12,994,000	14,485,000	(122,000)	2014	10/01/21
Overland Park MOB (Medical Office)	Overland Park, KS	—	2,803,000	23,639,000	436,000	2,803,000	24,075,000	26,878,000	(207,000)	2017	10/01/21
Blue Badger MOB (Medical Office)	Marysville, OH	—	1,518,000	12,543,000	—	1,518,000	12,543,000	14,061,000	(105,000)	2014	10/01/21
Bloomington MOB (Medical Office)	Bloomington, IL	—	2,114,000	17,363,000	—	2,114,000	17,363,000	19,477,000	(122,000)	1990	10/01/21
Memphis MOB (Medical Office)	Memphis, TN	—	1,215,000	7,075,000	—	1,215,000	7,075,000	8,290,000	(62,000)	1984	10/01/21
Haverhill MOB (Medical Office)	Haverhill, MA	—	1,393,000	15,477,000	—	1,393,000	15,477,000	16,870,000	(166,000)	1987	10/01/21
Fresno MOB (Medical Office)	Fresno, CA	—	1,536,000	8,964,000	—	1,536,000	8,964,000	10,500,000	(97,000)	2007	10/01/21
Colorado Foothills MOB Portfolio (Medical Office)	Arvada, CO	—	695,000	6,369,000	2,000	695,000	6,371,000	7,066,000	(94,000)	1979	10/01/21
	Centennial, CO	—	873,000	11,233,000	12,000	873,000	11,245,000	12,118,000	(122,000)	1979	10/01/21
	Colorado Springs, CO	—	2,225,000	12,520,000	587,000	2,225,000	13,107,000	15,332,000	(121,000)	1999	10/01/21
Catalina West Haven ALF (SHOP)	West Haven, UT	—	1,936,000	10,415,000	32,000	1,936,000	10,447,000	12,383,000	(73,000)	2012	10/01/21
Louisiana Senior Housing Portfolio (SHOP)	Gonzales, LA	—	1,123,000	5,668,000	28,000	1,123,000	5,696,000	6,819,000	(43,000)	1996	10/01/21
	Monroe, LA	—	834,000	4,037,000	57,000	834,000	4,094,000	4,928,000	(30,000)	1994	10/01/21
	New Iberia, LA	—	952,000	5,257,000	4,000	952,000	5,261,000	6,213,000	(39,000)	1996	10/01/21
	Shreveport, LA	—	1,177,000	6,810,000	3,000	1,177,000	6,813,000	7,990,000	(48,000)	1996	10/01/21
	Slidell, LA	—	801,000	4,348,000	84,000	801,000	4,432,000	5,233,000	(33,000)	1996	10/01/21
Catalina Madera ALF (SHOP)	Madera, CA	—	1,312,000	15,299,000	16,000	1,312,000	15,315,000	16,627,000	(108,000)	2005	10/01/21
		$1,116,216,000	$321,587,000	$3,197,760,000	$283,484,000	$329,292,000	$3,473,539,000	$3,802,831,000	$(423,424,000)		

AMERICAN HEALTHCARE REIT, INC.
SCHEDULE III — REAL ESTATE AND
ACCUMULATED DEPRECIATION — (Continued)
December 31, 2021

		Initial Cost to Company			Gross Amount of Which Carried at Close of Period(f)					
Description(a)	**Encumbrances**	**Land**	**Buildings and Improvements**	**Cost Capitalized Subsequent to Acquisition(b)**	**Land**	**Buildings and Improvements**	**Total(e)**	**Accumulated Depreciation (g)(h)**	**Date of Construction**	**Date Acquired**
Leased properties(d)	$ —	$ 1,886,000	$ 81,382,000	$141,667,000	$ 2,320,000	$ 222,615,000	$ 224,935,000	$(100,090,000)		
Construction in progress	—	2,329,000	—	8,477,000	2,950,000	7,856,000	10,806,000	(372,000)		
	$1,116,216,000	$325,802,000	$3,279,142,000	$433,628,000	$334,562,000	$3,704,010,000	$4,038,572,000	$(523,886,000)		

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(a) We own 100% of our properties as of December 31, 2021, with the exception of Trilogy, Lakeview IN Medical Plaza, Southlake TX Hospital, Central Florida Senior Housing Portfolio, Pinnacle Beaumont ALF, Pinnacle Warrenton ALF, Catalina West Haven ALF, Louisiana Senior Housing Portfolio and Catalina Madera ALF.

(b) The cost capitalized subsequent to acquisition is shown net of dispositions and impairments.

(c) These properties are used as collateral for the secured revolver portion of the 2019 Trilogy Credit Facility, which had an outstanding balance of $304,734,000 as of December 31, 2021. See Note 9, Lines of Credit and Term Loans — 2019 Trilogy Credit Facility, for a further discussion.

(d) Represents furniture, fixtures, equipment, land and improvements associated with properties under operating leases.

AMERICAN HEALTHCARE REIT, INC.
SCHEDULE III — REAL ESTATE AND
ACCUMULATED DEPRECIATION — (Continued)
December 31, 2021

(e) The changes in total real estate for the years ended December 31, 2021, 2020 and 2019 are as follows:

		Amount
Balance — December 31, 2018	$	2,477,375,000
Acquisitions		32,330,000
Additions		114,078,000
Dispositions		(8,050,000)
Foreign currency translation adjustment		2,875,000
Balance — December 31, 2019	$	2,618,608,000
Acquisitions	$	31,157,000
Additions		129,254,000
Dispositions and impairments		(18,718,000)
Foreign currency translation adjustment		1,971,000
Balance — December 31, 2020	$	2,762,272,000
Acquisitions	$	1,225,626,000
Additions		87,909,000
Dispositions and impairments		(36,645,000)
Foreign currency translation adjustment		(590,000)
Balance — December 31, 2021	$	4,038,572,000

(f) As of December 31, 2021, the unaudited aggregate cost of our properties was $3,933,364,000 for federal income tax purposes.

(g) The changes in accumulated depreciation for the years ended December 31, 2021, 2020 and 2019 are as follows:

		Amount
Balance — December 31, 2018	$	254,694,000
Additions		90,914,000
Dispositions		(7,614,000)
Foreign currency translation adjustment		(96,000)
Balance — December 31, 2019	$	337,898,000
Additions	$	91,617,000
Dispositions and impairments		(4,530,000)
Foreign currency translation adjustment		287,000
Balance — December 31, 2020	$	425,272,000
Additions	$	109,036,000
Dispositions and impairments		(10,320,000)
Foreign currency translation adjustment		(102,000)
Balance — December 31, 2021	$	523,886,000

(h) The cost of buildings and capital improvements is depreciated on a straight-line basis over the estimated useful lives of the buildings and capital improvements, up to 39 years, and the cost of tenant improvements is depreciated over the shorter of the lease term or useful life, up to 34 years. The cost of furniture, fixtures and equipment is depreciated over the estimated useful life, up to 28 years.

AMERICAN HEALTHCARE REIT, INC.
EXHIBITS LIST
December 31, 2021

The following exhibits are included, or incorporated by reference, in this Annual Report on Form 10-K for the period ended December 31, 2021 (and are numbered in accordance with Item 601 of Regulation S-K).

2.1	Agreement and Plan of Merger, dated June 23, 2021, by and among Griffin-American Healthcare REIT IV, Inc., Griffin-American Healthcare REIT IV Holdings, LP, Continental Merger Sub, LLC, Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT III Holdings, LP (included as Exhibit 2.1 to our Current Report on Form 8-K (File No. 000-55775) filed June 24, 2021 and incorporated herein by reference)
3.1	Fourth Articles of Amendment and Restatement of Griffin-American Healthcare REIT IV, Inc., dated October 1, 2021 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed October 1, 2021 and incorporated herein by reference)
3.2	Bylaws of American Healthcare REIT, Inc. (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed October 5, 2021 and incorporated herein by reference)
4.1	Amended and Restated Distribution Reinvestment Plan of Griffin-American Healthcare REIT IV, Inc. (included as Exhibit 4.6 to our Registration Statement on Form S-3 (File No. 333-229301) filed January 18, 2019 and incorporated herein by reference)
4.2*	Description of Registrant's Securities
10.1*†	American Healthcare REIT, Inc. Amended and Restated 2015 Incentive Plan, effective as of November 18, 2021
10.2	First Amended and Restated Senior Secured Credit Agreement dated as of September 5, 2019, among Trilogy RER, LLC, and certain subsidiaries of Trilogy RER, LLC, Trilogy OpCo, LLC and Trilogy Pro Services, LLC, KeyBank National Association and the other lenders which are parties thereto from time to time, CIT Bank, N.A., Regions Bank, KeyBanc Capital Markets, Inc., Regions Capital Markets, Bank of America, N.A. and The Huntington National Bank (included as Exhibit 10.1 to Griffin-American Healthcare REIT III, Inc.'s Current Report on Form 8-K (File No. 000-55434) filed September 11, 2019 and incorporated herein by reference)
10.3	Unconditional Guaranty of Payment dated as of September 5, 2019, by Trilogy Investors, LLC, Trilogy Healthcare Holdings, Inc., Trilogy Pro Services, LLC and Trilogy OpCo, LLC for the benefit of KeyBank National Association and the other lenders which are parties thereto from time to time, CIT Bank, N.A., Regions Bank, KeyBanc Capital Markets, Inc., Regions Capital Markets, Bank of America, N.A. and The Huntington National Bank (included as Exhibit 10.2 to Griffin-American Healthcare REIT III, Inc.'s Current Report on Form 8-K (File No. 000-55434) filed September 11, 2019 and incorporated herein by reference)
10.4†	Form of Indemnification Agreement (included as Exhibit 10.1 to our Current Report on Form 8-K (File No. 000-55775) filed October 1, 2021 and incorporated herein by reference)
10.5	Second Amended and Restated Agreement of Limited Partnership of American Healthcare REIT Holdings, LP, dated October 1, 2021 (included as Exhibit 10.1 to our Current Report on Form 8-K (File No. 000-55775) filed October 5, 2021 and incorporated by reference)
10.6	Amended and Restated Share Repurchase Plan (included as Exhibit 10.2 to our Current Report on Form 8-K (File No. 000-55775) filed October 5, 2021 and incorporated herein by reference)
10.7	Registration Rights Agreement, dated October 1, 2021, by and between Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT III Holdings, LP (included as Exhibit 10.1 to Griffin-American Healthcare REIT III, Inc's Current Report on Form 8-K (File No. 000-55434) filed October 1, 2021 and incorporated herein by reference)
10.8†	Offer Letter, dated October 1, 2021, between Griffin-American Healthcare REIT III, Inc. and Jeffrey T. Hanson (included as Exhibit 10.2 to Griffin-American Healthcare REIT III, Inc.'s Current Report on Form 8-K (File No. 000-55434) filed October 1, 2021 and incorporated herein by reference)
10.9†	Offer Letter, dated October 1, 2021, between Griffin-American Healthcare REIT III, Inc. and Danny Prosky (included as Exhibit 10.3 to Griffin-American Healthcare REIT III, Inc.'s Current Report on Form 8-K (File No. 000-55434) filed October 1, 2021 and incorporated herein by reference)
10.10†	Offer Letter, dated October 1, 2021, between Griffin-American Healthcare REIT III, Inc. and Mathieu B. Streiff (included as Exhibit 10.4 to Griffin-American Healthcare REIT III, Inc.'s Current Report on Form 8-K (File No. 000-55434) filed October 1, 2021 and incorporated herein by reference)

AMERICAN HEALTHCARE REIT, INC.
EXHIBITS LIST — (Continued)
December 31, 2021

10.11†	Offer Letter, dated October 1, 2021, between Griffin-American Healthcare REIT III, Inc. and Brian S. Peay (included as Exhibit 10.5 to Griffin-American Healthcare REIT III, Inc.'s Current Report on Form 8-K (File No. 000-55434) filed October 1, 2021 and incorporated herein by reference)
10.12*†	American Healthcare Opps Holdings, LLC Executive Severance and Change in Control Plan, effective as of November 18, 2021
10.13*	Eighth Amended and Restated Limited Liability Company Agreement of Trilogy REIT Holdings, LLC dated as of December 31, 2021, entered into by and among Trilogy Real Estate Investment Trust, Trilogy Management Services, LLC and Members, effective as of December 31, 2021
10.14	Amended and Restated Credit Agreement by and among American Healthcare REIT Holdings, L.P., American Healthcare REIT, Inc. and certain subsidiaries, Bank of America, N.A., KeyBank, National Association, Citizens Bank, National Association, Bank of the West, Fifth Third Bank, National Association, Truist Bank, Regions Bank, KeyBanc Capital Markets and BofA Securities, Inc. dated January 19, 2022 (included as Exhibit 10.1 to our Current Report on Form 8-K (File No. 000-055775) filed January 25, 2022 and incorporated herein by reference)
10.15*†	Transition Services Agreement by and among American Healthcare REIT, Inc., American Healthcare Opps Holdings, LLC and Jeffrey T. Hanson, dated March 24, 2022
21.1*	Subsidiaries of American Healthcare REIT, Inc.
23.1*	Consent of Deloitte & Touche LLP
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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* Filed herewith.

** Furnished herewith. In accordance with Item 601(b)(32) of Regulation S-K, this Exhibit is not deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

† Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

None.

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.

American Healthcare REIT, Inc.
(Registrant)

By	/s/ DANNY PROSKY Danny Prosky	Chief Executive Officer and President

Date: March 25, 2022

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.

By	/s/ DANNY PROSKY Danny Prosky	Chief Executive Officer, President and Director (Principal Executive Officer)
Date: March 25, 2022		
By	/s/ BRIAN S. PEAY Brian S. Peay	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Date: March 25, 2022		
By	/s/ JEFFREY T. HANSON Jeffrey T. Hanson	Executive Chairman of the Board of Directors
Date: March 25, 2022		
By	/s/ MATHIEU B. STREIFF Mathieu B. Streiff	Chief Operating Officer and Director
Date: March 25, 2022		
By	/s/ BRIAN J. FLORNES Brian J. Flornes	Independent Director
Date: March 25, 2022		
By	/s/ HAROLD H. GREENE Harold H. Greene	Independent Director
Date: March 25, 2022		

By	/s/ DIANNE HURLEY Dianne Hurley	Independent Director

Date: March 25, 2022

By	/s/ GERALD W. ROBINSON Gerald W. Robinson	Independent Director

Date: March 25, 2022

By	/s/ J. GRAYSON SANDERS J. Grayson Sanders	Independent Director

Date: March 25, 2022

By	/s/ WILBUR H. SMITH III Wilbur H. Smith III	Independent Director

Date: March 25, 2022

EXHIBIT 4.2

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a description of American Healthcare REIT, Inc.'s securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2021 and certain provisions of the Maryland General Corporation Law (the "MGCL"), and our charter and bylaws. The description is a summary, does not purport to be complete and is subject to and qualified by reference to Maryland law and to our charter and bylaws, copies of which are filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and are incorporated by reference herein. As used herein, the terms "Company," "we," "our" and "us" refer to American Healthcare REIT, Inc., a Maryland corporation.

Under our charter, we have authority to issue a total of 1,200,000,000 shares of capital stock, of which (i) 1,000,000,000 shares are designated common stock, $0.01 par value per share, and (ii) 200,000,000 shares are designated as preferred stock, $0.01 par value per share. Of the 1,000,000,000 shares of common stock authorized, 200,000,000 shares are classified as Class T common stock and 800,000,000 shares are classified as Class I common stock. In addition, our board of directors may amend our charter from time to time, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

Common Stock

Subject to the restrictions on ownership and transfer of stock set forth in our charter and except as may otherwise be specified in our charter, the holders of common stock are entitled to one vote per share on all matters voted on by stockholders, including election of our directors; provided, however, that holders of Class I common stock have exclusive voting rights on any amendment to our charter that would alter only the contract rights of Class I common stock and no holders of any other class or series of stock will be entitled to vote thereon, and holders of Class I common stock have no voting rights on any amendment to our charter that would alter only the contract rights of any other class or series of common stock. Our charter does not provide for cumulative voting in the election of our directors. Therefore, the holders of a majority of the outstanding shares of our common stock can elect our entire board of directors. Subject to any preferential rights of any outstanding class or series of shares of stock and to the provisions in our charter regarding the restrictions on ownership and transfer of stock, the holders of common stock are entitled to such distributions as may be authorized from time to time by our board of directors and declared by us out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to our stockholders. Our charter also provides that upon the listing of a class of common stock for trading on a national securities exchange or such later date not to exceed 12 months from the date of listing as approved by our board of directors, each share of the class or classes of common stock that are not so listed will automatically and without any action on the part of the holder thereof convert into a number of shares of the listed class of common stock equal to a fraction, the numerator of which is the net asset value allocable to the shares of the applicable non-listed class of common stock and the denominator of which is the net asset value allocable to the shares of the listed class of common stock.

Class T Shares

Each share of our Class T common stock sold in the primary portion of our initial public offering (the "primary offering") was subject to a selling commission of up to 3.0% of the gross offering proceeds per share and a dealer manager fee of up to 3.0% of the gross offering proceeds per share. To the extent that selling commissions were less than 3.0% of the gross offering proceeds for any shares of Class T common stock sold, such reduction in selling commissions was accompanied by a corresponding reduction in the applicable per share purchase price for purchases of such shares. With respect to the dealer manager fee, our advisor funded up to an amount equal to 2.0% of the gross offering proceeds, which reduced the amount we paid for such fee, and we funded the remaining 1.0% of the gross offering proceeds. To the extent that any reduction in dealer manager fees exceeded the portion of the dealer manager fees funded by our advisor, such excess reduction was accompanied by a corresponding reduction in the applicable per share purchase price for purchases of such shares. In addition, we pay an ongoing stockholder servicing fee to our dealer manager with respect to shares of our Class T common stock sold in our primary offering. The stockholder servicing fee accrues daily in an amount equal to 1/365th of 1.0% of the purchase price per share of our Class T common stock sold in our primary offering, will not exceed an amount equal to 4.0% in the aggregate and is paid quarterly in arrears. By agreement with participating broker-dealers, such stockholder servicing fee may have been reduced or limited. We will cease paying the stockholder servicing fee with respect to the shares of our Class T common stock sold in our primary offering at the earliest of (i) the date at which the aggregate underwriting compensation from all sources equals 10.0% of the gross proceeds from the sale of shares of our common stock in our primary offering (*i.e.*, excluding proceeds from sales pursuant to the Company's Distribution Reinvestment Program (the "DRIP")); (ii) the fourth anniversary of the last day of the fiscal quarter in which our initial public offering (excluding the DRIP offering) terminates; (iii) the date that such shares are redeemed or are no longer outstanding; or (iv) the occurrence of a merger, listing on a national securities exchange, or an extraordinary transaction. We cannot predict if or when this will occur. Our dealer manager may reallow 100% of the stockholder servicing fee to participating broker-dealers. We do not pay selling commissions, dealer manager fees or stockholder servicing fees on shares of Class T common stock sold pursuant to the DRIP.

Class I Shares

Each share of our Class I common stock sold in our primary offering was not subject to up-front selling commissions or a stockholder servicing fee, but was subject to a dealer manager fee. Prior to March 1, 2017, shares of Class I common stock were subject to a dealer manager fee of up to 3.0% of the gross offering proceeds in our primary offering, of which an amount equal to 2.0% of the gross offering proceeds was funded by our advisor and 1.0% of the gross offering proceeds was funded by us. Effective March 1, 2017, shares of Class I common stock were subject to a dealer manager fee of up to an amount equal to 1.5% of the gross offering proceeds in our primary offering, all of which was funded by our advisor.

Our charter also contains a provision permitting our board of directors, without any action by our stockholders, to classify or reclassify any unissued common stock into one or more classes or series of stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption of any new class or series of shares of stock.

DST Systems, Inc. acts as our registrar and as the transfer agent for our shares.

Preferred Stock

Our charter authorizes our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval, and to establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption of each class or series of preferred stock so issued.

Meetings and Special Voting Requirements

Special meetings of stockholders may be called by the chairman of the board, the chief executive officer, the president and the board of directors and must also be called by our secretary to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on such matter at the meeting. The presence either in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting will constitute a quorum. Generally, the affirmative vote of a majority of all votes cast is necessary to take stockholder action, except as described in the next paragraph and except that a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present is sufficient to elect a director.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge with another entity, convert into another entity, sell or transfer all or substantially all of its assets or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides that these matters (other than certain amendments to the provisions of our charter related to the removal of directors and the vote required for certain amendments) may be approved by stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Stockholders are not entitled to exercise any of the rights of an objecting stockholder provided for in Title 3, Subtitle 2 of the MGCL unless our board of directors determines that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of the determination in connection with which stockholders would otherwise be entitled to exercise such rights. Subject to the rights of holders of one or more classes or series of preferred stock, any director may be removed from office at any time, but only by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors.

Restrictions on Ownership and Transfer

In order for us to maintain our qualification as a real estate investment trust ("REIT") under the federal tax laws, we must meet several requirements concerning the ownership of our outstanding capital stock. Specifically, no more than 49.9% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the federal income tax laws to include specified private foundations, employee benefit plans and trusts, and charitable trusts, during the last half of any taxable year beginning with the second taxable year in which we qualified as a REIT. In addition, the outstanding shares of stock must be owned by 100 or more persons during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year beginning with the second taxable year in which we qualified as a REIT. We may prohibit certain acquisitions and transfers of shares of our stock so as to ensure our qualification as a REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). However, we cannot assure you that this prohibition will be effective.

Our charter contains a limitation on ownership that prohibits any individual or entity from directly acquiring beneficial ownership of more than 9.9% in value of our then outstanding shares of capital stock (which includes common stock and any preferred stock we may issue) or more than 9.9% in value or number, whichever is more restrictive, of our then outstanding shares of common stock.

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 proposed transferee will acquire no rights in such stock. Any attempted transfer of our stock which, if effective, would result in violation of the ownership limits discussed above or in our being "closely held" under Section 856(h) of the Internal Revenue Code or otherwise failing to maintain our qualification as a REIT, will cause the number of shares of our stock 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 of our stock. If the transfer to the trust would not be effective for any reason to prevent any of the foregoing, the transfer of that number of shares that otherwise would cause a person to violate any of the restrictions described above will be null and void and the proposed transferee will acquire no rights in such shares of our stock. 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 transfer. We will designate a trustee of the trust that will not be affiliated with us. We will also name one or more charitable organizations as a beneficiary of the trust. Shares-in-trust will remain issued and outstanding shares of stock and will be entitled to the same rights and privileges as all other shares of the same class or series of stock. The trustee will receive all distributions on the shares-in-trust and will hold such distributions in trust for the benefit of the beneficiary. The trustee will vote all shares-in-trust during the period they are held in trust and, subject to Maryland law, will have the authority (i) to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and (ii) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares have been transferred to the trust, the trustee of the trust will sell the shares-in-trust to a qualified person selected by the trustee and distribute to the applicable prohibited owner an amount equal to the lesser of (1) the sales proceeds received by the trust for such shares-in-trust or (2) (A) if the prohibited owner was a transferee for value, the price paid by the prohibited owner for such shares-in-trust or (B) if the prohibited owner was not a transferee or was a transferee but did not give value for the shares-in-trust, the fair market value of such shares-in-trust on the day of the event causing the shares to be held in trust. The trustee may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the trustee. Any amount received by the trustee in excess of the amount to be paid to the prohibited owner will be distributed to the beneficiary of the trust.

If, prior to our discovery that shares have been transferred to the trustee, such shares are sold by the prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for such shares that exceeds the amount that the prohibited owner was entitled to receive, such excess must be paid to the trustee upon demand. In addition, all shares-in-trust will be deemed to have been offered for sale to us or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that created such shares-in-trust (or, in the case of devise, gift, or other event other than a transfer for value, the market price of such shares of stock at the time of such devise, gift, or other event) and (2) the market price on the date we, or our designee, accepts such offer. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner. We may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the trustee. We may pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary.

Any person who acquires or attempts or intends to acquire shares of our stock in violation of the foregoing restrictions or who owns shares of our stock that were transferred to any such trust is required to give immediate written notice to us of such event or, in the case of a proposed or attempted transaction, at least 15 days' prior written notice. Such person shall provide to us such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The foregoing restrictions continue to apply until our board of directors determines it is no longer in our best interest to continue to qualify as a REIT or that compliance with the foregoing restrictions is no longer required for REIT qualification.

Our board of directors, in its sole discretion, may exempt a person (prospectively or retroactively) from the limitation on ownership of more than 9.9% in value of our then outstanding shares of capital stock (which includes common stock and any preferred stock we may issue) or more than 9.9% in value or number, whichever is more restrictive, of our then outstanding shares of common stock. However, the board of directors may not exempt any person whose ownership of our outstanding stock would result in our being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code or otherwise would result in our failure to maintain our qualification as a REIT. In order to be considered by our board of directors for exemption, a person also must not own, directly or indirectly, an interest in our tenant (or a tenant of any entity which we own or control) that would cause us to own, directly or indirectly, more than a 9.9% interest in the tenant. The person seeking an exemption must represent to the satisfaction of our board of directors that it will not violate these two restrictions. The person also must agree that any violation or attempted violation of these restrictions will result in the automatic transfer of the shares of stock causing the violation to the trust.

Any stockholder of record who owns more than 5.0% (or such lower level as required by the Internal Revenue Code and the regulations thereunder) of the outstanding shares of our stock during any taxable year, within 30 days after the end of such taxable year, will be asked to deliver a statement or affidavit setting forth the name and address of such record owner, the number of shares of our stock actually owned by such stockholder, and such information regarding the beneficial ownership of the shares of our stock as we may request in order to determine the effect, if any, of such actual or beneficial ownership on our status as a REIT and to ensure compliance with the ownership limit.

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, 10.0% 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 10.0% or more of the voting power of the then outstanding 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, the 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:

- 80.0% 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 of stock 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.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares of our common stock in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares of our common stock.

The statute permits various exemptions from its provisions, including 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 adopted a resolution providing that any business combination between us and any other person is exempted from this statute, provided that such business combination is first approved by our board of directors. This resolution, however, may be altered or repealed in whole or in part at any time.

Control Share Acquisitions

The MGCL provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of stockholders entitled to cast two-thirds of the votes entitled to be cast on the matter. Shares of stock owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares of stock 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 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 of stock the acquiring person 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 issued and outstanding control shares, subject to certain exceptions.

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

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of the shares of stock are considered and not approved or, if no such meeting is held, as of the date of the last control share acquisition by the acquirer. If voting rights for control shares are approved at a stockholders' meeting and the acquiror becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares of stock 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 (1) to shares of stock acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (2) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions of shares of our stock by any person. This bylaw 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 Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five
provisions:

- a classified board of directors;

- 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 of directors be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

In our charter, we have elected that vacancies on our board of directors 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 charter and bylaws unrelated to Subtitle 8, we require the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors in order to remove a director, vest in our board of directors the exclusive power to fix the number of directorships and require the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast on any matter that may properly be considered at a meeting of stockholders in order to call a special meeting to act on such matter. We have not elected to be subject to any of the other provisions of Subtitle 8.

Vacancies on Board of Directors; Removal of Directors

Any vacancy created by the death, resignation, removal, adjudicated incompetence or other incapacity of a director or an increase in the number of directors may be filled only by a vote of a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is duly elected and qualifies.

Any director may resign at any time and may be removed with or without cause by our stockholders upon the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. The notice of any special meeting called for the purpose of the proposed removal shall indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by our stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) by a stockholder who is a stockholder of record at the record date set by our board of directors for the purpose of determining stockholders entitled to vote at the annual meeting, at the time of giving the advance notice required by the bylaws and at the time of the meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual nominated or on such other business and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to our board of directors at a special meeting may be made only (1) by or at the direction of our board of directors or (2) provided that the meeting has been called for the purpose of electing directors, by a stockholder who is a stockholder of record at the record date set by our board of directors for the purpose of determining stockholders entitled to vote at the special meeting, at the time of giving the advance notice required by the bylaws and at the time of the meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual nominated and who has complied with the advance notice provisions of the bylaws.

Limited Liability and Indemnification of Directors, Officers and Others

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless the following can be established:

- an act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or officer received an improper personal benefit in money, property or services; or
- with respect to any criminal proceeding, the director or officer had reasonable cause to believe his or her act or omission was unlawful.

A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by the corporation or in its right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. The MGCL permits a corporation to advance reasonable expenses to a director or officer upon receipt of a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

Our charter requires us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any present or former director or officer who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity or any individual who, while a director or officer of our company and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise as a director, officer, partner, manager, member or trustee and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity. Our charter also permits us to indemnify and advance expenses to any person who served a predecessor of our company in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

We have also entered into indemnification agreements with each of our directors and officers that provide for indemnification to the maximum extent permitted by Maryland law.

Exclusive Forum For Certain Litigation

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, Northern Division, shall be the sole and exclusive forum for (a) any internal corporate claim, as such term is defined in the MGCL (other than any action arising under federal securities laws), including, without limitation, (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of any duty owed by any of our directors or officers or other employees to us or to our stockholders or (iii) any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the MGCL, our charter or our bylaws, or (b) any other action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine. None of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland we consent in writing to such court.

AMERICAN HEALTHCARE REIT, INC.

AMENDED AND RESTATED 2015 INCENTIVE PLAN

American Healthcare REIT, Inc. Amended and Restated 2015 Incentive Plan

American Healthcare REIT, Inc., a Maryland corporation, has adopted the American Healthcare REIT, Inc. Amended and Restated 2015 Incentive Plan, for the benefit of its Eligible Recipients and the Eligible Recipients of its Subsidiaries.

1 Purpose

The purposes of the Plan are as follows:

1.1 To provide an additional incentive for Eligible Recipients to further the growth, development and financial success of the Company by personally benefiting through the ownership of Company stock and/or rights which recognize such growth, development and financial success.

1.2 To enable the Company to obtain and retain the services of Eligible Recipients considered essential to the long range success of the Company by offering them an opportunity to own stock in the Company and/or rights which will reflect the growth, development and financial success of the Company.

2 Definitions

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 ***Administrator*** shall mean the entity that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Options and Restricted Stock granted to Independent Directors, the term "Administrator" shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term "Administrator" shall refer to the Committee unless the Board has assumed the authority for administration of the Plan generally as provided in Article 11.

2.2 ***Award*** shall mean an Option, a Restricted Stock award, a Performance Award, a Dividend Equivalents award, a Deferred Stock award, a Stock Payment award or a Stock Appreciation Right which may be awarded or granted under the Plan.

2.3 ***Award Agreement*** shall mean a written agreement executed by an authorized Officer of the Company and the Holder which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.4 ***Board*** shall mean the Board of Directors of the Company.

2.5 ***Business*** shall mean the business of investing in a diversified portfolio of real estate properties, focusing primarily on medical office buildings, hospitals, skilled nursing facilities, senior housing and other healthcare-related facilities.

2.6 ***Change of Control*** means either of the following:

(a) Any transaction or series of transactions pursuant to which the Company sells, transfers, leases, exchanges, or disposes of substantially all (*i.e.*, at least eighty-five percent (85%)) of its assets for cash or property, or for a combination of cash and property, or for other consideration; or

(b) Any transaction pursuant to which persons who are not current shareholders of the Company acquires by merger, consolidation, reorganization, division, or other business combination or transaction, or by a purchase of an interest in the Company, an interest in the Company so that after such transaction, the shareholders of the Company immediately prior to such transaction no longer have a controlling (*i.e.*, 50% or more) voting interest in the Company.

2.7 ***Code*** shall mean the Internal Revenue Code of 1986, as amended.

2.8 ***Committee*** shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board, appointed as provided in Section 11.1.

2.9 ***Common Stock*** shall mean Class T common stock, $0.01 par value per share, of the Company.

2.10 ***Company*** shall mean American Healthcare REIT, Inc., a Maryland corporation.

2.11 ***Confidential Information*** shall mean (a) information of the Company, or any Subsidiary thereof, to the extent not considered a Trade Secret under applicable law, that (i) relates to the business of the Company, or any Subsidiary thereof, (ii) possesses an element of value to the Company, or any Subsidiary thereof, (iii) is not generally known to the Company's competitors (or a competitor of any Subsidiary thereof), and (iv) would damage the Company, or any Subsidiary thereof, if disclosed, and (b) information of any third party provided to the Company, or any Subsidiary thereof, which the Company, or any Subsidiary thereof, is obligated to treat as confidential, including, but not limited to, information provided to the Company, or any Subsidiary thereof, by its licensors, suppliers, Customers, or Prospective Customers. Confidential Information includes, but is not limited to, (i) future business plans, (ii) the composition, description, schematic or design of products, future products or equipment of the Company, or any Subsidiary thereof, or any third party, (iii) communication systems, audio systems, system designs and related documentation, (iv) advertising or marketing plans, (v) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, Customer lists and Prospective Customer lists compiled by the Company, or any Subsidiary thereof, and Customer and Prospective Customer information compiled by the Company, or any Subsidiary thereof, and (vi) information concerning the Company's, or any Subsidiary's, or a third party's financial structure and methods and procedures of operation. Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (ii) has been independently developed and disclosed by others without violating the legal rights of any party, or (iii) otherwise enters the public domain through lawful means.

2.12 ***Consultant*** shall mean any consultant or adviser if:

(a) The consultant or adviser renders bona fide services to the Company or any Subsidiary;

(b) The services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities within the meaning of the general instructions to SEC Form S-8; and

(c) The consultant or adviser is a natural person who has contracted directly with the Company to render such services.

2.13 ***Contact*** shall mean, with respect to an Eligible Recipient, any interaction between such Eligible Recipient and a Customer or Prospective Customer which takes place in an effort to establish, maintain, and/or further a business relationship on behalf of the Company, and any Subsidiary thereof.

2.14 ***Continuous Service*** shall mean the absence of any interruption or termination of service as an Officer, Employee, Consultant or Independent Director. Continuous Service shall not be considered interrupted in the case of (i) sick leave; (ii) military leave; (iii) any other leave of absence as approved by the Board or the chief executive officer of the Company, or any Subsidiary thereof, provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company, or any Subsidiary thereof, policy adopted from time to time; or (iv) transfers between locations of the Company, or any Subsidiary thereof, or between Company or a Subsidiary, or any successors to such organization. However, notwithstanding anything in the foregoing to the contrary, the Board shall have complete and absolute discretion to determine whether an Officer, Employee, Consultant or Independent Director is in the Continuous Service of the Company or Subsidiary at any time.

2.15 ***Customer*** shall mean any Person to whom the Company, or any Subsidiary thereof, has sold its products or services.

2.16 ***Deferred Stock*** means an award of a contractual right to Common Stock in the future made to an Eligible Recipient pursuant to Section 9.5 of the Plan, but subject to such terms and conditions as may be established by the Administrator.

2.17 ***Director*** shall mean a member of the Board.

2.18 ***Dividend Equivalent*** shall mean a right awarded under Section 9.3 of the Plan to receive the equivalent value (in cash or Common Stock) of dividends paid on Common Stock.

2.19 ***DRO*** shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

2.20 ***Effective Date*** shall mean the date on which this Plan is adopted by the Board, or such delayed effective date as the Board may specify, as noted in resolutions effectuating such adoption.

2.21 ***Eligible Recipient*** shall mean an Officer, Employee, Consultant or Independent Director.

2.22 ***Employee*** shall mean any common law employee of the Company or of any Subsidiary.

2.23 ***Exchange Act*** shall mean the Securities Exchange Act of 1934, as amended.

2.24 ***Fair Market Value*** of a share of Common Stock as of a given date shall be (a) the closing price of a share of Common Stock on the principal exchange on which shares of Common Stock are then trading, if any (or as reported on any composite index which includes such principal exchange), on the trading day previous to such date, or if shares were not traded on the trading day previous to such date, then on the next preceding date on which a trade occurred, or (b) if Common Stock is not traded on an exchange but is quoted on Nasdaq or a successor quotation system, the mean between the closing representative bid and asked prices for the Common Stock on the trading day previous to such date as reported by Nasdaq or such successor quotation system, or (c) if Common Stock is not publicly traded on an exchange and not quoted on Nasdaq or a successor quotation system, the Fair Market Value of a share of Common Stock as established by the Administrator in its complete and absolute discretion.

2.25 ***Forfeiture Activities*** shall mean, with respect to an Eligible Recipient, any of the following:

(a) *Trade Secrets & Confidential Information.* Such Eligible Recipient (i) uses, discloses, or reverse engineers the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, or the Business of a Subsidiary thereof, except as authorized in writing by the Company, or any Subsidiary thereof; (ii) during the Eligible Recipient's employment with the Company, or any Subsidiary thereof, uses, discloses, or reverse engineers (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Eligible Recipient during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) after the Eligible Recipient's cessation of services for the Company, or any Subsidiary thereof, (a) retains any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form), which are in Eligible Recipient's possession or control, or (b) destroys, deletes, or alters any Trade Secrets or Confidential Information without the Company's (or a Subsidiary's) prior written consent. The Forfeiture Activities under this subsection (a) shall: (i) with regard to the Trade Secrets, remain in effect and be applicable as long as the information constitutes a Trade Secret under applicable law, and (ii) with regard to the Confidential Information, remain in effect and be applicable during the Forfeiture Period.

(b) *Solicitation of Customers.* During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient directly or indirectly, solicits any Customer for the purpose of selling products or providing services to any enterprise competitive with the Business, provided that such Eligible Recipient had Contact with such Customer at any time during the period in which the Eligible Recipient was employed by or performed services for the Company, and any Subsidiary thereof. Nothing in this subsection (b) shall be construed to include any Customer of the Company, or any Subsidiary thereof, (i) to which such Eligible Recipient never sold products or provided any services while employed by or providing services to the Company, or any Subsidiary thereof, (ii) that explicitly severed its business relationship with the Company, or any Subsidiary thereof, unless such Eligible Recipient, directly or indirectly, caused or encouraged the Customer to sever the relationship, or (iii) to which Eligible Recipient is selling products or providing services the Company, or any Subsidiary thereof, no longer offers.

(c) *Solicitation of Prospective Customers.* During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient, directly or indirectly, solicits any Prospective Customer of the Company, or any

Subsidiary thereof, for the purpose of selling products or providing any services competitive with the Business, provided that such Eligible Recipient had Contact with such Prospective Customer during the last year of the period in which Eligible Recipient was employed by or performed services for the Company, and any Subsidiary thereof (or during such period if employed or providing services for less than a year). Nothing in this subsection (c) shall be construed to include Prospective Customers of the Company, or any Subsidiary thereof, to which Eligible Recipient is selling products or providing any services which the Company, or any Parent or Subsidiary thereof, no longer offers.

(d) *Solicitation of Forfeiture Period Employees.* During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient, directly or indirectly, solicits, recruits or induces any Forfeiture Period Employee to (a) terminate his employment or service relationship with the Company, or any Subsidiary thereof, or (b) work for any other Person engaged in the Business. This subsection (d) shall only apply to Forfeiture Period Employees (i) with whom such Eligible Recipient had Material Interaction, or (ii) such Eligible Recipient, directly or indirectly, supervised.

(e) *Non-Disparagement.* During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient makes any disparaging or defamatory statements, whether written or oral, regarding the Company, or any Subsidiary thereof,. This subsection (e) shall not preclude an Eligible Recipient from responding truthfully to questions or requests for information to the government, a regulator or in a court of law in connection with a legal or regulatory investigation or proceeding, nor shall it preclude an Eligible Recipient from any activity that is protected by whistleblower retaliation laws.

2.26 ***Forfeiture Period*** shall mean, with respect to an Eligible Recipient, the time period during which such Eligible Recipient is employed with, or is performing services for, the Company, or any Subsidiary thereof, and for a period of two (2) years thereafter.

2.27 ***Forfeiture Period Employee*** shall mean, with respect to an Eligible Recipient, any Person who (a) is employed by or providing services to the Company, or any Subsidiary thereof, at the time the Eligible Recipient ceases to perform services for the Company, or any Subsidiary thereof, or (b) was employed by or providing services to the Company, or any Subsidiary thereof, during the last year in which Participant performed services for the Company, and any Subsidiary thereof (or during the period in which the Participant performed services for the Company, or any Subsidiary thereof, if the Participant performed services for the Company, or any Subsidiary thereof, for less than a year).

2.28 ***Holder*** shall mean a person who has been granted or awarded an Award.

2.29 ***ISO*** shall mean an option which conforms to the applicable provisions of Code §422 and which is designated as an ISO by the Administrator.

2.30 ***Independent Director*** shall mean a member of the Board who is not an Officer or Employee.

2.31 ***Insider*** shall mean an individual who is, on the relevant date, an Officer, Director or ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.32 ***Material Interaction*** shall mean, with respect to an Eligible Recipient, any interaction between such Eligible Recipient and a Forfeiture Period Employee that relates or related, directly or indirectly, to the performance of such Eligible Recipient's duties or the Forfeiture Period Employee's duties for the Company, and any Subsidiary thereof.

2.33 ***NQSO*** shall mean an Option which is not designated as an ISO by the Administrator or which does not conform to the applicable provisions of Code §422.

2.34 ***Officer*** shall mean any officer of the Company, or of any Subsidiary.

2.35 ***Option*** shall mean a stock option granted under Section 5 of the Plan. An Option granted under the Plan shall, as determined by the Administrator, be intended to be either a NQSO or an ISO; *provided, however*, that Options granted to Eligible Recipients who are Independent Directors and Consultants at the time of grant shall be NQSO's.

2.36 ***Performance Award*** shall mean a cash bonus, stock bonus or other performance or incentive award that is paid in cash, Common Stock or a combination of both, awarded under Section 9.2 of the Plan.

2.37 ***Performance Criteria*** shall mean the following business criteria with respect to the Company, any Subsidiary or any division or operating unit: (a) net income; (b) pre-tax income; (c) operating income; (d) cash flow; (e) earnings per share; (f) return on equity; (g) return on invested capital or assets or equity or sales; (h) cost reductions or savings; (i) funds from operations; (j) appreciation in the fair market value of Common Stock; (k) earnings before or after any one or more of the following items: interest, taxes, depreciation or amortization; (l) net income; (m) cash flow return on investments which equals net cash flows divided by owners' equity; (n) gross revenues; (o) total shareholder returns; (p) achievement of sales targets; (q) completion of acquisitions; (r) cash generation, profit and/or revenue targets; (s) growth measures, including revenue growth, as compared with a peer group or other benchmark; each as determined in accordance with generally accepted accounting principles or subject to such adjustments as may be specified by the Committee with respect to an Award.

2.38 ***Plan*** shall mean this American Healthcare REIT, Inc. 2015 Incentive Plan, as amended and restated effective as of November 18, 2021, and as may be further amended from time to time. This Plan was originally effective July 23, 2015, as adopted by Griffin-American Healthcare REIT IV, Inc. Effective as of November 18, 2021, this Plan was amended and restated in its entirety to account for the change of the Company's name to "American Healthcare REIT, Inc." and to make other certain changes.

2.39 ***Prospective Customer*** shall mean any Person to which the Company, or any Subsidiary thereof, has solicited to sell its products or services.

