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

FORM 10-Q

(Mark One)

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

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

or

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

For the transition period from to

Commission File Number: **001-41951**

AMERICAN HEALTHCARE REIT, INC.
(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

As of November 6, 2024, American Healthcare REIT, Inc. had 153,062,404 shares of Common Stock outstanding.

AMERICAN HEALTHCARE REIT, INC.
(A Maryland Corporation)

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERICAN HEALTHCARE REIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of September 30, 2024 and December 31, 2023
(In thousands, except share and per share amounts) (Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Real estate investments, net	$ 3,535,943	$ 3,425,438
Debt security investment, net	90,144	86,935
Cash and cash equivalents	67,850	43,445
Restricted cash	48,822	47,337
Accounts and other receivables, net	203,672	185,379
Identified intangible assets, net	177,804	180,470
Goodwill	234,942	234,942
Operating lease right-of-use assets, net	173,018	227,846
Other assets, net	144,817	146,141
Total assets	$ 4,677,012	$ 4,577,933
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Mortgage loans payable, net(1)	$ 1,282,853	$ 1,302,396
Lines of credit and term loan, net(1)	595,970	1,223,967
Accounts payable and accrued liabilities(1)	269,778	242,905
Identified intangible liabilities, net	5,271	6,095
Financing obligations(1)	39,299	41,756
Operating lease liabilities(1)	174,213	225,502
Security deposits, prepaid rent and other liabilities(1)	52,444	76,134
Total liabilities	2,419,828	3,118,755
Commitments and contingencies (Note 11)		
Redeemable noncontrolling interests (Note 12)	220	33,843
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; 200,000,000 shares authorized; none issued and outstanding	—	—
Common Stock, $0.01 par value per share; 700,000,000 shares authorized; 152,873,586 shares issued and outstanding as of September 30, 2024 and none issued and outstanding as of December 31, 2023	1,518	—
Class T common stock, $0.01 par value per share; 200,000,000 shares authorized; none issued and outstanding as of September 30, 2024 and 19,552,856 shares issued and outstanding as of December 31, 2023	—	194
Class I common stock, $0.01 par value per share; 100,000,000 shares authorized; none issued and outstanding as of September 30, 2024 and 46,673,320 shares issued and outstanding as of December 31, 2023	—	467
Additional paid-in capital	3,594,917	2,548,307
Accumulated deficit	(1,386,791)	(1,276,222)
Accumulated other comprehensive loss	(2,153)	(2,425)
Total stockholders' equity	2,207,491	1,270,321
Noncontrolling interests (Note 13)	49,473	155,014
Total equity	2,256,964	1,425,335
Total liabilities, redeemable noncontrolling interests and equity	$ 4,677,012	$ 4,577,933

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

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(1) Such liabilities of American Healthcare REIT, Inc. represented liabilities of American Healthcare REIT Holdings, LP or its consolidated subsidiaries as of September 30, 2024 and December 31, 2023. American Healthcare REIT Holdings, LP is a variable interest entity, or VIE, and a consolidated subsidiary of American Healthcare REIT, Inc. The creditors of American Healthcare REIT Holdings, LP or its consolidated subsidiaries do not have recourse against American Healthcare REIT, Inc., except for the 2024 Credit Facility, as defined in Note 9, held by American Healthcare REIT Holdings, LP in the amount of $596,500 as of September 30, 2024 and the 2022 Credit Facility, as defined in Note 9, held by American Healthcare REIT Holdings, LP in the amount of $914,900 as of December 31, 2023, which were guaranteed by American Healthcare REIT, Inc.

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

AMERICAN HEALTHCARE REIT, INC.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues and grant income:				
Resident fees and services	$ 476,834	$ 416,206	$ 1,386,965	$ 1,235,458
Real estate revenue	46,980	46,970	140,963	141,134
Grant income	—	1,064	—	7,445
Total revenues and grant income	523,814	464,240	1,527,928	1,384,037
Expenses:				
Property operating expenses	417,128	374,603	1,223,321	1,117,298
Rental expenses	13,150	14,574	40,200	44,422
General and administrative	11,921	11,342	35,495	36,169
Business acquisition expenses	3,537	1,024	6,334	2,244
Depreciation and amortization	44,246	49,273	132,277	138,644
Total expenses	489,982	450,816	1,437,627	1,338,777
Other income (expense):				
Interest expense:				
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt and derivative extinguishments)	(30,395)	(42,005)	(97,429)	(122,006)
(Loss) gain in fair value of derivative financial instruments	(8,967)	3,402	(2,162)	8,200
(Loss) gain on dispositions of real estate investments, net	(4)	31,981	2,257	29,777
Impairment of real estate investments	—	(12,510)	—	(12,510)
Loss from unconsolidated entities	(2,123)	(505)	(4,363)	(924)
Gain on re-measurement of previously held equity interest	—	—	—	726
Foreign currency gain (loss)	2,689	(1,704)	2,345	372
Other income, net	2,138	1,755	7,107	5,952
Total net other expense	(36,662)	(19,586)	(92,245)	(90,413)
Loss before income taxes	(2,830)	(6,162)	(1,944)	(45,153)
Income tax expense	(263)	(284)	(1,227)	(775)
Net loss	(3,093)	(6,446)	(3,171)	(45,928)
Net (income) loss attributable to noncontrolling interests	(1,033)	457	(2,868)	1,884
Net loss attributable to controlling interest	$ (4,126)	$ (5,989)	$ (6,039)	$ (44,044)
Net loss per share of Common Stock, Class T common stock and Class I common stock attributable to controlling interest:				
Basic	$ (0.03)	$ (0.09)	$ (0.05)	$ (0.67)
Diluted	$ (0.03)	$ (0.09)	$ (0.05)	$ (0.67)
Weighted average number of shares of Common Stock, Class T common stock and Class I common stock outstanding:				
Basic	133,732,745	66,048,991	122,893,049	66,036,253
Diluted	133,732,745	66,048,991	122,893,049	66,036,253
Net loss	$ (3,093)	$ (6,446)	$ (3,171)	$ (45,928)
Other comprehensive income (loss):				
Foreign currency translation adjustments	303	(180)	272	66
Total other comprehensive income (loss)	303	(180)	272	66
Comprehensive loss	(2,790)	(6,626)	(2,899)	(45,862)
Comprehensive (income) loss attributable to noncontrolling interests	(1,033)	457	(2,868)	1,884
Comprehensive loss attributable to controlling interest	$ (3,823)	$ (6,169)	$ (5,767)	$ (43,978)

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

AMERICAN HEALTHCARE REIT, INC.

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

	Three Months Ended September 30, 2024											
	Stockholders' Equity											
	Common Stock		Class T Common Stock		Class I Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
BALANCE — June 30, 2024	65,372,222	$ 644	19,601,476	$ 195	46,673,320	$ 467	$ 3,278,806	$ (1,344,285)	$ (2,456)	$ 1,933,371	$ 170,522	$ 2,103,893
Issuance of common stock in an offering	20,010,000	200	—	—	—	—	471,036	—	—	471,236	—	471,236
Offering costs — common stock	—	—	—	—	—	—	(20,956)	—	—	(20,956)	—	(20,956)
Issuance of common stock from the redemption of partnership units	1,216,571	12	—	—	—	—	25,461	—	—	25,473	(25,473)	—
Conversion of Class T and Class I common stock	66,274,793	662	(19,601,476)	(195)	(46,673,320)	(467)	—	—	—	—	—	—
Amortization of nonvested restricted common stock and stock units	—	—	—	—	—	—	2,630	—	—	2,630	—	2,630
Purchase of noncontrolling interest	—	—	—	—	—	—	(162,063)	—	—	(162,063)	(95,938)	(258,001)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(667)	(667)
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	—	—	3	—	—	3	—	3
Distributions declared ($0.25 per share)	—	—	—	—	—	—	—	(38,380)	—	(38,380)	—	(38,380)
Net (loss) income	—	—	—	—	—	—	—	(4,126)	—	(4,126)	1,029	(3,097) (1)
Other comprehensive income	—	—	—	—	—	—	—	—	303	303	—	303
BALANCE — September 30, 2024	152,873,586	$ 1,518	—	$ —	—	$ —	$ 3,594,917	$ (1,386,791)	$ (2,153)	$ 2,207,491	$ 49,473	$ 2,256,964

AMERICAN HEALTHCARE REIT, INC.

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

	Three Months Ended September 30, 2023									
	Stockholders' Equity									
	Class T Common Stock		Class I Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
BALANCE — June 30, 2023	19,562,539	$ 194	46,673,320	$ 467	$ 2,547,135	$ (1,209,578)	$ (2,444)	$ 1,335,774	$ 160,628	$ 1,496,402
Amortization of nonvested restricted common stock and stock units	—	—	—	—	1,558	—	—	1,558	—	1,558
Stock based compensation	—	—	—	—	—	—	—	—	21	21
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(764)	(764)
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	—	—	(21)	(21)
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	(303)	—	—	(303)	(21)	(324)
Distributions declared ($0.25 per share)	—	—	—	—	—	(16,616)	—	(16,616)	—	(16,616)
Net loss	—	—	—	—	—	(5,989)	—	(5,989)	(379)	(6,368) (1)
Other comprehensive loss	—	—	—	—	—	—	(180)	(180)	—	(180)
BALANCE — September 30, 2023	19,562,539	$ 194	46,673,320	$ 467	$ 2,548,390	$ (1,232,183)	$ (2,624)	$ 1,314,244	$ 159,464	$ 1,473,708

AMERICAN HEALTHCARE REIT, INC.

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

	Nine Months Ended September 30, 2024											
	Stockholders' Equity											
	Common Stock		Class T Common Stock		Class I Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
BALANCE — December 31, 2023	—	$ —	19,552,856	$ 194	46,673,320	$ 467	$ 2,548,307	$ (1,276,222)	$ (2,425)	$ 1,270,321	$ 155,014	$ 1,425,335
Issuance of common stock in offerings	84,410,000	844	—	—	—	—	1,243,192	—	—	1,244,036	—	1,244,036
Offering costs — common stock	—	—	—	—	—	—	(74,498)	—	—	(74,498)	—	(74,498)
Issuance of common stock from the redemption of partnership units	1,216,571	12	—	—	—	—	25,461	—	—	25,473	(25,473)	—
Issuance of nonvested restricted common stock	972,222	—	—	—	—	—	—	—	—	—	—	—
Conversion of Class T and Class I common stock	66,274,793	662	(19,601,476)	(195)	(46,673,320)	(467)	—	—	—	—	—	—
Vested restricted common stock and stock units(2)	—	—	49,051	1	—	—	(72)	—	—	(71)	—	(71)
Amortization of nonvested restricted common stock and stock units	—	—	—	—	—	—	7,309	—	—	7,309	—	7,309
Stock based compensation	—	—	—	—	—	—	—	—	—	—	21	21
Repurchase of common stock	—	—	(431)	—	—	—	(14)	—	—	(14)	—	(14)
Purchase of noncontrolling interests	—	—	—	—	—	—	(162,541)	—	—	(162,541)	(95,901)	(258,442)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(2,634)	(2,634)
Reclassification of noncontrolling interests from mezzanine equity, net	—	—	—	—	—	—	—	—	—	—	15,282	15,282
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	—	—	7,773	—	—	7,773	268	8,041
Distributions declared ($0.75 per share)	—	—	—	—	—	—	—	(104,530)	—	(104,530)	—	(104,530)
Net (loss) income	—	—	—	—	—	—	—	(6,039)	—	(6,039)	2,896	(3,143) (1)
Other comprehensive income	—	—	—	—	—	—	—	—	272	272	—	272
BALANCE — September 30, 2024	152,873,586	$ 1,518	—	$ —	—	$ —	$ 3,594,917	$ (1,386,791)	$ (2,153)	$ 2,207,491	$ 49,473	$ 2,256,964

AMERICAN HEALTHCARE REIT, INC.

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

	Nine Months Ended September 30, 2023										
	Stockholders' Equity										
	Class T Common Stock		Class I Common Stock								
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — December 31, 2022	19,535,095	$ 194	46,675,367	$ 467	$ 2,540,424	$ (1,138,304)	$ (2,690)	$ 1,400,091	$ 167,674	$ 1,567,765	
Issuance of nonvested restricted common stock	26,156	—	—	—	—	—	—	—	—	—	
Vested restricted common stock and stock units(2)	4,120	—	—	—	(72)	—	—	(72)	—	(72)	
Amortization of nonvested restricted common stock and stock units	—	—	—	—	4,173	—	—	4,173	—	4,173	
Stock based compensation	—	—	—	—	—	—	—	—	62	62	
Repurchase of common stock	(2,832)	—	(2,047)	—	(165)	—	—	(165)	—	(165)	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(6,958)	(6,958)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	—	—	(62)	(62)	
Adjustment to value of redeemable noncontrolling interests	—	—	—	—	4,030	—	—	4,030	68	4,098	
Distributions declared ($0.75 per share)	—	—	—	—	—	(49,835)	—	(49,835)	—	(49,835)	
Net loss	—	—	—	—	—	(44,044)	—	(44,044)	(1,320)	(45,364)	(1)
Other comprehensive income	—	—	—	—	—	—	66	66	—	66	
BALANCE — September 30, 2023	19,562,539	$ 194	46,673,320	$ 467	$ 2,548,390	$ (1,232,183)	$ (2,624)	$ 1,314,244	$ 159,464	$ 1,473,708	

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(1) For the three months ended September 30, 2024 and 2023, amounts exclude $4 and $(78), respectively, of net income (loss) attributable to redeemable noncontrolling interests. For the nine months ended September 30, 2024 and 2023, amounts exclude $(28) and $(564), respectively, of net loss attributable to redeemable noncontrolling interests. See Note 12, Redeemable Noncontrolling Interests, for further discussion.

(2) The amounts are shown net of common stock withheld to satisfy employee tax withholding requirements in connection with the vesting of restricted stock units. See Note 13, Equity — AHR Incentive Plan, for further discussion.

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

AMERICAN HEALTHCARE REIT, INC.

