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

FORM 10-Q

(Mark One)

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

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

or

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

For the transition period from to

Commission File Number: **001-41951**

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)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	AHR	New York Stock Exchange

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

As of August 7, 2024, American Healthcare REIT, Inc. had 131,647,015 shares of Common Stock outstanding.

AMERICAN HEALTHCARE REIT, INC.
(A Maryland Corporation)

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2024 and December 31, 2023
(In thousands, except share and per share amounts) (Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Real estate investments, net	$ 3,509,526	$ 3,425,438
Debt security investment, net	89,058	86,935
Cash and cash equivalents	52,087	43,445
Restricted cash	45,515	47,337
Accounts and other receivables, net	201,030	185,379
Identified intangible assets, net	179,458	180,470
Goodwill	234,942	234,942
Operating lease right-of-use assets, net	177,367	227,846
Other assets, net	155,632	146,141
Total assets	$ 4,644,615	$ 4,577,933
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Mortgage loans payable, net(1)	$ 1,228,597	$ 1,302,396
Lines of credit and term loan, net(1)	783,873	1,223,967
Accounts payable and accrued liabilities(1)	253,657	242,905
Identified intangible liabilities, net	5,533	6,095
Financing obligations(1)	40,444	41,756
Operating lease liabilities(1)	178,587	225,502
Security deposits, prepaid rent and other liabilities(1)	49,811	76,134
Total liabilities	2,540,502	3,118,755
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interests (Note 11)	220	33,843
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; 700,000,000 shares authorized; 65,372,222 shares issued and outstanding as of June 30, 2024 and none issued and outstanding as of December 31, 2023	644	—
Class T common stock, $0.01 par value per share; 200,000,000 shares authorized; 19,601,476 and 19,552,856 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	195	194
Class I common stock, $0.01 par value per share; 100,000,000 shares authorized; 46,673,320 shares issued and outstanding as of both June 30, 2024 and December 31, 2023	467	467
Additional paid-in capital	3,278,806	2,548,307
Accumulated deficit	(1,344,285)	(1,276,222)
Accumulated other comprehensive loss	(2,456)	(2,425)
Total stockholders' equity	1,933,371	1,270,321
Noncontrolling interests (Note 12)	170,522	155,014
Total equity	2,103,893	1,425,335
Total liabilities, redeemable noncontrolling interests and equity	$ 4,644,615	$ 4,577,933

AMERICAN HEALTHCARE REIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
As of June 30, 2024 and December 31, 2023
(In thousands) (Unaudited)

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(1) Such liabilities of American Healthcare REIT, Inc. represented liabilities of American Healthcare REIT Holdings, LP or its consolidated subsidiaries as of June 30, 2024 and December 31, 2023. American Healthcare REIT Holdings, LP is a variable interest entity, or 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 2024 Credit Facility, as defined in Note 8, held by American Healthcare REIT Holdings, LP in the amount of $668,000 as of June 30, 2024 and the 2022 Credit Facility, as defined in Note 8, held by American Healthcare REIT Holdings, LP in the amount of $914,900 as of December 31, 2023, which were guaranteed by American Healthcare REIT, Inc.

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

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three and Six Months Ended June 30, 2024 and 2023
(In thousands, except share and per share amounts) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues and grant income:				
Resident fees and services	$ 458,013	$ 410,622	$ 910,131	$ 819,252
Real estate revenue	46,568	50,568	93,983	94,164
Grant income	—	6,381	—	6,381
Total revenues and grant income	504,581	467,571	1,004,114	919,797
Expenses:				
Property operating expenses	402,564	372,549	806,193	742,695
Rental expenses	13,323	14,653	27,050	29,848
General and administrative	11,746	11,774	23,574	24,827
Business acquisition expenses	15	888	2,797	1,220
Depreciation and amortization	45,264	44,701	88,031	89,371
Total expenses	472,912	444,565	947,645	887,961
Other income (expense):				
Interest expense:				
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishments)	(30,596)	(40,990)	(67,034)	(80,001)
Gain in fair value of derivative financial instruments	388	4,993	6,805	4,798
(Loss) gain on dispositions of real estate investments, net	(2)	(2,072)	2,261	(2,204)
Loss from unconsolidated entities	(1,035)	(113)	(2,240)	(419)
Gain on re-measurement of previously held equity interest	—	—	—	726
Foreign currency gain (loss)	82	1,068	(344)	2,076
Other income, net	3,106	2,589	4,969	4,197
Total net other expense	(28,057)	(34,525)	(55,583)	(70,827)
Income (loss) before income taxes	3,612	(11,519)	886	(38,991)
Income tax expense	(686)	(348)	(964)	(491)
Net income (loss)	2,926	(11,867)	(78)	(39,482)
Net (income) loss attributable to noncontrolling interests	(947)	(316)	(1,835)	1,427
Net income (loss) attributable to controlling interest	$ 1,979	$ (12,183)	$ (1,913)	$ (38,055)
Net income (loss) per share of Common Stock, Class T common stock and Class I common stock attributable to controlling interest:				
Basic	$ 0.01	$ (0.19)	$ (0.02)	$ (0.58)
Diluted	$ 0.01	$ (0.19)	$ (0.02)	$ (0.58)
Weighted average number of shares of Common Stock, Class T common stock and Class I common stock outstanding:				
Basic	130,532,144	66,033,345	117,413,643	66,029,779
Diluted	130,689,889	66,033,345	117,413,643	66,029,779
Net income (loss)	$ 2,926	$ (11,867)	$ (78)	$ (39,482)
Other comprehensive income (loss):				
Foreign currency translation adjustments	12	124	(31)	246
Total other comprehensive income (loss)	12	124	(31)	246
Comprehensive income (loss)	2,938	(11,743)	(109)	(39,236)
Comprehensive (income) loss attributable to noncontrolling interests	(947)	(316)	(1,835)	1,427
Comprehensive income (loss) attributable to controlling interest	$ 1,991	$ (12,059)	$ (1,944)	$ (37,809)

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

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Three and Six Months Ended June 30, 2024 and 2023
(In thousands, except share and per share amounts) (Unaudited)

	Three Months Ended June 30, 2024											
	Stockholders' Equity											
	Common Stock		Class T Common Stock		Class I Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
BALANCE — March 31, 2024	65,372,222	$ 644	19,552,425	$ 194	46,673,320	$ 467	$ 3,275,252	$ (1,313,190)	$ (2,468)	$ 1,960,899	$ 170,263	$ 2,131,162
Vested restricted common stock and stock units(1)	—	—	49,051	1	—	—	(72)	—	—	(71)	—	(71)
Amortization of nonvested restricted common stock and stock units	—	—	—	—	—	—	2,765	—	—	2,765	—	2,765
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(975)	(975)
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	—	—	861	—	—	861	276	1,137
Distributions declared ($0.25 per share)	—	—	—	—	—	—	—	(33,074)	—	(33,074)	—	(33,074)
Net income	—	—	—	—	—	—	—	1,979	—	1,979	958	2,937 (2)
Other comprehensive income	—	—	—	—	—	—	—	—	12	12	—	12
BALANCE — June 30, 2024	65,372,222	$ 644	19,601,476	$ 195	46,673,320	$ 467	$ 3,278,806	$ (1,344,285)	$ (2,456)	$ 1,933,371	$ 170,522	$ 2,103,893

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Three and Six Months Ended June 30, 2024 and 2023
(In thousands, except share and per share amounts) (Unaudited)

	Three Months Ended June 30, 2023										
	Stockholders' Equity										
	Class T Common Stock		Class I Common Stock								
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — March 31, 2023	19,536,622	$ 194	46,673,686	$ 467	$ 2,546,299	$ (1,180,741)	$ (2,568)	$ 1,363,651	$ 163,338	$ 1,526,989	
Issuance of nonvested restricted common stock	24,200	—	—	—	—	—	—	—	—	—	
Vested restricted common stock and stock units(1)	4,120	—	—	—	(72)	—	—	(72)	—	(72)	
Amortization of nonvested restricted common stock and stock units	—	—	—	—	1,564	—	—	1,564	—	1,564	
Stock based compensation	—	—	—	—	—	—	—	—	20	20	
Repurchase of common stock	(2,403)	—	(366)	—	(87)	—	—	(87)	—	(87)	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(3,092)	(3,092)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	—	—	(20)	(20)	
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	(569)	—	—	(569)	(52)	(621)	
Distributions declared ($0.25 per share)	—	—	—	—	—	(16,654)	—	(16,654)	—	(16,654)	
Net (loss) income	—	—	—	—	—	(12,183)	—	(12,183)	434	(11,749)	(2)
Other comprehensive income	—	—	—	—	—	—	124	124	—	124	
BALANCE — June 30, 2023	19,562,539	$ 194	46,673,320	$ 467	$ 2,547,135	$ (1,209,578)	$ (2,444)	$ 1,335,774	$ 160,628	$ 1,496,402	

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Three and Six Months Ended June 30, 2024 and 2023
(In thousands, except share and per share amounts) (Unaudited)

	Six Months Ended June 30, 2024											
	Stockholders' Equity											
	Common Stock		Class T Common Stock		Class I Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
BALANCE — December 31, 2023	—	$ —	19,552,856	$ 194	46,673,320	$ 467	$ 2,548,307	$ (1,276,222)	$ (2,425)	$ 1,270,321	$ 155,014	$ 1,425,335
Issuance of common stock	64,400,000	644	—	—	—	—	772,156	—	—	772,800	—	772,800
Offering costs — common stock	—	—	—	—	—	—	(53,542)	—	—	(53,542)	—	(53,542)
Issuance of nonvested restricted common stock	972,222	—	—	—	—	—	—	—	—	—	—	—
Vested restricted common stock and stock units(1)	—	—	49,051	1	—	—	(72)	—	—	(71)	—	(71)
Amortization of nonvested restricted common stock and stock units	—	—	—	—	—	—	4,679	—	—	4,679	—	4,679
Stock based compensation	—	—	—	—	—	—	—	—	—	—	21	21
Repurchase of common stock	—	—	(431)	—	—	—	(14)	—	—	(14)	—	(14)
Purchase of noncontrolling interest	—	—	—	—	—	—	(478)	—	—	(478)	37	(441)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(1,967)	(1,967)
Reclassification of noncontrolling interests from mezzanine equity, net	—	—	—	—	—	—	—	—	—	—	15,282	15,282
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	—	—	7,770	—	—	7,770	268	8,038
Distributions declared ($0.50 per share)	—	—	—	—	—	—	—	(66,150)	—	(66,150)	—	(66,150)
Net (loss) income	—	—	—	—	—	—	—	(1,913)	—	(1,913)	1,867	(46) (2)
Other comprehensive loss	—	—	—	—	—	—	—	—	(31)	(31)	—	(31)
BALANCE — June 30, 2024	65,372,222	$ 644	19,601,476	$ 195	46,673,320	$ 467	$ 3,278,806	$ (1,344,285)	$ (2,456)	$ 1,933,371	$ 170,522	$ 2,103,893

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Three and Six Months Ended June 30, 2024 and 2023
(In thousands, except share and per share amounts) (Unaudited)

	Six Months Ended June 30, 2023										
	Stockholders' Equity										
	Class T Common Stock		Class I Common Stock								
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — December 31, 2022	19,535,095	$ 194	46,675,367	$ 467	$ 2,540,424	$ (1,138,304)	$ (2,690)	$ 1,400,091	$ 167,674	$ 1,567,765	
Issuance of nonvested restricted common stock	26,156	—	—	—	—	—	—	—	—	—	
Vested restricted common stock and stock units(1)	4,120	—	—	—	(72)	—	—	(72)	—	(72)	
Amortization of nonvested restricted common stock and stock units	—	—	—	—	2,615	—	—	2,615	—	2,615	
Stock based compensation	—	—	—	—	—	—	—	—	41	41	
Repurchase of common stock	(2,832)	—	(2,047)	—	(165)	—	—	(165)	—	(165)	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(6,194)	(6,194)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	—	—	(41)	(41)	
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	4,333	—	—	4,333	89	4,422	
Distributions declared ($0.50 per share)	—	—	—	—	—	(33,219)	—	(33,219)	—	(33,219)	
Net loss	—	—	—	—	—	(38,055)	—	(38,055)	(941)	(38,996)	(2)
Other comprehensive income	—	—	—	—	—	—	246	246	—	246	
BALANCE — June 30, 2023	19,562,539	$ 194	46,673,320	$ 467	$ 2,547,135	$ (1,209,578)	$ (2,444)	$ 1,335,774	$ 160,628	$ 1,496,402	

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(1) The amounts are shown net of common stock withheld from issuance to satisfy employee minimum tax withholding requirements in connection with the vesting of restricted stock units. See Note 12, Equity — AHR Incentive Plan, for further discussion.

(2) For the three months ended June 30, 2024 and 2023, amounts exclude $11 and $118, respectively, of net loss attributable to redeemable noncontrolling interests. For the six months ended June 30, 2024 and 2023, amounts exclude $32 and $486, respectively, of net loss attributable to redeemable noncontrolling interests. See Note 11, Redeemable Noncontrolling Interests, for further discussion.

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

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2024 and 2023
(In thousands) (Unaudited)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (78)	$ (39,482)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	88,031	89,371
Other amortization	22,645	32,647
Deferred rent	(1,880)	(2,083)
Stock based compensation	5,203	2,656
(Gain) loss on dispositions of real estate investments, net	(2,261)	2,204
Loss from unconsolidated entities	2,240	419
Gain on re-measurement of previously held equity interest	—	(726)
Foreign currency loss (gain)	332	(2,125)
Loss on extinguishments of debt	1,280	—
Change in fair value of derivative financial instruments	(6,805)	(4,798)
Changes in operating assets and liabilities:		
Accounts and other receivables	(20,839)	(9,827)
Other assets	(13,757)	(4,449)
Accounts payable and accrued liabilities	(1,652)	(4,662)
Operating lease liabilities	(17,092)	(18,866)
Security deposits, prepaid rent and other liabilities	(1,919)	3,363
Net cash provided by operating activities	53,448	43,642
CASH FLOWS FROM INVESTING ACTIVITIES		
Developments and capital expenditures	(38,375)	(52,074)
Acquisitions of real estate investments	(46,428)	(12,333)
Proceeds from dispositions of real estate investments	14,520	87,446
Acquisition of previously held equity interest	—	(335)
Investments in unconsolidated entities	—	(12,000)
Issuances of real estate notes receivable	(14,403)	—
Principal repayments on real estate notes receivable	19,283	—
Real estate and other deposits	(131)	(1,017)
Net cash (used in) provided by investing activities	(65,534)	9,687
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under mortgage loans payable	27,204	61,077
Payments on mortgage loans payable	(194,560)	(55,127)
Borrowings under the lines of credit and term loan	434,600	199,300
Payments on the lines of credit and term loan	(874,823)	(199,400)
Payments on financing and other obligations	(1,575)	(7,779)
Deferred financing costs	(7,115)	(1,903)
Proceeds from issuance of common stock	772,800	—
Payment of offering costs	(49,469)	(781)
Distributions paid to common stockholders	(49,594)	(43,086)
Repurchase of common stock	(14)	(165)
Payments to taxing authorities in connection with common stock directly withheld from employees	(71)	(72)
Purchase of noncontrolling interest	(441)	—
Distributions to noncontrolling interests	(1,971)	(7,624)

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
For the Six Months Ended June 30, 2024 and 2023
(In thousands) (Unaudited)

	Six Months Ended June 30,	
	2024	2023
Redemptions of noncontrolling interests	$ (36,083)	$ (15,954)
Security deposits	47	(61)
Net cash provided by (used in) financing activities	18,935	(71,575)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ 6,849	$ (18,246)
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(29)	90
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	90,782	111,906
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	$ 97,602	$ 93,750
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of period:		
Cash and cash equivalents	$ 43,445	$ 65,052
Restricted cash	47,337	46,854
Cash, cash equivalents and restricted cash	$ 90,782	$ 111,906
End of period:		
Cash and cash equivalents	$ 52,087	$ 48,407
Restricted cash	45,515	45,343
Cash, cash equivalents and restricted cash	$ 97,602	$ 93,750
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 62,875	$ 76,013
Income taxes	$ 734	$ 797
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued developments and capital expenditures	$ 22,098	$ 25,664
Capital expenditures from financing and other obligations	$ 353	$ —
Tenant improvement overage	$ 3,749	$ 1,047
Acquisition of real estate investments with assumed mortgage loans payable, net of debt discount	$ 91,472	$ —
Reclassification of noncontrolling interest from mezzanine equity, net	$ 15,282	$ —
Distributions declared but not paid — common stockholders	$ 32,913	$ 16,559
Distributions declared but not paid — limited partnership units	$ 875	$ 875
Distributions declared but not paid — restricted stock units	$ 357	$ 123
Accrued offering costs	$ 511	$ 1,023
The following represents the net increase (decrease) in certain assets and liabilities in connection with our acquisitions and dispositions of investments:		
Accounts and other receivables	$ 343	$ (1,733)
Other assets, net	$ (3,749)	$ (920)
Accounts payable and accrued liabilities	$ 51	$ (461)
Financing obligations	$ —	$ 12
Security deposits and other liabilities	$ (236)	$ 28

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

AMERICAN HEALTHCARE REIT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Six Months Ended June 30, 2024 and 2023

The use of the words "we," "us" or "our" refers to American Healthcare REIT, Inc. and its subsidiaries, including American Healthcare REIT Holdings, LP, except where otherwise noted.

1. Organization and Description of Business

Overview and Background

American Healthcare REIT, Inc., a Maryland corporation, is a self-managed real estate investment trust, or REIT, that acquires, owns and operates a diversified portfolio of clinical healthcare real estate properties, focusing primarily on outpatient medical buildings, senior housing, skilled nursing facilities, or SNFs, 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, 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, healthcare real estate properties. We have elected to be taxed as a REIT for U.S. federal income tax purposes. We believe that we have been organized and operated, and we intend to continue to operate, in conformity with the requirements for qualification and taxation as a REIT under the Code.

Operating Partnership

We conduct substantially all of our operations through our operating partnership, and we are the sole general partner of our operating partnership. As of June 30, 2024 and December 31, 2023, we owned 97.4% and 95.0%, respectively, of the partnership units, or OP units, in our operating partnership, and the remaining 2.6% and 5.0%, respectively, limited OP units were owned by AHI Group Holdings, LLC, which is owned and controlled by Jeffrey T. Hanson, the non-executive Chairman of our board of directors, or our board, Danny Prosky, our Chief Executive Officer, President and director, and Mathieu B. Streiff, one of our directors; Platform Healthcare Investor TII, LLC; Flaherty Trust; and a wholly owned subsidiary of Griffin Capital Company, LLC, or collectively, the Limited Partners. See Note 11, Redeemable Noncontrolling Interests, and Note 12, Equity — Noncontrolling Interests in Total Equity, for a further discussion of the ownership in our operating partnership.

Public Offerings and Listing

We issued an aggregate 65,445,557 shares of Class T common stock and Class I common stock, for a total of $2,737,716,000 in gross offering proceeds, since February 26, 2014 in our initial public offerings and our distribution reinvestment plan, or DRIP, offerings. Our initial public offerings were terminated as of April 2019.

