Risk Factors Comparison 2024-02-12 to 2023-02-14 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

This section discusses material risk factors that may affect our business, operations and financial condition. It does not describe all risks and uncertainties applicable to us, our industry or ownership of our securities. If any of the following risks, or any other risks and uncertainties that are not addressed below or that we have not yet identified, actually occur, we could be materially adversely affected and the value of our securities could decline. Risks Related to the Operators of Our ~~Facilities~~ **FacilitiesOur** ~~Our~~ financial position could be weakened and our ability to make distributions and fulfill our obligations with respect to our indebtedness could be limited if our operators, or a portion thereof, become unable to meet their obligations to us or fail to renew or extend their relationship with us as their lease terms expire or their mortgages mature, or if we become unable to lease or re-lease our facilities or make mortgage loans on economically favorable terms. We have no operational control over our operators. The bankruptcy or insolvency of our operators could limit or delay our ability to recover on our investments. We are exposed to the risk that a distressed or insolvent operator may not be able to meet its lease, loan, mortgage or other obligations to us or other third parties. This risk is heightened during a period of economic or political instability. Although ~~each of~~ our lease and loan agreements typically ~~provides~~ **provide** us with the right to terminate, evict an operator, foreclose on our collateral, demand immediate payment and exercise other remedies upon the bankruptcy or insolvency of an operator, title 11 of the U. S. Code (the " Bankruptcy Code ") would limit or, at a minimum, delay our ability to collect unpaid pre- bankruptcy rents and mortgage payments and to pursue other remedies against a bankrupt operator ~~. While we sometimes have third- party guarantees of an operator' s lease or loan obligations, such guarantees can be expensive to enforce, and have their own risks of collection as against the guarantors~~ . Leases. A bankruptcy filing by one of our lessee operators would typically prevent us from collecting unpaid pre- bankruptcy rents or evicting the operator, absent approval of the bankruptcy court. The Bankruptcy Code provides a lessee with the option to assume or reject an unexpired lease within certain specified periods of time. Generally, a lessee is required to pay all rent that becomes payable between the date of its bankruptcy filing and the date of the assumption or rejection of the lease (although such payments will likely be delayed as a result of the bankruptcy filing). If one of our lessee operators chooses to assume its lease with us, the operator must promptly cure all monetary defaults existing under the lease (including payment of unpaid pre- bankruptcy rents) and provide adequate assurance of its ability to perform its future lease obligations. Even where a lessee operator assumes its lease with us, it will first often threaten to reject that lease to obtain better lease terms from us, and we sometimes have to consider making, or we do make, such economic concessions to avoid rejection of the lease and our taking a closed facility back. If one of our lessee operators opts to reject its lease with us, we would have a claim against such operator for unpaid and future rents payable under the lease, but such claim would be subject to a statutory " cap " under the Bankruptcy Code, and would likely result in a recovery substantially less than the face value of such claim. Although the operator' s rejection of the lease would permit us to recover possession of the leased facility, we would likely face losses, costs and delays associated with repairs and / or maintenance of the facility and then re- leasing the facility to a new operator, or costs associated with selling the facility. In any event, re- leasing a facility or selling it could take a material amount of time, and the pool of interested and qualified tenants or buyers will be limited due to the unique nature of our properties, which may depress values and our eventual recovery. Finally, whether a lease operator in bankruptcy ends up assuming or rejecting our lease, we will incur legal and collection costs, which can be difficult or impossible to recover. Several other factors could impact our rights under leases with bankrupt operators. First, the operator could seek to assign its lease with us to a third party. The Bankruptcy Code disregards anti- assignment provisions in leases to permit the assignment of unexpired leases to third parties (provided all monetary defaults under the lease are promptly cured and the assignee can demonstrate its ability to perform its obligations under the lease). Second, in instances in which we have entered into a master lease agreement with an operator that operates more than one facility, the bankruptcy court could determine that the master lease was comprised of separate, divisible leases (each of which could be separately assumed or rejected), rather than a single, integrated lease (which would have to be assumed or rejected in its entirety). Finally, the bankruptcy court could re- characterize our lease agreement as a disguised financing arrangement, which could require us to receive bankruptcy court approval to foreclose or pursue other remedies with respect to the facility. ~~Mortgages~~ **17Mortgages** . A bankruptcy filing by an operator to which we have made a loan secured by a mortgage would typically prevent us from collecting unpaid pre- bankruptcy mortgage payments and foreclosing on our collateral, absent approval of the bankruptcy court. As an initial matter, we could ask the bankruptcy court to order the operator to make periodic payments or provide other financial assurances to us during the bankruptcy case (known as " adequate protection "), but the ultimate decision regarding " adequate protection " (including the timing and amount of any " adequate protection " payments) rests with the bankruptcy court. In addition, we would need bankruptcy court approval before commencing or continuing any foreclosure action against the operator' s collateral (including a facility). The bankruptcy court could withhold such approval, especially if the operator can demonstrate that the facility or other collateral is necessary for an effective reorganization and that we have a sufficient " equity cushion " in the facility or that we are otherwise protected from any diminution in value of the collateral. If the bankruptcy court does not either grant us " adequate protection " or permit us to foreclose on our collateral, we may not receive any loan payments until after the bankruptcy court confirms a plan of reorganization for the operator. In addition, in any bankruptcy case of an operator to which we have made a loan, the operator may seek bankruptcy court approval to pay us (i) over a longer period of time than the terms of our loan, (ii) at a different interest rate, and / or (iii) for only the value of the collateral, instead of the full amount of the loan. Finally, even if the bankruptcy court permits us to foreclose on the facility, we would still be subject to the losses, costs and other risks associated

with a foreclosure sale, including possible successor liability under government programs, indemnification obligations and suspension or delay of third- party payments. Should such events occur, our income and cash flow from operations would be adversely affected. **Personal Guarantees and Loans. While we sometimes have third- party guarantees of an operator' s lease or loan obligations, and while from time to time we may make loans to individual obligors, such guarantees or loans can be expensive to enforce, and have their own risks of collection against the guarantors or obligors or the estates or successors of such obligors.** ~~18Failure~~ -- **Failure** by our operators to comply with government regulations may adversely impact their ability to make debt or lease payments to us. Our operators are subject to numerous federal, state and local laws and regulations in the U. S. and, for certain operators, in the U. K., including those described in Item 1. Business – Government Regulation and Reimbursement. Laws and regulations impacting our operators include, without limitation, those relating to reimbursement (including Medicare and Medicaid reimbursement programs in the U. S.), quality of care initiatives **(including the implementation of proposed federal minimum staffing requirements in the U. S.)** , licensing and certification of our operators, fraud and abuse laws and regulations, **and** privacy and security laws ~~. Other federal, state and local laws and regulations also affect how our operators conduct their operations~~ . We cannot predict the effect that the costs of complying with these laws may have on the revenues of our operators, and thus their ability to meet their obligations to us. In addition, requirements applicable to our operators are subject to frequent and substantial changes (sometimes applied retroactively) resulting from new legislation, adoption of rules and regulations, and administrative and judicial interpretations of existing law, and any changes in the regulatory framework could have a material adverse effect on our tenants, operators, guarantors and managers. Any of these changes may be more pronounced following **governmental** ~~federal and state~~ leadership changes ~~and~~ **,** particularly following a change in presidential administrations. The ultimate timing or effect of these changes cannot be predicted. These changes may have a dramatic effect on our operators' costs of doing business and on the amount of reimbursement by both government and other third- party payors. The failure of any of our operators to comply with these laws, requirements and regulations could adversely affect their ability to meet their obligations to us. If we fail to effectively implement or appropriately adjust our operational and strategic initiatives with respect to the implementation of new laws and regulations, or do not do so as effectively as our competitors, our results of operations may be materially adversely affected. ~~Our~~ **18Our** ~~U. S.