2.40 ***Restricted Stock*** shall mean an award of Common Stock awarded under Section 8 of the Plan, whereby the Holder has immediate rights of ownership in the Common Stock underlying the Award, but such Common Stock is subject to restrictions in accordance with the terms and provisions of this Plan and the Award Agreement pertaining to the Award and may be subject to forfeiture by the Holder until the earlier of (a) the time such restrictions lapse or are satisfied, or (b) the time such shares are forfeited, pursuant to the terms of the Award Agreement pertaining to the Award.

2.41 ***Rule 16b-3*** shall mean Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time.

2.42 ***Code §162(m) Participant*** shall mean any Officer or Employee designated by the Administrator as an Officer or Employee whose compensation for the fiscal year in which the Officer or Employee is so designated or a future fiscal year may be subject to the limit on deductible compensation imposed by Code §162(m).

2.43 ***Securities Act*** shall mean the Securities Act of 1933, as amended.

2.44 ***Stock Appreciation Right*** shall mean a stock appreciation right granted under Section 10 of the Plan whereby the Holder, without payment to the Company (except for any applicable withholding or other taxes), receives cash, Common Stock, a combination thereof, or such other consideration as the Board may determine, in an amount equal to the excess of the Fair Market Value per share of Common Stock on the date on which the Stock Appreciation Right is exercised over the Stock Appreciation Right exercise price noted in the Award Agreement for each share of Common Stock subject to the Stock Appreciation Right.

2.45 ***Stock Payment*** shall mean (a) a payment in the form of shares of Common Stock, or (b) an option or other right to purchase shares of Common Stock, as part of a deferred compensation arrangement, made in lieu of all or any portion of the compensation, including without limitation, salary, bonuses and commissions, that would otherwise become payable to an Eligible Recipient in cash, awarded under Section 9.4 of the Plan.

2.46 ***Subsidiary*** shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. "Subsidiary" shall also mean any partnership or limited liability company in which the Company, or any Subsidiary, owns a partnership or membership interest representing fifty percent (50%) or more of the capital or profit interests of such partnership or limited liability company.

2.47 ***Ten Percent Shareholder*** shall mean a person who owns (after taking into account the attribution rules of Code §424(d)) more than ten percent (10%) of the total combined voting power of all classes of stock of either the Company or a Subsidiary. For purposes of the preceding sentence, shares of stock owned (directly or indirectly) by or for a person's brothers and sisters (whether by the whole or half-blood), spouse, ancestors and lineal descendants will be considered to be owned by the person, and if a domestic or foreign corporation, partnership, estate or trust owns (directly or indirectly) shares of stock, those shares are considered to be owned proportionately by or for the stockholders, partners, or beneficiaries of the corporation, partnership, estate or trust. The extent to which stock held by a person as a trustee of a voting trust is considered owned by such person is determined under all of the facts and circumstances. Stock that a person may purchase under outstanding options is not treated as stock owned by such person. In interpreting the foregoing, the provisions of Treas. Reg. §1.422-2(f)(2) shall govern.

2.48 ***Trade Secrets*** shall mean information of the Company, or any Subsidiary thereof, and its licensors, suppliers, clients and customers, without regard to form, including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual Customers, clients, licensors, or suppliers, or a list of Prospective Customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

3 Shares Subject to Plan

3.1 ***Shares Subject to Plan.***

(a) *Overall Limitation.* The shares of stock subject to Awards shall be Common Stock, as specified in Award Agreements. Subject to adjustment as provided in Section 12.4, the aggregate number of shares of Class T Common Stock which may be issued upon exercise of such Options or rights or upon any such Awards under the Plan shall not exceed four million (4,000,000). For the avoidance of doubt, the total number of shares reserved and available for issuance under the Plan shall include and account for any shares subject to Awards previously granted under the Plan (subject to the provisions of Section 3.2) since its adoption but prior to this amendment and restatement.

(b) *Individual Limitation.* The maximum number of shares of Class T Common Stock which may be subject to Awards granted under the Plan to any individual in any calendar year shall not exceed five hundred thousand (500,000). To the extent required by Code §162(m), shares subject to Options which are canceled continue to be counted against this limitation.

(c) *Maximum Aggregate Shares Issuable ISO Limitation.* The total maximum number of shares of Class T Common Stock that may be issued pursuant to the exercise of ISO's under this Plan shall at all times be exactly the same as the total maximum number of shares that may be issued pursuant to Awards pursuant to Section 3.1(a) above.

3.2 ***Add-back of Options and Other Rights.*** If any Option, or other right to acquire shares of Common Stock under any other Award under the Plan, expires or is canceled without having been fully exercised, or is exercised in whole or in part for cash as permitted by the Plan, the number of shares subject to such Option or other right but as to which such Option or other right was not exercised prior to its expiration, cancellation or exercise may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Furthermore, any shares subject to Awards which are adjusted pursuant to Section 12.4 and become exercisable with respect to shares of stock of another corporation shall be considered cancelled and may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Shares of Common Stock which are delivered by the Holder or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. If any shares of Restricted Stock are surrendered by the Holder or repurchased by the Company pursuant to Section 8.4 hereof, such shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Notwithstanding the provisions of this Section 3.2, no shares of Common Stock may again be optioned, granted or awarded if such action would cause an ISO to fail to qualify as an incentive stock option under Code §422.

4 Granting of Awards

4.1 ***Award Agreement.*** Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing Awards intended to qualify as performance-based compensation, as described in Code §162(m)(4)(C), shall contain such terms and conditions as may be necessary to meet the applicable provisions of Code §162(m). Award Agreements evidencing Awards intended to be ISO's shall contain such terms and conditions as may be necessary to meet the applicable provisions of Code §422.

4.2 ***Provisions Applicable to Code §162(m) Participants.***

(a) The Committee, in its discretion, may determine whether an Award is to qualify as performance-based compensation, as described in Code §162(m)(4)(C).

(b) Notwithstanding anything in the Plan to the contrary, the Committee may grant any Award to a Code §162(m) Participant, including Restricted Stock, the restrictions with respect to which lapse upon the attainment of performance goals which are related to one or more of the Performance Criteria, and any performance or incentive award described in Section 9 that vests or becomes exercisable or payable upon the attainment of performance goals which are related to one or more of the Performance Criteria.

(c) To the extent necessary to comply with the performance-based compensation requirements of Code §162(m)(4)(C), with respect to any Award granted under Sections 8 and 9 which may be granted to one or more Code §162(m) Participants, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Code §162(m)), the Committee shall, in writing, (i) designate one or more Code §162(m) Participants, (ii) select the Performance Criteria applicable to the fiscal year or other designated fiscal period or period of service, (iii) establish the various performance targets, in terms of an objective formula or standard, and amounts of such Awards, as applicable, which may be earned for such fiscal year or other designated fiscal period or period of service, and (iv) specify the relationship between Performance Criteria and the performance targets and the amounts of such Awards, as applicable, to be earned by each Code §162(m) Participant for such fiscal year or other designated fiscal period or period of service. Following the completion of each fiscal year or other designated fiscal period or period of service, the Committee shall certify in writing whether the applicable performance targets have been achieved for such fiscal year or other designated fiscal period or period of service. In determining the amount earned by a Code §162(m) Participant, the Committee shall have the right to reduce (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the fiscal year or other designated fiscal period or period of service.

(d) Furthermore, notwithstanding any other provision of the Plan or any Award to the contrary, any Award which is granted to a Code §162(m) Participant and is intended to qualify as performance-based compensation, as described in Code §162(m)(4)(C), shall be subject to any additional limitations set forth in Code §162(m) (including any amendment to Code §162(m)) or any regulations or rulings issued thereunder that are requirements for qualification as performance-based compensation, as described in Code §162(m)(4)(C), and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

4.3 ***Limitations Applicable to Section 16 Persons.*** Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 ***No Guarantee of Continued Relationship.*** Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Consultant for, the Company or any Subsidiary, or as a director of the Company, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written employment agreement between the Holder and the Company and any Subsidiary. The grant of an Award to a Holder under this Plan shall not constitute a contract of employment or a contract to perform services and shall not confer on a Holder any rights upon his or her termination of employment or other relationship with the Company in addition to those rights, if any, expressly set forth in the Award Agreement that evidences his or her Award.

5 Granting of Options to Eligible Recipients

5.1 ***Eligibility.*** Any Eligible Recipient selected by the Administrator pursuant to Section 5.3(a) shall be eligible to be granted an Option.

5.2 ***Qualification of ISO's.*** Only Officers or Employees are eligible to receive an Option which is an ISO.

5.3 ***Granting of Options to Eligible Recipients.***

(a) The Committee shall from time to time, in its absolute discretion, and subject to applicable limitations of the Plan, select from among the Eligible Recipients (including Eligible Recipients who have previously received Awards under the Plan) such of them as in its opinion should be granted Options; determine the number of shares to be subject to such Options granted to the selected Eligible Recipient; determine whether such Options for Officers or Employees are to be ISO's or NQSO's (subject to Section 5.2 above) and whether such Options are to qualify as performance-based compensation, as described in Code §162(m)(4)(C); and determine the terms and conditions of such Options, consistent with the Plan; *provided, however*, that the terms and conditions of Options intended to qualify as performance-based compensation, as described in Code §162(m)(4)(C), shall include, but not be limited to, such terms and conditions as may be necessary to meet the applicable provisions of Code §162(m).

(b) Upon the selection of an Eligible Recipient to be granted an Option, the Committee shall instruct the Secretary of the Company to issue the Option and may impose such terms and conditions on the Option as it deems appropriate.

6 Terms of Options

6.1 ***Option Price.*** The price per share of the shares subject to each Option granted to Eligible Recipients shall be set by the Committee; *provided, however*, that such price shall be no less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted, and, in the case of ISO's granted to a Ten Percent Shareholder, such price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Code §424(h)). Notwithstanding the foregoing, the exercise price of an Option granted in substitution of an existing option pursuant to Treas. Reg. §1.424-1(a) or Treas. Reg. §1.409A-1(b)(5)(v)(D) may be established under the requirements of those provisions without regard to the foregoing (see Section 6.4 below).

6.2 ***Option Term.*** The term of an Option granted to an Eligible Recipient shall be set by the Committee in its discretion; *provided, however*, that, in the case of ISO's, the term shall not be more than 10 years from the date the ISO is granted, or five years from the date the ISO is granted if the ISO is granted to a Ten Percent Shareholder. Upon consideration of Code §§409A and 422, the Committee may extend the term of any outstanding Option.

6.3 ***Option Vesting.***

(a) The period during which the Holder of an Option shall be entitled to exercise, in whole or in part, an Option shall be set by the Committee and stated in the Award Agreement. At any time after grant of an Option, the Committee may, in its sole and absolute discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option granted to an Eligible Recipient vests. However, if the Holder of an Option receives a hardship distribution from a Code §401(k) plan of the Company or a Subsidiary, the Option may not be exercised during the six (6) month period following the hardship distribution, unless the Company determines that such exercise would not jeopardize the tax-qualification of the Code §401(k) plan. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, without limitation, vesting or performance-based restrictions, voting restrictions, investment intent restrictions, restrictions on transfer, restrictions or limitations or other provisions that would be applied to shareholders under any applicable agreement among the shareholders, and restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and/or under any blue sky or state securities laws applicable to such Shares.

(b) To the extent that the aggregate Fair Market Value of stock with respect to which "incentive stock options" (within the meaning of Code §422, but without regard to Code §422(d)) are exercisable for the first time by a Holder during any calendar year (under the Plan and all other incentive stock option plans of the Company and any parent or subsidiary corporation, within the meaning of Code §422) of the Company, exceeds $100,000, such Options shall be treated as NQSO's to the extent required by Code §422. The rule set forth in the preceding sentence shall be applied in accordance with regulations issued under Code §422. For purposes of this Section 6.3(b), the Fair Market Value of stock shall be determined as of the time the Option with respect to such stock is granted.

6.4 ***Substitute Awards.*** Notwithstanding anything to the contrary in this Section, any Option in substitution for a stock option previously issued by another entity, which substitution occurs in connection with a transaction to which Code §424(a) is applicable, may provide for an exercise price computed in accordance with Code §424(a) and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued stock option being replaced thereby.

7 Exercise of Options

7.1 ***Partial Exercise.*** An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise be with respect to a minimum number of shares.

7.2 ***Manner of Exercise.*** All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company or his or her office:

(a) A written notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal or state securities laws or regulations. The Administrator may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 12.1 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option; and

(d) Full cash payment to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised. However, the Administrator may, in its discretion, (i) allow a delay in payment up to 30 days from the date the Option, or portion thereof, is exercised; (ii) allow payment, in whole or in part, through the delivery of shares of Common Stock duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; (iii) allow payment, in whole or in part, through the surrender of shares of Common Stock then issuable upon exercise of the Option having a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the Option or exercised portion thereof; (iv) allow payment, in whole or in part, through the delivery of property of any kind which constitutes good and valuable consideration; (v) allow payment, in whole or in part, through the delivery of a full recourse promissory note bearing interest (at no less than such rate as shall then preclude the imputation of interest under the Code) and payable upon such terms as may be prescribed by the Administrator; (vi) allow payment, in whole or in part, through the delivery of a notice that the Holder has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, provided that payment of such proceeds is then made to the Company upon settlement of such sale; or (vii) allow payment through any combination of the consideration provided in the foregoing subparagraphs (ii), (iii), (iv), (v) and (vi). In the case of a promissory note, the Administrator may also prescribe the form of such note and the security to be given for such note. The Option may not be exercised, however, by delivery of a promissory note or by a loan from the Company when or where such loan or other extension of credit is prohibited by law. However, notwithstanding the foregoing, with respect to any Holder who is an Insider, a tender of shares or a “cashless” or “net share” exercise must (1) have met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or (2) be a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act. Unless the Award Agreement provides otherwise, the foregoing exercise payment methods shall be subsequent transactions approved by the original grant of an Option.

7.3 ***Conditions to Issuance of Stock Certificates.*** The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges on which such class of stock is then listed;

(b) The completion of any registration or other qualification of such shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may establish from time to time for reasons of administrative convenience; and

(e) The receipt by the Company of full payment for such shares, including payment of any applicable withholding tax, which in the discretion of the Administrator may be in the form of consideration used by the Holder to pay for such shares under Section 7.2(d).

7.4 ***Rights as Shareholders.*** Holders shall not be, nor have any of the rights or privileges of, shareholders of the Company in respect of any shares purchasable upon the exercise of any part of an Option unless and until certificates representing such shares have been issued by the Company to such Holders.

7.5 ***Ownership and Transfer Restrictions.*** The Administrator, in its absolute discretion, may impose such restrictions on the ownership and transferability of the shares purchasable upon the exercise of an Option as it deems appropriate. Any such restriction shall be set forth in the respective exercise documentation provided to the Holder upon exercise and may be referred to on the certificates evidencing such shares. The Holder shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an ISO within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Code §424(h)) such Option to such Holder, or (b) one year after the transfer of such shares to such Holder.

7.6 ***Additional Limitations on Exercise of Options.*** Holders may be required to comply with any timing or other restrictions with respect to the settlement or exercise of an Option, including a window-period limitation, as may be imposed in the discretion of the Administrator.

8 Award of Restricted Stock

8.1 ***Eligibility.*** Subject to the terms and provisions of this Plan, Restricted Stock may be awarded to any Eligible Recipient who the Committee determines should receive such an Award.

8.2 ***Award of Restricted Stock to Eligible Recipients.***

(a) The Committee may from time to time, in its absolute discretion, select from among the Eligible Recipients (including Eligible Recipients who have previously received other awards under the Plan) such of them as in its opinion should be awarded Restricted Stock; and determine the purchase price, if any, and other terms and conditions applicable to such Restricted Stock, consistent with the Plan.

(b) The Committee shall establish the purchase price, if any, and form of payment for Restricted Stock; *provided, however*, that such purchase price shall be no less than the par value of the Common Stock to be purchased, unless otherwise permitted by applicable state law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

(c) Upon the selection of an Eligible Recipient to be awarded Restricted Stock, the Committee shall instruct the Secretary of the Company to issue such Restricted Stock and may determine and impose such conditions, limitations, restrictions and other terms and conditions on the issuance of such Restricted Stock as it deems appropriate, including, but not limited to, vesting or performance-based restrictions, voting restrictions, investment intent restrictions, restrictions on transfer, rights of the Company to re-purchase Shares acquired pursuant to the Restricted Stock Award, "first refusal" rights of the Company to purchase Shares acquired pursuant to the Restricted Stock Award prior to their sale to any other person, restrictions or limitations or other provisions that would be applied to shareholders under any applicable agreement among the shareholders, and restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and/or under any blue sky or state securities laws applicable to such Shares.

8.3 ***Rights as Shareholders.*** Subject to Section 8.4, upon delivery of the shares of Restricted Stock to the escrow holder pursuant to Section 8.5, the Holder shall have, unless otherwise provided by the Administrator in the Award Agreement, all the rights of a shareholder with respect to said shares, subject to the restrictions in his or her Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; *provided, however*, that in the discretion of the Administrator, any extraordinary distributions with respect to the Common Stock shall be subject to the restrictions set forth in Section 8.4.

8.4 ***Restriction.*** All shares of Restricted Stock issued under the Plan (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such terms, conditions and restrictions, if any, as the Administrator shall provide; *provided, however*, that, except with respect to shares of Restricted Stock granted to Code §162(m) Participants, by action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

8.5 ***Escrow.*** If desired by the Administrator, the Secretary of the Company or such other escrow holder as the Administrator may appoint shall retain physical custody of each certificate representing Restricted Stock until all of the restrictions imposed under the Award Agreement with respect to the shares evidenced by such certificate expire or shall have been removed. With respect to shares of Restricted Stock granted or awarded to an Eligible Recipient, upon the expiration or removal of such restrictions, the Secretary of the Company, or other escrow holder, shall transfer the shares to the Holder.

8.6 ***Legend.*** In order to enforce the restrictions imposed upon shares of Restricted Stock hereunder, the Administrator shall cause a legend or legends to be placed on certificates representing all shares of Restricted Stock that are still subject to restrictions under Award Agreements, which legend or legends shall make appropriate reference to the conditions imposed thereby.

8.7 ***Section 83(b).*** If desired by the Administrator, a Holder may not make an election under Code §83(b) with respect to any share of Restricted Stock granted or awarded hereunder without the consent of the Company, which the Company may grant or withhold in its sole discretion, and, upon a failure of a Holder to refrain from making such an election without Company consent, the Restricted Stock granted shall immediately be forfeited and the Holder shall receive only the purchase price, if any, for such forfeited Restricted Stock.

9 Performance Awards, Dividend Equivalents, Deferred Stock, Stock Payments

9.1 ***Eligibility.*** Subject to the terms and provisions of this Plan, one or more Performance Awards, Dividend Equivalents, awards of Deferred Stock and/or Stock Payments may be granted to any Eligible Recipient whom the Committee determines should receive such an Award.

9.2 ***Performance Awards.***

(a) Any Eligible Recipient selected by the Committee may be granted one or more Performance Awards. The value of such Performance Awards may be subject to the achievement of performance goals which are related to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Eligible Recipient.

(b) Without limiting Section 9.2(a), the Committee may grant Performance Awards to any Code §162(m) Participant in the form of a cash bonus payable upon the attainment of objective performance goals which are established by the Committee and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Committee. Any such bonuses paid to Code §162(m) Participants shall be based upon objectively determinable bonus formulas established in accordance with the provisions of Section 4.2. The maximum amount of any Performance Award payable to a Code §162(m) Participant under this Section 9.2(b) shall not exceed two million dollars ($2,000,000) with respect to any calendar year of the Company. Unless otherwise specified by the Committee at the time of grant, the Performance Criteria with respect to a Performance Award payable to a Code §162(m) Participant shall be determined on the basis of generally accepted accounting principles.

9.3 ***Dividend Equivalents.***

(a) Any Eligible Recipient selected by the Committee may be granted Dividend Equivalents based on the dividends declared on Common Stock, to be credited as of dividend payment dates, during the period between the date a Stock Appreciation Right, Deferred Stock or Performance Award is granted, and the date such Stock Appreciation Right, Deferred Stock or Performance Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Committee. If the credit of Dividend Equivalents is keyed to the date such Stock Appreciation Right, Deferred Stock, or Performance Award is exercised, such credit should be made with consideration of and in compliance with the requirements of Code §409A with respect to such credit.

(b) Any Holder of an Option selected by the Committee may be granted Dividend Equivalents based on the dividends declared on Common Stock, to be credited as of dividend payment dates, during the period between the date an Option is granted, and the date such Option is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Committee. If the credit of Dividend Equivalents is keyed to the date such Option is exercised, such credit should be made with consideration of the requirements of Code §409A with respect to such credit.

(c) Dividend Equivalents granted with respect to Options intended to be qualified performance-based compensation for purposes of Code §162(m) shall be payable, with respect to pre-exercise periods, regardless of whether such Option is subsequently exercised. A Dividend Equivalent which is deferred compensation subject to Code §409A must meet certain restrictions contained in Code §409A and regulations issued thereunder if it is to avoid taxation under Code §409A as a "nonqualified deferred compensation plan," and grants of Dividend Equivalents under this Plan should be made with consideration of the impact of Code §409A with respect to such grant upon both the Company and the recipient of the Dividend Equivalent.

9.4 ***Stock Payments.*** Any Eligible Recipient selected by the Committee may receive Stock Payments in the manner determined from time to time by the Committee. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific performance criteria determined appropriate by the Committee, determined on the date such Stock Payment is made or on any date thereafter.

9.5 ***Deferred Stock.*** Any Eligible Recipient selected by the Committee may be granted an award of Deferred Stock in the manner determined from time to time by the Committee. The number of shares of Deferred Stock shall be determined by the Committee and may be linked to the Performance Criteria or other specific performance criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Common Stock underlying a Deferred Stock award will not be issued until the Deferred Stock award has vested, pursuant to a vesting schedule or performance criteria set by the Committee, and thus, Deferred Stock may not be sold or otherwise hypothecated or transferred until vesting conditions are removed or expire. Unless otherwise provided by the Committee, a Holder of Deferred Stock shall have no rights as a Company shareholder with respect to such Deferred Stock until such time as the Award has vested and the Common Stock underlying the Award has been issued. Deferred Stock must meet certain restrictions contained in Code §409A if it is to avoid taxation under Code §409A as a "nonqualified deferred compensation plan." Grants of Deferred Stock under this Plan should be made with consideration of the impact of Code §409A with respect to such grant upon both the Company and the recipient of such Deferred Stock.

9.6 ***Term.*** The term of a Performance Award, Dividend Equivalent, award of Deferred Stock and/or Stock Payment shall be set by the Committee in its discretion.

9.7 ***Exercise or Purchase Price.*** The Committee may establish the exercise or purchase price of a Performance Award, shares of Deferred Stock or shares received as a Stock Payment; *provided, however*, that such price shall not be less than the par value of a share of Common Stock, unless otherwise permitted by applicable state law.

9.8 ***Terms and Provisions.*** The Administrator shall determine the terms and provisions of Performance Awards, Dividend Equivalents, awards of Deferred Stock and/or Stock Payments in his complete and absolute discretion subject to the terms and provisions of this Plan.

9.9 ***Form of Payment.*** Payment of the amount determined under Section 9.2 or 9.3 above shall be in cash, in Common Stock or a combination of both, as determined by the Committee. To the extent any payment under this Section 9 is effected in Common Stock, it shall be made subject to satisfaction of all provisions of Section 7.4.

10 Stock Appreciation Rights

10.1 ***Grant of Stock Appreciation Rights.*** A Stock Appreciation Right may be granted to any Eligible Recipient selected by the Committee. A Stock Appreciation Right may be granted (a) in connection and simultaneously with the grant of an Option, (b) with respect to a previously granted Option, or (c) independent of an Option. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement. Any Stock Appreciation Right that is intended to avoid taxation under Code §409A as a "nonqualified deferred compensation plan" must be granted with an exercise price per share equivalent to or greater than the Fair Market Value of a share of Common Stock of the Company determined as of the date of such grant, consistent with Treas. Reg. §1.409-1(b)(5)(iv), and any other applicable guidance or regulations issued by the Internal Revenue Service.

10.2 ***Coupled Stock Appreciation Rights.***

(a) A Coupled Stock Appreciation Right ("CSAR") shall be related to a particular Option and shall be exercisable only when and to the extent the related Option is exercisable.

(b) A CSAR may be granted to the Holder for no more than the number of shares subject to the simultaneously or previously granted Option to which it is coupled.

(c) A CSAR shall entitle the Holder (or other person entitled to exercise the Option pursuant to the Plan) to surrender to the Company unexercised a portion of the Option to which the CSAR relates (to the extent then exercisable pursuant to its terms) and to receive from the Company in exchange therefor an amount determined by multiplying the difference obtained by subtracting the Option exercise price from the Fair Market Value of a share of Common Stock on the date of exercise of the CSAR by the number of shares of Common Stock with respect to which the CSAR shall have been exercised, subject to any limitations the Committee may impose.

10.3 ***Independent Stock Appreciation Rights.***

(a) An Independent Stock Appreciation Right ("ISAR") shall be unrelated to any Option and shall have a term set by the Committee. An ISAR shall be exercisable at such times and in such installments, and shall cover such number of shares of Common Stock, as the Committee may determine in its complete and absolute discretion. The exercise price per share of Common Stock subject to each ISAR shall be set by the Committee.

(b) An ISAR shall entitle the Holder (or other person entitled to exercise the ISAR pursuant to the Plan) to exercise all or a specified portion of the ISAR (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the ISAR from the Fair Market Value of a share of Common Stock on the date of exercise of the ISAR by the number of shares of Common Stock with respect to which the ISAR shall have been exercised, subject to any limitations the Committee may impose.

10.4 ***Payment and Limitations on Exercise.***

(a) Payment of the amounts determined under Section 10.2(c) and 10.3(b) above shall be in cash, in Common Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Committee. To the extent such payment is effected in Common Stock it shall be made subject to satisfaction of all provisions of Section 7.4 above pertaining to Options.

(b) Holders of Stock Appreciation Rights may be required to comply with any timing or other restrictions with respect to the settlement or exercise of a Stock Appreciation Right, including a window-period limitation, as may be imposed in the discretion of the Committee.

11 **Administration**

11.1 ***Compensation Committee.*** The Compensation Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall consist solely of two or more Independent Directors appointed by and holding office at the pleasure of the Board, each of whom is both a "non-employee director", as defined by Rule 16b-3, and an "outside director" for purposes of Code §162(m). Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may be filled by the Board.

11.2 ***Duties and Powers of Committee.*** It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith, to interpret, amend or revoke any such rules and to amend any Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of any such Award Agreement are not affected adversely. Any such grant or award under the Plan need not be the same with respect to each Holder. Any such interpretations and rules with respect to ISO's shall be consistent with the provisions of Code §422. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 or Code §162(m), or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. Notwithstanding the foregoing, the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Options, Dividend Equivalents and Restricted Stock granted to Independent Directors. Furthermore, notwithstanding any provision of this Plan to the contrary, the Board may assume the powers and responsibilities granted to the Committee or other delegate at any time, in whole or in part.

11.3 ***Majority Rule; Unanimous Written Consent.*** The Committee shall act by a majority of its members in attendance at a meeting at which a quorum is present or by a memorandum or other written instrument signed by all members of the Committee.

11.4 ***Compensation; Professional Assistance; Good Faith Actions.*** Members of the Committee shall receive such compensation, if any, for their services as members as may be determined by the Board. All expenses and liabilities which members of the Committee incur in connection with the administration of the Plan shall be borne by the Company. The Committee may, with the approval of the Board, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and the Company's Officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon all Holders, the Company and all other interested persons. No members of the Committee or Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or Awards, and all members of the Committee and the Board shall be fully protected by the Company in respect of any such action, determination or interpretation.

11.5 ***Delegation of Authority to Grant Awards.*** The Committee may, but need not, delegate from time to time some or all of its authority to grant Awards under the Plan to a committee consisting of one or more members of the Committee or of one or more Officers of the Company; *provided, however*, that the Committee may not delegate its authority to grant Awards to individuals (a) who are subject on the date of the grant to the reporting rules under Section 16(a) of the Exchange Act, (b) who are Code §162(m) Participants, or (c) who are Officers of the Company who are delegated authority by the Committee hereunder, and delegation of the authority to grant Awards under the Plan is not allowed to the extent prohibited by applicable law. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation of authority and may be rescinded at any time by the Committee. At all times, any committee appointed under this Section 11.5 shall serve in such capacity at the pleasure of the Committee.

12 Miscellaneous Provisions

12.1 ***Not Transferable.***

(a) Except as otherwise provided in Section 12.1(b):

(1) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed.

(2) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Holder or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(3) During the lifetime of the Holder, only he or she may exercise an Option or other Award (or any portion thereof) granted to him or her under the Plan, unless it has been disposed of with the consent of the Administrator pursuant to a DRO. After the death of the Holder, any exercisable portion of an Option or other Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his or her personal representative or by any person empowered to do so under the deceased Holder's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 12.1(a), in the case of Options granted to Independent Directors, an Optionee who is an Independent Director may transfer an Option to a Permitted Transferee (as defined below) subject to the following terms and conditions: (i) an Option transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) any Option which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Option as applicable to the original Holder (other than the ability to further transfer the Option); and (iii) the Holder and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws and (C) evidence the transfer. Shares of Common Stock acquired by a Permitted Transferee through the exercise of an Option have not been registered under the Securities Act or any state securities act and may not be transferred, nor will any assignee or transferee thereof be recognized as an owner of such shares of Common Stock for any purpose, unless a registration statement under the Securities Act and any applicable state securities act with respect to such shares shall then be in effect or unless the availability of an exemption from registration with respect to any proposed transfer or disposition of such shares shall be established to the satisfaction of counsel for the Company. For purposes of this Section 12.1(b), "Permitted Transferee" shall mean, with respect to a Holder, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or Employee), a trust in which these persons (or the Holder) control the management of assets, and any other entity in which these persons (or the Holder) own more than fifty percent of the voting interests, or any other transferee specifically approved by the Administrator after taking into account any state or federal tax or securities laws applicable to transferable Options.

12.2 ***Amendment, Suspension or Termination of the Plan.*** Except as otherwise provided in this Section 12.2, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator; *provided, however*, shareholder approval of an amendment to the Plan may be necessary (1) in order for the Plan to continue to be able to issue ISO's under Code §422 pursuant to Treas. Reg. §1.422-2(b)(2)(iii), (2) in order for the Plan to continue to be able to issue Awards which meet the performance-based exception pursuant to Treas. Reg. §1.162-27(e)(2)(vi), and (3) in order for the Plan to comply with rules promulgated by an established stock exchange or national market system, and, in all cases, the Board shall determine whether approval by the shareholders shall be requested and/or required in its complete and absolute discretion after due consideration of such matters. Further, without approval of the Company's shareholders given within 12 months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 12.4, increase the limits imposed in Section 3.1 on the maximum number of shares which may be issued under the Plan. No amendment, suspension or termination of the Plan shall, without the consent of the Holder, alter or impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after the first to occur of the following events:

(a) The expiration of 10 years from the date the Plan is adopted by the Board; or

(b) The expiration of 10 years from the date the Plan is approved by the Company's shareholders under Section 12.5.

12.3 ***Amendment or Cancellation of Awards.*** The Committee shall have the right to modify, amend or cancel any Award after it has been granted if (a) the modification, amendment or cancellation does not diminish the rights or benefits of the Holder under the Award (*provided, however*, that a modification, amendment or cancellation that results solely in a change in the tax consequences with respect to an Award shall not be deemed as a diminishment of rights or benefits of such Award), (b) the Holder consents in writing to such modification, amendment or cancellation, (c) there is a dissolution or liquidation of the Company, (d) this Plan and/or the Award Agreement expressly provides for such modification, amendment or cancellation, or (e) the Company would otherwise have the right to make such modification, amendment or cancellation by applicable law. No modification, amendment or cancellation of an outstanding Award which is expressly allowed under another provision of this Plan shall be subject to the provisions of this Section 12.3.

12.4 ***Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.***

(a) Subject to Section 12.4(e), in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event (a “Corporate Event”), in the Administrator's sole discretion, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then the Administrator shall, in such manner as it may deem equitable, adjust any or all of:

(1) The number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of shares which may be issued and adjustments of the limitations contained in Sections 3.1, 3.1(c), and 9.2);

(2) The number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; and

(3) The grant or exercise price with respect to any Award.

The Administrator shall be required to make such adjustments if such Corporate Event constitutes an “equity restructuring”, as defined in FASB ASC §718-10-20.

(b) Subject to Sections 12.4(c) and (e), in the event of any transaction or event described in Section 12.4(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole and absolute discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(1) To provide for either the purchase of any such Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested or the replacement of such Award with other rights or property selected by the Administrator in its sole discretion;

(2) To provide that the Award cannot vest, be exercised or become payable after such event;

(3) To provide that such Award shall be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in Section 6.3 or the provisions of such Award;

(4) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(5) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Deferred Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future.

(6) To provide that, for a specified period of time prior to such event, the restrictions imposed under an Award Agreement upon some or all shares of Restricted Stock or Deferred Stock may be terminated, and, in the case of Restricted Stock, some or all shares of such Restricted Stock may cease to be subject to forfeiture under Section 8.4 after such event.

(c) Subject to Sections 12.4(e), 4.2 and 4.3, the Administrator may, in its discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company.

(d) With respect to Awards which are granted to Code §162(m) Participants and are intended to qualify as performance-based compensation under Code §162(m)(4)(C), no adjustment or action described in this Section 12.4 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause such Award to fail to so qualify under Code §162(m)(4)(C), or any successor provisions thereto. No adjustment or action described in this Section 12.4 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Code §422(b)(1). Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions. The number of shares of Common Stock subject to any Award shall always be rounded to the next whole number.

(e) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12.5 ***Approval of Plan by Shareholders.*** The Plan will be submitted for the approval of the Company's shareholders within twelve (12) months after the date on which this Plan is adopted by the Board, disregarding any contingencies or delayed effective date relative to such adoption. In the event that shareholder approval of this Plan is not obtained, or in the event that this Plan is not subjected to the approval of the shareholders, then any Awards granted under this Plan shall nonetheless be deemed granted pursuant to the authority of the Board; *provided, however*, any such Option granted which was intended to be an ISO shall instead be a NQSO. Should this Plan be rejected by the shareholders after being submitted to the shareholders for their approval, the Plan shall immediately terminate at that time, and no further grants shall be made under this Plan thereafter. Notwithstanding the foregoing, no ISO shall be exercisable prior to the date that shareholder approval of this Plan is obtained unless the Holder receiving such ISO agrees that the ISO shall instead be treated as a NQSO for all purposes, and any exercise of an ISO by a Holder prior to the date that shareholder approval of this Plan is obtained shall automatically be deemed to be such an agreement by the exercising Holder. In addition, in the event that shareholder approval of this Plan is not obtained, any Awards intended to meet the performance-based compensation exception of Code §162(m)(4)(C) may not meet such exception.

12.6 ***Tax Withholding.*** The Company shall be entitled to require payment in cash or deduction from other compensation payable to each Holder of any sums required by federal, state or local tax law to be withheld with respect to the issuance, vesting, exercise or payment of any Award. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow such Holder to elect to have the Company withhold shares of Common Stock otherwise issuable under such Award (or allow the return of shares of Common Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Common Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Holder of such Award within six months after such shares of Common Stock were acquired by the Holder from the Company) in order to satisfy the Holder's federal and state income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal and state tax income and payroll tax purposes that are applicable to such supplemental taxable income. To the extent that a Holder is an Insider, satisfaction of withholding requirements by having the Company withhold Shares may only be made to the extent that such withholding of Shares (1) has met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or (2) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act. Unless the Award Agreement provides otherwise, the withholding of shares to satisfy federal, state and local withholding tax requirements shall be a subsequent transaction approved by the original grant of a Stock Incentive.

12.7 ***Restrictions on Awards.*** This Plan shall be interpreted and construed in a manner consistent with the Company's status as a real estate investment trust ("REIT"), within the meaning of Code §§856 through 860. No Award shall be granted or awarded, and with respect to an Award already granted under the Plan, such Award shall not vest, or be exercisable, distributable or payable if, in the discretion of the Administrator, such Award could impair the Company's status as a REIT or would violate the Company's Charter or Bylaws.

12.8 ***Loans.*** To the extent permitted under applicable law, the Committee may, in its discretion, extend one or more loans to Eligible Recipients in connection with the exercise or receipt of an Award granted or awarded under the Plan, or the issuance of Restricted Stock or Deferred Stock awarded under the Plan; *provided, however*, that no such loan shall be an extension or maintenance of credit, an arrangement for the extension of credit, or a renewal of an extension of credit in the form of a personal loan to or for any Director or executive Officer of the Company that is prohibited by Section 13(k) of the Exchange Act or other applicable law. The terms and conditions of any such loan shall be set by the Committee.

12.9 ***Forfeiture Provisions.*** Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Holder to agree by separate written instrument, that (a)(i) any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of the Award, or upon the receipt or resale of any Common Stock underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (b)(i) the Holder ceases to perform services for the Company or a Subsidiary prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Holder at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Holder ceases to perform services for the Company or a Subsidiary for cause.

12.10 ***Cessation of Service.*** For all purposes under this Plan, the Committee shall have complete and absolute discretion to determine when a Holder has ceased to perform services for the Company or a Subsidiary, including situations involving cessation of services simultaneously with beginning the performance of other services, cessation of services in temporary situations or situations involving leave, and situations involving the cessation of services in one form with the simultaneous beginning of services in another form (such as, for example, cessation of services as an employee and the beginning of services as a contractor, or vice versa).

12.11 ***Effect of Plan upon Options and Compensation Plans.*** The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company (a) to establish any other forms of incentives or compensation for Eligible Recipients, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.12 ***Compliance with Laws.*** The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of shares of Common Stock and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

12.13 ***Titles.*** Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

12.14 ***Governing Law.*** The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Maryland without regard to conflicts of laws thereof.

13 Independent Director Awards

13.1 ***Awards to Independent Directors.*** Independent Directors shall be eligible to receive Awards under this Plan. The terms and conditions of any grant of an Award to an Independent Director shall be set forth in an Award Agreement.

13.2 ***Award Limits.*** The maximum aggregate Fair Market Value of stock with respect Awards which may be granted to any Independent Director during any calendar year shall be $500,000 (determined as of the grant date of such Awards).

AMERICAN HEALTHCARE OPPS HOLDINGS, LLC
EXECUTIVE SEVERANCE AND CHANGE IN CONTROL PLAN

ARTICLE I

PURPOSE AND PARTICIPATION

1.1 Adoption; Purpose. The Board of Directors (the "***Board***") of American Healthcare REIT, Inc. ("***AHR***"), acting indirectly on behalf of American Healthcare Opps Holdings, LLC (the "***Company***")[1], has adopted this Executive Severance and Change in Control Plan (this "***Plan***") for the purpose of providing severance and change-of-control protections to certain key employees of the Company and its Subsidiaries. The Plan, as set forth herein, is intended to provide severance protections to a select group of management or highly compensated employees (within the meaning of ERISA) in connection with qualifying terminations of employment.

1.2 Participation. This Plan is only for the benefit of Participants, and no other employees, personnel, consultants or independent contractors shall be eligible to participate in this Plan or to receive any rights or benefits hereunder. Participants are those employees (including new hires) designated by the Compensation Committee as Participants from time to time, subject to, and conditioned upon, such employee executing and delivering to the Company a Letter Agreement.

1.3 Contract of Employment. Nothing in this Plan shall be construed as creating an express or implied contract of employment and nothing herein shall confer upon any Participant any right with respect to continued employment with the Company or any Subsidiary or limit the right of the Company or any Subsidiary to terminate such Participant's employment at any time.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

2.1 Definitions.

Capitalized terms used in this Plan but not otherwise defined herein shall have the following respective meanings:

"***Accrued Obligations***" means, with respect to a Participant, the sum of the following: (a) any accrued but unpaid Base Salary of such Participant through the Termination Date; (b) except in the case of a termination by the Company for Cause, any annual cash performance bonus relating to the year prior to the year in which the Termination Date occurs that was earned, but, as of the Termination Date, was not yet paid, payable at its normal time (but in no event later than March 15 of the year in which the Termination Date occurs), (c) reimbursement for any unreimbursed business expenses properly incurred by such Participant in accordance with Company policy through such Participant's Termination Date; (d) accrued and unused paid time off (PTO) or vacation; and (e) benefits due under any indemnification, insurance or other employee benefit plan or arrangement to which such Participant may be entitled according to the documents governing such plans or arrangements, including coverage under COBRA to which such Participant or his or her beneficiaries may be entitled under Part 6 of Title I of ERISA and all related state and local laws.

[1] References to the "Company" in this Plan shall include AHR and its Affiliates.

"***Affiliate***" means any domestic or foreign individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or governmental entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

"***Average Cash Bonus***" means a Participant's average annual cash performance bonus based on the amount of cash performance bonus, if any, earned for the three (3) most recent years completed prior to the Termination Event, *provided that,* if the Participant was not eligible to receive an annual cash performance bonus for at least three (3) completed years prior to the Termination Event, then the Average Cash Bonus shall be (a) if the Participant was eligible to receive a bonus for two (2) years completed prior to the Termination Event, the average annual cash performance bonus, if any, for the prior two (2) years; (b) if the Participant was eligible to receive a bonus for only one year completed prior to the Termination Event, the cash performance bonus, if any, earned for such year; and (c) if the Participant has not been employed long enough to be eligible to receive an annual bonus, then the Participant's target annual cash performance bonus for the year in which the Termination Event occurs. In the event a Termination Event occurs following the completion of a year but prior to the payment date with respect to such year, the amount of such bonus shall be used in determining the Average Cash Bonus (i.e., disregarding any continued employment requirement through the payment date). For clarity, cash performance bonuses that a Participant earned or was eligible to earn prior to the GAHR IV Merger shall not be taken into account and any cash performance bonus relating to the portion of the year following the GAHR IV Merger (or, if a Participant is hired after the GAHR IV Merger, for the portion of the year following the date of hire) shall be annualized.

"***Base Salary***" means the Participant's annual base salary as in effect immediately prior to such Participant's Termination Date (without regard to any reduction thereof that was not agreed to by the Participant).

"***Board***" means the board of directors of AHR or any successor thereto.

"***Cause***" means any of the following:

(a) the willful fraud or material dishonesty of the Participant in connection with the performance of the Participant's duties to the Company or any Affiliates;

(b) the deliberate or intentional failure by the Participant to substantially perform the Participant's duties to the Company or any Affiliates (other than the Participant's failure resulting from the Participant's incapacity due to physical or mental illness or any such actual or anticipated failure after the Participant's issuance of a Termination Notice for Good Reason) after a written notice is delivered to the Participant by the Company, which demand specifically identifies the manner in which the Company believes the Participant has not substantially performed the Participant's duties;

(c) willful misconduct or gross negligence by the Participant that has a substantial adverse effect on the reputation, goodwill or business operations of the Company or any Affiliate;

(d) willful and material disclosure of the Company's Confidential Information or trade secrets;

(e) a breach of any Restrictive Covenants;

(f) a violation of any of the Company's policies prohibiting harassment or discrimination in the workplace; or

(f) the Participant's conviction of, or plea of no contest to a charge of commission of, a felony (excluding traffic violations) or crime of moral turpitude.