On February 9, 2024, pursuant to a Registration Statement filed with the United States Securities and Exchange Commission, or SEC, on Form S-11 (File No. 333-267464), as amended, we closed our underwritten public offering, or the 2024 Offering, through which we issued 64,400,000 shares of Common Stock, for a total of $772,800,000 in gross offering proceeds. Such amounts include the exercise in full of the underwriters' overallotment option to purchase up to an additional 8,400,000 shares of Common Stock. These shares are listed on the New York Stock Exchange, or NYSE, under the trading symbol "AHR" and began trading on February 7, 2024.

Following the closing of the 2024 Offering, we are presenting Common Stock, Class T common stock and Class I common stock, or collectively, common stock, as separate classes within our condensed consolidated balance sheets and condensed consolidated statements of equity. Any references to "Common Stock" in this Quarterly Report on Form 10-Q refer to our NYSE-listed shares sold through the 2024 Offering, whereas Class T common stock and Class I common stock refer to our classes of common stock that were not NYSE-listed. This applies to all historical periods presented herein. On August 5, 2024, 180 days after the listing of our Common Stock shares on the NYSE, each share of our Class T common stock and Class I common stock automatically converted into one share of our listed Common Stock.

See Note 12, Equity — Common Stock, and Note 12, Equity — Distribution Reinvestment Plan, for a further discussion of our public offerings.

Our Real Estate Investments Portfolio

We currently operate through four reportable business segments: integrated senior health campuses, outpatient medical, or OM, SHOP and triple-net leased properties. As of June 30, 2024, we owned and/or operated 318 buildings and integrated senior health campuses, representing approximately 19,455,000 square feet of gross leasable area, for an aggregate contract purchase price of $4,612,670,000. In addition, as of June 30, 2024, we also owned a real estate-related debt investment purchased for $60,429,000.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding our accompanying condensed consolidated financial statements. Such condensed 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 condensed consolidated financial statements.

Basis of Presentation

Our accompanying condensed 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 condensed 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, 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 June 30, 2024 and December 31, 2023, we owned a 97.4% and 95.0%, respectively, general partnership interest therein, and the remaining 2.6% and 5.0%, respectively, limited partnership interest was owned by the Limited Partners.

The accounts of our operating partnership are consolidated in our accompanying condensed 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.

Interim Unaudited Financial Data

Our accompanying condensed consolidated financial statements have been prepared by us in accordance with GAAP in conjunction with the rules and regulations of the SEC. Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to the SEC's rules and regulations. Accordingly, our accompanying condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. Our accompanying condensed consolidated financial statements reflect all adjustments which are, in our view, of a normal recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim period. Interim results of operations are not necessarily indicative of the results to be expected for the full year; such full-year results may be less favorable.

In preparing our accompanying condensed consolidated financial statements, management has evaluated subsequent events through the financial statement issuance date. We believe that although the disclosures contained herein are adequate to prevent the information presented from being misleading, our accompanying condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024.

Use of Estimates

The preparation of our accompanying condensed 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 condensed 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 ongoing 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.

Revenue Recognition — Resident Fees and Services Revenue

Disaggregation of Resident Fees and Services Revenue

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 (in thousands):

	Three Months Ended June 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Over time	$ 325,618	$ 62,654	$ 388,272	$ 298,628	$ 46,600	$ 345,228
Point in time	68,156	1,585	69,741	64,228	1,166	65,394
Total resident fees and services	$ 393,774	$ 64,239	$ 458,013	$ 362,856	$ 47,766	$ 410,622

	Six Months Ended June 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Over time	$ 650,135	$ 120,274	$ 770,409	$ 597,479	$ 92,212	$ 689,691
Point in time	136,761	2,961	139,722	127,147	2,414	129,561
Total resident fees and services	$ 786,896	$ 123,235	$ 910,131	$ 724,626	$ 94,626	$ 819,252

The following tables disaggregate our resident fees and services revenue by payor class (in thousands):

	Three Months Ended June 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Private and other payors	$ 179,586	$ 53,797	$ 233,383	$ 165,154	$ 44,996	$ 210,150
Medicare	124,986	1,482	126,468	117,999	—	117,999
Medicaid	89,202	8,960	98,162	79,703	2,770	82,473
Total resident fees and services	$ 393,774	$ 64,239	$ 458,013	$ 362,856	$ 47,766	$ 410,622

AMERICAN HEALTHCARE REIT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)

	Six Months Ended June 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Private and other payors	$ 363,908	$ 104,972	$ 468,880	$ 334,831	$ 88,846	$ 423,677
Medicare	245,335	2,726	248,061	244,466	311	244,777
Medicaid	177,653	15,537	193,190	145,329	5,469	150,798
Total resident fees and services	$ 786,896	$ 123,235	$ 910,131	$ 724,626	$ 94,626	$ 819,252

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(1) Includes fees for basic housing, as well as fees for assisted living or skilled nursing 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 daily, per resident 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 (in thousands):

	Private and Other Payors	Medicare	Medicaid	Total
Beginning balance — January 1, 2024	$ 66,218	$ 51,260	$ 30,799	$ 148,277
Ending balance — June 30, 2024	77,532	58,498	29,981	166,011
Increase (decrease)	$ 11,314	$ 7,238	$ (818)	$ 17,734

Deferred Revenue — Resident Fees and Services Revenue

Deferred revenue is included in security deposits, prepaid rent and other liabilities in our accompanying condensed consolidated balance sheets. 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 (in thousands):

	Total
Beginning balance — January 1, 2024	$ 23,372
Ending balance — June 30, 2024	23,099
Decrease	$ (273)

Resident and Tenant Receivables and Allowances

Resident receivables, which are related to resident fees and services revenue, 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 condensed 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. Tenant receivables, which are related to real estate revenue, and unbilled deferred rent receivables are reduced for amounts where collectability is not probable, which are recognized as direct reductions of real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive income (loss).

The following is a summary of our adjustments to allowances for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	2023
Beginning balance	$ 17,037	$ 14,071
Additional allowances	13,212	9,090
Write-offs	(10,680)	(4,519)
Recoveries collected or adjustments	(1,555)	(3,596)
Ending balance	$ 18,014	$ 15,046

Properties Held for Sale

We classify a property or group of operating properties as held for sale in the period when certain criteria are met, such as we commit to a plan to sell the property and have determined that the sale is probable. Upon classification of a property as held for sale, we record the property at the lower of its carrying amount or fair value less costs to sell. In addition, a property being held for sale ceases to be depreciated.

Our properties held for sale are included in other assets, net in our accompanying condensed consolidated balance sheets. During the six months ended June 30, 2024, we disposed of one of our SHOP that was held for sale for a contract sales price of $4,500,000 and recognized a gain on sale of $645,000. During the six months ended June 30, 2023, we did not dispose of any held for sale properties. See Note 3, Real Estate Investments, Net and Business Combinations — Dispositions of Real Estate Investments, for a further discussion of our property dispositions.

Accounts Payable and Accrued Liabilities

As of June 30, 2024 and December 31, 2023, accounts payable and accrued liabilities primarily include reimbursement of payroll-related costs to the managers of our SHOP and integrated senior health campuses of $49,298,000 and $42,698,000, respectively, insurance reserves of $45,765,000 and $44,548,000, respectively, accrued distributions to common stockholders of $32,913,000 and $16,557,000, respectively, accrued property taxes of $24,138,000 and $23,549,000, respectively, and accrued developments and capital expenditures of $22,098,000 and $24,881,000, respectively.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* or ASU 2023-07, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. Such disclosure amendments include the requirement for public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and should be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating this guidance to determine the impact to our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* or ASU 2023-09, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted and should be applied prospectively; however, retrospective application is permitted. We are currently evaluating this guidance to determine the impact to our consolidated financial statements and disclosures.

In March 2024, the SEC adopted final rules, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The final rules require a registrant to disclose, among other things: material climate-related risks; activities to mitigate or adapt to such risks, as well as a quantitative and qualitative description of material expenditures incurred and material impacts on financial estimates and assumptions that directly result from such mitigation or adaptation activities; material capitalized costs, expenses and losses incurred as a result of severe weather events and other natural conditions; information about the registrant's board of directors' oversight of climate-related risks and management's role in managing material climate-related risks; and information on any climate-related targets or goals that are material to the registrant's business, results of operations or financial condition. The rules require registrants to provide such climate-related disclosures in their annual reports, beginning with annual reports for the year ending December 31, 2025 for calendar-year-end large accelerated filers. In April 2024, the SEC stayed the final rules in response to legal challenges to the rules. As a result, it is not clear whether current compliance deadlines will be extended once the litigation is resolved. We are currently evaluating this guidance to determine the impact to our consolidated financial statement disclosures.

3. Real Estate Investments, Net and Business Combinations

Our real estate investments, net consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Building, improvements and construction in process	$ 3,724,569	$ 3,604,299
Land and improvements	351,955	335,946
Furniture, fixtures and equipment	250,791	237,350
	4,327,315	4,177,595
Less: accumulated depreciation	(817,789)	(752,157)
	$ 3,509,526	$ 3,425,438

Depreciation expense for the three months ended June 30, 2024 and 2023 was $36,866,000 and $37,139,000, respectively, and for the six months ended June 30, 2024 and 2023 was $74,001,000 and $73,038,000, respectively.

The following is a summary of our capital expenditures by reportable segment for the three and six months ended June 30, 2024 (in thousands):

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Integrated senior health campuses	$ 6,246	$ 12,012
OM	4,377	9,311
SHOP	3,837	6,774
Triple-net leased properties	187	187
Total	$ 14,647	$ 28,284

Included in the capital expenditure amounts above are costs for the development and expansion of our integrated senior health campuses. There were no completed developments for the three months ended June 30, 2024. For the six months ended June 30, 2024, we completed the development of one integrated senior health campus for $18,969,000.

Acquisitions of Previously Leased Real Estate Investments

For the six months ended June 30, 2024, using cash and debt financing, we, through a majority-owned subsidiary of Trilogy Investors, LLC, or Trilogy, acquired three previously leased real estate investments located in Kentucky and Ohio. The following is a summary of such acquisitions, which are included in our integrated senior health campuses segment (in thousands):

Location	Date Acquired	Contract Purchase Price	Line of Credit
Miami Township, OH	04/17/24	$ 16,595	$ 16,600
Tiffin, OH	04/17/24	12,380	12,400
La Grange, KY	04/22/24	16,866	16,000
Total		$ 45,841	$ 45,000

We accounted for our acquisitions of real estate investments completed during the six months ended June 30, 2024, as asset acquisitions. The following table summarizes the purchase price of such assets acquired at the time of acquisition based on their relative fair values and adjusted for $40,854,000 operating lease right-of-use assets and $37,999,000 operating lease liabilities (in thousands):

Location	2024 Acquisitions
Building and improvements	$ 47,601
Land	2,321
Total assets acquired	$ 49,922

Dispositions of Real Estate Investments

For the six months ended June 30, 2024, we disposed of two OM buildings that were included in real estate investments in our accompanying condensed consolidated balance sheets. We recognized a total aggregate net gain on such dispositions of $1,617,000. The following is a summary of such dispositions (dollars in thousands):

Location	Number of Buildings	Type	Date Disposed	Contract Sales Price
Marietta, GA	1	OM	01/16/24	$ 6,674
Homewood, AL	1	OM	03/18/24	4,462
Total	2			$ 11,136

Business Combinations

On February 1, 2024, we acquired a portfolio of 14 senior housing properties in Oregon from an unaffiliated third party, which properties are included in our SHOP segment. These properties are part of the underlying collateral pool of real estate assets securing our debt security investment, as defined and described in Note 4. We acquired such properties by assuming the outstanding principal balance of each related mortgage loan payable from one of the borrowers since such borrower was in default. The aggregated principal balance of such assumed mortgage loans payable was $94,461,000 at the time of acquisition. No cash consideration was exchanged as part of the transactions; however, we incurred transaction costs of $2,629,000 related to the acquisition of such properties. See Note 4, Debt Security Investment, Net, for a further discussion.

On February 15, 2023, we, through a majority-owned subsidiary of Trilogy, acquired from an unaffiliated third party, a 60.0% controlling interest in a privately held company, Memory Care Partners, LLC, or MCP, that operated integrated senior health campuses located in Kentucky. The contract purchase price for the acquisition of MCP was $900,000, which was acquired using cash on hand. Prior to such acquisition, we owned a 40.0% interest in MCP, which was accounted for as an equity method investment and was included in investments in unconsolidated entities within other assets, net in our accompanying condensed consolidated balance sheet as of December 31, 2022. In connection with the acquisition of the remaining interest in MCP, we now own a 100% controlling interest in MCP. As a result, we re-measured the fair value of our previously held equity interest in MCP and recognized a gain on re-measurement of $726,000 in our accompanying condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2023.

Based on quantitative and qualitative considerations, such business combinations were not material to us individually or in the aggregate and therefore, pro forma financial information is not provided. The fair values of the assets acquired and liabilities assumed were preliminary estimates at acquisition. Any necessary adjustments are finalized within one year from the date of acquisition.

The table below summarizes the acquisition date fair values of the assets acquired and liabilities assumed of our business combinations during the six months ended June 30, 2024 and 2023 (in thousands):

	2024 Acquisition	2023 Acquisition
Building and improvements	$ 64,350	$ —
Land	14,210	—
In-place leases	12,912	—
Goodwill	—	3,331
Furniture, fixtures and equipment	—	39
Cash and restricted cash	—	565
Accounts receivable, net	343	—
Other assets	9	66
Total assets acquired	91,824	4,001
Mortgage loans payable (including debt discount of $2,989)	(91,472)	—
Accounts payable and accrued liabilities	(352)	(1,676)
Financing obligations	—	(12)
Security deposits and other liabilities	—	(812)
Total liabilities assumed	(91,824)	(2,500)
Net assets acquired	$ —	$ 1,501

4. Debt Security Investment, Net

Our investment in a commercial mortgage-backed debt security, or 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 an aggregate 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.

On February 1, 2024, we acquired a portfolio of 14 senior housing properties in Oregon from an unaffiliated third party, which properties are included in the underlying collateral pool of real estate assets securing our debt security investment. We acquired such properties by assuming the outstanding principal balance of each related mortgage loan payable from one of the borrowers since such borrower was in default. We did not grant any concessions to such borrower, and the carrying value of our debt security investment at the time of acquisition did not exceed the fair value of such properties. See Note 3, Real Estate Investments, Net and Business Combinations, for a further discussion of such acquisition.

As of June 30, 2024 and December 31, 2023, the carrying amount of the debt security investment was $89,058,000 and $86,935,000, respectively, net of unamortized closing costs of $333,000 and $489,000, respectively. Accretion on the debt security for the three months ended June 30, 2024 and 2023 was $1,154,000 and $1,046,000, respectively, and for the six months ended June 30, 2024 and 2023 was $2,279,000 and $2,066,000, respectively, which is recorded as an increase to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive income (loss). Amortization expense of closing costs for the three months ended June 30, 2024 and 2023 was $80,000 and $68,000, respectively, and for the six months ended June 30, 2024 and 2023 was $156,000 and $133,000, respectively, which is recorded as a decrease to real estate revenue in our accompanying condensed 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 three and six months ended June 30, 2024 and 2023.

5. Identified Intangible Assets and Liabilities

Identified intangible assets, net and identified intangible liabilities, net consisted of the following as of June 30, 2024 and December 31, 2023 (dollars in thousands):

	June 30, 2024	December 31, 2023
Amortized intangible assets:		
In-place leases, net of accumulated amortization of $42,814 and $35,437 as of June 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 6.5 years and 7.7 years as of June 30, 2024 and December 31, 2023, respectively)	$ 44,702	$ 42,615
Above-market leases, net of accumulated amortization of $8,148 and $7,079 as of June 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 7.2 years and 7.5 years as of June 30, 2024 and December 31, 2023, respectively)	14,497	15,905
Customer relationships, net of accumulated amortization of $934 as of December 31, 2023 (with a weighted average remaining life of 12.7 years as of December 31, 2023)	—	1,906
Unamortized intangible assets:		
Certificates of need	99,992	99,777
Trade names	20,267	20,267
Total identified intangible assets, net	$ 179,458	$ 180,470
Amortized intangible liabilities:		
Below-market leases, net of accumulated amortization of $3,109 and $2,831 as of June 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 6.9 years and 7.2 years as of June 30, 2024 and December 31, 2023, respectively)	$ 5,533	$ 6,095
Total identified intangible liabilities, net	$ 5,533	$ 6,095

Amortization expense on identified intangible assets for the three months ended June 30, 2024 and 2023 was $8,428,000 and $7,711,000, respectively, which included $691,000 and $859,000, respectively, of amortization recorded as a decrease to real estate revenue for above-market leases in our accompanying condensed consolidated statements of operations and comprehensive income (loss). Amortization expense on identified intangible assets for the six months ended June 30, 2024 and 2023 was $14,141,000 and $24,782,000, respectively, which included $1,407,000 and $9,942,000, respectively, of amortization recorded as a decrease to real estate revenue for above-market leases in our accompanying condensed consolidated statements of operations and comprehensive income (loss). In June 2024, we closed a pharmacy facility within our integrated senior health campuses segment, which resulted in the write-off of the remaining customer relationship intangible asset of $1,831,000 related to such facility. In March 2023, we transitioned our SNFs within Central Wisconsin Senior Care Portfolio from triple-net leased properties to a RIDEA structure, which resulted in a full amortization of $8,073,000 of above-market leases and $885,000 of in-place leases.

Amortization expense on below-market leases for the three months ended June 30, 2024 and 2023 was $272,000 and $404,000, respectively, and for the six months ended June 30, 2024 and 2023 was $562,000 and $812,000, respectively, which is recorded as an increase to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive income (loss).

The aggregate weighted average remaining life of the identified intangible assets was 6.7 years and 7.8 years as of June 30, 2024 and December 31, 2023, respectively. The aggregate weighted average remaining life of the identified intangible liabilities was 6.9 years and 7.2 years as of June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024, estimated amortization expense on the identified intangible assets and liabilities for the remaining six months ending December 31, 2024 and for each of the next four years ending December 31, and thereafter was as follows (in thousands):

	Amortization Expense	
Year	Intangible Assets	Intangible Liabilities
2024	$ 11,436	$ (510)
2025	9,373	(956)
2026	7,578	(840)
2027	7,054	(825)
2028	6,001	(709)
Thereafter	17,757	(1,693)
Total	$ 59,199	$ (5,533)

6. Other Assets, Net

Other assets, net consisted of the following as of June 30, 2024 and December 31, 2023 (dollars in thousands):

	June 30, 2024	December 31, 2023
Deferred rent receivables	$ 49,280	$ 47,540
Prepaid expenses, deposits, other assets and deferred tax assets, net	37,059	33,204
Inventory — finished goods	20,036	19,472
Investments in unconsolidated entities	18,377	20,611
Lease commissions, net of accumulated amortization of $7,791 and $7,231 as of June 30, 2024 and December 31, 2023, respectively	17,519	17,565
Derivative financial instruments	5,879	1,463
Deferred financing costs, net of accumulated amortization of $7,783 and $8,494 as of June 30, 2024 and December 31, 2023, respectively	5,201	3,830
Lease inducement, net of accumulated amortization of $2,719 and $2,544 as of June 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 6.4 years and 6.9 years as of June 30, 2024 and December 31, 2023, respectively)	2,281	2,456
Total	$ 155,632	$ 146,141

Deferred financing costs included in other assets, net were related to the Trilogy Credit Facility, as defined in Note 8, as well as the senior unsecured revolving credit facility portions of the 2022 Credit Facility and 2024 Credit Facility. In February 2024, in connection with the replacement of the 2022 Credit Facility with the 2024 Credit Facility, we incurred an aggregate loss of $565,000 on the extinguishment of part of the senior unsecured revolving credit facility, which formed part of the 2022 Credit Facility. Such loss on extinguishment of debt is recorded as an increase to interest expense in our accompanying condensed consolidated statements of operations and comprehensive income (loss), and was due to the partial write-off of unamortized deferred financing costs related to the senior unsecured revolving credit facility portion of the 2022 Credit Facility. See Note 8, Lines of Credit and Term Loan, for further discussion of our lines of credit. Amortization expense on lease inducement as of both the three and six months ended June 30, 2024 and 2023 was $88,000 and $176,000, respectively, which is recorded as a decrease to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive income (loss).