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

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,171)	$ (45,928)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	132,277	138,644
Other amortization	32,299	46,576
Deferred rent	(2,563)	(2,896)
Stock based compensation	7,833	4,235
Gain on dispositions of real estate investments, net	(2,257)	(29,777)
Impairment of real estate investments	—	12,510
Loss from unconsolidated entities	4,363	924
Gain on re-measurement of previously held equity interest	—	(726)
Foreign currency gain	(2,332)	(351)
Loss on extinguishments of debt	1,406	345
Change in fair value of derivative financial instruments	2,162	(8,200)
Changes in operating assets and liabilities:		
Accounts and other receivables	(22,020)	(19,997)
Other assets	(11,953)	(6,817)
Accounts payable and accrued liabilities	8,075	12,375
Operating lease liabilities	(25,105)	(27,708)
Security deposits, prepaid rent and other liabilities	(2,436)	(443)
Net cash provided by operating activities	116,578	72,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Developments and capital expenditures	(62,256)	(74,386)
Acquisitions of real estate investments	(52,107)	(45,382)
Proceeds from dispositions of real estate investments	14,529	167,861
Acquisition of previously held equity interest	—	(335)
Investments in unconsolidated entities	—	(12,000)
Issuances of real estate notes receivable	(19,953)	(13,778)
Principal repayments on real estate notes receivable	23,683	—
Real estate and other deposits	163	(1,279)
Net cash (used in) provided by investing activities	(95,941)	20,701
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under mortgage loans payable	61,942	85,477
Payments on mortgage loans payable	(211,191)	(96,596)
Borrowings under the lines of credit and term loan	567,800	301,750
Payments on the lines of credit and term loan	(1,195,991)	(306,484)
Borrowings under financing obligation	—	16,283
Payments on financing and other obligations	(2,967)	(34,292)
Deferred financing costs	(8,220)	(3,418)
Debt extinguishment costs	—	(269)
Proceeds from issuance of common stock in offerings	1,244,036	—
Payment of offering costs	(69,908)	(885)
Distributions paid to common stockholders	(82,591)	(59,685)
Repurchase of common stock	(14)	(165)

AMERICAN HEALTHCARE REIT, INC.

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

	Nine Months Ended September 30,	
	2024	2023
Payments to taxing authorities in connection with common stock directly withheld from employees	$ (71)	$ (72)
Purchase of noncontrolling interests	(258,442)	—
Distributions to noncontrolling interests	(2,938)	(8,561)
Redemptions of noncontrolling interests	(36,083)	(15,954)
Security deposits	(123)	(306)
Net cash provided by (used in) financing activities	5,239	(123,177)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ 25,876	$ (29,710)
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	14	(40)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	90,782	111,906
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	$ 116,672	$ 82,156
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of period:		
Cash and cash equivalents	$ 43,445	$ 65,052
Restricted cash	47,337	46,854
Cash, cash equivalents and restricted cash	$ 90,782	$ 111,906
End of period:		
Cash and cash equivalents	$ 67,850	$ 35,178
Restricted cash	48,822	46,978
Cash, cash equivalents and restricted cash	$ 116,672	$ 82,156
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 90,807	$ 114,002
Income taxes	$ 895	$ 1,014
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued developments and capital expenditures	$ 22,848	$ 19,329
Capital expenditures from financing and other obligations	$ 353	$ 1,301
Tenant improvement overage	$ 3,753	$ 2,359
Acquisitions of real estate investments with assumed mortgage loans payable, net of debt discount	$ 127,254	$ —
Reclassification of noncontrolling interest from mezzanine equity, net	$ 15,282	$ —
Issuance of common stock from the redemption of operating partnership units	$ 25,473	$ —
Distributions declared but not paid — common stockholders	$ 38,218	$ 16,559
Distributions declared but not paid — limited partnership units	$ 571	$ 875
Distributions declared but not paid — restricted stock units	$ 435	$ 140
Accrued offering costs	$ 1,028	$ 1,685
The following represents the net increase (decrease) in certain assets and liabilities in connection with our acquisitions and dispositions of investments:		
Accounts and other receivables	$ 343	$ (1,784)
Other assets, net	$ (3,868)	$ (3,211)

AMERICAN HEALTHCARE REIT, INC.

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

	Nine Months Ended September 30,	
	2024	2023
Accounts payable and accrued liabilities	$ 97	$ (1,460)
Financing obligations	$ —	$ 12
Security deposits, prepaid rent and other liabilities	$ (236)	$ (458)

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

AMERICAN HEALTHCARE REIT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Nine Months Ended September 30, 2024 and 2023

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

1. Organization and Description of Business

Overview and Background

American Healthcare REIT, Inc., a Maryland corporation, is a self-managed real estate investment trust, or REIT, that acquires, owns and operates a diversified portfolio of clinical healthcare real estate properties, focusing primarily on outpatient medical buildings, senior housing, skilled nursing facilities, or SNFs, and other healthcare-related facilities. We have built a fully-integrated management platform that operates clinical healthcare properties throughout the United States, the United Kingdom and the Isle of Man. We operate our integrated senior health campuses and senior housing operating properties, or SHOP, utilizing the structure permitted by the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure. We have also originated and acquired secured loans and may originate or acquire other real estate-related investments in the future on an infrequent and opportunistic basis. We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, healthcare real estate properties. We have elected to be taxed as a REIT for U.S. federal income tax purposes. We believe that we have been organized and operated, and we intend to continue to operate, in conformity with the requirements for qualification and taxation as a REIT under the Code.

Operating Partnership

We conduct substantially all of our operations through American Healthcare REIT Holdings, LP, or our operating partnership, and we are the sole general partner of our operating partnership. As of December 31, 2023, we owned 95.0% of the operating partnership units, or OP units, in our operating partnership, and the remaining 5.0% OP units were owned by the following limited partners: AHI Group Holdings, LLC, which is owned and controlled by Jeffrey T. Hanson, the non-executive Chairman of our board of directors, or our board, Danny Prosky, our Chief Executive Officer, President and director, and Mathieu B. Streiff, one of our directors; Platform Healthcare Investor T-II, LLC; Flaherty Trust; and a wholly owned subsidiary of Griffin Capital Company, LLC. On August 19, 2024, Platform Healthcare Investor T-II, LLC redeemed all of its OP units in exchange for 1,216,571 shares of our Common Stock on a one-for-one basis, and as a result, is no longer a limited partner of our operating partnership. As of September 30, 2024, we owned 98.5% of the OP units in our operating partnership, and the remaining 1.5% of the OP units were owned by the remaining limited partners. See Note 12, Redeemable Noncontrolling Interests, and Note 13, Equity — Noncontrolling Interests in Total Equity, for a further discussion of the ownership in our operating partnership.

Public Offerings and Listing

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

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

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

On September 20, 2024, we closed our additional underwritten public offering, or the September 2024 Offering, under a prospectus supplement and related prospectus filed with the SEC pursuant to our effective shelf Registration Statement on Form S-3 (File No. 333-281488). Through the September 2024 Offering, we issued 20,010,000 shares of Common Stock, for a total of $471,236,000 in gross offering proceeds. Such amounts include the exercise in full of the underwriters' overallotment option to purchase up to an additional 2,610,000 shares of Common Stock. These shares are listed on NYSE under the trading symbol "AHR" and began trading on September 19, 2024.

See Note 13, Equity — Common Stock, and Note 13, Equity — Distribution Reinvestment Plan, for a further discussion of our public offerings.

Our Real Estate Investments Portfolio

We currently operate through four reportable business segments: integrated senior health campuses, outpatient medical, or OM, SHOP and triple-net leased properties. As of September 30, 2024, we owned and/or operated 324 buildings and integrated senior health campuses, representing approximately 19,676,000 square feet of gross leasable area, for an aggregate contract purchase price of $4,666,399,000. In addition, as of September 30, 2024, we also owned a real estate-related debt investment purchased for $60,429,000.

2. Summary of Significant Accounting Policies

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

Basis of Presentation

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

We operate and intend to continue to operate in an umbrella partnership REIT structure in which our operating partnership, wholly-owned subsidiaries of our operating partnership and all non-wholly owned subsidiaries of which we have control will own substantially all of the interests in properties acquired on our behalf. We are the sole general partner of our operating partnership, and as of September 30, 2024 and December 31, 2023, we owned a 98.5% and 95.0%, respectively, general partnership interest therein, and the remaining 1.5% and 5.0%, respectively, partnership interest was owned by limited partners.

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

Interim Unaudited Financial Data

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

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

Use of Estimates

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

Revenue Recognition — Resident Fees and Services Revenue

Disaggregation of Resident Fees and Services Revenue

The following tables disaggregate our resident fees and services revenue by line of business, according to whether such revenue is recognized at a point in time or over time (in thousands):

	Three Months Ended September 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Over time	$ 337,105	$ 65,494	$ 402,599	$ 305,379	$ 42,752	$ 348,131
Point in time	72,521	1,714	74,235	66,912	1,163	68,075
Total resident fees and services	$ 409,626	$ 67,208	$ 476,834	$ 372,291	$ 43,915	$ 416,206

	Nine Months Ended September 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Over time	$ 987,240	$ 185,768	$ 1,173,008	$ 902,836	$ 134,965	$ 1,037,801
Point in time	209,282	4,675	213,957	194,081	3,576	197,657
Total resident fees and services	$ 1,196,522	$ 190,443	$ 1,386,965	$ 1,096,917	$ 138,541	$ 1,235,458

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

	Three Months Ended September 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Medicare	$ 201,171	$ 1,637	$ 202,808	$ 112,773	$ 974	$ 113,747
Private and other payors	108,526	56,087	164,613	177,901	41,296	219,197
Medicaid	99,929	9,484	109,413	81,617	1,645	83,262
Total resident fees and services	$ 409,626	$ 67,208	$ 476,834	$ 372,291	$ 43,915	$ 416,206

AMERICAN HEALTHCARE REIT, INC.

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

	Nine Months Ended September 30,					
	2024			2023		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Private and other payors	$ 472,432	$ 161,060	$ 633,492	$ 512,733	$ 129,674	$ 642,407
Medicare	446,507	4,363	450,870	357,238	1,753	358,991
Medicaid	277,583	25,020	302,603	226,946	7,114	234,060
Total resident fees and services	$ 1,196,522	$ 190,443	$ 1,386,965	$ 1,096,917	$ 138,541	$ 1,235,458

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

Accounts Receivable, Net — Resident Fees and Services Revenue

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

	Private and Other Payors	Medicare	Medicaid	Total
Beginning balance — January 1, 2024	$ 66,218	$ 51,260	$ 30,799	$ 148,277
Ending balance — September 30, 2024	73,951	50,267	44,123	168,341
Increase (decrease)	$ 7,733	$ (993)	$ 13,324	$ 20,064

Deferred Revenue — Resident Fees and Services Revenue

Deferred revenue is included in security deposits, prepaid rent and other liabilities in our accompanying condensed consolidated balance sheets. The beginning and ending balances of deferred revenue — resident fees and services, almost all of which relates to private and other payors, are as follows (in thousands):

	Total
Beginning balance — January 1, 2024	$ 23,372
Ending balance — September 30, 2024	23,496
Increase	$ 124

Resident and Tenant Receivables and Allowances

Resident receivables, which are related to resident fees and services revenue, are carried net of an allowance for credit losses. An allowance is maintained for estimated losses resulting from the inability of residents and payors to meet the contractual obligations under their lease or service agreements. Substantially all of such allowances are recorded as direct reductions of resident fees and services revenue as contractual adjustments provided to third-party payors or implicit price concessions in our accompanying condensed consolidated statements of operations and comprehensive loss. Our determination of the adequacy of these allowances is based primarily upon evaluations of historical loss experience, the residents' financial condition, security deposits, cash collection patterns by payor and by state, current economic conditions, future expectations in estimating credit losses and other relevant factors. Tenant receivables, which are related to real estate revenue, and unbilled deferred rent receivables are reduced for amounts where collectability is not probable, which are recognized as direct reductions of real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss.

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

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	$ 17,037	$ 14,071
Additional allowances	20,750	14,035
Write-offs	(13,971)	(7,011)
Recoveries collected or adjustments	(2,262)	(6,446)
Ending balance	$ 21,554	$ 14,649

Properties Held for Sale

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

Our properties held for sale as of September 30, 2024 and December 31, 2023 of $0 and $3,477,000, respectively, are included in other assets, net in our accompanying condensed consolidated balance sheets. During the nine months ended September 30, 2024, we disposed of one of our SHOP that was held for sale for a contract sales price of $4,500,000 and recognized a gain on sale of $645,000. During the nine months ended September 30, 2023, we did not dispose of any held for sale properties. See Note 3, Real Estate Investments, Net — Dispositions of Real Estate Investments, for a further discussion of our property dispositions.

Accounts Payable and Accrued Liabilities

As of September 30, 2024 and December 31, 2023, accounts payable and accrued liabilities primarily include reimbursement of payroll-related costs to the managers of our SHOP and integrated senior health campuses of $50,966,000 and $42,698,000, respectively, insurance reserves of $46,312,000 and $44,548,000, respectively, accrued distributions to common stockholders of $38,218,000 and $16,557,000, respectively, accrued property taxes of $28,486,000 and $23,549,000, respectively, and accrued developments and capital expenditures of $22,848,000 and $24,881,000, respectively.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* or ASU 2023-07, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. Such disclosure amendments include the requirement for public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and should be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this guidance and expect to have additional disclosures in our Annual Report on Form 10-K for the year ending December 31, 2024.

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

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

3. Real Estate Investments, Net

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

	September 30, 2024	December 31, 2023
Building, improvements and construction in process	$ 3,767,879	$ 3,604,299
Land and improvements	364,150	335,946
Furniture, fixtures and equipment	256,779	237,350
	4,388,808	4,177,595
Less: accumulated depreciation	(852,865)	(752,157)
	$ 3,535,943	$ 3,425,438

Depreciation expense for the three months ended September 30, 2024 and 2023 was $37,610,000 and $36,929,000, respectively, and for the nine months ended September 30, 2024 and 2023 was $111,611,000 and $109,967,000, respectively.

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

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Integrated senior health campuses	$ 15,879	$ 27,891
OM	4,925	14,236
SHOP	8,195	14,969
Triple-net leased properties	268	455
Total	$ 29,267	$ 57,551

Included in the capital expenditure amounts above are costs for the development and expansion of our integrated senior health campuses. For the three months ended September 30, 2024, we incurred $11,730,000 to expand three of our existing integrated senior health campuses. For the nine months ended September 30, 2024, we completed the development of one integrated senior health campus costing $18,969,000 and incurred $11,730,000 to expand three of our existing integrated senior health campuses.

