Risk Factors Comparison 2024-02-27 to 2023-02-21 Form: 10-K

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The following describes the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward- looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business. Risks Related to Our Business / Operations ~~by the COVID- 19 pandemic.~~ Increased labor costs and historically low unemployment may adversely affect our business,results of operations,cash flows and financial condition.The market for qualified personnel is highly competitive and our tenants,borrowers and Senior Housing- Managed communities have experienced and may continue to experience difficulties in attracting and retaining such personnel,in particular due to a reduction in the supply of such personnel and wage increases relating to the COVID- 19 pandemic and inflation.An inability to attract and retain trained personnel has negatively impacted,and may continue to negatively impact,our occupancy rates,operating income and the ability of our tenants and borrowers to meet their obligations to us.A shortage of caregivers or other trained personnel,minimum staffing requirements or general inflationary pressures on wages may continue to force tenants,borrowers and Senior Housing- Managed communities to enhance pay and benefits packages to compete effectively for skilled personnel,or to use more expensive contract personnel,and they may be unable to offset these added costs by increasing the rates charged to residents and patients.Any further increase in labor costs or any failure by our tenants,borrowers and Senior Housing- Managed communities to attract and retain qualified personnel could adversely affect our cash flow and have a materially adverse effect on our results of operations.An increase in market interest rates could increase our interest costs on borrowings on our Revolving Credit Facility and future debt and could adversely affect our stock price.Interest rates rose substantially in 2022 **and 2023** and may continue to rise.Increases in interest rates could increase our interest costs for borrowings on our Revolving Credit Facility and any new debt we may incur.This increased cost could make the financing of any new investments more costly.Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing.In addition,an increase in interest rates could negatively impact the access to and cost of financing available to third parties interested in purchasing assets we may make available for sale,thereby decreasing the amount they are willing to pay for those assets,and consequently limit our ability to reposition our portfolio promptly in response to changes in economic or other conditions.Inflation could adversely impact our operating expenses,as well as the operating expenses of our tenants,borrowers and Senior Housing- Managed communities,and could rise at rates that outpace increases in rental income.Increased costs due to inflation may have material adverse effects on our operating expenses,as well as the operating expenses of our tenants and borrowers and their ability to meet their obligations to us.Inflation also increases the costs for us to make capital improvements to our facilities.With respect to our Senior Housing- Managed communities,we bear the impact of any increases in costs of labor,goods and services and may not be able to pass those cost increases on to the residents in those communities,in which case the profitability of the communities will suffer,which could in turn have a material adverse effect on our financial position **and results of operations.** Pandemics or epidemics, including COVID- 19, may have a material adverse effect on our business, results of operations, cash flows and financial condition. The ~~ongoing effects of the~~ COVID- 19 pandemic ~~have~~ **has** negatively impacted us and our operations ~~and are expected to continue to impact us and our operations in 2023 and potentially beyond~~ . As a result of decreased occupancy and increased operating costs for our tenants and borrowers, our tenants' and borrowers' ability to meet their obligations as they come due, including their obligation to make full and timely rental payments and debt service payments, respectively, to us has been and may continue to be impacted. In some cases, we ~~may~~ have **had, and may in the future have,** to restructure our tenants' long- term rent obligations and may not be able to do so on terms that are as favorable to us as those currently in place. Reduced or modified rental and debt service amounts could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge. The operating results of our Senior Housing- Managed portfolio and our unconsolidated joint ventures have been and may continue to be impacted as well. Prolonged deterioration in the operating results for these investments could result in the determination that the full amounts of our investments are not recoverable, which could result in an impairment charge. We may experience these or other negative effects as the result of future pandemics or epidemics as well. In addition, if there are significant disruptions to our business due to ~~COVID- 19 or~~ a future pandemic or epidemic, our credit ratings may be adversely impacted and we may breach covenants in our debt agreements and be unable to service our debt. Further, significant disruption could cause us to reduce or suspend our dividend. The duration and extent of the effects of the COVID- 19 pandemic, or a future pandemic or epidemic, on our operational and financial performance are uncertain and difficult to predict **and** ~~. Even after the COVID- 19 pandemic has subsided,~~ we may experience adverse impacts to our business, financial condition, results of operations and prospects as a result of any continuation of...... our financial position and results of operations . We are exposed to operational risks with respect to our Senior Housing- Managed communities. We are exposed to various operational risks with respect to our Senior Housing- Managed communities that may increase our costs or adversely affect our ability to generate revenues. These risks are similar to the ones described above and below with respect to our tenants and include fluctuations in occupancy and private pay rates; economic conditions; competition; federal, state, local, and industry- regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our operators; state regulation and rights of residents related to entrance fees; and the availability and increases in the cost of labor (as a result of a shortage of caregivers or other trained personnel, minimum staffing requirements or general inflationary pressures on wages or otherwise). Any one or a combination of these factors may adversely affect our business, financial position or results of operations. Further, our third- party operators are ultimately in control of the day- to- day business of the properties that they operate. We depend on third parties to operate these properties in a manner that complies with applicable law and regulation, minimizes legal risk and maximizes the value of our investment. The failure by these third parties to operate these properties efficiently and effectively and adequately manage the related risks could adversely affect our business, financial condition and results of operations. Real estate is a competitive business and this competition may make it difficult for us to identify and purchase suitable healthcare properties, to finance acquisitions on favorable terms, or to retain or attract tenants. We operate in a highly competitive industry and face competition from other REITs, investment companies, private equity and hedge fund investors, sovereign funds, healthcare operators, lenders and other investors, some of whom are significantly larger than us and have greater resources and lower costs of capital than we do. This competition makes it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. Similarly, our properties face competition for patients and residents from other properties in the same market, which may affect our ability to attract and retain tenants or may reduce the rents we are able to charge. If we cannot identify and purchase a sufficient quantity of healthcare properties at favorable prices, finance acquisitions on commercially favorable terms, or attract and retain profitable tenants, our business, financial position or results of operations could be materially adversely affected. If we lose our key management personnel, we may not be able to successfully manage our business and achieve our objectives. Our success depends in large part upon the leadership and performance of our executive management team, particularly Mr. Matros, our President and Chief Executive Officer. If we lose the services of Mr. Matros, we may not be able to successfully manage our business or achieve our business objectives. Additionally, attracting and retaining talent at all levels is vital to our continuing success. If we are unable to provide competitive salaries, benefits, or a diverse and inclusive workplace for our personnel, our business may be adversely affected. We may experience uninsured or underinsured losses, which could result in a significant loss of the capital we have invested in a property, decrease anticipated future revenues or cause us to incur unanticipated expenses. While our lease agreements and property management agreements require that comprehensive insurance and hazard insurance be maintained by our tenants, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, as well as losses caused by health pandemics including the COVID- 19 pandemic, that may be uninsurable or not economically insurable. Insurance coverage may not be sufficient to pay the full current market value or current replacement cost of a loss. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace properties after they have been damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore the economic position with respect to a damaged property. Our assets, including our real estate and loans, are subject to impairment charges, and our valuation and reserve estimates are based on assumptions and may be subject to adjustment. Our investment portfolio consists of real estate and mortgage loans, which are subject to write- downs in value. From time to time, we close facilities and actively market such facilities for sale. To the extent we are unable to sell these properties for our book value, we may be required to take a non- cash impairment charge or loss on the sale, either of which would reduce our net income. In addition, on a recurring basis, we evaluate our real estate investments and other assets for impairment indicators, and we establish general and specific reserves for our issued loans at least quarterly. The quarterly evaluation of our investments for impairment may result in significant fluctuations in our provision for credit losses or real estate impairments from quarter to quarter, impacting our results of operations. Judgments regarding the existence of impairment indicators or loan reserves are based on a number of factors, including market conditions, financial performance and legal structure, which may involve estimates. If we determine that a significant impairment has occurred, we are required to make an adjustment to the net carrying value of the asset, which could have a material adverse effect on our results of operations. Our estimates of loan reserves, and other accounting estimates, are inherently uncertain and may be subject to future adjustment, leading potentially to an increase in reserves. Our reported rental and related revenues may be subject to increased variability as a result of Accounting Standards Update (" ASU ") 2016- 02, Leases, as amended by subsequent ASUs (" Topic 842 "). In February 2016, the Financial Accounting Standards Board issued Topic 842, which supersedes guidance related to accounting for leases and provides for the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting guidance. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. We elected to adopt Topic 842 on January 1, 2019 using the modified retrospective transition method. Among other things, under Topic 842, if at any time we cannot determine that it is probable that substantially all rents over the life of a lease are collectible, rental revenue will be recognized only to the extent of payments received and all receivables associated with the lease will be written off, irrespective of amounts expected to be collectible. Recoveries of these amounts will be recorded in future periods upon receipt of payment. Under Topic 842, future write- offs of receivables and any recoveries of previously written- off receivables will be recorded as adjustments to rental revenue. As a result, the adoption of this new accounting standard could cause increased variability related to our reported rental and related revenues, which could increase the volatility in the market price of our common stock. We are subject to risks and liabilities in connection with our investment in our unconsolidated joint ventures. Our investments in unconsolidated joint ventures involve risks not present with respect to our wholly owned properties, including the following: • We may be unable to take specific major actions, or such actions may be delayed, if the counterparties to the joint ventures disagree with such action, due to arrangements that require us to share decision- making authority over major decisions affecting the ownership or operation of the joint ventures and any property owned by the joint ventures such as the sale or financing of the property or the making of additional capital contributions for the benefit of the property; • The counterparties to the joint ventures may take actions with which we disagree; • Our ability to sell or transfer our interest in the joint ventures on advantageous terms when we so desire may be limited or restricted under the terms of our agreements with the counterparties in the joint ventures; • We may be required to contribute additional capital if the counterparties in the joint ventures fail to fund their share of required capital contributions; • Our equity interest in the joint ventures will be adversely impacted if the joint ventures are not able to maintain compliance with the terms of the agreements underlying their indebtedness; • The counterparties to the joint ventures might have economic or other business interests or goals that are inconsistent with our business interests or 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 properties owned by the joint ventures; • Disagreements with the counterparties to the joint ventures could result in litigation or arbitration that increases our expenses, distracts our officers and directors, and disrupts the day- to- day operations of the properties owned by the joint ventures, including by delaying important decisions until the dispute is resolved; and • We may suffer losses to our investment in the joint ventures as a result of actions taken by the counterparties to the joint ventures. Catastrophic weather and other natural or man- made disasters, the physical effects of climate change and a failure to implement sustainable and energy- efficient measures could affect our properties. Some of our properties are located in areas susceptible to catastrophic weather and natural disasters, including fires, snow or ice storms, windstorms or hurricanes, earthquakes, flooding, or other severe conditions. These adverse weather and natural or man- made events could cause substantial damage or loss to our properties which could exceed applicable property insurance coverage. Such events could also have a material adverse impact on our tenants' operations and ability to meet their obligations to us. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. Any such loss could materially and adversely affect our business financial condition and results of operations. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable. To the extent that significant changes in the climate occur in areas where our properties are located, we may experience more frequent extreme weather events which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our new development properties without a corresponding increase in revenue. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. As an environmentally responsible company, we strive to implement sustainable and energy- efficient measures throughout our portfolio. We engage in and discuss sustainable property management practices with our tenants and operators to identify measures that increase energy efficiency and water conservation and enhance safety and quality. If we or our tenants and operators fail to identify such measures, we may be unable to realize annual utility cost savings, which may affect our ability to maximize property and portfolio values and could have a material adverse effect on our business. Risks Related to Our Tenants, Borrowers and Senior Housing- Managed Communities Increased operating costs as well as increased competition could result in lower operating income for our tenants, borrowers and Senior Housing- Managed communities and may affect the ability of our tenants and borrowers to meet their obligations to us. Because our tenants are typically required to pay all property operating expenses, increases in property- level expenses at our leased properties generally do not directly affect us. However, increased operating costs could have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect our tenants' ability to pay rent owed to us. An increase in our tenants', borrowers' or Senior Housing- Managed communities' expenses and a failure of their revenues to increase at least with inflation could adversely impact our tenants', borrowers', Senior Housing- Managed communities' and our financial condition and our results of operations. Furthermore, expenses for the facilities of our tenants, borrowers and Senior Housing- Managed communities are primarily driven by the costs of labor, food, utilities, taxes, insurance and rent, and these operating costs continue to increase for our tenants, borrowers and Senior Housing- Managed communities. In addition, the long- term healthcare industry is highly competitive and we expect that it may become more competitive in the future. Our tenants, borrowers and Senior Housing- Managed communities compete with other healthcare operators on a local and regional basis for residents and patients. The occupancy levels at, and results of operations from, our or our borrowers' facilities are dependent on the ability of our tenants, borrowers and Senior Housing- Managed communities to compete with other tenants and operators on a number of different levels, including the quality of care provided, reputation, the physical appearance of a facility, price, the range of services offered, family preference, amenities, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location, and the size and demographics of the population in the surrounding area. Our tenants, borrowers and Senior Housing- Managed communities also compete with numerous other companies