7. Mortgage Loans Payable, Net

Mortgage loans payable, net consisted of the following as of June 30, 2024 and December 31, 2023 (dollars in thousands):

	June 30, 2024	December 31, 2023
Total fixed-rate debt (90 loans and 76 loans as of June 30, 2024 and December 31, 2023, respectively)	$ 1,078,121	$ 990,325
Total variable-rate debt (5 loans and 13 loans as of June 30, 2024 and December 31, 2023, respectively)	175,298	335,988
Total fixed- and variable-rate debt	1,253,419	1,326,313
Less: deferred financing costs, net	(10,403)	(9,713)
Add: premium	135	167
Less: discount	(14,554)	(14,371)
Mortgage loans payable, net	$ 1,228,597	$ 1,302,396

Based on interest rates in effect as of June 30, 2024 and December 31, 2023, effective interest rates on mortgage loans payable ranged from 2.21% to 8.19% per annum and 2.21% to 8.46% per annum, respectively, with a weighted average effective interest rate of 4.28% and 4.72%, respectively. 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.

The following table reflects the changes in the carrying amount of mortgage loans payable, net for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	2023
Beginning balance	$ 1,302,396	$ 1,229,847
Additions:		
Borrowings under mortgage loans payable	27,204	61,077
Assumption of mortgage loans payable due to acquisition of real estate investments, net	91,472	—
Amortization of deferred financing costs	1,566	1,136
Amortization of discount/premium on mortgage loans payable, net	2,776	632
Deductions:		
Scheduled principal payments on mortgage loans payable	(10,115)	(55,127)
Early payoff of mortgage loans payable	(184,445)	—
Deferred financing costs	(2,257)	—
Ending balance	$ 1,228,597	$ 1,237,565

In February 2024, we incurred an aggregate loss on the early extinguishment of mortgage loans payable of $715,000, which is recorded as an increase to interest expense in our accompanying condensed consolidated statements of operations and comprehensive income (loss). Such aggregate loss was primarily related to the payoff of approximately $176,145,000 of mortgage loans payable using the net proceeds from the 2024 Offering. For the three and six months ended June 30, 2023, we did not incur any gain or loss on the extinguishment of mortgage loans payable.

As of June 30, 2024, the principal payments due on our mortgage loans payable for the remaining six months ending December 31, 2024 and for each of the next four years ending December 31, and thereafter were as follows (in thousands):

Year	Amount
2024	$ 38,094
2025	302,829
2026	158,331
2027	55,450
2028	108,169
Thereafter	590,546
Total	$ 1,253,419

8. Lines of Credit and Term Loan

2022 Credit Facility

We, through our operating partnership, as borrower, and certain of our subsidiaries, or the subsidiary guarantors, collectively as guarantors, were party to an amended agreement, or the 2022 Credit Agreement, with Bank of America, N.A., or Bank of America, KeyBank National Association, or KeyBank, Citizens Bank, National Association, or Citizens Bank, and the lenders named therein, which provided for a credit facility with an aggregate maximum principal amount up to $1,050,000,000, or the 2022 Credit Facility. The 2022 Credit Facility consisted 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.

As of December 31, 2023, borrowings outstanding under the 2022 Credit Facility totaled $914,900,000, and the weighted average interest rate on such borrowings outstanding was 7.08% per annum. Under the terms of the 2022 Credit Agreement, the revolving loans would have matured on January 19, 2026, and the term loan would have matured on January 19, 2027. On February 14, 2024, the 2022 Credit Agreement was amended and restated in its entirety. See below for a further discussion.

2024 Credit Facility

On February 14, 2024, we, through our operating partnership, as borrower, and certain of our subsidiaries, or the subsidiary guarantors, and our company, collectively as guarantors, entered into an agreement, or the 2024 Credit Agreement, that amended, restated, superseded and replaced the 2022 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 $1,150,000,000, or the 2024 Credit Facility. The 2024 Credit Facility consists of a senior unsecured revolving credit facility in the initial aggregate amount of $600,000,000 and a senior unsecured term loan facility in the initial aggregate amount of $550,000,000. The proceeds of loans made under the 2024 Credit Facility may be used for general corporate purposes including for working capital, capital expenditures, refinancing existing indebtedness and other corporate purposes not inconsistent with obligations under the 2024 Credit Agreement. We may also obtain up to $25,000,000 in the form of standby letters of credit pursuant to the 2024 Credit Facility. Unless defined herein, all capitalized terms under this “2024 Credit Facility” subsection are defined in the 2024 Credit Agreement.

Under the terms of the 2024 Credit Agreement, the Revolving Loans mature on February 14, 2028, 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 2024 Credit Facility may be increased by an aggregate incremental amount of $600,000,000, subject to: (i) the terms of the 2024 Credit Agreement and (ii) at least five business days’ prior written notice to Bank of America.

At our option, the 2024 Credit Facility bears interest at varying rates based upon (i) Daily SOFR, plus the Applicable Rate for Daily SOFR Rate Loans or (ii) Term SOFR, plus the Applicable Rate for Term SOFR Rate Loans. If, under the terms of the 2024 Credit Agreement, there is an inability to determine the Daily SOFR or the Term SOFR, then the 2024 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 2024 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.

The 2024 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 2024 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 2024 Credit Agreement and to accelerate the payment on any unpaid principal amount of all outstanding loans and all interest accrued and unpaid thereon.

As of June 30, 2024, our aggregate borrowing capacity under the 2024 Credit Facility was $1,150,000,000, excluding the $25,000,000 standby letters of credit described above. As of June 30, 2024, borrowings outstanding under the 2024 Credit Facility totaled $668,000,000 ($667,373,000, net of deferred financing costs related to the senior unsecured term loan facility portion of the 2024 Credit Facility), and the weighted average interest rate on such borrowings outstanding was 6.67% per annum.

Trilogy Credit Facility

We, through Trilogy RER, LLC, are party to an amended loan agreement, or the 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 that had an aggregate maximum principal amount of $400,000,000, consisting of: (i) a $365,000,000 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 Trilogy Credit Facility. The proceeds of the Trilogy Credit Facility may be used for acquisitions, debt repayment and general corporate purposes. The maximum principal amount of the Trilogy Credit Facility could be increased by up to $100,000,000, for a total principal amount of $500,000,000, subject to certain conditions. Unless defined herein, all capitalized terms under this "Trilogy Credit Facility" subsection are defined in the Trilogy Credit Agreement, as amended.

The Trilogy Credit Facility is due to mature on June 5, 2025. At our option, the Trilogy Credit Facility bears interest at per annum rates equal to (a) SOFR, plus 2.75% for SOFR Rate Loans and (b) for Base Rate Loans, 1.75% plus the highest of: (i) the fluctuating rate per annum of interest in effect for such day as established from time to time by KeyBank as its prime rate, (ii) 0.50% above the Federal Funds Effective Rate and (iii) 1.00% above one-month Adjusted Term SOFR.

As of both June 30, 2024 and December 31, 2023, our aggregate borrowing capacity under the Trilogy Credit Facility was $400,000,000. As of June 30, 2024 and December 31, 2023, borrowings outstanding under the Trilogy Credit Facility totaled $116,500,000 and $309,823,000, respectively, and the weighted average interest rate on such borrowings outstanding was 8.18% and 8.20% per annum, respectively.

9. Derivative Financial Instruments

We use derivative financial instruments to manage interest rate risk associated with variable-rate debt. We recorded such derivative financial instruments in our accompanying condensed consolidated balance sheets as either an asset or a liability, as applicable, measured at fair value. The following table lists the derivative financial instruments held by us as of June 30, 2024 and December 31, 2023, which were included in other assets and other liabilities in our accompanying condensed consolidated balance sheets (dollars in thousands):

						Fair Value	
Instrument	Notional Amount	Index	Interest Rate	Effective Date	Maturity Date	June 30, 2024	December 31, 2023
Swap	$ 275,000	One Month Term SOFR	3.74%	02/01/23	01/19/26	$ 3,835	$ 1,463
Swap	275,000	One Month Term SOFR	4.41%	08/08/23	01/19/26	1,035	(2,178)
Swap	200,000	One Month Term SOFR	4.40%	01/05/24	06/05/25	1,009	(211)
	$ 750,000					$ 5,879	$ (926)

As of both June 30, 2024 and December 31, 2023, none of our derivative financial instruments were designated as hedges. 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 three months ended June 30, 2024 and 2023, we recorded a net gain in the fair value of derivative financial instruments of $388,000 and $4,993,000, respectively, and for the six months ended June 30, 2024 and 2023, we recorded a net gain in the fair value of derivative financial instruments of $6,805,000 and $4,798,000, respectively, as a decrease to total interest expense in our accompanying condensed consolidated statements of operations and comprehensive income (loss) related to the change in the fair value of our derivative financial instruments.

See Note 13, Fair Value Measurements, for a further discussion of the fair value of our derivative financial instruments.

10. 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 adverse 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.

11. Redeemable Noncontrolling Interests

As of June 30, 2024 and December 31, 2023, we, through our direct and indirect subsidiaries, owned a 97.4% and 95.0%, respectively, general partnership interest in our operating partnership, and the remaining 2.6% and 5.0%, respectively, limited partnership interest in our operating partnership was owned by the Limited Partners. Some of the limited partnership units outstanding, which accounted for approximately 1.0% of our total operating partnership units outstanding as of December 31, 2023, had redemption features outside of our control and were accounted for as redeemable noncontrolling interests presented outside of permanent equity in our accompanying condensed consolidated balance sheet. As a result of the closing of the 2024 Offering and listing of our Common Stock on the NYSE, such redemption features are no longer outside of our control, and the carrying amount of such interests is now presented within noncontrolling interests in total equity in our accompanying condensed consolidated balance sheet as of June 30, 2024. Further, additional paid-in capital was adjusted to reflect such change in presentation of the Limited Partners interests. See Note 12, Equity — Noncontrolling Interests in Total Equity, for a further discussion.

As of June 30, 2024 and December 31, 2023, we, through Trilogy REIT Holdings LLC, or Trilogy REIT Holdings, in which we indirectly hold a 76.0% ownership interest, owned 100% and approximately 97.5%, respectively, of the outstanding equity interests of Trilogy. As of June 30, 2024 and December 31, 2023, certain members of Trilogy's management and certain members of an advisory committee to Trilogy's board of directors owned 0% and approximately 2.5%, respectively, of the outstanding equity interests of Trilogy. We accounted for such equity interests as redeemable noncontrolling interests or other liabilities in our accompanying condensed consolidated balance sheets in accordance with FASB, Accounting Standards Codification, or ASC, Topic 480-10-S99-3A, given certain features associated with such equity interests. In January 2024, we redeemed equity interests in Trilogy that were accounted for as other liabilities and owned by a member of Trilogy's advisory committee for $25,312,000 in cash. In April 2024, we redeemed all the remaining equity interests in Trilogy owned by members of Trilogy management and certain members of Trilogy's advisory committee, including the redemption of Trilogy Profit Interests, as defined and described at Note 12, Equity — Noncontrolling Interests in Total Equity — Other Noncontrolling Interests, for an aggregate $10,771,000 in cash. For the three and six months ended June 30, 2023, we redeemed a portion of the equity interests owned by certain members of Trilogy's management for an aggregate of $84,000 and $15,954,000, respectively.

As of June 30, 2024 and December 31, 2023, we own, through our operating partnership, approximately 98.0% of the joint ventures with an affiliate of Meridian Senior Living, LLC, or Meridian, that own Pinnacle Beaumont ALF and Pinnacle Warrenton ALF. The noncontrolling interests held by Meridian have redemption features outside of our control and are accounted for as redeemable noncontrolling interests in our accompanying condensed 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 six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	2023
Beginning balance	$ 33,843	$ 81,598
Reclassification from equity	21	41
Reclassification to equity	(15,303)	—
Distributions	(3)	(904)
Redemption of redeemable noncontrolling interests	(10,771)	(15,954)
Adjustment to redemption value	(7,535)	(4,422)
Net loss attributable to redeemable noncontrolling interests	(32)	(486)
Ending balance	$ 220	$ 59,873

12. Equity

Preferred Stock

Pursuant to our charter, we are authorized to issue 200,000,000 shares of our preferred stock, $0.01 par value per share. As of both June 30, 2024 and December 31, 2023, no shares of preferred stock were issued and outstanding.

Common Stock

Pursuant to our charter, as amended, we are authorized to issue 1,000,000,000 shares of our common stock, $0.01 par value per share, whereby 200,000,000 shares are classified as Class T common stock, 100,000,000 shares are classified as Class I common stock and 700,000,000 shares are classified as Common Stock without any designation as to class or series. We issued an aggregate 65,445,557 shares of Class T common stock and Class I common stock, for a total of $2,737,716,000 in gross offering proceeds, since February 26, 2014 in our initial public offerings and our DRIP offerings. Our initial public offerings were terminated as of April 2019.

On February 9, 2024, we closed the 2024 Offering and issued 64,400,000 shares of Common Stock, $0.01 par value per share, for a total of $772,800,000 in gross offering proceeds, including the exercise in full of the underwriters' overallotment option to purchase up to an additional 8,400,000 shares of Common Stock. In conjunction with the 2024 Offering, such shares of Common Stock were listed on the NYSE and began trading on February 7, 2024. We received $724,625,000 in net proceeds, after deducting the underwriting discount, which was primarily used to repay $176,145,000 of mortgage loans payable and $545,010,000 on our lines of credit in February 2024. The underwriting discount and other costs related to the 2024 Offering were offset against gross proceeds received and included as a component of additional paid-in capital in our accompanying condensed consolidated balance sheet as of June 30, 2024.

Our Class T common stock and Class I common stock were identical to our Common Stock, except that such shares were not listed on the NYSE or any other national securities exchange. On August 5, 2024, 180 days after the listing of our Common Stock shares on the NYSE, each share of our Class T common stock and Class I common stock automatically, and without any stockholder action, converted into one share of our listed Common Stock.

Distribution Reinvestment Plan

Our DRIP allowed our stockholders to elect to reinvest an amount equal to the distributions declared on their shares of common stock in additional shares of our common stock in lieu of receiving cash distributions. However, on November 14, 2022, our board suspended the DRIP offering beginning with the distributions declared for the quarter ended December 31, 2022. As a result of the suspension of the DRIP offering, unless and until our board reinstates the DRIP offering, stockholders who are current participants in the DRIP will be paid distributions in cash.

Share Repurchase Plan

Our share repurchase plan allowed for repurchases of shares of our common stock by us when certain criteria were met. Share repurchases were made at the sole discretion of our board. On November 14, 2022, our board suspended our share repurchase plan beginning with share repurchase requests for the quarter ending December 31, 2022. All share repurchase requests, including requests resulting from the death or qualifying disability of stockholders, commencing with the quarter ended December 31, 2022, will not be processed, will be considered canceled in full and will not be considered outstanding repurchase requests.

We did not repurchase any shares of our common stock pursuant to our share repurchase plan for the three and six months ended June 30, 2024 and for the three months ended June 30, 2023. For the six months ended June 30, 2023, we repurchased 1,681 shares of common stock for an aggregate of $62,000 at a repurchase price of $37.16 per share, pursuant to our share repurchase plan. Such repurchase requests were submitted prior to the suspension of our share repurchase plan.

Noncontrolling Interests in Total Equity

Membership Interest in Trilogy REIT Holdings

As of June 30, 2024 and December 31, 2023, Trilogy REIT Holdings owned 100% and approximately 97.5%, respectively, of Trilogy. We are the indirect owner of a 76.0% 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. We serve as the managing member of Trilogy REIT Holdings. As of both June 30, 2024 and December 31, 2023, NHI indirectly owned a 24.0% membership interest in Trilogy REIT Holdings, and as such, for the three and six months ended June 30, 2024 and 2023, 24.0% of the net earnings of Trilogy REIT Holdings were allocated to noncontrolling interests.

On November 3, 2023, we entered into a Membership Interest Purchase Agreement, or the MIPA, with subsidiaries of NHI, which provides us with the option to purchase their 24.0% minority membership interest in Trilogy REIT Holdings. If we exercise this purchase option, we will own 100% of Trilogy REIT Holdings, which will in turn result in us indirectly owning 100% of Trilogy. Subject to our first satisfying certain closing conditions, the option is exercisable for a closing before September 30, 2025 assuming that we exercise both extension options described below. If we exercise our purchase option, the all-cash purchase price would be $247,000,000 if we consummate the purchase from April 1, 2024 to and including December 31, 2024 and would increase to $260,000,000 if we consummate the purchase on or after January 1, 2025.

The MIPA also allows us (at our election), instead of paying all cash, to consummate the purchase transaction by using a combination of cash and the issuance of new Series A Cumulative Convertible Preferred Stock, $0.01 par value per share, or our Convertible Preferred Stock, as purchase price consideration. We must pay at least a minimum amount of the purchase price in cash, in which case we would pay the remaining amount in shares of our Convertible Preferred Stock. The minimum cash amount will be $24,700,000 if we consummate the purchase from April 1, 2024 to and including December 31, 2024, or $26,000,000 if we consummate the purchase on or after January 1, 2025. If issued, our Convertible Preferred Stock will be perpetual, will have a cumulative cash dividend with an initial annual rate of 4.75% (on the liquidation preference per share of $25.00 of our Convertible Preferred Stock) and will be redeemable by us at any time. The annual dividend rate will increase over time, and the redemption price will vary based on the date of redemption. In addition, holders of shares of our Convertible Preferred Stock will have the right, at any time on or after July 1, 2026 and from time to time, to convert some or all of such shares into shares of our common stock, subject to certain customary exceptions. As of June 30, 2024, we did not exercise the purchase option pursuant to the MIPA.

Other Noncontrolling Interests

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 independent directors of Trilogy, both unaffiliated third parties that manage or direct the day-to-day operations of Trilogy. The Profit Interests consisted of time-based or performance-based commitments. The time-based Profit Interests were measured at their grant date fair value and vested 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 were recorded to general and administrative expenses in our accompanying condensed consolidated statements of operations and comprehensive income (loss). The performance-based Profit Interests were measured at their fair value on the adoption date of ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, using a modified retrospective approach, were subject to a performance commitment and would have vested upon liquidity events as defined in the Profit Interests agreements. The nonvested awards were presented as noncontrolling interests in total equity in our accompanying condensed consolidated balance sheets, and were re-classified to redeemable noncontrolling interests upon vesting as they had redemption features outside of our control, similar to the common stock units held by Trilogy's management. See Note 11, Redeemable Noncontrolling Interests, for a further discussion.