Acquisitions of Real Estate Investments

For the three and nine months ended September 30, 2024, we, through Trilogy Investors, LLC, or Trilogy, acquired four land parcels in Michigan for an aggregate contract purchase price of $5,821,000, plus closing costs, for the future development of integrated senior health campuses.

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

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

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

Location	2024 Acquisitions
Building and improvements	$ 47,601
Land	8,164
Total assets acquired	$ 55,765

Dispositions of Real Estate Investments

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

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

Impairment of Real Estate Investments

For both the three and nine months ended September 30, 2024, we did not recognize any impairment of real estate investments. For both the three and nine months ended September 30, 2023, as we continued to evaluate additional non-strategic properties for sale, we recognized an aggregate impairment charge of $12,510,000 for two SHOP, which reduced the total aggregate carrying value of such assets to $15,977,000. The remaining $3,477,000 carrying value of one such SHOP was then reclassified to properties held for sale during the third quarter of 2023, and sold in January 2024. See Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, for a further discussion of such disposition. Further, the fair value of such SHOP was based on its projected sales price from independent third-party letters of intent, which were considered Level 2 measurements within the fair value hierarchy. The fair value of the other SHOP was determined by a third-party appraiser based on the sales comparison approach with the most significant inputs based on a price per unit and price per square foot analysis within the area for similar types of assets. The ranges of these inputs were $190,000 to $200,000 per unit and $250 to $260 per square foot, which were considered Level 3 measurements within the fair value hierarchy.

4. Business Combinations

On February 1, 2024, we acquired a portfolio of 14 senior housing properties in Oregon from an unaffiliated third party, which properties are included in our SHOP segment. These properties are part of the underlying collateral pool of real estate assets securing our debt security investment, as defined and described in Note 5. We acquired such properties by assuming the outstanding principal balance of each related mortgage loan payable from one of the borrowers since such borrower was in default. The aggregated principal balance of such assumed mortgage loans payable was $94,461,000 at the time of acquisition. No cash consideration was exchanged as part of the transaction; however, we incurred transaction costs of $2,636,000 related to the acquisition of such properties. See Note 5, Debt Security Investment, Net, for a further discussion.

On September 3, 2024, we acquired a portfolio of five senior housing properties in Washington from an unaffiliated third party, which properties are included in our SHOP segment. These properties are also part of the underlying collateral pool of real estate assets securing our debt security investment. We acquired such properties by assuming the outstanding principal balance of each related mortgage loan payable from one of the borrowers since such borrower was in default. The aggregated principal balance of such assumed mortgage loans payable was $36,178,000 at the time of acquisition. No cash consideration was exchanged as part of the transaction; however, we incurred transaction costs of $2,904,000 related to the acquisition of such properties. See Note 5, Debt Security Investment, Net, for a further discussion.

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

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

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

	2024 Acquisitions	2023 Acquisition
Building and improvements	$ 90,531	$ —
Land	19,006	—
In-place leases	17,717	—
Goodwill	—	3,331
Furniture, fixtures and equipment	—	39
Cash and restricted cash	—	565
Accounts receivable	343	—
Other assets	175	66
Total assets acquired	127,772	4,001
Mortgage loans payable (including debt discount of $3,385)	(127,254)	—
Accounts payable and accrued liabilities	(518)	(1,676)
Financing obligations	—	(12)
Security deposits and other liabilities	—	(812)
Total liabilities assumed	(127,772)	(2,500)
Net assets acquired	$ —	$ 1,501

5. Debt Security Investment, Net

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

On February 1, 2024 and September 3, 2024, we acquired a portfolio of 14 senior housing properties in Oregon and a portfolio of five senior housing properties in Washington, respectively, from unaffiliated third parties, which properties are included in the underlying collateral pool of real estate assets securing our debt security investment. We acquired such properties by assuming the outstanding principal balance of each related mortgage loan payable from one of the borrowers since such borrower was in default. We did not grant any concessions to such borrower, and the carrying value of our debt security investment at the time of acquisition did not exceed the fair value of such properties. See Note 4, Business Combinations, for a further discussion of such acquisitions.

As of September 30, 2024 and December 31, 2023, the carrying amount of the debt security investment was $90,144,000 and $86,935,000, respectively, net of unamortized closing costs of $251,000 and $489,000, respectively. Accretion on the debt security for the three months ended September 30, 2024 and 2023 was $1,168,000 and $1,060,000, respectively, and for the nine months ended September 30, 2024 and 2023 was $3,447,000 and $3,126,000, respectively, which is recorded as an increase to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss. Amortization expense of closing costs for the three months ended September 30, 2024 and 2023 was $82,000 and $71,000, respectively, and for the nine months ended September 30, 2024 and 2023 was $238,000 and $204,000, respectively, which is recorded as a decrease to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss. We evaluated credit quality indicators such as the agency ratings and the underlying collateral of such investment in order to determine expected future credit loss. No credit loss was recorded for the three and nine months ended September 30, 2024 and 2023.

6. Identified Intangible Assets and Liabilities

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

	September 30, 2024	December 31, 2023
Amortized intangible assets:		
In-place leases, net of accumulated amortization of $46,075 and $35,437 as of September 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 6.4 years and 7.7 years as of September 30, 2024 and December 31, 2023, respectively)	$ 43,709	$ 42,615
Above-market leases, net of accumulated amortization of $8,597 and $7,079 as of September 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 7.0 years and 7.5 years as of September 30, 2024 and December 31, 2023, respectively)	13,804	15,905
Customer relationships, net of accumulated amortization of $934 as of December 31, 2023 (with a weighted average remaining life of 12.7 years as of December 31, 2023)	—	1,906
Unamortized intangible assets:		
Certificates of need	100,024	99,777
Trade names	20,267	20,267
Total identified intangible assets, net	$ 177,804	$ 180,470
Amortized intangible liabilities:		
Below-market leases, net of accumulated amortization of $3,041 and $2,831 as of September 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 6.7 years and 7.2 years as of September 30, 2024 and December 31, 2023, respectively)	$ 5,271	$ 6,095
Total identified intangible liabilities, net	$ 5,271	$ 6,095

Amortization expense on identified intangible assets for the three months ended September 30, 2024 and 2023 was $6,652,000 and $15,351,000, respectively, which included $694,000 and $3,573,000, respectively, of amortization recorded as a decrease to real estate revenue for above-market leases in our accompanying condensed consolidated statements of operations and comprehensive loss. Amortization expense on identified intangible assets for the nine months ended September 30, 2024 and 2023 was $20,793,000 and $40,133,000, respectively, which included $2,101,000 and $13,515,000, respectively, of amortization recorded as a decrease to real estate revenue for above-market leases in our accompanying condensed consolidated statements of operations and comprehensive loss. In June 2024, we closed a pharmacy facility within our integrated senior health campuses segment, which resulted in the write-off of the remaining customer relationship intangible asset of $1,831,000 related to such facility. In March 2023, we transitioned the SNFs within our Central Wisconsin Senior Care Portfolio from triple-net leased properties to a managed portfolio utilizing a RIDEA structure, which resulted in a full amortization of $8,073,000 of above-market leases and $885,000 of in-place leases. In addition, we fully amortized $2,756,000 of above-market leases and $5,750,000 of in-place leases during the three months and nine months ended September 30, 2023 in connection with the transition of the senior housing facilities within our Michigan ALF Portfolio from triple-net leased properties to a managed portfolio utilizing a RIDEA structure.

Amortization expense on below-market leases for the three months ended September 30, 2024 and 2023 was $262,000 and $470,000, respectively, and for the nine months ended September 30, 2024 and 2023 was $824,000 and $1,282,000, respectively, which is recorded as an increase to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss. In connection with the transition of the senior housing facilities within our Michigan ALF Portfolio from triple-net leased properties to a managed portfolio utilizing a RIDEA structure, we fully amortized $112,000 of below-market leases during the three months ended September 30, 2023.

The aggregate weighted average remaining life of the identified intangible assets was 6.5 years and 7.8 years as of September 30, 2024 and December 31, 2023, respectively. The aggregate weighted average remaining life of the identified intangible liabilities was 6.7 years and 7.2 years as of September 30, 2024 and December 31, 2023, respectively. As of September 30, 2024, estimated amortization expense on the identified intangible assets and liabilities for the remaining three months ending December 31, 2024 and for each of the next four years ending December 31, and thereafter was as follows (in thousands):

	Amortization Expense	
Year	**Intangible Assets**	**Intangible Liabilities**
2024	$ 6,360	$ (248)
2025	12,595	(956)
2026	7,599	(840)
2027	7,075	(825)
2028	6,023	(709)
Thereafter	17,861	(1,693)
Total	$ 57,513	$ (5,271)

7. Other Assets, Net

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

	September 30, 2024	December 31, 2023
Deferred rent receivables	$ 50,223	$ 47,540
Prepaid expenses, deposits, other assets and deferred tax assets, net	33,037	33,204
Inventory — finished goods	20,234	19,472
Lease commissions, net of accumulated amortization of $7,935 and $7,231 as of September 30, 2024 and December 31, 2023, respectively	18,391	17,565
Investments in unconsolidated entities	16,259	20,611
Deferred financing costs, net of accumulated amortization of $8,504 and $8,494 as of September 30, 2024 and December 31, 2023, respectively	4,480	3,830
Lease inducement, net of accumulated amortization of $2,807 and $2,544 as of September 30, 2024 and December 31, 2023, respectively (with a weighted average remaining life of 6.2 years and 6.9 years as of September 30, 2024 and December 31, 2023, respectively)	2,193	2,456
Derivative financial instruments	—	1,463
Total	$ 144,817	$ 146,141

Deferred financing costs included in other assets, net were related to the Trilogy Credit Facility, as defined in Note 9, as well as the senior unsecured revolving credit facility portions of the 2022 Credit Facility and 2024 Credit Facility. In February 2024, in connection with the replacement of the 2022 Credit Facility with the 2024 Credit Facility, we incurred an aggregate loss of $565,000 on the extinguishment of part of the senior unsecured revolving credit facility, which formed part of the 2022 Credit Facility. Such loss on extinguishment of debt is recorded as an increase to interest expense in our accompanying condensed consolidated statements of operations and comprehensive loss, and was due to the partial write-off of unamortized deferred financing costs related to the senior unsecured revolving credit facility portion of the 2022 Credit Facility. See Note 9, Lines of Credit and Term Loan, for further discussion of our lines of credit. Amortization expense on lease inducement as of both the three and nine months ended September 30, 2024 and 2023 was $87,000 and $263,000, respectively, which is recorded as a decrease to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss.

8. Mortgage Loans Payable, Net

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

	September 30, 2024	December 31, 2023
Total fixed-rate debt (97 loans and 76 loans as of September 30, 2024 and December 31, 2023, respectively)	$ 1,143,148	$ 990,325
Total variable-rate debt (3 loans and 13 loans as of September 30, 2024 and December 31, 2023, respectively)	164,554	335,988
Total fixed- and variable-rate debt	1,307,702	1,326,313
Less: deferred financing costs, net	(10,957)	(9,713)
Add: premium	119	167
Less: discount	(14,011)	(14,371)
Mortgage loans payable, net	$ 1,282,853	$ 1,302,396

Based on interest rates in effect as of September 30, 2024 and December 31, 2023, effective interest rates on mortgage loans payable ranged from 2.21% to 8.20% per annum and 2.21% to 8.46% per annum, respectively, with a weighted average effective interest rate of 4.28% and 4.72%, respectively. We are required by the terms of certain loan documents to meet certain reporting requirements and covenants, such as net worth ratios, fixed charge coverage ratios and leverage ratios.

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

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	$ 1,302,396	$ 1,229,847
Additions:		
Borrowings under mortgage loans payable	61,942	85,477
Assumption of mortgage loans payable due to acquisition of real estate investments, net	127,254	—
Amortization of deferred financing costs	1,955	1,690
Amortization of discount/premium on mortgage loans payable, net	3,699	2,662
Deductions:		
Scheduled principal payments on mortgage loans payable	(15,219)	(59,931)
Early payoff of mortgage loans payable	(195,972)	(9,809)
Payoff of a mortgage loan payable due to disposition of real estate investment	—	(26,856)
Deferred financing costs	(3,202)	(1,842)
Ending balance	$ 1,282,853	$ 1,221,238

For the three and nine months ended September 30, 2024, we incurred an aggregate loss on the early extinguishment of mortgage loans payable of $157,000 and $872,000, respectively, which is recorded as an increase to interest expense in our accompanying condensed consolidated statements of operations and comprehensive loss. Such aggregate loss was primarily related to the payoff of mortgage loans payable in February 2024 of approximately $176,145,000 using the net proceeds from the February 2024 Offering. For the three and nine months ended September 30, 2023, we incurred a loss on the early extinguishment of mortgage loan payable of $345,000, which is recorded as an increase to interest expense in our accompanying condensed consolidated statements of operations and comprehensive loss. Such loss was related to the payoff of a mortgage loan payable due to the disposition of a real estate investment in August 2023.

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

Year	Amount
2024	$ 33,036
2025	303,345
2026	159,437
2027	56,716
2028	139,961
Thereafter	615,207
Total	$ 1,307,702

9. Lines of Credit and Term Loan

2022 Credit Facility

We, through our operating partnership, as borrower, and certain of our subsidiaries, or the subsidiary guarantors, collectively as guarantors, were party to an amended agreement, or the 2022 Credit Agreement, with Bank of America, N.A., or Bank of America, KeyBank National Association, or KeyBank, Citizens Bank, National Association, or Citizens Bank, and the lenders named therein, which provided for a credit facility with an aggregate maximum principal amount up to $1,050,000,000, or the 2022 Credit Facility. The 2022 Credit Facility consisted of a senior unsecured revolving credit facility in the initial aggregate amount of $500,000,000 and a senior unsecured term loan facility in the initial aggregate amount of $550,000,000.

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

2024 Credit Facility

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

Under the terms of the 2024 Credit Agreement, the Revolving Loans mature on February 14, 2028, and may be extended for one 12-month period, subject to the satisfaction of certain conditions, including payment of an extension fee. The Term Loan matures on January 19, 2027, and may not be extended. The maximum principal amount of the 2024 Credit Facility may be increased by an aggregate incremental amount of $600,000,000, subject to: (i) the terms of the 2024 Credit Agreement and (ii) at least five business days’ prior written notice to Bank of America.