providing similar healthcare services or alternatives such as home health agencies, life care at home and community- based service programs. Further, many competing companies may have resources and attributes that are superior to those of our tenants, borrowers and Senior Housing- Managed communities. Our tenants, borrowers and Senior Housing- Managed communities may encounter increased competition in the future that could limit their ability to attract residents or expand their businesses and therefore affect their operating income and ability to pay their lease or mortgage payments and meet their obligations to us. Private, federal and state payment programs and the effect of other laws and regulations may also have a significant impact on the ability of our tenants, borrowers and Senior Housing- Managed communities to compete successfully for residents and patients at the properties. Our tenants, borrowers and Senior Housing- Managed communities may be adversely affected by increasing healthcare regulation and enforcement. Over the last several years, the regulatory environment of the long- term healthcare industry has intensified both in the amount and type of regulations and in the efforts to enforce those regulations. This is particularly true for large for- profit, multi- facility providers. The extensive federal, state and local laws and regulations affecting the healthcare industry include those relating to, among other things, licensure, conduct of operations, ownership of facilities, addition of facilities and equipment, allowable costs, services, prices for services, qualified beneficiaries, quality of care, patient rights, fraudulent or abusive behavior, and financial and other arrangements that may be entered into by healthcare providers. Changes in enforcement policies by federal and state governments have resulted in a significant increase in the number of inspections, citations of regulatory deficiencies and other regulatory sanctions, including terminations from the Medicare and Medicaid programs, bars on Medicare and Medicaid payments for new admissions, civil monetary penalties and even criminal penalties. If our tenants, borrowers or Senior Housing- Managed communities fail to comply with the extensive laws, regulations and other requirements applicable to their businesses and the operation of our properties, they could become ineligible to receive reimbursement from governmental and private third- party payor programs, face bans on admissions of new patients or residents, suffer civil or criminal penalties or be required to make significant changes to their operations or face adverse publicity and reputational harm. Our tenants, borrowers and Senior Housing- Managed communities also could be forced to expend considerable resources responding to an investigation, lawsuit or other enforcement action under applicable laws or regulations. In such event, the results of operations and financial condition of our Senior Housing- Managed communities and of our tenants and borrowers and the results of operations of our properties operated by those entities could be adversely affected, which, in turn, could have a material adverse effect on us. We are unable to predict future federal, state and local regulations and legislation, including the Medicare and Medicaid statutes and regulations, or the intensity of enforcement efforts with respect to such regulations and legislation, and any changes in the regulatory framework could have a material adverse effect on our tenants or borrowers, which, in turn, could have a material adverse effect on us. Our tenants and borrowers depend on reimbursement from governmental and other third- party payor programs, and reimbursement rates from such payors may be reduced. Many of our tenants and borrowers depend on third- party payors, including Medicare, Medicaid or private third- party payors, for the majority of their revenue. The reduction in reimbursement rates from third- party payors, including insurance companies and the Medicare and Medicaid programs, or other measures reducing reimbursements for services provided by our tenants and borrowers, may result in a reduction in our tenants' and borrowers' revenues and operating margins. In addition, reimbursement from private third- party payors may be reduced as a result of retroactive adjustment during claims settlement processes or as a result of post- payment audits. Furthermore, new laws and regulations could impose additional limitations on government and private payments to healthcare providers. For example, our tenants and borrowers may be affected by health reform initiatives that modify certain payment systems to encourage more cost- effective care and a reduction of inefficiencies and waste (e. g., the implementation of a voluntary bundled payment program and the creation of accountable care organizations). We cannot assure you that adequate reimbursement levels will continue to be available for the services provided by our tenants and borrowers. Although moderate reimbursement rate reductions may not affect our tenants' or borrowers' ability to meet their financial obligations to us, significant limits on reimbursement rates or on the services reimbursed could have a material adverse effect on their business, financial position or results of operations, which could materially adversely affect their ability to meet their financial obligations to us. While reimbursement rates have generally increased over the past few years, President Biden and members of the U. S. Congress may approve or propose new legislation, regulation changes and reform initiatives that could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. In addition, a number of states are currently managing budget deficits, which may put pressure on states to decrease reimbursement rates for our tenants and borrowers with a goal of decreasing state expenditures under their state Medicaid programs. Any such existing or future federal or state legislation relating to deficit reduction that reduces reimbursement payments to healthcare providers could have a material adverse effect on our tenants' business, financial position or results of operations, which could materially adversely affect their ability to meet their financial obligations to us and could have a material adverse effect on us. We face potential adverse consequences of bankruptcy or insolvency by our tenants, operators, borrowers and other obligors. We are exposed to the risk that our tenants, operators or borrowers could become bankrupt or insolvent. Although our lease and lending agreements provide us with the right to exercise certain remedies in the event of default on the obligations owing to us or upon the occurrence of certain insolvency events, the bankruptcy and insolvency laws afford certain rights to a party that has filed for bankruptcy or reorganization. For example, a lessee may reject its lease with us in a bankruptcy proceeding. In such a case, our claim against the lessee for unpaid and future rents would be limited by the statutory cap of the U. S. Bankruptcy Code. This statutory cap could be substantially less than the remaining rent actually owed under the lease, and any claim we have for unpaid rent might not be paid in full. In addition, a lessee may assert in a bankruptcy proceeding that its lease should be re- characterized as a financing agreement. If such a claim is successful, our rights and remedies as a lender, compared to a landlord, are generally more limited. Furthermore, the automatic stay provisions of the U. S. Bankruptcy Code would preclude us from enforcing our remedies unless we first obtain relief from the court having jurisdiction over the bankruptcy case. This would effectively limit or delay our ability to collect unpaid rent or interest payments, and we may ultimately not receive any payment at all. In addition, we would likely be required to fund certain expenses and obligations (e. g., real estate taxes, insurance, debt costs and maintenance expenses) to preserve the value of our properties, avoid the imposition of liens on our properties or transition our properties to a new tenant. Additionally, we lease many of our properties to healthcare providers who provide long- term custodial care to the elderly. Evicting tenants for failure to pay rent while the property is occupied typically involves specific procedural or regulatory requirements and may not be successful. Even if eviction is possible, we may determine not to do so due to reputational or other risks. Bankruptcy or insolvency proceedings typically also result in increased costs to the tenant or borrower, significant management distraction and performance declines. We may be unable to find a replacement tenant for one or more of our leased properties or we may be required to incur substantial renovation costs to make our healthcare properties suitable for such tenants. We may need to find a replacement tenant for one or more of our leased properties for a variety of reasons, including upon the expiration of the lease term or the occurrence of a tenant default. During any period in which we are attempting to locate one or more replacement tenants, there could be a decrease or cessation of rental payments on the applicable property or properties. We cannot be sure that any of our current or future tenants will elect to renew their respective leases upon expiration of the terms thereof. Similarly, we cannot be sure that we will be able to locate a suitable replacement tenant or, if we are successful in locating a replacement tenant, that