In April 2024, we redeemed all the remaining Profit Interests for cash. See Note 11, Redeemable Noncontrolling Interests, for a further discussion of our redemption of the Profit Interests. For the three months ended June 30, 2024 and 2023, we recognized stock compensation expense related to the time-based Profit Interests of $0 and $20,000, respectively. For the six months ended June 30, 2024 and 2023, we recognized stock compensation expense related to the time-based Profit Interests of $21,000 and $41,000, respectively.

As of December 31, 2023, we owned an 86.0% interest in a consolidated limited liability company that owned Lakeview IN Medical Plaza. On February 6, 2024, we purchased the remaining 14.0% membership interest in the consolidated limited liability company that owned Lakeview IN Medical Plaza from an unaffiliated third party for a contract purchase price of $441,000. In connection with such purchase and as of such date, we own a 100% interest in such limited liability company. As such, from January 1, 2024 through February 5, 2024, and for both the three and six months ended June 30, 2023, 14.0% of the net earnings of Lakeview IN Medical Plaza were allocated to noncontrolling interests in our accompanying condensed consolidated statements of operations and comprehensive income (loss).

As discussed in Note 1, Organization and Description of Business, as of June 30, 2024 and December 31, 2023, we, through our direct and indirect subsidiaries, owned a 97.4% and 95.0%, respectively, general partnership interest in our operating partnership and the remaining 2.6% and 5.0%, respectively, limited OP units in our operating partnership were owned by the Limited Partners. Some of the limited partnership units outstanding, which accounted for approximately 1.0% of our total operating partnership units outstanding as of December 31, 2023, had redemption features outside of our control and were accounted for as redeemable noncontrolling interests presented outside of permanent equity in our accompanying condensed consolidated balance sheets. As a result of the closing of the 2024 Offering and listing of our Common Stock on the NYSE, such redemption features are no longer outside of our control and we reclassed the remaining carrying amount of such redeemable noncontrolling interests as of such date to noncontrolling interests in total equity. Therefore, as of June 30, 2024, 2.6% of our total operating partnership units outstanding is presented as noncontrolling interests in total equity in our accompanying condensed consolidated balance sheet. See Note 11, Redeemable Noncontrolling Interests, for a further discussion.

AHR Incentive Plan

Pursuant to our Second Amended and Restated 2015 Incentive Plan, or the AHR Incentive Plan, 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 grant options, restricted shares of common stock, stock purchase rights, stock appreciation rights or other awards to our independent directors, officers, employees and consultants. The AHR Incentive Plan terminates on June 15, 2033, and the maximum number of shares of our common stock that may be issued pursuant to such plan is 4,000,000 shares.

Restricted common stock

Pursuant to the AHR Incentive Plan, through June 30, 2024, we granted an aggregate of 1,287,681 shares of our restricted common stock, or RSAs, as defined in the AHR Incentive Plan, which included restricted Common Stock, restricted Class T common stock and restricted Class I common stock. RSAs were granted to our independent directors in connection with their initial election or re-election to our board or in consideration of their past services rendered, as well as to certain executive officers and key employees. The number of RSAs granted through June 30, 2024 above includes an aggregate of 972,222 RSAs we granted in February 2024 to independent directors, executive officers and certain employees upon completion of the 2024 Offering. RSAs generally have a vesting period of up to four years and are subject to continuous service through the vesting dates.

Restricted stock units

Pursuant to the AHR Incentive Plan, through June 30, 2024, we granted to our executive officers an aggregate 320,780 of performance-based restricted stock units, or PBUs, representing the right to receive shares of our common stock upon vesting. We also granted to our executive officers and certain employees 408,033 time-based restricted stock units, or TBUs, representing the right to receive shares of our common stock upon vesting. PBUs and TBUs are collectively referred to as RSUs. RSUs granted to executive officers and employees generally have a vesting period of up to three years and are subject to continuous service through the vesting dates and any performance conditions, as applicable.

A summary of the status of our nonvested RSAs and RSUs as of June 30, 2024 and December 31, 2023, and the changes for the six months ended June 30, 2024 is presented below:

	Number of Nonvested RSAs	Weighted Average Grant Date Fair Value - RSAs	Number of Nonvested RSUs	Weighted Average Grant Date Fair Value - RSUs
Balance — December 31, 2023	147,044	$ 35.99	228,081	$ 32.43
Granted	972,222	$ 13.12	477,008	$ 14.57
Vested	(25,626)	$ 31.74	(54,010) (1)	$ 31.98
Forfeited	—	$ —	(725)	$ 37.16
Balance — June 30, 2024	1,093,640	$ 15.76	650,354	$ 19.36

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(1) Amount includes 4,959 shares of common stock that were withheld from issuance to satisfy employee minimum tax withholding requirements associated with the vesting of RSUs during the six months ended June 30, 2024.

For the three months ended June 30, 2024 and 2023, we recognized stock compensation expense related to awards granted pursuant to the AHR Incentive Plan of $2,765,000 and $1,564,000, respectively. For the six months ended June 30, 2024 and 2023, we recognized stock compensation expense related to awards granted pursuant to the AHR Incentive Plan of $4,679,000 and $2,615,000, respectively. Such expense was based on the grant date fair value for time-based awards and for performance-based awards that are probable of vesting, which fair value calculation used the most recently published estimated per share net asset value for awards granted prior to the 2024 Offering, and the closing market price of our listed Common Stock commencing with awards granted effective as of the 2024 Offering date. Stock compensation expense is included in general and administrative expenses in our accompanying condensed consolidated statements of operations and comprehensive income (loss).

13. 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 June 30, 2024, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	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 instruments	$ —	$ 5,879	$ —	$ 5,879
Total assets at fair value	$ —	$ 5,879	$ —	$ 5,879

The table below presents our assets and liabilities measured at fair value on a recurring basis as of December 31, 2023, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	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	$ —	$ 1,463	$ —	$ 1,463
Total assets at fair value	$ —	$ 1,463	$ —	$ 1,463
Liabilities:				
Derivative financial instruments	$ —	$ (2,389)	$ —	$ (2,389)
Total liabilities at fair value	$ —	$ (2,389)	$ —	$ (2,389)

There were no transfers into and out of fair value measurement levels during the six months ended June 30, 2024 and 2023.

Derivative Financial Instruments

We entered into interest rate swaps to manage interest rate risk associated with variable-rate debt. The valuation of these instruments was determined using widely accepted valuation techniques including a discounted cash flow analysis on the expected cash flows of each derivative. Such valuation reflected the contractual terms of the derivatives, including the period to maturity, and used observable market-based inputs, including interest rate curves, as well as option volatility. The fair values of our interest rate swaps were determined by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts were based on an expectation of future interest rates derived from observable market interest rate curves.

We incorporated 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 considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although we determined that the majority of the inputs used to value our derivative financial instruments fell within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with this instrument utilized Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparty. However, as of June 30, 2024, we assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of our derivatives. As a result, we determined that our derivative valuations in their entirety were classified in Level 2 of the fair value hierarchy.

Financial Instruments Disclosed at Fair Value

Our accompanying condensed 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, mortgage loans payable and borrowings under our lines of credit and term loan.

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 and market data, in light of the short period of time between origination of the instruments and their expected realization. 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 loan 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 loan are classified in Level 2 within the fair value hierarchy. The carrying amounts and estimated fair values of such financial instruments as of June 30, 2024 and December 31, 2023 were as follows (in thousands):

	June 30, 2024		December 31, 2023	
	Carrying Amount(1)	Fair Value	Carrying Amount(1)	Fair Value
Financial Assets:				
Debt security investment	$ 89,058	$ 93,185	$ 86,935	$ 93,304
Financial Liabilities:				
Mortgage loans payable	$ 1,228,597	$ 1,106,268	$ 1,302,396	$ 1,185,260
Lines of credit and term loan	$ 778,672	$ 784,480	$ 1,220,137	$ 1,225,890

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(1) Carrying amount is net of any discount/premium and unamortized deferred financing costs.

14. Income Taxes

As a REIT, we generally will not be subject to U.S. federal income tax on taxable income that we distribute to our stockholders. We have elected to treat certain of our consolidated subsidiaries as taxable REIT subsidiaries, or 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.

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 United Kingdom, or 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 net operating loss that may be realized in future periods depending on sufficient taxable income.

We recognize the effects of an uncertain tax position on the financial statements, 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 June 30, 2024 and December 31, 2023, we did not have any tax benefits or liabilities for uncertain tax positions that we believe should be recognized in our accompanying condensed 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 both June 30, 2024 and December 31, 2023, our valuation allowance fully reserves 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.

15. Leases

Lessor

We have operating leases with tenants that expire at various dates through 2050. For the three months ended June 30, 2024 and 2023, we recognized $45,207,000 and $49,216,000, respectively, of revenues related to operating lease payments, of which $9,143,000 and $9,711,000, respectively, was for variable lease payments. For the six months ended June 30, 2024 and 2023, we recognized $91,213,000 and $91,519,000, respectively, of revenues related to operating lease payments, of which $18,800,000 and $19,750,000, respectively, was for variable lease payments. As of June 30, 2024, the following table sets forth the undiscounted cash flows for future minimum base rents due under operating leases for the remaining six months ending December 31, 2024 and for each of the next four years ending December 31 and thereafter for properties that we wholly own (in thousands):

Year	Amount
2024	$ 68,919
2025	130,907
2026	121,639
2027	115,551
2028	103,935
Thereafter	494,331
Total	$ 1,035,282

Lessee

We lease certain land, buildings, furniture, fixtures, campus and 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.

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 (in thousands):

		Three Months Ended June 30,	
Lease Cost	**Classification**	**2024**	**2023**
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 9,376	$ 11,473
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	555	297
Interest on lease liabilities	Interest expense	151	66
Sublease income	Resident fees and services revenue or other income	(148)	(172)
Total lease cost		$ 9,934	$ 11,664

		Six Months Ended June 30,	
Lease Cost	**Classification**	**2024**	**2023**
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 20,152	$ 23,396
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	1,116	600
Interest on lease liabilities	Interest expense	308	157
Sublease income	Resident fees and services revenue or other income	(293)	(328)
Total lease cost		$ 21,283	$ 23,825

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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 (dollars in thousands):

Lease Term and Discount Rate	**June 30, 2024**	**December 31, 2023**
Weighted average remaining lease term (in years):		
Operating leases	12.2	12.2
Finance leases	0.9	1.5
Weighted average discount rate:		
Operating leases	5.84 %	5.76 %
Finance leases	7.77 %	7.78 %

	Six Months Ended June 30,	
Supplemental Disclosure of Cash Flows Information	**2024**	**2023**
Operating cash outflows related to finance leases	$ 308	$ 157
Financing cash outflows related to finance leases	$ 21	$ 38
Right-of-use assets obtained in exchange for operating lease liabilities	$ 3,400	$ 1,155

Operating Leases

As of June 30, 2024, the following table sets forth the undiscounted cash flows of our scheduled obligations for future minimum payments for the remaining six months ending December 31, 2024 and for each of the next four years ending December 31 and thereafter, as well as the reconciliation of those cash flows to operating lease liabilities on our accompanying condensed consolidated balance sheet (in thousands):

Year	Amount
2024	$ 15,873
2025	30,900
2026	30,811
2027	31,784
2028	31,750
Thereafter	136,395
Total undiscounted operating lease payments	277,513
Less: interest	98,926
Present value of operating lease liabilities	$ 178,587

Finance Leases

As of June 30, 2024, the following table sets forth the undiscounted cash flows of our scheduled obligations for future minimum payments for the remaining six months ending December 31, 2024 and for each of the next four years ending December 31 and thereafter, as well as a reconciliation of those cash flows to finance lease liabilities (in thousands):

Year	Amount
2024	$ 52
2025	31
2026	—
2027	—
2028	—
Thereafter	—
Total undiscounted finance lease payments	83
Less: interest	3
Present value of finance lease liabilities	$ 80

16. Segment Reporting

We evaluate our business and make resource allocations based on four reportable business segments: integrated senior health campuses, OM (which was formerly known as medical office buildings, or MOBs), SHOP and triple-net leased properties. Prior to the quarter ended December 31, 2023, we evaluated our business and made resource allocations based on six reportable business segments. All segment information included in this Quarterly Report on Form 10-Q has been recast for all periods presented to reflect four reportable business segments and the change in segment name from MOBs to OM. The segment name change from MOBs to OM did not result in any changes to the composition of such segment or information reviewed by management, and therefore, had no impact on the historical results of operations.

Our OM 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). Our integrated senior health campuses each provide a range of independent living, assisted living, memory care, skilled nursing services and certain ancillary businesses that are owned and operated utilizing a RIDEA structure. Our triple-net leased properties segment includes senior housing, skilled nursing facilities and hospital investments, which are single-tenant properties for which we lease the properties to unaffiliated tenants under triple-net and generally master leases that transfer the obligation for all property operating costs (including maintenance, repairs, taxes, insurance and capital expenditures) to the tenant. In addition, our triple-net leased properties segment includes our debt security investment. Our SHOP segment includes senior housing, which may provide assisted living care, independent living, memory care or skilled nursing services, that are owned and operated utilizing a RIDEA structure.

While we believe that net income or loss, as defined by GAAP, is the most appropriate earnings measurement, our chief operating decision maker evaluates performance of our combined properties in each reportable business segment and determines how to allocate resources to those segments, primarily based on net operating income, or NOI, for each segment. 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, impairment of intangible assets and goodwill, income or loss from unconsolidated entities, gain on re-measurement of previously held equity interest, foreign currency gain or loss, other income or expense 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.

Summary information for the reportable segments during the three and six months ended June 30, 2024 and 2023 was as follows (in thousands):

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Three Months Ended June 30, 2024
Revenues:					
Resident fees and services	$ 393,774	$ 64,239	$ —	$ —	$ 458,013
Real estate revenue	—	—	33,682	12,886	46,568
Total revenues	393,774	64,239	33,682	12,886	504,581
Expenses:					
Property operating expenses	348,466	54,098	—	—	402,564
Rental expenses	—	—	12,671	652	13,323
Segment net operating income	$ 45,308	$ 10,141	$ 21,011	$ 12,234	$ 88,694
Expenses:					
General and administrative					$ 11,746
Business acquisition expenses					15
Depreciation and amortization					45,264
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs and debt discount/premium)					(30,596)
Gain in fair value of derivative financial instruments					388
Loss on dispositions of real estate investments, net					(2)
Loss from unconsolidated entities					(1,035)
Foreign currency gain					82
Other income, net					3,106
Total net other expense					(28,057)
Income before income taxes					3,612
Income tax expense					(686)
Net income					$ 2,926

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Three Months Ended June 30, 2023
Revenues and grant income:					
Resident fees and services	$ 362,856	$ 47,766	$ —	$ —	$ 410,622
Real estate revenue	—	—	36,640	13,928	50,568
Grant income	6,381	—	—	—	6,381
Total revenues and grant income	369,237	47,766	36,640	13,928	467,571
Expenses:					
Property operating expenses	328,696	43,853	—	—	372,549
Rental expenses	—	—	13,927	726	14,653
Segment net operating income	$ 40,541	$ 3,913	$ 22,713	$ 13,202	$ 80,369
Expenses:					
General and administrative					$ 11,774
Business acquisition expenses					888
Depreciation and amortization					44,701
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs and debt discount/premium)					(40,990)
Gain in fair value of derivative financial instruments					4,993
Loss on dispositions of real estate investments, net					(2,072)
Loss from unconsolidated entities					(113)
Foreign currency gain					1,068
Other income					2,589
Total net other expense					(34,525)
Loss before income taxes					(11,519)
Income tax expense					(348)
Net loss					$ (11,867)

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Six Months Ended June 30, 2024
Revenues:					
Resident fees and services	$ 786,896	$ 123,235	$ —	$ —	$ 910,131
Real estate revenue	—	—	67,749	26,234	93,983
Total revenues	786,896	123,235	67,749	26,234	1,004,114
Expenses:					
Property operating expenses	699,608	106,585	—	—	806,193
Rental expenses	—	—	25,760	1,290	27,050
Segment net operating income	$ 87,288	$ 16,650	$ 41,989	$ 24,944	$ 170,871
Expenses:					
General and administrative					$ 23,574
Business acquisition expenses					2,797
Depreciation and amortization					88,031
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishments)					(67,034)
Gain in fair value of derivative financial instruments					6,805
Gain on dispositions of real estate investments, net					2,261
Loss from unconsolidated entities					(2,240)
Foreign currency loss					(344)
Other income, net					4,969
Total net other expense					(55,583)
Income before income taxes					886
Income tax expense					(964)
Net loss					$ (78)

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Six Months Ended June 30, 2023
Revenues and grant income:					
Resident fees and services	$ 724,626	$ 94,626	$ —	$ —	$ 819,252
Real estate revenue	—	—	74,123	20,041	94,164
Grant income	6,381	—	—	—	6,381
Total revenues and grant income	731,007	94,626	74,123	20,041	919,797
Expenses:					
Property operating expenses	657,057	85,638	—	—	742,695
Rental expenses	—	—	28,335	1,513	29,848
Segment net operating income	$ 73,950	$ 8,988	$ 45,788	$ 18,528	$ 147,254
Expenses:					
General and administrative					$ 24,827
Business acquisition expenses					1,220
Depreciation and amortization					89,371
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs and debt discount/premium)					(80,001)
Gain in fair value of derivative financial instruments					4,798
Loss on dispositions of real estate investments, net					(2,204)
Loss from unconsolidated entities					(419)
Gain on re-measurement of previously held equity interest					726
Foreign currency gain					2,076
Other income					4,197
Total net other expense					(70,827)
Loss before income taxes					(38,991)
Income tax expense					(491)
Net loss					$ (39,482)

Total assets by reportable segment as of June 30, 2024 and December 31, 2023 were as follows (in thousands):

	June 30, 2024	December 31, 2023
Integrated senior health campuses	$ 2,210,473	$ 2,197,762
OM	1,204,115	1,232,310
SHOP	707,845	630,373
Triple-net leased properties	496,414	502,836
Other	25,768	14,652
Total assets	$ 4,644,615	$ 4,577,933

As of both June 30, 2024 and December 31, 2023, goodwill of $168,177,000, $47,812,000 and $18,953,000 was allocated to our integrated senior health campuses, OM and triple-net leased properties segments, respectively.

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 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues and grant income:				
United States	$ 503,038	$ 466,397	$ 1,000,684	$ 917,489
International	1,543	1,174	3,430	2,308
	$ 504,581	$ 467,571	$ 1,004,114	$ 919,797

The following is a summary of real estate investments, net by geographic regions as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Real estate investments, net:		
United States	$ 3,467,062	$ 3,382,115
International	42,464	43,323
	$ 3,509,526	$ 3,425,438

17. 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 June 30, 2024 and December 31, 2023, 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 and residents 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 as of June 30, 2024, properties in two states in the United States accounted for 10.0% or more of our total consolidated 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 as of June 30, 2024. Properties located in Indiana and Ohio accounted for 39.2% and 14.7%, respectively, of our total consolidated property portfolio's annualized base rent or annualized NOI. Accordingly, there is a geographic concentration of risk subject to fluctuations in each state's economy.

Based on leases in effect as of June 30, 2024, our integrated senior health campuses, OM, triple-net leased properties and SHOP segments accounted for 52.8%, 26.5%, 10.7% and 10.0%, respectively, of our total consolidated property portfolio's annualized base rent or annualized NOI. As of June 30, 2024, none of our tenants at our properties accounted for 10.0% or more of our total consolidated property portfolio's annualized base rent or annualized NOI.