At our option, the 2024 Credit Facility bears interest at varying rates based upon (i) Daily SOFR, plus the Applicable Rate for Daily SOFR Rate Loans or (ii) Term SOFR, plus the Applicable Rate for Term SOFR Rate Loans. If, under the terms of the 2024 Credit Agreement, there is an inability to determine the Daily SOFR or the Term SOFR, then the 2024 Credit Facility will bear interest at a rate per annum equal to the Base Rate plus the Applicable Rate for Base Rate Loans. The loans may be repaid in whole or in part without prepayment premium or penalty, subject to certain conditions.

We are required to pay a fee on the unused portion of the lenders’ commitments under the 2024 Credit Agreement computed at (a) 0.25% per annum if the actual daily Commitment Utilization Percentage for such quarter is less than or equal to 50% and (b) 0.20% per annum if the actual daily Commitment Utilization Percentage for such quarter is greater than 50%, which fee shall be computed on the actual daily amount of the Available Commitments during the period for which payment is made and payable in arrears on a quarterly basis.

The 2024 Credit Agreement requires us to add additional subsidiaries as guarantors in the event the value of the assets owned by the subsidiary guarantors falls below a certain threshold as set forth in the 2024 Credit Agreement. In the event of default, Bank of America has the right to terminate the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions under the 2024 Credit Agreement and to accelerate the payment on any unpaid principal amount of all outstanding loans and all interest accrued and unpaid thereon.

As of September 30, 2024, our aggregate borrowing capacity under the 2024 Credit Facility was $1,150,000,000, excluding the $25,000,000 standby letters of credit described above. As of September 30, 2024, borrowings outstanding under the 2024 Credit Facility totaled $596,500,000 ($595,938,000, net of deferred financing costs related to the senior unsecured term loan facility portion of the 2024 Credit Facility), and the weighted average interest rate on such borrowings outstanding was 6.39% per annum.

Trilogy Credit Facility

We, through Trilogy RER, LLC, are party to an amended loan agreement, or the Trilogy Credit Agreement, by and among certain subsidiaries of Trilogy OpCo, LLC, Trilogy RER, LLC, and Trilogy Pro Services, LLC; KeyBank; CIT Bank, N.A.; Regions Bank; KeyBanc Capital Markets, Inc.; Regions Capital Markets; Bank of America; The Huntington National Bank; and a syndicate of other banks, as lenders named therein, with respect to a senior secured revolving credit facility that had an aggregate maximum principal amount of $400,000,000, consisting of: (i) a $365,000,000 secured revolver supported by real estate assets and ancillary business cash flow and (ii) a $35,000,000 accounts receivable revolving credit facility supported by eligible accounts receivable, or the Trilogy Credit Facility. The proceeds of the Trilogy Credit Facility may be used for acquisitions, debt repayment and general corporate purposes. The maximum principal amount of the Trilogy Credit Facility could be increased by up to $100,000,000, for a total principal amount of $500,000,000, subject to certain conditions. Unless defined herein, all capitalized terms under this “Trilogy Credit Facility” subsection are defined in the Trilogy Credit Agreement, as amended.

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

As of both September 30, 2024 and December 31, 2023, our aggregate borrowing capacity under the Trilogy Credit Facility was $400,000,000. As of September 30, 2024 and December 31, 2023, borrowings outstanding under the Trilogy Credit Facility totaled $32,000 and $309,823,000, respectively, and the weighted average interest rate on such borrowings outstanding was 7.95% and 8.20% per annum, respectively.

10. Derivative Financial Instruments

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

						Fair Value	
Instrument	**Notional Amount**	**Index**	**Interest Rate**	**Effective Date**	**Maturity Date**	**September 30, 2024**	**December 31, 2023**
Swap	$ 275,000	One Month Term SOFR	3.74%	02/01/23	01/19/26	$ (361)	$ 1,463
Swap	$ 275,000	One Month Term SOFR	4.41%	08/08/23	01/19/26	(2,727)	(2,178)
Swap	$ 200,000	One Month Term SOFR	4.40%	01/05/24	06/05/25	—	(211)
						$ (3,088)	$ (926)

As of both September 30, 2024 and December 31, 2023, none of our derivative financial instruments were designated as hedges. Derivative financial instruments not designated as hedges are not speculative and are used to manage our exposure to interest rate movements, but do not meet the strict hedge accounting requirements. On September 20, 2024, we terminated one interest rate swap that would have matured on June 5, 2025 and had a notional amount of $200,000,000. We paid a fee of $415,000 related to such contract termination, which is recorded as loss on the early extinguishment of derivatives and included as an increase to interest expense in our accompanying condensed consolidated statements of operations and comprehensive loss. For the three months ended September 30, 2024 and 2023, we recorded a net (loss) gain in the fair value of derivative financial instruments of $(8,967,000) and $3,402,000, respectively, and for the nine months ended September 30, 2024 and 2023, we recorded a net (loss) gain in the fair value of derivative financial instruments of $(2,162,000) and $8,200,000, respectively, as a (increase)/decrease to total interest expense in our accompanying condensed consolidated statements of operations and comprehensive loss related to the change in the fair value of our derivative financial instruments.

See Note 14, Fair Value Measurements, for a further discussion of the fair value of our derivative financial instruments.

11. Commitments and Contingencies

Litigation

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

Environmental Matters

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

Other

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

12. Redeemable Noncontrolling Interests

As of September 30, 2024 and December 31, 2023, we, through our direct and indirect subsidiaries, owned a 98.5% and 95.0%, respectively, general partnership interest in our operating partnership, and the remaining 1.5% and 5.0%, respectively, limited partnership interest in our operating partnership was owned by limited partners. Some of the limited partnership units outstanding, which accounted for approximately 1.0% of our total operating partnership units outstanding as of December 31, 2023, had redemption features outside of our control and were accounted for as redeemable noncontrolling interests presented outside of permanent equity in our accompanying condensed consolidated balance sheet. As a result of the closing of the February 2024 Offering and listing of our Common Stock on the NYSE, such redemption features are no longer outside of our control, and we reclassed the carrying amount of such interests as of such date to noncontrolling interests in total equity in our accompanying condensed consolidated balance sheet. Further, additional paid-in capital was adjusted to reflect such change in presentation of limited partners interests. See Note 13, Equity — Noncontrolling Interests in Total Equity, for a further discussion.

As of December 31, 2023, we, through Trilogy REIT Holdings LLC, or Trilogy REIT Holdings, in which we indirectly held a 76.0% ownership interest, owned approximately 97.5% of the outstanding equity interests of Trilogy. As of December 31, 2023, certain members of Trilogy's management and certain members of an advisory committee to Trilogy's board of directors owned approximately 2.5% of the outstanding equity interests of Trilogy. We accounted for such equity interests as redeemable noncontrolling interests or other liabilities in our accompanying condensed consolidated balance sheets in accordance with FASB, Accounting Standards Codification, or ASC, Topic 480-10-S99-3A, given certain features associated with such equity interests. In January 2024, we redeemed equity interests in Trilogy that were accounted for as other liabilities and owned by a member of Trilogy's advisory committee for $25,312,000 in cash. In April 2024, we redeemed all the remaining equity interests in Trilogy owned by members of Trilogy management and certain members of Trilogy's advisory committee, including the redemption of Trilogy Profit Interests, as defined and described at Note 13, Equity — Noncontrolling Interests in Total Equity — Other Noncontrolling Interests, for an aggregate $10,771,000 in cash. For the nine months ended September 30, 2023, we redeemed the equity interests owned by certain members of Trilogy's management for an aggregate of $15,954,000. As of September 30, 2024, there were no outstanding equity interests of Trilogy owned by members of Trilogy's management or members of Trilogy's advisory committee.

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

We record the carrying amount of redeemable noncontrolling interests at the greater of: (i) the initial carrying amount, increased or decreased for the noncontrolling interests' share of net income or loss and distributions or (ii) the redemption value. The changes in the carrying amount of redeemable noncontrolling interests consisted of the following for the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	$ 33,843	$ 81,598
Reclassification from equity	21	62
Reclassification to equity	(15,303)	—
Distributions	(3)	(1,083)
Redemption of redeemable noncontrolling interests	(10,771)	(15,954)
Adjustment to redemption value	(7,539)	(4,098)
Net loss attributable to redeemable noncontrolling interests	(28)	(564)
Ending balance	$ 220	$ 59,961

13. Equity

Preferred Stock

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

Common Stock

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

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

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

On September 20, 2024, we closed the September 2024 Offering and issued 20,010,000 shares of Common Stock, $0.01 par value per share, for a total of $471,236,000 in gross offering proceeds, including the exercise in full of the underwriters' overallotment option to purchase up to an additional 2,610,000 shares of Common Stock. In conjunction with the September 2024 Offering, such shares of Common Stock were listed on the NYSE and began trading on September 19, 2024. We received $451,207,000 in net offering proceeds, after deducting the underwriting discount, which was used to: (i) exercise our option to purchase our joint venture partner's 24.0% minority membership interest in Trilogy REIT Holdings; (ii) repay $116,000,000 of borrowings outstanding under the Trilogy Credit Facility; and (iii) repay $78,000,000 of borrowings outstanding under the 2024 Credit Facility. See "Noncontrolling Interests in Total Equity – Membership Interest in Trilogy REIT Holdings" below for a further discussion of the purchase of such joint venture interest. The underwriting discount and other costs related to the September 2024 Offering were offset against gross proceeds received and included as a component of additional paid-in capital in our accompanying condensed consolidated balance sheet as of September 30, 2024.

Distribution Reinvestment Plan

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

Share Repurchase Plan

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

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

Noncontrolling Interests in Total Equity

Membership Interest in Trilogy REIT Holdings

As of December 31, 2023, Trilogy REIT Holdings owned approximately 97.5% of Trilogy. We were the indirect owner of a 76.0% interest in Trilogy REIT Holdings pursuant to an amended joint venture agreement with an indirect, wholly-owned subsidiary of NorthStar Healthcare Income, Inc., or NHI. We serve as the managing member of Trilogy REIT Holdings. As of December 31, 2023, NHI indirectly owned a 24.0% membership interest in Trilogy REIT Holdings, and as such, for the three and nine months ended September 30, 2023, 24.0% of the net earnings of Trilogy REIT Holdings were allocated to noncontrolling interests.

On November 3, 2023, we entered into a Membership Interest Purchase Agreement, or the MIPA, with subsidiaries of NHI, which provided us with the option to purchase their 24.0% minority membership interest in Trilogy REIT Holdings. On September 20, 2024, using the net proceeds from the September 2024 Offering, we exercised our option to purchase all of the 24.0% minority membership interest in Trilogy REIT Holdings that was owned by NHI, for a total all-cash purchase price of $258,001,000. Such purchase price reflects a "base" purchase price of $247,000,000 and a supplemental payment of approximately $11,001,000 relating to NHI's pro-rata share of Trilogy REIT Holdings' budgeted distributions to its members during the pre-exercise period relative to NHI's actual distributions received during that period. In connection with such purchase and as of September 20, 2024, we own 100% of Trilogy REIT Holdings and indirectly own 100% of Trilogy. Previously, from January 1, 2024 through September 19, 2024, 24.0% of the net earnings of Trilogy REIT Holdings were allocated to noncontrolling interests.

Other Noncontrolling Interests

In connection with our acquisition and operation of Trilogy, profit interest units in Trilogy, or the Profit Interests, were issued to Trilogy Management Services, LLC and independent directors of Trilogy, both unaffiliated third parties that manage or direct the day-to-day operations of Trilogy. The Profit Interests consisted of time-based or performance-based commitments. The time-based Profit Interests were measured at their grant date fair value and vested in increments of 20.0% on each anniversary of the respective grant date over a five-year period. We amortized the time-based Profit Interests on a straight-line basis over the vesting periods, which were recorded to general and administrative expenses in our accompanying condensed consolidated statements of operations and comprehensive loss. The performance-based Profit Interests were measured at their fair value on the adoption date of ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, using a modified retrospective approach, were subject to a performance commitment and would have vested upon liquidity events as defined in the Profit Interests agreements. The nonvested awards were presented as noncontrolling interests in total equity in our accompanying condensed consolidated balance sheets, and were re-classified to redeemable noncontrolling interests upon vesting as they had redemption features outside of our control, similar to the common stock units held by Trilogy's management. See Note 12, Redeemable Noncontrolling Interests, for a further discussion.

In April 2024, we redeemed all the remaining Profit Interests for cash. See Note 12, Redeemable Noncontrolling Interests, for a further discussion of our redemption of the Profit Interests. For the three months ended September 30, 2024 and 2023, we recognized stock compensation expense related to the time-based Profit Interests of $0 and $21,000, respectively. For the nine months ended September 30, 2024 and 2023, we recognized stock compensation expense related to the time-based Profit Interests of $21,000 and $62,000, respectively.

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

As discussed in Note 1, Organization and Description of Business, as of September 30, 2024 and December 31, 2023, we, through our direct and indirect subsidiaries, owned a 98.5% and 95.0%, respectively, general partnership interest in our operating partnership and the remaining 1.5% and 5.0%, respectively, OP units in our operating partnership were owned by limited partners. Some of the limited partnership units outstanding, which accounted for approximately 1.0% of our total operating partnership units outstanding as of December 31, 2023, had redemption features outside of our control and were accounted for as redeemable noncontrolling interests presented outside of permanent equity in our accompanying condensed consolidated balance sheet. As a result of the closing of the February 2024 Offering and listing of our Common Stock on the NYSE, such redemption features are no longer outside of our control and we reclassed the remaining carrying amount of such redeemable noncontrolling interests as of such date to noncontrolling interests in total equity. On August 19, 2024, Platform Healthcare Investor T-II, LLC redeemed all of its OP units in exchange for 1,216,571 shares of our Common Stock on a one-for-one basis, and as a result, is no longer a limited partner of our operating partnership. Therefore, as of September 30, 2024, 1.5% of our total operating partnership units outstanding is presented as noncontrolling interests in total equity in our accompanying condensed consolidated balance sheet. See Note 12, Redeemable Noncontrolling Interests, for a further discussion.