For purposes of this definition, no act or failure to act will be considered "willful," unless it is done or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company will be presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. In order for the Company to terminate the Participant's employment for "Cause," the Company shall have first given written notice of the alleged grounds purporting to constitute Cause (which notice must be given within sixty (60) days following the Board's actual knowledge of the grounds purporting to constitute Cause) and the same shall not have been cured (if capable of cure) within thirty (30) calendar days following such written notice.

"***Change in Control***" means the first to occur of any of the events set forth in the following paragraphs; *provided, however*, that a Qualified Event shall not constitute a Change in Control:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than AHR or an Affiliate or a AHR or Affiliate employee benefit plan, including any trustee of such plan acting as trustee, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of AHR representing fifty percent (50%) or more of the combined voting power of AHR then outstanding securities entitled to vote;

(b) a merger, reverse merger or other business combination or consolidation of AHR with any other corporation other than an Affiliate, other than a merger or consolidation which would result in AHR's common stockholders of record outstanding immediately prior thereto continuing to hold, directly or indirectly, at least fifty percent (50%) of the total voting power of the surviving entity immediately after such merger, reverse merger, business combination or consolidation;

(c) during any 12-month period, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company (or AHR or any successor company) to effect a transaction described in subsections (a) or (b)) whose election by the Board or nomination for election by stockholders of AHR (or any successor company) was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; provided that, for the first 12 months following the GAHR IV Merger, a change in the composition of the Board shall constitute a Change in Control pursuant to this clause (c) only if a majority of the directors in office immediately following the effective date of the GHAR IV Merger together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company or AHR to effect a transaction described in subsections (a) or (b)) whose election by the Board or nomination for election by AHR's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof;

(d) a sale or disposition (other than to an Affiliate) of all or substantially all of AHR's assets in any single transaction or series of related transactions;

(e) the sale or disposition, directly or indirectly, of more than 50% of AHR's interest in the Company; or

(f) the stockholders of AHR or the Board adopts a plan of liquidation of AHR; or the manager of the Company adopts a plan of liquidation of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes or triggers the right to a payment event with respect to an amount that provides for the deferral of compensation that is subject to Section 409A, then, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described above shall only constitute a Change in Control if such transaction also constitutes a "change in control event" (within the meaning of Section 409A).

"***Change in Control Severance Payment***" means an amount equal to: (a) 2.5 if the Participant is the Chief Executive Officer of the Company, or 2.0 if the Participant is not the Chief Executive Officer of the Company; multiplied by (b) the sum of: (i) the Participant's Base Salary; plus (ii) the Participant's Average Cash Bonus.

"***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or similar local law.

"***Code***" means the Internal Revenue Code of 1986, as amended, and the regulations and formal guidance promulgated thereunder.

"***Compensation Committee***" means the Compensation Committee of the Board.

"***Contribution Agreement***" means the Contribution Agreement, dated as of June 23, 2021, by and among Griffin-American Healthcare REIT III, Inc., Griffin-American Healthcare REIT III Holdings, LP, Griffin Capital Company, LLC, American Healthcare Investors, LLC, Colony Capital, Inc., Flaherty Trust, dated September 25, 1997, as amended, Jeffrey T. Hanson, Danny Prosky and Mathieu B. Streiff.

"***Disability***" means, with respect to a Participant, the same meaning as provided in the long-term disability plan or policy maintained by the Company or an Affiliate. If no such disability plan or policy is maintained by the Company or an Affiliate, "Disability" means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be expected to result in death or can be expected to last for a period of more than ninety (90) consecutive days or one-hundred eighty (180) non-consecutive days during any twelve (12) month. period If the Participant disputes the Company's determination of Disability, the Participant (or his or her designated physician) and the Company (or its designated physician) shall jointly appoint a third-party physician to examine the Participant and determine whether a Disability exists.

"*Effective Date*" means November 18, 2021.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and formal guidance promulgated thereunder.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***GAHR IV Merger***" means the merger of Griffin-American Healthcare REIT III, Inc. into Continental Merger Sub, LLC, pursuant to the Merger Agreement.

"***Good Reason***" means, without the Participant's written consent:

(a) a material diminution of the Participant's annual Base Salary, target annual cash performance bonus opportunity, target annual equity-based compensation opportunity, or other annual incentive compensation opportunities, in each case, as in effect on the Effective Date and as may be increased from time to time (other than in connection with an across-the-board reduction of compensation that does not exceed 10% of the Participant's Base Salary and that is applied to all senior executives of the Company);

(b) a material reduction in the Participant's authority, title, duties or responsibilities (which, for the avoidance of doubt, does not include a change in reporting line alone);

(c) the Participant being required to relocate the Participant's principal place of employment with the Company more than thirty (30) miles from the Participant's principal place of employment as of the Effective Date, it being understood that (i) the Participant may be required to travel frequently in connection with the Participant's position as set forth herein and that prolonged periods away from the Participant's principal residence shall not constitute Good Reason and (ii) a requirement to work from home or to return to the office after a prior requirement to work from home shall not constitute a required relocation of the Participant's principal place of employment; or

(d) failure of any successor to the Company to assume this Plan and the obligations hereunder.

A termination of employment by the Participant shall not be deemed to be for Good Reason unless (i) the Participant gives the Company written notice describing the event or events that are the basis for such termination within sixty (60) calendar days after the Participant knows or should have known of the initial occurrence of such event or events, (ii) such grounds for termination (if susceptible to correction) are not corrected by the Company within thirty (30) calendar days after the Company's receipt of such notice ("***Correction Period***"), and (iii) the Participant terminates the Participant's employment no later than thirty (30) calendar days following the Correction Period, subject to the notice provisions in Section 3.5. For the avoidance of doubt, consummation of the transactions contemplated by the Contribution Agreement and the Merger Agreement shall not constitute or give rise to Good Reason.

"***Letter Agreement***" means a letter agreement, substantially in the form attached hereto as Exhibit A (together with any changes approved by the Compensation Committee), executed and delivered by the Company and a Participant.

"***Merger Agreement***" means the Agreement and Plan of Merger by and among Griffin-American Healthcare REIT IV, Inc., Griffin-American Healthcare REIT IV Holdings, LP, Continental Merger Sub, LLC, Griffin-American Healthcare REIT III, Inc. and Griffin-American Healthcare REIT III Holdings, LP, dated as of June 23, 2021.

"***Participant***" means an employee of the Company or any Subsidiary who both: (a) the Compensation Committee from time to time designates as a Participant in accordance with Section 1.2; and (b) has entered into a Letter Agreement with the Company.

"***Qualified Event***" means any of the following: (a) a straight listing of the Shares on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; (b) an underwritten public offering of the Shares pursuant to an effective registration statement under the Securities Act of 1933, as amended from time to time, in which the Shares are approved for listing or quotation on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; (c) a reverse merger of the Company into an existing publicly held company or its acquisition subsidiary, resulting in the Shares first becoming listed on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; or (d) the GAHR IV Merger.

"***Restrictive Covenants***" means, with respect to a Participant, those non-solicitation, non-disclosure, non-disparagement and other similar restrictive covenants set forth in the Letter Agreement executed and delivered by such Participant pursuant to this Plan and, if applicable, the Non-Competition and Non-Solicitation Agreement by and among a Participant, Griffin-American Healthcare REIT III, Inc., a Maryland corporation, and Griffin-American Healthcare REIT III Holdings, LP, a Delaware limited partnership.

"***Retention Equity Grants***" means the restricted stock awards granted in accordance with the Contribution Agreement.

"***Severance Payment***" means an amount equal to: (a) 2.0 if the Participant is the Chief Executive Officer of the Company, 1.5 if the Participant is the Executive Chairman, Chief Operating Officer, Chief Financial Officer, Head of Acquisitions, or General Counsel, or 1.0 if the Participant holds another position; multiplied by (b) the sum of: (i) such Participant's Base Salary; plus (ii) such Participant's Average Cash Bonus.

"***Severance Period***" means a period of time following the Termination Date equal to the number of years equal to the multiple (i.e., 2.5., 2.0, 1.5 or 1.0) of the Participant's Change in Control Severance Payment or Severance Payment, as applicable.

"***Shares***" means shares of the common stock of the Company and any successor security or interest.

"***Subsidiary***" means any subsidiary, affiliate or joint venture of the Company.

"***Termination Date***" means, with respect to a Participant: (a) in the case of such Participant's death, his or her date of death; (b) in the case of such Participant's voluntary termination, the last day of such Participant's employment; and (c) in all other cases, the date specified in the applicable Termination Notice.

"***Termination Event***" means the termination of the employee-employer relationship between a Participant and the Company or any Subsidiary by reason of: (a) the resignation of such Participant; (b) the Company's termination of such Participant; or (c) the death or Disability of such Participant.

2.2 Interpretation. In this Plan, unless a clear contrary intention appears: (a) the words "herein," "hereof" and "hereunder" refer to this Plan as a whole and not to any particular Article, Section or other subdivision; (b) reference to any Article or Section, means such Article or Section hereof; and (c) the words "including" (and with correlative meaning "include") means including, without limiting the generality of any description preceding such term. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

ARTICLE III

SEVERANCE; CHANGE OF CONTROL

3.1 Termination Without Cause or for Good Reason. Except as otherwise set forth in Section 3.2 and subject to Section 3.4, in the event that a Termination Event occurs with respect to a Participant by the Company or any Subsidiary without Cause (other than by reason of the death or Disability of such Participant) or by reason of a resignation by such Participant for Good Reason, such Participant shall be entitled to receive from the Company the Accrued Obligations and each of the following, subject to Section 4.2:

(a) a Severance Payment, which amount the Company shall pay to the Participant over the

Severance Period in equal installments in accordance with the Company's normal payroll practices, commencing within sixty (60) calendar days following the Termination Date (with the first payment being a lump sum payment covering all payment periods from the Termination Date through the date of such first payment); and

(b) the Company shall, at the Company's expense, for period of time ending on the earlier to occur of (i) the completion of the applicable Severance Period and (ii) the date on which the Participant becomes eligible to receive healthcare coverage from a subsequent employer (the "***Benefit Continuation Period***"), provide medical coverage through the Company's group medical plans pursuant to COBRA at the same levels as would have applied if the Participant's employment had not been terminated or reimburse the cost of such medical coverage, *provided* that (A) such Participant completes and timely files all necessary COBRA election documentation, which will be sent to such Participant after the Termination Date, and (B) in the case of reimbursement, during any COBRA period, such Participant continues to make all required premium payments required by COBRA. The Company may include the fair market value of the cost of such coverage in the Participant's taxable income, to the extent required by applicable tax laws. Notwithstanding the foregoing, if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the Benefit Continuation Period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or the Company is otherwise unable to continue to cover such Participant under its group health plans without a fine or penalty to the Company or the Participant under applicable law (including without limitation, Section 2716 of the Public Health Service Act) or due to unwillingness of the applicable group health plan's insurer to allow such coverage, then, in either case, an amount equal to the COBRA premium as in effect as of such date shall thereafter be paid to such Participant in substantially equal monthly installments over the remainder of the Benefit Continuation Period (which payments will be taxable compensation to the Participant). With respect to any continued medical benefits described in this clause (b), to the extent that such benefits are discontinued in the event the Participant becomes eligible for healthcare coverage from a subsequent employer, the Participant shall promptly notify the Company of his or her eligibility for any such benefits; and

(c) any Retention Equity Grants granted to the Participant that are unvested as of the Termination Date shall vest and, if applicable, become exercisable and any other unvested restricted stock or other equity awards issued to the Participant under the Company's 2015 Incentive Plan or otherwise by the Company or its Affiliates that are outstanding on the Termination Date and that vest solely based on the passage of time (each, a "***Time-Based Award***") shall vest and become exercisable, if applicable, as to the number of shares subject to such award that would have vested (and become exercisable, if applicable) over the twelve (12) month period following the Termination Date had the Participant remained employed; and

(d) any performance-based vesting award issued to the Participant under the Company's 2015 Incentive Plan or otherwise by the Company or its Affiliates (each, a "***Performance-Based Award***") that remains outstanding on the Termination Date shall remain outstanding and eligible to be earned following the completion of the performance period based on the actual achievement of applicable performance goals, and to the extent earned (if at all) shall vest on a pro rata basis based on the number of days the Participant remained employed from the commencement of the performance period through the Termination Date.

3.2 <u>Change in Control Followed by Termination Without Cause or for Good Reason</u>. Subject to Section 3.4, in the event that a Change in Control occurs:

(a) any Time-Based Award (including, for the avoidance of doubt, any Retention Equity Grants) that is then outstanding shall vest and, if applicable, become exercisable immediately prior to the

Change in Control, subject to the Participant's continued employment until immediately prior to such Change in Control; and

(b) any Performance-Based Award that is then outstanding and that is not continued, converted, assumed or replaced with a substantially similar award by the Company or a successor entity or its parent or subsidiary in connection with the Change in Control (in each case, such award being considered "***Assumed***"), shall vest and, if applicable, become exercisable immediately prior to the Change in Control based on actual achievement of the applicable performance goals through the date of the Change in Control, as determined in the sole discretion of the Compensation Committee prior to consummation of the Change in Control; and

(c) if, during the period beginning on the date of the Change in Control and continuing through the twelve (12) month period following such Change in Control, a Termination Event occurs with respect to a Participant the Company or any Subsidiary without Cause (other than by reason of the death or Disability of such Participant) or by reason of a resignation by such Participant for Good Reason, such Participant shall be entitled to receive from the Company the Accrued Obligations and each of the following, subject to Section 4.2:

i. a Change in Control Severance Payment, which amount the Company shall pay to the Participant in a lump sum (subject to Section 4.2) within sixty (60) days following the Termination Date; provided, however, that if such Change in Control does not constitute a "change in control event" for purposes of Section 409A, then, to the extent required to avoid the imposition of additional taxes under Section 409A, the Change in Control Severance Payment shall be paid pursuant to the payment timing set forth in Section 3.1(a) over the Severance Period; and

ii. the Company shall, at the Company's expense, for the Benefit Continuation Period, provide medical coverage or a corresponding payment as described in Section 3.1(b); and

iii. any Performance-Based Award that was Assumed in connection with such Change in Control and that remains unvested on the Termination Date shall, to the extent such award remains subject to performance-based vesting as of the Termination Date, remain outstanding and eligible to be earned following the completion of the performance period based on the actual achievement of applicable performance goals, and to the extent earned (if at all) shall vest on a pro rata basis based on the number of days the Participant remained employed from the commencement of the performance period through the Termination Date.

To the extent a Participant is entitled to any payments or benefits set forth in this Section 3.2, such Participant shall not be entitled to any payments or benefits set forth in Section 3.1.

3.3 Termination Other Than Without Cause or for Good Reason. In the event that a Termination Event occurs with respect to a Participant for any reason other than as set forth in Section 3.1 or Section 3.2 above, such Participant shall be entitled to receive from the Company the Accrued Obligations and, if such Termination Event is due to the Participant's death or Disability: (a) an amount equal to 0.5 multiplied by such Participant's Base Salary, which amount the Company shall pay to the Participant (or, if applicable, the Participant's beneficiary or to such Participant's estate, if a Participant fails to make a beneficiary designation), subject to Section 4.2, in equal installments in accordance with the Company's normal payroll practices for a period of six (6) months after the Termination Date starting within sixty (60) days following the Termination Date (with the first payment being a lump sum payment covering all payment periods from the Termination Date through the date of such first payment); and (b) the Participant's annual cash performance bonus for the year in which the Termination Date occurs, as determined by the Compensation Committee based on target performance for the performance period and pro-rated for the number of days from the performance period commencement to the Termination Date, payable at its normal time (but in no event later than March 15 of the year following the year in which the Termination Date occurs); and (c) all unvested Time-Based Awards shall vest and become exercisable, if applicable, as to the number of shares subject to such award that would have vested (and become exercisable) over the 12-month period following the Termination Date had the Participant remained employed, and (d) any Performance-Based Awards shall remain outstanding and eligible to be earned following the completion of the performance period based on the actual achievement of applicable performance goals, and to the extent earned (if at all) shall vest on a pro rata basis based on the number of days the Participant remained employed from the commencement of the performance period through the Termination Date.

3.4 General Release. Notwithstanding anything herein to the contrary, a Participant shall not be entitled to receive any payments or benefits, other than the Accrued Obligations, pursuant to Section 3.1 or Section 3.2 hereof (and such Participant shall forfeit all rights to such payments) unless such Participant has executed, delivered to the Company and not revoked a general release agreement, in a form of agreement generally used by the Company for such purposes, releasing the Company and its Affiliates from any and all claims such Participant may have (the "***General Release***"), and such General Release has become effective no later than fifty-five (55) calendar days following the Termination Date, and such Participant shall be entitled to receive such payments and benefits that have yet to be provided only so long as such Participant has not materially breached any of the provisions of the General Release or the Restrictive Covenants without cure (if curable) of any such breach within ten (10) business days after a notice from the Company specifying the breach. If the General Release is executed and delivered and no longer subject to revocation as provided in the preceding sentence, then any cash payments due to a Participant shall be paid (subject to Section 4.2) in accordance with the provisions of Section 3.1 or Section 3.2, as applicable. Notwithstanding the foregoing, if the fifty-five (55) calendar day period begins in one calendar year and ends in another calendar year and all or any portion of such payments constitute "nonqualified deferred compensation" for purposes of Section 409A, then none of such payments shall begin until such second calendar year. The General Release shall have no greater obligations or more limiting post-employment restrictions than are expressly set forth in this Plan or in the Participant's Letter Agreement.

3.5 Termination Notices. For purposes of this Plan, any purported termination of employment of a Participant by the Company or any Subsidiary or by such Participant (other than due to such Participant's death) shall be communicated by written notice to the other party, which notice shall specify the Termination Date (if applicable) (each, a "***Termination Notice***"). In the case of a termination of a Participant's employment by the Company or a Subsidiary without Cause, the Company or such Subsidiary shall provide sixty (60) calendar days' advance written notice to such Participant of such termination, with the last day of such Participant's employment being the end of such sixty (60)-day notice period. At the Company's option, it may place such Participant on a paid leave of absence for all or part of such notice period. In the case of a termination of a Participant's employment by the Participant without Good Reason, the Participant shall provide sixty (60) calendar days advance written notice to the Company of such termination, with the last day of such Participant's employment being the end of such sixty (60)-day notice period. The Company may elect, in its sole discretion, to have such Participant continue to provide services to the Company during some, all or none of such notice period and may elect, in its sole discretion, whether such services will be performed on or off Company premises.

3.6 No Mitigation. Except as provided in Sections 3.1(b), 3.2(c)(ii) and 5.3, the Company's obligation to make payments and provide benefits under this Plan and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against a Participant or others. In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to such Participant under any of the provisions of this Plan, and such amounts shall not be reduced whether or not such Participant obtains other employment.

ARTICLE IV

LIMITATIONS ON SEVERANCE AND RELATED TERMINATION BENEFITS

4.1 Parachute Payment Limitations. Notwithstanding anything to the contrary contained in this Plan (or any other agreement entered into by and between a Participant and the Company or any incentive arrangement or plan offered by the Company), in the event that any amount or benefit paid or distributed to a Participant pursuant to this Plan, taken together with any amounts or benefits in the nature of compensation (within the meaning of Section 280G of the Code) otherwise paid to such Participant by the Company (collectively, the "***Covered Payments***"), would constitute an "excess parachute payment" as defined in Section 280G of the Code, and would thereby subject such Participant to an excise tax under Section 4999 of the Code (an "***Excise Tax***"), then, solely to the extent that such Participant would be better off on an after-tax basis by receiving no more than the maximum amount that may be paid hereunder without such Participant becoming subject to the Excise Tax, the Covered Payments shall be reduced (but not below zero) to the maximum amount that may be paid without such Participant becoming subject to the Excise Tax. The determination of whether such Covered Payments would result in the application of the Excise Tax, and the amount (and order) of reduction that is necessary so that no such Excise Tax would be applied, shall be made, at the Company's expense, by a nationally recognized accounting, consulting or legal firm selected by the Company prior to consummation of the Change in Control. In the event a Participant receives reduced payments and benefits as a result of application of this Section, such reduction shall first be made from payments and benefits that are determined not to be nonqualified deferred compensation for purposes of Section 409A, and then shall be made (to the extent necessary) out of payments and benefits that are subject to Section 409A and that are due at the latest future date.

4.2 Compliance with Code Section 409A.

(a) This Plan is intended to comply with Section 409A of the Code ("***Section 409A***") or satisfy an exemption thereunder. This Plan shall be construed, interpreted and administered to the extent possible in a manner that does not result in the imposition on any Participant of any additional tax, penalty or interest under Section 409A. Any payments under this Plan that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. If any payment or benefit cannot be provided or made at the time specified herein without the imposition on a Participant of any additional tax, penalty or interest under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such additional tax, penalty or interest will not be imposed. For purposes of Section 409A: (i) any payments to be made under this Plan upon a termination of employment that constitute "nonqualified deferred compensation" within the meaning of Section 409A shall only be made upon a "separation from service" under Section 409A; (ii) each payment made under this Plan shall be treated as a separate payment; and (iii) the right to a series of installment payments under this Plan is to be treated as a right to a series of separate payments. In no event shall any Participant, directly or indirectly, designate the calendar year of payment.

(b) All reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that: (i) any reimbursement is for expenses incurred during a Participant's lifetime (or during a shorter period of time specified in this Plan); (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) Notwithstanding any provision in this Plan to the contrary, if, at the time of a Participant's separation from service with the Company, the Company has securities that are publicly traded on an established securities market, such Participant is a "specified employee" (as defined in Section 409A) and it is necessary to postpone the commencement of any severance payments otherwise payable pursuant to this Plan as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then the Company will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Participant) that constitute "nonqualified deferred compensation" under Section 409A until the first payroll date that occurs after the date that is six (6) months following Participant's separation from service with the Company (as determined under Section 409A). If any payments are postponed pursuant to this Section 4.2(c), then such postponed amounts will be paid in a lump sum, without interest, to a Participant on the first payroll date that occurs after the date that is six (6) months following such Participant's separation from service with the Company. If a Participant dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of such Participant's estate within sixty (60) days after the date of Participant's death.

(d) Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Plan comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by a Participant on account of non-compliance with Section 409A.

ARTICLE V

MISCELLANEOUS PROVISIONS

5.1 Cumulative Benefits; Effect on Other Plans. Except as otherwise set forth herein or otherwise agreed to between the Company and a Participant, the rights and benefits provided to any Participant under this Plan are cumulative of, and are in addition to, all of the other rights and benefits provided to such Participant under any benefit plan of the Company or any agreement between such Participant and the Company or any Subsidiary; provided, however, that so long as the Plan is in effect, if a Participant is entitled to any severance payments or benefits under the Plan, such entitlements shall be in lieu of, and not in addition to, any entitlement to severance payments or benefits the Participant might otherwise have under another plan, policy or agreement maintained by or with the Company or an Affiliate thereof; provided, that any greater entitlement the Participant may have with respect to any equity-based awards under any other plan, policy or agreement shall remain applicable to such awards.

5.2 Plan Unfunded; Participant's Rights Unsecured. This Plan shall be maintained in a manner to be considered "unfunded" for purposes of ERISA. The Company shall be required to make payments only as benefits become due and payable. No person shall have any right, other than the right of an unsecured general creditor against the Company, with respect to the benefits payable hereunder, or which may be payable hereunder, to any Participant, surviving spouse or beneficiary hereunder. If the Company, acting in its sole discretion, establishes a reserve or other fund associated with this Plan, no person shall have any right to or interest in any specific amount or asset of such reserve or fund by reason of amounts which may be payable to such person under this Plan, nor shall such person have any right to receive any payment under this Plan except as and to the extent expressly provided in this Plan. The assets in any such reserve or fund shall be part of the general assets of the Company, subject to the control of the Company. The Company shall not be required to establish any special or separate fund or make any other segregation of funds or assets to assure the payment of any benefit hereunder.

5.3 Recoupment. Notwithstanding any other provision of this Plan to the contrary, Participants will be subject to recoupment policies adopted by the Company to the extent required by applicable law, including any policy adopted pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law or the listing requirements of any national securities exchange on which the Shares may be listed.

5.4 Waiver. No waiver of any provision of this Plan or any Letter Agreement shall be effective unless made in writing and signed by the waiving person or entity. The failure of any person or entity to require the performance of any term or obligation of this Plan or any Letter Agreement, or the waiver by any person or entity of any breach of this Plan or any Letter Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

5.5 Amendment; Termination. The Board may amend or terminate this Plan at any time or from time to time for any reason, *provided*, that Sections 5.12 and 5.13 of this Plan and the Restrictive Covenants set forth in each Letter Agreement shall survive the termination of this Plan and, *provided, further,* that (a) no termination or amendment of the Plan that would adversely affect a Participant may be made within twenty-four (24) months following the Effective Date, (b) twelve (12) months prior written notice to affected Participants will be required for any termination of the Plan or amendment that adversely affects the rights of such Participants, (c) no termination or amendment will adversely affect the rights of any Participant whose employment terminated prior to the date of such amendment or termination, and (d) a Participant’s right to receive payments or benefits with respect to a termination occurring in connection with or within 12 months after a Change in Control shall not be adversely affected by an amendment or termination of the Plan that is made within six (6) months before or after the date of a Change in Control. The Company shall provide notice to Participants within fifteen (15) days of any amendment or termination of the Plan. Notwithstanding the foregoing, this Plan shall terminate without further action when all of the obligations to Participants hereunder have been satisfied in full.

5.6 Administration.

(a) The Compensation Committee shall have full and final authority to make determinations with respect to the administration of this Plan, to construe and interpret its provisions and to take all other actions deemed necessary or advisable for the proper administration of this Plan, but such authority shall be subject to the provisions of this Plan; *provided, however*, that, to the extent permitted by applicable law, the Compensation Committee may from time to time delegate such administrative authority to a committee of one or more members of the Board or one or more officers of the Company, except that in no event shall any such administrative authority be delegated to an officer with respect to such officer’s status as a Participant. No discretionary action by the Compensation Committee shall amend or supersede the express provisions of this Plan. The Compensation Committee will have full power, discretion and authority to interpret, construe and administer the Plan and any part hereof, and the Compensation Committee’s interpretation and construction hereof, and any actions hereunder, will be final, binding and conclusive on all persons for all purposes.

(b) The Company shall indemnify and hold harmless each member of the Compensation

Committee against any and all expenses and liabilities arising out of his or her administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such member in the performance of such functions or responsibilities to the fullest extent permitted by applicable law. Expenses against which such member shall be indemnified hereunder shall include, without limitation, the amounts of any settlement or judgment, costs, counsel fees and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

5.7 Certain Corporate Transactions. In the event of a merger, consolidation or similar transaction, nothing herein shall relieve the Company from any of the obligations set forth in this Plan; *provided, however*, that nothing in this Section 5.7 shall prevent an acquirer of or successor to the Company from assuming the Company's obligations hereunder (or any portion thereof) pursuant to the terms of this Plan.

5.8 Successors and Assigns. This Plan shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and references in this Plan to the "Company" shall be read as references to any such successor or assign. This Plan and all rights of each Participant shall inure to the benefit of, and be enforceable by, each such Participant and such Participant's personal or legal representatives, executors, administrators and heirs. If any Participant should die following a Termination Event but prior to all amounts due and payable to such Participant hereunder being paid, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such Participant's beneficiary designated in writing to the Company prior to such Participant's death (or to such Participant's estate, if a Participant fails to make such designation). No payments, benefits or rights arising under this Plan may be assigned or pledged by any Participant, except under the laws of descent and distribution.

5.9 Notices. Any notice or other communication required or permitted under this Plan shall be in writing and shall be delivered personally, by nationally recognized overnight courier service or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, when delivered by nationally recognized overnight courier service or, if mailed, five (5) days after the date of deposit in the United States mails, as follows:

(a) if to the Company, to:

18191 Von Karman Avenue, Suite 300
Irvine, CA 92612
Attention: Chairperson, Compensation Committee of Board of Directors
Attention: Chief Executive Officer
Attention: General Counsel

(b) if to any Participant, to such Participant's residence address on the records of the Company or to such other address as such Participant may have designated to the Company in writing for purposes hereof.

Each of the Company and a Participant, by notice given to the other in accordance with this Section 5.9, may designate another address or person for receipt of notices delivered pursuant to this Section 5.9.

5.10 Withholding. The Company shall have the right to deduct from any payment or benefit provided pursuant to this Plan all federal, state and local taxes and any other amounts which are required by applicable law to be withheld therefrom.

5.11 Severability. The provisions of this Plan and each Letter Agreement (including, for the avoidance of doubt, the Restrictive Covenants) shall be regarded as divisible and separate, and if any provision of this Plan or any Letter Agreement is, becomes or is deemed to be invalid, illegal or unenforceable in any respect, then the validity, legality and enforceability of the remaining provisions of this Plan and applicable Letter Agreement shall not be affected thereby.

5.12 Claims Procedure; Arbitration.

(a) Generally, Participants are not required to present a formal claim in order to receive benefits under the Plan. If, however, any person (the "***Claimant***") believes that benefits are being denied improperly, that this Plan is not being operated properly, that fiduciaries of this Plan have breached their duties, or that the Claimant's legal rights are being violated with respect to this Plan, the Claimant must file a formal claim, in writing, with the Compensation Committee.

This requirement applies to all claims that any Claimant has with respect to this Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Compensation Committee determines, in its sole discretion that it does not have the power to grant all relief reasonably being sought by the Claimant. A formal claim must be filed within one hundred twenty (120) calendar days after the date the Claimant first knew or should have first known of the facts on which the claim is based, unless the Compensation Committee consents otherwise in writing. The Compensation Committee shall provide a Claimant, on request, with a copy of the claims procedures established under Section 5.12(b).

(b) The Compensation Committee has adopted procedures for considering claims (which are set forth in Exhibit B attached hereto), which it may amend or modify from time to time, as it sees fit. These procedures shall comply with all applicable legal requirements. These procedures may provide that final and binding arbitration shall be the ultimate means of contesting a denied claim (even if the Compensation Committee or its delegates have failed to follow the prescribed procedures with respect to the claim). The right to receive benefits under this Plan is contingent on a Claimant using the prescribed claims and arbitration procedures to resolve any claim.

5.13 Governing Law. The Plan is intended to be an unfunded "top-hat" welfare plan, within the meaning of U.S. Department of Labor Regulation Section 2520.104-24, and shall be interpreted, administered, and enforced in accordance with ERISA. It is expressly intended that ERISA preempt the application of state laws to this Plan and each Letter Agreement (including, for the avoidance of doubt, the Restrictive Covenants) to the maximum extent permitted by Section 514 of ERISA. To the extent that state law is applicable, the statutes and common laws of the State of Delaware (excluding its choice of laws principles) shall apply.

5.14 Arbitration. Subject to Section 5.12 hereof and subject to the provisions of any Letter Agreement regarding the Company's entitlement to seek equitable relief under the Plan or such Letter Agreement:

(a) Any dispute, controversy or claim arising out of or relating to this Plan or the payments and benefits provided hereunder, as well as any dispute as to the arbitrability of a matter under this Plan (collectively, "*Claims*"), shall be subject to resolution by final and binding arbitration; provided, however, that nothing in this Plan shall require arbitration of any Claims which, by law, cannot be the subject of a compulsory arbitration agreement.

(b) All Claims shall be resolved exclusively by arbitration administered by JAMS under its Employment Arbitration Rules and Procedures then in effect, currently available at https://www.jamsadr.com/rules-employment-arbitration (the "*JAMS Rules*"). Notwithstanding the foregoing, the Company and the Participant shall have the right to (i) seek a restraining order or other injunctive or equitable relief or order in aid of arbitration or to compel arbitration, from a court of competent jurisdiction, or (ii) interim injunctive or equitable relief from the arbitrator pursuant to the JAMS Rules, in each case, to prevent any violation of this Plan or a Letter Agreement. The Company and the Participant must notify the other party in writing of a request to arbitrate any Claims within the same statute of limitations period applicable to such Claims.

(c) Any arbitration proceeding brought under this Plan shall be conducted before one arbitrator in Orange County, California, or such other location to which the parties mutually agree. The arbitrator shall be selected in accordance with the JAMS Rules, provided that the arbitrator shall be an attorney with significant experience in employment matters. Each party to any dispute shall pay its own expenses, including attorneys' fees; *provided, however*, that the Company shall pay all costs and fees that a Participant would not otherwise have been subject to paying if the claim had been resolved in a court of law and, to the extent required by applicable law for this arbitration provision to be enforceable, the Company shall reimburse a Participant for any reasonable travel expenses incurred by such Participant in connection with such Participant's travel to California for any arbitration proceedings. The arbitrator will be empowered to award either party any remedy at law or in equity that the party would otherwise have been entitled to had the matter been litigated in court, including, but not limited to, general, special and punitive damages, injunctive relief, costs and attorney fees; *provided, however*, that the authority to award any remedy is subject to whatever limitations, if any, exist in the applicable law on such remedies. The arbitrator shall issue a decision or award in writing stating the essential findings of fact and conclusions of law, and the arbitrators shall be required to follow ERISA or, if applicable, the laws of the State of Delaware, consistent with Section 5.13.

(d) Any judgment on or enforcement of any award, including an award providing for interim or permanent injunctive relief, rendered by the arbitrator may be entered, enforced or appealed in any court having jurisdiction thereof. Any arbitration proceedings, decision or award rendered hereunder, and the validity, effect and interpretation of this arbitration provision, shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

(e) It is part of the essence of this Plan that any Claims hereunder shall be resolved expeditiously and as confidentially as possible. Accordingly, all proceedings in any arbitration shall be conducted under seal and kept strictly confidential. In that regard, no party shall use, disclose or permit the disclosure of any information, evidence or documents produced by any other party in the arbitration proceedings or about the existence, contents or results of the proceedings except as necessary and appropriate for the preparation and conduct of the arbitration proceedings, or as may be required by any legal process, or as required in an action in aid of arbitration or for enforcement of or appeal from an arbitral award. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall give the other party reasonable written notice of the intended disclosure and afford such other party a reasonable opportunity to protect its interests.

[*Signature Page Follows*]

IN WITNESS WHEREOF, and as conclusive evidence of the Board's adoption of this Plan, the Company has caused this Plan to be duly executed in its name and behalf by its duly authorized officer as of the Effective Date.

AMERICAN HEALTHCARE REIT, INC.

By:/s/ Danny Prosky___________

Name: Danny Prosky

Title: Chief Executive Officer and President

EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

OF

TRILOGY INVESTORS, LLC

a Delaware Limited Liability Company

Effective as of December 31, 2021

THE LIMITED LIABILITY COMPANY INTERESTS REPRESENTED BY THIS AGREEMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION AS PROVIDED IN THOSE STATUTES. THE SALE, ASSIGNMENT, TRANSFER, EXCHANGE, MORTGAGE, PLEDGE OR OTHER DISPOSITION OF ANY LIMITED LIABILITY COMPANY INTEREST IS RESTRICTED IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, AND THE EFFECTIVENESS OF ANY SUCH SALE OR OTHER DISPOSITION MAY BE CONDITIONED UPON, AMONG OTHER THINGS, RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH SALE OR OTHER DISPOSITION CAN BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS. BY ACQUIRING THE LIMITED LIABILITY COMPANY INTERESTS REPRESENTED BY THIS AGREEMENT, EACH MEMBER REPRESENTS THAT IT WILL NOT SELL OR OTHERWISE DISPOSE OF ITS LIMITED LIABILITY COMPANY INTERESTS WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH THE AFORESAID STATUTES AND RULES AND REGULATIONS THEREUNDER AND THE TERMS AND PROVISIONS OF THIS AGREEMENT.

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EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

OF

TRILOGY INVESTORS, LLC

THIS EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of Trilogy Investors, LLC (the "Company") is made and entered into effective as of December 31, 2021 (the "Effective Date"), by and among Trilogy Real Estate Investment Trust, a Maryland statutory trust (the "Investor"), Trilogy Management Services, LLC (the "EIK Manager"), the parties identified as "Management Holders" on the signature pages hereto (each, together with its Permitted Transferees and successors, a "Management Holder") and each Person subsequently admitted as a member of the Company in accordance with the terms hereof (such Persons, the Management Holders, the EIK Manager and the Investor are herein collectively referred to as "Members" and each individually as a "Member"). The Company is organized under the Delaware Limited Liability Company Act, 6 Del.C. § 18-101, et seq. (the "Act"). Capitalized terms used herein are defined in Article 2 hereof or as elsewhere provided herein.

RECITALS

A. Certain of the Members entered into a Limited Liability Company Agreement of the Company dated as of April 26, 2004 (as amended and restated on each of December 3, 2004, August 22, 2006, May 9, 2007, September 13, 2007, June 18, 2008 and December 1, 2015, December 31, 2019, and as further amended, modified and waived from time to time prior to the date hereof, the "Original Agreement").

B. In accordance with Section 10.1 of the Original Agreement, the Board, Randall J. Bufford ("Bufford"), in his capacity as the Member Representative (as defined below) and the Investor desire to amend and restate the terms of the Original Agreement, effective as of the date hereof, at which time the Original Agreement will be superseded in its entirety by this Agreement, for purposes of owning, leasing, maintaining, operating and otherwise dealing with the Communities (as defined below) through Subsidiaries (as defined below) of the Company.

C. The Board, the Member Representative and the Investor desire to adopt this Agreement in accordance with the Act.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Article 1

ORGANIZATIONAL MATTERS

1.1 Formation and Continuation; Filings.

1.1.1 The Company was formed under and pursuant to the provisions of the Act and on the terms and conditions set forth in the Certificate as filed with the Secretary of State of the State of Delaware. The Members hereby agree to continue the Company as a limited liability company under the Act for the purposes and upon the terms and conditions hereinafter set forth. The rights and liabilities of the Members shall be as provided in the Act, the Certificate and this Agreement; provided, that Section 18-305(a) of the Act (entitled “Access to and Confidentiality of Information; Records”) shall not apply or be incorporated into this Agreement. In the event of any inconsistency between any terms and conditions contained in this Agreement, the Certificate and any non-mandatory provisions of the Act, the terms and conditions contained in this Agreement shall govern and override the provisions of the Certificate and the Act. Each of the Investor, the EIK Manager and the Management Holders have been admitted to the Company as a member of the Company.

1.1.2 The fact that the Certificate is on file in the office of the Secretary of State shall constitute notice that the Company is a limited liability company pursuant to Section 18-207 of the Act.

1.1.3 To the extent not inconsistent with this Agreement, the Board may execute on behalf of the Company, and file and record (or cause to be filed and recorded) and publish, if required by applicable laws, such certificates, statements or other instruments as may be necessary or desirable under the laws of the State of Delaware or the state in which any of the Company Assets are located in connection with the continuation of the Company and the carrying on of its business. Subject to the terms and conditions of this Agreement, the Board may also cause to be made, on behalf of the Company, such additional filings and recordings as the Board reasonably shall deem necessary or advisable.

1.2 Name. The name of the Company is Trilogy Investors, LLC. The Company may also conduct business through Subsidiaries of the Company or at the same time under one or more fictitious names if the Board determines that such is necessary or advisable. The Board may change the name of the Company, from time to time, in accordance with applicable law.

1.3 Principal Place of Business; Other Places of Business. The principal place of business of the Company is located at 303 N. Hurstbourne Parkway, Suite 200, Louisville, KY 40222, or such other place within or outside the State of Delaware as the Board may from time to time designate. The Company may maintain offices and places of business at such other place or places within or outside the State of Delaware as the Board deems necessary or advisable.

1.4 Business Purpose. The purpose and business of the Company (the “Business”) shall be to, directly or indirectly (including through one or more Subsidiaries), (i) own or lease the Communities, (ii) own an interest in the Joint Ventures which lease one or more skilled nursing, assisted living, and/or memory care facility or facilities, (iii) own certain assets and conduct certain activities relating to one or more pharmacy businesses, and/or (iv) own certain assets and conduct certain activities relating to one or more rehabilitation services businesses. As of the Effective Date, the Company owns 100% of the stock of TRS and 100% of the limited liability company interests of PropCo Parent.

1.5 Powers. In furtherance of its purposes and business, but subject to all of the provisions of this Agreement, the Company shall have and may exercise all of the powers and rights that can be conferred upon limited liability companies formed pursuant to the Act, and may also engage in such other lawful business purposes or activity in which a limited liability company may be engaged under applicable law (including the Act) and enter into any agreement or other undertaking, in each case which the Board deems reasonably necessary or advisable in connection therewith or incidental thereto.

1.6 Designated Agent for Service of Process**.** So long as required by the Act, the Company shall continuously maintain a registered office and a registered agent for service of process on the Company in the State of Delaware. As of the Effective Date, the address of the registered office of the Company in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. The Company's registered agent for service of process at such address is the Corporation Service Company. The agent may be changed from time to time as the Board determines. The Company may also from time to time maintain a registered office and a registered agent for service of process on the Company in any other state or jurisdiction as the Board determines necessary or advisable.

1.7 Term. The term of the Company commenced on the filing of the Certificate with the Secretary of State of the State of Delaware, and shall continue until the Company is dissolved in accordance with the terms of this Agreement. Notwithstanding the dissolution of the Company, the existence of the Company shall continue as a separate legal entity until termination pursuant to this Agreement.

Article 2

DEFINITIONS

2.1 Definitions. Capitalized words and phrases used and not otherwise defined in this Agreement shall have the following meanings:

"2019 Management Profit Units" means, the Profit Units issued to the EIK Manager as of December 31, 2019.

"Adjusted Capital Account" means, with respect to any Member, the balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Add to such Capital Account the following items:

(i) The amount, if any, that such Member is obligated to contribute to the Company within 90 days after liquidation of such Member's Units; and

(ii) The amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704¬2(i)(5); and

(b) Subtract from such Capital Account such Member's share of the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(*d*) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Adjusted Capital Account.

"Affiliate" means, with reference to a specified Person, any Person which, directly or indirectly (including through one or more intermediaries), controls or is controlled by or is under common control with any other Person, including any Subsidiary of a Person; provided, that for purposes hereof, no Member shall be deemed an Affiliate of the Company or its Subsidiaries. For purposes of this definition and the definition of "Controlling Person" below, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly (including through one or more intermediaries), of the power to direct or cause the direction of the management and policies of such Person, through the ownership or control of voting securities, partnership interests or other equity interests, by contract or otherwise.

"Assignee" means any Person (a) to whom a Member (or Assignee thereof) Transfers all or any part of its Units in accordance with the terms of this Agreement, and (b) that has not been admitted to the Company as a Substitute Member pursuant to Section 7.6.

"Bankruptcy Event" means, with respect to any Member, (a) such Member commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Member under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) such Member is adjudged as bankrupt or insolvent, or a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against such Member, (c) such Member executes and delivers a general assignment for the benefit of the Member's creditors, (d) such Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Member in any proceeding of the nature described in clause (b) above, (e) such Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for such Member or for all or any substantial part of such Member's properties or assets, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof with respect to such Member, (g) the appointment without such Member's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within 90 days of such appointment with respect to such Member, or (h) an appointment referred to in clause (g) above is not vacated within 90 days after the expiration of any such stay.