~~ operators depend on reimbursement from governmental and other third- party payors, and reimbursement rates from such payors may be reduced or modified, including through reductions to the Medicare and Medicaid programs **for U. S. operators** . Changes in the reimbursement rate or methods of payment from governmental and other third- party payors, including the Medicare and Medicaid programs **for U. S. operators** , or the implementation of other measures to reduce reimbursements for services provided by our operators has in the past, and could in the future, result in a substantial reduction in our operators' revenues and operating margins. Reimbursement from governmental and other third- party payors could be reduced as part of spending cuts and tax reform initiatives that impact Medicare, Medicaid or Medicare Advantage Plans, or as part of retroactive adjustments during claims settlement processes or as a result of post- payment audits. Further, alternative payment models, as well as other regulatory initiatives, have the potential to affect Medicare payments to SNFs, including, but not limited to, provisions changing the payment methodology, setting reimbursement caps, implementing value- based purchasing and payment bundling, and studying the appropriateness of restrictions on payments for healthcare acquired conditions. In some cases, states have enacted or are considering enacting measures designed to reduce Medicaid expenditures or freeze Medicaid rates, to allocate funding available for reimbursement away from SNFs in favor of home health agencies and community- based care, and to make changes to private healthcare insurance. Several commercial payors have expressed an intent to pursue certain value- based purchasing models and initiatives. Since our operators' profit margins on Medicaid patients are generally relatively low, more than modest reductions in Medicaid reimbursement to our SNF operators and an increase in the number of Medicaid patients could place some operators in financial distress, which in turn could adversely affect us. If funding for Medicare and / or Medicaid is reduced, it could have a material adverse effect on our operators' results of operations and financial condition, which could adversely affect our operators' ability to meet their obligations to us. Significant limits on the scope of services reimbursed and on reimbursement rates, as well as changes in reimbursement policies or other measures altering payment methodologies for services provided by our operators, could have a material adverse effect on our operators' results of operations and financial condition, which could cause the revenues of our operators to decline and negatively impact their ability to meet their obligations to us. We may be unable to find a replacement operator for one or more of our leased properties. From time to time, we need to find a replacement operator for one or more of our leased properties for a variety of reasons, including upon the expiration of the lease term or the occurrence of an operator default. While we are attempting to locate one or more replacement operators, we sometimes experience and may in the future experience a decrease or cessation of rental payments on the applicable property or properties. We cannot assure you that any of our current or future operators will elect to renew their respective leases with us upon expiration of the terms thereof. Similarly, we cannot assure you that we will be able to locate a suitable replacement operator or, if we are successful in locating a replacement operator, that the rental payments from the new operator would not be significantly less than the existing rental payments. Our ability to locate a suitable replacement operator may be significantly delayed or limited by various state licensing, receivership, certificate of need or other laws, as well as by Medicare and Medicaid change- of- ownership rules. We also may incur substantial additional expenses in connection with any such licensing, receivership or change- of- ownership proceedings. Any such delays, limitations and expenses could materially delay or impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for default. ~~19Our~~ -- **Our** operators may be subject to significant legal actions that could result in their increased operating costs and substantial uninsured liabilities, which may affect their ability to meet their obligations to us; and we may become party to such legal actions. Our operators may be subject to claims for damages relating to the services that they provide. While we are unable to predict the scope of future federal, state and local regulations and legislation, including the Medicare and Medicaid statutes and regulations, we believe that long- term care providers will continue to be the focus of

governmental investigations, particularly in the area of Medicare / Medicaid false claims and in the use of COVID- 19 related funds and compliance with infection control and quality standards. We can give no assurance that the insurance coverage maintained by our operators will cover all claims made against them or continue to be available at a reasonable cost, if at all. In some states, insurance coverage for the risk of punitive damages arising from professional and general liability claims and / or litigation may not, in certain cases, be available to operators due to state law prohibitions or limitations of availability. As a result, our operators operating in these states may be liable for punitive damage awards that are either not covered or are in excess of their insurance policy limits. Any adverse determination in a legal proceeding or governmental investigation, whether currently asserted or arising in the future, could have a material adverse effect on an operator' s financial condition and its ability to meet its obligations to us, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our stockholders. ~~In~~ **19In** addition, we may in some circumstances be named as a defendant in litigation involving the services provided by our operators. In the past, we and several of our wholly-owned subsidiaries have been named as defendants in professional liability and general liability claims related to our owned and operated facilities, and we could be named as defendants in similar suits in the future. In these suits, patients of our operators have alleged significant damages, including punitive damages, against the defendants. Although we generally have no involvement in the services provided by our operators, and our standard lease and loan agreements generally require our operators to indemnify us and carry insurance to cover us in certain cases, a significant judgment against us in such litigation could exceed our and our operators' insurance coverage, which would require us to make payments to cover the judgment. Increased competition as well as increased operating costs result in lower revenues for some of our operators and may affect the ability of our operators to meet their obligations to us. The long- term healthcare industry is highly competitive, and we expect that it may become more competitive in the future. Our operators are competing with numerous other companies providing similar healthcare services or alternatives such as home health agencies, life care at home, community- based service programs, retirement communities and convalescent centers. Our operators compete on **several** ~~a number of~~ different levels including the quality of care provided, reputation, the physical appearance of a facility, price, the range of services offered, family preference, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location and the size and demographics of the population in the surrounding areas. Our operators may encounter increased competition in the future that could limit their ability to attract residents or expand their businesses and therefore affect their ability to pay their lease or mortgage payments and meet their obligations to us. In addition, the market for qualified personnel is highly competitive ~~and our~~ **. Our** operators **have experienced and** may **continue to** experience difficulties in attracting and retaining such personnel, in particular due to labor constraints and, in some cases, wage increases, which have been elevated since the beginning of the COVID- 19 pandemic and may ~~continue to~~ remain elevated. Increases in labor costs could affect our operators' ability to meet their obligations to us, which could be particularly acute in certain states that have established minimum staffing requirements **and as a result of the proposed federal minimum staffing requirements in the U. S**. We may be unable to successfully foreclose on the collateral securing our ~~mortgage~~ loans, and even if we are successful in our foreclosure efforts, we may be unable