AHR Incentive Plan

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

Restricted common stock

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

Restricted stock units

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

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

	Number of Nonvested RSAs	Weighted Average Grant Date Fair Value - RSAs	Number of Nonvested RSUs	Weighted Average Grant Date Fair Value - RSUs
Balance — December 31, 2023	147,044	$ 35.99	228,081	$ 32.43
Granted	972,222	$ 13.12	477,008	$ 14.57
Vested	(26,376)	$ 31.92	(54,010) (1)	$ 31.98
Forfeited/cancelled	(6)	$ 36.90	(727)	$ 37.16
Balance — September 30, 2024	1,092,884	$ 15.74	650,352	$ 19.36

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

For the three months ended September 30, 2024 and 2023, we recognized stock compensation expense related to awards granted pursuant to the AHR Incentive Plan of $2,630,000 and $1,558,000, respectively. For the nine months ended September 30, 2024 and 2023, we recognized stock compensation expense related to awards granted pursuant to the AHR Incentive Plan of $7,309,000 and $4,173,000, respectively. Such expense was based on the grant date fair value for time-based awards and for performance-based awards that are probable of vesting, which fair value calculation used the most recently published estimated per share net asset value for awards granted prior to the February 2024 Offering, and the closing market price of our listed Common Stock commencing with awards granted effective as of the February 2024 Offering date. Stock compensation expense is included in general and administrative expenses in our accompanying condensed consolidated statements of operations and comprehensive loss.

14. Fair Value Measurements

Assets and Liabilities Reported at Fair Value

The table below presents our assets and liabilities measured at fair value on a recurring basis as of September 30, 2024, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities:				
Derivative financial instruments	$ —	$ (3,088)	$ —	$ (3,088)
Total liabilities at fair value	$ —	$ (3,088)	$ —	$ (3,088)

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

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Derivative financial instrument	$ —	$ 1,463	$ —	$ 1,463
Total assets at fair value	$ —	$ 1,463	$ —	$ 1,463
Liabilities:				
Derivative financial instruments	$ —	$ (2,389)	$ —	$ (2,389)
Total liabilities at fair value	$ —	$ (2,389)	$ —	$ (2,389)

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

Derivative Financial Instruments

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

We incorporated credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

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

Financial Instruments Disclosed at Fair Value

Our accompanying condensed consolidated balance sheets include the following financial instruments: debt security investment, cash and cash equivalents, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, mortgage loans payable and borrowings under our lines of credit and term loan.

We consider the carrying values of cash and cash equivalents, restricted cash, accounts and other receivables and accounts payable and accrued liabilities to approximate the fair value for these financial instruments based upon an evaluation of the underlying characteristics and market data, in light of the short period of time between origination of the instruments and their expected realization. The fair values of the other financial instruments are classified in Level 2 of the fair value hierarchy.

The fair value of our debt security investment is estimated using a discounted cash flow analysis using interest rates available to us for investments with similar terms and maturities. The fair values of our mortgage loans payable and our lines of credit and term loan are estimated using discounted cash flow analyses using borrowing rates available to us for debt instruments with similar terms and maturities. We have determined that the valuations of our debt security investment, mortgage loans payable and lines of credit and term loan are classified in Level 2 within the fair value hierarchy. The carrying amounts and estimated fair values of such financial instruments as of September 30, 2024 and December 31, 2023 were as follows (in thousands):

	September 30, 2024		December 31, 2023	
	Carrying Amount(1)	Fair Value	Carrying Amount(1)	Fair Value
Financial Assets:				
Debt security investment	$ 90,144	$ 93,246	$ 86,935	$ 93,304
Financial Liabilities:				
Mortgage loans payable	$ 1,282,853	$ 1,166,413	$ 1,302,396	$ 1,185,260
Lines of credit and term loan	$ 591,490	$ 596,903	$ 1,220,137	$ 1,225,890

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

15. Income Taxes

As a REIT, we generally will not be subject to U.S. federal income tax on taxable income that we distribute to our stockholders. We have elected to treat certain of our consolidated subsidiaries as taxable REIT subsidiaries, or TRS, pursuant to the Code. TRS may participate in services that would otherwise be considered impermissible for REITs and are subject to federal and state income tax at regular corporate tax rates.

Current Income Tax

Federal and state income taxes are generally a function of the level of income recognized by our TRS. Foreign income taxes are generally a function of our income on our real estate located in the United Kingdom, or UK, and Isle of Man.

Deferred Taxes

Deferred income tax is generally a function of the period’s temporary differences (primarily basis differences between tax and financial reporting for real estate assets and equity investments) and generation of tax net operating loss that may be realized in future periods depending on sufficient taxable income.

We recognize the effects of an uncertain tax position on the financial statements, when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the “more likely than not” threshold, the measurement of the tax benefit will be based on our estimate of the ultimate tax benefit to be sustained if audited by the taxing authority. As of both September 30, 2024 and December 31, 2023, we did not have any tax benefits or liabilities for uncertain tax positions that we believe should be recognized in our accompanying condensed consolidated financial statements.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A valuation allowance is established if we believe it is more likely than not that all or a portion of the deferred tax assets are not realizable. As of both September 30, 2024 and December 31, 2023, our valuation allowance fully reserves the net deferred tax assets due to historical losses and inherent uncertainty of future income. We will continue to monitor industry and economic conditions and our ability to generate taxable income based on our business plan and available tax planning strategies, which would allow us to utilize the tax benefits of the net deferred tax assets and thereby allow us to reverse all, or a portion of, our valuation allowance in the future.

16. Leases

Lessor

We have operating leases with tenants that expire at various dates through 2050. For the three months ended September 30, 2024 and 2023, we recognized $45,168,000 and $45,582,000, respectively, of revenues related to operating lease payments, of which $8,975,000 and $9,800,000, respectively, was for variable lease payments. For the nine months ended September 30, 2024 and 2023, we recognized $136,382,000 and $137,101,000, respectively, of revenues related to operating lease payments, of which $27,776,000 and $29,551,000, respectively, was for variable lease payments. As of September 30, 2024, the following table sets forth the undiscounted cash flows for future minimum base rents due under operating leases for the remaining three months ending December 31, 2024 and for each of the next four years ending December 31 and thereafter for properties that we wholly own (in thousands):

Year	Amount
2024	$ 34,932
2025	134,056
2026	125,609
2027	119,660
2028	107,856
Thereafter	508,821
Total	$ 1,030,934

Lessee

We lease certain land, buildings, furniture, fixtures, campus and office equipment and automobiles. We have lease agreements with lease and non-lease components, which are generally accounted for separately. Most leases include one or more options to renew, with renewal terms that generally can extend at various dates through 2107, excluding extension options. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Certain of our lease agreements include rental payments that are adjusted periodically based on the United States Bureau of Labor Statistics' Consumer Price Index and may also include other variable lease costs (i.e., common area maintenance, property taxes and insurance). Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease costs were as follows (in thousands):

Lease Cost	Classification	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 9,060	$ 11,049
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	556	334
Interest on lease liabilities	Interest expense	156	82
Sublease income	Resident fees and services revenue or other income	(144)	(97)
Total lease cost		$ 9,628	$ 11,368

Lease Cost	Classification	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 29,212	$ 34,445
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	1,672	934
Interest on lease liabilities	Interest expense	464	239
Sublease income	Resident fees and services revenue or other income	(436)	(425)
Total lease cost		$ 30,912	$ 35,193

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(1) Includes short-term leases and variable lease costs, which are immaterial.

Additional information related to our leases for the periods presented below was as follows (dollars in thousands):

Lease Term and Discount Rate	September 30, 2024	December 31, 2023
Weighted average remaining lease term (in years):		
Operating leases	12.1	12.2
Finance leases	1.2	1.5
Weighted average discount rate:		
Operating leases	5.85 %	5.76 %
Finance leases	8.22 %	7.78 %

Supplemental Disclosure of Cash Flows Information	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating cash outflows related to finance leases	$ 467	$ 239
Financing cash outflows related to finance leases	$ 63	$ 50
Right-of-use assets obtained in exchange for operating lease liabilities	$ 4,322	$ 6,153

Operating Leases

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

Year	Amount
2024	$ 8,055
2025	31,314
2026	31,000
2027	31,972
2028	31,923
Thereafter	136,396
Total undiscounted operating lease payments	270,660
Less: interest	96,447
Present value of operating lease liabilities	$ 174,213

Finance Leases

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

Year	Amount
2024	$ 8
2025	31
2026	—
2027	—
2028	—
Thereafter	—
Total undiscounted finance lease payments	39
Less: interest	2
Present value of finance lease liabilities	$ 37

17. Segment Reporting

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

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

While we believe that net income or loss, as defined by GAAP, is the most appropriate earnings measurement, our chief operating decision maker evaluates performance of our combined properties in each reportable business segment and determines how to allocate resources to those segments, primarily based on net operating income, or NOI, for each segment. We define segment NOI as total revenues and grant income, less property operating expenses and rental expenses, which excludes depreciation and amortization, general and administrative expenses, business acquisition expenses, interest expense, gain or loss in fair value of derivative financial instruments, gain or loss on dispositions of real estate investments, impairment of real estate investments, impairment of intangible assets and goodwill, income or loss from unconsolidated entities, gain on re-measurement of previously held equity interests, foreign currency gain or loss, other income or expense and income tax benefit or expense for each segment. We believe that segment NOI serves as an appropriate supplemental performance measure to net income (loss) because it allows investors and our management to measure unlevered property-level operating results and to compare our operating results to the operating results of other real estate companies and between periods on a consistent basis.

Interest expense, depreciation and amortization and other expenses not attributable to individual properties are not allocated to individual segments for purposes of assessing segment performance. Non-segment assets primarily consist of corporate assets, including cash and cash equivalents, other receivables, deferred financing costs and other assets not attributable to individual properties.

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

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Three Months Ended September 30, 2024
Revenues:					
Resident fees and services	$ 409,626	$ 67,208	$ —	$ —	$ 476,834
Real estate revenue	—	—	33,715	13,265	46,980
Total revenues	409,626	67,208	33,715	13,265	523,814
Expenses:					
Property operating expenses	361,227	55,901	—	—	417,128
Rental expenses	—	—	12,649	501	13,150
Segment net operating income	$ 48,399	$ 11,307	$ 21,066	$ 12,764	$ 93,536
Expenses:					
General and administrative					$ 11,921
Business acquisition expenses					3,537
Depreciation and amortization					44,246
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs, debt discount/premium, and loss on debt and derivative extinguishments)					(30,395)
Loss in fair value of derivative financial instruments					(8,967)
Loss on disposition of real estate investment					(4)
Loss from unconsolidated entities					(2,123)
Foreign currency gain					2,689
Other income, net					2,138
Total net other expense					(36,662)
Loss before income taxes					(2,830)
Income tax expense					(263)
Net loss					$ (3,093)

AMERICAN HEALTHCARE REIT, INC.

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

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Three Months Ended September 30, 2023
Revenues and grant income:					
Resident fees and services	$ 372,291	$ 43,915	$ —	$ —	$ 416,206
Real estate revenue	—	—	35,688	11,282	46,970
Grant income	1,064	—	—	—	1,064
Total revenues and grant income	373,355	43,915	35,688	11,282	464,240
Expenses:					
Property operating expenses	335,563	39,040	—	—	374,603
Rental expenses	—	—	13,690	884	14,574
Segment net operating income	$ 37,792	$ 4,875	$ 21,998	$ 10,398	$ 75,063
Expenses:					
General and administrative					$ 11,342
Business acquisition expenses					1,024
Depreciation and amortization					49,273
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishment)					(42,005)
Gain in fair value of derivative financial instruments					3,402
Gain on dispositions of real estate investments, net					31,981
Impairment of real estate investments					(12,510)
Loss from unconsolidated entities					(505)
Foreign currency loss					(1,704)
Other income					1,755
Total net other expense					(19,586)
Loss before income taxes					(6,162)
Income tax expense					(284)
Net loss					$ (6,446)

AMERICAN HEALTHCARE REIT, INC.

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

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Nine Months Ended September 30, 2024
Revenues:					
Resident fees and services	$ 1,196,522	$ 190,443	$ —	$ —	$ 1,386,965
Real estate revenue	—	—	101,464	39,499	140,963
Total revenues	1,196,522	190,443	101,464	39,499	1,527,928
Expenses:					
Property operating expenses	1,060,835	162,486	—	—	1,223,321
Rental expenses	—	—	38,409	1,791	40,200
Segment net operating income	$ 135,687	$ 27,957	$ 63,055	$ 37,708	$ 264,407
Expenses:					
General and administrative					$ 35,495
Business acquisition expenses					6,334
Depreciation and amortization					132,277
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt and derivative extinguishments)					(97,429)
Loss in fair value of derivative financial instruments					(2,162)
Gain on dispositions of real estate investments, net					2,257
Loss from unconsolidated entities					(4,363)
Foreign currency gain					2,345
Other income, net					7,107
Total net other expense					(92,245)
Loss before income taxes					(1,944)
Income tax expense					(1,227)
Net loss					$ (3,171)

AMERICAN HEALTHCARE REIT, INC.