"Base Rate" means, on any date, a variable rate per annum equal to the rate of interest most recently published by *The Wall Street Journal* as the "prime rate" at large U.S. money center banks.

"BBA Rules" means Subchapter C of Chapter 63 of the Code (Sections 6221 et seq.), as enacted by the Bipartisan Budget Act of 2015 and any Regulations and other guidance promulgated thereunder, and any similar state or local legislation, regulations or guidance.

"Blocker" means an entity treated as a corporation for U.S. federal income tax purposes that owns interests in the Company directly or indirectly through entities that are treated as partnerships or disregarded entities for U.S. federal income tax purposes.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the City of New York, New York are authorized or obligated, by law or executive order, to close.

"Capital Account" means the Capital Account maintained for each Member on the Company's books and records in accordance with the following provisions:

(a) To each Member's Capital Account there shall be added (i) such Member's Capital Contributions, (ii) such Member's allocable share of Net Profits and any items in the nature of income or gain that are specially allocated to such Member pursuant to Article 5 or other provisions of this Agreement, and (iii) the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) From each Member's Capital Account there shall be subtracted (i) the amount of (A) cash and (B) the Gross Asset Value of any Company Assets (other than cash) distributed to such Member (other than any payment of principal and/or interest to such Member pursuant to the terms of a loan made by the Member to the Company or any fees paid to a Member) pursuant to any provision of this Agreement, (ii) such Member's allocable share of Net Losses and any other items in the nature of expenses or losses that are specially allocated to such Member pursuant to Article 5 or other provisions of this Agreement, and (iii) liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event any Unit is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Unit so Transferred.

(d) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(e) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations. In the event that the Board shall determine that it is prudent to modify the manner in which the Capital Accounts, or any additions or subtractions thereto, are computed in order to comply with such Regulations or otherwise to reflect the economic arrangement of the Members, the Board may make such modification. The Board shall also make (i) any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Sections 1.704-1(b) and 1.704-2.

"Capital Contributions" means with respect to any Member at any time, the aggregate amount of money and the initial Gross Asset Value of any property (other than money) contributed, or deemed contributed, by such Member to the Company as of such time (net of any liabilities secured by such property or to which such property is otherwise subject), including any initial Capital Contribution and additional Capital Contribution. As of the Effective Date, the Capital Contribution (if any) of each Member is set forth on Exhibit A (as may be amended from time to time).

"Cause" with respect to a Management Holder, shall have the meaning set forth in any applicable restrictive covenant agreement between such Management Holder and the Company, or if not otherwise defined therein, shall mean any of the following: (a) commission by such Management Holder of (i) a felony (excluding any traffic violation, other than vehicular homicide) or (ii) any other willful material act or omission involving moral turpitude, dishonesty or fraud with respect to the EIK Manager, the Company or any of its Subsidiaries or any of their respective customers or suppliers; (b) a material breach by such Management Holder of the provisions of this Agreement and, if such breach can be cured, such breach has not been cured by such Management Holder within 30 days after receipt of written notice from the Company; (c) gross negligence by such Management Holder with respect to the Company, the EIK Manager or any of its Subsidiaries which is materially injurious to the Company or any of its Subsidiaries or (d) termination of the Management Agreement by reason of a material breach by the EIK Manager of the Management Agreement which, if curable, is not cured by the EIK Manager within 30 days after receipt of written notice from the Company; provided however that if, within such 30-day period, the EIK Manager has commenced and made diligent efforts in good faith to cure or remedy the circumstances so identified, the time to cure shall be extended for an additional thirty (30) days.

"Certificate" means the Certificate of Formation for the Company filed with the Secretary of State of the State of Delaware, pursuant to Section 18-201 of the Act.

"Code" means the Internal Revenue Code of 1986 or any corresponding provision or provisions of prior or succeeding law. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Common Units" means the common units of the Company.

"Community" means each congregate care, skilled nursing, assisted living and/or Alzheimer's care facility/community identified on Exhibit B hereto, together with any congregate care, skilled nursing, assisted living and/or Alzheimer's care facility/community owned or leased after December 1, 2015, directly or indirectly by the Company, in each case including through the applicable Subsidiary of the Company, and including the real property and improvements thereon and related thereto and associated personal property (collectively, the "Communities").

"Company Assets" means all direct and indirect assets and property, whether tangible or intangible (including monies) and whether real, personal, or mixed, from time to time owned by or held for the benefit of the Company, including all direct or indirect interests in the Communities, whether owned or leased by the Company or its Subsidiaries.

"Company Minimum Gain" has the meaning set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d)(1) for the phrase "partnership minimum gain."

"Controlling Person" means, with respect to any Person, (a) any other Person(s) which, directly or indirectly (including through one or more intermediaries), controls such Person, including any partners, shareholders, principals, members, trustees and/or beneficiaries of any such Person(s) to the extent the same control such Person, and (b) any other Person(s) which controls, directly or indirectly (including through one or more intermediaries), any other Controlling Person(s).

"Depreciation" means, for each fiscal year or other period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

"Designated Individual" means an individual meeting the requirements of Treasury Regulations Section 301.6223-1 that is appointed as the sole individual through whom the Partnership Representative will act for purposes of the BBA Rules.

"Distribution Hurdle" means, with respect to each Profit Unit, an amount equal to the amount specified as such in the applicable Profit Unit Agreement for such Profit Unit. The Distribution Hurdle with respect to each Profit Unit shall be equal to or greater than the Profits Interest Threshold applicable to such Profit Unit.

"Economic Interest" means a Person's right to share in the Net Profits, Net Losses, or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member including the right to vote or to participate in the management of the Company, or, except as specifically provided in this Agreement or required under the Act, any right to information concerning the business and affairs of the Company.

"Entity Taxes" shall mean any U.S. federal, state, local and other taxes imposed on or payable by the Company or any subsidiary of the Company under the BBA Rules (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto).

"Equity Securities" means (i) Units or other limited liability company interests in the Company (including classes thereof or series having different rights), (ii) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into equity interests in the Company and (iii) warrants, options or other rights to purchase or otherwise acquire equity interests in the Company.

"Exchange Act" means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

"Family Group" means, with respect to any Member that is a natural person, that Member's spouse and descendants (whether natural or adopted) and any trust solely for the benefit of the Member and/or the Member's spouse and/or descendants.

"Fiscal Quarter" means each calendar quarter ending March 31, June 30, September 30 and December 31, or such other quarterly accounting period as may be established by the Board.

"Good Reason" with respect to a Management Holder shall have the meaning set forth in any applicable restrictive covenant agreement between such Management Holder and the Company, or if not otherwise defined therein, shall mean the occurrence of any of the following events without such Management Holder's prior written consent: (A) any bona fide material diminution in Management Holder's authority, titles or offices by the EIK Manager, (B) any bona fide change in the reporting structure by the EIK Manager so that such Management Holder reports to a Person other than the officer of the EIK Manager to which such Management Holder reports as of December 1, 2015; (C) any relocation required by the Company of Management Holder's office or principal place of engagement to a location more than 25 miles from Louisville, KY; or (D) any material uncured breach by the Company of any material obligation to Management Holder under this Agreement, or any other agreement under which the Company has obligations to Management Holder or any material uncured breach of the Management Agreement by the Company or the OpCo Entities as defined in the Management Agreement.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as reasonably determined and agreed to by the Board and the contributing Member.

(b) The Gross Asset Values of all Company Assets immediately prior to the occurrence of any event described in subparagraph (i), subparagraph (ii), subparagraph

(iii) or subparagraph (iv) below shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as reasonably determined by the Board using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional Unit (other than in connection with the execution of this Agreement) by a new or existing Member in exchange for more than a de minimis Capital Contribution, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative interests of the Members in the Company;

(ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company Assets as consideration for an Interest, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative interests of the Members in the Company;

(iii) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and

(iv) at such other times as the Board shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Company Asset distributed to a Member shall be the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as reasonably determined by the Board.

(d) The Gross Asset Values of Company Assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) above is made in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

(e) If the Gross Asset Value of a Company Asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company Asset for purposes of computing Net Profits and Net Losses.

"Incapacity" means, (a) as to any Member who is an individual, the death, total physical disability or entry by a court of competent jurisdiction adjudicating such Member incompetent to manage his or her person or his or her estate; (b) as to any Member that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, for the corporation or limited liability company or the revocation of its charter; (c) as to any Member that is a partnership, the dissolution and commencement of winding up of the partnership; (d) as to any Member that is an estate, the distribution by the fiduciary of the estate's entire interest in the Company; (e) as to any trustee of a trust that is a Member, the termination of the trust (but not the substitution of a new trustee); or (f) as to any Member, a Bankruptcy Event occurs with respect to such Member.

"Incentive Plan" means the Trilogy Investors LLC Profits Interest Plan.

"Investor" is defined in the Preamble, and shall include its permitted transferees, successors and assigns.

"Investor Group" means, collectively, the Investor and its Affiliates.

"Issue Date" means, with respect to Units issued or granted to a Management Holder, the date on which such Management Holder is issued such Units.

"Joint Ventures" means, collectively, RHS Partners, LLC, Trilogy Healthcare of Floyd, LLC and such other joint ventures of the Company or its Subsidiaries as may be approved by the Board from time to time following December 1, 2015.

"Key Management Member" means each of Bufford, Greg Miller, and Leigh Ann Barney.

"Management Agreement" means the Management Agreement among the Company, certain Subsidiaries thereof and the EIK Manager with respect to the management and operations of the Business.

"Master Lease" means the Master Lease and Security Agreement between the applicable Subsidiaries of PropCo Parent, as lessor, and TRS or the applicable Subsidiary of TRS, as lessee, for the lease of the Communities.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i) with respect to "partner minimum gain."

"Member Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4) for the phrase "partner nonrecourse debt."

"Member Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i) for the phrase "partner nonrecourse deductions."

"Member Representative" means (a) so long as Bufford (or members of his Family Group) owns at least fifty percent (50%) of the Common Units owned by him as of December 1, 2015, either Bufford or such other Management Holder as determined by Bufford (or members of his Family Group) and reasonably satisfactory to both of the Board and Management Holders holding a majority of the Common Units held by the Management Holders and (b) in all other cases, such Management Holder as determined by the Board and reasonably satisfactory to the Management Holders holding a majority of the Common Units held by the Management Holders.

"Members" means the Persons owning Units, any Substitute Members and any Additional Members, with each Member being referred to, individually, as a "Member."

"Net Profits" or "Net Losses" means, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition of Net Profits and Net Losses shall be added to such taxable income or loss;

(b) Any expenditure of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition of Net Profits and Net Losses, shall be subtracted from such taxable income or loss;

(c) Gain or loss resulting from any disposition of Company Assets where such gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Company Assets disposed of, notwithstanding that the adjusted tax basis of such Company Assets differs from its Gross Asset Value;

(d) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year;

(e) To the extent an adjustment to the adjusted tax basis of any asset included in Company Assets pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for the purposes of computing Net Profits and Net Losses;

(f) If the Gross Asset Value of any Company Asset is adjusted in accordance with subparagraph (b) or subparagraph (c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account in the taxable year of such adjustment as gain or loss from the disposition of such asset for purposes of computing Net Profits or Net Losses; and

(g) Notwithstanding any other provision of this definition of Net Profits and Net Losses, any items that are specially allocated pursuant to Section 5.2 or Section 5.3.2

hereof shall not be taken into account in computing Net Profits or Net Losses. The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 5.2 or 5.3.2 shall be determined by applying rules analogous to those set forth in this definition of Net Profits and Net Losses.

"Nonrecourse Deductions" has the meaning set forth in Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Sections 1.704-2(b)(3) and 1.752-1(a)(2).

"Original Cost" means $10.00 per Common Unit (as proportionately adjusted for all subsequent unit splits, unit dividends and other recapitalizations).

"Partnership Representative" shall mean for any relevant taxable year of the Company to which the BBA Rules apply, the Investor acting in the capacity of the "partnership representative" (as such term is defined under the BBA Rules) or such other Person as may be appointed by the Board.

"Percentage Interest" means, with respect to any Member holding Common Units as of a specified date, the percentage determined by dividing (a) the aggregate number of Common Units held by such Member as of such date, by (b) the aggregate number of issued and outstanding Common Units as of such date.

"Permitted Transferee" means (i) with respect to any Member who is a natural person, a member of such Member's Family Group or another Member, (ii) with respect any Member who is not a natural person, an Affiliate of such Member or another Member, and (iii) to a Person to whom a Transfer is permitted pursuant to the Incentive Plan.

"Person" means and includes an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization, a government or any department or agency thereof, or any entity similar to any of the foregoing.

"Pro Rata Share" means, as of any date of determination with respect to each Member, the percentage determined by dividing the number of Units held by such Member as of such date by the aggregate number of Units held by all Members as of such date (with Common Units and Profit Units treated equally for this purpose); provided, however, that for purposes of Section 4.1.1, (i) no Profit Unit shall be included in calculating "Pro Rata Share" (either in the numerator or the denominator) until such time as the Distribution Hurdle applicable to such Profit Unit is satisfied as determined pursuant to the proviso to Section 4.1.1 and (ii) in the case of each Member in relation to a specified group or class of Members, "Pro Rata Share" shall instead mean, as of any date of determination, the percentage determined by dividing the number of Units held by such Member as of such date by the aggregate number of Units held by all Members of such group or class as of such date (with Common Units and Profit Units treated equally for this purpose and subject to clause (i) of this definition).

"Profit Units" means the Profit Units of the Company, having the power, preferences, rights, qualifications, limitations and restrictions set forth in this Agreement and the applicable Profit Unit Agreements.

"Profit Unit Agreement" means an agreement between a Member and the Company evidencing an award of Profit Units.

"Profits Interest" means an interest in the future profits of the Company satisfying the requirements for a partnership profits interest transferred in connection with the performance of services, as set forth in IRS Revenue Procedures 93-27 and 2001-43, or any future IRS guidance or other authority that supplements or supersedes the foregoing IRS Revenue Procedures; provided, that all Members, whether parties hereto as of the date hereof or admitted after the date hereof, consent to the Company taking all actions, including amending this Agreement, to the extent necessary or appropriate to cause the Profit Units to be treated as Profits Interests for all United States federal income tax purposes, to be valued based on liquidation value or similar principles and to permit allocations of income to be made to such Members to be respected even if such Units are subject to risk of forfeiture, including any action required by the Company under Revenue Procedure 2001-43, unless superseded by Notice 2005-43, in which case, such consent shall allow the Company to take any and all actions as may be necessary or desirable pursuant to such notice, final or temporary regulations that may be promulgated to bring into effect the Proposed Treasury Regulations (Prop. Treas. Reg. §§ 1.83-3, 1.704-1, 1.706-3, 1.707-1, 1.721-1, 1.761-1) set forth in the notice of proposed rulemaking (REG–105346–03), and any similar or related authority.

"Profits Interest Threshold" means, with respect to each Profit Unit, the amount specified as such in the applicable Profit Unit Agreement for such Profit Unit, which amount is intended to be specified at a level such that the Profit Unit is a Profits Interest at the time of issuance.

"PropCo Parent" means Trilogy Property Holdings, LLC, a Delaware limited liability company.

"Public Offering" means any underwritten sale of common equity securities of the Company or Investor pursuant to an effective registration statement under the Securities Act filed with the Securities and Exchange Commission on Forms S-1, S-2 or S-3 (or any successor forms adopted by the Securities and Exchange Commission); provided that the following shall not be considered a Public Offering: (i) any issuance of common equity securities as consideration for a merger or acquisition, and (ii) any issuance of common equity securities or rights to acquire common equity securities to the EIK Manager or employees of the Company or its Subsidiaries as part of an incentive or compensation plan.

"Purchase Agreement" means that certain Equity Purchase Agreement dated as of September 11, 2015.

"Purchase Options" means the right of the Company or its Subsidiaries to acquire, directly or indirectly, any Communities.

“REIT” means a real estate investment trust within the meaning of Code Sections 856 through 860.

“REIT Member” means any Member that has elected to qualify as a REIT or who is an Affiliate of a Person who has elected to qualify as a REIT. Investor is a REIT Member.

“Regulations” means temporary and final Treasury Regulations promulgated under the Code (including corresponding provisions of succeeding Treasury Regulations).

“Reserves” means funds set aside or amounts allocated to reserves that shall be maintained in amounts reasonably deemed sufficient by the Board for working capital, and to pay taxes, insurance, debt service, and other liabilities, costs or expenses incident to the existence of the Company or its Subsidiaries or the conduct of business by the Company or its Subsidiaries as contemplated hereunder.

“Restricted Period” means, with respect to (i) each Key Management Member, the later of (a) the three (3) year anniversary of December 1, 2015 and (b) two (2) years following the date on which such Key Management Member ceases to be an officer or employee of the EIK Manager, the Company or their respective Subsidiaries; (ii) Management Holders (other than Key Management Members) owning $250,000 or more of Common Units (based on the Original Cost) at December 1, 2015, the later of (a) the one (1) year anniversary of December 1, 2015 and (b) two (2) years following the date on which such Management Holder ceases to be an officer or employee of the EIK Manager, the Company or their respective Subsidiaries; and (iii) all other Management Holders the period commencing on December 1, 2015 until the date on which such Management Holder ceases to be an officer or employee of the EIK Manager, the Company or their respective Subsidiaries.

“Sale of the Company” means either (i) the sale, lease, license, transfer, conveyance or other disposition, in one transaction or a series of related transactions, of all or substantially all of the assets of Investor, the Company and its Subsidiaries, taken as a whole or (ii) a transaction or series of transactions (including by way of merger, consolidation, recapitalization, reorganization or sale of securities) the result of which is that the holders of Investor’s or the Company’s outstanding voting securities immediately prior to such transaction are (after giving effect to such transaction) no longer, in the aggregate, the “beneficial owners” (as such term is defined in Rule 13d-3 and Rule 13d-5 promulgated under the Exchange Act), directly or indirectly through one or more intermediaries, of more than 50% of the voting power of the outstanding voting securities of the Company or Investor. Notwithstanding the foregoing, no such transaction or series of related transactions (including by way of merger, consolidation, recapitalization, reorganization, sale of units or otherwise) in connection with a Public Offering with respect to the Company shall be deemed a Sale of the Company.

“Securities Act” means the United States Securities Act of 1933 and the rules and regulations promulgated thereunder.

“Shortfall Amount” means, at any time, with respect to a holder of 2019 Management Profit Units, the difference if any between (i) the amount of distributions that would be made to such holder of a 2019 Management Profit Unit, as applicable, if all such holders received their full “catch-up” entitlements provided in Section 4.1.1(c) calculated as if there were a sufficient amount of distributions to fully fund all Section 4.1.1(c) “catch-up” entitlements and (ii) the aggregate amount of distributions received by such holder of a 2019 Management Profit Unit under Section 4.1.1(c).

“Subsidiary” means, with respect to any Person, any Affiliate of such Person which is directly or indirectly, through one or more intermediaries, controlled by such Person. Without limiting the foregoing, with respect to the Company, “Subsidiary” includes those initial Subsidiaries of the Company set forth on Exhibit B hereto.

“Subsidiary Equity Securities” means (i) capital stock or limited liability company interests in a Subsidiary of the Company (including classes thereof or series having different rights), (ii) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into equity interests in such Subsidiary and (iii) warrants, options or other rights to purchase or otherwise acquire equity interests in such Subsidiary.

“Substitute Member” means any Person (a) to whom a Member (or Assignee thereof) Transfers all or any portion of its Units, and (b) which has been admitted to the Company as a Substitute Member pursuant to Section 7.6.

“Tax Contest” means any audit, or administrative or judicial proceedings involving any asserted tax liability with respect to the Company.

“Tax Matters Partner” means, for any taxable year of the Company subject to the TEFRA Rules, the Investor acting in the capacity of the “tax matters partner” of the Company (as such term was defined in Section 6231(a)(7) of the Code under the TEFRA Rules).

“TEFRA Rules” means Subchapter C of Chapter 63 of the Code (Sections 6221 through 6234), as enacted by the Tax Equity and Fiscal Responsibility Act of 1982 and Regulations and other guidance promulgated thereunder, and any similar state or local legislation, regulations or guidance; provided, however, that the TEFRA Rules shall not include the BBA Rules.

“Termination Date” means, with respect to a Management Holder, the date on which such Management Holder is no longer an employee, officer, director or consultant of, or performing other services for, the Company, the EIK Manager or their respective Subsidiaries.

“Total Equity Value” means the aggregate proceeds which would be received by the Members if: (i) the assets of the Company as a going concern were sold at their Fair Market Value; (ii) the Company satisfied and paid in full all of its obligations and liabilities (including all taxes, costs and expenses incurred in connection with such transaction and any Reserves established by the Board for contingent liabilities); and (iii) such net sale proceeds were then distributed in accordance with Article 4, all as determined by the Board in its sole discretion, except that Fair Market Value shall be determined in accordance with Article 9 hereof

“Transaction Documents” means the Purchase Agreement, this Agreement, the Rollover Agreement (as defined in the Purchase Agreement), the Management Agreement and the PropCo/OpCo Lease (as defined in the Purchase Agreement).

"Transfer" means the sale, exchange, assignment, pledge, transfer, gift, hypothecation, mortgage, encumbrance or other form of disposition, directly or indirectly, by operation of law or otherwise. The terms "Transferee," "Transferor," "Transferred," and other forms of the word "Transfer" shall have the correlative meanings.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code.

"Unrecovered Capital" means, with respect to each holder of Common Units, the excess, if any, of the amount set forth next to such holder under the column "Capital Contributions" on Exhibit A (as such exhibit may be amended from time to time, including to reflect Common Units issued upon the exercise of any Warrants), over the aggregate amount previously distributed to such holder pursuant to Section 4.1.1(a). For clarity, the holder of any Warrant that is exercised shall be treated as making a Capital Contribution in an amount equal to the product of (a) the price per Common Unit on the date such Warrant was issued (treating any Warrants outstanding on December 1, 2015 as issued on such date) and (b) the number of Warrants exercised; provided, that, in the event that a Warrant is exercised on a cashless basis, the holder of any such Warrant shall be treated as making a Capital Contribution in an amount equal to the product of (a) the price per Common Unit on the date such Warrant was issued (treating any Warrants outstanding on December 1, 2015 as issued on such date) less the exercise price of any such Warrant and (b) the number of Warrants exercised.

"Unvested Unit" means, on any date of determination, any Profit Unit held by a Member that is not a Vested Unit.

"Vested Unit" means, on any date of determination, any Profit Unit held by a Member that is "vested" in accordance with the Profit Unit Agreement applicable to such Profit Unit.

"Warrant Agreement" means the Trilogy Investors, LLC Warrant Agreements for Common Units, by and between the Company and the Management Holders that have retained warrants thereunder pursuant to the Purchase Agreement and the Rollover Agreement, in each case as amended on December 1, 2015.

"Warrants" means the warrants exercisable for Common Units pursuant to the Warrant Agreements.

2.2 Index. Each of the following terms is defined in the Section set forth opposite such term:

Term	**Section**
Act	Preamble
Additional Members	3.4.1
Advisory Committee	6.6.2
Agreement	Preamble
Approved Sale	7.10.1
Authorization Date	7.2.1

Available Securities	7.12.3
Board	6.1.1
Bufford	Recitals
Business	1.4
Business Opportunity	6.10.2
Commission	7.11.5(b)
Company	Preamble
Company Repurchase Notice	7.12.4
Competitor	10.4.1
Confidential Information	10.3
Credit Arrangements	3.8
Director	6.1.3
Disagreeing Holder	9.3.2
Disagreeing Members	9.3.1
Effective Date	Preamble
EIK Manager	Preamble
Eligible REIT Shareholders	7.11.5(a)
Exercise Date	7.13.2
Excess Distribution Members	4.1.2
Excluded Member	3.4.6
Exercising Member	5.5.1
Fair Market Value	9.1
GAAP	6.8.2
Gross Asset Value	5.3.2
Indemnified Party	7.11.5(g)
Indemnifying Party	7.11.5(g)
Indemnitee	6.9.1
Investor	Preamble
Investor Option Notice	7.12.3
MH Investor Repurchase Notice	7.12.3
Investor Transferors	7.9.1
Lending Member	3.7.2
Liabilities	6.9.1
Liquidator	8.5.1
Losses	7.11.5(f)
Management Holder	Preamble
Member	Preamble
Member Indemnitors	6.9.3
Members	Preamble
OFAC	10.2.1(h)
Offered Units	7.2.1
Offer Notice	7.2.1
Officers	6.1.8
Option Period	7.13.1(a)
Original Agreement	Recitals

Article 3

CAPITAL; CAPITAL ACCOUNTS AND MEMBERS

3.1 Generally; Capital Contributions.

3.1.1 The names, addresses, Capital Contributions and Capital Account balances of the Members, in each case, if any, and the number of Units held by them, shall at all times be set forth in the books and records of the Company, which shall be supplemented from time to time by the Board to reflect the admission of Additional Members and Substitute Members pursuant to this Agreement, as well as to reflect any changes in the Members' respective Capital Contributions, Capital Account balances and Unit ownership pursuant to the terms of this Agreement.

3.1.2 On the Effective Date, the name, address and Capital Contributions, if any, of, and the number of Units held by, each Member will be as set forth Exhibit A (as may be amended from time to time) attached hereto and incorporated herein.

3.2 Additional Contributions. Except as set forth in Section 3.4, or as otherwise required by law, no Member or Assignee shall be permitted or required to make any additional Capital Contributions to the Company.

3.3 Capital Accounts. A Capital Account shall be established and maintained for each Member in accordance with Regulations Sections 1.704-1(b)(2)(iv) and 1.704-2 and the terms of this Agreement to the extent such terms are consistent with the applicable Regulations.

3.4 Equity Issuances and Additional Members; Preemptive Rights.

3.4.1 Generally. Subject to the terms and restrictions of this Section 3.4, (a) the Company is authorized to issue equity interests in the Company designated as "Units," which shall constitute limited liability company interests under the Act and shall include initially Common Units and Profit Units, and (b) the Board or a duly authorized committee thereof is expressly authorized, by resolution or resolutions, to create and to issue, out of authorized but unissued Units, different classes, groups or series of Units and fix for each such class, group or series such voting powers, full or limited or no voting powers, and such distinctive designations, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions as determined by the Board or a duly authorized committee thereof. The Board, or a duly authorized committee thereof, shall have the authority to issue such number of Units of any class, series or tranche pursuant to clauses (a) and (b) of the immediately preceding sentence as the Board or such committee shall from time to time determine and admit one or more recipients of such Units as additional Members ("Additional Members") from time to time, on such terms and conditions and for such Capital Contributions as the Board may determine; provided, however, that without limiting the rights of the other Members pursuant to Section 3.4.6, Equity Securities to be issued to the Investor or its Affiliates shall be issued at Fair Market Value as of the date of such issuance, which Fair Market Value shall be determined pursuant to Article 9; provided, that (a) in the case of issuances to Investor or its Affiliates, the proceeds of which are used to either (i) fund emergency expenditures of the Company or its

Subsidiaries or (ii) fund the exercise by the Company or its Subsidiaries of any Purchase Options, Fair Market Value shall be determined in good faith by the Board, which determination shall be final and the provisions of Article 9 other than Section 9.1 shall not apply, (b) during the first 12-month period following December 1, 2015, the Board shall be entitled to, but is not required to, use the Original Cost of the Common Units issued as of December 1, 2015 as the Fair Market Value and (c) in the case of any issuances to Investor or its Affiliates other than as described in clause (a) above, if the Board determines in good faith that the Company requires the proceeds thereof prior to the final determination of Fair Market Value pursuant to Article 9, then such Equity Securities shall be issued to the Investor or its Affiliate at Fair Market Value as determined in good faith by the Board, and any difference between the Fair Market Value as finally determined pursuant to Article 9 and the Board's good faith determination shall be contributed by Investor or its Affiliate (if the final determination exceeds the Board's good faith determination) or returned by the Company to Investor or its Affiliate (if the final determination is less than the Board's good faith determination), and in each case the Capital Contributions of the Investor or such Affiliate shall be adjusted accordingly. The Company is authorized to issue options or warrants to purchase Units, restricted Units, Unit appreciation rights, phantom Units, and other Equity Securities, on such terms as may be determined by the Board or a duly authorized committee thereof. The Board shall appropriately adjust the economic provisions of this Agreement to reflect the issuance of additional Equity Securities pursuant to this Section 3.4, including by amending the distribution provisions of Section 4.1 and associated definitions, as necessary.

3.4.2 Common Units. The Common Units shall have such rights to allocations and distributions as may be authorized and set forth under this Agreement. The relative rights, powers, preferences, duties, liabilities and obligations of holders of the Common Units shall be as set forth herein. Each holder of Common Units shall be entitled to vote, in person or by proxy, on a *pro rata* basis in accordance with the relative ownership of Common Units for each Member as of the applicable date and time on all matters upon which Members have the right to vote as set forth in this Agreement and provided under the Act.

3.4.3 Profit Units. The Management Agreement provides for the issuance and terms of Profit Units in order to provide equity incentive compensation to selected Directors, executives and other service providers (including the EIK Manager) of the Company and its Affiliates, with such terms, conditions, rights and obligations, including vesting, forfeiture and repurchase, as provided in the Incentive Plan and applicable Profit Unit Agreement. The Profit Units shall not be entitled to any voting rights.

3.4.4 Section 83(b) Election Required. Notwithstanding any provision of this Agreement to the contrary, each Member shall, as a condition subsequent to the receipt of any Profit Units (or other Units subject to a substantial risk of forfeiture), execute and deliver a valid and timely election under Section 83(b) of the Code to both the IRS and the Company within thirty (30) days of the date of receipt of such Units. Any issuance of Units to a Person who fails to make such a valid and timely election shall be null and void *ab initio*, unless otherwise determined by the Board.

3.4.5 Certificates; Legend. Unless and until the Board shall determine otherwise, the Units shall be uncertificated and recorded in the books and records of the Company.

3.4.6 Preemptive Rights. Except for issuances of (A) Equity Securities issued in connection with debt financings, debt refinancings, debt restructurings or similar transactions, (B) Equity Securities issued in connection with strategic transactions involving the Company or any of its Subsidiaries and other Persons (including Equity Securities issued in connection with joint ventures and similar arrangements or as consideration in connection with an acquisition transaction) the primary purpose of which is other than for capital raising purposes, (C) Equity Securities issued upon exercise or conversion of any Warrants, or other Equity Securities which were issued in compliance with the terms hereof, (D) Equity Securities issued to officers, directors, consultants, employees or other service providers (including the EIK Manager) of the Company or any of its Subsidiaries pursuant to the Management Agreement or any incentive or compensation plans, (E) Units issued in connection with any Unit split, Unit dividend or recapitalization of the Company or (F) up to $125,000 in preferred Equity Securities issued to the Investor to facilitate the admission of accommodation preferred holders at the Investor, if the Company authorizes the issuance or sale of any Equity Securities, the Company shall offer to sell to each Member (other than Excluded Members) a portion of such securities such that such Member's Percentage Interest immediately prior to such issuance or sale would be the same as its Percentage Interest immediately after such issuance or sale; provided, that no Member who solely owns Profit Units or is entitled to purchase less than $10,000 of such securities after determination of such Member's Percentage Interest (an "Excluded Member") shall have any rights under this Section 3.4.6. Each such Member shall be entitled to purchase such securities at the most favorable price and on the most favorable terms as such securities are to be offered to any other Persons; provided, that if all Persons entitled to purchase or receive such securities are required to also purchase other securities of the Company, the holders exercising their rights pursuant to this Section 3.4.6 shall also be required to purchase the same strip of securities (on the same terms and conditions) that such other Persons are required to purchase. The purchase price for all Equity Securities offered to such holders hereunder shall be payable in cash. Notwithstanding anything to the contrary contained herein, the rights of any Member pursuant to this Section 3.4.6 shall be deemed satisfied if the Company provides (or causes to provide) each Member entitled to such rights the right to purchase from the Company or any Person within thirty (30) days after the issuance giving rise to such right (or, in the case of any issuances contemplated by Section 3.4.1(c), thirty (30) days after the final determination of Fair Market Value), the same amount of Equity Securities that such Member had the right to purchase under this Section 3.4.6.

(a) In order to exercise its purchase rights hereunder, a Member must within 20 calendar days after receipt of written notice from the Company describing in reasonable detail the securities being offered, the purchase price thereof, the payment terms and such holder's Percentage Interest, deliver a written notice to the Company describing such holder's election as to whether and to what extent such holder desires to purchase its Percentage Interest, and whether such holder elects to purchase any securities that are not fully subscribed in excess of its Percentage Interest. If all of the securities offered to such Members are not fully subscribed, the remaining securities shall be allocated to the holders electing to purchase more than their full allotment pursuant to the immediately preceding sentence, pro rata based on their Percentage Interest.

(b) Upon the expiration of the offering period described above, the Company shall be entitled to sell such securities which such Members have not elected to purchase during the 180 days following such expiration at a price not less and on other terms and conditions not more favorable to the purchasers thereof than that offered to such holders. Any securities offered or sold by the Company after such 180-day period must be reoffered to such Members pursuant to the terms of this Section 3.4.

(c) Notwithstanding anything to the contrary in this Section 3.4, in the event any Subsidiary of the Company issues Subsidiary Equity Securities to any member of the Investor Group, the rights of each Member under this Section 3.4.6 shall apply *mutatis mutandis* to such issuance.

(d) Notwithstanding anything to the contrary in this Section 3.4, in no event shall a Member have a right to purchase Equity Securities of the Company pursuant to this Section 3.4.6 if such Member is not, at the time of such issuance, an "accredited investor" (as defined in Regulation D promulgated under the Securities Act) or if the issuance of additional Equity Securities of any class, or interests convertible into or exercisable for such Equity Securities, to such Member would require registration under the Securities Act.

3.4.7 The rights of the Members under this Section 3.4 shall terminate upon the consummation of the first to occur of (A) a Public Offering with respect to the Company (and no preemptive rights shall be granted in connection therewith) or (B) a Sale of the Company.

3.5 Return of Capital Contributions. Except as otherwise provided in this Agreement or with the prior written consent of the Board: (a) no Member shall demand or be entitled to receive a return of or interest on its Capital Contributions or Capital Account balance, (b) no Member shall withdraw any portion of its Capital Contributions or receive any distributions from the Company as a return of capital on account of such Capital Contributions, and (c) the Company shall not redeem or repurchase the Units of any Member.

3.6 Liability of Members. Except as otherwise required by any non-waivable provision of the Act or other applicable law: (a) no Member shall be personally liable in any manner whatsoever for any debt, liability or other obligation of the Company, whether such debt, liability or other obligation arises in contract, tort, or otherwise; and (b) no Member shall in any event have any liability whatsoever in excess of (i) the amount of any unconditional obligation of such Member to make additional Capital Contributions to the Company pursuant to this Agreement, and (ii) the amount of any wrongful distribution to such Member, if, and only to the extent, such Member has actual knowledge (at the time of the distribution) that such distribution is made in violation of the Act.

3.7 Member Loans.

3.7.1 No Member shall be required to make any loans or otherwise lend any funds to the Company or its Subsidiaries.

3.7.2 A Member or an Affiliate of any Member (the "Lending Member") may make loans to the Company or its Subsidiaries with the consent of such Member and the Board, provided that such loans made by a Member or any Affiliate thereof shall be on commercially reasonable terms no less favorable to the Company or its Subsidiaries than would be reasonably expected to be available, after reasonable due inquiry of third party financing sources that would reasonably be expected to fund such loans on market terms as reasonably determined by the Board.

3.7.3 Loans by Members to the Company shall not be considered Capital Contributions. If any Member shall loan funds to the Company in excess of the amounts required hereunder to be contributed by such Member to the capital of the Company, the making of such loans shall not have any effect on such Member's Capital Account balance. The amount of any such loans shall be a debt of the Company to such Member and shall be payable or collectible solely from the assets of the Company in accordance with the terms and conditions upon which such loans are made.

3.8 Loans by Third Parties. Subject to Section 6.5, the Board may, from time to time, cause the Company to borrow funds or enter into any similar credit, guarantee, financing or refinancing arrangements (collectively, "Credit Arrangements"), or cause or permit Subsidiaries of the Company to do the same, for any purpose consistent with the purpose of the Company from or with any Person upon such terms as are acceptable to the Board (provided that the provisions of Section 3.7.2 with respect to any Credit Arrangements provided by a Member or any Affiliate of such Member shall apply), and to pledge, enter into a negative pledge or otherwise secure such borrowings or similar arrangements with or with respect to any Company Assets.

Article 4

DISTRIBUTIONS

4.1 Distributions . Except as otherwise provided in this Section 4.1 or in Section 4.2 and Article 8, no Member shall be entitled to receive distributions from the Company.

4.1.1 Distributions Generally. Except as otherwise set forth in Sections 4.1.2, 4.1.3, 4.5, 4.6 and 4.7, the Board may in its sole discretion (but shall not be obligated to) make distributions at any time or from time to time to the holders of Units in the following manner; provided, for the avoidance of doubt, that each holder of a Profit Unit shall be entitled to participate in distributions in respect of such Profit Unit pursuant to this Section 4.1.1 and Section 8.5 only after cumulative distributions pursuant to this Section 4.1.1 and/or Section 8.5 equal the Distribution Hurdle applicable to such Profit Unit:

(a) first, to each holder of Common Units (based on each such holder's relative ownership of Common Units) until such holder's Unrecovered Capital equals zero; provided, for clarity, that if a holder's Unrecovered Capital is reduced to zero, such holder shall not be entitled to distributions pursuant to this Section 4.1.1(a);

(b) second, to each holder of Common Units (based on each such holder's relative ownership of Common Units) until the aggregate amount of distributions received by such holders pursuant to Section 4.1.1(a) and this Section 4.1.1(b) equals $1,028,500,000;

(c) third, to each holder of 2019 Management Profit Units based on each holder's relative Shortfall Amount until the holders of 2019 Management Profit Units, in the aggregate, have received distributions pursuant to this Section 4.1.1(c) equal to .15% of the aggregate amount distributed pursuant to Section 4.1.1(b) and this Section 4.1.1(c); provided, further, that if any 2019 Management Profit Units are subsequently forfeited, then distributions under this Section 4.1.1(c) shall be appropriately adjusted by the Board (i.e., .15% shall be adjusted downward); and

(d) thereafter, 99.85% to the holders of Common Units (based on each such holder's relative ownership of Common Units) and .15% to the holders of 2019 Management Profit Units (based on each such holder's relative ownership of 2019 Management Profit Units); provided, further, that, if any 2019 Management Profit Units are subsequently forfeited, then distributions under this Section 4.1.1(d) shall be appropriately adjusted by the Board (i.e., .15% shall be adjusted downward and 99.85% shall be adjusted upward)

(e) In the event that any Profits Units are redeemed after the Effective Date, distributions to remaining Profit Units pursuant to Section 4.1.1 may be appropriately adjusted by the Board (i.e., distributions to the 2019 Management Profit Units may be adjusted downward).

For the avoidance of doubt, except to the extent set forth in the flush language in Section 4.1.3 references to distributions in this Section 4.1.1 shall refer to distributions from and after the date hereof.

4.1.2 Limitation on Distributions to Holders of Profit Units. It is the intention of the parties to this Agreement that distributions to any holder of a Profit Unit shall be limited to the extent necessary so that each Profit Unit constitutes a Profits Interest. In furtherance of the foregoing, and notwithstanding anything to the contrary in this Agreement, the Board shall, if necessary, limit distributions to any holder of a Profit Unit so that such distributions do not exceed the available profits in respect of such holder's Profit Unit. If a Member's distributions are reduced pursuant to the preceding sentence (and not Section 4.1.1), the amount so reduced (the "Reduced Amount") shall instead be distributed to the other Members (the "Excess Distribution Members") under Section 4.1.1 and the Board shall be permitted to (but shall not be required to) make appropriate adjustments (as determined by the Board) to future distributions with respect to such Member holding a Profit Unit under Section 4.1.1 so that such Member receives (consistent with the principles of this Section 4.1.2) an amount equal to the Reduced Amount out of amounts that, but for this sentence, would have been distributed to the Excess Distribution Members.

4.1.3 Tax Advances. To the extent funds of the Company are available for distribution by the Company, the Board shall cause the Company to distribute to each Member with respect to each Fiscal Quarter of the Company an amount of cash (a "Tax Advance") which in the good faith judgment of the Board equals:

(a) the amount of taxable income allocable to such Member in respect of such Fiscal Quarter, plus any amount of taxable income otherwise recognized by such Member attributable to such Member's right to receive distributions pursuant to this Section 4.1 and Section 8.5 reduced (but not below zero) by the excess, if any, of (A) the aggregate amount of taxable loss allocated to such Member in the current and all prior fiscal periods of the Company over (B) the aggregate amount of taxable income (including any remedial items thereof) allocated to such Member in all prior fiscal periods of the Company, multiplied by;

(b) the combined maximum federal, state and local income tax rate to be applied with respect to such taxable income (calculated by using the highest maximum combined marginal federal, state and local income tax rates to which any Member may be subject and taking into account the character of such taxable income and the deductibility of state income tax for federal income tax purposes); provided, that the Board in its discretion may make adjustments to the calculation set forth above if necessary so that the Members have an adequate amount of cash necessary to pay taxes on income allocated by the Company to the Members.

All Tax Advances made to a holder of a Profit Unit on or following December 1, 2015 and all Tax Advances made to any other holder following December 31, 2019 shall be treated as an advance against, and thus reduce, the amount of the next succeeding distribution or distributions which would otherwise have been paid to such Member pursuant to Section 4.1.1 and Section 8.5, if applicable. To the extent that an amount otherwise distributable to a Member is so applied, it shall be treated for all purposes hereof as if such amount had actually been distributed at such time to such Member pursuant to Section 4.1.1 or Section 8.5, if applicable.

4.2 Distributions Upon Liquidation. Distributions made in conjunction with the final liquidation of the Company shall be applied or distributed as provided in Article 8.

4.3 Withholding. The Company may withhold distributions or portions thereof if it is required to do so by any applicable rule, regulation or law, and each Member hereby authorizes the Company to withhold from or pay on behalf of or with respect to such Member any amount of federal, state, local or foreign taxes that the Board in good faith determines the Company is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement. Any amount paid on behalf of or with respect to a Member pursuant to this Section 4.3 shall be treated as having been distributed to such Member as an advance against the next distributions that would otherwise be made to such Member, and such amount shall be satisfied by setoff from such next distributions (a "Withholding Advance"). Each Member will furnish the Board with such information as may reasonably be requested by the Board from time to time to determine whether withholding is required, and each Member will promptly notify the Board if such Member determines at any time that it is subject to withholding. Any amounts withheld on distributions or allocations by the Company in respect of some but not all Members shall be treated as a Withholding Advance with respect to the Member in respect of whom such withholding was made.

4.4 Distributions in Kind. No right is given to any Member to demand or receive property other than cash as provided in this Agreement. The Board may determine to make a distribution in kind of Company Assets to the Members, and such Company Assets shall be distributed in such a fashion as to ensure that the fair market value thereof is distributed and allocated in accordance with this Article 4 and Articles 5 and 8 hereof.