the rental payments from the new tenant would not be significantly less than the existing rental payments. Our ability to locate a suitable replacement tenant may be significantly delayed or limited by various state licensing, receivership, certificate of need or other laws, as well as by Medicare and Medicaid change- of- ownership rules. We also may incur substantial additional expenses in connection with any such licensing, receivership or change- of- ownership proceedings. Any such delays, limitations and expenses could delay or impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for default, which could materially adversely affect our business, financial condition and results of operations. In addition, healthcare facilities are typically highly customized and may not be easily adapted to non- healthcare- related uses. The improvements generally required to conform a property to healthcare use are costly and at times tenant- specific. A new or replacement tenant may require different features in a property, depending on that tenant' s particular operations. If a current tenant is unable to pay rent and vacates a property, we may incur substantial expenditures to modify a property before we are able to secure another tenant. Our ability to make required modifications and / or renovations may involve costs associated with volatility in materials and labor prices and approvals of authorities or compliance with governmental regulations, including the Americans with Disabilities Act, which could result in increased costs and delays in transitioning a facility to a new tenant. Further, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us or our tenants to spend more on our new development properties. These expenditures or renovations and delays could materially adversely affect our business, financial condition or results of operations. Potential litigation and rising insurance costs may affect our tenants' and borrowers' ability to obtain and maintain adequate liability and other insurance and their ability to make lease or loan payments and fulfill their insurance and indemnification obligations to us. Our tenants and borrowers may be subject to, and the COVID- 19 pandemic has increased the potential for, lawsuits filed by advocacy groups that monitor the quality of care at healthcare facilities or by patients, facility residents or their families. Significant damage awards are possible in cases where neglect has been found. This litigation has increased our tenants' and borrowers' costs of monitoring and reporting quality of care and has resulted in increases in the cost of liability and medical malpractice insurance. These increased costs may materially adversely affect our tenants' and borrowers' ability to obtain and maintain adequate liability and other insurance; manage related risk exposures; fulfill their insurance, indemnification and other obligations to us under their leases or loan agreements, as applicable; or make lease or loan payments to us, as applicable. In addition, from time to time, we may be subject to claims brought against us in lawsuits and other legal proceedings arising out of our alleged actions or the alleged actions of our tenants and operators for which such tenants or operators may have agreed to indemnify, defend and hold us harmless. An unfavorable resolution of any such pending or future litigation could materially adversely affect our liquidity, financial condition and results of operations and have a material adverse effect on us in the event that we are not ultimately indemnified by our tenants or operators. Furthermore, negative publicity, including the ongoing publicity related to the COVID- 19 pandemic, with respect to any lawsuits, claims or other legal or regulatory proceedings may also negatively impact our, our tenants', our borrowers' or our operators' reputations. Regulatory Risks Required regulatory approvals can delay or prohibit transfers of our healthcare properties, which could result in periods in which we are unable to receive rent for such properties. Our tenants are operators of skilled nursing and other healthcare facilities, and accordingly must be licensed under applicable state law and, depending upon the type of facility, certified or approved as providers under the Medicare and / or Medicaid programs. Prior to the transfer of the operations of such healthcare properties to successor tenants, the new tenant generally must become licensed under state law and, in certain states, receive change- of- ownership approvals under certificate of need laws (which laws provide for a certification that the state has made a determination that a need exists for the beds located on the applicable property). If applicable, Medicare and Medicaid provider approvals may be needed as well. In the event that an existing lease is terminated or expires and a new tenant is found, then any delays in the new tenant receiving regulatory approvals from the applicable federal, state or local government agencies, or the inability of such tenant to receive such approvals, may prolong the period during which we are unable to collect the applicable rent. We could also incur substantial additional expenses in connection with any licensing, receivership or change- of- ownership proceedings. Environmental compliance costs and liabilities associated with real estate properties owned by us may materially impair the value of those investments. As an owner of real property, we or our subsidiaries are subject to various federal, state and local environmental and health and safety laws and regulations. Although we do not currently operate or manage the substantial majority of our properties, we or our subsidiaries may be held primarily or jointly and severally liable for costs relating to the investigation and clean- up of any property where there has been a release or threatened release of a hazardous regulated material as well as other affected properties, regardless of whether we knew of or caused the release. In addition to these costs, which are typically not limited by law or regulation and could exceed an affected property' s value, we could be liable for certain other costs, including governmental fines and injuries to persons, property or natural resources. Further, some environmental laws provide for the creation of a lien on a contaminated site in favor of the government as security for damages and any costs the government incurs in connection with such contamination and associated clean- up. Although we require our tenants and operators to undertake to indemnify us for environmental liabilities they cause, the amount of such liabilities could exceed the financial ability of the tenant or operator to indemnify us. The presence of contamination or the failure to remediate contamination may adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral. A failure by our tenants, borrowers or operators to adhere to applicable privacy and data security laws ~~, or a material failure or breach of our or our tenants', borrowers' or operators' information technology,~~ could harm our business. ~~Our~~ **The majority of our** tenants, borrowers and operators are subject to HIPAA and various other state and federal laws that relate to privacy and data security, including the reporting of data breaches involving personal information. Failure to comply with these requirements could have a materially adverse effect on our tenants, operators and borrowers and accordingly could have a materially adverse effect on our tenants' and borrowers' ability to meet their obligations to us and on our results of operations.

Furthermore, the adoption of new privacy, security and data breach notification laws at the federal and state level could require our tenants, borrowers and operators to incur significant compliance costs. In addition, the cost and operational consequences of responding to cybersecurity incidents and implementing remediation measures could be significant. **A material failure or breach of our or our tenants', borrowers' or operators' information technology, could harm our business.** We and our tenants, borrowers and operators rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, tenant and lease data. While we and our tenants, borrowers and operators maintain various physical, cyber and data security controls, ~~there is a risk of~~ incidents or breaches resulting from technical failures, natural hazards, theft and unintentional or deliberate acts by third parties or insiders attempting to obtain unauthorized access to information, destroy or manipulate data, or disrupt or sabotage information systems **do occur and they may have a material impact on our business** . The risk of security incidents has generally increased as the number, intensity and sophistication of attacks and intrusions have increased, and we have seen a significant increase in cyber phishing attacks ~~since~~ **over** the ~~onset of~~ **past few years. Additionally, cyber threats and** the ~~COVID~~ **techniques used in cyberattacks change, develop and evolve rapidly, including from emerging technologies, such as advanced forms of artificial intelligence and quantum computing. We have engaged a third** - ~~19 pandemic. The~~ **party cybersecurity firm who serves as our dedicated information technology (" IT ") team and helps us oversee, implement and manage our processes and controls to assess, identify and manage** ~~risk~~ **risks** ~~of~~ **from** ~~security~~ **cybersecurity threats. It is possible that our processes and controls will not detect or protect against all