to successfully find a replacement operator, or operate or occupy the underlying real estate, which may adversely affect our ability to recover our investments. If an operator defaults under one of our mortgage **or other** loans, we may foreclose on the loan or otherwise protect our interest by acquiring title to the property **or collateral**. In such a scenario, we may be required to make substantial improvements or repairs to maximize the facility' s investment potential. Operators may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against our exercise of enforcement or other remedies and / or bring claims for lender liability in response to actions to enforce mortgage obligations. Even if we are able to successfully foreclose on the collateral securing our ~~mortgage~~ loans, we may be unable to expeditiously find a replacement operator, if at all, or otherwise successfully operate or occupy the property, which could adversely affect our ability to recover our investment. ~~20Inflation~~ -- **Inflation** could adversely impact our operators and our results of operations. Inflation, both real or anticipated, as well as any ~~resulting~~ **responsive** governmental policies, ~~could~~ **has and may continue to** adversely affect the economy and the costs of labor, goods and services to our operators or borrowers. Our long- term leases and loans typically contain provisions such as rent and interest escalators that are designed to mitigate the adverse impact of inflation on **our** ~~Omega' s~~ results of operations. However, these provisions may have limited effectiveness at mitigating the risk of high levels of inflation due to contractual limits on escalation that exist in substantially all of our escalation provisions. Our leases are triple-net and typically require the operator to pay all property operating expenses, and therefore, increases in property- level expenses at our leased properties generally do not directly affect us. However, increased operating costs resulting from inflation have had, and may continue to have, an adverse impact on our operators and borrowers if increases in their operating expenses exceed increases in their reimbursements, which has ~~affected,~~ and may continue to adversely affect ~~,~~ our operators' or borrowers' ability to pay rent or other obligations owed to us. An increase in our operators' expenses and a failure of their reimbursements to increase at least with inflation could adversely impact our operators' and our financial condition and our results of operations. ~~Uninsured~~ **20Uninsured** losses or losses in excess of our operators' insurance coverage could adversely affect our financial position and our cash flow. Under the terms of our leases, our operators are generally required to maintain comprehensive general liability, fire, flood, earthquake, boiler and machinery, nursing home or long- term care professional liability and extended coverage insurance with respect to our properties with policy specifications set forth in the leases or other written agreements between us and the operator. However, our properties may be adversely affected by casualty or other losses which exceed insurance coverages and reserves. In addition, we cannot provide any assurances that our tenants will maintain the required coverages, that we will continue to require the same levels of insurance under our leases, or that such insurance will be available at a reasonable cost in the future or that the policies maintained will fully cover all losses on our properties upon the occurrence of a catastrophic event. We also cannot make any guaranty as to the future financial viability of the insurers that underwrite the policies maintained by our tenants, or, alternatively if our tenants utilize captive or self- insurance programs, that

such programs will be adequately funded. Should an uninsured loss or a loss in excess of insured limits occur, we could lose both our investment in, and anticipated profits and cash flows from, the property **,** and disputes over insurance claims could arise. Even if it were practicable to restore the property to its condition prior to the damage caused by a major casualty, the operations of the affected property would likely be suspended for a considerable ~~period of~~ time. Our development and redevelopment projects may not yield anticipated returns. We consider and, when appropriate, invest in various development and redevelopment projects. In deciding whether to make an investment in a particular project, we make certain assumptions regarding the expected future performance of the property. Our assumptions are subject to risks generally associated with development and redevelopment projects, including, among others, that: ● Our operators may not be able to complete the project on schedule or within budgeted amounts; ● Our operators may encounter delays in obtaining or fail to obtain all necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations, or underestimate the costs necessary to develop or redevelop the property to market standards; ● Volatility in the price of construction materials or labor may increase project costs; ● The builders may fail to perform or satisfy the expectations of our operators; ● We may incorrectly forecast risks associated with development in new geographic regions; ● Demand for our project may decrease prior to completion, due to competition from other developments; and ● New facilities may take longer than expected to reach stabilized operating levels, if at all. If any of the risks described above occur, our development and redevelopment projects may not yield anticipated returns, which could have a material adverse effect on us. ~~21Risks~~ -- **Risks** Related to Us and Our **OperationsSevere respiratory disease seasons, epidemics, pandemics or other widespread illnesses could adversely affect our properties, and could have a material adverse effect on our business, results of** ~~OperationsThe~~ -- **operations , cash flows and financial condition. Our business and operations were significantly impacted by the** COVID- 19 pandemic and ~~measures intended~~ **are exposed** to **continuing risks from COVID- 19, severe respiratory disease seasons or the occurrence of other epidemics or other widespread illnesses. Our revenues and our operators' revenues are dependent on occupancy, and the occupancy of our properties could significantly decrease in the** ~~prevent~~ -- **event** ~~its~~ **of a severe respiratory disease season, a resurgence of COVID- 19 or other epidemics or** ~~spread~~ **widespread illnesses. Such a decrease would affect the operating income of our properties and the ability of our operators to make payments to us. As we experienced during the COVID- 19 pandemic, a future respiratory disease or other epidemic or pandemic could significantly increase the cost burdens faced by our operators, including if they are required to implement quarantines for residents** , as well as **cause** a **reduction in occupancy** ~~future variant of COVID- 19 or unrelated pandemic~~ , **each of which could adversely affect their ability to meet their obligations to us, which** could have a material adverse effect on our **financial results. In particular, the ongoing COVID- 19 pandemic may continue to adversely affect our** business, results of operations **, growth, reputation, prospects, financial condition, operating results** , cash flows **, liquidity, ability to pay dividends** and ~~financial condition~~ **stock price** . The COVID- 19 pandemic ~~has~~ significantly and adversely impacted SNFs and long- term care providers due to the higher rates of virus transmission and fatality among the elderly and frail populations that these facilities serve, as well as reduced revenue due to lower occupancy and increased expenses and uncertainties regarding the continuing availability of sufficient ~~government support and sufficiency of~~ Medicare and Medicaid reimbursement rates to address longer- term cost increases faced by operators. As a result, many of our operators **were** ~~have been~~ , and may continue to be, significantly impacted by the pandemic. See Part II Item 7 – Management' s Discussion and Analysis of Financial Condition and Results of Operations – Overview. ~~Our~~ **21Our** facilities, on average, experienced declines, in some cases that are material, in occupancy levels as a result of the pandemic. Occupancy in our facilities has generally improved on average since early 2021; however, average occupancy has not returned to pre- pandemic levels. It remains unclear when and the extent to which demand and occupancy levels will return to pre- **pandemic** ~~COVID- 19~~ levels. We believe these challenges to occupancy recovery may be in part due to staffing shortages, which in some cases have required operators to limit admissions, as well ~~as COVID- 19 related fatalities at~~ the **potential** ~~facilities, the delay of SNF placement and / or~~ utilization of alternative care settings for those with lower level of care needs ~~, the suspension and / or postponement of elective hospital procedures, fewer discharges from hospitals to SNFs and higher hospital readmittances from SNFs~~ . While ~~certain states have provided pandemic- related relief measures and / or reimbursement increases, there remains uncertainty as to how widespread these measures will continue to be and to what extent they may be distributed to and benefit our operators, especially when the federally declared public health emergency expires as scheduled on May 11, 2023, or previously released federal funds to states have been fully utilized. Likewise, while~~ certain states may in the course of routine rate- setting of Medicaid rates address inflationary factors and **other pandemic- related or** other expense- related items, there can be no assurance that these changes will be sufficient to offset existing increased inflation and expenses or that all states will address these items. **Moreover, it remains unclear whether and the extent to which U. S. federal or state regulators will implement minimum staffing requirements and offset increased costs associated with these requirements with funding.