4.5 No Distributions with Respect to Unvested Units. A Member holding an Unvested Unit shall only be entitled to receive a distribution in respect of such Unvested Unit in an amount equal to the Tax Advances (if any) made with respect to such Unvested Unit in accordance with Section 4.1.3. If a Member's distributions are reduced pursuant to this Section 4.5, the Board shall make appropriate adjustments (as determined by the Board) to future distributions under Section 4.1.1 with respect to such Member holding a Profit Unit so that such Member receives, from the next distribution(s) following the vesting of an Unvested Unit (consistent with the principles of this Article 4), an aggregate amount equal to the amount that but for this Section 4.5, would have been distributed to such Member.

4.6 Limitations on Distributions. Notwithstanding any provision to the contrary contained in this Agreement, neither the Company nor the Board, on behalf of the Company, shall make a distribution to any Person in violation of the Act or other applicable law.

4.7 Set-Off. The payment of any distributions to a Member pursuant to this Article 4 shall not be subject to any set-off, counterclaim, recoupment, defense, or other right that the Company or any of its Subsidiaries may have against the Member, other than (i) undisputed amounts owed by the Member to the Company or any of its Subsidiaries in respect of claims for fraud committed by such Member, (ii) as otherwise permitted pursuant to the last sentence of Section 9.02(c) of the Purchase Agreement or (iii) as otherwise required under applicable law; provided, that, except as set forth in Section 4.1.3, Tax Advances shall not be subject to any set-off, counterclaim, recoupment, defense or other right that the Company or any of its Subsidiaries may have against the Member.

Article 5

ALLOCATIONS OF NET PROFITS AND NET LOSSES

5.1 General Allocations of Net Profits and Losses. Net Profits and Net Losses shall be determined and allocated with respect to each fiscal year or other period of the Company: (a) as of the end of such fiscal year, (b) at such times as the Gross Asset Value of any Company Asset is adjusted pursuant to the definition thereof, and (c) at such other times as may be required or permitted pursuant to this Agreement or otherwise under the Code. Except as otherwise provided in this Agreement, Net Profits and Net Losses (and, to the extent necessary, individual items of income, gain, loss, deduction or credit) of the Company shall be allocated among the Members in a manner such that, after giving effect to the special allocations set forth in Section 5.2, the Capital Account balance of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the distributions that would be made to such Member pursuant to Section 8.5, if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Gross Asset Value, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Gross Asset Value of the assets securing such liability), and the net assets of the Company were distributed, in accordance with Section 8.5 (without regard for any restrictions that may apply to distributions in respect of unvested Profits Units) to the Members immediately after making such allocation, minus (ii) such Member's share of Company Minimum Gain and Member Minimum Gain, computed immediately prior to the hypothetical sale of assets.

5.2 Regulatory Allocations. Notwithstanding the foregoing provisions of this Article 5, the following special allocations shall be made in the following order of priority:

5.2.1 If there is a net decrease in Company Minimum Gain during a Company taxable year, then each Member shall be allocated items of Company income and gain for such taxable year (and, if necessary, for subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g)(2). This Section 5.2.1 is intended to comply with the minimum gain chargeback requirement of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

5.2.2 If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Company taxable year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such taxable year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in a manner consistent with the provisions of Regulations Section 1.704-2(g)(2). This Section 5.2.2 is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

5.2.3 If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Regulations Section 1.704-1(b)(2)(ii)(*d*)(*4*), (*5*) or (*6*), items of income and gain shall be allocated to all such Members (in proportion to the amounts of their respective Adjusted Capital Account Deficits) in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit of such Member as quickly as possible. It is intended that this Section 5.2.3 qualify and be construed as a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(*d*).

5.2.4 If the allocation of income, gain, loss or deduction (or an item thereof) to a Member as provided in Section 5.1 would create or increase an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of income, gain, loss or deduction (or an item thereof) as will not create or increase an Adjusted Capital Account Deficit. The allocated item that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Pro Rata Share, subject to the limitations of this Section 5.2.4.

5.2.5 To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(*m*)(*2*) or Regulations Section 1.704-1(b)(2)(iv)(*m*)(*4*), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Interest, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Regulations Section 1.704-1(b)(2)(iv)(*m*)(*2*) applies, or to the Members to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(*m*)(*4*) applies.

5.2.6 The Nonrecourse Deductions for each taxable year of the Company shall be allocated to the Members in accordance with their respective Pro Rata Share.

5.2.7 The Member Nonrecourse Deductions shall be allocated each year to the Member that bears the economic risk of loss (within the meaning of Regulations Section 1.752-2) for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

5.2.8 The allocations set forth in this Section 5.2 (the "Regulatory Allocations") are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 5.1, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

5.3 Tax Allocations.

5.3.1 Except as provided in Section 5.3.2, for income tax purposes under the Code and the Regulations, each Company item of income, gain, loss and deduction shall be allocated between the Members as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to this Article 5.

5.3.2 Tax items with respect to Company Assets that are contributed to the Company with a Gross Asset Value that varies from their basis in the hands of the contributing Member immediately preceding the date of contribution shall be allocated between the Members for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. With respect to the Members' initial Capital Contributions and any Section 704(c) allocations arising or existing on or about December 1, 2015, the Company shall account for such variation under the "traditional method" as described in Regulations Section 1.704-3(b). If the Gross Asset Value of any Company Asset, whenever acquired, is later determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (c) of the definition of "Gross Asset Value" in Section 2.1, subsequent allocations of income, gain, loss and deduction with respect to such Company Asset shall take account of any variation between the adjusted basis of such Company Asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations promulgated thereunder under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the Board. Allocations pursuant to this Section 5.3.2 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Profits, Net Losses and any other items or distributions pursuant to any provision of this Agreement.

5.4 Other Provisions.

5.4.1 For any fiscal year or other period during which any part of a Unit or Economic Interest is Transferred between the Members or to another Person, the portion of the Net Profits, Net Losses and other items of income, gain, loss, deduction and credit that are allocable with respect to such part of a Unit or Economic Interest shall be apportioned between the transferor and the transferee under any method allowed pursuant to Code Section 706 and the applicable Regulations as determined by the Board.

5.4.2 In the event that the Code or any Regulations require allocations of items of income, gain, loss, deduction or credit different from those set forth in this Article 5, the Board is hereby authorized to make new allocations in reliance on the Code and such Regulations, and no such new allocation shall give rise to any claim or cause of action by any Member.

5.4.3 The Members acknowledge and are aware of the income tax consequences of the allocations made by this Article 5 and hereby agree to be bound by the provisions of this Article 5 in reporting their shares of Net Profits, Net Losses and other items of income, gain, loss, deduction and credit for federal, state and local income tax purposes.

5.4.4 All matters concerning the allocations and other determinations provided for in this Article 5 and any accounting procedures not expressly provided for in this Agreement shall be determined by the Board in a manner consistent with the terms and intent of this Agreement.

5.5 Tax Treatment of Warrants. Solely for U.S. federal, state and local income tax purposes, the Members agree that the exercise of a Warrant shall be treated (a) first, as a compensatory payment to the Member exercising the Warrant (an "Exercising Member") in an amount equal to the difference between the value of the Common Units received by such Exercising Member and the Exercise Price (as defined in the applicable Warrant Agreement) of such Warrant and (b) second, as a capital contribution to the Company by the Exercising Member of cash in an amount equal to the sum of the compensatory payment received in clause (a) of this Section 5.5 and the Exercise Price in exchange for the Common Units received by such Exercising Member.

Article 6

OPERATIONS

6.1 Management by the Board.

6.1.1 Subject to such matters which are expressly reserved hereunder to the Members for decision, the business and affairs of the Company shall be managed by a board of directors (the "Board"). Except as otherwise expressly provided in this Agreement (including the delegation of certain matters for approval by the Investor pursuant to Exhibit D), the Board shall have sole and complete charge and management of all the affairs and business of the Company, in all respects and in all matters and shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes and direct the affairs of the Company. The Members understand that the Board shall manage and control the business and affairs of the Company in a manner consistent with Investor's status as a REIT Member.

6.1.2 Except as otherwise provided in this Agreement, the Board shall have the sole power and authority to bind the Company, except and to the extent that such power is expressly delegated in writing to any other Person by the Board (including through the appointment of officers of the Company).

6.1.3 Each director ("Director") of the Company shall be deemed to be a "manager" of the Company (as defined in Section 18-101(10) of the Act) for all purposes under the Act. The Board shall consist of such number of Directors as may be designated from time to time by a vote of holders of a majority of the Common Units; provided, that, so long as Bufford (a) together with members of his Family Group owns at least 50% of the Common Units owned by him as of December 31, 2015 and (b) is serving as Chairman of the Board, one (1) of the Directors shall be Bufford (the "Bufford Director"). The Chairman of the Board, if any, shall be elected by the Directors.

6.1.4 A vote of holders of a majority of the Common Units may remove any Director from the Board (with or without cause) at any time, except as provided in Section 6.1.3. No Member shall take any action to cause the removal of any Director other than in accordance with this Section 6.1.4.

6.1.5 Any Director may resign at any time by giving written notice to the Board. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.1.6 If at any time a vacancy is created on the Board by reason of the death, removal or resignation of any Director, a designee shall be appointed to fill such vacancy or vacancies by the Person or Persons entitled to appoint such Director pursuant to Section 6.1.3.

6.1.7 Without limiting the generality of the foregoing provisions of this Section 6.1, but subject to the other express limitations and provisions of this Agreement requiring the consent of any Member (including Section 6.5), in furtherance of the Company's purpose as set forth in Section 1.4, the Board (on behalf of the Company) shall have full and complete power and authority (and may delegate such authority pursuant to Section 6.1.8), without the approval of any Member:

(a) to take all actions necessary to fulfill the Company's purpose set forth in Section 1.4;

(b) to negotiate, enter into, perform, modify, extend, terminate, amend, waive, renegotiate, and/or carry out any contracts and agreements of any kind and nature, including contracts and agreements with any Person, including any Member or Assignee, or any Affiliate thereof, or any other agent of the Company, as the Board deems necessary or advisable;

(c) to, from time to time, employ, engage, hire, or otherwise secure the services of such Persons, including any Member or any Affiliate thereof, as the Board may deem necessary or advisable for the administration of the Business, subject to the provisions of the Master Lease, including the engagement of the EIK Manager pursuant to the Management Agreement;

(d) to exercise or waive any and all rights on behalf of the Company or its Subsidiaries;

(e) to acquire, hold, sell, lease, maintain, operate, exchange and otherwise deal with the Company's Assets, including the assets of any of its Subsidiaries;

(f) to make distributions of Company Assets;

(g) to borrow or lend money on behalf of the Company or any of its Subsidiaries for any general purpose of the Company or its Subsidiaries; and

(h) to control all other aspects of the business and operations of the Company that the Board elects to so control.

6.1.8 The Board may appoint one or more individuals to manage the day-to-day business affairs of the Company (the "Officers"). The Officers shall serve at the pleasure of the Board for such terms and with such powers and duties (including any obligations to periodically report to the Board) as shall be determined from time to time by the Board. To the extent delegated by the Board, the Officers shall have the authority to act on behalf of, bind and execute and deliver documents in the name and on behalf of the Company. Unless otherwise specified by the Board, such Officers shall have such authority and responsibility in respect of the Company as is generally attributable to the holders of such offices in corporations incorporated under the laws of Delaware. In addition, the Board may designate such other Persons to act as agents of the Company's business as the Board shall determine in its sole and absolute discretion, and the actions of such other Persons taken in such capacity and in accordance with this Agreement shall bind the Company to the same extent the Board is authorized to bind the Company.

6.1.9 Subject to the Board's discretion and the provisions of Section 6.1.8, the Chief Executive Officer shall manage and control the day-to-day business and operations of the Company. The Chief Executive Officer shall initially have the powers, authority and responsibilities set forth on Exhibit D hereto, which may be amended at any time by the Board in its sole and absolute discretion in accordance therewith, and the Company and the Members acknowledge and agree that the mere amendment of Exhibit D shall not, in and of itself, give rise to a determination of whether there has been a material diminution in such Member's authority with respect to determining the existence of "Good Reason" for purposes of this Agreement or any other agreements (including any restrictive covenant agreements) between the Company and such Member unless such amendment constitutes or otherwise causes “Good Reason” to occur by way of a material diminution in such Member’s authority with respect to the Company or any of its direct or indirect Subsidiaries. The Chief Executive Officer shall present to the Board on an annual basis (at such time as the Board shall from time to time determine) an annual budget and business plan of the Company for the Board’s approval and shall manage the ordinary course of the Company’s business and operations pursuant to such documents. The Chief Executive Officer will be authorized to delegate the powers and authority vested in her or him to other officers of the Company and its Subsidiaries, all of whom shall report to the Chief Executive Officer. The Chief Executive Officer of the Company as of the Effective Date is Leigh Ann Barney.

6.2 Meetings of the Board.

6.2.1 Subject to Section 6.2.2, the Board shall meet at least quarterly and at such other such times as may be necessary for the Company’s business. The presence of a majority of the Directors then in office shall constitute a quorum at any meeting of the Board.

6.2.2 Meetings of the Board may be called for by any Director. Notice of any special meeting of the Board shall be given at least twenty-four (24) hours prior to any meeting by written notice to each Director at his or her address including the time and place of such meeting. Notice of any Board meeting may be waived by any Director before but not after such meeting. Meetings of the Board may be conducted in person or by conference telephone or videoconference facilities and each Director shall be entitled to participate in any meeting of the Board (whether or not conducted in person) by telephone.

6.2.3 Each Director shall receive one (1) vote. All actions of the Board shall require the affirmative vote of a majority of votes cast by all the Directors. Any reference in this Agreement to the affirmative vote of a majority of the Directors shall be deemed to mean a majority of the votes cast by all Directors.

6.2.4 Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if such number of Directors sufficient to approve such action pursuant to the terms of this Agreement consents thereto in writing; provided, however, that a copy of the action taken by written consent must be promptly sent to all Directors and filed with the minutes of proceedings of the Board.

6.2.5 The Company or any of its Subsidiaries shall reimburse each Director for the reasonable travel and accommodation costs incurred by such Director to attend meetings of the Board or a committee thereof or the board of directors (or similar governing body) of a Subsidiary of the Company, in each case, as approved by the Board.

6.3 Member Meetings.

6.3.1 The Members may vote, approve a matter or take any action by the vote of Members holding Common Units entitled to vote at a meeting, in person or by proxy, or without a meeting by the written consent of Members pursuant to Section 6.3.2. Meetings of the Members may be called by Members holding a majority of the Common Units and shall be held upon not less than two (2) Business Days nor more than sixty (60) days’ prior written notice of the time and place of such meeting delivered to each holder of Common Units in the manner provided in Section 10.7. Notice of any meeting may be waived by any Member before or after any meeting. Meetings of the Members may be conducted in person or by conference telephone, videoconference or webcast facilities.

6.3.2 Any action may be taken by the Members without a meeting if authorized by the written consent of the Members holding Common Units sufficient to approve such action pursuant to the terms of this Agreement. In no instance where action is authorized by written consent will a meeting of Members be required to be called or notice be required to be given; provided, however, that a copy of the action taken by written consent must be promptly sent to all Members holding Common Units and filed with the records of the Company.

6.3.3 For any meeting of Members, the presence in person or by proxy of Members owning Common Units representing at least a majority of the Common Units shall constitute a quorum for the transaction of any business. Except as otherwise provided in this Agreement, the affirmative vote of Members owning Common Units representing at least a majority of the Common Units shall constitute approval of any action.

6.3.4 Notwithstanding anything to the contrary in this Section 6.3, any Management Holder that is, directly or indirectly, an employee, officer, director, trustee, member, consultant, owner or partner of, or otherwise performs services for, a Competitor of the Company or any of its Subsidiaries, may be excluded from the portion of any meeting of the Members by the Board and shall not be entitled to receive any materials or minutes of such meeting or relating to any written consent of the Members, in each case, to the extent such meeting, consent, materials or minutes include competitively sensitive information, as determined by the Board; provided, that the foregoing restrictions shall not apply to ownership of less than five percent (5%) of the outstanding securities of any class of any publicly-traded securities of a corporation that is a Competitor so long as such Management Holder does not, directly or indirectly, have any active participation in the management or other business of such corporation.

6.4 Powers to Bind the Company.

6.4.1 No Director (acting in his or her capacity as such) shall have any authority to bind the Company to any third party with respect to any matter except pursuant to a resolution expressly authorizing such action which resolution is duly adopted by the Board by the affirmative vote required for such matter pursuant to this Agreement.

6.4.2 Except as otherwise expressly provided in this Agreement or as the Board may delegate, the Members shall not participate in the management of the Company, and shall have no right, power or authority to act for or on behalf of, or otherwise bind, the Company. Except as expressly provided in this Agreement or required by any non-waivable provisions of applicable law, Members shall have no right to vote on or consent to any other matter, act, decision, or document involving the Company or its business. No Member shall take any action in the name of or on behalf of the Company, including assuming any obligation or responsibility on behalf of the Company, unless such action, and the taking thereof by such

Member, shall have been expressly authorized by the Board or shall be expressly and specifically authorized by this Agreement.

6.5 Limitations on Authority of the Board.

6.5.1 Notwithstanding any contrary provision of this Agreement (except Section 6.5.2, below), the Board shall not permit the Company or any of its Subsidiaries to enter into any material transaction, arrangement or agreement between Investor or any Affiliate thereof, on the one hand, and the Company or any of its Subsidiaries, on the other hand, without the approval in each instance of either (a) a majority of the disinterested Directors on the Board or (b) Management Holders holding a majority of the Common Units held by the Management Holders; provided, however, that such approval shall not be required for:

(a) the issuance of any Equity Securities pursuant to the terms and provisions of this Agreement;

(b) any transaction, arrangement or agreement on commercially reasonable terms no less favorable (as reasonably determined by the Board) to the Company or its Subsidiary than would be available from an independent third party after arm's length negotiation; or

(c) any other transaction, arrangement or agreement expressly required or expressly permitted by the Transaction Documents, subject to the terms and restrictions set forth therein.

6.5.2 Notwithstanding the other provisions of this Section 6.5, the Company or any of its Subsidiaries shall not enter into any material transaction, arrangement or agreement with the EIK Manager (including the Management Agreement) without the approval in each instance of the Board (excluding the Bufford Director).

6.6 Committees.

6.6.1 The Board may designate one or more committees, each committee to consist of one or more of the Directors. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company. Each committee shall keep regular minutes and report to the Board when required; provided, that the Bufford Director, any officer or employee of the Company serving as a Director, the EIK Manager or any of their respective Affiliates may be excluded from the portion of any meeting of any such committee and shall not be entitled to receive any materials or minutes of such meeting, in each case, to the extent (a) such meeting, materials or minutes relate to the compensation of such Person, or (b) required to avoid any conflict of interest or to maintain the privileged status of such discussion or materials.

6.6.2 The Board may form an advisory committee (the "Advisory Committee") comprising of such Persons (including industry experts and other third party professionals) and having such responsibilities as the Board determines, in each case, in consultation with Bufford, so long as he is the Chairman of the Board. The role of the Advisory Committee shall be to provide the Board, the Company and the Company's senior officers with independent guidance and strategic advice in order to further enhance the value of the Business. In connection with forming the Advisory Committee, the Board shall have the authority to determine, in consultation with Bufford so long as he is the Chairman of the Board, the compensation of the members of the Advisory Committee to be paid in consideration for services rendered to the Company (including the issuance of Equity Securities or the creation of additional incentive compensation plans).

6.7 Reliance by Third Parties. Any Person dealing with the Company or the Board may rely upon a certificate signed by the Board (or any one or more of its agents designated by the Board for such purpose or given such authority) as to:

6.7.1 The identity of the Board, any Member of the Company or any Officer;

6.7.2 The existence or non-existence of any facts which constitute a condition precedent to acts by the Board or in any other manner germane to the affairs of the Company;

6.7.3 The Persons who are authorized to execute and deliver any instrument or document for or on behalf of the Company; or

6.7.4 Any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member.

6.8 Records and Reports.

6.8.1 The Company shall cause to be kept (and made available to each holder of Common Units representing at least 5% of the outstanding Common Units), at the principal place of business of the Company, or at such other location as the Board shall reasonably deem appropriate, full and proper ledgers, other books of account, and records of all receipts and disbursements, other financial activities, and the internal affairs of the Company.

6.8.2 The Members agree that the books of the Company shall be kept for accounting purposes in accordance with U.S. generally accepted accounting principles, consistently applied ("GAAP"), and shall be kept for tax reporting purposes in accordance with applicable provisions of the Code. Subject to Code Section 448, the books of the Company may be kept on such other methods of accounting for tax and financial reporting purposes as may be determined by the Board. The fiscal year of the Company shall end on December 31 of each year unless otherwise determined by the Board.

6.8.3 The Company shall also:

(a) provide to each holder of Common Units within one hundred and twenty (120) days following the end of each fiscal year of the Company or as soon as reasonably practicable thereafter, a report that shall include all necessary information required by the Members for preparation of their federal, state and local income or franchise tax or information returns, including each Member's allocable share of Net Profits, Net Losses and any other items of income, gain, loss, deduction and credit for such fiscal year;

(b) make available to each holder of Common Units within 90 days after the end of each fiscal year beginning with fiscal year 2016, a copy of an audited consolidated statement of income and cash flows of the Company and its Subsidiaries for such fiscal year, and a copy of an audited consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year, setting forth in each case comparisons to the preceding fiscal year, all prepared in accordance with GAAP;

(c) make available to each holder of Common Units within forty-five (45) days following the end of each fiscal quarter of the Company or as soon as reasonably practicable thereafter, a copy of an unaudited balance sheet of the Company as of the end of such fiscal quarter, and the related unaudited statement of income and changes in the financial position of the Company for such fiscal quarter; and

(d) make available to each holder of Common Units a copy of the Company's federal, state and local income tax or information returns for each fiscal year or portion thereof, concurrent with the filing of such returns.

6.8.4 Beginning with fiscal year 2016, the Board shall cause the books and records, including financial statements, of the Company to be audited annually by an independent accounting firm of recognized regional or national standing as may be selected by the Board, which accounting firm shall be engaged by the Company.

6.9 Indemnification and Liability.

6.9.1 The Company shall indemnify and hold harmless all officers and agents of the Company, the Tax Matters Partner, the Partnership Representative and each of the Directors and Members, including the Member Representative, and their respective Related Persons (each an "Indemnitee") to the full extent permitted by law from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements and other costs of litigation, whether pending or threatened), judgments, fines, settlements and other amounts, of any nature whatsoever, known or unknown, liquid or unliquid (collectively, "Liabilities") arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved as a party or otherwise, arising out of or incident to the Business, if (a) the Indemnitee acted in good faith in a manner such Person believed to be within the scope of such Indemnitee's authority and in, or not contrary to, the best interests of the Company, and (b) the Indemnitee's conduct did not constitute fraud, bad faith, willful misconduct, gross negligence or material breach of this Agreement. Notwithstanding anything to the contrary herein, the foregoing indemnity shall not extend to any Liabilities of a Member arising from such Member's breach of any of its representations, warranties, covenants, agreements or acknowledgements in this Agreement or any of the other Transaction Documents.

6.9.2 Expenses incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding subject to this Section 6.9 shall be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of a satisfactory written commitment by or on behalf of the Indemnitee to repay such amount if it shall be determined that such Indemnitee is not entitled to be indemnified as authorized in this Section 6.9.

6.9.3 The indemnification provided by this Section 6.9 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, as a matter of law or equity or otherwise, and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee. The Company hereby acknowledges that certain Indemnitees (the "Specified Indemnitees") may have rights to indemnification and advancement of expenses provided by a Member or its Affiliates (directly or by insurance retained by such entity) (collectively, the "Member Indemnitors"). The Company hereby agrees and acknowledges that (a) it is the indemnitor of first resort with respect to the Specified Indemnitees, (b) it shall be required to advance the full amount of expenses incurred by the Specified Indemnitees, as required by the terms of this Agreement (or any other agreement between the Company and the Specified Indemnitees), without regard to any rights the Specified Indemnitees may have against the Member Indemnitors and (c) it irrevocably waives, relinquishes and releases the Member Indemnitors from any and all claims against the Member Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Member Indemnitors on behalf of the Company with respect to any claim for which the Specified Indemnitees have sought indemnification from the Company shall affect the foregoing and the Member Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Specified Indemnitees against the Company.

6.9.4 Any indemnification provided hereunder shall be satisfied solely out of the Company Assets. No Member shall be subject to personal liability by reason of these indemnification provisions.

6.9.5 No Indemnitee shall be denied indemnification in whole or in part under this Section 6.9 by reason of the fact that the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

6.9.6 Except as set forth in Section 6.9.3, the provisions of this Section 6.9 are for the benefit of the Indemnitees only and shall not be deemed to create any rights for the benefit of any other Person.

6.9.7 None of the Tax Matters Partner, the Partnership Representative nor the officers of the Company, of the Board or of any Member shall be liable to the Company or to any other Member for any Liabilities sustained or incurred as a result of any act or omission of such Person if (a) such Person acted in good faith in a manner such Person believed to be within the scope of such Person's authority and in, or not contrary to, the best interests of the Company, and (b) such Person's conduct did not constitute fraud, bad faith, willful misconduct or a material breach of this Agreement or any of the other Transaction Documents.

6.9.8 The Board is hereby authorized on behalf of the Company to cause the Company to indemnify, hold harmless and release any agents and/or advisors of the Company, the Board and the Company's Affiliates, to the same extent provided with respect to the Indemnitees in this Section 6.9.

6.10 Duties and Conflicts.

6.10.1 Notwithstanding any other provision of this Agreement, unless otherwise expressly set forth in Section 6.10.2, none of the Directors (in the case of Bufford, in his capacity as a Director only, without limiting any obligations under his employment agreement or as an officer of the Company or otherwise) or Members or any of their respective Affiliates, members, equity holders, partners, employees, agents, representatives or other related persons (each, a "Related Person"), as applicable, shall be liable to the Company or any other Member or Person for any breach of any implied duty of loyalty or due care or any other fiduciary duty, other than as a result of any acts or omissions not committed in good faith or that involve intentional misconduct. To the extent that, at law or in equity, any Related Person, Bufford (in his capacity as a Director only, without limiting any obligations under his employment agreement or as an officer of the Company or otherwise) or any other Director has duties (including fiduciary duties) and liabilities relating thereto to the Company or to another Member or Director, (a) neither the Related Person or any other Director acting under this Agreement shall be liable to the Company or to any such other Member or Director (if applicable) to the extent such Related Person or other Director acted in good faith absent intentional misconduct and in accordance with the provisions of this Agreement and (b) the Related Person's or such other Director's duties and liabilities are hereby restricted by and subject in all respects to the provisions of this Agreement. To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement or in any other such agreement the Board or any Member is permitted or required to make a decision or determination or provide an approval or consent (i) in its "determination", "sole determination", "discretion" or "sole discretion", under a grant of similar authority or latitude or in the absence of any other express standard stated herein or therein (as applicable), the Directors or such Member shall be entitled to act in their sole discretion, make decisions in its sole determination and consider only such interests and factors as it desires, including its own interests and the interests of its Affiliates in addition to the interests of, or factors affecting, the Company or the other Members, and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Company, any Member or any other Person, or (ii) in its "good faith" or under another express standard, the Directors or such Member shall act under such express standard, shall not be subject to any other or different standard imposed by applicable law or equity or otherwise and may make determinations or exercise their discretion differently with respect to different Members. Notwithstanding anything contained herein, the provisions of this Section 6.10 shall not apply to any Director in his capacity as a paid officer or employee of the Company or any of its Subsidiaries.

6.10.2 Notwithstanding the provisions of Section 6.10.1, unless the Company otherwise agrees in writing, each Management Holder shall, and shall cause each of its Affiliates to, bring all investment or business opportunities to the Company of which any of the foregoing become aware and which they believe are, or may be, within the scope and investment objectives related to the Business, which would or may be beneficial to the Business, or are otherwise competitive with the Business (a "Business Opportunity"), and shall not pursue such opportunity, directly or indirectly through any other Person, unless such opportunity has been expressly waived by a majority of the Directors other than the Bufford Director. It is the intent of the parties hereto that any Business Opportunity that (a) has been sourced or generated solely by one or more Management Holders and (b) is not otherwise readily available to the Investor Group (whether through public sources, an auction process or a broker, agent or other representative) but for the efforts of such Management Holder(s) (such Business Opportunity, a "Qualifying Business Opportunity") shall belong to the Company and its Subsidiaries and shall be pursued solely through the Company and its Subsidiaries. In order to ensure the enforcement of the immediately preceding sentence, each member of the Investor Group shall not be permitted to share any such Qualifying Business Opportunity with any other Persons, other than the Company, its Subsidiaries and their respective employees, representatives, advisors and agents. The Members expressly acknowledge and agree that (i) the members of the Investor Group are permitted to have, and may presently or in the future have, investments or other business relationships with entities engaged in the Business other than through the Company or any of its Subsidiaries (an "Other Business"), (ii) the Investor Group has and may develop a strategic relationship with businesses that are and may be competitive or complementary with the Company or any of its Subsidiaries, (iii) none of the members of the Investor Group will be prohibited by virtue of their investments in the Company, the Company or its Subsidiaries or their Affiliate's service on the Board or on any of the Company's Subsidiaries' boards of managers or directors from pursuing and engaging in any such activities, (iv) none of the members of the Investor Group will be obligated to inform or present to any of the Company or its Subsidiaries or the Board any such opportunity, relationship or investment, (v) the other Members will not acquire or be entitled to any interest or participation in any Other Business as a result of the participation therein of any of the members of the Investor Group and (vi) the involvement of the Investor Group in any Other Business (subject to the confidentiality provisions in the following sentence) will not constitute a conflict of interest by such Persons with respect to the Company or any of its Subsidiaries or Members. The Investor Group shall maintain the confidentiality of any Confidential Information (including with respect to a Qualifying Business Opportunity) and shall not provide any Confidential Information to its Affiliates or any other Person in a manner that is detrimental to the Business; provided, that notwithstanding the foregoing, the parties hereto acknowledge and agree that certain general industry knowledge may be gained by individuals employed by the Investor Group and its representatives from reviewing the Confidential Information and that this general industry knowledge (that is not specific to the Business), together with residual information, may be used by such individuals and the Investor Group and its representatives in the ordinary course of business or otherwise in connection with the activities described in this Section 6.10.2 so long as, in each case, the Investor Group does not disclose any Confidential Information in violation of this Agreement. For purposes of this Agreement, "residual information" shall mean all ideas, concepts and understandings that would be retained in non-tangible form in the unaided memory of an ordinary individual. No Director shall also be a director of any other Person that is primarily engaged in the day-to-day operation of a congregate care, skilled nursing, assisted living and/or Alzheimer's care facility/community, a pharmacy, a provider of pharmacy consulting services, a rehabilitation and therapy agency or outpatient physical therapy clinic (any such business conducted by such other Person, a "Restricted Business"); provided, that the foregoing shall not prohibit any Director from serving as a director of (x) Griffin-American Healthcare REIT III, Inc., (y) NorthStar Healthcare Income, Inc. or (z) any other Person that is engaged in a Restricted Business if such Restricted Business is operated by one or more third-party tenants or managers.

6.11 REIT Protections.

6.11.1 Notwithstanding anything to the contrary in this Agreement, unless each REIT Member shall otherwise consent in writing (which consent may be withheld in such REIT Member's sole and absolute discretion), the Company shall not (and shall not permit any Subsidiary of the Company to):

(a) own or acquire any stock, loan or other debt or equity securities of or make any advances to another issuer (including an Affiliate of the Company or any Member); provided, however, that the Company may own 100% of the membership interests in Subsidiaries that are disregarded for U.S. federal income tax purposes; provided, further, that any such Subsidiaries shall also be subject to the limitations of this Section 6.11; provided, further, that the Company may own no more than half of the capital interests and profits interests in the Joint Ventures.

(b) enter into any lease which provides for rent based on any Person's net income or profits;

(c) directly or indirectly (i) operate or manage a "lodging facility" or a "health care facility" (as such terms are defined in Code Sections 856(d)(9)(D)(ii) and 856(e)(6)(D)(ii)), or (ii) provide to any Person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated (unless such rights are held by the Company or any Subsidiary as a franchisee, licensee, or in a similar capacity and such lodging facility or health care facility is either owned by the Company or any Subsidiary or is leased to the Company or any Subsidiary from a REIT);

(d) make an election or take any action that would cause the Company to fail to be treated as an entity that is classified as a partnership (other than a "publicly traded partnership" as defined in Code Section 7704) for United States federal income tax purposes; or

(e) amend or modify the Management Agreement or the definition of "Eligible Independent Contractor" set forth in the Management Agreement.

6.11.2 The Company shall, promptly upon any REIT Member's request, make available to such REIT Member all data and information in the possession of the

Company or any of its Company Assets that is determined by such REIT Member to be necessary or helpful to monitor such REIT Member's (or its Affiliate's) compliance with the requirements for qualification as a REIT or taxable REIT subsidiary, as applicable, under the Code.

6.11.3 Notwithstanding the foregoing or any other provision in this Agreement, so long as the Company has a REIT Member, the Company shall take any action to avoid a result that, or refrain from taking any action that, in the judgment of the Board, in its sole and absolute discretion, could adversely affect the ability of the REIT Member (or any Affiliate thereof) to continue to qualify as a taxable REIT subsidiary or a REIT, as applicable, under the Code.

6.12 Member Representative.

6.12.1 The parties have agreed that it is desirable to designate the Member Representative to act on behalf of each of the Management Holder, to the extent of the matters set forth in this Agreement (including the full power and authority on such Management Holder's behalf to execute and deliver on behalf of such Management Holder any amendment or waiver hereto; and to do each and every act and exercise any and all rights which such Management Holders collectively are permitted or required to do or exercise under this Agreement). The Member Representative may resign at any time by written notice to the Board, and the Member Representative may not be removed without its prior written consent. In the event of the resignation or removal of the Member Representative, a successor to such position shall be a Management Holder designated by the Board and reasonably satisfactory to the Management Holders holding a majority of the Common Units held by the Management Holders. The Member Representative shall have such powers and authority as are necessary or appropriate to carry out the functions assigned to it under this Agreement and in any other document delivered in connection herewith. The designation of the Member Representative is coupled with an interest, and, except as set forth in the immediately preceding sentence, such designation is irrevocable and shall not be affected by the death, incapacity, illness, bankruptcy, dissolution or other inability to act of any of the Management Holders.

6.12.2 The Board shall be entitled to rely on the actions taken by the Member Representative without independent inquiry into the capacity of the Member Representative to so act and shall have no liability to the Management Holders in connection therewith. All actions, notices, communications and determinations by the Member Representative to carry out such functions shall conclusively be deemed to have been authorized by, and shall be binding upon, the Management Holders. Neither the Member Representative nor any of its agents or representatives shall have any liability to the Management Holders with respect to actions taken or omitted to be taken by the Member Representative in such capacity (or any of its officers, directors, employees, agents or representatives in connection therewith), except with respect to the Member Representative's gross negligence or willful misconduct. Neither the Member Representative nor any of its agents or representatives shall have any liability to the Company or the Board as a result of serving in such capacity or otherwise under this Agreement. The Member Representative will at all times be entitled to rely on any directions received from the Management Holders; provided, however, that the Member Representative shall not be required to follow any such direction, and shall be under no obligation to take any action in its capacity as Member Representative based upon any such direction. The Member Representative shall be entitled to engage such counsel, experts and other agents and consultants as it shall deem necessary in connection with exercising its powers and performing its function hereunder and (in the absence of bad faith on the part of the Member Representative) shall be entitled to conclusively rely on the opinions and advice of such Persons. The Member Representative (for itself and its officers, directors, employees, agents and representatives) shall be entitled to full reimbursement for all reasonable expenses, disbursements and advances (including fees and disbursements of its counsel, experts and other agents and consultants) incurred by the Member Representative in such capacity (or any of its agents or representatives in connection therewith), and to full indemnification against any loss, liability or expenses arising out of actions taken or omitted to be taken in its capacity as the Member Representative (except for those arising out of the Member Representative's gross negligence or willful misconduct), including the costs and expenses of investigation and defense of claims, in each case from the Company and/or the Management Holders. The Member Representative's rights hereunder shall be in addition to, and shall not derogate from any right of indemnification to which he is entitled pursuant to Section 6.9 or any other provision. The relationship created herein is not to be construed as a joint venture or any form of partnership between or among the Member Representative or any Management Holder for any purpose of applicable law. Neither the Member Representative nor any of its Affiliates owes any fiduciary or other duty to any Management Holder.

Article 7

INTERESTS AND TRANSFERS OF INTERESTS

7.1 Transfers.

7.1.1 Generally.

(a) Except pursuant to: (i) Sections 7.9, 7.10 or 7.12 (ii) an Approved Sale, (iii) any Transfer following a Public Offering (subject to entry by the Transferring Management Holder into certain customary lockup agreements to the extent requested by the managing underwriter of such Public Offering) or (iv) a Transfer to a Permitted Transferee, subject to compliance with Sections 7.1.2 and 7.3, no Management Holder shall Transfer all or any portion of its Units (other than Profit Units) without the prior written consent of the Board, in its reasonable discretion in light of the best interests of the Company; provided, however, that (y) each Key Management Member may Transfer Common Units without the prior written consent of the Board so long as after each such Transfer, such Key Management Member continues to own no less than fifty percent (50%) of the Common Units owned by such Key Management Member as of December 1, 2015, and (z) after the tenth anniversary of the applicable Issue Date, a Management Holder may Transfer all or any part of any Units (other than Profit Units) without the prior written consent of the Board, subject in each of (y) and (z) to compliance with the remaining provisions of this Article 7.

(b) Except as otherwise expressly provided in this Article 7, the recipient of any Units Transferred in accordance with this Article 7 shall be an Assignee only, with only the rights provided in Section 7.4, unless and until admitted as a Substitute Member pursuant to Section 7.6.

(c) In the event of a Transfer of any Units (or part thereof) in accordance with this Agreement, at any time other than at the end of the Company's fiscal year, the profits, gains, losses, deductions and credits of the Company for such fiscal year shall be allocated between or among the respective parties or the Members, as the case may be, in such manner as determined by the Board which is consistent with the provisions of Code Section 706(d).

(d) Notwithstanding anything in this Agreement to the contrary, no Member other than the Management Holders (which shall be subject to Section 7.1.1(a)) or the Investor or its Affiliates may Transfer its Units (other than Profit Units) except to the extent permitted by the Board in its sole and absolute discretion.

(e) No Member may Transfer any Profit Units except to the extent permitted by the terms of any applicable Profit Unit Agreement. Each Member acknowledges that the Profit Units are subject to the repurchase rights set forth in the applicable Profit Unit Agreements.

7.1.2 Permitted Transfers. Any attempted Transfer of Units by any Member, other than in strict accordance with this Article 7, shall be null and void *ab initio* and the purported transferee shall have no rights as a Member or Assignee hereunder. No Management Member shall avoid the provisions of this Agreement by making one or more Transfers to one or more Permitted Transferees and then disposing of all or any portion of such party's interest in any such Permitted Transferee, and any Transfer or attempted Transfer in violation of this covenant shall be null and void *ab initio*. If any Management Holder wishes to Transfer Common Units (other than Transfers following a Public Offering or pursuant to Section 7.9 or Section 7.10), such Management Holder shall give notice to the Board of its intention to make such a Transfer not less than twenty (20) Business Days prior to effecting such Transfer, which notice shall state the name and address of each Transferee to whom such Transfer is proposed, the relationship of such Transferee to such Management Holder, the number of Common Units proposed to be Transferred to such Transferee and the price and other material terms and conditions of the Transfer.

7.1.3 Transfers by Investor. Notwithstanding any provision hereof to the contrary, in connection with the Transfer of any Units pursuant to Section 7.9, 7.10 or 7.11, the Investor shall be entitled to elect to cause its equity and/or the equity of any Blocker of the Investor to be Transferred in such transaction in lieu of the Investor Transferring its Units in such transaction (and without any discount in consideration received for such equity and on a tax-deferred or taxable basis, as determined by the Investor), and the provisions of this Article 7 shall apply *mutatis mutandis* to such Transfer.

7.2 First Refusal Rights.

7.2.1 Subject to compliance with all other provisions of this Agreement, at least 30 days prior to any Transfer of any Units (except pursuant to (i) an

Approved Sale, (ii) the repurchase or forfeiture provisions set forth in Section 7.12 or (iii) a Transfer to a Permitted Transferee), a Management Holder desiring to make such Transfer (the "Transferring Member") shall deliver a written notice (the "Offer Notice") to each of the Company and Investor, specifying in reasonable detail the identity of the prospective Transferee(s), the number and class of Units to be Transferred (the "Offered Units") and the price and other terms and conditions of the proposed Transfer. The Transferring Member shall not consummate such proposed Transfer until at least 30 days after the delivery of the Offer Notice, unless the Transfer proceeds pursuant to the other provisions of this Section 7.2, prior to the expiration of such 30-day period (the date of the first to occur of such delivery or such final determination is referred to herein as the "Authorization Date").

7.2.2 The Company may elect to purchase all (but not less than all) of the Offered Units at the price and on the other terms set forth in the Offer Notice, by delivering written notice of such election to the Transferring Member within 20 days after delivery of the Offer Notice. Any Offered Units not elected to be purchased by the end of such 20-day period shall be reoffered by the Transferring Member for the immediately following 10-day period to the Investor.

7.2.3 If the Company or the Investor elects to purchase all of the Offered Units from the Transferring Member pursuant to Section 7.2.2, such purchase shall be consummated as soon as practicable after the delivery of the election notice(s) to the Transferring Member, but in any event within 30 days after the Authorization Date (or such longer period as may be required to obtain any regulatory approvals). Notwithstanding any other provision hereof, in the event that the sale price, or any portion thereof, for the Offered Units is not payable in the form of cash at closing or cash payable on a deferred basis (such as pursuant to simple promissory notes issued by the prospective purchaser described in the Offer Notice), the Company or the Investor, as the case may be, shall be required to pay only such portion, if any, of the sale price described in the Offer Notice as consists of such cash consideration, and delivery of such consideration to the Transferring Member shall be payment in full for such Offered Units.

7.2.4 If the Company and the Investor do not elect to purchase all of the Offered Units from the Transferring Member, the Transferring Member shall have the right, within the 90 days following the Authorization Date, to Transfer such Offered Units to the Transferee(s) specified in the Offer Notice in the amounts specified in the Offer Notice at a price not less than the price per Unit specified in the Offer Notice and on other terms no more favorable to the Transferee(s) thereof than specified in the Offer Notice. Any Offered Units not so Transferred within such 90-day period shall be reoffered to the Company and the Investor pursuant to Section 7.2.2 prior to any subsequent Transfer. No Transferring Member shall take any action that is governed by the provisions of this Section 7.2 more than once in a 180-day period.