cybersecurity threats or** incidents **. In addition, any failure on the part of our outsourced IT team to effectively monitor and protect our information systems could make us more vulnerable to cybersecurity incidents. Although, to our knowledge, no cybersecurity incident** has **been material** ~~also increased with our increased dependence on the Internet while our employees work remotely due~~ to our **business** ~~health and safety policies. For our tenants, borrowers and operators, the trend toward increased remote work and rapid implementation of telehealth within the healthcare industry in response~~ to ~~the pandemic may~~ **date, we** have ~~created new or increased cyber risks~~ **been, and expect to continue to be, subject to cybersecurity threats and attacks of varying degrees, and there can be no assurance that we will not experience a material incident** . A data security incident or breach occurring at or involving us could have a material adverse impact on our company. A data security incident or breach occurring at or involving a tenant, borrower or operator could jeopardize the tenant' s or operators' ability to fulfill its obligations to us and could adversely impact our financial position and results of operations. Furthermore, we purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential tenant, borrower and operator information, some of which may include individually identifiable information, including information relating to financial accounts. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of a cyber- attack. Security breaches (including physical or electronic break- ins, computer viruses, phishing attacks, computer denial- of- service attacks, worms, covert introduction of malware to computers and networks, impersonation of authorized users, and efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, as well as intentional or unintentional acts by our **teammates** ~~team members~~ or other insiders with access privileges, intentional acts of vandalism by third parties and sabotage) can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations. Investment and Financing Risks We depend on investments in the healthcare property sector, making our profitability more vulnerable to a downturn or slowdown in that specific sector than if we were investing in multiple industries. We concentrate our investments in the healthcare property sector. As a result, we are subject to risks inherent to investments in a single industry, in real estate, and specifically in healthcare properties. A downturn or slowdown in the healthcare property sector would have a greater adverse impact on our business than if we had investments in multiple industries. Specifically, a downturn in the healthcare property sector could negatively impact the ability of our tenants and borrowers to meet their obligations to us, as well as the ability to maintain rental and occupancy rates. This could adversely affect our business, financial condition and results of operations. In addition, a downturn in the healthcare property sector could adversely affect the value of our properties and our ability to sell properties at prices or on terms acceptable to us. We have substantial indebtedness and have the ability to incur significant additional indebtedness and other liabilities. As of December 31, ~~2022~~ **2023** , we had outstanding indebtedness of $ 2. ~~5~~ **4** billion, which consisted of $ 1. 8 billion of Senior Notes (as defined below), $ ~~528~~ **543** . ~~5~~ **2** million in ~~Prior~~ Term Loans (as defined below), $ ~~197~~ **94** . ~~0~~ **4** million outstanding under our ~~Prior~~ Revolving Credit Facility and aggregate secured indebtedness to third parties of $ ~~50~~ **48** . 1 million on certain of our properties, and we had $ ~~803~~ **905** . ~~0~~ **6** million available for borrowing under our ~~Prior~~ Revolving Credit Facility. Our high level of indebtedness may have the following important consequences to us: • It may increase our cost of borrowing; • It may limit our ability to obtain additional financing to fund future acquisitions, working capital, capital expenditures or other general corporate requirements; • It may expose us to the risk of increased interest rates under debt instruments subject to variable rates of interest, such as our Revolving Credit Facility; • It may adversely impact our credit ratings; • It may limit our ability to adjust rapidly to changing market conditions and we may be vulnerable in the event of a downturn in general economic conditions or in the real estate and / or healthcare sectors; • It may place us at a competitive disadvantage against less leveraged competitors; • It may restrict the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness; • It may become more difficult for us to satisfy our obligations (including ongoing interest payments and, where applicable, scheduled amortization payments) with respect to the Senior Notes and our other debt; and • It may require us to sell assets and properties at an inopportune time. In addition, the Senior Notes Indentures (as defined below) permit us to incur substantial additional debt, including secured debt (to which the Senior Notes will be effectively subordinated). If we incur additional debt, the related risks described above could intensify. Furthermore, the Senior Notes Indentures do not impose any limitation on our ability to incur liabilities that are not considered indebtedness under the Senior Notes Indentures. The impact of any of these potential adverse consequences could have a material adverse effect on our results of operations, financial condition, and liquidity. We may be unable to service our indebtedness. Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. Our business may fail to generate sufficient cash flow from operations or future borrowings may be unavailable to us under our Revolving Credit Facility or from other sources in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt. We may be unable to refinance any of our debt, including our Term Loans (as defined below) and any amounts outstanding under our Revolving Credit Facility, on commercially reasonable terms or at all. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as asset sales, equity issuances and / or negotiations with our lenders to restructure the applicable debt. Our Credit Agreement and the Senior Notes Indentures restrict, and market or business conditions may limit, our ability to take some or all of these actions. Any restructuring or refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. Covenants in our debt agreements restrict our and our subsidiaries' activities and could adversely affect our business. Our debt agreements, including the agreement governing our 2027 Notes (as defined below) and the Credit Agreement, contain various covenants that limit our ability and the ability of our subsidiaries to engage in various transactions including: • Incurring additional secured and unsecured debt; • Granting liens upon certain properties; • Paying dividends or making other distributions on, redeeming or repurchasing capital stock; • Entering into transactions with affiliates; • Issuing stock of or interests in subsidiaries; • Engaging in non- healthcare related business activities; • Creating restrictions on the ability of certain of our subsidiaries to pay dividends or other amounts to us; • Selling assets; or • Effecting a consolidation or merger or selling substantially all of our assets. The agreement governing our 2027 Notes also restricts us from making certain investments. The indentures governing our 2026 Notes, our 2029 Notes and our 2031 Notes (each as defined below) contain certain of the above restrictions as well. These covenants limit our operational flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. In addition, the Credit Agreement requires us to comply with specified financial covenants, which include a maximum total leverage ratio, a maximum secured debt leverage ratio, a minimum fixed charge coverage ratio, a maximum unsecured leverage ratio, a minimum tangible net worth requirement and a minimum unsecured interest coverage ratio. The indentures governing our 2026 Notes, our 2029 Notes and our 2031 Notes require us to comply with an unencumbered asset ratio, and the agreement governing our 2027 Notes requires us to comply with specified financial covenants, which include a maximum leverage ratio, a maximum secured debt leverage ratio, a maximum unsecured debt leverage ratio, a minimum fixed charge coverage ratio, a minimum net worth, a minimum unsecured interest coverage ratio and a minimum unencumbered debt yield ratio. Our ability to meet these requirements may be affected by events beyond our control, and we may not meet these requirements. A breach of any of the covenants or other provisions in our debt agreements could result in an event of default, which, if not cured or waived, could result in such debt becoming immediately due and payable. Further, certain change in control events could result in an event of default under the agreement governing our 2027 Notes. Any of these events of default, in turn, could cause our other debt to become due and payable as a result of cross- acceleration provisions contained in the agreements governing such other debt. We may be unable to maintain compliance with these covenants and, if we fail to do so, we may be unable to obtain waivers from the lenders and holders and / or amend the covenants. In the event that some or all of our debt is accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt. Adverse