** See ~~the~~ " Government Regulation and Reimbursement **.** " **To** ~~section for additional information. Further, to~~ the extent the cost and occupancy impacts on our operators continue or accelerate and are not offset by continued government relief **or reimbursement rates** that ~~is~~ **are** sufficient and timely, we anticipate that the operating results of additional operators may be materially and adversely affected, some may be unwilling or unable to pay their contractual obligations to us in full or on a timely basis and we may be unable to restructure such obligations on terms as favorable to us as those currently in place. **To** ~~There are a number of uncertainties we face as we consider the continuing impact of COVID- 19 on our business, including how long census disruption and related cost increases will last, as well as the rate and impact of future virus transmission in our facilities, continued efficacy of vaccination programs in reducing the spread and severity of COVID- 19 in our facilities, the impact of genetic mutations of the virus into new variants on our facilities, and~~ the extent ~~to which funding support from the federal government and~~ - **an** ~~the states will offset these incremental costs as well as lost revenues. Notwithstanding vaccination programs, we expect that heightened clinical protocols for infection control within facilities will continue; however, we do not know if future reimbursement rates or equipment provided by governmental~~

agencies will be sufficient to cover the increased costs of enhanced infection control and monitoring. Continued uncertainty exists relating to our other operators - **operator** ' ability **is unable** to meet **its** their payments obligations generally or meet their payment obligations to us due to these factors. To the extent our operators are unable to meet their payment obligations, we may record additional impairment charges with respect to straight- line rent receivables associated with any such operator or with respect to outstanding loans and our financial condition could be adversely impacted. See " Our assets, including our real estate and loans, are subject to impairment charges, and our valuation and reserve estimates are based on assumptions and may be subject to adjustment " in Item 1A contained in Part I of this Annual Report on Form 10- K. The **There are a number of uncertainties we face as we consider the long- term impact of** COVID- 19 **on our business, including how long census disruption and related cost increases will last, the impact of any resurgence of the** pandemic has from time to time also caused , **outbreaks** and may continue to cause, severe economic, market and other disruptions worldwide. We cannot assure you that conditions in the bank lending, capital and other financial markets will not deteriorate or fluctuate as a result of **new** the COVID- 19 pandemic or due to a future variant **variants** of COVID- 19 or a future unrelated pandemic , or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancing. In addition, our employees may be impacted directly or indirectly by the pandemic, and we may be required to make changes to our internal controls as a result of changes in our business processes or personnel; any such changes may increase our operational and financial reporting risks. 22The extent of the COVID- 19 pandemic' s effect on our and our operators' operational and financial performance will depend on future developments, including the ability to control the spread of the outbreak generally and in our facilities, and the delivery and efficacy of and participation in vaccination programs and other -- **the effectiveness of vaccines, boosters and** treatments for COVID- 19 , government funds and **adoptions** other support for the senior care sector and the efficacy of other policies and **new public health** measures that may mitigate the impact of the pandemic , as well as the future demand for needs- based skilled nursing care and senior living facilities, all of which are uncertain and difficult to predict. Due to these uncertainties, we are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business, results of operations, financial condition and cash flows could be material. **Notwithstanding vaccination programs, we expect that heightened clinical protocols for infection control within our facilities will continue; however, we do not know if future reimbursement rates or equipment provided by governmental agencies will be sufficient to cover the increased costs of enhanced infection control and monitoring. The effect of the COVID- 19 pandemic or other future widespread illness on our and our operators' operational and financial performance will depend on future developments, including the ability to control the spread of the outbreak generally and in our facilities, and the delivery and efficacy of and participation in vaccination programs and other treatments, government funds and other support for the senior care sector and the efficacy of other policies and measures that may mitigate the impact of the pandemic or illness.** There are no assurances of our ability to pay dividends in the future. Our ability to pay dividends may be adversely affected upon the occurrence of any of the risks described herein. Our payment of dividends is subject to compliance with restrictions contained in our credit agreements, the indentures governing our senior notes and any preferred stock that our Board **of Directors (" Board ")** may from time to time designate and authorize for issuance. All dividends will be paid at the discretion of our Board and will depend upon our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board may deem relevant from time to time. There are no assurances of our ability to pay dividends in the future. In addition, our dividends in the past have included, and may in the future include a return of capital. We rely on external sources of capital to fund future capital needs, and if we encounter difficulty in obtaining such capital, we may not be able to make future investments necessary to grow our business or meet maturing commitments. As a REIT under the Code, we are required to, among other things, distribute at least 90 % of our REIT taxable income each year to our stockholders. Because of this distribution requirement, we may not be able to fund, from cash retained from operations, all future capital needs, including capital needed to make investments and to satisfy or refinance maturing commitments. As a result, we rely on external sources of capital, including debt and equity financing. If we are unable to obtain needed capital at all or only on unfavorable terms from these sources, we might not be able to make the investments needed to grow our business, or to meet our obligations and commitments as they mature, which could negatively affect the ratings of our debt and even, in extreme circumstances, affect our ability to continue operations. We may not be in a position to take advantage of future investment opportunities in the event that we are unable to access the capital markets on a timely basis or we are only able to obtain financing on unfavorable terms. Our **22Our** ability to raise capital through equity sales is dependent, in part, on the market price of our common stock, and our failure to meet market expectations with respect to our business, or other factors we do not control, could negatively impact such market price and availability of equity capital. As with other publicly- traded companies, the availability of equity capital will depend, in part, on the market price of our common stock which, in turn, will depend upon various market conditions and other factors, some of which we cannot control, that may change from time to time including: ● the extent of investor interest; ● the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate- based companies; ● the **our** financial performance of us and **that of** our operators; ● concentrations in our investment portfolio by tenant **operator** and facility type; ● concerns about our tenants **operators** ' financial condition due to uncertainty regarding reimbursement from governmental and other third- party payor programs; ● our credit ratings and analyst reports on us and the REIT industry in general, including recommendations, and our ability to meet our guidance estimates or analysts' estimates; ● general economic, global and market conditions, including changes in interest rates on fixed income securities, which may lead prospective purchasers of our common stock to demand a higher annual yield from future distributions, or the impacts of a future pandemic or global conflicts on our operators; ● our failure to maintain or increase our dividend, which is dependent, to a large part, on the increase in funds from operations, which in turn depends upon increased revenues from additional investments and rental increases; and ● other factors such as governmental regulatory action and changes in REIT tax