7.3 Further Restrictions. Any otherwise permitted Transfer to any Person shall be null and void if:

(a) such Transfer may require the registration of such Transferred Unit pursuant to any applicable federal or state securities laws;

(b) such Transfer may cause the Company to become a "publicly traded partnership," as such term is defined in Code Sections 469(k)(2) or 7704(b);

(c) such Transfer may subject the Company or its Affiliates to regulation under the Investment Company Act of 1940, the Investment Advisers Act of 1940 or the Employee Retirement Income Security Act of 1974;

(d) such Transfer may result in a violation of any applicable law;

(e) such Transfer is made to any Person who lacks the legal right, power or capacity to own such Transferred Unit;

(f) such Transfer is made by a Management Holder to his or her spouse (as a Permitted Transferee) pursuant to Section 7.1.1(a) and is not accompanied by the execution and delivery to the Board by the Permitted Transferee of a spousal consent in the form attached hereto as Exhibit C;

(g) the Transferee does not withhold any amounts required to be withheld under Code Section 1446(f) on such Transfer or does not provide any form, certification, or other information as reasonably required by the Board to determine that the transferor and transferee have complied with Code Section 1446(f) and any similar provision of state, local, or non-U.S. law; or

(h) the Company does not receive other written instruments (including copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the Board (in its reasonable discretion); provided, that none of the restrictions set forth in this Section 7.3 shall apply to any Transfer of Profit Units pursuant to a forfeiture, cancellation or repurchase provision of the Profit Unit Agreement.

7.4 Rights of Assignees. Until such time, if any, as the transferee in any permitted Transfer pursuant to this Article 7 is admitted to the Company as a Substitute Member pursuant to Section 7.6: (a) such transferee shall be an Assignee only, and only shall receive, to the extent Transferred, the distributions and allocations of income, gain, loss, deduction, credit, or similar items to which the Member that Transferred its Units would be entitled, and (b) such Assignee shall not be entitled or enabled to exercise any other rights or powers of a Member, such other rights remaining with the transferring Member. In such a case, the transferring Member shall remain a Member, and shall remain liable for the satisfaction of all obligations contained herein as a Member, even if such transferring Member has Transferred its entire Economic Interest to one or more Assignees (subject to Section 7.5); but this sentence does not apply to a Transfer under Section 7.2 (which is deemed to be a Transfer to a Substitute Member). In the event any Assignee desires to make a further assignment of any Economic Interest, such Assignee shall be subject to all of the provisions of this Agreement relating to restrictions on Transfer to the same extent as any Member desiring to make such an assignment.

7.5 Admissions, Withdrawals and Removals. No Person shall be admitted to the Company as a Member except in accordance with Section 3.4 (in the case of Persons obtaining Units directly from the Company) or Section 7.6 (in the case of transferees of a permitted Transfer of Units from another Person). No Member shall be entitled to retire or withdraw from being a Member of the Company except (a) in accordance with Section 7.7, or (b) with the consent of the Board. No admission, withdrawal or removal of a Member shall cause the dissolution of the Company. Any purported admission, withdrawal or removal which is not in accordance with this Agreement shall be null and void.

7.6 Admission of Assignees as Substitute Members.

7.6.1 An Assignee shall become a Substitute Member only if and when each of the following conditions are satisfied:

(a) The assignor of the Transferred Unit(s) sends written notice to the Board pursuant to the terms of Section 7.1.2;

(b) The Board consents to the admission of such Assignee as a Substitute Member; and

(c) The Board receives from the Assignee (i) such information concerning the Assignee's financial capacity and investment experience as the Board may reasonably request, and (ii) written instruments (including copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as a Substitute Member) that are in a form satisfactory to the Board (as determined in the Board's reasonable discretion).

Notwithstanding the foregoing, upon the Transfer by Investor of all or any portion of its Units in accordance with Section 7.1.3, the transferee shall automatically become a Substitute Member without having to comply with this Section 7.6.1.

7.6.2 Upon the admission of any Substitute Member, the books and records of the Company shall be amended by the Board to reflect the name, address, Capital Contributions, Capital Account balance and Units of such Substitute Member and to eliminate or adjust, if necessary, the name, address, Capital Contributions, Capital Account balance and number of Units of the predecessor of such Substitute Member.

7.7 Withdrawal of Members. If a Member has transferred all of its Units to one or more Assignees, then such Member shall withdraw from the Company if and when all such Assignees have been admitted as Substitute Members in accordance with this Agreement.

7.8 Conversion of Membership Interest. Upon the Incapacity of a Member, such Incapacitated Member's Units shall automatically be converted to an Economic Interest only, and such Incapacitated Member (or its executor, administrator, trustee, or receiver, as applicable) shall thereafter be deemed an Assignee for all purposes hereunder, with the same Economic Interest as was held by such Incapacitated Member prior to its Incapacity, but without any other rights of a Member unless the holder of such Economic Interest is admitted as a Substitute Member pursuant to Section 7.6 above.

7.9 Tag-Along Rights.

7.9.1 Except as otherwise provided in Section 7.9.2, if Investor and/or one or more of its Affiliates (collectively, "Investor Transferors") desires to Transfer any Units held, collectively, by Investor and its Affiliates, then such Investor Transferors shall furnish to each of the Management Holders and holders of vested Profit Units a written notice (the "Tag-Along Demand") of such proposed transfer (the "Proposed Transfer").

7.9.2 Notwithstanding anything to the contrary in this Agreement, including this Section 7.9, neither the Investor nor its Affiliates shall be required to provide a Tag-Along Demand to any of the Management Holders, and the Management Holders shall have no Tag-Along Rights under this Section 7.9, if, as part of one or a series of related transactions, (a) such Transfer of Units by Investor or its Affiliates is to another Affiliate of Investor; (b) such Transfer is a Transfer of less than ten percent (10%) of the Common Units held, collectively, by the Members or (c) such Transfer is not a direct Transfer of any Units held by the Investor, but is a Transfer consummated along with a sale or other transfer of other assets of an Affiliate of Investor, in each case to a single transferee and/or its Affiliates.

7.9.3 If Investor and its Affiliates are required to deliver a Tag-Along Demand, such Tag-Along Demand shall include the material terms and conditions of the Proposed Transfer, specifying in reasonable detail the identity of the prospective Transferee(s), the number and class of Common Units to be Transferred and the terms and conditions of the Transfer.

7.9.4 Each Management Holder may elect to participate on the terms specified pursuant to Section 7.9.3 (as may be adjusted pursuant to Section 7.9.8) in the contemplated Transfer by delivering written notice (a "Tag-Along Notice") to the Investor Transferors within 30 days after delivery of the Tag-Along Demand. Such participation (a "Tag-Along Right") shall be based upon the Pro Rata Share represented by the Common Units requested to be included by each Management Holder relative to the Pro Rata Share of all Common Units held by the Members participating in such Transfer (including, directly or indirectly, by the Investor Transferors). If the Management Holders have not elected to participate in the contemplated Transfer by proper delivery of a Tag-Along Notice, then the Investor Transferors may Transfer the Common Units specified in the Tag-Along Demand on terms not materially more favorable (other than with respect to price and form of consideration, which shall be no more favorable) to the Transferee(s) thereof than specified in the Tag-Along Demand during the 90-day period immediately following the date of the delivery of the Tag-Along Demand. Any Investor Transferor's Common Units not Transferred within such 90-day period shall be subject to the provisions of this Section 7.9 upon subsequent Transfer.

7.9.5 With respect to any Transfer subject to this Section 7.9, each Investor Transferor shall use its commercially reasonable efforts to obtain the agreement of the prospective Transferee(s) to the participation of the Management Holders who have elected to participate in any contemplated Transfer. If the proposed Transferee(s) desire to purchase an aggregate amount of Units that is less than the aggregate amount of Units proposed to be Transferred pursuant to this Section 7.9 by the Investor Transferors and participating Management Holders, then the Investor may elect to (A) cancel such Transfer or (B) reduce the participation of the each Member in the Transfer, pro rata with respect to the proposed participations set forth in the Tag-Along Demand and Tag Along Notice(s), such that the aggregate amount of Units to be Transferred is equal to such lesser amount. Each Member Transferring Common Units pursuant to this Section 7.9 shall pay its pro rata portion of the expenses incurred by the Investor Transferors in connection with such Transfer (based on each such Member's share of the aggregate proceeds paid with respect to its Common Units) and shall be obligated to join based on such pro rata share in any indemnification or other obligations that the Investor Transferors agree to provide in connection with such Transfer (other than any such representations or covenants that relate specifically to a particular Member such as indemnification with respect to representations and warranties given by a Member; provided, that the only representations a Member shall be required to make shall be as to due power and authority, non-contravention and ownership of Units, free and clear of all liens, the absence of litigation and no brokers in connection with such sale); provided, further, that no holder shall be obligated in connection with such Transfer to agree to indemnify or hold harmless the Transferees with respect to an amount in excess of the net proceeds paid to such holder in connection with such Transfer; provided, further, that unless the Transferees permit a Member to give a guarantee, letter of credit or other mechanism (which shall be dealt with on an individual basis), any escrow of proceeds of any such transaction shall be withheld on a pro rata basis among all Members (based on each such Member's share of the aggregate proceeds paid with respect to its Common Units).

7.9.6 If a Management Holder delivers a Tag-Along Notice pursuant to this Section 7.9, and if, prior to closing of the Proposed Transfer, the terms of the Proposed Transfer shall change with the result that the price to be paid in such Proposed Transfer shall be less than the price set forth in the Tag-Along Demand or the other principal terms of such Proposed Transfer shall be materially less favorable in the aggregate to such Management Holder than those set forth in the Tag-Along Demand, the Tag-Along Demand shall be null and void, and it shall be necessary for a separate Tag-Along Demand to be furnished, and the terms and provisions of this Section 7.9 separately complied with, in order to consummate such Proposed Transfer pursuant to this Section 7.9.

7.9.7 The rights and obligations of any Member with respect to any Profit Units in connection with a Transfer by Investor Transferors pursuant to this Section 7.9 shall be governed by the applicable Profit Unit Agreement. Any Profit Units that are vested as of the date of the applicable Tag-Along Notice, may participate in such Tag-Along Demand pursuant to Section 7.9.4 on such terms as provided in Section 7.9.3.

7.9.8 The economic terms, such as price, shall be reasonably adjusted to take into account the differences in the economic rights of the Units based on the amounts that would be distributable in respect of the Units relative to the other Units pursuant to Section 4.1.1, assuming the distribution of the aggregate equity value of all Units implied by the purchase price set forth in the Tag-Along Notice.

7.10 Approved Sale; Drag-Along Rights.

7.10.1 If the Board or the Investor approves a Sale of the Company (an "Approved Sale"), each Member shall vote for, consent to and raise no objections against such Approved Sale. If the Approved Sale is structured as a (x) merger or consolidation, each Member shall waive any dissenters rights, appraisal rights or similar rights in connection with such merger or consolidation or (y) sale of Units, each Member shall agree to sell all of his, her or its Units and rights to acquire Units on the terms and conditions approved by the Board or the Investor. Each Member shall take all necessary or desirable actions in connection with the consummation of the Approved Sale as requested by the Board or the Investor.

7.10.2 The obligations of the Members with respect to the Approved Sale are subject to the satisfaction of the following conditions: (i) the consideration payable upon consummation of such Approved Sale to all Members shall be allocated among the Members as if distributed pursuant to Section 8.5; and (ii) subject to Section 7.10.4, upon the consummation of the Approved Sale, all of the Members shall receive (or shall have the option to receive) the same form of consideration.

7.10.3 Notwithstanding anything to the contrary, the Members shall be severally obligated to join on a pro rata basis (based on the number of Units sold) in any indemnification obligation the Board or the Investor has agreed to in connection with such Approved Sale other than any such obligations that relate specifically to a particular Member, such as indemnification with respect to representations and warranties given by a Member regarding such Member's title to and ownership of shares; provided, that the only representations a Member shall be required to make shall be as to due power and authority, non-contravention and ownership of Units, free and clear of all liens, the absence of litigation and no brokers in connection with such sale; provided, further, that no such holder shall be obligated in connection such Approved Sale to indemnify the prospective Transferee or its Affiliates with respect to an amount in excess of the net proceeds paid to such holder in connection with such Approved Sale; provided, further, that unless the prospective Transferee or its Affiliates permits a Member to give a guarantee, letter of credit or other mechanism, any escrow of proceeds of any such transaction shall be withheld on a pro rata basis among all Members (based on the number of Units sold). Each Member shall enter into any indemnification or contribution agreement requested by the Board or Investor to ensure compliance with this Section 7.10.3 and the provisions of this Section 7.10.3 shall be deemed complied with if the requirement for several liability is addressed through such agreement, even if the purchase and sale agreement or merger agreement related to the Approved Sale provides for joint and several liability.

7.10.4 If the Company, the Board or the Investor enter into any negotiation or transaction for which Rule 506 (or any similar rule then in effect) promulgated by the Securities Exchange Commission may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), the other Members shall, at the request of the Board or the Investor, appoint a "purchaser representative" (as such term is defined in Rule 501 promulgated under the Securities Act) designated by the Company. If any Member so appoints a purchaser representative, the Company shall pay the fees of such purchaser representative. However, if any Member declines to appoint the purchaser representative designated by the Company, such holder shall appoint another purchaser representative (reasonably acceptable to the Board or the Investor, as applicable), and such holder shall be responsible for the fees of the purchaser representative so appointed.

7.10.5 Each Member Transferring Units pursuant to this Section 7.10 shall be obligated to join based on such pro rata portion in any indemnification or other obligations that the Board or the Investor agrees to provide in connection with such Approved Sale (other than any such obligations that relate specifically to a particular Member such as indemnification with respect to a covenant of a specific Member not relating generally to the Company or representations and warranties given by a Member regarding such Member's title to and ownership of Units); provided, that no holder shall be obligated in connection with such Approved Sale to agree to indemnify or hold harmless the Transferees with respect to an amount in excess of the net proceeds paid to such holder in connection with such Approved Sale; provided, further, that any escrow of proceeds of any such transaction shall be withheld on a pro rata basis among all Members (based on the number of Units sold).

7.10.6 In no manner shall this Section 7.10 be construed to grant to any Member any dissenters rights or appraisal rights or give any Member any right to vote in any transaction structured as a merger or consolidation (it being understood that the Members have expressly waived rights under Section 18-210 of the Delaware Act and have granted to the Board or the Investor the sole right to approve or consent to a merger or consolidation of the Company without approval or consent of the Members).

7.10.7 The rights and obligations of any Member with respect to any Profit Units held by such Member in connection with an Approved Sale shall be governed by the applicable Profit Unit Agreement and such Member shall participate in an Approved Sale in accordance with the provisions of this Section 7.10 and Section 7.9.8.

7.11 Public Offering; Sale of the Company.

7.11.1 If the Board approves a Public Offering, each Member shall vote for and consent to (to the extent it has any voting or consent right) and raise no objections against such Public Offering, and the Company, the Board and each Member shall take all reasonable actions in connection with the consummation of such Public Offering as requested by the Board (including entering into any lockup agreements, recapitalizing the Company into corporate form, whether by conversion to a subchapter C corporation, merger or consolidation into any entity controlled by Investor or one of its Affiliates, or otherwise) or taking actions necessary to effect the Public Offering using an "Up-REIT" or "Up-C structure"; provided, however, that no such Member shall be required to expend any funds.

7.11.2 In addition, in the event of a Sale of the Company or Public Offering with respect to the Company, the Board and each of the Members will work with the Investor Group to structure such Sale of the Company or Public Offering to maximize the after-tax return to the direct or indirect owners of the members of the Investor Group in connection therewith, but only to the extent that such structure is not materially detrimental to the Company or any other Member (it being understood that the sale of any equity interests in the members of the Investor Group owning Equity Securities of the Company and any restructuring of the Investor Group, including as set forth in Section 7.11.1, for purposes of consummating a Sale of the Company or Public Offering shall not be materially detrimental to the Company or any Member).

7.11.3 Public REIT.

(a) In the event that the Public REIT consummates a Public Offering, the Members shall enter into such documents as deemed necessary or appropriate by, and in form and substance reasonably acceptable to the Investor, in connection with such Public Offering of the Public REIT that shall afford the Management Holders the right to require the Company to redeem their Common Units and/or Vested Profits Units from and after the consummation of such Public Offering (the "Redemption Right"). In connection with the exercise of the Redemption Right by the Management Holders, the Public REIT shall determine whether such Units shall be redeemed in exchange for either shares of common stock in the Public REIT or cash, in each case, in an amount equal to the conversion value of such Units (based on the relative distributions to which each of the then outstanding Units is entitled pursuant to Section 4.1.1), as the case may be, in relation to the REIT Shares following such Public Offering.

(b) The parties will share the proceeds from a Sale of the Company or a Public Offering in the same way as if the proceeds had been received by the Company and distributed in accordance with this Agreement.

7.11.4 Tax Distribution. If any Management Holder reasonably expects to recognize taxable income or gain in connection with the consummation of a Public Offering, other than from a sale of Units or an exchange or conversion of Units into shares of a corporation which is the issuer in the Public Offering, then, at the request of such Management Holder, but subject to the availability of funds of the Company, the Company shall, immediately prior to the occurrence of the event causing the recognition of taxable income or gain, distribute in redemption of a portion of such Management Holder's Common Units an amount of cash to such Management Holder equal to the excess of (i) the amount of federal, state and local income tax imposed on such income or gain (calculated by using the highest maximum combined marginal federal, state and local income tax rates to which such Management Holder may be subject and taking into account the character of such taxable income and the deductibility of state income tax for federal income tax purposes) over (ii) the amount of any cash to be received by such Management Holder in connection with the consummation of such Public Offering.

7.11.5 Registration Rights.

(a) Grant of Registration Rights. In the event that (i) the Company, or any Blocker of Investor consummates a Public Offering pursuant to Section 7.11.1 or Section 7.11.3 (the "Public REIT") and (ii) shares in the Public REIT (the "REIT Shares") are issued to holders of Units in connection with the exercise of the Redemption Right pursuant to Section 7.11.3, then such holders of REIT Shares (the "Eligible REIT Shareholders") shall be granted the registration rights set forth in this Section 7.11.5, which registration rights are subject in all respects to the limitations contained in this Agreement.

(b) S-3 Shelf Registration. In the event that the Public REIT becomes eligible to file a registration statement on Form S-3 for the registration of securities under the Securities Act, upon receipt of a written request from the Member Representative or a holder of equity of the Company reasonably expected to result in aggregate gross cash proceeds of at least $10 million, as determined based on current market price of the REIT Shares on the date of such written request, the Company shall, as promptly as practicable, but in any event no earlier than 21 days and no later than 45 days following receipt of such notice, file (or cause to be filed) file with the Securities and Exchange Commission (the "Commission") a shelf registration statement under Rule 415 of the Securities Act (the "Registration Statement"), or any similar rule that may be adopted by the Commission, covering the REIT Shares held by the Eligible REIT Shareholders (including Eligible REIT Shareholders that were not part of such written request) and permitting sales in any manner not involving an underwritten public offering. The Company shall only be obligated to file (or cause to be filed) a Registration Statement if the sale of the REIT Shares requested to be registered is reasonably expected to result in aggregate gross cash proceeds to the Eligible REIT Shareholders of at least $10 million, as determined on the date of the written request for such registration.

In connection with the filing of such Registration Statement, the Company will:

(i) use commercially reasonable efforts to have such Registration Statement declared effective;

(ii) register or qualify (or cause to be registered or qualified) the REIT Shares covered by the Registration Statement under the securities or blue sky laws of such jurisdictions within the United States as required by law, and do such other reasonable acts and things as may be required of it to enable such holders to consummate the sale or other disposition of the REIT Shares in such jurisdictions; provided, however, that neither the Company nor the Public REIT shall be required to (A) qualify as a foreign corporation or qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action which would subject it to taxation or general or unlimited service or process in any jurisdictions where it is not then so subject or (C) qualify as a dealer in securities; and

(iii) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission in connection with the Registration Statement.

The Company further agrees to supplement or make amendments to (or caused to be supplemented to amended) the Registration Statement, if required by the rules, regulations or instructions applicable to the registration form utilized by the Company or by the Securities Act or the rules and regulations thereunder for the Registration Statement.

Notwithstanding anything to the contrary herein, in connection with and as a condition to the Company's obligations with respect to the filing of the Registration Statement pursuant to this Section 7.11.5, each Eligible REIT Shareholder agrees with the Company that:

(w) it will provide in a timely manner to the Company such information with respect to the holder of REIT Shares as reasonably required to complete the Registration Statement or as otherwise required to comply with applicable securities laws and regulations;

(x) following receipt by the Eligible REIT Shareholder of written notice from the Company that it intends to file a Registration Statement covering the REIT Shares under this Section, it will not offer or sell its REIT Shares until (A) such REIT Shares have been included in the Registration Statement and (B) it has received written notice that the Registration Statement covering such REIT Shares, or any post-effective amendment thereto, has been declared effective by the Commission, such written notice to have been satisfied by the posting by the Commission on www.sec.gov of a notice of effectiveness;

(y) if the Company determines in its good faith judgment after consultation with counsel, that the use of the Registration Statement, including any pre- or post-effective amendment thereto, or the use of any prospectus contained in such Registration Statement would (A) require the disclosure of material non-public information that would reasonably be expected not to be in the best interests of the Company or the Public REIT or (B) interfere with the Company or the Public REIT's ability to consummate a material financing, acquisition, merger, joint venture, reorganization, disposition or other transaction, then upon written notice of such determination by the Company (which notice shall be deemed sufficient if given through the issuance of a press release or filing with the Commission and, if such written notice is not publicly distributed, the holder of REIT Shares agrees to keep the subject information confidential and acknowledges that such information may constitute material non-public information subject to the applicable restrictions under securities laws), the rights of each Eligible REIT Shareholder to offer, sell or distribute its REIT Shares pursuant to such Registration Statement or prospectus or to require the Company to take action with respect to the registration or sale of any REIT Shares pursuant to a Registration Statement (including any action contemplated by this Section 7.11.5) will be suspended until the date upon which the Company notifies such Eligible REIT Shareholder in writing (which notice shall be deemed sufficient if given through the issuance of a press release or filing with the Commission and, if such notice is not publicly distributed, the holder of REIT Shares agrees to keep the subject information confidential and acknowledges that such information may constitute material non-public information subject to the applicable restrictions under securities laws) that suspension of such rights for the grounds set forth in this paragraph is no longer necessary; provided, however, that the Company may not suspend such rights for an aggregate period of more than 180 days in any 12-month period; and

(z) in the case of the registration of any underwritten equity offering proposed by the Public REIT (other than any registration on Form S-8, or a successor or substantially similar form, of an employee stock option, stock purchase or compensation plan or of securities issued or issuable pursuant to any such plan), each Eligible REIT Shareholder will agree, if (i) requested in writing by the managing underwriter or underwriters administering such offering, and (ii) all directors and executive officers agree to the following restrictions, not to effect any offer, sale or distribution of any REIT Shares or REIT Shares (or any option or right to acquire REIT Shares), including a sale pursuant to Rule 144 or any swap or other economic arrangement that transfers to another Person any of the economic consequences of owning REIT Shares or to exercise its rights under this Section 7.11.5 during the period commencing on the tenth day prior to the expected effective date (which date shall be stated in such notice) of the registration statement covering such underwritten equity offering or, if such offering shall be a "take-down" from an effective shelf registration statement, the tenth day prior to the expected commencement date (which date shall be stated in such notice) of such offering, and ending on the date specified by such managing underwriter in such written request to the holder of REIT Shares; provided, however, that such period shall not be longer than the greater of (A) ninety (90) days and (B) the period of time for which any senior executive of the Company is required so to agree in connection with such offering. Nothing in this paragraph shall be read to limit the ability of any Eligible REIT Shareholder to redeem its Common Units in accordance with the terms of this Agreement. The Company and the Public REIT shall be responsible for negotiating all "lock-up" agreements with the underwriters, which agreements shall be on customary terms and each of the Eligible REIT Shareholders shall be subject to substantially similar terms.

(c) Registration Not Required. Notwithstanding anything herein to the contrary, the Eligible REIT Shareholders shall not have any registration rights provided for in this Section 7.11.5 (and shall not be considered Eligible REIT Shareholders hereunder) and the Company, the Public REIT and their respective Affiliates shall not be required to file or maintain the effectiveness of a registration statement relating to REIT Shares, in each case, upon the earliest to occur of the following: (i) the REIT Shares held by the Eligible REIT Shareholders can be sold (A) pursuant to Rule 144 of the Securities Act, or any successor rule thereto ("Rule 144") without limitation as to amount or manner of sale, or (B) pursuant to Rule 144 in one transaction in accordance with the volume limitations contained in Rule 144(e) under the Securities Act, (ii) such REIT Shares have ceased to be outstanding, and (iii) such REIT Shares have been sold in a private transaction in which the registration rights of the Eligible REIT Shareholders under this Section 7.11.5 are not assigned to the Transferee of such REIT Shares.

(d) Allocation of Expenses. The Company shall pay (or shall cause to be paid) all expenses in connection with the Registration Statement, including (i) all expenses incident to filing with the Financial Industry Regulatory Authority, Inc., (ii) registration fees, (iii) printing expenses, (iv) fees and expenses of counsel and accountants retained by the Company except to the extent holders of REIT Shares elect to engage accountants or attorneys in addition to the accountants and attorneys engaged by the Company, which fees and expenses for such accountants or attorneys shall be for the account of the holders of the REIT Shares, (v) accounting expenses incident to or required by any such registration or qualification and (vi) expenses of complying with the securities or blue sky laws of any jurisdictions in connection with such registration or qualification; provided, however, the Company shall not be liable for, or pay (A) any discounts or commissions to any underwriter, placement agent or broker attributable to the sale of REIT Shares, (B) fees and expenses of accountants and attorneys of the Eligible REIT Shareholders or (C) any fees and expenses incurred by holders of REIT Shares in connection with such registration that, according to the written instructions of any regulatory authority, the Company is not permitted to pay.

(e) Piggyback Rights. If the Public REIT proposes to file a registration statement under the Securities Act with respect to a secondary offering of REIT Shares held by any Person (including but not limited to the Investor) (other than in connection with a merger, acquisition, corporate reorganization, exchange offers, dividend reinvestment plan, rights offering, stock option plan or other employee benefit plan), then the Company shall deliver written notice of such filing to the Eligible REIT Shareholders no later than five (5) Business Days after the filing date (the "Piggyback Notice"). The Piggyback Notice shall offer the Eligible REIT Shareholders the opportunity to include in such registration statement the number of REIT Shares as such Eligible REIT Shareholder may request. Subject to the other provisions of this Section 7.11.5(e), the Company shall include (or cause to be included) in each such registration all REIT Shares with respect to which the Company has received written requests for inclusion therein within five (5) Business Days after the Piggyback Notice has been given to the applicable Eligible REIT Shareholder (the "Piggyback Response"). The Public REIT shall use commercially reasonable efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit Eligible REIT Shareholders who have submitted a Piggyback Response in connection with such offering to include in such offering all REIT Shares included in each Eligible REIT Shareholder's Piggyback Response on the same terms and conditions as any other REIT Shares included in such offering. Notwithstanding the foregoing, if the managing underwriter or underwriters of such underwritten offering have informed the Public REIT in writing that it is their good faith opinion that the total amount of securities that such holders and any other Persons having rights to participate in such registration, intend to include in such offering exceeds the number that can be sold in such offering without adversely affecting the success of such offering, then there shall be included in such offering the number or dollar amount of such REIT Shares that in the good faith opinion of such managing underwriter or underwriters can be sold without adversely affecting such offering, and such number of securities shall be allocated *pro rata* based on the relative percentage ownership of the Public REIT.

(f) Indemnification. The Public REIT shall, to the fullest extent permitted by applicable law, indemnify each Eligible REIT Shareholder and each Person who controls any such Eligible REIT Shareholder within the meaning of Section 15 of the Securities Act, against all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue, or alleged untrue, statement of a material fact contained in the Registration Statement, preliminary prospectus, prospectus or free writing prospectus as defined in Rule 405 under the Securities Act (as amended or supplemented if the Public REIT shall have furnished any amendments or supplements thereto) or caused by any omission or alleged omission, to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any untrue statement, alleged untrue statement, omission, or alleged omission based upon information furnished to the Public REIT by the holder of REIT Shares or the holder for use therein ("Losses"); provided, that the Public REIT shall not be liable in any such case to the extent that any such Losses arise out of or are based on any untrue statement or omission contained in any information furnished in writing expressly for use in any such Registration Statement, prospectuses, preliminary prospectus or free writing prospectuses by an Eligible REIT Shareholder. Each Eligible REIT Shareholder and each Person who controls any such Eligible REIT Shareholder shall indemnify the Public REIT and each other Eligible REIT Shareholder and each officer, director and controlling person of the Public REIT and each other Eligible REIT Shareholder for all such Losses caused by any untrue, or alleged untrue, statement or any omission, or alleged omission, based upon information furnished in writing to the Public REIT by the such Eligible REIT Shareholder expressly for use therein. Promptly upon receipt by a party indemnified under this Section 7.11.5(f) of notice of the commencement of any action against such indemnified party in respect of which indemnity or reimbursement may be sought against any indemnifying party under this Section 7.11.5(f), such indemnified party shall notify the indemnifying party in writing of the commencement of such action, but the failure to so notify the indemnifying party shall not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 7.11.5(f) unless such failure shall materially adversely affect the defense of such action. In case notice of commencement of any such action shall be given to the indemnifying party as above provided, the indemnifying party shall be entitled to participate in and, to the extent it may wish, jointly with any other indemnifying party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such indemnified party. The indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the indemnified party unless (i) the indemnifying party agrees to pay the same, (ii) the indemnifying party fails to assume the defense of such action with counsel reasonably satisfactory to the indemnified party or (iii) the indemnified party shall have reasonably concluded that there may be one or more legal or equitable defenses available to such indemnified party which are additional to or conflict with those available to the indemnifying party (in which case the indemnified party shall have the right to separate counsel and the indemnifying party shall pay the reasonable fees and expenses of such separate counsel; provided, that the indemnifying party shall not be liable for more than one separate counsel for all indemnified parties (together with local counsel) with respect to such claim). No indemnifying party, in the defense of any pending or threatened claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement (i) unless such settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation, (ii) that includes any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party and (iii) that involves the imposition of equitable remedies or any obligations on the indemnified party or materially adversely affects such indemnified party other than as a result of financial obligations for which such indemnified party would be entitled to indemnification hereunder. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(g) Contribution. If for any reason the indemnification provisions set forth in Section 7.11.5(f) hereof are either unavailable or insufficient to hold harmless an indemnified party in respect of any Losses referred to therein, then the party that would otherwise be required to provide indemnification or the indemnifying party (in either case, for purposes of this Section 7.11.5(g), the "Indemnifying Party") in respect of such Losses, shall contribute, on a several basis, to the amount paid or payable by the party that would otherwise be entitled to indemnification or the indemnified party (in either case, for purposes of this Section 7.11.5(g), the "Indemnified Party") as a result of such Losses, (i) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, from the sale of the REIT Shares covered by any registration statement, or (ii) if the allocation provided in the foregoing clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above, but also the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact related to information supplied by the Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the Losses referred to above shall be deemed to include any documented legal or other fees or expenses reasonably incurred by such party. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.11.5(g) were determined by pro rata allocation (even if the holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations described in this Section 7.11.5(g). No Person determined to have committed a fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. No Person guilty or liable of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The contribution provided for in this Section 7.11.5(g) shall survive the termination of this Agreement and shall remain in full force and effect regardless of any investigation made by or on behalf of any Indemnified Party.

7.12 Repurchases of Units.

7.12.1 In the event (a) in the case of a Management Holder, such Management Holder ceases (i) to be an Officer or (ii) to be employed by any of the EIK Manager or its Subsidiaries for any reason or (b) in the case of a Management Holder or the EIK Manager, the Management Agreement is terminated for any reason, such Member's Common Units and Profits Units (whether held by such Member or one or more of such Member's respective Transferees) shall be subject to repurchase first by the Investor Group and second by the Company pursuant to the terms and conditions set forth in this Section 7.12 (the "Repurchase Option")).

7.12.2 The purchase price for all such Common Units and Profits Units shall be equal to the Fair Market Value thereof on the date of such determination. Notwithstanding the foregoing, (i) in the event that the Management Holder ceases to be an Officer or employed by the EIK Manager or its Subsidiaries within twelve (12) months after the Issue Date as a result of either (A) resignation by such Management Holder other than for Good Reason or (B) termination for Cause, the purchase price for all such Common Units shall be the lower of the Fair Market Value thereof and the Original Cost therefor and (ii) in the event that the Management Holder ceases to be an Officer or employed by the EIK Manager or its Subsidiaries for Cause following the twelve (12) months after the Issue Date, the purchase price for all such Common Units shall be the Fair Market Value thereof.

7.12.3 As soon as practicable after the Termination Date, but in any event within 30 days after the Termination Date, the Company shall give written notice (the "Investor Option Notice") to the Investor setting forth the number of such Common Units and Profits Units subject to repurchase (the "Available Securities") and the purchase price for the Available Securities. The members of the Investor Group shall have the right (but not the obligation) to exercise the Repurchase Option for all or a portion of the Available Securities by delivering written notice to the Company within 20 days after the Investor Option Notice has been given by the Company. As soon as practicable, and in any event within five days after the expiration of the later of the initial 20-day offer period set forth above, the Company shall notify the Management Holder or EIK Manager as to the number of Common Units or Profits Units, as case may be, being purchased from such Management Holder or EIK Manager by the Investor Group, the aggregate consideration to be paid for such Common Units or Profits Units and the time and place for the closing of the repurchase, and shall expressly instruct the Member that if no notice of disagreement with respect to the determination of Fair Market Value is delivered to the Board within thirty (30) days in according with Section 9.3 the determination of the consideration for such Common Units or Profits Units shall be final and binding on such Member (the "MH Investor Repurchase Notice").

7.12.4 If for any reason the Investor Group does not elect to purchase all of the Units offered pursuant to the Repurchase Option, the Company shall have the right (but not the obligation) to exercise the Repurchase Option for all or a portion of the Units the Investor Group have not elected to purchase (the "Other Available Securities") by delivering written notice (the "Company Repurchase Notice") to the Management Holder within 60 days after the Company has determined that there will be Other Available Securities. The Company Repurchase Notice shall set forth the number of Common Units and Profits Units to be purchased from such Member, the aggregate consideration to be paid for such Units and the time and place for the closing of the repurchase, and shall expressly instruct such Member that if no notice of disagreement with respect to the determination of Fair Market Value is delivered to the Board within thirty (30) days in according with Section 9.3 the determination of the consideration for such Common Units and Profits Units shall be final and binding on such Management Holder.

7.12.5 The closing of the repurchase of the Units pursuant to the Repurchase Option shall take place on the date designated by the Company Repurchase Notice or the MH Investor Repurchase Notice, as applicable, which date shall be as soon as reasonably practicable after determination of the Fair Market Value of the Units subject to repurchase. Subject to Section 7.12.7, the Company and/or the Investor Group shall pay for the Units to be purchased pursuant to the Repurchase Option by delivery of a cashier's or certified check or wire transfer of funds. At the closing, the Transferor of such Units being purchased shall deliver the certificate or certificates representing such Units (if such Units are certificated) to the purchaser or purchasers of such Units, accompanied by duly executed assignments. In addition, the purchasers of such Units hereunder shall be entitled to (x) receive customary representations and warranties from the sellers regarding such sale of securities (including representations and warranties regarding good title to such securities, free and clear of any liens or encumbrances, the Transferor's authorization and/or capacity to sell such securities and that the agreement containing such representations and warranties is a valid and binding agreement, enforceable against such Transferor in accordance with its terms, without violation of any agreement, contract or other provision to which such Transferor is party) and (y) require that signatures be guaranteed by a national bank or reputable securities broker.

7.12.6 Upon delivery of the Company Repurchase Notice or the MH Investor Repurchase Notice, as applicable, then from and after such time, the holder of such Units from whom such securities are to be purchased shall cease to have any rights as a holder of such securities (other than the right to receive payment of such consideration in accordance with this Section 7.12), and such securities shall be deemed purchased in accordance with the applicable provisions hereof and the Company or the Investor Group, as the case may be, shall be deemed the owner(s) (of record and beneficially) and holder(s) of such securities, whether or not any certificate representing such Units has been delivered as required by this Agreement.

7.12.7 Notwithstanding anything to the contrary contained in this Agreement, all repurchases of Common Units or Profits Units, as the case may be from Members by the Company shall be subject to applicable restrictions contained in the Act and in the Company's and its Subsidiaries' debt and equity financing agreements (including any restricted payment covenant prohibiting direct or indirect distributions to the Company in order to effectuate such repurchase) (each such restriction, a "Restrictive Covenant"). If any such Restrictive Covenant prohibits the repurchase of Units of Members hereunder which the Company is otherwise entitled to make, the time periods provided in this Section 7.12 with respect to the repurchase shall be suspended, and the Company may make such repurchases as soon as it is permitted to do so under such Restrictive Covenants; provided, that the time periods set forth in this Section 7.12 shall resume and be in full force and effect from and after the date on which the Company is first able to effect such repurchases in compliance with the Restricted Covenants. In addition, if any such Restrictive Covenant prohibits the repurchase from a Member of Units hereunder with a cashier's or certified check or wire transfer of funds, or if the Company otherwise does not have sufficient available cash, then the Company may make such repurchase of Units with a subordinated promissory note, payable on the first day on which the Company is able to make cash payments in compliance with the Restrictive Covenants and/or has sufficient cash or other liquid assets to make such repurchase, as applicable, bearing interest (payable at maturity) at a simple rate per annum equal to the Base Rate (a "Subordinated Note"). Any Subordinated Note issued by the Company pursuant to this Section 7.12 shall be subject to any Restrictive Covenants and any subordination provisions required by the Company's lenders and may be prepaid at the election of the Company to the extent permitted by the Company's loan agreements and related documents with the Company and its subsidiaries' senior and subordinated lenders.

7.12.8 The Repurchase Option set forth in this Section 7.12 shall continue with respect to each Unit originally issued to a Member following any Transfer thereof (other than (x) a Transfer to the Investor and/or the Company pursuant to the repurchase provisions set forth in this Section 7.12, (y) a Transfer pursuant to the first refusal rights set forth in Section 7.2 or (z) a Transfer effected after the tenth anniversary of the Issue Date pursuant to Section 7.1); provided, that such Repurchase Option shall terminate effective immediately upon the consummation of a Public Offering with respect to the Company.

7.12.9 Any election by the Board or by the Company to purchase Units pursuant to this Section 7.12 shall be revocable by such Person (with respect to all or any portion of the Common Units or Profits Units elected to be purchased) at any time prior to the closing of such purchase, without any liability whatsoever to such Person in respect of the rights and obligations in this Section 7.12.

7.13 Put Option.

7.13.1 Definitions.

(a) "Option Period" means, as applicable, (i) for purposes of Section 7.13.2(a), the one hundred eighty (180) day period commencing on the six (6) year anniversary of December 1, 2015, (ii) for purposes of Section 7.13.2(b), the one hundred eighty (180) day period commencing on (x) the eight (8) year anniversary of December 1, 2015 or (y) each successive anniversary of December 1, 2015 following the eight (8) year anniversary thereof and (iii) for purposes of Sections 7.13.2(c) and 7.13.2(d), any time during the two (2) year period after the date of termination of employment or of the Management Agreement, as applicable.

(b) "Put Buyer" means the Company, or, at the election of the Investor, the Investor (or its designee) as an assignee of the Company.

(c) "Put Option" means the right, subject to the provisions of this Section 7.13, of any Put Holder to cause the Put Buyer to purchase Put Units held by such Put Holder.

(d) "Put Units" means (i) in the case of EIK Manager, the Profits Units held by EIK Manager that are vested as of the applicable Exercise Date (as defined below) and (ii) in the case of the Management Holders, the Common Units held by such Management Holder as of December 1, 2015.

7.13.2 Exercise of Put Options. Either the EIK Manager or a Management Holder (collectively, the "Put Holders") may exercise a Put Option in accordance with this Section 7.13 upon the occurrence of any of the following (each, an "Exercise Date"):

(a) On the six (6) year anniversary of December 1, 2015, and prior to the end of the applicable Option Period, with respect to not more than fifty percent (50%) of the Units held by such Put Holder on December 1, 2015;

(b) On the eight (8) year anniversary of December 1, 2015 and each successive anniversary thereof, and prior to the end of each applicable Option Period, with respect all or any portion of the Units held by such Put Holder;

(c) In the case of Key Management Members only, and prior to the end of the applicable Option Period, following termination of such Key Management Member's employment with the Company and its Subsidiaries without Cause or for Good Reason;

(d) In the case of Key Management Members only, and prior to the end of the applicable Option Period, following termination of the Management Agreement under circumstances which does not constitute Cause with respect to such Key Management Member.

Each exercise of a Put Option shall be effected by delivery by the exercising Put Holder to the Investor during the Option Period, with a copy to the Board, of a written notice (the "Put Notice") to such effect setting forth the amount and class of Units to be sold to the Put Buyer pursuant to such exercise.

7.13.3 Determination of Put Price. Notwithstanding anything in this Agreement to the contrary, the price (the "Put Price") of each of the Units to be sold to the Put Buyer pursuant to the exercise of a Put Option during an applicable Option Period shall be the Fair Market Value of such Units determined solely pursuant to Section 9.1 (and Section 9.3 shall not apply) unless, during such Option Period, the Put Holders exercise, in the aggregate, Put Options with respect to at least 25% of the Put Units held by all Put Holders as of December 1, 2015, in which case the Put Price shall be the Fair Market Value of such Units and the provisions of Section 9.3.2 shall apply, *mutatis mutandis*, to the determination of such Fair Market Value in the event a Put Holder in good faith disagrees with the Board's determination of such Fair Market Value.

7.13.4 Closing; Termination of Put Options. The exercise of a Put Option shall be consummated on a date determined by the Company, which date shall be within one hundred thirty five (135) days after the delivery of the applicable Put Notice (the date of such consummation, the "Put Closing Date" and such consummation, the "Put Closing") pursuant to the terms of Section 7.13.3; provided, that in the event the Investor causes the Company to commence a good faith process to effect a Public Offering or a Sale of the Company prior to the Put Closing Date and has given written notice of such good faith commencement to the Put Holders who have exercised their Put Options, then the Put Closing shall be delayed until the one hundred thirty five (135) day period after the delivery of the applicable Put Notice, subject to the other provisions of this Section 7.13.4. In the event that such Public Offering is consummated within such one hundred thirty five (135) day period, then all Put Options shall terminate immediately and without further action by the parties hereto. In the event that such Public Offering is not consummated within such one hundred thirty five (135) day period, then the Put Closing shall occur on a date determined by the Company, which date shall be within 20 Business Days following the end of such one hundred thirty five (135) day period. In the event that the Investor or the Company enters into a definitive agreement with respect to a Sale of the Company within such one hundred thirty five (135) day period, then the Put Closing Date shall be delayed until the date that is six (6) months (or such longer period as required to obtain regulatory or third party approvals) following the entry into such definitive agreement, subject to the other provisions of this Section 7.13.4. In the event that such Sale of the Company is consummated within such additional six (6)-month (or longer) period , then all Put Options shall terminate immediately and without further action by the parties hereto. In the event that such Sale of the Company is not consummated within such additional six (6)-month period (or longer) or such definitive agreement is terminated in accordance with its terms, then the Put Closing shall occur on a date determined by the Company, which date shall be within 20 Business Days following the earlier of the end of such additional six (6)-month (or longer) period or the termination of such definitive agreement in accordance with its terms, as applicable. On the Put Closing Date (i) each Put Holder exercising a Put Option shall sell to the Put Buyer and the Put Buyer shall purchase from such Put Holder the Units set forth in the applicable Put Notice free and clear of all liens, and (ii) the Put Buyer shall pay to such Put Holder the aggregate Put Price for such Units by wire transfer of immediately available funds to the accounts or accounts designated by such Put Holder.