18. Per Share Data

The following table presents the amounts used in computing our basic and diluted earnings per share (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income (loss) attributable to controlling interest — basic	$ 1,979	$ (12,183)	$ (1,913)	$ (38,055)
Adjustment for net income (loss) attributable to nonvested restricted stock awards	(1)	—	—	—
Net income (loss) attributable to controlling interest — diluted	$ 1,978	$ (12,183)	$ (1,913)	$ (38,055)
Denominator:				
Denominator for basic earnings per share — weighted average shares	130,532,144	66,033,345	117,413,643	66,029,779
Effect of dilutive securities: nonvested restricted stock awards	157,745	—	—	—
Denominator for diluted earnings per share — adjusted weighted average shares	130,689,889	66,033,345	117,413,643	66,029,779
Basic earnings per share attributable to controlling interest	$ 0.01	$ (0.19)	$ (0.02)	$ (0.58)
Diluted earnings per share attributable to controlling interest	$ 0.01	$ (0.19)	$ (0.02)	$ (0.58)

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. Diluted earnings (loss) per share are computed based on the weighted average number of shares of our common stock and all dilutive securities, if any. TBUs, nonvested shares of our RSAs and limited partnership units of our operating partnership are participating securities and give rise to potentially dilutive shares of our common stock.

For the three and six months ended June 30, 2024 and 2023, 3,501,976 limited partnership units of our operating partnership outstanding were excluded from the computation of diluted earnings (loss) per share because such units were anti-dilutive during these periods. During the three months ended June 30, 2024, 121,418 nonvested RSAs and 341,098 nonvested TBUs outstanding were excluded from the computation of diluted earnings (loss) per share because such restricted stock awards were anti-dilutive during the period. During the six months ended June 30, 2024, and the three and six months ended June 30, 2023, all nonvested RSAs and TBUs outstanding were excluded from the computation of diluted earnings (loss) per share because such restricted stock awards were anti-dilutive during these periods.

As of June 30, 2024 and December 31, 2023, there were 309,256 and 70,751, respectively, nonvested PBUs outstanding, which were treated as contingently issuable shares pursuant to ASC Topic 718, Compensation — Stock Compensation. Such contingently issuable shares were excluded from the computation of diluted earnings (loss) per share because they were antidilutive during the period.

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

The use of the words “we,” “us” or “our” refers to American Healthcare REIT, Inc. and its subsidiaries, including American Healthcare REIT Holdings, LP, except where otherwise noted.

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. Such discussion is provided as a supplement to, and should be read in conjunction with our accompanying condensed consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q and in our 2023 Annual Report on Form 10-K, as filed with the United States Securities and Exchange Commission, or SEC, on March 22, 2024. Such condensed consolidated financial statements and information have been prepared to reflect our financial position as of June 30, 2024 and December 31, 2023, together with our results of operations for the three and six months ended June 30, 2024 and 2023 and cash flows for the six months ended June 30, 2024 and 2023. Our results of operations and financial condition, as reflected in the accompanying condensed consolidated financial statements and related notes, are subject to management’s evaluation and interpretation of business conditions, changing capital market conditions, and other factors that could affect the ongoing viability of our tenants and residents. During the quarter ended December 31, 2023, we modified how we evaluate our business and make resource allocations, and therefore determined that we operate through four reportable business segments: integrated senior health campuses, outpatient medical, or OM, (which was formerly known as medical office buildings, or MOBs), triple-net leased properties and senior housing operating properties, or SHOP. All segment information included in this Quarterly Report on Form 10-Q has been recast for all periods presented to reflect four reportable business segments and the change in segment name from MOBs to OM. The segment name change from MOBs to OM did not result in any changes to the composition of such segment or information reviewed by management, and therefore, had no impact on the historical results of operations.

Forward-Looking Statements

Certain statements contained in this report, other than historical facts, may be considered forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995 (collectively with the “Securities Act and Exchange Act, or the Acts”). We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in the Acts. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “can,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” “possible,” “initiatives,” “focus,” “seek,” “objective,” “goal,” “strategy,” “plan,” “potential,” “potentially,” “preparing,” “projected,” “future,” “long-term,” “once,” “should,” “could,” “would,” “might,” “uncertainty,” or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the SEC.

Any such forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate, and beliefs of, and assumptions made by, our management and involve uncertainties that could significantly affect our financial results. Such statements include, but are not limited to: (i) statements about our plans, strategies, initiatives and prospects, including any future capital-raising initiatives and planned or future acquisitions or dispositions of properties and other assets, including our option to purchase the minority membership interest in Trilogy REIT Holdings, LLC; and (ii) statements about our future results of operations, capital expenditures and liquidity. Such statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those projected or anticipated, including, without limitation: changes in economic conditions generally and the real estate market specifically; legislative and regulatory changes, including changes to laws governing the taxation of real estate investment trusts, or REITs, and regulations or proposed regulations governing the operations and sales of health care properties; the availability of capital; our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; changes in interest rates, including uncertainties about whether and when interest rates will continue to increase, and foreign currency risk; competition in the real estate industry; changes in accounting principles generally accepted in the United States of America, or GAAP, policies and guidelines applicable to REITs; the success of our investment strategy; cybersecurity incidents and information technology failures, including unauthorized access to our computer systems and/or our vendors' computer systems and our third-party management companies' computer systems and/or their vendors' computer systems; our ability to retain our executive officers and key employees; unexpected labor costs and inflationary pressures; and those risks identified in Item 1A, Risk Factors in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024, this Quarterly Report on Form 10-Q, and any future filings we make with the SEC. 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 Quarterly Report on Form 10-Q 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, is a self-managed REIT that acquires, owns and operates a diversified portfolio of clinical healthcare real estate properties, focusing primarily on outpatient medical buildings, senior housing, skilled nursing facilities, or SNFs, and other healthcare-related facilities. We have built a fully-integrated management platform, with approximately 122 employees, that operates clinical healthcare properties throughout the United States, the United Kingdom and the Isle of Man. 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 SHOP 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, healthcare real estate properties. We have elected to be taxed as a REIT for U.S. federal income tax purposes. We believe that we have been organized and operated, and we intend to continue to operate, in conformity with the requirements for qualification and taxation as a REIT under the Code.

Operating Partnership

We conduct substantially all of our operations through our operating partnership, and we are the sole general partner of our operating partnership. As of June 30, 2024 and December 31, 2023, we owned approximately 97.4% and 95.0%, respectively, of the operating partnership units, or OP units, in our operating partnership, and the remaining 2.6% and 5.0%, respectively, limited OP units were owned by AHI Group Holdings, LLC, which is owned and controlled by Jeffrey T. Hanson, the non-executive Chairman of our board of directors, or our board, Danny Prosky, our Chief Executive Officer, President and director, and Mathieu B. Streiff, one of our directors; Platform Healthcare Investor TII, LLC; Flaherty Trust; and a wholly-owned subsidiary of Griffin Capital Company, LLC. See Note 11, Redeemable Noncontrolling Interests, and Note 12, Equity — Noncontrolling Interests in Total Equity, to our accompanying condensed consolidated financial statements for a further discussion of the ownership in our operating partnership.

Public Offerings and Listing

We issued an aggregate 65,445,557 shares of Class T common stock and Class I common stock, for a total of $2,737,716,000 in gross offering proceeds, since February 26, 2014 in our initial public offerings and our distribution reinvestment plan, or DRIP, offerings. Our initial public offerings were terminated as of April 2019.

On February 9, 2024, pursuant to a Registration Statement filed with the SEC on Form S-11 (File No. 333-267464), as amended, we closed our underwritten public offering through which we issued 64,400,000 shares of Common Stock, for a total of $772,800,000 in gross offering proceeds. Such amounts include the exercise in full of the underwriters' overallotment option to purchase up to an additional 8,400,000 shares of Common Stock. These shares are listed on the New York Stock Exchange, or NYSE, under the trading symbol "AHR" and began trading on February 7, 2024. See Note 12, Equity, to our accompanying condensed consolidated financial statements, for a further discussion of our public offerings.

Following the closing of the 2024 Offering, we are presenting Common Stock, Class T common stock and Class I common stock, or collectively, common stock, as separate classes within our condensed consolidated balance sheets and condensed consolidated statements of equity. Any references to "Common Stock" in this Quarterly Report on Form 10-Q refer to our NYSE-listed shares sold through the 2024 Offering, whereas Class T common stock and Class I common stock refer to classes of common stock that were not listed. This applies to all historical periods presented herein. On August 5, 2024, 180 days after the listing of our Common Stock shares on the NYSE, each share of our Class T common stock and Class I common stock automatically converted into one share of our listed Common Stock.

Our Real Estate Investments Portfolio

We currently operate through four reportable business segments: integrated senior health campuses, OM, SHOP and triple-net leased properties. As of June 30, 2024, we owned and/or operated 318 buildings and integrated senior health campuses, representing approximately 19,455,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,612,670,000. In addition, as of June 30, 2024, we also owned a real estate-related debt investment purchased for $60,429,000.

Critical Accounting Estimates

Our accompanying condensed consolidated financial statements are prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying footnotes. These estimates are made and evaluated on an ongoing 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. The complete listing of our Critical Accounting Estimates was previously disclosed in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024, and there have been no material changes to our Critical Accounting Estimates as disclosed therein, except as included within Note 2, Summary of Significant Accounting Policies, to our accompanying condensed consolidated financial statements.

Interim Unaudited Financial Data

For a discussion of interim unaudited financial data, see Note 2, Summary of Significant Accounting Policies — Interim Unaudited Financial Data, to our accompanying condensed consolidated financial statements. Our accompanying condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024.

Acquisitions and Dispositions in 2024

For a discussion of our acquisitions and dispositions of investments in 2024, see Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, and Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements.

Factors Which May Influence Results of Operations

Other than the effects of inflation discussed below, as well as other national economic conditions affecting real estate generally, and as otherwise disclosed in our risk factors, 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. For a further discussion of these and other factors that could impact our future results or performance, see “Forward-Looking Statements” above and Part II, Item 1A, Risk Factors, of this Quarterly Report on Form 10-Q and those Risk Factors previously disclosed in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024.

Inflation

During the six months ended June 30, 2024 and 2023, inflation has affected our operations. The annual rate of inflation in the United States was 3.0% in both June 2024 and June 2023, as measured by the Consumer Price Index. We believe inflation has impacted our operations such that we have experienced, and continue to experience, increases in the cost of labor, services, energy and supplies, and therefore continued inflationary pressures on our integrated senior health campuses and SHOP could continue to impact our profitability in future periods. To offset the impact of inflation on the cost of labor and services, we had our RIDEA managers bill higher than average annual rent and care fee increases for existing residents in 2023 and 2024, as compared to prior years, while adjusting market rates as frequently as needed based on competitor pricing and market conditions. We believe this practice will improve operating performance in our integrated senior health campuses and SHOP, as well as increase rent coverage and the stability of our real estate revenue in our triple-net leased properties over time.

For properties that are not operated under a RIDEA structure, there are provisions in the majority of our tenant leases that help us mitigate the impact of inflation. These provisions include negotiated rental increases, which historically range from 2% to 3% per year, reimbursement billings for operating expense pass-through charges and real estate tax and insurance reimbursements. However, due to the long-term nature of existing leases, among other factors, the leases may not reset frequently enough to cover inflation.

In addition, inflation also caused, and may continue to cause, an increase in the cost of our variable-rate debt due to rising interest rates. See Item 3, Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk, of this Quarterly Report on Form 10-Q for further discussion.

Scheduled Lease Expirations

Excluding our SHOP and integrated senior health campuses, as of June 30, 2024, our properties were 91.3% leased, and, during the remainder of 2024, 4.2% 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 June 30, 2024, our remaining weighted average lease term was 6.6 years, excluding our SHOP and integrated senior health campuses.

Our combined SHOP and integrated senior health campuses were 86.5% leased as of June 30, 2024. Substantially all of our leases with residents at such properties are for a term of one year or less.

Results of Operations

Comparison of Three and Six Months Ended June 30, 2024 and 2023

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 general, we expect such revenues and expenses related to our portfolio of RIDEA properties to increase in the future due to an overall increase in occupancies, resident fees and pricing of care services provided.

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 June 30, 2024, we operated through four reportable business segments: integrated senior health campuses, OM, SHOP and triple-net leased properties.

The most significant drivers behind changes in our consolidated results of operations for the three and six months ended June 30, 2024 compared to the corresponding periods in 2023 were primarily due to: the increase in resident occupancies and billing rates, partially offset by the adverse effect of inflation, which resulted in increases in the cost of labor, services, energy and supplies; our acquisitions and dispositions of investments subsequent to June 30, 2023; and the transition of the operations of certain leased senior housing and skilled nursing facilities from triple-net leased properties to a RIDEA structure. Additional drivers behind the changes in our consolidated results of operations are discussed in more detail below. See Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, and Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our acquisitions and dispositions during 2024. As of June 30, 2024 and 2023, we owned and/or operated the following types of properties (dollars in thousands):

	June 30,					
	2024			2023		
	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased % (1)	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased % (1)
Integrated senior health campuses	126	$ 2,012,932	87.0 %	123	$ 1,910,251	83.9 %
OM	86	1,239,845	88.5 %	93	1,318,915	89.7 %
SHOP	78	889,928	85.5 %	47	745,567	78.6 %
Triple-net leased properties	28	469,965	100 %	37	542,565	100 %
Total/weighted average(2)	318	$ 4,612,670	91.3 %	300	$ 4,517,298	92.5 %

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(1) Leased percentage includes all third-party leased space at our non-RIDEA properties (including master leases), except for our SHOP and integrated senior health campuses where leased percentage represents resident occupancy of the available units/beds therein.

(2) Weighted average leased percentage excludes our SHOP and integrated senior health campuses.

Revenues and Grant Income

Our primary sources of revenue include resident fees and services revenue generated by our RIDEA properties and rent from our leased, non-RIDEA properties. For the three and six months ended June 30, 2024 and 2023, 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. The amount of revenues generated by our RIDEA properties depends principally on our ability to maintain resident occupancy rates. The amount of revenues generated by our non-RIDEA properties is dependent on our ability to maintain tenant occupancy rates of currently leased space and to lease available space at the then existing rental rates. We also received grant income during the three and six months ended June 30, 2023. Revenues and grant income by reportable segment consisted of the following for the periods then ended (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Resident Fees and Services Revenue				
Integrated senior health campuses	$ 393,774	$ 362,856	$ 786,896	$ 724,626
SHOP	64,239	47,766	123,235	94,626
Total resident fees and services revenue	458,013	410,622	910,131	819,252
Real Estate Revenue				
OM	33,682	36,640	67,749	74,123
Triple-net leased properties	12,886	13,928	26,234	20,041
Total real estate revenue	46,568	50,568	93,983	94,164
Grant Income				
Integrated senior health campuses	—	6,381	—	6,381
Total grant income	—	6,381	—	6,381
Total revenues and grant income	$ 504,581	$ 467,571	$ 1,004,114	$ 919,797

Resident Fees and Services Revenue

For our integrated senior health campuses segment, we increased resident fees and services revenue by $30,918,000 and $62,270,000, respectively, for the three and six months ended June 30, 2024, as compared to the three and six months ended

June 30, 2023, primarily due to: (i) increased resident occupancy and higher resident fees as a result of an increase in billing rates and service levels; and (ii) an increase of $4,173,000 and $10,037,000, respectively, due to the expansion of our customer base, expansion of services offered and increases in billing rates for such services at ancillary business units within Trilogy Investors, LLC, or Trilogy.

For our SHOP segment, resident fees and services revenue increased $16,473,000 and $28,609,000, respectively, for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to: (i) an increase of $11,758,000 and $19,525,000, respectively, due to the acquisition of 14 senior housing properties in February 2024; (ii) an increase of $4,178,000 and $8,339,000, respectively, due to the transitioning of leased senior housing facilities of the Michigan ALF Portfolio to a RIDEA structure in November 2023; and (iii) an increase of $1,139,000 and $3,752,000, respectively, due to transitioning the leased SNFs of the Central Wisconsin Senior Care Portfolio to a RIDEA structure in March 2023. The remaining increase in resident fees and services revenue for our SHOP segment was primarily attributable to increased resident occupancy and higher resident fees as a result of an increase in billing rates and service levels. Such increases were partially offset by a decrease of $5,160,000 and $11,696,000, respectively, for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to real estate dispositions within our SHOP segment since June 30, 2023.

Real Estate Revenue

For the three months ended June 30, 2024, real estate revenue within our triple-net leased properties segment decreased $1,042,000, as compared to the three months ended June 30, 2023, primarily due to the transitioning of senior housing facilities of the Michigan ALF Portfolio to a RIDEA structure in November 2023. For the six months ended June 30, 2024, real estate revenue within our triple-net leased properties segment increased $6,193,000, as compared to the six months ended June 30, 2023, primarily due to transitioning the leased SNFs of the Central Wisconsin Senior Care Portfolio to a RIDEA structure in March 2023 that resulted in the full amortization of $8,073,000 of above-market leases recorded against real estate revenue in the prior year. Such increase for the six months ended June 30, 2024 was partially offset by $2,981,000 due to the transitioning of leased senior housing facilities of the Michigan ALF Portfolio to a RIDEA structure in November 2023.

Real estate revenue for our OM segment decreased $2,958,000 and $6,374,000, respectively, for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to a decrease of $2,532,000 and $5,775,000, respectively, related to dispositions of OM buildings since June 30, 2023 and a slight decrease in occupancy.

Grant Income

For both the three and six months ended June 30, 2024, we did not recognize any grant income. For the three and six months ended June 30, 2023, we recognized $6,381,000 of grant income at our integrated senior health campuses related to government grants received through certain federal and state pandemic-related relief measures, such as reimbursement programs.

Property Operating Expenses and Rental Expenses

Integrated senior health campuses and SHOP typically have a higher percentage of direct operating expenses to revenue and grant income than OM buildings and triple-net leased properties due to the nature of RIDEA-type facilities where we conduct day-to-day operations. 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 revenue, by reportable segment consisted of the following for the periods then ended (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Property Operating Expenses								
Integrated senior health campuses	$ 348,466	88.5 %	$ 328,696	89.0 %	$ 699,608	88.9 %	$ 657,057	89.9 %
SHOP	54,098	84.2 %	43,853	91.8 %	106,585	86.5 %	85,638	90.5 %
Total property operating expenses	$ 402,564	87.9 %	$ 372,549	89.3 %	$ 806,193	88.6 %	$ 742,695	90.0 %
Rental Expenses								
OM	$ 12,671	37.6 %	$ 13,927	38.0 %	$ 25,760	38.0 %	$ 28,335	38.2 %
Triple-net leased properties	652	5.1 %	726	5.2 %	1,290	4.9 %	1,513	7.5 %
Total rental expenses	$ 13,323	28.6 %	$ 14,653	29.0 %	$ 27,050	28.8 %	$ 29,848	31.7 %

For the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, the increase in total property operating expenses for our integrated senior health campuses segment was predominately due to: (i) increased occupancy at the facilities within such segment; and (ii) an increase of $7,861,000 and $16,215,000, respectively, within Trilogy's ancillary business unit due to higher labor costs associated with the expansion of services offered and inflation impacting labor costs and other operating expenses.