laws, as well as changes in litigation and regulatory proceedings. The market value of the equity securities of a REIT is generally based upon the market' s perception of the REIT' s growth potential and its current and potential future earnings and cash distributions. Our failure to meet the market' s ~~expectation~~ **expectations** with regard to future earnings and cash distributions would likely adversely affect the market price of our common stock and, as a result, the availability of equity capital to us. ~~23We~~ **We** are subject to risks associated with debt financing, including changes in our credit ratings, which could negatively impact our business and limit our ability to make distributions to our stockholders and to repay maturing debt **. The current high interest rate environment has been increasing interest costs on new and existing variable rate debt. Such increases in the cost of capital, and any further increases resulting from future interest rate hikes, could adversely impact our ability to finance operations, acquire and develop properties, and refinance existing debt. Additionally, increased interest rates may also result in less liquid property markets, limiting our ability to sell existing assets. Higher interest rates may also lead purchasers of our common stock to demand a greater annual dividend yield, which could adversely affect the market price of our common stock and could result in increased capitalization rates, which may lead to reduced valuation of our assets** . The financing required to make future investments and satisfy maturing commitments may be provided by borrowings under our credit facilities, private or public offerings of debt or equity, the assumption of secured indebtedness, mortgage financing on a portion of our owned portfolio or through joint ventures. To the extent we must obtain debt financing from external sources to fund our capital requirements, we cannot guarantee such financing will be available on favorable terms, if at all. In addition, if we are unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, our cash flow may not be sufficient to make distributions to our stockholders and repay our maturing debt. Furthermore, if prevailing interest rates, changes in our debt credit ratings or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to that refinanced indebtedness would increase, which could reduce our profitability and the amount of dividends we are able to pay. Factors that may affect our credit ratings include, among other things, our financial performance, our success in raising sufficient equity capital, adverse changes in our debt and fixed charge coverage ratios, our capital structure and level of indebtedness and pending or future changes in the regulatory framework applicable to our operators and our industry. Further, additional debt financing increases the amount of our leverage. The degree of leverage could have important consequences to stockholders, including affecting our investment grade ratings and our ability to obtain additional financing in the future, and making us more vulnerable to a downturn in our results of operations or the economy generally. ~~The~~ **23We may from time to time seek to manage our exposure to** interest rate ~~of our credit facilities~~ **volatility with hedging arrangements** , ~~term loan facilities~~ **which involve additional risks, including the risks that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, that the amount of income we earn from hedging transactions may be limited by federal tax provisions governing REITs, and that these arrangements may reduce the benefits to us if interest rates decline. Developing and implementing** ~~and~~ **an** ~~derivatives contracts are priced using LIBOR~~ **interest rate risk strategy is complex** and ~~are subject to~~ **no strategy can completely insulate us from** risks associated with ~~the transition from LIBOR to an alternative reference rate. London Inter- bank Offered Rate (" LIBOR ") is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the~~ interest rate ~~on loans globally~~ **fluctuations and there can be no assurance that our hedging activities will be effective** . **Failure to hedge effectively against interest** ~~We typically use LIBOR as a reference~~ rate **risk, if we choose to engage** in ~~credit~~ **such** ~~facilities~~ **activities** , **could adversely affect** ~~term loan facilities and derivative contracts. In July 2017, the U. K.' s Financial Conduct Authority (" FCA ") that regulates LIBOR announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021, and while the transition period for many LIBOR tenors has been extended to June 2023, the U. S. Federal Reserve advised banks to stop new LIBOR issuances by the end of 2021. At this time, no consensus exists as to which reference rate or~~ **our business** ~~rates or benchmarks may become acceptable alternatives to LIBOR. The Alternative Reference Rates Committee~~ , ~~a steering committee composed of U. S.~~ financial **condition** ~~market participants, has identified the secured overnight financing rate, or SOFR, as the recommended alternative rate for all LIBOR. At this time, it is impossible to predict whether the SOFR or another reference rate will become an~~ **and results** ~~accepted alternative to LIBOR. Any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR' s phaseout could cause LIBOR to perform differently than in the past or cease to exist. Further, the consequences~~ of **operations** ~~these developments, or any alternative reference rate that is adopted, cannot be entirely predicted but could include an increase in the cost of our variable rate borrowings, of which we had $ 91. 1 million of borrowings outstanding as of December 31, 2022 and $ 400 million notional value derivative instruments that are indexed to LIBOR. For some instruments, the method of transitioning to an alternative rate may be challenging, as this may require negotiation with the respective counterparty~~ . We may be subject to additional risks in connection with our acquisitions of long- term care facilities. We may be subject to additional risks in connection with our acquisitions of long- term care facilities, including but not limited to the following: ● our limited prior business experience with certain of the operators of the facilities we have recently acquired or may acquire in the future **, or inability to diversify our operator relationships to support future acquisitions or re- leasing of properties** ; ● the facilities may underperform due to various factors, including unfavorable terms and conditions of the lease agreements that we assume, disruptions caused by the management of the operators of the facilities or changes in economic conditions impacting the facilities and / or the operators; ● large acquisitions or investments could place significant additional demands on, and require us to expand, our management, resources and personnel, as well as to adapt our administrative, accounting and operational systems to integrate and manage the long- term care facilities we have acquired or may acquire in a timely manner; ● diversion of our management' s attention away from other business concerns; ● exposure to any undisclosed or unknown potential liabilities relating to the facilities; and ● potential underinsured losses on the facilities. We cannot assure you that we will be able to manage our recently acquired facilities, or the future growth in our business, without encountering difficulties or that any such

difficulties will not have a material adverse effect on us. Our growth could also increase our capital requirements, which may require us to issue potentially dilutive equity securities and incur additional debt. ~~24Our --~~ **Our** assets, including our real estate and loans, are subject to impairment charges, and our valuation and reserve estimates are based on assumptions and may be subject to adjustment. Our asset portfolio primarily consists of real estate and ~~mortgage~~ **real estate** loans, which are subject to write- downs in value. From time to time, we close facilities and actively market such facilities for sale. To the extent we are unable to sell these properties for our book value, we may be required to take a non- cash impairment charge or loss on the sale, either of which would reduce our net income. In addition, we periodically, but not less than annually, evaluate our real estate investments and other assets for impairment indicators, and we establish general and specific reserves for our issued loans at least quarterly. The quarterly evaluation of our investments for impairment may result in significant fluctuations in our provision for credit losses or real estate impairments from quarter to quarter, impacting our results of operations. Judgments regarding the existence of impairment indicators or loan reserves are based on a number of factors, including market conditions, operator performance and legal structure, and these factors may involve estimates. If we determine that a significant impairment has occurred, we are required to make an adjustment to the net carrying value of the asset, which could have a material adverse effect on our results of operations. Our estimates of loan reserves, and other accounting estimates, are inherently uncertain and may be subject to future adjustment, leading potentially to an increase in reserves. Our indebtedness could adversely affect our financial condition. We have a material amount of indebtedness and we may increase our indebtedness in the future. Our level and type of indebtedness could