7.13.5 Forfeiture. Notwithstanding anything to the contrary in this Agreement, in the event that (a) in the case of a Management Holder, such Management Holder is terminated as an officer or employee of the Company or the EIK Manager for Cause or resigns without Good Reason, or (b) in the case of a Management Holder or the EIK Manager, the Management Agreement is terminated as a result of a material breach which is specifically and directly caused or expressly directed to be caused by such Management Holder (or, in the case of the EIK Manager, any Key Management Holder) and which, if curable, is not cured by the EIK Manager within 30 days after receipt of written notice from the Company; provided however that if, within such 30-day period, the EIK Manager has commenced and made diligent efforts in good faith to cure or remedy the circumstances so identified, the time to cure shall be extended for an additional thirty (30) days, such Put Holder shall forfeit all rights under this Agreement to exercise Put Options. All Put Options of any Put Holder shall terminate immediately and without further action by any of the parties hereto upon the earlier of the consummation of (i) a Public Offering or (ii) a Sale of the Company if the equity of such Put Holder is purchased in accordance with the terms of this Agreement.

Article 8

DISSOLUTION, LIQUIDATION, AND TERMINATION OF THE COMPANY

8.1 Limitations. The Company may be dissolved, liquidated, and terminated only pursuant to the provisions of this Article 8, and the parties hereto do hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Company or a sale or partition of any or all of the Company Assets.

8.2 Exclusive Causes. Notwithstanding the Act, the following and only the following events shall cause the Company to be dissolved, liquidated, and terminated:

(a) The written agreement of the Board or all Members;

(b) The Transfer of all or substantially all of the Company Assets and the receipt of all consideration therefor, except that if non-monetary consideration is received upon such disposition the Company shall not be dissolved pursuant to this clause until such consideration is converted into money or money equivalent;

(c) Judicial dissolution; or

(d) At any time that there are no Members, unless the business of the Company is continued in accordance with the Act.

To the fullest extent permitted by law, any dissolution of the Company other than as provided in this Section 8.2 shall be a dissolution in contravention of this Agreement.

8.3 Effect of Dissolution. The dissolution of the Company shall be effective on the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until it has been wound up and its assets have been distributed as provided in Section 8.5 of this Agreement and the Certificate has been cancelled by the filing of a certificate of cancellation with the office of the Delaware Secretary of State. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

8.4 No Capital Contribution Upon Dissolution. Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, its Capital Contributions thereto, its Capital Account and its share of Net Profits or Net Losses, and shall have no recourse therefor (upon dissolution or otherwise) against any other Member, except to a lending Member pursuant to Section 3.7. Accordingly, if any Member has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which the liquidation occurs), then such Member shall have no obligation to make any Capital Contribution with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

8.5 Liquidation.

8.5.1 Upon dissolution of the Company, the Company shall thereafter engage in no further business other than that which is necessary to wind up the business, and the Board (or such other Person as the Board may determine) shall act as the "Liquidator" of the Company. A reasonable time shall be allowed for the winding up of the affairs of the Company in order to minimize any losses attendant upon such a winding up. In the event the Liquidator reasonably believes that it is prudent to do so, cash or other assets held in reserve may be placed in a liquidating trust or other escrow immediately prior to the termination of the Company in order to ensure that any and all obligations of the Company are satisfied. After allocating (pursuant to Article 5 of this Agreement) all income, gain, loss, deductions and credit resulting the liquidation of the Company Assets, the Liquidator shall apply and distribute the cash proceeds thereof as follows:

(a) *First,* to the payment of (i) the debts and liabilities of the Company (including any outstanding amounts due under any Credit Arrangements encumbering the Company Assets (or any part thereof) and, to the extent permitted by law, to Members who are creditors) and (ii) the expenses of liquidation; then

(b) *Second*, to the establishment of any Reserves which the Liquidator shall determine in its commercially reasonable judgment to be reasonably necessary for contingent, unliquidated or unforeseen Liabilities or obligations of the Company or its Subsidiaries or the Members arising out of or in connection with the Company or its Subsidiaries. Such Reserves may, in the commercially reasonable discretion of the Liquidator, be paid over to a national bank or national trust company selected by the Liquidator and authorized to conduct business as an escrowee to be held by such bank or trust company as escrowee for the purposes of disbursing such Reserves to satisfy the Liabilities and obligations described above, and at the expiration of such period distributing any remaining balance as provided hereinafter in this Section 8.5.1; and then

(c) *Third*, to the Members in accordance with Section 4.1.

8.5.2 Notwithstanding Section 8.5.1, in the event that the Liquidator determines that an immediate sale of all or any portion of the Company Assets would cause undue loss to the Members, the Liquidator, in order to avoid such loss to the extent not then prohibited by the Act, may either defer liquidation of and withhold from distribution for a reasonable time any Company Assets except those necessary to satisfy, including the provision of reasonable Reserves for, the Company's debts and obligations, or distribute the Company Assets to the Members in kind in a manner otherwise in accordance with the distribution procedure of Section 8.5.1.

Article 9

VALUATION

9.1 Valuation of Units. The "Fair Market Value" of each Unit means the fair value of such Unit determined in good faith by the Board based on the portion of the Total Equity Value to which each Unit would be entitled upon a liquidation of the Company pursuant to Section 8.5, but assuming an all-cash sale without any adjustment on account of any lack of liquidity, minority discount, lack of control and/or restriction on transferability of any securities or any other comparable valuation discounts.

9.2 Valuation of Other Assets and Securities. The "Fair Market Value" of all other non-cash assets or of any other securities issued by the Company shall mean the fair value for such assets or securities as between a willing buyer and a willing seller in an arm's-length transaction occurring on the date of valuation as determined by the Board in its sole discretion, taking into account all relevant factors determinative of value.

9.3 Valuation Methodology.

9.3.1 Company Securities; Other Assets and Securities. In the event that the Member Representative, acting on behalf of the non-Investor Members (the "Disagreeing Members"), in good faith disagrees with the Board's determination of Fair Market Value pursuant to Sections 9.1 and 9.2 (excluding, in any case, any such determination in connection with a determination of Fair Market Value of Common Units of Management Holders pursuant to Section 7.12 in connection with an exercise of the Repurchase Option), the Member Representative shall deliver written notice to the Board of such disagreement within 30 days after such determination; which notice shall provide the basis of such determination, including all material metrics used therein. In the event the Member Representative does not deliver a disagreement notice within such 30-day period, such determination shall be final and binding on all Members. In the event the Member Representative delivers a disagreement notice within such 30-day period, the Board and the Member Representative will negotiate in good faith to agree on such Fair Market Value during the 20-day period following the Board's receipt of the disagreement notice. If such agreement is not reached within 20 days after the Board's receipt of the disagreement notice, Fair Market Value shall be determined by an independent and unaffiliated appraisal firm with a national reputation and specific experience in analyzing and making determinations concerning matters in the Business and in valuing entities like the Company jointly selected by the Board and the Member Representative (and, if the Board and the Member Representative cannot agree within five business days, each shall select an appraiser, who then shall jointly select a third appraiser similarly qualified to serve as the appraiser), which appraiser shall be instructed to submit to the Board and the Member Representative a written report within 30 days of its engagement setting forth such determination, and such determination shall be final and binding upon all parties. The costs and expenses of such appraisal shall be borne by the Company; provided, that if the appraiser finally determines that the Fair Market Value is at least 90% of the Fair Market Value determined by the Board, the Disagreeing Members shall bear all reasonable costs and expenses incurred in connection with such appraisal. Any agreement or action taken by the Disagreeing Members holding a majority of the Common Units held by all Disagreeing Members under this Section 9.3 shall be binding upon all Disagreeing Members.

9.3.2 Management Equity. In the event that a Management Holder ceases to be employed by the EIK Manager other than for Cause, and such Management Holder in good faith disagrees with the Board's determination of Fair Market Value of the Common Units held by such Management Holder being repurchased pursuant to the Repurchase Option, such Management Holder (the "Disagreeing Holder") shall deliver written notice to the Board of such disagreement within 30 days after written notice of such determination. In the event such Disagreeing Holder does not deliver a disagreement notice within such 30-day period, such determination shall be final and binding on such Disagreeing Holder. In the event such Disagreeing Holder delivers a disagreement notice within such 30-day period, the Board and the Disagreeing Holder will negotiate in good faith to agree on such Fair Market Value during the 20-day period following the Board's receipt of the disagreement notice, and any such agreement shall be final and binding on the Disagreeing Holder. If such agreement is not reached within 20 days after the Board's receipt of the disagreement notice, Fair Market Value shall be determined by an independent and unaffiliated appraiser with experience in analyzing and making determinations concerning matters in the Business and in valuing entities like the Company jointly selected by the Board and the Disagreeing Holder (and, if the Board and the Disagreeing Holder cannot agree within five business days, each shall select an appraiser, who then shall jointly select a third appraiser similarly qualified to serve as the appraiser), which appraiser shall be instructed to submit to the Board and the Disagreeing Holder a written report within 30 days of its engagement setting forth such determination, and such determination shall be final and binding upon all parties. The costs and expenses of such appraisal shall be borne by the Company; provided, that if the appraiser finally determines that the Fair Market Value is at least 90% of the Fair Market Value determined by the Board, such Disagreeing Holder shall bear all reasonable costs and expenses incurred in connection with such appraisal.

Article 10

MISCELLANEOUS

10.1 Amendments.

10.1.1 Each Additional Member and Substitute Member shall become a signatory hereto by signing a counterpart signature page to this Agreement, and such other instruments, in such manner, as the Board shall determine. By so signing, each Additional Member and Substitute Member, as the case may be, shall be deemed to have adopted and to have agreed to be bound by all of the provisions of this Agreement.

10.1.2 In addition to amendments specifically authorized herein, amendments may be made to this Agreement from time to time by the Investor, without the consent of any other Member; provided, that, except as set forth in Section 10.1.3, if any such amendment, modification, or waiver would adversely affect in any material respect the Units held by the Management Holders or the EIK Manager relative to the Units held by Investor (recognizing any rights, preferences or privileges granted by this Agreement to Investor with respect to its Units), such amendment, modification, or waiver shall require the written consent of the holders of a majority of the Units so adversely affected.

10.1.3 Notwithstanding the foregoing, without the approval of any Member, the Board may amend this Agreement from time to time (i) to create and/or issue any class or series of Units and fix for each such class or series such voting powers, distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in such amendment; (ii) to reflect the issuance, redemption, repurchase or forfeiture of Profit Units in connection with the applicable Profit Unit Agreements; (iii) to implement the admission of Substitute Members or Additional Members; (iv) to satisfy any Law or regulatory requirement; (v) to change the name of the Company; (vi) to implement the provisions set forth in Section 7.11; (vii) to cure any ambiguity or correct or supplement any provision of this Agreement that may be incomplete or inconsistent with any other provision contained in this Agreement; and (viii) to update Exhibit A; provided, that such amendment does not adversely affect in any material respect any Member without similarly and proportionately adversely affecting all Members similarly situated, unless such Member has voted in favor thereof. For purposes of the proviso in the immediately preceding sentence, if there is only one Member which would be adversely affected in any material respect by the proposed amendment and that Member is not similarly situated to other Members with respect to the proposed amendment, then the proposed amendment may not be made unless such Member has voted in favor thereof.

10.1.4 In making any amendments, there shall be prepared and filed by, or for, the Board such documents and certificates as may be required under the Act and under the laws of any other jurisdiction applicable to the Company.

10.2 Member Representations and Warranties; Indemnification.

10.2.1 Representations and Warranties. Each Member (solely on behalf of itself and not with respect to the other Member) hereby represents, warrants, covenants and acknowledges as follows to the Company and the other Members:

(a) Such Member is duly incorporated, organized or formed (in the event such Member is not a corporation), validly existing and in good standing under the laws of its state of incorporation, organization or formation (as the case may be, to the extent such Member is not a natural Person). Such Member has the requisite power and authority to own its property and to carry on its business as now conducted, to the extent material to its rights and obligations under this Agreement.

(b) Such Member has all requisite power and authority to enter into this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder in accordance with the terms and provisions hereof.

(c) All acts and other proceedings required to be taken by such Member to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and properly taken.

(d) This Agreement has been duly executed and delivered by such Member and constitutes the valid and binding obligation of such Member, enforceable against it in accordance with its terms, except as enforceability may be affected by (i) the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors; (ii) the effect of general principles of equity and the limitation of certain remedies by certain equitable principles of general applicability; and (iii) the fact that the rights to indemnification hereunder may be limited by applicable laws, including federal or state securities laws.

(e) The execution, delivery and performance by such Member of this Agreement and the transactions contemplated hereby will not constitute a material breach of any term or provision of, or a material default under (i) any outstanding indenture, mortgage, loan agreement or other similar contract or agreement to which such Member or any of its Affiliates is a party or by which it or any of its Affiliates or its or their property is bound; (ii) its certificate or articles of incorporation or bylaws or other governing documents; (iii) any material applicable law; or (iv) any material order, writ, judgment or decree having applicability to it.

(f) Such Member has obtained all approvals and consents required to be obtained by it in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated to occur on the Effective Date from all Persons having approval or consent rights, and has made all material filings and registrations, required from or by any governmental body, authority, bureau or agency in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(g) Such Member has not incurred any obligation to a broker or finder for payment of any commission or fee in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, including its admission as a Member, for which the Company or any other Member may become liable.

(h) To the extent applicable to such Member, to such Member's actual knowledge, such Member has complied in all material respects with the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, which comprises Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act") and the regulations promulgated thereunder, and the rules and regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). Neither such Member nor any of its Affiliates is included on the List of Specially Designated Nationals and Blocked Persons maintained by OFAC, or a resident in, or organized or chartered under the laws of, (A) a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the Patriot Act as warranting special measures due to money laundering concerns or (B) any foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur.

(i) Such Member is acquiring its Units for its own account and not for the account of any other Person. Such Member is acquiring its Units solely for investment and not with a view to, or for resale in connection with, the distribution or other disposition thereof either currently or after the passage of a fixed or determinable period of time or upon the occurrence or non-occurrence of any predetermined event or circumstance in violation of the Securities Act. Such Member understands that the sale and issuance of the Units has not been registered under the Securities Act, applicable state securities laws or the securities or similar law of any other jurisdiction whatsoever, and, therefore, the Units cannot be Transferred or otherwise disposed of unless they are registered under the securities laws of each applicable jurisdiction, or exemptions from such registration requirements are available. Such Member understands that Transfers and dispositions of its Units can be made only (i) as explicitly permitted or contemplated under the terms of this Agreement and (ii) in compliance with the Securities Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder and all applicable state securities and "blue sky" laws; and such Member understands that the Company is under no obligation to register the offer or sale of any Units in any jurisdiction whatsoever or to assist such Member in complying with any exemption from registration under the securities laws of any jurisdiction whatsoever.

(j) Such Member understands and is able to bear the economic risk of an investment in the Company and can afford to sustain a total loss on such investment. Such Member further acknowledges that there are substantial risks in the investment (including loss of the entire amount of such investment), that such Member is capable of evaluating the merits and risks of the investment in the Company and such Member has evaluated such risks and determined that the Units is a suitable investment for such Member. Such Member has such knowledge and experience in business, financial and tax matters, including experience in investing in non-listed and non-registered securities, and is a sophisticated investor capable of utilizing the information made available to it in connection with its investment in the Units to evaluate the merits and risks of its investment in the Company, to make an informed investment decision with respect thereto and to protect its interests in connection with such investment.

(k) Except for the Management Holders set forth on Schedule 10.2.1(k), such Member, or each beneficial owner (within the meaning of Rule 501 of Regulation D promulgated under the Securities Act ("Regulation D")) of such Member, (i) is an "accredited investor" as such term is defined in Rule 501 of Regulation D and (ii) has not been formed for the specific purpose of acquiring the Units unless each beneficial owner of such entity is qualified as an accredited investor within the meaning of Rule 501 of Regulation D.

(l) Such Member and its legal, tax, accounting and financial advisers have been provided an opportunity to ask questions of and receive information from a Person or Persons acting on behalf of the Company concerning the investment in the Company, the Company Assets, and such other matters as such Member and any of its advisors have deemed necessary or desirable. All such questions have been answered to the full satisfaction of such Member and any such advisors, and such Member has received all such information requested, but such Member has in all events relied upon its own due diligence in evaluating this Agreement, the Units, the Communities and the other Company Assets.

(m) Such Member has consulted and been advised by its own legal counsel and tax advisor in connection with, and acknowledges that no representations as to potential profit, tax consequences of any sort (including the tax consequences resulting from forming or operating the Company, conducting the Business, executing this Agreement, consummating the transactions provided for herein, making Capital Contributions, being admitted to the Company, receiving or not receiving distributions from the Company, or being allocated Net Profits and Net Losses), cash flows or funds from operations or yield, if any, in respect of the Company have been made by the Company, any Member or any Affiliate of any Member or any employee or representative thereof, and that projections and any other financial information and documentation that may have been in any manner submitted to such Member from any source shall not constitute any representation or warranty of any kind or nature, express or implied and such Member is not relying on any representations or warranties of any other Person in connection therewith, including the Company or any other Member.

10.2.2 Member Indemnity. Each Member agrees to indemnify, defend and hold harmless the Company, the other Member, each officer, director, agent and Affiliate of the Company and the other Member from and against any and all Liabilities arising out of or based upon any false representation or warranty made by such Member herein or in any other document or certificate delivered to the Company by such Member in connection with such Member's acquisition of its Units.

10.2.3 Survival. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 10.2 shall survive: (a) a Member's ceasing to be a member of the Company for any reason, and (b) expiration or sooner termination of this Agreement.

10.3 Confidentiality. Each party hereto agrees that the provisions of this Agreement, all understandings, agreements and other arrangements between and among the parties, and all other non-public information received from or otherwise relating to, the Company and the Company Assets (the "Confidential Information") shall be confidential, and shall not be disclosed or otherwise released to any other Person (other than another party hereto), without the written consent of the Board. The obligations of the parties hereunder shall not apply: (a) so long as such Persons agree to maintain the confidential nature thereof, to a Member's actual or prospective (i) financing sources, (ii) purchasers or assignees, (iii) partners and (iv) investors; (b) to legal counsel, accountants and other professional advisors to a Member, so long as such Persons agree to maintain the confidential nature thereof; (c) to any disclosure pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding, to the extent necessary in support of motions, filings, or other proceedings in court as required to be undertaken pursuant to this Agreement, or otherwise as required by applicable law, provided that any party is given a reasonable opportunity to obtain a protective order in connection with such disclosure; (d) in connection with reporting of Community portfolio based performance and other Community portfolio information in filings with the Securities and Exchange Commission by a Member or its direct or indirect equity holders; (e) in connection with reporting requirements in filings with the Securities and

Exchange Commission by a Member and its direct or indirect equity holders, which filings may include publication of such Member's or its direct or indirect equity holders' audited financial statements; (f) to any information to the extent that such information is, or has become, publicly known through circumstances not involving a breach of this Agreement; and (g) to disclosures in compliance with any filing requirements, regulations or other requirements of, or upon the request or demand of, any stock exchange (or other similar entity) on which a Member's (or the direct or indirect equity holder(s) thereof) shares (or other equity interests) are listed, or of any other governmental authority having jurisdiction over such Member. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 10.3 shall survive until the earlier of: (x) a Member's ceasing to be a member of the Company for any reason for a period of one (1) year, and (y) the dissolution and/or termination of the Company.

10.4 Non-Competition; Non-Solicitation.

10.4.1 Each Management Holder acknowledges and agrees that the Company and its Subsidiaries are engaged in a highly competitive business, and by virtue of each Management Holder's position and responsibilities providing services to the Company or its Subsidiaries, and each Management Holder's access to Confidential Information, engaging in any business that is materially competitive with the Company or any of its Subsidiaries will cause them great and irreparable harm. As a result, each Management Holder hereby covenants that during the Restricted Period, each such Management Holder will not, without the authorization of the Company, for such Management Holder or on behalf of any other Person, engage in, acquire any financial or beneficial interest in, be employed by, participate in, own, manage, operate or control or be connected with or render services to, in any relevant manner (whether as a principal, partner, director, employee, consultant, independent contractor, agent or otherwise, and whether or not for compensation) any entity (other than the EIK Manager) (a "Competitor") that competes with the Business. Each Management Holder acknowledges that the Company's and its Subsidiaries' businesses are planned to be conducted nationally and agrees that the provisions in this Section 10.4.1 shall operate throughout the United States. Notwithstanding anything in this Section 10.4.1 to the contrary, a Management Holder will not be prohibited from being the passive owner, directly or indirectly, of less than 5% of any publicly traded entity, whether or not such entity is in competition with the Company or any of its Subsidiaries and so long as such Management Holder has no active participation in any capacity in the business of such entity.

10.4.2 Each Management Holder further covenants that during the Restricted Period, other than in the course of performing such Management Holder's duties for the EIK Manager or the Company, such Management Holder will not, for such Management Holder's own account or for the account of any other Persons, solicit for employment or otherwise interfere with the relationship of the EIK Manager, the Company or any of their respective Subsidiaries with any individual who is an employee of or a consultant to the EIK Manager, the Company or any such Subsidiary at the time of solicitation or interference.

10.4.3 (a) If any court determines that any of the covenants set forth in this Section 10.4 is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

(b) If a Management Holder is a party to a separate restrictive covenant agreement with the Company, in the event of any conflict between the restrictive covenants set forth in this Section 10.4 and such restrictive covenant agreement, the restrictive covenant agreement shall control.

10.5 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and thereof and fully supersede any and all prior or contemporaneous agreements or understandings between the parties hereto pertaining to the subject matter hereof and thereof.

10.6 Further Assurances. Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other action as may be required by law or reasonably necessary to effectively carry out the purposes of this Agreement.

10.7 Notices. Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be (a) delivered personally to the Person or to an officer of the Person to whom the same is directed, or (b) sent by facsimile or registered or certified mail, return receipt requested, postage prepaid, addressed as follows: if to the Company, to the Company at the address set forth in Section 1.3 hereof, or to such other address as the Company may from time to time specify by notice to the Members; if to a Member, to such Member at the address set forth in Exhibit A (as may be amended from time to time), or to such other address as such Member may from time to time specify by notice to the Company. Any such notice shall be deemed to be delivered, given and received for all purposes as of: (i) the date so delivered, if delivered personally, (ii) upon confirmed receipt, if sent by facsimile, or (iii) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed.

10.8 Tax Matters.

10.8.1 Partnership Representative in Tax Matters

(a) With respect to all taxable years to which the TEFRA Rules apply, the Tax Matters Partner shall use its reasonable efforts to comply with the responsibilities outlined in Sections 6221 through 6233 of the Code and shall have any powers necessary to perform fully in such capacity. In such regard, the Tax Matters Partner's authority shall include the authority to (i) prepare and file all tax returns of the Company, (ii) make such elections under the Code and other relevant tax laws as to the treatment of items of Company income, gain, loss and deduction as the Tax Matters Partner determines in its sole discretion to be necessary or appropriate, (iii) determine which items of cash outlay are to be capitalized or treated as current expenses, (iv) select the method of accounting and bookkeeping procedures to be used by the Company, and (v) represent the Company before taxing authorities and courts in tax matters affecting the Company and the Members in their capacity as such. The Tax Matters Partner shall keep the Members informed of any administrative and judicial proceedings described in clause (v) of the preceding sentence. With respect to all taxable years to which the BBA Rules apply, the Partnership Representative shall be permitted to take any and all actions under the BBA Rules, and shall have any and all powers necessary to perform fully in such capacity. If required by the BBA Rules, the Partnership Representative shall also appoint a Designated Individual. In such regard, the authority of the Partnership Representative shall include the authority to represent the Company before taxing authorities and courts in tax matters affecting the Company and the Members in their capacity as such and, in its sole discretion, to make any election under the BBA Rules, including the election under Section 6226 of the Code in connection with any Tax Contest. The Tax Matters Partner and the Partnership Representative, as applicable, shall be entitled to be reimbursed by the Company for all costs and expenses incurred by it in connection with any administrative or judicial proceeding affecting tax matters of the Company and the Members in their capacity as such and to be indemnified by the Company (solely out of Company assets) with respect to any action brought against it in connection with any judgment in or settlement of any such proceeding.

(b) The Tax Matters Partner or the Partnership Representative, as applicable, shall keep the Members informed of any material Tax Contest. Any Member (including any former Member) that is in dispute with any tax authority in relation to a matter relating to the Company shall notify the Tax Matters Partner or the Partnership Representative, as applicable, within thirty (30) days or as promptly as practicable thereafter following the occurrence of the dispute, and if the Tax Matters Partner or the Partnership Representative, as applicable, reasonably determines that the matter is of material relevance to the tax position of the Company, such Member shall consult in good faith with the Tax Matters Partner or the Partnership Representative, as applicable (or any advisor appointed by the Tax Matters Partner or the Partnership Representative, as applicable, for the purpose) as to how that dispute is to be handled and shall take such action as the Tax Matters Partner or Partnership Representative, as applicable, shall request. Any Member (including any former Member) that enters into a settlement agreement with respect to any Company item shall notify the Tax Matters Partner or the Partnership Representative, as applicable, of such settlement agreement and its terms within thirty (30) days after the date of settlement.

(c) The Board shall notify each Member of the identity of the Partnership Representative, as applicable, if it appoints a Person other than the Investor to act as the Partnership Representative, as applicable. If the Partnership Representative is a Person other than the Investor, the Partnership Representative shall consult with the Investor as to how to conduct any material Tax Contest or whether to make any election under the BBA Rules, including the election under Section 6226 of the Code.

10.8.2 Preparation of Tax Returns. Preparation of the income tax returns of the Company shall be the responsibility of the Tax Matters Partner or the Partnership Representative, as applicable. If the Tax Matters Partner or the Partnership Representative, as applicable, engages a certified public accountant for the preparation and or review of any or all of the income tax returns, the expense shall be paid by the Company.

10.8.3 Entity Taxes.

(a) If any Entity Taxes are imposed on or otherwise payable by the Company (including the Company's share of Entity Taxes imposed on any subsidiaries of the

Company), the Board shall allocate among the Members (and former Members) such Entity Taxes in a manner it determines in its sole discretion to be fair and equitable taking into account any modifications attributable to a Member pursuant to the BBA Rules (if applicable). To the extent that a portion of the tax liabilities imposed under the BBA Rules for a prior year relates to a former Member, the Board may require a former Member to pay to the Company an amount equal to its allocable portion of such Entity Taxes (which shall not be treated as a Capital Contribution). Notwithstanding the foregoing, if the Board determines in its sole discretion that seeking a payment from a former Member is not practicable or that seeking such payment has failed, the Board may require the substituted Member that acquired directly or indirectly from such former Member the interest in the Company associated with such portion of the Entity Taxes to pay such amount. Each Member acknowledges that, notwithstanding the Transfer of all or any portion of its Interest, pursuant to this Section 10.8, it will remain liable for Entity Taxes with respect to its allocable share of income and gain of the Company for the Company's taxable years (or portions thereof) before such Transfer. The Members acknowledge and agree that the Board and Partnership Representative shall be permitted, but not required, to take any actions to reduce or avoid Entity Taxes being imposed on the Company or any of its subsidiaries.

(b) Each Member (including former Members, if applicable) shall pay to the Company in immediately available funds by wire transfer its share of any Entity Tax imposed on or otherwise payable by the Company (including the Company's share of Entity Taxes imposed on any subsidiaries of the Company) within 5 days following written notice by the Company that payment of such amounts to the appropriate governmental authority is due. Such payment shall not increase such Member's Capital Contribution, and any such payment shall be payable notwithstanding the termination of the Company. In lieu of the foregoing, the Board may, in its sole discretion, pay any Entity Tax imposed on or otherwise payable by the Company and treat such payment, to the extent such payment is allocable to a Member pursuant to Section 10.8.2(a), as an advance to such Member to be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Member or, if such distributions are not sufficient for that purpose, by so reducing the proceeds of liquidation otherwise payable to such Member. If a Member reimburses its share of an Entity Tax by having the amount of a distribution (or distributions) reduced as described in the preceding sentence, for all other purposes of this Agreement, such Member shall be treated as having received all distributions (whether before or upon termination of the Company) unreduced by the amount of such Entity Tax and interest thereon. Any payments required pursuant to this Section 10.8.3 that are not made before the date on which the payment to such governmental authority is due shall bear interest at a rate equal to the Base Rate as of such due date, plus 2.0% per annum.

10.8.4 Information and Cooperation. Each Member agrees that, notwithstanding the Transfer of all or any portion of its interest in the Company, if reasonably requested by the Board, it shall provide the Board such information, certification or other documentation (including information the Board or the Partnership Representative reasonably determines as necessary to reduce or avoid Entity Taxes) and otherwise cooperate with the Partnership Representative so that the Partnership Representative can make any election permitted hereunder, file any tax return of the Company, conduct any Tax Contest, and otherwise implement the provisions of this Section 10.8.

10.8.5 Survival. This Section 10.8 shall survive any Transfer and any dissolution or termination of the Company.

10.9 Governing Law. This Agreement, including its existence, validity, construction, and operating effect, and the rights of each of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to otherwise governing principles of choice of law or conflicts of law.

10.10 Construction. The Members intend that this Agreement shall be construed as if all parties prepared this Agreement. The parties hereto acknowledge and agree that (a) each party hereto and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision, (b) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement and (c) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto, regardless of which party was generally responsible for the preparation of this Agreement.

10.11 Captions - Pronouns. Any titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the text of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as appropriate.

10.12 Binding Effect. Except as otherwise expressly provided herein, this Agreement shall be binding on and inure to the benefit of the Members, their heirs, executors, administrators, successors and all other Persons hereafter holding, having or receiving Units or an Economic Interest, whether as Assignees, Substitute Members or otherwise.

10.13 Severability. In the event that any provision of this Agreement as applied to any party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of the Agreement as a whole.

10.14 Interpretation. All references herein to Articles, Sections, subparagraphs, Exhibits and addenda shall be deemed to be references to Articles, Sections and subparagraphs of, and Exhibits and addenda to, this Agreement unless the context shall otherwise require. All Exhibits and addenda attached hereto shall be deemed incorporated herein as if set forth in full herein. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The term “or” is not exclusive. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if.” The words “date hereof” shall refer to the date set forth on the cover page of this Agreement. All accounting terms not defined in this Agreement shall have the meanings determined by United States generally accepted accounting principles as in effect from time to time. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

10.15 Conflicts. Notwithstanding anything to the contrary in this Agreement, in the event of a conflict between any term or provision contained herein and a term or provision of any Profit Unit Agreement, the Board shall resolve such conflict in its sole discretion.

10.16 No Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or be enforceable by any creditor of the Company or by any creditor of any Member except as expressly provided in Section 3.7 with respect to an Affiliate of a Member that is a Lending Member. This Agreement is not intended to confer any rights or remedies hereunder upon, and shall not be enforceable by, any Person other than the parties hereto and (a) with respect to Sections 6.11 and 10.2.2, each Indemnitee and each other indemnified Person addressed therein, and (b) with respect to Section 3.7, any Affiliate of a Member that is a Lending Member.

10.17 Non-Recourse. Notwithstanding anything to the contrary in this Agreement, this Agreement may only be enforced against, and any action, dispute, claim, suit or other proceeding for breach of this Agreement may only be made against, the entities that are expressly identified herein as parties and none of the former, current or future Related Persons of the Members shall have any liability for any liabilities or obligations of the parties hereto for any action, dispute, claim, suit or other proceeding (whether in tort, contract or otherwise) for breach of this Agreement or in respect of any oral representations made or alleged to be made in connection herewith, the Company or any other Member or their respective Affiliates shall have no rights of recovery in respect hereof against any such Related Person and no personal liability shall attach to any such Related Person through the Members or otherwise, whether by or through attempted piercing of the corporate veil, by or through an action, dispute, claim, suit or other proceeding (whether in tort, contract or otherwise) by or on behalf of the Members against any such Related Person, by the enforcement of any judgment, fine or penalty or by virtue of any statute, regulation or other applicable law, or otherwise.

10.18 No Right of Set-Off. No Member will assert (or will permit its Affiliates to assert) any right of setoff against any other Member or such other Member's Affiliates for any normal trade activity, except to the extent otherwise specifically permitted herein (including in Section 4.7).

10.19 Counterparts. This Agreement may be executed in any number of multiple counterparts, each of which shall be deemed to be an original copy and all of which shall constitute one agreement, binding on all parties hereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic means (including in "PDF" format) shall be effective as delivery of a manually executed counterpart of this Agreement.

10.20 Submission to Jurisdiction. Except as set forth in Section 10.4, each Member hereby irrevocably submits to the exclusive jurisdiction of the Delaware Chancery Court (or, if the Delaware Chancery Court shall be unavailable, any other court of the State of

Delaware) or, in the case of claims to which the federal courts have jurisdiction, the United States District Court for the District of Delaware for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each Member further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in Delaware with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each Member hereby irrevocably and unconditionally waives trial by jury and irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in Delaware Chancery Court (or, if the Delaware Chancery Court shall be unavailable, any other court of the State of Delaware or, in the case of claims to which the federal courts have jurisdiction, the United States District Court for the District of Delaware), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Each party's obligation under this Section 10.20 will survive the termination of this Agreement.

10.21 Attorneys Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement or to resolve any dispute under this Agreement, each party shall be solely responsible for its own attorney's fees, costs and other expenses relating to such action.

10.22 Injunctive Relief and Enforcement. In the event of a breach by a Member of the terms of this Agreement, the Company or the other Members shall be entitled to institute, in accordance with this Section 10.22, legal proceedings to obtain damages for any such breach, or to enforce the specific performance of this Agreement by such Member and to enjoin such Member from any further violation of this Agreement and to exercise such remedies cumulatively or in conjunction with all other rights and remedies provided by law. Each Member acknowledges that money damages for any breach by such Member of the provisions of this Agreement would not be a sufficient remedy for any breach of this Agreement by such Member and that in addition to all other remedies the Company and the non-breaching Members shall be entitled to specific performance and injunctive or other equitable relief for any such breach.

10.23 Appointment of Board as Attorney-in-Fact.

10.23.1 Each Member, including each Additional Member and Substitute Member, by its execution of this Agreement, irrevocably constitutes and appoints the Board as its true and lawful attorney-in-fact with full power and authority in its name, place, and stead to execute, acknowledge, deliver, swear to, file, and record at the appropriate public offices such certificates and other instruments, and all amendments thereto, which the Board deems appropriate to form, qualify or continue the Company as a limited liability company (or other entity in which the Members will have limited liability comparable to that provided in the Act), in the jurisdictions in which the Company may conduct business or in which such formation, qualification, or continuation is, in the opinion of the Board, necessary or desirable to protect the limited liability of the Members or operate the Company.

10.23.2 The appointment by all Members of the Board as attorney-in-fact shall be deemed to be a power coupled with an interest, in recognition of the fact that each of the Members under this Agreement will be relying upon the power of the Board to act as contemplated by this Agreement in any filing and other action by it on behalf of the Company, shall survive the Incapacity of any Person hereby giving such power, and the transfer or assignment of all or any portion of the Units held by such Person, and shall not be affected by the subsequent Incapacity of the principal; provided, however, that in the event of the assignment by a Member of all of its Units, the foregoing power of attorney of an assignor Member shall survive such assignment only until such time as the Assignee shall have been admitted to the Company as a Substitute Member and all required documents and instruments shall have been duly executed, filed, and recorded to effect such substitution.

10.24 Force Majeure. The parties to this Agreement shall be excused from performance of their obligations (other than any obligation to pay money under this Agreement) where they are prevented from so performing by revolutions, terrorism or similar disorders, wars, acts of enemies, strikes, fires, floods, acts of God, or, without limiting the foregoing, by any cause not within the control of the party whose performance is interfered with, and which, by the exercise of reasonable diligence, the party is unable to prevent. All parties shall perform such parts or aspects of their obligations as are not interfered with by these causes.

10.25 Limitation On Creditors' Interests. No creditor who makes a non-recourse loan to the Company shall have or acquire at any time, as a result of making such loan, any direct or indirect interest in the profits, capital, or property of the Company, other than as a secured creditor.

10.26 No Liability For Return of Capital. No Member shall be personally liable for the return of all or any part of the Capital Contributions of the other Members. Any such return shall be made solely from Company Assets.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of Effective Date set forth above.

INVESTOR:

TRILOGY REAL ESTATE INVESTMENT TRUST
By: Trilogy REIT Holdings, LLC
Its: Sole Trustee

By: GAHC3 Trilogy JV, LLC
Its: Sole Manager

By: American Healthcare REIT Holdings, LP
Its: Sole Manager

By: Continental Merger Sub, LLC
Its: General Partner

By: American Healthcare REIT, Inc.
Its: Sole Member

By: /s/ Gabriel Willhite
Name: Gabriel Willhite
Title: EVP, General Counsel

EIK MANAGER:

TRILOGY MANAGEMENT SERVICES, LLC

By: /s/ David W. Davis
Name: David W. Davis
Title: Member

MEMBER REPRESENTATIVE

/s/ Randall J. Bufford
Name: Randall J. Bufford

[Signature Page to Eighth Amended and Restated Limited Liability Company Agreement of Trilogy Investors, LLC]

March 24, 2022

Jeffrey T. Hanson
c/o American Healthcare REIT, Inc.
18191 Von Karman Ave., Suite 300
Irvine, CA 92612

Dear Jeffrey:

Reference is made herein to the "Employment Terms" Letter Agreement dated October 1, 2021 (the "Prior Agreement") by and among American Healthcare Opps Holdings, LLC and American Healthcare REIT, Inc. (and certain predecessors and affiliates of such entities, herein after referred to, collectively, as the "AHR Group") and you ("Chairman"). This letter agreement (this "Agreement") supersedes all prior employment agreements or terms governing Chairman's services with the AHR Group, including, the Prior Agreement, except as provided herein.

1. Transition to Non-Executive Chairman. Effective as of the end of business on June 30, 2022 (the "Transition Date"), Chairman shall transition (the "Transition") from his current role of Executive Chairman of the Board of Directors (the "Board") of American Healthcare REIT, Inc. ("AHR") and a day-to-day executive and employee of AHR to the role of chairman of the Board and a non-employee and non-executive director of AHR, assuming Chairman is elected as a director at AHR's 2022 annual meeting of stockholders. As of the Transition Date, Chairman shall cease to be an officer and/or employee of AHR and shall no longer actively participate in any employee benefit plan or program sponsored or maintained solely for the benefit of employees of AHR or AHR Group, except to the extent of Chairman's earned, accrued or vested rights therein, as permitted by applicable law (i.e., COBRA rights, as defined below), or as set forth herein.

Following the Transition Date, Chairman shall continue to have all of the authority and duties held prior to the Transition Date in his capacity as chairman of the Board but shall cease to have the authority or duties held prior to the Transition Date solely in his capacity as an executive or employee of AHR (including, but not limited to, the authority to execute contracts on behalf of the AHR Group and any direct reporting relationship with respect to any employees of the AHR Group, in each case unless authorized by the Board). Following the Transition Date, Chairman shall not provide any services to the AHR Group other than in his capacity as chairman of the Board. Chairman hereby acknowledges and agrees that the Transition shall constitute a voluntary resignation and not constitute "Good Reason" or a termination "without Cause" (or any other similar term) for purposes of any compensation or benefit plan, program or agreement sponsored or maintained by the AHR Group, including, without limitation, the American Healthcare Opps Holdings, LLC Executive Severance and Change in Control Plan (the "Severance Plan").

2. Compensation and Benefits as a Result of Cessation of Employment. The AHR Group and Chairman acknowledge and agree that Chairman's cessation of employment on the Transition Date shall entitle Chairman to the Accrued Obligations, as such term is defined in the Severance Plan, but no other rights or payments as provided under the Severance Plan. In addition,

if Chairman timely and properly elects health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 or other similar applicable law ("COBRA"), AHR shall reimburse Chairman for the monthly COBRA premium paid by Chairman for Chairman and Chairman's eligible dependents. Such reimbursement shall be paid to Chairman in the month immediately following the month in which Chairman timely remits the COBRA premium payment. Chairman shall be eligible to receive such reimbursement until the earliest of: (a) the 18-month anniversary of the Transition Date, (b) the date Chairman ceases to provide services as a non-employee and non-executive director of AHR, and (c) the date on which Chairman becomes eligible to receive substantially similar coverage from another employer or other similar source.

3. Compensation for Service Following Transition Date. In order to retain Chairman's leadership following the Transition Date, Chairman shall be entitled to the following compensation so long as he remains in the role of chairman of the Board and a non-employee and non-executive director of AHR:

(a) Board Compensation. Notwithstanding the fact that Chairman is not considered an "independent director" of AHR, effective as of the Transition Date, Chairman shall nonetheless be entitled to participate in the AHR Director Compensation Program, as approved by the Board and amended from time to time (the "Director Program"), including cash retainer payments and equity incentive retainer awards; *provided, however*, that Chairman shall not be awarded any equity incentive retainer awards under the Director Program for the 2022 calendar year, but shall be eligible to receive a pro-rated portion of the cash retainer payments for the period between July 1, 2022 and December 31, 2022.

(b) Chairman Retainer. In addition to the compensation set forth in 3(a) above, Chairman shall receive an annual cash retainer of $100,000 to be paid on the same payment schedule as cash retainers under the Director Program generally (the "Chairman Retainer"), effective as of the Transition Date. For the avoidance of doubt, Chairman shall be eligible to receive a pro-rated Chairman Retainer for the period between July 1, 2022 and December 31, 2022. The Chairman Retainer may be modified by the Board in its discretion from time to time to be consistent with market and peer group practices.

(c) Treatment of Restricted Shares. As contemplated by that certain Restricted Stock Award Agreement dated October 4, 2021 between AHR and Chairman (the "Restricted Stock Agreement") and the AHR 2015 Incentive Plan (the "Incentive Plan"), the Chairman shall continue to be eligible to vest in the 69,143 restricted class T common shares granted pursuant to such agreement (the "Restricted Shares") for so long as Chairman continues to provide Continuous Service (as defined in the Incentive Plan) to the AHR Group. For the avoidance of doubt, the Transition shall not alone constitute a cessation of Continuous Service or forfeiture of any unvested Restricted Shares. In addition, effective as of the Transition Date, the Restricted Stock Agreement is hereby amended to provide that the Restricted Shares shall fully vest (i) upon a Change of Control (as defined in the Incentive Plan), subject to Chairman's Continuous Service through the consummation of such an event, or (ii) upon cessation of Chairman's Continuous Service by reason of death or Disability (which shall mean a physical or mental impairment that substantially limits one or more major life activities and prevents Chairman from performing his duties for AHR, as determined by the Board). This Section 3(c) shall serve as an amendment to the Restricted Stock Agreement, which shall otherwise remain in full force and effect.