For the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, total property operating expenses for our SHOP segment increased primarily due to: (i) an increase of $10,521,000 and $16,922,000, respectively, due to the acquisition of 14 senior housing properties in February 2024; (ii) an increase of $5,780,000 and $11,578,000, respectively, due to the transitioning of senior housing facilities of the Michigan ALF Portfolio from triple-net leased properties to a RIDEA structure in November 2023; (iii) higher labor costs due to an increase in employee wages; and (iv) higher operating expenses as a result of increased occupancy. Additionally, $3,470,000 of the increase in total property operating expenses for our SHOP segment for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was due to transitioning SNFs of the Central Wisconsin Senior Care Portfolio from triple-net leased properties to a RIDEA structure in March 2023. Such increases in total property operating expenses for our SHOP segment were partially offset by a decrease of $5,607,000 and $12,324,000, respectively, in total property operating expenses for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, due to real estate dispositions within our SHOP segment since June 30, 2023.

Rental expenses for our OM segment decreased for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to the dispositions of OM buildings since June 30, 2023.

Business Acquisition Expenses

For the three and six months ended June 30, 2024, we recorded business acquisition expenses of $15,000 and $2,797,000, respectively, primarily incurred in pursuit of our investment in properties operated under a RIDEA structure and included in our SHOP segment. For the three and six months ended June 30, 2023, we recorded business acquisition expenses of $888,000 and $1,220,000, respectively, primarily incurred in pursuit of real estate-investment opportunities. See Note 3, Real Estate Investments, Net and Business Combinations — Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our senior housing properties acquired during February 2024.

Interest Expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest expense:				
Lines of credit and term loan and derivative financial instruments	$ 13,714	$ 24,420	$ 30,924	$ 47,689
Mortgage loans payable	13,148	13,935	27,490	27,095
Amortization of deferred financing costs:				
Lines of credit and term loan	731	949	1,364	1,805
Mortgage loans payable	786	559	1,566	1,136
Amortization of debt discount/premium, net	1,402	890	2,776	1,775
Gain in fair value of derivative financial instruments	(388)	(4,993)	(6,805)	(4,798)
Loss on extinguishments of debt	—	—	1,280	—
Interest on finance lease liabilities	151	66	308	157
Interest expense on financing obligations and other liabilities	664	171	1,326	344
Total	$ 30,208	$ 35,997	$ 60,229	$ 75,203

The decrease in total interest expense for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, was primarily due to a decrease in debt balances predominately related to the payoff of $176,145,000 of variable-rate mortgage loans payable and $545,010,000 on our variable-rate lines of credit in February 2024 from the net proceeds received from the 2024 Offering. Such decrease in total interest expense for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, was partially offset by a decrease in gain in fair value of derivative financial instruments of $4,605,000. Such decrease in total interest expense for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was partially offset by a $1,280,000 loss on extinguishments of debt in

2024 due to the debt payoffs mentioned above. See Note 6, Other Assets, Net, and Note 7, Mortgage Loans Payable, Net, to our accompanying condensed consolidated financial statements for a further discussion of debt extinguishments.

Gain or Loss on Dispositions of Real Estate Investments

For the three months ended June 30, 2024, we did not have any real estate investment dispositions. For the six months ended June 30, 2024, we recognized an aggregate net gain on dispositions of our real estate investments of $2,261,000 related to the sale of two OM buildings and one SHOP in 2024. See Note 2, Summary of Significant Accounting Policies — Properties Held for Sale and Note 3, Real Estate Investments, Net and Business Combinations — Dispositions of Real Estate Investments, to our accompanying condensed consolidated financial statements for further discussion.

For the three months ended June 30, 2023, we recognized an aggregate net loss on dispositions of our real estate investments of $2,072,000 primarily related to the sale of four SHOP within our Central Florida Senior Housing Portfolio and 11 OM buildings. For the six months ended June 30, 2023, we recognized an aggregate net loss on dispositions of our real estate investments of $2,204,000 primarily related to the sale of five SHOP within our Central Florida Senior Housing Portfolio and 11 OM buildings.

Gain on Re-measurement of Previously Held Equity Interest

For both the three and six months ended June 30, 2024, we did not recognize any gain on re-measurement of any previously held equity interest. For the three and six months ended June 30, 2023, we recognized $0 and $726,000, respectively, gain on re-measurement of the fair value of our previously held equity interest in Memory Care Partners, LLC. See Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for further discussion.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations, borrowings under our lines of credit and proceeds from dispositions of real estate investments. For the next 12 months, our principal liquidity needs are to: (i) fund property operating expenses and general and administrative expenses; (ii) meet our debt service requirements (including principal and interest); (iii) fund development activities and capital expenditures; and (iv) make distributions to our stockholders, as required for us to continue to qualify as a REIT. We believe that the sources of liquidity described above will be sufficient to satisfy our cash requirements for the next 12 months and thereafter. 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 June 30, 2024, we had $15,578,000 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 owned as of June 30, 2024, we estimated that unspent discretionary expenditures for capital and tenant improvements as of such date are to be approximately $49,462,000 for the remaining six months of 2024, although actual expenditures are dependent on many factors which are not presently known.

Contractual Obligations

The following table provides information with respect to: (i) the maturity and scheduled principal repayment of our secured mortgage loans payable and lines of credit and term loan; (ii) interest payments on our mortgage loans payable and lines of credit and term loan, excluding the effect of our interest rate swaps; (iii) ground and other lease obligations; and (iv) financing and other obligations as of June 30, 2024 (in thousands):

	Payments Due by Period				
	2024	2025-2026	2027-2028	Thereafter	Total
Principal payments — fixed-rate debt	$ 38,094	$ 296,606	$ 160,576	$ 582,846	$ 1,078,122
Interest payments — fixed-rate debt	19,597	63,583	47,686	311,937	442,803
Principal payments — variable-rate debt	—	281,054	671,043	7,700	959,797
Interest payments — variable-rate debt (based on rates in effect as of June 30, 2024)	34,873	101,524	12,336	665	149,398
Ground and other lease obligations	15,873	61,711	63,533	136,396	277,513
Financing obligations and other obligations	3,221	11,386	10,224	31,723	56,554
Total	$ 111,658	$ 815,864	$ 965,398	$ 1,071,267	$ 2,964,187

Distributions

For information on distributions, see the “Distributions” section below.

Credit Facilities

We are party to a credit agreement, as amended, with an aggregate maximum principal amount up to $1,150,000,000, or the 2024 Credit Facility. In addition, we are party to an agreement, as amended, regarding a senior secured revolving credit facility with an aggregate maximum principal amount of $400,000,000, or the Trilogy Credit Facility. See Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements for a further discussion.

As of June 30, 2024, our aggregate borrowing capacity under the 2024 Credit Facility and the Trilogy Credit Facility was $1,550,000,000. As of June 30, 2024, our aggregate borrowings outstanding under our credit facilities was $784,500,000, and we had an aggregate of $765,500,000 available on such facilities. We believe that the resources described above will be sufficient to satisfy our cash requirements for the next 12 months and thereafter.

Cash Flows

The following table sets forth changes in cash flows (in thousands):

	Six Months Ended June 30,	
	2024	2023
Cash, cash equivalents and restricted cash — beginning of period	$ 90,782	$ 111,906
Net cash provided by operating activities	53,448	43,642
Net cash (used in) provided by investing activities	(65,534)	9,687
Net cash provided by (used in) financing activities	18,935	(71,575)
Effect of foreign currency translation on cash, cash equivalents and restricted cash	(29)	90
Cash, cash equivalents and restricted cash — end of period	$ 97,602	$ 93,750

The following summary discussion of our changes in our cash flows is based on our accompanying condensed 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.

Operating Activities

For the six months ended June 30, 2024 and 2023, cash flows from operating activities were primarily related to property operations, offset by payments of general and administrative expenses and interest payments on our outstanding indebtedness. In general, cash flows from operating activities are affected by the timing of cash receipts and payments. In addition, the increase in net cash provided by operating activities for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was primarily driven by the increase in operating performance of our real estate investments in our integrated senior health campuses and SHOP segments, as well as a decrease in interest paid on our outstanding indebtedness. See the "Results of Operations" section above for further discussion.

Investing Activities

For the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, the change from net cash provided by investing activities to net cash used in investing activities was primarily due to a $72,926,000 decrease in proceeds from dispositions of real estate investments and a $34,095,000 increase in cash paid to acquire real estate investments, offset by a $13,699,000 decrease in developments and capital expenditures, a $12,000,000 decrease in investments in unconsolidated entities and net principal repayments on real estate notes receivable of $4,880,000.

Financing Activities

For the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, the change from net cash used in financing activities to net cash provided by financing activities was primarily due to the closing of the 2024 Offering that resulted in $772,800,000 in gross offering proceeds from the issuance of Common Stock. Such amount was partially offset by the increase in payment of offering costs of $49,469,000 in connection with the 2024 Offering, a $20,129,000 increase in cash paid to redeem certain equity interests owned in Trilogy Investors, LLC, as well as a change from $5,850,000 of net borrowings under our lines of credit and mortgage loans payable to $607,579,000 of net payments on our lines of credit and mortgage loans payable, primarily using the net proceeds from the 2024 Offering for such paydowns.

Distributions

Our board shall authorize distributions, if any, on a quarterly basis, in such amounts as our board shall determine, and each quarterly record date for the purposes of such distributions shall be determined and authorized by our board in the last month of each calendar quarter until such time as our board changes our distribution policy. On November 14, 2022, our board suspended our DRIP offering beginning with distributions declared, if any, for the quarter ending December 31, 2022. As a result of the suspension of our DRIP, unless and until our board reinstates our DRIP offering, stockholders who are current participants in our DRIP were or will be paid distributions in cash.

Since the first quarter of 2023, our board has authorized a quarterly distribution equal to $0.25 per share to holders of our common stock, which we expect will continue to be paid in the future, though we cannot guarantee that our distributions will continue at the current value. Such quarterly distributions were equal to an annualized distribution rate of $1.00 per share and paid in cash, only from legally available funds. The amount of the quarterly distributions paid to our common stockholders was determined 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.

The following tables reflect distributions we paid for the six months ended June 30, 2024 and 2023, and the sources of distributions as compared to cash flows from operations or funds from operations attributable to controlling interest, or FFO, a non-GAAP financial measure (dollars in thousands):

	Six Months Ended June 30,			
	2024		2023	
Distributions paid in cash	$ 49,594		$ 43,086	
Sources of distributions:				
Cash flows from operations	$ 49,594	100 %	$ 43,086	100 %
Proceeds from borrowings	—	—	—	—
	$ 49,594	100 %	$ 43,086	100 %

	Six Months Ended June 30,					
	2024			2023		
Distributions paid in cash	$	49,594		$	43,086	
Sources of distributions:						
FFO attributable to controlling interest	$	49,594	100 %	$	39,265	91.1 %
Proceeds from borrowings		—	—		3,821	8.9
	$	49,594	100 %	$	43,086	100 %

As of June 30, 2024, 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 some portion of a distribution to our stockholders may have been paid from borrowings. For a further discussion of FFO, including a reconciliation of our GAAP net income (loss) to FFO, see "Funds from Operations and Normalized Funds from Operations" below.

Mortgage Loans Payable, Net

For a discussion of our mortgage loans payable, see Note 7, Mortgage Loans Payable, Net, to our accompanying condensed consolidated financial statements.

Lines of Credit and Term Loan

For a discussion of our lines of credit and term loan, see Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

REIT Requirements

In order to maintain our qualification as a REIT for U.S. federal income tax purposes, we are required to distribute to our stockholders a minimum of 90.0% of our REIT taxable income. 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 make distributions by means of secured and unsecured debt financing through one or more unaffiliated third parties. We may also make distributions with 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 10, Commitments and Contingencies, to our accompanying condensed consolidated financial statements.

Debt Service Requirements

A significant liquidity need is the payment of principal and interest on our outstanding indebtedness. As of June 30, 2024, we had $1,253,419,000 of fixed-rate and variable-rate mortgage loans payable outstanding secured by our properties. As of June 30, 2024, we had $784,500,000 outstanding, and $765,500,000 remained available under our lines of credit. The weighted average effective interest rate on our outstanding debt, factoring in our interest rate swaps, was 4.86% per annum as of June 30, 2024. See Note 7, Mortgage Loans Payable, Net, and Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

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. As of June 30, 2024, we were in compliance with all such covenants and requirements on our mortgage loans payable and our lines of credit and term loan. 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.

Funds from Operations and Normalized 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 financial 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 financial 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, gains or losses upon consolidation of a previously held equity interest, 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 operating performance to investors, industry analysts and 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).

We define normalized FFO attributable to controlling interest, or Normalized FFO, as FFO further adjusted for the following items included in the determination of GAAP net income (loss): expensed acquisition fees and costs, which we refer to as business acquisition expenses; amounts relating to changes in deferred rent and amortization of above- and below-market leases; the non-cash impact of changes to our equity instruments; non-cash or non-recurring income or expense; the non-cash effect of income tax benefits or expenses; capitalized interest; impairment of intangible assets and goodwill; amortization of closing costs on debt security 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; and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect Normalized FFO on the same basis.

However, FFO and Normalized FFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income (loss) as an indicator of our operating performance, GAAP cash flows from operations as an indicator of our liquidity or indicative of funds available to fund our cash needs, including our ability to make distributions to our stockholders. 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 Normalized FFO measures and the adjustments to GAAP in calculating FFO and Normalized FFO. Presentation of this information is intended to provide useful information to investors, industry analysts and management as they compare the operating performance used by the REIT industry, although it should be noted that not all REITs calculate funds from operations and normalized funds from operations the same way, so comparisons with other REITs may not be meaningful. FFO and Normalized FFO should be reviewed in conjunction with other measurements as an indication of our performance. None of the SEC, NAREIT, or any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or Normalized FFO. In the future, the SEC, NAREIT, or another regulatory body may decide to standardize the allowable adjustments across the REIT industry and we would have to adjust our calculation and characterization of FFO or Normalized FFO.

The following is a reconciliation of net income or loss, which is the most directly comparable GAAP financial measure, to FFO and Normalized FFO for the periods presented below (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 2,926	$ (11,867)	$ (78)	$ (39,482)
Depreciation and amortization related to real estate — consolidated properties	45,226	44,663	87,955	89,295
Depreciation and amortization related to real estate — unconsolidated entities	186	95	372	158
Loss (gain) on dispositions of real estate investments, net — consolidated properties	2	2,072	(2,261)	2,204
Net (income) loss attributable to noncontrolling interests	(947)	(316)	(1,835)	1,427
Gain on re-measurement of previously held equity interest	—	—	—	(726)
Depreciation, amortization, net gain/loss on dispositions and gain on re-measurement — noncontrolling interests	(5,647)	(7,073)	(11,109)	(13,611)
NAREIT FFO attributable to controlling interest	$ 41,746	$ 27,574	$ 73,044	$ 39,265
Business acquisition expenses	$ 15	$ 888	$ 2,797	$ 1,220
Amortization of above- and below-market leases	419	455	845	9,130
Amortization of closing costs — debt security investments	80	68	156	133
Change in deferred rent	(556)	(180)	(1,145)	(240)
Non-cash impact of changes to equity instruments	2,765	1,593	4,700	2,665
Capitalized interest	(71)	(54)	(205)	(80)
Loss on debt extinguishments	—	—	1,280	—
Gain in fair value of derivative financial instruments	(388)	(4,993)	(6,805)	(4,798)
Foreign currency (gain) loss	(82)	(1,068)	344	(2,076)
Adjustments for unconsolidated entities	(138)	(179)	(248)	(253)
Adjustments for noncontrolling interests	(50)	43	75	(590)
Normalized FFO attributable to controlling interest	$ 43,740	$ 24,147	$ 74,838	$ 44,376
Weighted average common shares outstanding — diluted	130,689,889	66,033,345	117,413,643	66,029,779
Net income (loss) per common share attributable to controlling interest — diluted	$ 0.01	$ (0.19)	$ (0.02)	$ (0.58)
NAREIT FFO per common share attributable to controlling interest — diluted	$ 0.32	$ 0.42	$ 0.62	$ 0.59
Normalized FFO per common share attributable to controlling interest — diluted	$ 0.33	$ 0.37	$ 0.64	$ 0.67

Net Operating Income

Net operating income, or 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 in fair value of derivative financial instruments, gain or loss on dispositions, impairment of real estate investments, impairment of intangible assets and goodwill, income or loss from unconsolidated entities, gain on re-measurement of previously held equity interests, foreign currency gain or loss, other income or expense 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 operating performance or as an alternative to cash flows from operations as an indication of our liquidity. NOI should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income (loss). NOI should be reviewed in conjunction with other measurements as an indication of our performance.

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.

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 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 2,926	$ (11,867)	$ (78)	$ (39,482)
General and administrative	11,746	11,774	23,574	24,827
Business acquisition expenses	15	888	2,797	1,220
Depreciation and amortization	45,264	44,701	88,031	89,371
Interest expense	30,596	40,990	67,034	80,001
Gain in fair value of derivative financial instruments	(388)	(4,993)	(6,805)	(4,798)
Loss (gain) on dispositions of real estate investments, net	2	2,072	(2,261)	2,204
Loss from unconsolidated entities	1,035	113	2,240	419
Gain on re-measurement of previously held equity interest	—	—	—	(726)
Foreign currency (gain) loss	(82)	(1,068)	344	(2,076)
Other income, net	(3,106)	(2,589)	(4,969)	(4,197)
Income tax expense	686	348	964	491
Net operating income	$ 88,694	$ 80,369	$ 170,871	$ 147,254

Item 3. 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, from those that were provided for in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024.

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 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. We have not elected, and may continue to not elect, to apply hedge accounting treatment to these derivatives; therefore, changes in the fair value of interest rate derivative financial instruments were recorded as a component of interest expense in gain or loss in fair value of derivative financial instruments in our accompanying condensed consolidated statements of operations and comprehensive income (loss). As of June 30, 2024, our interest rate swaps are recorded in other assets in our accompanying condensed consolidated balance sheet at their aggregate fair value of $5,879,000. We do not enter into derivative transactions for speculative purposes. For information on our interest rate swaps, see Note 9, Derivative Financial Instruments, and Note 13, Fair Value Measurements, to our accompanying condensed consolidated financial statements, for a further discussion on our interest rate swaps.

As of June 30, 2024, 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, excluding the effect of our interest rate swaps (dollars in thousands):

	Expected Maturity Date							
	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value
Assets								
Debt security held-to-maturity	$ —	$ 93,433	$ —	$ —	$ —	$ —	$ 93,433	$ 93,185
Weighted average interest rate on maturing fixed-rate debt security	— %	4.24 %	— %	— %	— %	— %	4.24 %	—
Liabilities								
Fixed-rate debt — principal payments	$ 38,094	$ 138,275	$ 158,331	$ 55,450	$ 105,126	$ 582,846	$ 1,078,122	$ 928,580
Weighted average interest rate on maturing fixed-rate debt	3.63 %	4.30 %	3.02 %	3.47 %	4.34 %	3.59 %	3.67 %	—
Variable-rate debt — principal payments	$ —	$ 281,054	$ —	$ 550,000	$ 121,043	$ 7,700	$ 959,797	$ 962,168
Weighted average interest rate on maturing variable-rate debt (based on rates in effect as of June 30, 2024)	— %	8.14 %	— %	6.66 %	6.73 %	7.58 %	7.11 %	—

Debt Security Investment, Net

As of June 30, 2024, the net carrying value of our debt security investment was $89,058,000. As we expect to hold our debt security investment to maturity and the amounts due under such debt security investment are 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 13, Fair Value Measurements, to our accompanying condensed consolidated financial statements, 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 June 30, 2024.