have important consequences for our stockholders. For example, it could: ● increase our vulnerability to adverse changes in general economic, industry and competitive conditions; ● limit our ability to borrow additional funds, on satisfactory terms or at all, for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business plan or other general corporate purposes; ● increase our cost of borrowing; ● require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; **24** ● limit our ability to make material acquisitions or take advantage of business opportunities that may arise; ● limit our ability to make distributions to our stockholders, which may cause us to lose our qualification as a REIT under the Code or to become subject to federal corporate income tax on any REIT taxable income that we do not distribute; ● expose us to fluctuations in interest rates, to the extent our borrowings bear variable rates of interest; ● limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and ● place us at a competitive disadvantage compared to our competitors that have less debt. Further, we have the ability to incur ~~substantial~~ additional debt, including secured debt, which could intensify the risks above. In addition, if we are unable to refinance any of our floating rate debt, we would continue to be subject to interest rate risk. The short- term nature of some of our debt also subjects us to the risk that market conditions may be unfavorable or may prevent us from refinancing our debt at or prior to their existing maturities. In addition, our cash flow from operations may not be sufficient to repay all of our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, if at all, to refinance our debt. Covenants in our debt documents limit our operational flexibility, and a covenant breach could materially adversely affect our operations. The terms of our credit agreements and note indentures require us to comply with a number of customary financial and other covenants that may limit our management' s discretion by restricting our ability to, among other things, incur additional debt, redeem our capital stock, enter into certain transactions with affiliates, pay dividends and make other distributions, make investments and other restricted payments, engage in mergers and consolidations, create liens, sell assets or engage in new lines of business. In addition, our credit facilities require us to maintain compliance with specified financial covenants, including those relating to maximum total leverage, maximum secured leverage, maximum unsecured leverage, minimum fixed charge coverage, minimum consolidated tangible net worth and minimum unsecured interest coverage. Any additional financing we may obtain could contain similar or more restrictive covenants. Our continued ability to incur indebtedness, conduct our operations, and take advantage of business opportunities as they arise is subject to compliance with these financial and other covenants. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, in addition to any other indebtedness cross- defaulted against such instruments. Any such breach could materially adversely affect our business, results of operations and financial condition. ~~25We~~ **We** are subject to particular risks associated with real estate ownership, which could result in unanticipated losses or expenses. Our business is subject to many risks that are associated with the ownership of real estate. For example, if our operators do not renew their leases, we may be unable to re- lease the facilities at favorable rental rates, if at all. Other risks that are associated with real estate acquisition and ownership include, without limitation, the following: ● general liability, property and casualty losses, some of which may be uninsured; ● the inability to purchase or sell our assets rapidly to respond to changing economic conditions, due to the illiquid nature of real estate and the real estate market; ● leases that are not renewed or are renewed at lower rental amounts at expiration; ● contingent rent escalators tied to changes in the Consumer Price Index or other parameters; ● the exercise of purchase options by operators resulting in a reduction of our rental revenue; ● costs relating to maintenance and repair of our facilities and the need to make expenditures due to changes in governmental regulations, including the Americans with Disabilities Act; ● environmental hazards created by prior owners or occupants, existing tenants, mortgagors or other persons for which we may be liable; and ● acts of God or terrorism affecting our properties. ~~Our~~ **25Our** real estate investments are relatively illiquid. Real estate investments are relatively illiquid and generally cannot be sold quickly. The real estate market is affected by many factors which are beyond our control, including general economic conditions, availability of financing, interest rates and supply and demand. Additional factors that are specific to our industry also tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. For example, all of our properties are **"** ~~' '~~ special purpose **"** ~~' '~~ properties that cannot be readily converted into general residential, retail or office use. In addition, transfers of operations of nursing homes and other healthcare- related facilities are subject to extensive regulatory approvals. We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any

price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property, or that we will have funds available to make necessary repairs and improvements to a property held for sale. To the extent we are unable to sell any properties for our book value, we may be required to take a non- cash impairment charge or loss on the sale, either of which would reduce our net income. We face possible risks and costs associated with severe weather conditions, natural disasters or the physical effects of climate change. A large number of our properties are located in areas particularly susceptible to revenue loss, cost increase or damage caused by severe weather conditions or natural disasters such as hurricanes, earthquakes, tornadoes, fires and floods, as well as the effects of climate change. To the extent that climate change impacts changes in weather patterns, our markets could experience more frequent and severe natural disasters. Operationally, such events could cause a major power outage, leading to a disruption of our operators' operations or require them to incur additional cost associated with evacuation plans. Over time, any of these conditions could result in increased operator costs, delays in construction, resulting in increased construction costs, or in the inability of our operators to operate our facilities at all. Climate change and severe weather may also have indirect effects on our business by increasing the ~~cost~~ **costs** to our operators of, or decreasing the availability to our operators of, property insurance on terms they find acceptable, and by increasing the cost of energy, maintenance, repair of water and / or wind damage, and snow removal at our properties. In the event of a loss in excess of insured limits, we could lose our incremental capital invested in the affected property. Although Congress has not yet enacted comprehensive federal legislation to address climate change, numerous states and municipalities have adopted laws and policies on climate change and emission reduction targets. Changes in federal, state and local legislation and regulation based on concerns about climate change could result in increased capital expenditures on our existing properties and our new development properties (for example, to improve their energy efficiency and / or resistance to severe weather) without a corresponding increase in revenue, resulting in adverse impacts to our net income. There can be no assurance that climate change and severe weather will not have a material adverse effect on our properties, operations ~~,~~ or business. ~~26As~~ **As** an owner or lender with respect to real property, we may be exposed to possible environmental liabilities. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real property or a secured lender may be liable in certain circumstances for the costs of investigation, removal or remediation of certain hazardous or toxic substances at such property, as well as certain other potential related costs, including government fines and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances. As a result, liability may be imposed on the owner in connection with the activities of an operator of the property, and the owner' s liability could exceed the value of the property and / or the assets of the owner. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect an operators' ability to attract additional residents and our ability to sell or rent such property or to borrow using such property as collateral which, in turn, could negatively impact our revenues. Although our leases and mortgage loans generally require the lessee and the mortgagor to indemnify us for certain environmental liabilities, they may be unable to fulfill their indemnification obligations to us, and the scope of such obligations may be limited. For instance, most of our leases do not require the lessee to indemnify us for environmental liabilities arising before the lessee took possession of the premises. ~~The~~ **26The** industry in which we operate is highly competitive. Increasing investor interest in our sector and consolidation at the operator ~~level~~ or REIT level could increase competition and reduce our profitability. Our business is highly competitive **,** and we expect that it may become more competitive in the future. We compete for healthcare facility investments with other healthcare investors, including other REITs, some of which have greater resources and lower costs of capital than we do. Increased competition makes it more challenging for us to identify and successfully capitalize on opportunities that meet our business goals. If we cannot capitalize on our development pipeline, identify and purchase a sufficient quantity of healthcare facilities at favorable prices, **identify appropriate operators to lease our facilities** or are unable to finance such acquisitions on commercially favorable terms, our business, results of operations and financial condition may be materially adversely affected. In addition, if our cost of capital should increase relative to the cost of capital of our competitors, the spread that we realize on our investments may decline if competitive pressures limit or prevent us from charging higher lease or mortgage rates. Our charter and bylaws contain significant anti- takeover provisions which could delay, defer or prevent a change in control or other transactions that could provide our stockholders with the opportunity to realize a premium over the then- prevailing market price of our common stock. Our charter and bylaws contain various procedural and other requirements which could make it difficult for stockholders to effect certain corporate actions. Our Board ~~of Directors (" Board ")~~ has the authority to issue additional shares of preferred stock and to fix the preferences, rights and limitations of the preferred stock without stockholder approval. In addition, our charter contains limitations on the ownership of our capital stock intended to ensure we continue to meet the requirements for qualification as a REIT. For example, our charter, among other restrictions, prohibits the beneficial or constructive ownership (as defined for federal income tax purposes) by any person of more than 9. 8 % in value or in number of shares of the outstanding shares of any class or series of our capital stock, unless our Board grants an exemption or modifies the ownership limit for such person and certain conditions are satisfied. These provisions could discourage unsolicited acquisition proposals or make it more difficult for a third party to gain control of us, which could adversely affect the market price of our securities and / or result in the delay, deferral or prevention of a change in control or other transactions that could provide our stockholders with the opportunity to realize a premium over the then- prevailing market price of our common stock. ~~27Ownership~~ -- **Ownership** of property outside the U. S. may subject us to different or greater risks than those associated with our U. S. investments, including currency fluctuations. We have investments in the U. K. and may from time to time may seek to acquire other properties in the U. K. or otherwise outside the U. S. International development, investment, ownership and operating activities involve risks that are different from those we face with respect to our U. S. properties and operations. These risks include, but are not limited to, any international currency gain recognized with respect to changes in exchange rates may not qualify under

the income tests that we must satisfy annually in order to qualify and maintain our status as a REIT; fluctuations in the exchange rates between USD and the British Pound Sterling (" GBP "), or other foreign currencies in which we may transact in the future, which we may be unable to protect against through hedging; changes in foreign political, regulatory, and economic conditions, including increases in energy prices, such as those experienced in the U. K. resulting in part from the conflict in Ukraine and sanctions imposed on Russia; challenges in managing international operations and enforcing obligations in other countries; challenges of complying with a variety of foreign laws and regulations, including those relating to real estate, healthcare operations, taxes, employment and legal proceedings; **financial risks to our operators, including differences in expenses and government reimbursement practices, as well as funding challenges in the public sector;** differences in lending practices and the willingness of domestic or foreign lenders to provide financing; regional or country- specific business cycles and economic instability; and changes in applicable laws and regulations in the U. S. that affect foreign operations. If we are unable to successfully manage the risks associated with international expansion and operations, our results of operations and financial condition may be adversely affected ~~. On January 31, 2020, the U. K. withdrew from the European Union (" E. U. "), commonly referred to as " Brexit. " Changes in economic conditions in the U. K. relating to Brexit may subject the operators of our facilities in the U. K. to increased risk, including potential disruptions in supply, increases in costs or difficulty staffing. In addition, the uncertainty related to Brexit has caused foreign exchange rate fluctuations in the past, including the strengthening of the USD relative to the Euro and GBP immediately following the announcement of Brexit, and may continue to do so in the future, which could materially adversely affect our business, financial condition and results of operations. Furthermore, Brexit could lead to legal uncertainty or the imposition of additional legal or regulatory requirements on the Company, which could have adverse consequences on our business, financial condition and results of operations. To date, one of the key effects of Brexit on the U. K. market is increased difficulty recruiting suitably qualified staff members within properties, as historically the E. U. and freedom of movement provided a reliable personnel resource for the U. K. market. The employment pool within the U. K. is further impacted by vaccination requirements for those working in the sector, meaning that those in certain roles who refuse to be vaccinated may not be employed (unless exempt from the requirement)~~ . Our assets are concentrated in the long- term care industry and face geographic and operator concentration risk. Our assets are generally not diversified by industry and face risks associated with the long- term care industry. In addition, at December 31, ~~2022~~ **2023** , one operator represented greater than 10 % of our investments, and the three states in which we had our highest concentration of investments were ~~Florida~~ **Texas** (~~11~~ **10** . 5 %), ~~Texas (10. 3 %) and~~ Indiana (6. ~~6~~ **9** %) **and California (6. 1 %). In addition, our concentration of investments in the U. K. is 6. 9 %** . As a result, we are subject to increased exposure to adverse conditions affecting these operators and regions, with regional risks including unfavorable Medicaid reimbursements rates for SNFs, downturns in the local economies, local real estate conditions, staffing challenges, increased competition or decreased demand for our facilities, regional climate events, and unfavorable legislative or regulatory developments, which could adversely affect our business and results of operations. ~~Our~~ **27Our** primary assets are the units of partnership interest in Omega OP and, as a result, we will depend on distributions from Omega OP to pay dividends and expenses. The Company is a holding company and has no material assets other than units of partnership interest in Omega OP. We intend to cause the partnership to make distributions to its partners, including the Company, in an amount sufficient to allow us to qualify as a REIT for U. S. federal income tax purposes and to pay all of our expenses. To the extent we need funds and the partnership is restricted from making distributions under applicable law or otherwise, or if the partnership is otherwise unable to provide such funds, the failure to make such distributions could materially adversely affect our liquidity and financial condition. Members of our management and Board hold partnership interests in Omega OP, and their interests may differ from those of our public stockholders. Some members of our management and Board hold partnership interests in Omega OP. Those unitholders may have conflicting interests with holders of the Company' s common stock. For example, such unitholders of Omega OP Units may have different tax positions from the Company or holders of our common stock, which could influence their decisions in their capacities as members of management regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness and how to structure future transactions. ~~28Our~~ -- **Our** investments in joint ventures could be adversely affected by shared decision- making authority, our joint venture partners' financial condition, and our exposure to potential losses from the actions of our joint venture partners. As of December 31, ~~2022~~ **2023** , we have ownership interests in ~~two~~ **one** consolidated joint ~~ventures~~ - **venture** and several unconsolidated joint ventures. These joint ventures involve additional risks, including the following: ● ~~We~~ **we** may be unable to take actions that are opposed by our joint venture partners under arrangements that require us to share decision- making authority over major decisions affecting the ownership or operation of the joint venture and any property owned by the joint venture, such as the sale or financing of the property, our ability to sell or transfer our interest in a joint