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

	Integrated Senior Health Campuses	SHOP	OM	Triple-Net Leased Properties	Nine Months Ended September 30, 2023
Revenues and grant income:					
Resident fees and services	$ 1,096,917	$ 138,541	$ —	$ —	$ 1,235,458
Real estate revenue	—	—	109,811	31,323	141,134
Grant income	7,445	—	—	—	7,445
Total revenues and grant income	1,104,362	138,541	109,811	31,323	1,384,037
Expenses:					
Property operating expenses	992,620	124,678	—	—	1,117,298
Rental expenses	—	—	42,025	2,397	44,422
Segment net operating income	$ 111,742	$ 13,863	$ 67,786	$ 28,926	$ 222,317
Expenses:					
General and administrative					$ 36,169
Business acquisition expenses					2,244
Depreciation and amortization					138,644
Other income (expense):					
Interest expense:					
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishments)					(122,006)
Gain in fair value of derivative financial instruments					8,200
Gain on dispositions of real estate investments, net					29,777
Impairment of real estate investments					(12,510)
Loss from unconsolidated entities					(924)
Gain on re-measurement of previously held equity interest					726
Foreign currency gain					372
Other income					5,952
Total net other expense					(90,413)
Loss before income taxes					(45,153)
Income tax expense					(775)
Net loss					$ (45,928)

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

	September 30, 2024	December 31, 2023
Integrated senior health campuses	$ 2,224,315	$ 2,197,762
OM	1,197,920	1,232,310
SHOP	745,858	630,373
Triple-net leased properties	497,291	502,836
Other	11,628	14,652
Total assets	$ 4,677,012	$ 4,577,933

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

Our portfolio of properties and other investments are located in the United States, the UK and Isle of Man. Revenues and grant income and assets are attributed to the country in which the property is physically located. The following is a summary of geographic information for our operations for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues and grant income:				
United States	$ 522,218	$ 463,053	$ 1,522,902	$ 1,380,542
International	1,596	1,187	5,026	3,495
	$ 523,814	$ 464,240	$ 1,527,928	$ 1,384,037

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

	September 30, 2024	December 31, 2023
Real estate investments, net:		
United States	$ 3,491,132	$ 3,382,115
International	44,811	43,323
	$ 3,535,943	$ 3,425,438

18. Concentration of Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk are primarily our debt security investment, cash and cash equivalents, restricted cash and accounts and other receivables. We are exposed to credit risk with respect to our debt security investment, but we believe collection of the outstanding amount is probable. Cash and cash equivalents are generally invested in investment-grade, short-term instruments with a maturity of three months or less when purchased. We have cash and cash equivalents in financial institutions that are insured by the Federal Deposit Insurance Corporation, or FDIC. As of September 30, 2024 and December 31, 2023, we had cash and cash equivalents in excess of FDIC insured limits. We believe this risk is not significant. Concentration of credit risk with respect to accounts receivable from tenants and residents is limited. We perform credit evaluations of prospective tenants and security deposits are obtained at the time of property acquisition and upon lease execution.

Based on leases as of September 30, 2024, properties in three states in the United States accounted for 10.0% or more of our total consolidated property portfolio's annualized base rent or annualized NOI, which is based on contractual base rent from leases in effect for our non-RIDEA properties and annualized NOI for our SHOP and integrated senior health campuses as of September 30, 2024. Properties located in Indiana, Ohio and Kentucky accounted for 28.7%, 12.5% and 12.3%, respectively, of our total consolidated property portfolio's annualized base rent or annualized NOI. Accordingly, there is a geographic concentration of risk subject to fluctuations in each state's economy.

Based on leases in effect as of September 30, 2024, our integrated senior health campuses, OM, SHOP and triple-net leased properties segments accounted for 55.8%, 23.4%, 11.3% and 9.5%, respectively, of our total consolidated property portfolio's annualized base rent or annualized NOI. As of September 30, 2024, none of our tenants at our properties accounted for 10.0% or more of our total consolidated property portfolio's annualized base rent or annualized NOI.

19. Earnings Per Share

Basic earnings (loss) per share for all periods presented are computed by dividing net income (loss) applicable to common stock by the weighted average number of shares of our common stock outstanding during the period. Diluted earnings (loss) per share are computed based on the weighted average number of shares of our common stock and all dilutive securities, if any. TBUs, nonvested shares of our RSAs and limited OP units are participating securities and give rise to potentially dilutive shares of our common stock.

For the three and nine months ended September 30, 2024, 2,933,361 and 3,311,054 limited OP units, respectively, and for both the three and nine months ended September 30, 2023, 3,501,976 limited OP units, were excluded from the computation of diluted earnings (loss) per share because such units were anti-dilutive during these periods. For the three months ended September 30, 2024 and 2023, 1,092,886 and 186,868 nonvested RSAs, respectively, and for the nine months ended September 30, 2024 and 2023, 969,889 and 185,193 nonvested RSAs, respectively, were excluded from the computation of diluted earnings (loss) per share because such restricted stock awards were anti-dilutive during these periods. For the three months ended September 30, 2024 and 2023, 341,098 and 163,058 nonvested TBUs, respectively, and for the nine months ended September 30, 2024 and 2023, 286,314 and 113,987 nonvested TBUs, respectively, were excluded from the computation of diluted earnings (loss) per share because such restricted stock awards were anti-dilutive during these periods.

For the three months ended September 30, 2024 and 2023, 309,254 and 70,751 nonvested PBUs, respectively, and for the nine months ended September 30, 2024 and 2023, 236,137 and 56,800 nonvested PBUs, respectively, were treated as contingently issuable shares pursuant to ASC Topic 718, Compensation — Stock Compensation. Such contingently issuable shares were excluded from the computation of diluted earnings (loss) per share because they were antidilutive during the period.

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

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

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

Forward-Looking Statements

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

Any such forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate, and beliefs of, and assumptions made by, our management and involve uncertainties that could significantly affect our financial results. Such statements include, but are not limited to: (i) statements about our plans, strategies, initiatives and prospects, including any future capital-raising initiatives and planned or future acquisitions or dispositions of properties and other assets; and (ii) statements about our future results of operations, capital expenditures and liquidity. Such statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those projected or anticipated, including, without limitation: changes in economic conditions generally and the real estate market specifically; legislative and regulatory changes, including changes to laws governing the taxation of real estate investment trusts, or REITs, and regulations or proposed regulations governing the operations and sales of health care properties; the availability of capital; our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; changes in interest rates, and foreign currency risk; competition in the real estate industry; changes in accounting principles generally accepted in the United States of America, or GAAP, policies and guidelines applicable to REITs; the success of our investment strategy; cybersecurity incidents and information technology failures, including unauthorized access to our computer systems and/or our vendors' computer systems and our third-party management companies' computer systems and/or their vendors' computer systems; our ability to retain our executive officers and key employees; unexpected labor costs and inflationary pressures; and those risks identified in Item 1A, Risk Factors in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024, this Quarterly Report on Form 10-Q, and any future filings we make with the SEC. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on such statements. Forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date on which such statements are made, and undue reliance should not be placed on such statements. We undertake no obligation to update any such statements that may become untrue because of subsequent events. Additional information concerning us and our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Overview and Background

American Healthcare REIT, Inc., a Maryland corporation, is a self-managed REIT that acquires, owns and operates a diversified portfolio of clinical healthcare real estate properties, focusing primarily on outpatient medical buildings, senior housing, skilled nursing facilities, or SNFs, and other healthcare-related facilities. We have built a fully-integrated management platform, with approximately 114 employees, that operates clinical healthcare properties throughout the United States, the United Kingdom and the Isle of Man. We operate our integrated senior health campuses and SHOP utilizing the structure permitted by the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure. We have also originated and acquired secured loans and may originate or acquire other real estate-related investments in the future on an infrequent and opportunistic basis. We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, healthcare real estate properties. We have elected to be taxed as a REIT for U.S. federal income tax purposes. We believe that we have been organized and operated, and we intend to continue to operate, in conformity with the requirements for qualification and taxation as a REIT under the Code.

Operating Partnership

We conduct substantially all of our operations through American Healthcare REIT Holdings, LP, or our operating partnership, and we are the sole general partner of our operating partnership. As of December 31, 2023, we owned 95.0% of the operating partnership units, or OP units, in our operating partnership, and the remaining 5.0% OP units were owned by the following limited partners: AHI Group Holdings, LLC, which is owned and controlled by Jeffrey T. Hanson, the non-executive Chairman of our board of directors, or our board, Danny Prosky, our Chief Executive Officer, President and director, and Mathieu B. Streiff, one of our directors; Platform Healthcare Investor T-II, LLC; Flaherty Trust; and a wholly-owned subsidiary of Griffin Capital Company, LLC. On August 19, 2024, Platform Healthcare Investor T-II, LLC redeemed all of its OP units in exchange for 1,216,571 shares of our Common Stock on a one-for-one basis, and as a result, is no longer a limited partner of our operating partnership. As of September 30, 2024, we owned 98.5% of the OP units in our operating partnership, and the remaining 1.5% of the OP units were owned by the remaining limited partners. See Note 12, Redeemable Noncontrolling Interests, and Note 13, Equity — Noncontrolling Interests in Total Equity, to our accompanying condensed consolidated financial statements for a further discussion of the ownership in our operating partnership.

Public Offerings and Listing

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

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

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

On September 20, 2024, we closed our additional underwritten public offering, or the September 2024 Offering, under a prospectus supplement and related prospectus filed with the SEC pursuant to our effective shelf Registration Statement on Form S-3 (File No. 333-281488). Through the September 2024 Offering, we issued 20,010,000 shares of Common Stock, for a total of $471,236,000 in gross offering proceeds. Such amounts include the exercise in full of the underwriters' overallotment option to purchase up to an additional 2,610,000 shares of Common Stock. These shares are listed on NYSE under the trading symbol "AHR" and began trading on September 19, 2024.

See Note 13, Equity, to our accompanying condensed consolidated financial statements, for a further discussion of our public offerings.

Our Real Estate Investments Portfolio

We currently operate through four reportable business segments: integrated senior health campuses, OM, SHOP and triple-net leased properties. As of September 30, 2024, we owned and/or operated 324 buildings and integrated senior health campuses, representing approximately 19,676,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,666,399,000. In addition, as of September 30, 2024, we also owned a real estate-related debt investment purchased for $60,429,000.

Critical Accounting Estimates

Our accompanying condensed consolidated financial statements are prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying footnotes. These estimates are made and evaluated on an ongoing basis using information that is currently available, as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates, perhaps in material adverse ways, and those estimates could be different under different assumptions or conditions. The complete listing of our Critical Accounting Estimates was previously disclosed in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024, and there have been no material changes to our Critical Accounting Estimates as disclosed therein, except as included within Note 2, Summary of Significant Accounting Policies, to our accompanying condensed consolidated financial statements.

Interim Unaudited Financial Data

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

Acquisitions and Dispositions in 2024

For a discussion of our acquisitions and dispositions of investments in 2024, see Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, Note 3, Real Estate Investments, Net, and Note 4, Business Combinations, to our accompanying condensed consolidated financial statements.

Factors Which May Influence Results of Operations

Other than the effects of inflation discussed below, as well as other national economic conditions affecting real estate generally, and as otherwise disclosed in our risk factors, we are not aware of any material trends or uncertainties that may reasonably be expected to have a material impact, favorable or unfavorable, on revenues or income from the acquisition, disposition, management and operation of our properties. For a further discussion of these and other factors that could impact our future results or performance, see "Forward-Looking Statements" above and Part II, Item 1A, Risk Factors, of this Quarterly Report on Form 10-Q and those Risk Factors previously disclosed in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024.

Inflation

During the nine months ended September 30, 2024 and 2023, inflation has affected our operations. The annual rate of inflation in the United States was 2.4% in September 2024 and 3.7% in September 2023, as measured by the Consumer Price Index. We believe inflation has impacted our operations such that we have experienced, and continue to experience, increases in the cost of labor, services, energy and supplies, and therefore continued inflationary pressures on our integrated senior health campuses and SHOP could continue to impact our profitability in future periods. To offset the impact of inflation on the cost of labor and services, we had our RIDEA managers bill higher than average annual rent and care fee increases for existing residents in 2023 and 2024, as compared to prior years, while adjusting market rates as frequently as needed based on competitor pricing and market conditions. We believe this practice will improve operating performance in our integrated senior health campuses and SHOP, as well as increase rent coverage and the stability of our real estate revenue in our triple-net leased properties over time.

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

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

Scheduled Lease Expirations

Excluding our SHOP and integrated senior health campuses, as of September 30, 2024, our properties were 91.0% leased, and, during the remainder of 2024, 2.8% of the leased GLA is scheduled to expire. Our leasing strategy focuses on negotiating renewals for leases scheduled to expire during the next twelve months. In the future, if we are unable to negotiate renewals, we will try to identify new tenants or collaborate with existing tenants who are seeking additional space to occupy. As of September 30, 2024, our remaining weighted average lease term was 6.5 years, excluding our SHOP and integrated senior health campuses.

Our combined SHOP and integrated senior health campuses were 87.8% leased as of September 30, 2024. Substantially all of our leases with residents at such properties are for a term of one year or less.

Results of Operations

Comparison of Three and Nine Months Ended September 30, 2024 and 2023

Our operating results are primarily comprised of income derived from our portfolio of properties and expenses in connection with the acquisition and operation of such properties. Our primary sources of revenue include rent generated by our leased, non-RIDEA properties and resident fees and services revenue from our RIDEA properties. Our primary expenses include property operating expenses and rental expenses. In general, we expect such revenues and expenses related to our portfolio of RIDEA properties to increase in the future due to an overall increase in occupancies, resident fees and pricing of care services provided.

We segregate our operations into reporting segments in order to assess the performance of our business in the same way that management reviews our performance and makes operating decisions. As of September 30, 2024, we operated through four reportable business segments: integrated senior health campuses, OM, SHOP and triple-net leased properties.

The most significant drivers behind changes in our consolidated results of operations for the three and nine months ended September 30, 2024 compared to the corresponding periods in 2023 were primarily due to: the increase in resident occupancies and billing rates, partially offset by the adverse effect of inflation, which resulted in increases in the cost of labor, services, energy and supplies; our acquisitions and dispositions of investments subsequent to September 30, 2023; and the transition of the operations of certain leased senior housing and skilled nursing facilities from triple-net leased properties to a managed portfolio utilizing a RIDEA structure. Additional information behind the changes in our consolidated results of operations is discussed in more detail below. See Note 2, Summary of Significant Accounting Policies — Properties Held for Sale, Note 3, Real Estate Investments, Net, and Note 4, Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our acquisitions and dispositions during 2024. As of September 30, 2024 and 2023, we owned and/or operated the following types of properties (dollars in thousands):

	September 30,					
	2024			2023		
	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased % (1)	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased % (1)
Integrated senior health campuses	127	$ 2,030,482	88.2 %	125	$ 1,943,134	85.5 %
OM	86	1,239,845	88.1 %	90	1,270,474	89.7 %
SHOP	83	926,107	86.7 %	46	729,767	80.7 %
Triple-net leased properties	28	469,965	100 %	37	542,565	100 %
Total/weighted average(2)	324	$ 4,666,399	91.0 %	298	$ 4,485,940	92.6 %

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

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

Revenues and Grant Income

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Resident Fees and Services Revenue				
Integrated senior health campuses	$ 409,626	$ 372,291	$ 1,196,522	$ 1,096,917
SHOP	67,208	43,915	190,443	138,541
Total resident fees and services revenue	476,834	416,206	1,386,965	1,235,458
Real Estate Revenue				
OM	33,715	35,688	101,464	109,811
Triple-net leased properties	13,265	11,282	39,499	31,323
Total real estate revenue	46,980	46,970	140,963	141,134
Grant Income				
Integrated senior health campuses	—	1,064	—	7,445
Total grant income	—	1,064	—	7,445
Total revenues and grant income	$ 523,814	$ 464,240	$ 1,527,928	$ 1,384,037

Resident Fees and Services Revenue

For our integrated senior health campuses segment, we increased resident fees and services revenue by $37,335,000 and $99,605,000, respectively, for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, primarily due to: (i) increased resident occupancy and higher resident fees as a result of an increase in billing rates and levels of service; and (ii) an increase of $8,320,000 and $18,357,000, respectively, due to the expansion of our customer base, expansion of services offered and increases in billing rates for such services at ancillary business units within Trilogy Investors, LLC, or Trilogy.