(d) Forfeiture of Deferred Shares. In exchange for the consideration provided herein, Chairman agrees to and acknowledges the forfeiture, termination and cancellation of the 23,048 Deferred Shares granted to Chairman pursuant to that certain Deferred Stock Award Agreement dated October 4, 2021 (the "Deferred Shares"), effective as of the Transition Date, notwithstanding any provision contrary in such award agreement, the Incentive Plan, or otherwise.

4. Cessation of Chairman Services. Chairman shall continue as a member of the Board, subject to his election to the Board at the annual stockholders meeting pursuant to the terms and procedures set forth in the AHR organizational documents, and as chairman of the Board, subject to the Board's election of Chairman to serve in that role.

5. Confidentiality. Chairman recognizes and acknowledges that the business interests of the AHR Group require a confidential relationship between the AHR Group and Chairman and the fullest protection and confidential treatment of the financial data, customer information, supplier information, market information, marketing and/or promotional techniques and methods, pricing information, purchase information, sales policies, employee lists, policy and procedure information, records, advertising information, computer records, trade secrets, know-how, plans and programs, sources of supply and other knowledge of the business of the AHR Group (all of which are hereinafter jointly termed "Confidential Information") which have or may in whole or in part be conceived, learned or obtained by Chairman in the course of Chairman's employment with the AHR Group prior to the Transition Date and continued service as chairman of the Board following the Transition Date. Accordingly, Chairman agrees to keep secret and treat as confidential all Confidential Information whether or not copyrightable or patentable, and agrees not to knowingly use or aid others in learning of or using any Confidential Information except in the ordinary course of business and in furtherance of the interests of the AHR Group. During the period Chairman remains a member of the Board and at all times thereafter, except insofar as Chairman believes in good faith that disclosure is consistent with the AHR Group's business interests:

(a) Chairman will not knowingly disclose any Confidential Information to anyone outside the AHR Group;

(b) Chairman will not make copies of or otherwise knowingly disclose the contents of documents containing or constituting Confidential Information;

(c) As to documents which are delivered to Chairman or which are made available to him as a necessary part of the working relationships and duties of Chairman within the business of the AHR Group, Chairman will treat such documents confidentially and will treat such documents as proprietary and confidential, not to be knowingly reproduced, disclosed or used without appropriate authority of the AHR Group;

(d) Chairman will not knowingly advise others that the information and/or know-how included in Confidential Information is known to or used by the AHR Group; and

(e) Chairman will not in any manner knowingly disclose or use Confidential Information for Chairman's own account and will not knowingly aid, assist or abet others in the use of Confidential Information for their account or benefit, or for the account or benefit of any person or entity other than the AHR Group.

The obligations set forth in this paragraph are in addition to any other agreements Chairman may have with the AHR Group and any and all rights the AHR Group may have under state or federal statutes or common law. Anything herein to the contrary notwithstanding, the provisions of this section shall not apply (i) when disclosure is required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with actual or apparent jurisdiction to order Chairman to disclose or make accessible any information, (ii) with respect to any other litigation, arbitration or mediation involving this Agreement or other agreement between Chairman and the AHR Group, including, but not limited to, the enforcement of any such agreement, (iii) as to information that becomes generally known to the public or within the relevant trade or industry other than due to Chairman's violation of this section, or (iv) as to information that is or becomes available to Chairman on a non-confidential basis from a source which is entitled to disclose it to Chairman.

6. Release. In consideration of the benefits provided in this Agreement, effective as of the date hereof, Chairman hereby forever fully and irrevocably releases and discharges the AHR Group (and each of their respective successors and assigns, stockholders, members, managers, directors, officers, employees, agents, and other representatives) from any and all actions, suits, claims, demands, debts, agreements, obligations, promises, judgments, or liabilities of any kind whatsoever in law or equity and causes of action of every kind and nature (including, claims for damages, costs, expense, and attorneys' fees and expenses), in each case arising out of or related to Chairman's employment with the AHR Group, whether known or unknown, suspected or unsuspected or unanticipated or anticipated, including (without limitation) all claims related to any long term incentive arrangements with the AHR Group. Notwithstanding anything herein to the contrary, the foregoing release does not include, nor shall there be, any release or discharge of (i) Chairman's rights, if any, with respect to salaries, compensation, and reimbursable expenses that are payable to Chairman and have accrued during the current payroll period or work period in the ordinary course, (ii) Chairman's vested rights, if any, under any benefit plan of the AHR Group, and (iii) any right Chairman may have to indemnification or advancement of expenses in accordance with law or under any organizational documents of the AHR Group or their directors' and officers' liability insurance coverage or any written contract between Chairman and the AHR Group, and nothing in this release shall be construed to prohibit Chairman from engaging in any protected or concerted activity, or filing a complaint or charge with, or participating in any investigation or proceeding conducted by, any federal, state or local government agency in connection with Chairman's employment with the AHR Group. Chairman understands the meaning and effect of Section 1542 of the Civil Code of the State of California, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE

CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Chairman hereby (a) represents, warrants and acknowledges that Chairman has been fully advised by his attorney of the contents of Section 1542 of the Civil Code of the State of California and understands the implications thereof and (b) expressly waives the benefits of Section 1542 of the Civil Code of the State of California and any rights that Chairman may have thereunder.

7. Severability. Should a court of competent jurisdiction determine that any section or sub-section of this Agreement is unenforceable because one or all of them are vague or overly broad, the parties agree that this Agreement may and shall be enforced to the maximum extent permitted by law. It is the intent of the parties that each section and sub-section of this Agreement be a separate and distinct promise and that unenforceability of any one subsection shall have no effect on the enforceability of another.

8. Other Agreements. Unless specifically provided herein, this Agreement contains all of the understandings and representations between Chairman and the AHR Group pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter, including, without limitation, the Prior Agreement.

9. Withholding. All payments required to be made by the AHR Group hereunder to Chairman or his dependents, beneficiaries, or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions, if required by applicable law.

10. Modification and Waiver. This Agreement may not be changed or terminated orally, nor shall any change, termination or attempted waiver of any of the provisions contained in this Agreement be binding unless in writing and signed by the party against whom the same is sought to be enforced, nor shall this section itself by waived verbally. This Agreement may be amended only by a written instrument duly executed by or on behalf of the parties hereto.

11. Construction of Agreement. This Agreement and all of its provisions were subject to negotiation and shall not be construed more strictly against one party than against another party regardless of which party drafted any particular provision.

12. Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of California, as applied to contracts entered into solely between residents of, and to be performed entirely in, such state, without giving effect to conflict of laws principles. The parties hereto do hereby irrevocably submit to the jurisdiction of any state or federal court located in the State of Maryland, and solely in respect of the interpretation and enforcement of the provisions of this Agreement, waive and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof, that it is not subject thereto or that such action, suit, or proceeding may not be brought or is not maintainable in said courts or

that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined exclusively in such a state or federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute.

13. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way affect the interpretation of any of the terms or conditions of this Agreement.

14. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. Section 409A. The intent of the parties is that payments and benefits under this Agreement be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended, to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith and each of the parties shall report the payments and benefits under this Agreement as exempt from or compliant with Section 409A of the Code.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first written above.

American Healthcare REIT, Inc.
By: /s/ Danny Prosky
Name: Danny Prosky
Title: Chief Executive Officer and President

American Healthcare Opps Holdings, LLC
By: /s/ Danny Prosky
Name: Danny Prosky
Title: Chief Executive Officer and President

By: /s/ Jeffrey Hanson
Name: Jeffrey Hanson

Exhibit 21.1

American Healthcare REIT, Inc.
List of Subsidiaries
As of March 25, 2022

AHI Management Services, Inc. (Delaware)
AHR Batesville TRS Sub, LLC (Delaware)
AHR Cleveland TRS Sub, LLC (Delaware)
AHR Springdale TRS Sub, LLC (Delaware)
AHR TRS Delta Valley Holdings, LLC (Delaware)
American Healthcare Opps Holdings, LLC (Delaware)
American Healthcare REIT Holdings, LP (Delaware)
American Healthcare TRS, LLC (Delaware)
Continental Merger Sub, LLC (Maryland)
GAHC3 95th Naperville IL MOB, LLC (Delaware)
GAHC3 Acworth GA MOB, LLC (Delaware)
GAHC3 Austell GA MOB, LLC (Delaware)
GAHC3 Batesville MS ALF, LLC (Delaware)
GAHC3 Bennington NE ALF TRS Sub, LLC (Delaware)
GAHC3 Bennington NE ALF, LLC (Delaware)
GAHC3 Bethlehem PA ILF TRS Sub, LLC (Delaware)
GAHC3 Bethlehem PA ILF, LLC (Delaware)
GAHC3 Boyertown PA ALF TRS Sub, LLC (Delaware)
GAHC3 Boyertown PA ALF, LLC (Delaware)
GAHC3 Braintree MA SNF, LLC (Delaware)
GAHC3 Brighton MA SNF, LLC (Delaware)
GAHC3 Bronx NY MOB, LLC (Delaware)
GAHC3 Carolina Commons SC MOB, LLC (Delaware)
GAHC3 Chesterfield Corporate Plaza, LLC (Delaware)
GAHC3 Chorus Senior Housing Portfolio, LLC (Delaware)
GAHC3 Clemmons NC TRS Sub, LLC (Delaware)
GAHC3 Clemmons NC ALF, LP (Delaware)
GAHC3 Cleveland MS ALF, LLC (Delaware)
GAHC3 Delta Valley ALF Portfolio, LLC (Delaware)
GAHC3 Durango CO Medical Center, LLC (Delaware)
GAHC3 Duxbury MA SNF, LLC (Delaware)
GAHC3 East Texas MOB Portfolio, LLC (Delaware)
GAHC3 Elkhart IN ALF TRS Sub, LLC (Delaware)
GAHC3 Elkhart IN ALF, LLC (Delaware)
GAHC3 Elkhart IN ILF TRS Sub, LLC (Delaware)
GAHC3 Elkhart IN ILF, LLC (Delaware)
GAHC3 FM Class B, LLC (Delaware)
GAHC3 Fox Grape SNF Portfolio, LLC (Delaware)
GAHC3 Friendswood TX MOB, LLC (Delaware)
GAHC3 Garner NC TRS Sub, LLC (Delaware)
GAHC3 Garner NC ALF, LP (Delaware)
GAHC3 Glen Burnie MD MOB, LLC (Delaware)
GAHC3 Hingham MA SNF, LLC (Delaware)
GAHC3 Hobart IN ALF TRS Sub, LLC (Delaware)
GAHC3 Hobart IN ALF, LLC (Delaware)
GAHC3 Homewood AL MOB, LLC (Delaware)
GAHC3 Huntersville NC TRS Sub, LLC (Delaware)
GAHC3 Huntersville NC ALF, LP (Delaware)
GAHC3 Independence MOB Portfolio, LLC (Delaware)
GAHC3 IOM Senior Housing Limited (United Kingdom)
GAHC3 Joplin MO MOB, LLC (Delaware)
GAHC3 Keller TX MOB, LLC (Delaware)

GAHC3 King of Prussia PA MOB, LLC (Delaware)
GAHC3 Kingwood MOB Portfolio, LLC (Delaware)
GAHC3 Kingwood TX MOB I, LLC (Delaware)
GAHC3 Kingwood TX MOB II, LLC (Delaware)
GAHC3 Lakeview IN Medical Plaza, LLC (Delaware)
GAHC3 Lakeview IN MOB JV, LLC (Delaware)
GAHC3 LaPorte IN ALF TRS Sub, LLC (Delaware)
GAHC3 LaPorte IN ALF, LLC (Delaware)
GAHC3 Lee's Summit MO MOB, LLC (Delaware)
GAHC3 Lithonia GA MOB, LLC (Delaware)
GAHC3 Longview TX CSC MOB, LLC (Delaware)
GAHC3 Longview TX Institute MOB, LLC (Delaware)
GAHC3 Longview TX Medical Plaza, LLC (Delaware)
GAHC3 Longview TX Occupational MOB, LLC (Delaware)
GAHC3 Longview TX Outpatient MOB I, LLC (Delaware)
GAHC3 Longview TX Outpatient MOB II, LLC (Delaware)
GAHC3 Marietta GA MOB II, LLC (Delaware)
GAHC3 Marietta GA MOB, LLC (Delaware)
GAHC3 Marshall TX MOB, LLC (Delaware)
GAHC3 Middletown OH MOB, LLC (Delaware)
GAHC3 Middletown OH MOB II, LLC (Delaware)
GAHC3 Mint Hill NC TRS Sub, LLC (Delaware)
GAHC3 Mint Hill NC ALF, LP (Delaware)
GAHC3 Mishawaka IN ALF TRS Sub, LLC (Delaware)
GAHC3 Mishawaka IN ALF, LLC (Delaware)
GAHC3 Mishawaka IN Parcel, LLC (Delaware)
GAHC3 Mooresville NC TRS Sub, LLC (Delaware)
GAHC3 Mooresville NC ALF, LP (Delaware)
GAHC3 Morristown NJ MOB, LLC (Delaware)
GAHC3 Mount Dora FL MOB II, LLC (Delaware)
GAHC3 Mount Dora FL MOB, LLC (Delaware)
GAHC3 Mount Olympia MOB Portfolio, LLC (Delaware)
GAHC3 Mountain Crest Senior Housing Portfolio, LLC (Delaware)
GAHC3 Mt. Juliet TN MOB, LLC (Delaware)
GAHC3 Napa Medical Center, LLC (Delaware)
GAHC3 Naperville MOB Portfolio (Delaware)
GAHC3 Nebraska Senior Housing Portfolio, LLC (Delaware)
GAHC3 New London CT MOB, LLC (Delaware)
GAHC3 Niles MI ALF TRS Sub, LLC (Delaware)
GAHC3 Niles MI ALF, LLC (Delaware)
GAHC3 North Carolina ALF Portfolio, LLC (Delaware)
GAHC3 North Carolina ALF Portfolio GP, LLC (Delaware)
GAHC3 North Raleigh NC TRS Sub, LLC (Delaware)
GAHC3 North Raleigh NC ALF, LP (Delaware)
GAHC3 Norwich CT MOB I, LLC (Delaware)
GAHC3 Norwich CT MOB II, LLC (Delaware)
GAHC3 Norwich CT MOB Portfolio, LLC (Delaware)
GAHC3 Ogden Naperville IL MOB, LLC (Delaware)
GAHC3 Olympia Fields IL MOB, LLC (Delaware)
GAHC3 Omaha NE ALF TRS Sub, LLC (Delaware)
GAHC3 Omaha NE ALF, LLC (Delaware)
GAHC3 Orange Star Medical Portfolio, LLC (Delaware)

GAHC3 Palmyra PA ALF TRS Sub, LLC (Delaware)
GAHC3 Palmyra PA ALF, LLC (Delaware)
GAHC3 Paoli PA Medical Plaza, LLC (Delaware)
GAHC3 Pennsylvania Senior Housing Portfolio, LLC (Delaware)
GAHC3 Premier Novi MI MOB, LLC (Delaware)
GAHC3 Quincy MA SNF, LLC (Delaware)
GAHC3 Richmond VA ALF TRS Sub, LLC (Delaware)
GAHC3 Richmond VA ALF, LLC (Delaware)
GAHC3 Snellville GA MOB, LLC (Delaware)
GAHC3 Somerville MA MOB, LLC (Delaware)
GAHC3 Southern Illinois MOB Portfolio, LLC (Delaware)
GAHC3 Southgate KY MOB, LLC (Delaware)
GAHC3 Southlake TX Hospital, LLC (Delaware)
GAHC3 Springdale AR ALF, LLC (Delaware)
GAHC3 Stockbridge GA MOB II, LLC (Delaware)
GAHC3 Stockbridge GA MOB III, LLC (Delaware)
GAHC3 Stockbridge GA MOB, LLC (Delaware)
GAHC3 Trilogy JV, LLC (Delaware)
GAHC3 TRS Carolina Holdings, LLC (Delaware)
GAHC3 TRS Chorus Holdings, LLC (Delaware)
GAHC3 TRS Mountain Crest Holdings, LLC (Delaware)
GAHC3 TRS Pennsylvania Holdings, LLC (Delaware)
GAHC3 TRS Rotary Holdings, LLC (Delaware)
GAHC3 U.K. Laverstock Ltd (United Kingdom)
GAHC3 U.K. Senior Care Holding Ltd (United Kingdom)
GAHC3 Verona NJ MOB, LLC (Delaware)
GAHC3 Voorhees NJ MOB, LLC (Delaware)
GAHC3 Wake Forest NC TRS Sub, LLC (Delaware)
GAHC3 Wake Forest NC ALF, LP (Delaware)
GAHC3 Washington DC SNF, LLC (Delaware)
GAHC3 Waterloo IL Dialysis Center, LLC (Delaware)
GAHC3 Waterloo IL MOB & Imaging Center, LLC (Delaware)
GAHC3 Waterloo IL MOB Parcel, LLC (Delaware)
GAHC3 Waterloo IL Surgery Center, LLC (Delaware)
GAHC3 Westbrook CT MOB, LLC (Delaware)
GAHC3 Wharton TX MOB, LLC (Delaware)
GAHC3 Wichita KS MOB, LLC (Delaware)
GAHC3 York PA ALF TRS Sub, LLC (Delaware)
GAHC3 York PA ALF, LLC (Delaware)
GAHC4 Athens GA MOB Portfolio, LLC (Delaware)
GAHC4 Athens GA MOB I, LLC (Delaware)
GAHC4 Athens GA MOB II, LLC (Delaware)
GAHC4 Auburn CA MOB, LLC (Delaware)
GAHC4 Arvada CO MOB, LLC (Delaware)
GAHC4 Balmoral FL SH, LLC (Delaware)
GAHC4 Balmoral FL TRS Sub, LLC (Delaware)
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GAHC4 Bayou JV, LLC (Delaware)
GAHC4 Bayou JV Partner, LLC (Delaware)
GAHC4 Bayside FL SH, LLC (Delaware)
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GAHC4 Belmont CA TRS SUB, LLC (Delaware)
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GAHC4 Bloomington IL MOB, LLC (Delaware)
GAHC4 Bradenton FL SH, LLC (Delaware)
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GAHC4 Charlottesville VA MOB, LLC (Delaware)
GAHC4 Central FL Senior Housing Portfolio, LLC (Delaware)
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GAHC4 Chattanooga TN MOB, LLC (Delaware)
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GAHC4 Colorado Foothills MOB Portfolio, LLC (Delaware)
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GAHC4 Flemington Sand Hill NJ MOB, LLC (Delaware)
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GAHC4 Fresno CA MOB, LLC (Delaware)
GAHC4 Glendale WI MOB, LLC (Delaware)
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GAHC4 Holland MI ALF, LLC (Delaware)
GAHC4 Howell MI ALF, LLC (Delaware)
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GAHC4 Lafayette LA MC, LLC (Delaware)
GAHC4 Lafayette TRS OpCo Holdco, LLC (Delaware)

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GAHC4 Roseburg OR MOB Sole Member, LLC (Delaware)
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GAHC4 Sauk Prairie WI MOB, LLC (Delaware)
GAHC4 Sauk Prairie WI MOB Member, LLC (Delaware)

GAHC4 Sedalia MO SNF, LLC (Delaware)
GAHC4 Shelbyville IL SNF, LLC (Delaware)
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GAHC4 Slidell LA TRS Sub, LLC (Delaware)
GAHC4 Southfield MI MOB, LLC (Delaware)
GAHC4 Southfield MI MOB Member, LLC (Delaware)
GAHC4 Spring Haven FL SH, LLC (Delaware)
GAHC4 Spring Haven FL TRS Sub, LLC (Delaware)
GAHC4 Spring Oaks FL SH, LLC (Delaware)
GAHC4 Spring Oaks FL TRS Sub, LLC (Delaware)
GAHC4 St. Elizabeth MO SNF, LLC (Delaware)
GAHC4 Stratford CT MOB, LLC (Delaware)
GAHC4 Sun Prairie WI SC, LLC (Delaware)
GAHC4 Surprise AZ MOB, LLC (Delaware)
GAHC4 SW Illinois Senior Housing Portfolio, LLC (Delaware)
GAHC4 Sylacauga AL MOB, LLC (Delaware)
GAHC4 Tarkio MO SNF, LLC (Delaware)
GAHC4 Tinley Park IL MOB, LLC (Delaware)
GAHC4 Trenton MO SNF, LLC (Delaware)
GAHC4 Trilogy JV, LLC (Delaware)
GAHC4 TRS Bayou Holdings, LLC (Delaware)
GAHC4 TRS Catalina Holdings, LLC (Delaware)
GAHC4 TRS Peninsula Holdings, LLC (Delaware)
GAHC4 TRS Pinnacle Holdings, LLC (Delaware)
GAHC4 Trumbull CT MOB, LLC (Delaware)
GAHC4 Warrenton MO ALF, LLC (Delaware)
GAHC4 Warrenton MO TRS Sub, LLC (Delaware)
GAHC4 Waunakee WI SC, LLC (Delaware)
GAHC4 Waterloo IL SH, LLC (Delaware)
GAHC4 West Des Moines IA ALF, LLC (Delaware)
GAHC4 West Haven UT SH, LLC (Delaware)
GAHC4 West Haven UT TRS Sub, LLC (Delaware)
GAHC4 Wyoming MI ALF, LLC (Delaware)
Griffin-American Healthcare REIT III Advisor, LLC (Delaware)
Orchard St Albans Housing Portfolio Ltd (United Kingdom)
Arlington Dialysis, LLC (Delaware)
Franciscan Dialysis, LLC (Delaware)
Paragon Outpatient Rehabilitation Services, LLC (Delaware)
PCA-Corrections, LLC (Kentucky)
RHS Dialysis, LLC (Delaware)
Silvercrest Dialysis, LLC (Delaware)
Synchrony Lab Services, LLC (Delaware)
Synchrony Pharmacy, LLC (Delaware)
Synchrony Workforce Solutions, LLC (Delaware)
Trilogy Briar Hill Medical, LLC (Delaware)
Trilogy Construction LLC (Delaware)
Trilogy Dialysis, LLC (Delaware)
Trilogy Health Services, LLC (Delaware)
Trilogy Healthcare Centers, LLC (Kentucky)
Trilogy Healthcare Holdings, Inc. (Delaware)

Trilogy Healthcare Master Tenant II, LLC (Delaware)
Trilogy Healthcare Master Tenant IV, LLC (Delaware)
Trilogy Healthcare Master Tenant V, LLC (Delaware)
Trilogy Healthcare Master Tenant VI, LLC (Delaware)
Trilogy Healthcare Master Tenant VII, LLC (Delaware)
Trilogy Healthcare Master Tenant, LLC (Indiana)
Trilogy Healthcare of Allen II, LLC (Delaware)
Trilogy Healthcare of Allen, LLC (Delaware)
Trilogy Healthcare of Anderson, LLC (Delaware)
Trilogy Healthcare of Ann Arbor, LLC (Delaware)
Trilogy Healthcare of Batesville, LLC (Indiana)
Trilogy Healthcare of Battle Creek, LLC (Delaware)
Trilogy Healthcare of Beavercreek, LLC (Delaware)
Trilogy Healthcare of Bedford,, LLC (Delaware)
Trilogy Healthcare of Bellevue, LLC (Delaware)
Trilogy Healthcare of Belmont, LLC (Delaware)
Trilogy Healthcare of Bloomington, LLC (Delaware)
Trilogy Healthcare of Boonville, LLC (Delaware)
Trilogy Healthcare of Bowling Green, LLC (Delaware)
Trilogy Healthcare of Bullitt, LLC (Delaware)
Trilogy Healthcare of Butler, LLC (Delaware)
Trilogy Healthcare of Carroll, LLC (Delaware)
Trilogy Healthcare of Circleville, LLC (Delaware)
Trilogy Healthcare of Clermont, LLC (Delaware)
Trilogy Healthcare of Clinton, LLC (Delaware)
Trilogy Healthcare of Columbus, LLC (Delaware)
Trilogy Healthcare of Corydon, LLC (Delaware)
Trilogy Healthcare of Cynthiana, LLC (Delaware)
Trilogy Healthcare of Daviess, LLC (Delaware)
Trilogy Healthcare of Dearborn, LLC (Delaware)
Trilogy Healthcare of Delphos, LLC (Delaware)
Trilogy Healthcare of Elkhart, LLC (Delaware)
Trilogy Healthcare of Evansville RP, LLC (Delaware)
Trilogy Healthcare of Fayette I, LLC (Kentucky)
Trilogy Healthcare of Fayette II, LLC (Delaware)
Trilogy Healthcare of Fayette III, LLC (Kentucky)
Trilogy Healthcare of Ferdinand, LLC (Delaware)
Trilogy Healthcare of Franklin III, LLC (Delaware)
Trilogy Healthcare of Gahanna, LLC (Delaware)
Trilogy Healthcare of Genesee, LLC (Delaware)
Trilogy Healthcare of Glen Ridge, LLC (Delaware)
Trilogy Healthcare of Goshen, LLC (Delaware)
Trilogy Healthcare of Greencastle, LLC (Indiana)
Trilogy Healthcare of Greenfield, LLC (Delaware)
Trilogy Healthcare of Greensburg, LLC (Indiana)
Trilogy Healthcare of Greenville, LLC (Indiana)
Trilogy Healthcare of Hamilton II, LLC (Delaware)
Trilogy Healthcare of Hamilton III, LLC (Delaware)
Trilogy Healthcare of Hamilton, LLC (Delaware)
Trilogy Healthcare of Hancock II, LLC (Delaware)
Trilogy Healthcare of Hancock, LLC (Delaware)
Trilogy Healthcare of Hanover, LLC (Delaware)

American Healthcare REIT, Inc.
List of Subsidiaries — (Continued)
As of March 25, 2022

Trilogy Healthcare of Henry II, LLC (Indiana)
Trilogy Healthcare of Henry, LLC (Indiana)
Trilogy Healthcare of Hilliard, LLC (Delaware)
Trilogy Healthcare of Holland, LLC (Delaware)
Trilogy Healthcare of Hudsonville, LLC (Delaware)
Trilogy Healthcare of Huron, LLC (Delaware)
Trilogy Healthcare of Ingham, LLC (Delaware)
Trilogy Healthcare of Jasper, LLC (Delaware)
Trilogy Healthcare of Jefferson II, LLC (Delaware)
Trilogy Healthcare of Jefferson, LLC (Delaware)
Trilogy Healthcare of Kalamazoo, LLC (Delaware)
Trilogy Healthcare of Kendallville, LLC (Delaware)
Trilogy Healthcare of Kent, LLC (Delaware)
Trilogy Healthcare of Kokomo, LLC (Delaware)
Trilogy Healthcare of Lafayette, LLC (Delaware)
Trilogy Healthcare of LaGrange, LLC (Delaware)
Trilogy Healthcare of Lake, LLC (Delaware)
Trilogy Healthcare of Lancaster, LLC (Delaware)
Trilogy Healthcare of Lapeer, LLC (Delaware)
Trilogy Healthcare of Lawrenceburg, LLC (Delaware)
Trilogy Healthcare of Lebanon, LLC (Delaware)
Trilogy Healthcare of Liberty Township (Delaware)
Trilogy Healthcare of Lima II, LLC (Delaware)
Trilogy Healthcare of Livingston II, LLC (Delaware)
Trilogy Healthcare of Livingston, LLC (Delaware)
Trilogy Healthcare of Logansport, LLC (Delaware)
Trilogy Healthcare of Louisville East, LLC (Delaware)
Trilogy Healthcare of Louisville Northeast, LLC (Kentucky)
Trilogy Healthcare of Louisville Southwest, LLC (Delaware)
Trilogy Healthcare of Lowell, LLC (Delaware)
Trilogy Healthcare of Lucas, LLC (Delaware)
Trilogy Healthcare of Macomb, LLC (Delaware)
Trilogy Healthcare of Mercer, LLC (Delaware)
Trilogy Healthcare of Merrillville, LLC (Delaware)
Trilogy Healthcare of Miami, LLC (Delaware)
Trilogy Healthcare of Milford, LLC (Delaware)
Trilogy Healthcare of Montgomery II, LLC (Delaware)
Trilogy Healthcare of Montgomery, LLC (Delaware)
Trilogy Healthcare of Monticello II, LLC (Delaware)
Trilogy Healthcare of Monticello, LLC (Delaware)
Trilogy Healthcare of Morgan, LLC (Delaware)
Trilogy Healthcare of Muncie II, LLC (Delaware)
Trilogy Healthcare of Muncie, LLC (Indiana)
Trilogy Healthcare of Muskegon, LLC (Delaware)
Trilogy Healthcare of Muskingum II, LLC (Ohio)
Trilogy Healthcare of Muskingum, LLC (Delaware)
Trilogy Healthcare of New Albany, LLC (Delaware)
Trilogy Healthcare of Noblesville, LLC (Delaware)
Trilogy Healthcare of North Baltimore, LLC (Delaware)
Trilogy Healthcare of Oakland II, LLC (Delaware)
Trilogy Healthcare of Oakland, LLC (Delaware)
Trilogy Healthcare of Oakwood, LLC (Delaware)

Trilogy Healthcare of Ottawa, LLC (Delaware)
Trilogy Healthcare of Petersburg, LLC (Delaware)
Trilogy Healthcare of Pickerington, LLC (Delaware)
Trilogy Healthcare of Portage, LLC (Delaware)
Trilogy Healthcare of Porter, LLC (Delaware)
Trilogy Healthcare of Princeton, LLC (Delaware)
Trilogy Healthcare of Putnam II, LLC (Delaware)
Trilogy Healthcare of Putnam III, LLC (Delaware)
Trilogy Healthcare of Putnam, LLC (Delaware)
Trilogy Healthcare of Richmond, LLC (Indiana)
Trilogy Healthcare of River Oaks, LLC (Delaware)
Trilogy Healthcare of Romeo, LLC (Delaware)
Trilogy Healthcare of Sandusky, LLC (Minnesota)
Trilogy Healthcare of Scottsburg, LLC (Indiana)
Trilogy Healthcare of Seymour, LLC (Delaware)
Trilogy Healthcare of Shelbyville, LLC (Indiana)
Trilogy Healthcare of Spencer, LLC (Delaware)
Trilogy Healthcare of Springfield, LLC (Indiana)
Trilogy Healthcare of Stonebridge, LLC (Delaware)
Trilogy Healthcare of Sylvania, LLC (Delaware)
Trilogy Healthcare of Tell City, LLC (Delaware)
Trilogy Healthcare of Tiffin, LLC (Delaware)
Trilogy Healthcare of Tippecanoe II, LLC (Delaware)
Trilogy Healthcare of Tippecanoe, LLC (Delaware)
Trilogy Healthcare of Vanderburgh III, LLC (Delaware)
Trilogy Healthcare of Vanderburgh, LLC (Delaware)
Trilogy Healthcare of Vigo, LLC (Delaware)
Trilogy Healthcare of Vincennes, LLC (Delaware)
Trilogy Healthcare of Wabash, LLC (Delaware)
Trilogy Healthcare of Washtenaw, LLC (Delaware)
Trilogy Healthcare of Wood County Successor, LLC (Delaware)
Trilogy Healthcare Operations of Batesville, LLC (Indiana)
Trilogy Healthcare Operations of Greencastle, LLC (Indiana)
Trilogy Healthcare Operations of Madison, LLC (Delaware)
Trilogy Healthcare Operations of Muncie, LLC (Indiana)
Trilogy Healthcare Operations of New Castle, LLC (Indiana)
Trilogy Healthcare Operations of Richmond, LLC (Indiana)
Trilogy Healthcare Operations of Scottsburg, LLC (Indiana)
Trilogy Healthcare Operations of Shelbyville, LLC (Indiana)
Trilogy Healthcare Operations of Springfield II, LLC (Delaware)
Trilogy Healthcare Operations of Springfield, LLC (Indiana)
Trilogy Healthcare Real Estate of New Castle, LLC (Indiana)
Trilogy Investors, LLC (Delaware)
Trilogy Kalida Development, LLC (Delaware)
Trilogy Manor House Operations, LLC (Delaware)
Trilogy Manor House, LLC (Delaware)
Trilogy Mission RX, LLC (Delaware)
Trilogy NuScriptRx, LLC (Delaware)
Trilogy Opco, LLC (Delaware)
Trilogy Operations Monclova Villas, LLC (Delaware)
Trilogy Operations Romeo IL, LLC (Delaware)
Trilogy Operations Springhurst Villas, LLC (Delaware)

American Healthcare REIT, Inc.
List of Subsidiaries — (Continued)
As of March 25, 2022

Trilogy PCA Holdings, LLC (Delaware)
Trilogy Pro Services, LLC (Delaware)
Trilogy PropCo Finance, LLC (Delaware)
Trilogy PropCo II Finance A, LLC (Delaware)
Trilogy PropCo II Finance B, LLC (Delaware)
Trilogy PropCo II Finance C, LLC (Delaware)
Trilogy PropCo II, LLC (Delaware)
Trilogy PropCo Master Tenant I, LLC (Delaware)
Trilogy PropCo Master Tenant IV, LLC (Delaware)
Trilogy PropCo Tenant of Daviess, LLC (Delaware)
Trilogy PropCo Tenant of Hamilton, LLC (Delaware)
Trilogy PropCo Tenant of Kendallville, LLC (Delaware)
Trilogy PropCo Tenant of Louisville Northeast, LLC (Delaware)
Trilogy PropCo Tenant of Lowell, LLC (Delaware)
Trilogy PropCo Tenant of Macomb, LLC (Delaware)
Trilogy PropCo Tenant of Monticello, LLC (Delaware)
Trilogy PropCo Tenant of Vanderburgh, LLC (Delaware)
Trilogy Property Holdings, LLC (Delaware)
Trilogy Real Estate Anderson, LLC (Delaware)
Trilogy Real Estate Ann Arbor, LLC (Delaware)
Trilogy Real Estate Beavercreek, LLC (Delaware)
Trilogy Real Estate Bedford, LLC (Delaware)
Trilogy Real Estate Bellevue, LLC (Delaware)
Trilogy Real Estate Bethesda, LLC (Delaware)
Trilogy Real Estate Boonville, LLC (Delaware)
Trilogy Real Estate Bowling Green, LLC (Delaware)
Trilogy Real Estate Bullitt, LLC (Delaware)
Trilogy Real Estate Butler II, LLC (Delaware)
Trilogy Real Estate Butler, LLC (Delaware)
Trilogy Real Estate Circleville, LLC (Delaware)
Trilogy Real Estate Clark, LLC (Delaware)
Trilogy Real Estate Clermont, LLC (Delaware)
Trilogy Real Estate Cloister, LLC (Delaware)
Trilogy Real Estate Columbus, LLC (Delaware)
Trilogy Real Estate Corydon, LLC (Delaware)
Trilogy Real Estate Creasy Springs, LLC (Delaware)
Trilogy Real Estate Cynthiana, LLC (Delaware)
Trilogy Real Estate Delphos II, LLC (Delaware)
Trilogy Real Estate Delphos, LLC (Delaware)
Trilogy Real Estate East Lansing, LLC (Delaware)
Trilogy Real Estate Evansville RP, LLC (Delaware)
Trilogy Real Estate Fairfield, LLC (Delaware)
Trilogy Real Estate Fayette II, LLC (Delaware)
Trilogy Real Estate Fayette III, LLC (Delaware)
Trilogy Real Estate Fayette, LLC (Delaware)
Trilogy Real Estate Ferdinand II, LLC (Delaware)
Trilogy Real Estate Forest Springs, LLC (Delaware)
Trilogy Real Estate Franklin III, LLC (Delaware)
Trilogy Real Estate Fremont, LLC (Delaware)
Trilogy Real Estate Gahanna, LLC (Delaware)
Trilogy Real Estate Greensburg, LLC (Delaware)
Trilogy Real Estate Greenville II, LLC (Delaware)

Trilogy Real Estate Greenville, LLC (Delaware)
Trilogy Real Estate Hamilton III, LLC (Delaware)
Trilogy Real Estate Hancock II, LLC (Delaware)
Trilogy Real Estate Hancock, LLC (Delaware)
Trilogy Real Estate Hanover II, LLC (Delaware)
Trilogy Real Estate Hanover, LLC (Delaware)
Trilogy Real Estate Harrison, LLC (Delaware)
Trilogy Real Estate Hilliard, LLC (Delaware)
Trilogy Real Estate Holland, LLC (Delaware)
Trilogy Real Estate Howell, LLC (Delaware)
Trilogy Real Estate Hudsonville, LLC (Delaware)
Trilogy Real Estate Huron II, LLC (Delaware)
Trilogy Real Estate Huron, LLC (Delaware)
Trilogy Real Estate Illinois, LLC (Delaware)
Trilogy Real Estate Indiana II, LLC (Delaware)
Trilogy Real Estate Indiana III, LLC (Delaware)
Trilogy Real Estate Investment Trust (Maryland)
Trilogy Real Estate Jasper II, LLC (Delaware)
Trilogy Real Estate Jasper, LLC (Delaware)
Trilogy Real Estate Jefferson-SB, LLC (Delaware)
Trilogy Real Estate Kalamazoo, LLC (Delaware)
Trilogy Real Estate Kendallville, LLC (Delaware)
Trilogy Real Estate Kent II, LLC (Delaware)
Trilogy Real Estate Kent, LLC (Delaware)
Trilogy Real Estate Kentucky II, LLC (Delaware)
Trilogy Real Estate Kentucky III, LLC (Delaware)
Trilogy Real Estate Kentucky V, LLC (Delaware)
Trilogy Real Estate Kentucky, LLC (Delaware)
Trilogy Real Estate Kokomo II, LLC (Delaware)
Trilogy Real Estate Kokomo, LLC (Delaware)
Trilogy Real Estate Kosciusko, LLC (Delaware)
Trilogy Real Estate Lafayette II, LLC (Delaware)
Trilogy Real Estate LaGrange, LLC (Delaware)
Trilogy Real Estate Lancaster, LLC (Delaware)
Trilogy Real Estate Lima II, LLC (Delaware)
Trilogy Real Estate Lima, LLC (Delaware)
Trilogy Real Estate Livingston, LLC (Delaware)
Trilogy Real Estate Lowell, LLC (Delaware)
Trilogy Real Estate Macomb II, LLC (Delaware)
Trilogy Real Estate Macomb, LLC (Delaware)
Trilogy Real Estate Madison, LLC (Delaware)
Trilogy Real Estate Mercer, LLC (Delaware)
Trilogy Real Estate Merrillville, LLC (Delaware)
Trilogy Real Estate Monclova Villas, LLC (Delaware)
Trilogy Real Estate Monclova, LLC (Delaware)
Trilogy Real Estate Montgomery II, LLC (Delaware)
Trilogy Real Estate Montgomery, LLC (Delaware)
Trilogy Real Estate Morgan, LLC (Delaware)
Trilogy Real Estate Muncie (Delaware)
Trilogy Real Estate Muskegon, LLC (Delaware)
Trilogy Real Estate New Albany, LLC (Delaware)
Trilogy Real Estate Noblesville, LLC (Delaware)

Trilogy Real Estate Northpointe, LLC (Delaware)
Trilogy Real Estate Novi, LLC (Delaware)
Trilogy Real Estate Oakland, LLC (Delaware)
Trilogy Real Estate Oakwood, LLC (Delaware)
Trilogy Real Estate of Battle Creek, LLC (Delaware)
Trilogy Real Estate of Commerce, LLC (Delaware)
Trilogy Real Estate of Darke, LLC (Delaware)
Trilogy Real Estate of Elkhart, LLC (Delaware)
Trilogy Real Estate of Findlay, LLC (Delaware)
Trilogy Real Estate of Genoa, LLC (Delaware)
Trilogy Real Estate of Goshen, LLC (Delaware)
Trilogy Real Estate of Grand Blanc, LLC (Delaware)
Trilogy Real Estate of Kalida, LLC (Delaware)
Trilogy Real Estate of Lafayette, LLC (Delaware)
Trilogy Real Estate of Lake, LLC (Delaware)
Trilogy Real Estate of Lapeer, LLC (Delaware)
Trilogy Real Estate of Lebanon, LLC (Delaware)
Trilogy Real Estate of Logansport, LLC (Delaware)
Trilogy Real Estate of Perry, LLC (Delaware)
Trilogy Real Estate of Porter, LLC (Delaware)
Trilogy Real Estate of Seymour, LLC (Delaware)
Trilogy Real Estate of Spencer, LLC (Delaware)
Trilogy Real Estate of Vincennes, LLC (Delaware)
Trilogy Real Estate of West Lafayette, LLC (Delaware)
Trilogy Real Estate Ohio, LLC (Delaware)
Trilogy Real Estate Okemos, LLC (Delaware)
Trilogy Real Estate Ottawa, LLC (Delaware)
Trilogy Real Estate Petersburg, LLC (Delaware)
Trilogy Real Estate Portage, LLC (Delaware)
Trilogy Real Estate Porter II, LLC (Delaware)
Trilogy Real Estate Putnam II, LLC (Delaware)
Trilogy Real Estate Romeo II, LLC (Delaware)
Trilogy Real Estate Romeo, LLC (Delaware)
Trilogy Real Estate Seneca, LLC (Delaware)
Trilogy Real Estate Springfield, LLC (Delaware)
Trilogy Real Estate Springhurst, LLC (Delaware)
Trilogy Real Estate Sylvania II, LLC (Delaware)
Trilogy Real Estate Sylvania, LLC (Delaware)
Trilogy Real Estate Union Township, LLC (Delaware)
Trilogy Real Estate Vanderburgh III, LLC (Delaware)
Trilogy Real Estate Vigo, LLC (Delaware)
Trilogy Real Estate Washtenaw, LLC (Delaware)
Trilogy Real Estate White Oaks II, LLC (Delaware)
Trilogy Real Estate White Oaks, LLC (Delaware)
Trilogy Rehab Services, LLC (Delaware)
Trilogy REIT Holdings, LLC (Delaware)
Trilogy RER, LLC (Delaware)
Trilogy Sky, LLC (Delaware)
Waterford Dialysis, LLC (Delaware)
Willows of Springhurst OpCo, LLC (Delaware)
Willows of Springhurst PropCo, LLC (Delaware)
Trilogy Real Estate Genoa II, LLC (Delaware)

Trilogy Healthcare Master Tenant VIII, LLC (Delaware)
Trilogy PropCo Tenant of Tell City, LLC (Delaware)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-229301 on Form S-3 of our report dated March 25, 2022, relating to the financial statements of American Healthcare REIT, Inc., appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Costa Mesa, California
March 25, 2022

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Danny Prosky, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Healthcare 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.

March 25, 2022	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer and President (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brian S. Peay, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Healthcare 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.

March 25, 2022	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of American Healthcare REIT, Inc., or the Company, hereby certifies, to his knowledge, that:

(1) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

March 25, 2022	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer and President (Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of American Healthcare REIT, Inc., or the Company, hereby certifies, to his knowledge, that:

(1) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

March 25, 2022	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)