changes in our credit ratings could impair our ability to obtain additional debt and equity financing on favorable terms, if at all, and negatively impact the market price of our securities, including our common stock. Our credit ratings affect the amount and type of capital, as well as the terms of any financing we may obtain. Credit rating agencies continually revise their ratings for the companies that they follow, including us. The credit ratings of our debt are based on, among other things, our operating performance, liquidity and leverage ratios, overall financial position, level of indebtedness and pending or future changes in the regulatory framework applicable to our industry. The credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. If we are unable to maintain favorable credit ratings, we would likely incur higher borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments. Cash available for distribution to stockholders may be insufficient to make dividend distributions at expected levels and are made at the discretion of our board of directors. If cash available for distribution generated by our assets decreases due to dispositions ~~, the COVID- 19 pandemic,~~ or otherwise, we may be unable to make dividend distributions at expected levels. Our inability to make distributions commensurate with market expectations would likely result in a decrease in the market price of our common stock. Further, all distributions are made at the discretion of our board of directors in accordance with Maryland law and depend on: (i) our earnings; (ii) our financial condition; (iii) debt and equity capital available to us; (iv) our expectations for future capital requirements and operating performance; (v) restrictive covenants in our financial or other contractual arrangements; (vi) maintenance of our REIT qualification; (vii) restrictions under Maryland law; and (viii) other factors as our board of directors may deem relevant from time to time. Our ability to raise capital through equity financings is dependent, in part, on the market price of our common stock, which depends on market conditions and other factors affecting REITs generally. Our ability to raise capital through equity financings depends, in part, on the market price of our common stock, which in turn depends on fluctuating market conditions and other factors including the following: • The reputation of REITs and attractiveness of their equity securities in comparison with other equity securities, including securities issued by other real estate companies; • Our financial performance and that of our tenants and borrowers; • Concentrations in our investment portfolio by tenant and property type; • Concerns about our tenants' or borrowers' financial condition, including as a result of uncertainty regarding reimbursement from governmental and other third- party payor programs; • Our ability to meet or exceed investor expectations of prospective investment and earnings targets; • The contents of analyst reports about us and the REIT industry; • Changes in interest rates on fixed- income securities, which may lead prospective investors to demand a higher annual yield from investments in our common stock; • Maintaining or increasing our dividend, which is determined by our board of directors and depends on our financial position, results of operations, cash flows, capital requirements, debt covenants (which include limits on distributions by us), applicable law, and other factors as our board of directors deems relevant; and • Regulatory action and changes in REIT tax laws. The market value of a REIT' s equity securities is generally based upon the market' s perception of the REIT' s growth potential and its current and potential future earnings and cash distributions. If we fail to meet the market' s expectation with regard to future earnings and cash distributions, the market price of our common stock could decline, and our ability to raise capital through equity financings could be materially adversely affected. Changes and uncertainty in macroeconomic conditions and disruptions in the financial markets could adversely affect the value of our real estate investments and our business, results of operations, cash flows and financial condition. Concerns over economic recession, ~~the COVID- 19 pandemic,~~ interest rate increases, policy priorities of the U. S. presidential administration, trade wars, labor shortages or inflation may contribute to increased volatility and diminished expectations for the economy and markets. Additionally, concern over geopolitical issues may also contribute to prolonged market volatility and instability. For example, the ~~conflict~~ **conflicts** between Russia and Ukraine ~~has~~ **and in the Middle East have** led to disruption, instability and volatility in global markets and industries. Such conditions could impact real estate fundamentals and result in lower occupancy, lower rental rates, and declining values in our real estate portfolio and in the real estate collateral securing any indebtedness. As a result, the value of our property investments could decrease below the amounts paid for such investments, the value of real estate collateral securing any indebtedness could decrease below the outstanding principal amounts of such indebtedness, and revenues from our properties could decrease due to fewer and / or delinquent tenants or lower rental rates. This could materially adversely affect our revenues, results of operations and financial condition. Ownership of property outside the U. S. may subject us to different or greater risks than those associated with our U. S. investments, including currency fluctuations. We have investments in Canada, and from time to time may seek to acquire other properties in Canada or otherwise outside the U. S. International development, investment, ownership and operating activities involve risks that are different from those we face with respect to our U. S. properties and operations. These risks include, but are not limited to, any gain recognized with respect to changes in exchange rates may not qualify under the income tests that we must satisfy annually in order to qualify and maintain our status as a REIT and fluctuations in the exchange rates between USD and the Canadian Dollar, which we may be unable to protect against through hedging. Although we have pursued hedging alternatives, by borrowing in Canadian dollar denominated debt and entering into cross currency swaps, to protect against foreign currency fluctuations, no amount of hedging activity can fully insulate us from the risks associated with changes in foreign currency exchange rates, and the failure to hedge effectively against foreign currency exchange rate risk could materially adversely affect our business, financial position or results of operations. In addition, changes in Canadian political, regulatory, and economic conditions; challenges in managing Canadian operations; challenges of complying with a variety of Canadian laws and regulations, including those relating to real estate, healthcare operations, taxes, employment and legal proceedings, and lending practices; Canadian- specific business cycles and economic instability; and changes in applicable laws and regulations in the U. S. that affect our foreign operations could have a material adverse effect on our business, financial position or results of operations. **A** ~~COVID- 19, or a~~ future pandemic or epidemic, may also subject our investments and operations in Canada to different or greater risks than those faced in the U. S., which may depend on factors including the duration and severity of outbreaks in Canada, the impact of new variants, the distribution of vaccines and boosters, and governmental or private actions taken in response to the pandemic or epidemic. We may not be able to sell properties when we desire because real estate investments are relatively illiquid, which could have a material adverse effect on our business, financial position or results of operations. Real estate investments generally cannot be sold quickly. In addition, some and potentially substantially all of our properties serve as collateral for our current and future secured debt obligations and cannot readily be sold unless the underlying secured indebtedness is concurrently repaid. We may not be able to vary our portfolio promptly in response to changes in the real estate market. A downturn in the real estate market, or the economy in general, could materially adversely affect the value of our properties and our ability to sell such properties for acceptable prices or on other acceptable terms. Furthermore, buyers of our properties generally require third- party financing in order to acquire our properties. Accordingly, the price they may be willing to pay for our properties may depend on the cost and availability of financing for such transactions. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property or portfolio of properties. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could have a material adverse effect on our business, financial position or results of operations. Risks Associated with Our Status as a REIT Our failure to maintain our qualification as a REIT would subject us to U. S. federal income tax, which could adversely affect the value of the shares of our common stock and would substantially reduce the cash available for distribution to our stockholders. Our qualification and taxation as a REIT will depend upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U. S. federal tax laws. Accordingly, given the complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the potential tax treatment of investments we make, and the possibility of future changes in our circumstances, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. If we fail to qualify as a REIT in any calendar year, we would be required to pay U. S. federal income tax (and any applicable state and local tax) on our taxable income at regular corporate rates, and dividends paid to our stockholders would not be deductible by us in computing our taxable income (although such dividends received by certain non-corporate U. S. taxpayers generally would currently be subject to a preferential rate of taxation). Further, if we fail to qualify as a REIT, we might need to borrow money or sell assets in order to pay any resulting tax. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required under U. S. federal tax laws to distribute substantially all of our REIT taxable income to our stockholders. Unless our failure to qualify as a REIT was subject to relief under U. S. federal tax laws, we could not re- elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify. The **REIT** ~~90 %~~ distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions. To comply with the 90 % taxable income distribution requirement applicable to REITs and to avoid the **non-** ~~nondeductible~~ --- **deductible** excise tax, we must make distributions to our stockholders. The Senior Notes Indentures permit us to declare or pay any dividend or make any distribution that is necessary to maintain our REIT status if the aggregate principal amount of all outstanding Indebtedness of the Parent and its Restricted Subsidiaries on a consolidated basis at such time is less than 60 % of Adjusted Total Assets (as each term is defined in the Senior Notes Indentures) and to make additional distributions if we pass certain other financial tests. We are required under the Internal Revenue Code of 1986, as amended (the " Code "), to distribute at least 90 % of our taxable income, determined without regard to the dividends- paid deduction and excluding any net capital gain, and the Operating Partnership (as defined below) is required to make distributions to us to allow us to satisfy ~~these~~ -- **the** REIT distribution ~~requirements~~ - **requirement** . However, distributions may limit our ability to rely upon rental payments from our properties or subsequently acquired properties to finance investments, acquisitions or new developments. Although we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the REIT distribution requirement, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the **REIT** ~~90 %~~ distribution requirement. This may be due to the timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand ~~. Moreover, the 2017 Tax Act amended the Code such that income must be accrued for U. S. federal income tax purposes no later than when such income is taken into account as revenue in our financial statements, subject to certain exceptions~~ , which ~~could also create timing differences between net taxable income and the receipt of cash attributable to such income. In addition, non- deductible expenses such as principal amortization or repayments or capital expenditures in excess of non- cash deductions also~~ may cause us to fail to have sufficient cash or liquid assets to enable us to satisfy the **REIT** ~~90 %~~ distribution requirement. In the event that such an insufficiency occurs, in order to meet the **REIT** ~~90 %~~ distribution requirement and maintain our status as a REIT, we may have to sell assets at unfavorable prices, borrow at unfavorable terms, make taxable stock dividends, or pursue other strategies. This may require us to raise additional capital to meet our obligations. The terms of our Credit Agreement and the terms of the Senior Notes Indentures may restrict our ability to engage in some of these transactions **. Additionally, in the event that we have to declare dividends in- kind in order to satisfy the REIT annual distribution requirement, a holder of our common stock will be required to report dividend income as a result of such distributions even though we distributed no cash or only nominal amounts of cash to such stockholder** . We could fail to qualify as a REIT if income we receive is not treated as qualifying income, including as a result of one or more of the lease agreements we have entered into or assumed not being characterized as true leases for U. S. federal income tax purposes, which would subject us to U. S. federal income tax at corporate tax rates. Under applicable provisions of the Code, we will not be treated as a REIT unless we satisfy various requirements, including requirements relating to the sources of our gross income. Rents received or accrued by us ~~will~~ **may** not be treated as qualifying rent for purposes of these requirements if the lease agreements we have entered into or assumed (as well as any other leases we enter into or assume) are not respected as true leases for U. S. federal income tax purposes and are instead treated as service contracts, joint ventures, loans or some other type of arrangement. In the event that the lease agreements entered into with lessees are not characterized as true leases for U. S. federal income tax purposes, we may fail to qualify as a REIT. In addition, with certain exceptions, rents received by us from a lessee will not be treated as qualifying rent for purposes of these requirements if we are treated, either directly or under the applicable attribution rules, as owning 10 % or more of ~~the~~ **a** lessee' s stock, capital or profits ~~. We will be treated as owning, under the applicable attribution rules, 10 % or more of a lessee' s stock, capital or profits at any time that a stockholder owns, directly or under the applicable attribution rules, (a) 10 % or more of our common stock and (b) 10 % or more of the lessee' s stock, capital or profits. The provisions of our charter restrict the transfer and ownership of our common stock that would cause the rents received or accrued by us from a tenant of ours to be treated as non- qualifying rent for purposes of the REIT gross income requirements. Nevertheless, there can be no assurance that such restrictions will be effective in ensuring that we will not be treated as related to a tenant of ours~~ . If we fail to qualify as a REIT, we would be subject to U. S. federal income tax on our taxable income at corporate tax rates, which would decrease the amount of cash available for distribution to holders of our common stock. Complying with REIT requirements may cause us to forego otherwise attractive acquisition opportunities or liquidate otherwise attractive investments, which could materially hinder our performance. To qualify as a REIT for U. S. federal income tax purposes, we must continually satisfy certain tests, including tests concerning the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego investments or acquisitions we might otherwise make. Thus, compliance with the REIT requirements may materially hinder our performance. The tax imposed on REITs engaging in " prohibited transactions " may limit our ability to engage in transactions which would be treated as sales for U. S. federal income tax purposes. A REIT' s net income from prohibited transactions is subject to a 100 % penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the Internal Revenue Service (" IRS ") would agree with our characterization of our properties or that we will always be able to **satisfy** ~~make use of~~ the available safe harbors. ~~If we have significant amounts of non- cash taxable income, we may have to declare taxable stock dividends or make other non- cash distributions, which could cause our stockholders to incur tax liabilities in excess of cash received. We currently intend to pay dividends in cash only, and not in- kind. However, if for any taxable year, we have significant amounts of taxable income in excess of available cash flow, we may have to declare dividends in- kind in order to satisfy the REIT annual distribution requirements. We may distribute a portion of our dividends in the form of our stock or our debt instruments. In either event, a holder of our common stock will be required to report dividend income as a result of such distributions even though we distributed no cash or only nominal amounts of cash to such stockholder. The IRS issued a Revenue Procedure treating certain distributions that are paid by an SEC- registered REIT partly in cash and partly in shares as dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U. S. federal income tax purposes so long as at least 20 % (10 % for (i) distributions declared on or after April 1, 2020 and on or before December 31, 2020 and (ii) distributions declared on or after November 1, 2021 and on or before June 30, 2022) of the total dividend is available in cash. However, if we make such a distribution, U. S. holders would be required to include the full amount of the dividend (i. e., the cash and stock portion) as ordinary income to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, a U. S. holder may be required to pay income taxes with respect to such dividends in excess of the cash received. If a U. S. holder sells our stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. Furthermore, with respect to non- U. S. holders, we may be required to withhold U. S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, these sales may put downward pressure on the trading price of our stock. No assurance can be given that the IRS will not impose additional requirements in the future with respect to taxable dividends payable in cash and / or stock, including on a retroactive basis, or assert that the requirements for such taxable dividends have not been met.