For our SHOP segment, resident fees and services revenue increased $23,293,000 and $51,902,000, respectively, for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, primarily due to: (i) an increase of $11,893,000 and $31,418,000, respectively, due to the acquisition of 14 senior housing properties in February 2024; (ii) an increase of $4,028,000 and $12,367,000, respectively, due to the transitioning of leased senior housing facilities in our Michigan ALF Portfolio to a managed portfolio utilizing a RIDEA structure in November 2023; and (iii) an increase of $1,581,000 due to the acquisition of five senior housing properties in Washington in September 2024. Additionally, $5,102,000 of the increase in resident fees and services revenue for our SHOP segment for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, was primarily due to transitioning SNFs in our Central Wisconsin Senior Care Portfolio from triple-net leased properties to a managed portfolio utilizing a RIDEA structure in March 2023. The remaining increase in resident fees and services revenue for our SHOP segment was primarily attributable to increased resident occupancy and higher resident fees as a result of an increase in billing rates and levels of service. Such increases were partially offset by real estate dispositions within our SHOP segment in 2023 and 2024.

Real Estate Revenue

For the three months ended September 30, 2024, real estate revenue within our triple-net leased properties segment increased $1,983,000, as compared to the three months ended September 30, 2023, primarily due to the transitioning of the senior housing facilities in our Michigan ALF Portfolio to a managed portfolio utilizing a RIDEA structure in 2023 that resulted in the full amortization of $2,756,000 of above-market leases recorded against real estate revenue in the prior year. For the nine months ended September 30, 2024, real estate revenue within our triple-net leased properties segment increased $8,176,000, as compared to the nine months ended September 30, 2023, primarily due to transitioning each of the leased SNFs in our Central Wisconsin Senior Care Portfolio and the leased senior housing facilities in our Michigan ALF Portfolio to a managed portfolio utilizing a RIDEA structure in 2023 that resulted in the full amortization of an aggregate $10,829,000 of above-market leases recorded against real estate revenue in the prior year. Such increase was partially offset by a decrease in real estate revenue generated from our Michigan ALF Portfolio prior to such transition to a managed portfolio utilizing a RIDEA structure.

Real estate revenue for our OM segment decreased for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, primarily due to dispositions of OM buildings during 2023 and 2024 and a slight decrease in occupancy.

Grant Income

For both the three and nine months ended September 30, 2024, we did not recognize any grant income. For the three months and nine months ended September 30, 2023, we recognized $1,064,000 and $7,445,000, respectively, of grant income at our integrated senior health campuses related to government grants received through certain federal and state pandemic-related relief measures, such as reimbursement programs.

Property Operating Expenses and Rental Expenses

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
Property Operating Expenses								
Integrated senior health campuses	$ 361,227	88.2 %	$ 335,563	89.9 %	$ 1,060,835	88.7 %	$ 992,620	89.9 %
SHOP	55,901	83.2 %	39,040	88.9 %	162,486	85.3 %	124,678	90.0 %
Total property operating expenses	$ 417,128	87.5 %	$ 374,603	89.8 %	$ 1,223,321	88.2 %	$ 1,117,298	89.9 %
Rental Expenses								
OM	$ 12,649	37.5 %	$ 13,690	38.4 %	$ 38,409	37.9 %	$ 42,025	38.3 %
Triple-net leased properties	501	3.8 %	884	7.8 %	1,791	4.5 %	2,397	7.7 %
Total rental expenses	$ 13,150	28.0 %	$ 14,574	31.0 %	$ 40,200	28.5 %	$ 44,422	31.5 %

For the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, the increase in total property operating expenses for our integrated senior health campuses segment was predominately due to: (i) increased resident occupancy at the facilities within such segment; and (ii) an increase of $6,574,000 and $22,789,000, respectively, within Trilogy's ancillary business unit due to higher labor costs associated with the expansion of services offered and inflation's impact on labor costs and other operating expenses.

For the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, total property operating expenses for our SHOP segment increased primarily due to: (i) an increase of $10,666,000 and $27,588,000, respectively, due to the acquisition of 14 senior housing properties in February 2024; (ii) an increase of $4,442,000 and $13,350,000, respectively, due to the transitioning of the senior housing facilities in our Michigan ALF Portfolio from triple-net leased properties to a managed portfolio utilizing a RIDEA structure in November 2023; (iii) an increase of $975,000 due to the acquisition of five senior housing properties in Washington in September 2024; and (iv) increased resident occupancy at the facilities within such segment. Additionally, $3,900,000 of the increase in total property operating expenses for our SHOP segment for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, was primarily due to transitioning the SNFs in our Central Wisconsin Senior Care Portfolio from triple-net leased properties to a managed portfolio utilizing a RIDEA structure in March 2023. Such increases in total property operating expenses for our SHOP segment were partially offset by a decrease of $1,134,000 and $14,155,000, respectively, in total property operating expenses for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, due to real estate dispositions within our SHOP segment in 2023 and 2024.

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

Business Acquisition Expenses

For the three and nine months ended September 30, 2024, we recorded business acquisition expenses of $3,537,000 and $6,334,000, respectively, primarily related to $2,691,000 and $4,926,000, respectively, in aggregate acquisition costs incurred for properties operated under a RIDEA structure and included in our SHOP segment. For the three and nine months ended September 30, 2023, we recorded business acquisition expenses of $1,024,000 and $2,244,000, respectively, primarily incurred in pursuit of real estate-investment opportunities. See Note 4, Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our senior housing properties acquired in February 2024 and September 2024.

Depreciation and Amortization

For the three months ended September 30, 2024 and 2023, depreciation and amortization was $44,246,000 and $49,273,000, respectively, which primarily consisted of depreciation on our operating properties of $37,610,000 and $36,929,000, respectively, and amortization of our identified intangible assets of $5,958,000 and $11,778,000, respectively. For nine months ended September 30, 2024 and 2023, depreciation and amortization was $132,277,000 and $138,644,000, respectively, which primarily consisted of depreciation on our operating properties of $111,611,000 and $109,967,000, respectively, and amortization of our identified intangible assets of $18,692,000 and $26,618,000, respectively.

For the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, the decrease in depreciation and amortization of $5,027,000 was primarily due to the full amortization of $5,750,000 of in-place leases related to the transition of the senior housing — leased facilities within our Michigan ALF Portfolio to a managed portfolio utilizing a RIDEA structure in 2023. For the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, the decrease in depreciation and amortization of $6,367,000 was primarily due to the full amortization of an aggregate $6,635,000 of in-place leases related to the transition of the SNFs within our Central Wisconsin Senior Care Portfolio to a managed portfolio utilizing a RIDEA structure in March 2023 and the transition of the senior housing — leased facilities in our Michigan ALF Portfolio to a managed portfolio utilizing a RIDEA structure in November 2023.

Interest Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense:				
Lines of credit and term loan and derivative financial instruments	$ 13,552	$ 24,966	$ 44,476	$ 72,655
Mortgage loans payable	13,348	14,215	40,838	41,310
Amortization of deferred financing costs:				
Lines of credit and term loan	785	686	2,149	2,491
Mortgage loans payable	389	554	1,955	1,690
Amortization of debt discount/premium, net	923	887	3,699	2,662
Loss (gain) in fair value of derivative financial instruments	8,967	(3,402)	2,162	(8,200)
Loss on debt and derivative extinguishments	572	345	1,852	345
Interest on finance lease liabilities	156	82	464	239
Interest expense on financing obligations and other liabilities	670	270	1,996	614
Total	$ 39,362	$ 38,603	$ 99,591	$ 113,806

The decrease in total interest expense for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, was primarily due to a decrease in debt balances predominately related to: (i) the payoff of $176,145,000 of variable-rate mortgage loans payable and paydown of $545,010,000 on our variable-rate lines of credit in February 2024 from the net proceeds received from the February 2024 Offering; and (ii) the paydown of $194,000,000 on our variable-rate lines of credit in September 2024 from the net proceeds received from the September 2024 Offering. Such decrease in total interest expense for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, was partially offset by the $10,362,000 change from gain to loss in fair value of derivative financial instruments. See Note 7, Other Assets, Net, Note 8, Mortgage Loans Payable, Net, and Note 10, Derivative Financial Instruments, to our accompanying condensed consolidated financial statements for a further discussion of debt and derivative extinguishments.

Gain or Loss on Dispositions of Real Estate Investments

For the three months ended September 30, 2024, we disposed of a land easement on one of our OM properties and recognized a net loss on sale of $(4,000). For the nine months ended September 30, 2024, we recognized an aggregate net gain on dispositions of our real estate investments of $2,257,000 primarily related to the sale of two OM buildings and one SHOP in 2024. See Note 2, Summary of Significant Accounting Policies — Properties Held for Sale and Note 3, Real Estate Investments, Net — Dispositions of Real Estate Investments, to our accompanying condensed consolidated financial statements for further discussion.

For the three months ended September 30, 2023, we recognized an aggregate net gain on dispositions of our real estate investments of $31,981,000 primarily related to the sale of one SHOP within our Central Florida Senior Housing Portfolio and three OM buildings. For the nine months ended September 30, 2023, we recognized an aggregate net gain on dispositions of our real estate investments of $29,777,000 primarily related to the sale of six SHOP within our Central Florida Senior Housing Portfolio and 14 OM buildings.

Impairment of Real Estate Investments

For both the three and nine months ended September 30, 2024, we did not recognize impairment charges on real estate investments. For both the three and nine months ended September 30, 2023, we recognized an aggregate impairment charge of $12,510,000 for two of the SHOP within our Northern CA Senior Housing Portfolio. See Note 3, Real Estate Investments, Net— Impairment of Real Estate Investments, to our accompanying condensed consolidated financial statements for further discussion.

Gain on Re-measurement of Previously Held Equity Interest

For both the three and nine months ended September 30, 2024, we did not recognize any gain on re-measurement of any previously held equity interest. For the nine months ended September 30, 2023, we recognized a $726,000 gain on re-measurement of the fair value of our previously held equity interest in Memory Care Partners, LLC. See Note 4, Business Combinations, to our accompanying condensed consolidated financial statements for further discussion.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations, borrowings under our lines of credit and proceeds from dispositions of real estate investments. For the next 12 months, our principal liquidity needs are to: (i) fund property operating expenses and general and administrative expenses; (ii) meet our debt service requirements (including principal and interest); (iii) fund development activities and capital expenditures; and (iv) make distributions to our stockholders, as required for us to continue to qualify as a REIT. We believe that the sources of liquidity described above will be sufficient to satisfy our cash requirements for the next 12 months and thereafter. We do not have any material off-balance sheet arrangements that we expect would materially affect our liquidity and capital resources.

Material Cash Requirements

Capital Improvement Expenditures

A capital plan for each investment is established upon acquisition that contemplates the estimated capital needs of that investment, including costs of refurbishment, tenant improvements or other major capital expenditures. The capital plan also sets forth the anticipated sources of the necessary capital, which may include operating cash generated by the investment, capital reserves, a line of credit or other loan established with respect to the investment, other borrowings or additional equity investments from us and joint venture partners. The capital plan for each investment is adjusted through ongoing, regular reviews of our portfolio or as necessary to respond to unanticipated additional capital needs. As of September 30, 2024, we had $16,297,000 of restricted cash in loan impounds and reserve accounts to fund a portion of such capital expenditures. Based on the budget for the properties we owned as of September 30, 2024, we estimated that unspent discretionary expenditures for capital and tenant improvements as of such date are to be approximately $14,686,000 for the remaining three months of 2024, although actual expenditures are dependent on many factors which are not presently known.

Contractual Obligations

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

	Payments Due by Period				
	2024	2025-2026	2027-2028	Thereafter	Total
Principal payments — fixed-rate debt	$ 33,036	$ 298,228	$ 196,677	$ 615,207	$ 1,143,148
Interest payments — fixed-rate debt	10,525	70,572	53,024	346,809	480,930
Principal payments — variable-rate debt	—	164,586	596,500	—	761,086
Interest payments — variable-rate debt (based on rates in effect as of September 30, 2024)	13,084	82,588	5,051	—	100,723
Ground and other lease obligations	8,055	62,314	63,895	136,396	270,660
Financing obligations and other obligations	1,494	10,984	9,856	31,833	54,167
Total	$ 66,194	$ 689,272	$ 925,003	$ 1,130,245	$ 2,810,714

Distributions

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

Credit Facilities

We are party to a credit agreement, as amended, with an aggregate maximum principal amount up to $1,150,000,000, or the 2024 Credit Facility. In addition, we are party to an agreement, as amended, regarding a senior secured revolving credit facility with an aggregate maximum principal amount of $400,000,000, or the Trilogy Credit Facility. See Note 9, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements for a further discussion.

As of September 30, 2024, our aggregate borrowing capacity under the 2024 Credit Facility and the Trilogy Credit Facility was $1,550,000,000. As of September 30, 2024, our aggregate borrowings outstanding under our credit facilities was $596,532,000, and we had an aggregate of $953,468,000 available on such facilities. We believe that the resources described above will be sufficient to satisfy our cash requirements for the next 12 months and thereafter.