venture or the making of additional capital contributions for the benefit of the property; ● ~~For~~ **for** joint ventures in which we have a noncontrolling interest, our joint venture partners may take actions that we oppose; ● ~~Our~~ **our** joint venture partners may become bankrupt or fail to fund their share of required capital contributions, which could delay construction or development of a property or increase our financial commitment to the joint venture; ● ~~Our~~ **our** joint venture partners may have business interests or goals with respect to a property that conflict with our business interests and goals, including with respect to the timing, terms and strategies for investment, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property; ● ~~Disagreements~~ **disagreements** with our joint venture partners could result in litigation or arbitration that increases our expenses, distracts our officers and directors, and disrupts the day- to- day operations of the property, including by delaying important decisions until the dispute is resolved; and ● ~~We~~ **we** may suffer losses resulting from actions taken by our joint venture partners with respect to our joint venture investments. Risks Related to TaxationQualifying as a REIT involves highly technical and complex provisions of the Code; failure to qualify as a REIT would subject us to increased taxes and impair our ability to expand our business and make distributions; and complying with REIT requirements may affect our profitability **. Certain subsidiaries might fail to qualify or remain qualified as a REIT** . We

were organized to qualify for taxation as a REIT under Sections 856 through 860 of the Code. See Item 1 – Business – Taxation of Omega. Qualification as a REIT involves the application of technical and intricate Code provisions for which there are only limited judicial and administrative interpretations, and which involve the determination of various factual matters and circumstances not entirely within our control. We cannot assure that we will at all times satisfy these rules and tests. Even a technical or inadvertent violation could jeopardize our REIT qualification. ~~If~~ **28If** we were to fail to qualify as a REIT in any taxable year, as a result of a determination that we failed to meet the annual distribution requirement or otherwise, we would be subject to federal corporate income tax, and any applicable alternative minimum tax with respect to each such taxable year for which the statute of limitations remains open, as well certain excise taxes on nonqualified REIT income, or disqualification from treatment as a REIT for the four taxable years following the year during which qualification is lost. This treatment would significantly reduce our net earnings and cash flow because of our additional tax liability for the years involved, which could significantly impact our financial condition. We generally must distribute annually at least 90 % of our taxable income to our stockholders to maintain our REIT status. To the extent that we do not distribute all of our net capital gain or distribute at least 90 %, but less than 100 % of our " REIT taxable income, " as adjusted, we will be subject to tax thereon at regular corporate rates. As a result of all these factors, our failure to maintain our qualification as a REIT could impair our ability to expand our business and raise capital, and would substantially reduce our ability to make distributions to you. To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. Thus, we may be required to liquidate otherwise attractive investments from our portfolio or be unable to pursue investments that would be otherwise advantageous to us, to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution (e. g., if we have assets which generate mismatches between taxable income and available cash). Having to comply with the distribution requirement could cause us to: (i) sell assets in adverse market conditions; (ii) borrow on unfavorable terms; or (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt. As a result, satisfying the REIT requirements could have an adverse effect on our business results and profitability. **We own interests in a number of entities that intend to operate as REITs for U. S. federal income tax purposes, some of which we consolidate for financial reporting purposes but each of which is treated as a separate REIT for federal income tax purposes (each a " Subsidiary REIT "). To qualify as a REIT, each Subsidiary REIT must independently satisfy all of the REIT qualification requirements under the Code, together with all other rules applicable to REITs. Provided that each Subsidiary REIT qualifies as a REIT, our interests in the Subsidiary REITs will be treated as qualifying real estate assets for purposes of the REIT asset tests. If a Subsidiary REIT fails to qualify as a REIT in any taxable year, such Subsidiary REIT would be subject to federal and state income taxes and would not be able to qualify as a REIT for the four subsequent taxable years following the year during which it was disqualified. Any such failure could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT, unless we are able to avail ourselves of certain relief provisions.** ~~29There~~ -- **There** is a risk of changes in the tax law applicable to REITs. The Internal Revenue Service, the U. S. Treasury Department and Congress frequently review U. S. federal income tax legislation, regulations and other guidance. We cannot predict whether, when or to what extent new U. S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us, our properties, or our shareholders. Risks Related to Our Stock and Capital StructureOur issuance of additional capital stock, warrants or debt securities, whether or not convertible, may reduce the market price for our outstanding securities, including our common stock, and dilute the ownership interests of existing stockholders, and we may issue securities with greater dividend, liquidation and other rights than our common stock. We cannot predict the effect, if any, that future sales of our capital stock, warrants or debt securities, or the availability of our securities for future sale, will have on the market price of our securities, including our common stock. Sales of substantial amounts of our common stock or preferred shares, warrants or debt securities convertible into or exercisable or exchangeable for common stock in the public market, or the perception that such sales might occur, could negatively impact the market price of our stock and the terms upon which we may obtain additional equity financing in the future. Our Board has the authority to designate and issue preferred stock that may have dividend, liquidation and other rights that are senior to those of our common stock. Any debt securities, preferred shares, warrants or other rights to acquire shares or convertible or exchangeable securities that we issue in the future may have some rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred shares, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends or other distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us. **29** ~~General Risk FactorsOur success depends in part on our ability to retain key personnel and our ability to attract or retain other qualified personnel. Our future performance depends to a significant degree upon the continued contributions of our executive management team and other key employees, the loss of whom could have an adverse impact on our operations. Although we have entered into employment agreements with the members of our executive management team, these agreements may not assure their continued service. In addition, our failure to successfully attract, hire, retain and train the people we need may impede our ability to implement our business strategy. We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business. We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or~~

~~support a variety of business processes, including financial transactions and records, personal identifying information, tenant and lease data. In addition, we may from time to time offer technology services to tenants, which may involve storage of customer or resident data. We purchase some of our information technology from vendors, on whom our systems depend. We generally rely on third- party systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential tenant and other customer information, such as individually identifiable information, including information relating to financial accounts. It is possible that our safety and security measures will not be able to prevent the systems' improper functioning or the improper access or disclosure of personally identifiable information such as in the event of cyber- attacks. Security breaches, including physical or electronic break- ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems, and the privacy of the data we store, or failure to comply with related regulations, could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations. The regulatory environment related to cyber and information security, data collection and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business or to which we may become subject, including E. U. data protection legislation, such as they General Data Protection Regulation, or the GDPR, and the U. K.' s Data Protection Act, which impose significant data protection requirements and penalties for noncompliance. Compliance with any of these requirements may result in additional costs and could impact how we conduct in business in new jurisdictions. 30~~