~~ Our charter restricts the transfer and ownership of our stock ~~, which may restrict change of control or business combination opportunities in which our stockholders might receive a premium for their shares~~ . In order for us to maintain our qualification as a REIT, no more than 50 % of the value of our outstanding stock may be owned, directly or constructively, by five or fewer individuals, as defined in the Code. For the purpose of preserving our REIT qualification, our charter prohibits, subject to certain exceptions, beneficial and constructive ownership of more than 9. 9 % in value or in number of shares, whichever is more restrictive, of our outstanding common stock or more than 9. 9 % in value of all classes or series of our outstanding stock. The constructive ownership rules are complex and may cause shares of stock owned directly or constructively by a group of related individuals to be constructively owned by one individual or entity ~~. The ownership limits may have the effect of discouraging an acquisition of control of us without the approval of our board of directors, which might involve a premium price for our common stock. We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock. The rules dealing with U. S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U. S. Department of the Treasury. Changes to the tax law, including the possibility of major tax legislation, possibly with retroactive application, could adversely impact us or our stockholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our stockholders may be changed~~ . Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends. The maximum income tax rate applicable to " qualified dividends " payable by non- REIT corporations to domestic stockholders taxed at individual rates is currently 20 %. Dividends payable by REITs, however, generally are not eligible for the reduced rates ~~. For taxable years beginning before January 1, 2026, the 2017 Tax Act temporarily reduces the maximum individual U. S. federal income tax rate from 39. 6 % to 37 % and the effective tax rate on ordinary REIT dividends (i. e., dividends other than capital gain dividends and dividends attributable to certain qualified dividend income received by us) for U. S. holders of our common shares that are individuals, estates or trusts by permitting such holders to claim a deduction in determining their taxable income equal to 20 % of any such dividends they receive~~ . Although not adversely affecting the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends treated as qualified dividend income, which could adversely affect the value of the stock of REITs, including our common stock. Our ownership of and relationship with any taxable REIT subsidiaries that we have formed or will form will be limited and a failure to comply with the limits would jeopardize our REIT status and may result in the application of a 100 % excise tax. A REIT may own up to 100 % of the stock of one or more taxable REIT subsidiaries (" TRSs "). A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation (other than a REIT) of which a TRS directly or indirectly owns securities possessing more than 35 % of the total voting power or total value of the outstanding securities of such corporation will automatically be treated as a TRS. Overall, no more than 20 % of the value of a REIT' s total assets may consist of stock or securities of one or more TRSs. A domestic TRS will pay U. S. federal, state and local income tax at regular corporate rates on any income that it earns ~~, but net operating loss (" NOL ") carryforwards of TRS losses may be deducted only to the extent of 80 % of TRS taxable income in the carryforward year (computed without regard to the NOL deduction). Unused NOL carryforwards cannot be carried back but can be carried forward indefinitely. In addition, taxpayers, including TRSs, may be subject to a limitation on~~

~~their ability to deduct net business interest generally equal to 30 % of adjusted taxable income, subject to certain exceptions. This provision may limit the ability of our TRSs to deduct interest, which could increase their taxable income~~ . The rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s length basis. ~~Any domestic TRS~~ **We may be subject to adverse legislative or regulatory tax changes** that ~~we have formed~~ **could reduce the market price of** ~~or~~ **our** ~~may form will pay~~ **common stock. The rules dealing with** U. S. federal ~~, state and local~~ income **taxation are constantly under review by persons involved in the legislative process and by the IRS and the U. S. Department of the Treasury. Changes to the** tax **law** ~~on its taxable income~~ , ~~and its after-~~ **including the possibility of major** tax ~~net income will~~ **legislation, possibly with retroactive application, could adversely impact us or our stockholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our stockholders may** be **changed** ~~available for distribution to us but is not required to be distributed to us unless necessary to maintain our REIT qualification~~ . Risks Related to Our Organization and Structure Provisions of the Maryland General Corporation Law (the " MGCL ") and of our charter and bylaws could inhibit a change of control of Sabra or reduce the value of our stock. Certain provisions of Maryland law, our charter and our bylaws may have an anti- takeover effect. Sabra is subject to the Maryland business combination statute, which, subject to certain limitations, impose a moratorium on business combinations with " interested stockholders " or affiliates thereof for five years and thereafter impose additional requirements on such business combinations. Our bylaws contain a provision exempting us from the control share provisions of the MGCL, which provide that holders of " control shares " of a corporation (defined as voting shares of stock that, if aggregated with all other shares of stock owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the direct or indirect acquisition of issued and outstanding " control shares ") have no voting rights except to the extent approved by the stockholders by the affirmative vote of at least two- thirds of all of the votes entitled to be cast on the matter, excluding all interested shares. There can be no assurance that this bylaw provision exempting us from the control share provisions will not be amended or eliminated at any time in the future. We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter authorizing our board of directors (all without stockholder approval) to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter to increase or decrease the number of shares of stock that we have authority to issue. Our charter contains transfer and ownership restrictions on the percentage by number and value of outstanding shares of our stock that may be owned or acquired by any stockholder. Our bylaws require advance notice of stockholder proposals and director nominations. These provisions, as well as other provisions of our charter and bylaws, may delay, defer, or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. Our bylaws provide that the Circuit Court for Baltimore City, Maryland or the United States District Court for the District of Maryland, Baltimore Division will be the sole and exclusive forum for substantially all disputes between our company and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with our company or our directors, officers or other **teammates** ~~team members~~ . Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of our company, (ii) any action asserting a claim of breach of any duty owed by any director or officer or other **teammate** ~~team member~~ of our company to our company or to the stockholders of our company, (iii) any action asserting a claim against our company or any director or officer or other **teammate** ~~team member~~ of our company arising pursuant to any provision of Maryland law, our charter or our bylaws, or (iv) any action asserting a claim against our company or any director or officer or other **teammate** ~~team member~~ of our company that is governed by the internal affairs doctrine. This exclusive forum provision is intended to apply to claims arising under Maryland state law and would not apply to claims brought pursuant to the Exchange Act or the Securities Act of 1933, or any other claim for which the federal courts have exclusive jurisdiction. This exclusive forum provision will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations. This exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum of its choosing for disputes with our company or our directors, officers or other **teammates** ~~team members~~ , which may discourage lawsuits against our company and our directors, officers and other **teammates** ~~team members~~ . In addition, stockholders who do bring a claim in the Circuit Court for Baltimore City, Maryland could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Maryland. The Circuit Court for Baltimore City, Maryland may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to our company than to our stockholders. However, the enforceability of similar exclusive forum provisions in other companies' charters and bylaws has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find the exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.