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

Mortgage loans payable were $1,253,419,000 ($1,228,597,000, net of discount/premium and deferred financing costs) as of June 30, 2024. As of June 30, 2024, we had 90 fixed-rate mortgage loans payable and five variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 8.19% per annum and a weighted average effective interest rate of 4.28%. In addition, as of June 30, 2024, we had $784,500,000 ($778,672,000, net of deferred financing fees) outstanding under our lines of credit and term loan, at a weighted average interest rate of 6.89% per annum.

As of June 30, 2024, the weighted average effective interest rate on our outstanding debt, factoring in our interest rate swaps, was 4.86% per annum. An increase in the variable interest rate on our variable-rate mortgage loans payable and lines of credit and term loan constitutes a market risk. As of June 30, 2024, 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 by $1,065,000, or 1.1% of total annualized interest expense on our mortgage loans payable and lines of credit and term loan. See Note 7, Mortgage Loans Payable, Net and Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

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 and residents, which may affect our ability to refinance our debt if necessary.

Item 4. 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 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 June 30, 2024 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 June 30, 2024, were effective at the reasonable assurance level.

(b) *Changes in internal control over financial reporting.* There were no changes in internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

For a discussion of our legal proceedings, see Note 10, Commitments and Contingencies — Litigation, to our accompanying condensed consolidated financial statements.

Item 1A. Risk Factors.

There were no material changes from the risk factors previously disclosed in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024, other than as set forth below.

Compliance with new federal minimum staffing requirements may increase operating costs for our skilled nursing tenants and operators, and failure to comply with such requirements may result in financial or other regulatory penalties or reputational harm.

In April 2024, the Centers for Medicare & Medicaid Services of the U.S. Department of Health & Human Services finalized new nursing home staffing rules, including a total nurse staffing standard that requires facilities to provide a minimum number of hours per day of total direct nursing care to residents and a requirement to have a registered nurse onsite 24 hours a day, seven days a week, to provide skilled nursing care. These new requirements have a staggered implementation timeframe based on geographic location. As these new rules are implemented over time, the operating costs of our skilled nursing tenants within our triple-net leased properties segment, as well as our SNF operations within our SHOP and integrated senior health campuses segments, may increase, which will negatively impact the profitability of both our tenants' businesses and our business. Our skilled nursing tenants and operators may also have difficulty in staffing and maintaining the required staffing at our facilities, and may not qualify for the specified hardship exemptions. If we or our tenants are unable to comply with the new rules, we may face monetary penalties or other regulatory enforcement action as well as reputational harm.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the period covered by this report, none of our directors or executive officers (as defined in Rule 16a-1(f) under the Exchange Act) has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

The following exhibits are included, or incorporated by reference, in this Quarterly Report on Form 10-Q for the period ended June 30, 2024 (and are numbered in accordance with Item 601 of Regulation S-K).

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	Articles of Amendment (Reverse Stock Split) of American Healthcare REIT, Inc., dated November 15, 2022 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed November 16, 2022 and incorporated herein by reference)
3.3	Articles of Amendment (Par Value Decrease) of American Healthcare REIT, Inc., dated November 15, 2022 (included as Exhibit 3.2 to our Current Report on Form 8-K (File No. 000-55775) filed November 16, 2022 and incorporated herein by reference)
3.4	Articles Supplementary (Common Stock Reclassification) of American Healthcare REIT, Inc., dated January 26, 2024 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed January 30, 2024 and incorporated herein by reference)
3.5	Articles Supplementary (Subtitle 8 Opt-Out) of American Healthcare REIT, Inc., dated February 7, 2024 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 001-41951) filed February 12. 2024 and incorporated herein by reference)

3.6	Amended and Restated Bylaws of American Healthcare REIT, Inc. (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed February 17, 2023 and incorporated herein by reference)
10.1	Membership Interest Purchase Agreement by and among GAHC3 Trilogy JV, LLC, American Healthcare REIT, Inc., Trilogy Holdings NT-HCI, LLC and NorthStar Healthcare Income Operating Partnership, LP, dated as of November 3, 2023 (included as Exhibit 10.1 of our Current Report on Form 8-K (File No. 000-55775) filed November 7, 2023 and incorporated herein by reference)
10.2*	Letter Agreement, dated May 7, 2024, by and among American Healthcare REIT Holdings, LP, GAHC3 Trilogy JV, LLC, American Healthcare REIT, Inc., Trilogy Holdings NT-HCI, LLC and Nicholas Balzo
10.3*	Sixth Amendment to the First Amended and Restated Senior Secured Credit Agreement, dated as of May 21, 2024, among Trilogy RER, LLC, Trilogy Investors, LLC, Trilogy Healthcare Holdings, Inc., Trilogy OpCo, LLC and Trilogy Pro Services, LLC, KeyBank National Association and the other lenders which are parties thereto from time to time
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)

______

* 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.

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)*
August 9, 2024	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (Principal Executive Officer)
August 9, 2024	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.2

AMERICAN HEALTHCARE REIT HOLDINGS, LP
c/o American Healthcare REIT, Inc.
18191 Von Karman Ave., Third Floor
Irvine, California 92612

May 7, 2024

Trilogy Holdings NT-HCI, LLC
c/o NorthStar Healthcare Income, Inc.
16 East 34th Street, 18th Floor
New York, NY 10016
Attention: Legal Department

Re: Intercompany Loan Amendment

Ladies and Gentlemen:

This letter agreement (this "***Letter***") is made as of May 7, 2024, by and among (i) American Healthcare REIT Holdings, LP, a Delaware limited partnership ("***AHR OP***"), (ii) Trilogy Holdings NT-HCI, LLC, a Delaware limited liability company ("***NHI***"), (iii) for purposes of Section 5 hereof, GAHC3 Trilogy JV, LLC, a Delaware limited liability company ("***GAHC3***"), (iv) for purposes of Section 5 hereof, American Healthcare REIT, Inc., a Maryland corporation ("***AHR***"), and (v) Nicholas Balzo, an individual ("***Balzo***," and together with AHR OP, NHI, GAHC3 and AHR, the "***Parties***").

The Parties are parties that certain letter agreement dated February 14, 2024 ("***February 2024 Letter Agreement***"), pursuant to which the Parties approved that certain intercompany loan from AHR OP to Trilogy Property Holdings, LLC ("***Borrower***") on the terms and conditions set forth therein. All capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the February 2024 Letter Agreement.

AHR OP, as lender, and Borrower, as borrower, desire to amend the Note by entering into that certain First Amendment to Loan Commitment Note ("***Note Amendment***") in the form attached hereto as **Exhibit A**. References herein to the "***Note***" shall mean the Note as amended by the Note Amendment.

In consideration of the mutual covenants and promises of the Parties and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Approval of First Amendment to Loan Commitment Note. Subject to the terms and conditions set forth herein:

(a) NHI hereby agrees to approve, in its capacity as a Member (as defined in the Trilogy REIT LLCA) of Trilogy REIT, that Note Amendment and the consummation of the Loan Transactions by executing concurrently herewith the letter agreement in the form attached hereto as **Exhibit B** (the "***Trilogy REIT Member Consent***").

(b) Balzo hereby agrees to approve, in his capacity as a member of the board of directors of Trilogy Investors, the Note Amendment and the consummation of the Loan Transactions by executing concurrently herewith the Unanimous Written Consent of the Board of Directors in Lieu of a Meeting in the form attached hereto as **Exhibit C** (the "***Trilogy Investors Board Consent***" and together with the Trilogy REIT Member Consent, the "***Consents***").

2. Additional Agreements. Subject to Section 6 hereof:

(a) AHR hereby represents that it has complied with Section 2 of the February 2024 Letter Agreement, and acknowledges and agrees that the February 2024 Letter Agreement remains in full force and effect, except as set forth in Section 2(c) below.

(b) AHR OP hereby agrees that it will not fund any advances under the Note to the extent such advance would cause the ratio of Total Adjusted EBITDAR to Consolidated Fixed Charges (as defined and set forth in the Note Amendment) to be exceeded at the time of funding such advances.

(c) Section 3(b) of the February 2024 Letter Agreement is hereby deleted in its entirety and replaced with the following:

> "(b) AHR OP acknowledges and agrees that (i) any amounts outstanding under the Note shall be included in the calculation of Trilogy REIT's loan to value ratio and (ii) in no event shall AHR OP cause or permit Trilogy Investors or its subsidiaries to enter into any financing transaction that would increase Trilogy REIT's loan to value (when viewing Trilogy REIT and its subsidiaries together as one person) to exceed 60%, without the written consent of NHI. AHR OP further agrees that, upon the prior written request of NHI, it shall cause Trilogy Investors to promptly provide information with respect to the amounts outstanding under the Note, along with the applicable interest rate, as well as a calculation of Trilogy REIT's loan to value ratio (when viewing Trilogy REIT and its subsidiaries together as one person)."

3. Fees. In addition to any amounts due under the February 2024 Letter Agreement:

(a) AHR OP hereby agrees that it will pay, or cause to be paid, to NHI a cash fee in the amount of $500,000 (the "***Amendment Consent Fee***") upon AHR OP's receipt of all of the following: (i) all executed counterparts to this Letter; and (ii) all executed counterparts to the Consents.

(b) AHR OP hereby agrees that it will pay, or cause to be paid, to NHI a cash fee in the amount of $750,000 (each and collectively, the "***Amendment Extension Fees***") upon each extension of the Maturity Date under the Note.

4. Application of Amendment Consent Fee and Amendment Extension Fees. NHI, GAHC3 and AHR hereby agree that for purposes of the MIPA, the Loan Consent Fee and Loan Extension Fees shall be increased by the Amendment Consent Fee and the Amendment Extension Fees, to the extent such Amendment Consent Fee and Amendment Extension Fees are actually paid, and the Amendment Consent Fee and Amendment Extension Fees shall be deemed to be part of and included in the Loan Consent Fee and the Loan Extension Fees, respectively, and shall be

applicable to the Purchase Consideration as provided by the MIPA. The preceding is hereby incorporated into the MIPA for all purposes.

5. Failure to Comply. Subject to Section 6 hereof, without limiting any obligations under Section 6 of the February 2024 Letter Agreement, if AHR OP fails to comply with Sections 2 or 3 of this Letter, then AHR OP must promptly pay NHI, without duplication, the amount due under Section 6 of the February 2024 Letter Agreement; provided, however, notwithstanding any provision in the February 2024 Letter Agreement to the contrary, any such amount paid in respect of a failure to comply with Section 2(b) of this Letter shall be applicable to the Purchase Consideration payable under the MIPA. The preceding is hereby incorporated into the MIPA for all purposes.

6. Termination. Subject to the following sentence, this Letter will automatically terminate and be of no further force or effect from and after such time as NHI ceases to be a Member of Trilogy REIT (including as a result of the consummation of the Closing (as defined in the MIPA)). Notwithstanding the foregoing, the terms of Sections 4 and 7 hereof will survive any termination of this Letter, and any obligations of AHR OP to pay amounts to NHI under Section 3 or Section 5 hereof that are due but unpaid at such termination shall continue to be due and owing following such termination.

7. Miscellaneous.

(a) This Letter, together with the February 2024 Letter Agreement (in each case together with all exhibits referred to herein), constitutes the entire agreement of the Parties with respect to the subject matter of this Letter and supersedes all prior agreements, undertakings and understandings, both written and oral, relating to the subject matter hereof. No provision of this Letter may be amended, supplemented, modified or waived except by a written instrument making specific reference hereto signed by AHR OP and NHI. In case any one or more of the provisions contained in this Letter are held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision of this Letter.

(b) This Letter and all claims arising hereunder (in tort, contract or otherwise) will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any other jurisdiction to be applied. Any claims or litigation (in tort, contract or otherwise) will be brought solely in the courts located in the State of Delaware.

(c) Subject to the following sentence, this Letter is for the sole benefit of the Parties, and no other person or entity will have any rights under this Letter. Notwithstanding the foregoing, Balzo will have no rights to enforce any provision of this Letter.

(d) This Letter may be executed in one or more counterparts, each of which when executed will be deemed to be an original but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Letter by facsimile or e-mail will be as effective as delivery of a manually executed counterpart.

[Signature Pages Follows]

IN WITNESS WHEREOF, the undersigned have executed this Letter as of the date first written above.

AHR OP:

AMERICAN HEALTHCARE REIT HOLDINGS, LP

By: Continental Merger Sub, LLC, its General Partner

By: American Healthcare REIT, Inc., its Sole Member

By: /s/ Gabriel M. Willhite
Name: Gabriel M. Willhite
Title: Chief Operating Officer

<u>GAHC3:</u>

(for purposes of <u>Section 4</u> hereof)

GAHC3 TRILOGY JV, LLC

By: American Healthcare REIT Holdings, LP, its Sole Member

By: Continental Merger Sub, LLC, its General Partner

By: American Healthcare REIT, Inc., its Sole Member

By: <u>/s/ Gabriel M. Willhite</u>
Name: Gabriel M. Willhite
Title: Chief Operating Officer

<u>AHR:</u>

(for purposes of <u>Section 4</u> hereof)

AMERICAN HEALTHCARE REIT, INC.

By: <u>/s/ Gabriel M. Willhite</u>
Name: Gabriel M. Willhite
Title: Chief Operating Officer

<u>NHI:</u>

TRILOGY HOLDINGS NT-HCI, LLC

By: <u>/s/ Kendall Young</u>
Name: Kendall Young
Title: Chief Executive Officer

[Signature Page To Letter Agreement]

BALZO:

/s/ Nicholas Balzo
Nicholas Balzo

[Signature Page To Letter Agreement]

Exhibit 10.3

SIXTH AMENDMENT TO FIRST AMENDED AND RESTATED SENIOR SECURED CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO FIRST AMENDED AND RESTATED SENIOR SECURED CREDIT AGREEMENT (this "Amendment"), dated as May 21, 2024, by and among the undersigned parties executing this Amendment as "Borrowers" (collectively, "Borrowers"), the undersigned parties executing this Amendment as "Guarantors" (collectively, "Guarantors"), **KEYBANK NATIONAL ASSOCIATION** ("KeyBank") and the other Lenders party hereto (collectively, the "Lenders"), and KeyBank as Administrative Agent for itself and the other Lenders from time to time a party to the Credit Agreement (as hereinafter defined) (KeyBank, in its capacity as Administrative Agent, is hereinafter referred to as "Administrative Agent").

W I T N E S S E T H:

WHEREAS, Borrowers, Administrative Agent and the Lenders are parties to that certain First Amended and Restated Senior Secured Credit Agreement dated as of September 5, 2019, as amended by that certain First Amendment to First Amended and Restated Senior Secured Credit Agreement dated as of April 30, 2021, that certain Second Amendment to First Amended and Restated Senior Secured Credit Agreement dated as of September 29, 2021, that certain Third Amendment to First Amended and Restated Senior Secured Credit Agreement and Amendment to Unconditional Guaranty of Payment and Performance (the "Third Amendment") dated as of December 20, 2022, that certain Fourth Amendment to First Amended and Restated Senior Secured Credit Agreement dated as of March 30, 2023, and that certain Fifth Amendment to First Amended and Restated Senior Secured Credit Agreement dated as of December 21, 2023 (as the same has been and may be further varied, extended, supplemented, consolidated, replaced, increased, renewed, modified or amended from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Guarantors executed and delivered to Administrative Agent and Lenders that certain Unconditional Guaranty of Payment and Performance dated as of September 5, 2019, as amended by the Third Amendment (as varied, extended, supplemented, consolidated, replaced, increased, renewed, modified or amended from time to time, the "Guaranty");

WHEREAS, Borrowers have requested that Administrative Agent and the Lenders make certain modifications to the Credit Agreement, and Administrative Agent and the Lenders have consented to such extension and other modifications, subject to the execution and delivery of this Amendment.

NOW, THEREFORE, for and in consideration of the sum of TEN and NO/100 DOLLARS ($10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. Definitions. Capitalized terms used in this Amendment, but which are not otherwise expressly defined in this Amendment, shall have the respective meanings given thereto in the Credit Agreement.

2. Amendment of the Credit Agreement. Borrowers, Administrative Agent and the Lenders do hereby modify and amend the Credit Agreement as follows:

(a) By inserting the following new definitions into Section 1.1 of the Credit Agreement, in the appropriate alphabetical order:""Subordinated Debt" means Indebtedness evidenced by the Subordinated Note.";

““Subordinated Lender” means American Healthcare REIT Holdings, LP, a Delaware limited partnership.”;

““Subordinated Note” means that certain Loan Commitment Note dated as of February 14, 2024 by Trilogy Investors (as assignee of Trilogy Property Holdings, LLC, a Delaware limited liability company) in favor of Subordinated Lender, as amended by that certain First Amendment to Loan Commitment Note dated as of May 7, 2024 among Trilogy Investors and Trilogy Property Holdings, LLC, a Delaware limited liability company, in the maximum principal amount of up to $365,000,000.00, and as assigned by Trilogy Property Holdings, LLC, a Delaware limited liability company, to Trilogy Investors pursuant to that certain Assignment and Assumption Agreement dated as of May 21, 2024.”

““Subordination Agreement” means that certain Subordination and Standstill Agreement dated as of May 21, 2024, by and among Administrative Agent, Subordinated Lender, Borrowers, Trilogy Investors and the other Guarantors.”

(b) By inserting the following new sentence at the end of the definition of “Consolidated Interest Expense” appearing in Section 1.1 of the Credit Agreement: “Notwithstanding the foregoing, any Interest Expense of Trilogy Investors with respect to the Subordinated Debt shall be excluded from the calculation of Consolidated Interest Expense so long as the Subordination Agreement is in full force and effect and no default or misrepresentation has occurred thereunder (beyond any applicable notice and cure period).”

(b) By inserting the following new sentence at the end of the definition of “Distributions” appearing in Section 1.1 of the Credit Agreement: “Notwithstanding the foregoing, for purposes of determining compliance with Section 9.5, all payments of principal, interest and other amounts owing under the Subordinated Debt, to the extent actually paid, shall be deemed to be Distributions made by Trilogy Investors to its partners, shareholders, members or other owners.”

(c) By inserting the following new sentence at the end of the definition of “Indebtedness” appearing in Section 1.1 of the Credit Agreement: “Notwithstanding the foregoing, for purposes of calculating the covenants set forth in Sections 9.2, 9.3 and 9.4, the Subordinated Debt shall be excluded from Indebtedness so long as the Subordination Agreement is in full force and effect and no default or misrepresentation has occurred thereunder (beyond any applicable notice and cure period).”

(d) By inserting the words “including, without limitation, the Subordination Agreement” at the end of the definition of “Intercreditor Agreements” appearing in Section 1.1 of the Credit Agreement.

(e) By inserting the following new Section 8.21 into the Credit Agreement:

“Section 8.21 Subordinated Debt. Borrowers shall not permit to be paid any principal, interest and/or other amounts owing under the Subordinated Debt except as expressly permitted in the Subordination Agreement and only to the extent that no Event of Default exists or would arise as a result thereof (including, without limitation, under Section 9.5). Without the prior written consent of Administrative Agent, which consent may be withheld by Administrative Agent in its sole and absolute discretion, neither the Subordinated Note nor any other agreement, instrument or other document executed in connection therewith or relating thereto, if any, shall be modified, amended or waived in any respect, except as expressly permitted in the Subordination Agreement. Borrowers shall deliver to Administrative Agent a copy of the Subordinated Note, and each agreement, instrument or other document executed in connection with the Subordinated Note, if any, and of each modification, amendment, waiver and/or consent related thereto, in each case promptly following the execution and delivery of same by the parties thereto."

(f) By deleting in its entirety Section 12.1(m) of the Credit Agreement and inserting in lieu thereof the following new Section 12.1(m):"(m) (i) any of the Loan Documents or the Contribution Agreement shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or the express prior written agreement, consent or approval of the Lenders, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents or the Contribution Agreement shall be commenced by or on behalf of any Loan Party or by Subordinated Lender, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination, or issue a judgment, order, decree or ruling, to the effect that any one or more of the Loan Documents or the Contribution Agreement is illegal, invalid or unenforceable in accordance with the terms thereof, or (ii) any "Event of Default" shall occur and be continuing under the Subordinated Note, or any Person party to the Subordination Agreement breaches or violates, or attempts to terminate or challenge in writing the validity of, such agreement, or any representation or warranty under the Subordination Agreement shall prove to have been false in any material respect upon the date when made or deemed to have been made or repeated;".

3. References to Credit Agreement. All references in the Loan Documents to the Credit Agreement shall be deemed a reference to the Credit Agreement as modified and amended herein.

4. Consent and Acknowledgment of Borrowers and Guarantors. By execution of this Amendment, Guarantors hereby expressly consent to the modifications and amendments relating to the Credit Agreement as set forth herein and any other agreements or instruments executed in connection herewith, and Borrowers and Guarantors hereby acknowledge, represent and agree that (a) the Credit Agreement, as modified and amended herein, and the other Loan Documents remain in full force and effect and constitute the valid and legally binding obligation of Borrowers and Guarantors, as applicable, enforceable against such Persons in accordance with their respective terms, (b) that the Guaranty extends to and applies to the Credit Agreement as modified and amended herein, and (c) that the execution and delivery of this Amendment and any other agreements or instruments executed in connection herewith does not constitute, and shall not be deemed to constitute, a release, waiver or satisfaction of any Borrower's or any Guarantor's obligations under the Loan Documents.

5. Representations. Borrowers and Guarantors represent and warrant to Administrative Agent and the Lenders as follows:

(a) Authorization. The execution, delivery and performance of this Amendment and the transactions contemplated hereby (i) are within the authority of Borrowers and Guarantors, (ii) have been duly authorized by all necessary proceedings on the part of such Persons, (iii) do not and will not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which any of such Persons is subject or any judgment, order, writ, injunction, license or permit applicable to such Persons, (iv) do not and will not conflict with or constitute a default under any provision of the partnership agreement, articles of incorporation or other charter documents or bylaws of such Person, (v) do not and will not conflict with or constitute a default (whether with the passage of time or the giving of notice, or both) under any provision of any material agreement or other instrument binding upon, such Person or any of its properties, and (vi) do not and will not result in or require the imposition of any lien or other encumbrance on any of the properties, assets or rights of such Person other than the liens and encumbrances in favor of Administrative Agent contemplated by the Credit Agreement and the other Loan Documents.

(b) Enforceability. This Amendment and any other agreements or instruments executed in connection herewith to which any of Borrowers or Guarantors is a party are the valid and legally binding obligations of such Person enforceable in accordance with the respective terms and provisions hereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and the effect of general principles of equity.

(c) Approvals. The execution, delivery and performance of this Amendment and the transactions contemplated hereby do not require the approval or consent of or approval of any Person or the authorization, consent, approval of or any license or permit issued by, or any filing or registration with, or the giving of any notice to, any court, department, board, commission or other governmental agency or authority other than those already obtained and delivered to Administrative Agent.

(d) Reaffirmation. Borrowers and Guarantors reaffirm and restate as of the date hereof each and every representation and warranty made by such Persons in the Loan Documents or otherwise made by or on behalf of such Persons in connection therewith except for representations or warranties that expressly relate to an earlier date. The representations and warranties made by Borrowers, Guarantors or their respective Subsidiaries in the Loan Documents or otherwise made by or on behalf of such Persons in connection therewith or after the date of the Credit Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the hereof, except to the extent of changes in the facts and circumstances after the date such representation and warranty was made that resulted from actions or inactions not prohibited by the Credit Agreement (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date).

(e) No Default. By execution hereof, Borrowers and Guarantors certify that such Persons are and will be in compliance with all covenants under the Loan Documents after the execution and delivery of this Amendment and the other documents executed in connection herewith, and that no Default or Event of Default has occurred and is continuing.

6. Waiver of Claims. Borrowers and Guarantors acknowledge, represent and agree that such Persons as of the date hereof have no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever with respect to the Loan Documents, the administration or funding of the Loans or with respect to any acts or omissions of Administrative Agent or any Lender, or any past or present officers, agents or employees of Administrative Agent or any Lender, and each of Borrowers and Guarantors does hereby expressly waive, release and relinquish any and all such defenses, setoffs, claims, counterclaims and causes of action, if any.

7. Ratification. Except as hereinabove set forth or in any other document previously executed or executed in connection herewith, all terms, covenants and provisions of the Credit Agreement and the other Loan Documents remain unaltered and in full force and effect, and the parties hereto do hereby expressly ratify and confirm the Credit Agreement, the Guaranty and the other Loan Documents. Nothing in this Amendment shall be deemed or construed to constitute, and there has not otherwise occurred, a novation, cancellation, satisfaction, release, extinguishment or substitution of the indebtedness evidenced by the Notes or the other obligations of Borrowers and Guarantors under the Loan Documents.

8. Counterparts. This Amendment may be executed in any number of counterparts which shall together constitute but one and the same agreement.

9. Miscellaneous. THIS AMENDMENT SHALL, PURSUANT TO NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1401, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors, successors-in-title and assigns as provided in the Credit Agreement. This Amendment shall constitute a Loan Document.

10. Effective Date. This Amendment shall be deemed effective and in full force and effect (the "Effective Date") upon confirmation by Administrative Agent of the satisfaction of the following conditions:

(a) Execution and delivery of this Amendment by Borrowers, Guarantors, Administrative Agent, the Lenders and the Exiting Lender;

(b) Execution and delivery of the Subordination Agreement by Administrative Agent, Subordinated Lender, Borrowers and Guarantors;

(d) receipt by Administrative Agent of evidence that the Borrowers shall have paid all fees due and payable with respect to this Amendment;

(e) to the extent not previously delivered, receipt by Administrative Agent of a Compliance Certificate evidencing compliance with the covenants described in §9 of the Credit Agreement and the other covenants described in such Compliance Certificate, in each case, after giving effect to this Amendment, calculated in good faith based on the pro forma consolidated financial statements of Trilogy Investors and its Subsidiaries for the calendar quarter ended December 31, 2023; and

(f) Receipt by Administrative Agent of such other resolutions, certificates, documents, lien searches, title updates and endorsements, instruments and agreements as Administrative Agent may reasonably request on or prior to the date of this Amendment.

11. Fees and Expenses. Borrowers will pay the reasonable fees and expenses of Administrative Agent in connection with this Amendment and the transactions contemplated hereby in accordance with Section 15 of the Credit Agreement.

12. Electronic Signatures. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or as an attachment to an electronic mail message in .pdf, .jpeg, .TIFF or similar electronic format shall be effective as delivery of a manually executed counterpart of this Amendment for all purposes. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment and any other Loan Document to be signed in connection with this Amendment, the other Loan Documents and the transactions contemplated hereby and thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require Administrative Agent to accept electronic signatures in any form or format without its prior written consent. For the purposes hereof, "Electronic Signatures" means an electronic sound, symbol, or process attached to, or associated with, a

contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record. Each of the parties hereto represents and warrants to the other parties hereto that it has the corporate capacity and authority to execute the Amendment through electronic means and there are no restrictions for doing so in that party's constitutive documents. Without limiting the generality of the foregoing, each Borrower and Guarantor hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among any of Administrative Agent or the Lenders and any of the Borrowers or Guarantors, electronic images of this Amendment or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of any Loan Document based solely on the lack of paper original copies of such Loan Document, including with respect to any signature pages thereto.

[CONTINUED ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto, acting by and through their respective duly authorized officers and/or other representatives, have duly executed this Amendment as of the day and year first above written.

BORROWERS:

PARAGON OUTPATIENT REHABILITATION SERVICES, LLC, an Indiana limited liability company
PCA-CORRECTIONS, LLC,
a Kentucky limited liability company
TRILOGY HEALTHCARE OF ALLEN II, **LLC,**
a Delaware limited liability company
TRILOGY HEALTHCARE OF BATTLE CREEK, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF COLUMBUS, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF COMMERCE, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF CORYDON, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF CYNTHIANA, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF FAYETTE III, **LLC,**
a Kentucky limited liability company
TRILOGY HEALTHCARE OF GLEN RIDGE, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF HAMILTON, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF HENRY, LLC,
an Indiana limited liability company
TRILOGY HEALTHCARE OF HENRY II, **LLC,**
an Indiana limited liability company
TRILOGY HEALTHCARE OF HURON, LLC,
a Delaware limited liability company

By: /s/ Gregory A. Conner
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

TRILOGY HEALTHCARE OF LIVINGSTON, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF LOUISVILLE EAST, LLC, a Delaware limited liability company
TRILOGY HEALTHCARE OF LOUISVILLE NORTHEAST, LLC, a Kentucky limited liability company
TRILOGY HEALTHCARE OF LOUISVILLE SOUTHWEST, LLC, a Delaware limited liability company
TRILOGY HEALTHCARE OF LOWELL, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF MONTGOMERY, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF MUSKINGUM, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF NEW ALBANY, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF NORTH BALTIMORE, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF PUTNAM II, **LLC,**
a Delaware limited liability company
TRILOGY HEALTHCARE OF PUTNAM III, **LLC,**
a Delaware limited liability company
TRILOGY HEALTHCARE OF SEYMOUR, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF VANDERBURGH, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF VIGO, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF WOOD COUNTY SUCCESSOR, LLC, a Delaware limited liability company

By: /s/ Gregory A. Conner
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

TRILOGY NUSCRIPTRX, LLC,
a Delaware limited liability company
TRILOGY PCA HOLDINGS, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE COLUMBUS, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE CYNTHIANA, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE HARRISON, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE HOWELL, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE HURON, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE KENTUCKY III, **LLC,**
a Delaware limited liability company
TRILOGY REAL ESTATE KENTUCKY V, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE KENTUCKY, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE NEW ALBANY, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE NORTHPOINTE, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE OAKLAND, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE OF BATTLE CREEK, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE OHIO, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE PUTNAM II, **LLC,**
a Delaware limited liability company
TRILOGY REAL ESTATE OF SEYMOUR, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE VIGO, LLC,
a Delaware limited liability company
TRILOGY REHAB SERVICES, LLC,
a Delaware limited liability company
TRILOGY RER, LLC,
a Delaware limited liability company

By: /s/ Gregory A. Conner
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

TRILOGY REAL ESTATE FOREST SPRINGS, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE MADISON, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OPERATIONS OF MADISON, LLC, a Delaware limited liability company
TRILOGY REAL ESTATE HURON II, **LLC,**
a Delaware limited liability company
TRILOGY REAL ESTATE MONTGOMERY, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE LOWELL, LLC, a Delaware limited liability company
TRILOGY REAL ESTATE CORYDON, LLC,
a Delaware limited liability company
LCS AVON LLC, an Iowa limited liability company
RHS PARTNERS OF BLOOMINGTON, LLC, a Delaware limited liability company
RHS PARTNERS OF CARMEL, LLC, a Delaware limited liability company
LCS CRAWFORDSVILLE LLC, an Iowa limited liability company
RHS PARTNERS OF ARLINGTON, LLC, a Delaware limited liability company
RHS PARTNERS OF CASTLETON, LLC, a Delaware limited liability company
LCS KOKOMO LLC, an Iowa limited liability company
RHS PARTNERS OF LAFAYETTE, LLC, a Delaware limited liability company
RHS PARTNERS OF RICHMOND, LLC, a Delaware limited liability company
LCS SOUTH BEND LLC, an Iowa limited liability company
RHS PARTNERS OF TERRE HAUTE, LLC, a Delaware limited liability company
LCS WABASH LLC, an Iowa limited liability company
LCS WESTFIELD LLC, an Iowa limited liability company
TRILOGY HEALTHCARE OF MONTGOMERY II, **LLC,** a Delaware limited liability company

By: /s/ Gregory A. Conner
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

TRILOGY REAL ESTATE KENT, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF KENT, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE KENT II, LLC, a Delaware limited liability company
TRILOGY HEALTHCARE OF BELMONT, LLC,
a Delaware limited liability company
TRILOGY REAL ESTATE HAMILTON III, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF HAMILTON III, LLC, a Delaware limited liability company
TRILOGY REAL ESTATE TIFFIN, LLC,
a Delaware limited liability company
TRILOGY HEALTHCARE OF TIFFIN, LLC, a Delaware limited liability company
TRILOGY NORTH CAROLINA RX, LLC, a Delaware limited liability company
SYNCHRONY NORTH CAROLINA RX, LLC, a Delaware limited liability company
TRILOGY FLORIDA RX, LLC, a Delaware limited liability company
PCA FLORIDA RX, LLC, a Delaware limited liability company

By: /s/ Gregory A. Conner
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

[SIGNATURES CONTINUED ON NEXT PAGE}

<u>GUARANTORS:</u>

TRILOGY INVESTORS, LLC, a Delaware limited liability company

By: <u>/s/ Gregory A. Conner</u>
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

TRILOGY HEALTHCARE HOLDINGS, INC., a Delaware corporation

By: <u>/s/ Gregory A. Conner</u>
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

TRILOGY PRO SERVICES, LLC, a Delaware limited liability company

By: <u>/s/ Gregory A. Conner</u>
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

TRILOGY OPCO, LLC, a Delaware limited liability company

By: <u>/s/ Gregory A. Conner</u>
Name: Gregory A. Conner
Title: SVP, Treasurer and Assistant Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

ADMINISTRATIVE AGENT AND LENDERS:

KEYBANK NATIONAL ASSOCIATION, individually as a Lender and as Administrative Agent

By: /s/ Laura Conway
Name: Laura Conway
Title: Senior Vice President

FIRST-CITIZENS BANK & TRUST COMPANY (Successor-By-Merger to CIT Bank, N.A.), as a Lender

By: ______________________
Name: ______________________
Title: ______________________

REGIONS BANK, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

BANK OF AMERICA, N.A., as a Lender

By: ______________________
Name: ______________________
Title: ______________________

THE HUNTINGTON NATIONAL BANK, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

[SIGNATURES CONTINUED ON NEXT PAGE]

<u>ADMINISTRATIVE AGENT AND LENDERS:</u>

KEYBANK NATIONAL ASSOCIATION, individually as a Lender and as Administrative Agent

By: ______________________________
Name: Laura Conway
Title: Senior Vice President

FIRST-CITIZENS BANK & TRUST COMPANY (Successor-By-Merger to CIT Bank, N.A.), as a Lender

By: /s/ Jason T. Sylvester
Name: Jason T. Sylvester
Title: Director

REGIONS BANK, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

BANK OF AMERICA, N.A., as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

THE HUNTINGTON NATIONAL BANK, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

[SIGNATURES CONTINUED ON NEXT PAGE}

ADMINISTRATIVE AGENT AND LENDERS:

KEYBANK NATIONAL ASSOCIATION, individually as a Lender and as Administrative Agent

By: ______________________________
Name: Laura Conway
Title: Senior Vice President

FIRST-CITIZENS BANK & TRUST COMPANY (Successor-By-Merger to CIT Bank, N.A.), as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

REGIONS BANK, as a Lender

By: /s/ John E. Boulder
Name: John E. Boulder
Title: Senior Vice President

BANK OF AMERICA, N.A., as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

THE HUNTINGTON NATIONAL BANK, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

[SIGNATURES CONTINUED ON NEXT PAGE]

ADMINISTRATIVE AGENT AND LENDERS:

KEYBANK NATIONAL ASSOCIATION, individually as a Lender and as Administrative Agent

By: ______________________________
Name: Laura Conway
Title: Senior Vice President

FIRST-CITIZENS BANK & TRUST COMPANY (Successor-By-Merger to CIT Bank, N.A.), as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

REGIONS BANK, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

BANK OF AMERICA, N.A., as a Lender

By: /s/ H. Hope Walker
Name: H. Hope Walker
Title: Senior Vice President

THE HUNTINGTON NATIONAL BANK, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

[SIGNATURES CONTINUED ON NEXT PAGE]

ADMINISTRATIVE AGENT AND LENDERS:

KEYBANK NATIONAL ASSOCIATION, individually as a Lender and as Administrative Agent

By: ______________________________
Name: Laura Conway
Title: Senior Vice President

FIRST-CITIZENS BANK & TRUST COMPANY (Successor-By-Merger to CIT Bank, N.A.), as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

REGIONS BANK, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

BANK OF AMERICA, N.A., as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

THE HUNTINGTON NATIONAL BANK, as a Lender

By: /s/ Nick Kelly
Name: Nick Kelly
Title: Assistant Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

SYNOVUS BANK, as a Lender

By: /s/ Kathryn H. Buchanau
Name: Kathryn H. Buchanau
Title: Managing Director

CIBC BANK USA, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

BOKF, NA dba BANK OF OKLAHOMA, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

BMO BANK N.A., successor in interest to Bank Of The West, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

SYNOVUS BANK, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

CIBC BANK USA, as a Lender

By: /s/ Michael Velazquez
Name: Michael Velazquez
Title: Managing Director

BOKF, NA dba BANK OF OKLAHOMA, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

BMO BANK N.A., successor in interest to Bank Of The West, as a Lender

By: ______________________
Name: ______________________
Title: ______________________

SYNOVUS BANK, as a Lender

By: ____________________
Name: ____________________
Title: ____________________

CIBC BANK USA, as a Lender

By: ____________________
Name: ____________________
Title: ____________________

BOKF, NA dba BANK OF OKLAHOMA, as a Lender

By: /s/ Christopher Rollmann
Name: Christopher Rollmann
Title: Senior Vice President

BMO BANK N.A., successor in interest to Bank Of The West, as a Lender

By: ____________________
Name: ____________________
Title: ____________________

SYNOVUS BANK, as a Lender

By: ____________________________
Name: ____________________________
Title: ____________________________

CIBC BANK USA, as a Lender

By: ____________________________
Name: ____________________________
Title: ____________________________

BOKF, NA dba BANK OF OKLAHOMA, as a Lender

By: ____________________________
Name: ____________________________
Title: ____________________________

BMO BANK N.A., successor in interest to Bank Of The West, as a Lender

By: /s/ Adam Shifrin
Name: Adam Shifrin
Title: Director

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 Quarterly Report on Form 10-Q 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.

August 9, 2024	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (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 Quarterly Report on Form 10-Q 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.

August 9, 2024	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 Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (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.

August 9, 2024	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (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 Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (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.

August 9, 2024	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)