Cash Flows

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

	Nine Months Ended September 30,	
	2024	**2023**
Cash, cash equivalents and restricted cash — beginning of period	$ 90,782	$ 111,906
Net cash provided by operating activities	116,578	72,766
Net cash (used in) provided by investing activities	(95,941)	20,701
Net cash provided by (used in) financing activities	5,239	(123,177)
Effect of foreign currency translation on cash, cash equivalents and restricted cash	14	(40)
Cash, cash equivalents and restricted cash — end of period	$ 116,672	$ 82,156

The following summary discussion of our changes in our cash flows is based on our accompanying condensed consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Operating Activities

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

Investing Activities

For the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, the change from net cash provided by investing activities to net cash used in investing activities was primarily due to a $153,332,000 decrease in proceeds from dispositions of real estate investments, partially offset by a $12,000,000 decrease in investments in unconsolidated entities, a $12,130,000 decrease in developments and capital expenditures and a $17,508,000 change from issuance of real estate notes receivable to net principal repayments on real estate notes receivable.

Financing Activities

For the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, the change from net cash used in financing activities to net cash provided by financing activities was primarily due to the closing of the February 2024 Offering and September 2024 Offering that resulted in an aggregate $1,244,036,000 in gross offering proceeds from the issuance of Common Stock as well as a decrease of $15,042,000 in net payments on financing and other obligations. Such amounts were partially offset by a $761,587,000 increase in net payments on our lines of credit and mortgage loans payable, primarily using the net proceeds from the February 2024 Offering and September 2024 Offering for such paydowns, $258,001,000 in cash paid to purchase the noncontrolling interest in Trilogy REIT Holdings LLC held by a joint venture partner, a $69,023,000 increase in payment of offering costs, a $22,906,000 increase in distributions paid to common stockholders and a $20,129,000 increase in cash paid to redeem certain equity interests owned in Trilogy Investors, LLC.

Distributions

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

Since the first quarter of 2023, our board has authorized a quarterly distribution equal to $0.25 per share to holders of our common stock, which we expect will continue to be paid in the future, though we cannot guarantee that our distributions will continue at the current value. Such quarterly distributions were equal to an annualized distribution rate of $1.00 per share and paid in cash, only from legally available funds. The amount of the quarterly distributions paid to our common stockholders was determined by our board and was dependent on a number of factors, including funds available for payment of distributions, our financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our qualification as a REIT under the Code.

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

	Nine Months Ended September 30,			
	2024		2023	
Distributions paid in cash	$ 82,591		$ 59,685	
Sources of distributions:				
Cash flows from operations	$ 82,591	100 %	$ 59,685	100 %
Proceeds from borrowings	—	—	—	—
	$ 82,591	100 %	$ 59,685	100 %

	Nine Months Ended September 30,			
	2024		2023	
Distributions paid in cash	$ 82,591		$ 59,685	
Sources of distributions:				
NAREIT FFO attributable to controlling interest	$ 82,591	100 %	$ 57,075	95.6 %
Proceeds from borrowings	—	—	2,610	4.4
	$ 82,591	100 %	$ 59,685	100 %

As of September 30, 2024, any distributions of amounts in excess of our current and accumulated earnings and profits have resulted in a return of capital to our stockholders, and some portion of a distribution to our stockholders may have been paid from borrowings. For a further discussion of FFO, including a reconciliation of our GAAP net loss to FFO, see "Funds from Operations and Normalized Funds from Operations" below.

Mortgage Loans Payable, Net

For a discussion of our mortgage loans payable, see Note 8, Mortgage Loans Payable, Net, to our accompanying condensed consolidated financial statements.

Lines of Credit and Term Loan

For a discussion of our lines of credit and term loan, see Note 9, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

REIT Requirements

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

Commitments and Contingencies

For a discussion of our commitments and contingencies, see Note 11, Commitments and Contingencies, to our accompanying condensed consolidated financial statements.

Debt Service Requirements

A significant liquidity need is the payment of principal and interest on our outstanding indebtedness. As of September 30, 2024, we had $1,307,702,000 of fixed-rate and variable-rate mortgage loans payable outstanding secured by our properties. As of September 30, 2024, we had $596,532,000 outstanding, and $953,468,000 remained available under our lines of credit. The weighted average effective interest rate on our outstanding debt, factoring in our interest rate swaps, was 4.72% per annum as of September 30, 2024. See Note 8, Mortgage Loans Payable, Net, and Note 9, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

We are required by the terms of certain loan documents to meet various financial and non-financial covenants, such as leverage ratios, net worth ratios, debt service coverage ratios and fixed charge coverage ratios. As of September 30, 2024, we were in compliance with all such covenants and requirements on our mortgage loans payable and our lines of credit and term loan. If any future covenants are violated, we anticipate seeking a waiver or amending the debt covenants with the lenders when and if such event should occur. However, there can be no assurances that management will be able to effectively achieve such plans.

Funds from Operations and Normalized Funds from Operations

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

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

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

We define normalized FFO attributable to controlling interest, or Normalized FFO, as FFO further adjusted for the following items included in the determination of GAAP net income (loss): expensed acquisition fees and costs, which we refer to as business acquisition expenses; amounts relating to changes in deferred rent and amortization of above- and below-market leases; the non-cash impact of changes to our equity instruments; non-cash or non-recurring income or expense; the non-cash effect of income tax benefits or expenses; capitalized interest; impairment of intangible assets and goodwill; amortization of closing costs on debt security investments; mark-to-market adjustments included in net income (loss); gains or losses included in net income (loss) from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan; and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect Normalized FFO on the same basis.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	$ (3,093)	$ (6,446)	$ (3,171)	$ (45,928)
Depreciation and amortization related to real estate — consolidated properties	44,208	49,235	132,163	138,530
Depreciation and amortization related to real estate — unconsolidated entities	310	96	682	254
Impairment of real estate investments — consolidated properties	—	12,510	—	12,510
Loss (gain) on dispositions of real estate investments, net — consolidated properties	4	(31,981)	(2,257)	(29,777)
Gain on re-measurement of previously held equity interest	—	—	—	(726)
Net (income) loss attributable to noncontrolling interests	(1,033)	457	(2,868)	1,884
Depreciation, amortization, impairments, net gain/loss on dispositions and gain on re-measurement — noncontrolling interests	(4,756)	(6,061)	(15,865)	(19,672)
NAREIT FFO attributable to controlling interest	$ 35,640	$ 17,810	$ 108,684	$ 57,075
Business acquisition expenses	$ 3,537	$ 1,024	$ 6,334	$ 2,244
Amortization of above- and below-market leases	432	3,103	1,277	12,233
Amortization of closing costs — debt security investments	82	71	238	204
Change in deferred rent	(598)	1,478	(1,743)	1,238
Non-cash impact of changes to equity instruments	2,630	1,579	7,330	4,244
Capitalized interest	(56)	(47)	(261)	(127)
Loss on debt and derivative extinguishments	572	345	1,852	345
Loss (gain) in fair value of derivative financial instruments	8,967	(3,402)	2,162	(8,200)
Foreign currency (gain) loss	(2,689)	1,704	(2,345)	(372)
Adjustments for unconsolidated entities	(71)	(106)	(319)	(359)
Adjustments for noncontrolling interests	(758)	(386)	(683)	(976)
Normalized FFO attributable to controlling interest	$ 47,688	$ 23,173	$ 122,526	$ 67,549

Net Operating Income

Net operating income, or NOI, is a non-GAAP financial measure that is defined as net income (loss), computed in accordance with GAAP, generated from properties before general and administrative expenses, business acquisition expenses, depreciation and amortization, interest expense, gain or loss in fair value of derivative financial instruments, gain or loss on dispositions of real estate investments, impairment of real estate investments, impairment of intangible assets and goodwill, income or loss from unconsolidated entities, gain on re-measurement of previously held equity interests, foreign currency gain or loss, other income or expense and income tax benefit or expense.

NOI is not equivalent to our net income (loss) as determined under GAAP and may not be a useful measure in measuring operational income or cash flows. Furthermore, NOI should not be considered as an alternative to net income (loss) as an indication of our operating performance or as an alternative to cash flows from operations as an indication of our liquidity. NOI should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income (loss). NOI should be reviewed in conjunction with other measurements as an indication of our performance.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	$ (3,093)	$ (6,446)	$ (3,171)	$ (45,928)
General and administrative	11,921	11,342	35,495	36,169
Business acquisition expenses	3,537	1,024	6,334	2,244
Depreciation and amortization	44,246	49,273	132,277	138,644
Interest expense	30,395	42,005	97,429	122,006
Loss (gain) in fair value of derivative financial instruments	8,967	(3,402)	2,162	(8,200)
Loss (gain) on dispositions of real estate investments, net	4	(31,981)	(2,257)	(29,777)
Impairment of real estate investments	—	12,510	—	12,510
Loss from unconsolidated entities	2,123	505	4,363	924
Gain on re-measurement of previously held equity interest	—	—	—	(726)
Foreign currency (gain) loss	(2,689)	1,704	(2,345)	(372)
Other income, net	(2,138)	(1,755)	(7,107)	(5,952)
Income tax expense	263	284	1,227	775
Net operating income	$ 93,536	$ 75,063	$ 264,407	$ 222,317

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business plan, we expect that the primary market risk to which we will be exposed is interest rate risk. There were no material changes in our market risk exposures, or in the methods we use to manage market risk, from those that were provided for in our 2023 Annual Report on Form 10-K, as filed with the SEC on March 22, 2024.

Interest Rate Risk

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

We have entered into, and may continue to enter into, derivative financial instruments, such as interest rate swaps and interest rate caps, in order to mitigate our interest rate risk on a related financial instrument. We have not elected, and may continue to not elect, to apply hedge accounting treatment to these derivatives; therefore, changes in the fair value of interest rate derivative financial instruments were recorded as a component of interest expense in gain or loss in fair value of derivative financial instruments in our accompanying condensed consolidated statements of operations and comprehensive loss. As of September 30, 2024, our interest rate swaps are recorded in other liabilities in our accompanying condensed consolidated balance sheet at their aggregate fair value of $3,088,000. We do not enter into derivative transactions for speculative purposes. For information on our interest rate swaps, see Note 10, Derivative Financial Instruments, and Note 14, Fair Value Measurements, to our accompanying condensed consolidated financial statements for further discussion.

As of September 30, 2024, the table below presents the principal amounts and weighted average interest rates by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes, excluding the effect of our interest rate swaps (dollars in thousands):

	Expected Maturity Date							
	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value
Assets								
Debt security held-to-maturity	$ —	$ 93,433	$ —	$ —	$ —	$ —	$ 93,433	$ 93,246
Weighted average interest rate on maturing fixed-rate debt security	— %	4.24 %	— %	— %	— %	— %	4.24 %	—
Liabilities								
Fixed-rate debt — principal payments	$ 33,036	$ 138,791	$ 159,437	$ 56,716	$ 139,961	$ 615,207	$ 1,143,148	$ 1,001,268
Weighted average interest rate on maturing fixed-rate debt	3.68 %	4.30 %	3.03 %	3.50 %	4.39 %	3.69 %	3.75 %	—
Variable-rate debt — principal payments	$ —	$ 164,586	$ —	$ 550,000	$ 46,500	$ —	$ 761,086	$ 762,048
Weighted average interest rate on maturing variable-rate debt (based on rates in effect as of September 30, 2024)	— %	7.96 %	— %	6.40 %	6.23 %	— %	6.73 %	—

Debt Security Investment, Net

As of September 30, 2024, the net carrying value of our debt security investment was $90,144,000. As we expect to hold our debt security investment to maturity and the amounts due under such debt security investment are limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our debt security investment, would have a significant impact on our operations. See Note 14, Fair Value Measurements, to our accompanying condensed consolidated financial statements for a discussion of the fair value of our investment in a held-to-maturity debt security. The effective interest rate on our debt security investment was 4.24% per annum as of September 30, 2024.

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

Mortgage loans payable were $1,307,702,000 ($1,282,853,000, net of discount/premium and deferred financing costs) as of September 30, 2024. As of September 30, 2024, we had 97 fixed-rate mortgage loans payable and three variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 8.20% per annum and a weighted average effective interest rate of 4.28%. In addition, as of September 30, 2024, we had $596,532,000 ($591,490,000, net of deferred financing fees) outstanding under our lines of credit and term loan, at a weighted average interest rate of 6.39% per annum.

As of September 30, 2024, the weighted average effective interest rate on our outstanding debt, factoring in our interest rate swaps, was 4.72% per annum. An increase in the variable interest rate on our variable-rate mortgage loans payable and lines of credit and term loan constitutes a market risk. As of September 30, 2024, a 0.50% increase in the market rates of interest would have increased our overall annualized interest expense on all of our other variable-rate mortgage loans payable and lines of credit by $1,070,000, or 1.2% of total annualized interest expense on our mortgage loans payable and lines of credit and term loan. See Note 8, Mortgage Loans Payable, Net, and Note 9, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

Other Market Risk

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

Item 4. Controls and Procedures.

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

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of September 30, 2024 was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of September 30, 2024, were effective at the reasonable assurance level.

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

For a discussion of our legal proceedings, see Note 11, Commitments and Contingencies — Litigation, to our accompanying condensed consolidated financial statements.

Item 1A. Risk Factors.

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

Our high concentrations of properties in particular geographic areas magnify the effects of negative conditions affecting those geographic areas.

We have a concentration of properties in particular geographic areas; therefore, any adverse situation that disproportionately effects one of those areas would have a magnified adverse effect on our portfolio. As of September 30, 2024, properties located in Indiana, Ohio and Kentucky accounted for approximately 28.7%, 12.5% and 12.3%, respectively, of our total property portfolio's annualized base rent or annualized NOI. Accordingly, there is a geographic concentration of risk subject to fluctuations in each such state's economy, real estate and other market conditions.

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

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

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

On August 19, 2024, Platform Healthcare Investor T-II, LLC redeemed all of its OP units in exchange for 1,216,571 shares of our Common Stock on a one-for-one basis. The issuance of shares of Common Stock was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

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

Item 6. Exhibits.

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

3.1	Fourth Articles of Amendment and Restatement of Griffin-American Healthcare REIT IV, Inc., dated October 1, 2021 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed October 1, 2021 and incorporated herein by reference)
3.2	Articles of Amendment (Reverse Stock Split) of American Healthcare REIT, Inc., dated November 15, 2022 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed November 16, 2022 and incorporated herein by reference)
3.3	Articles of Amendment (Par Value Decrease) of American Healthcare REIT, Inc., dated November 15, 2022 (included as Exhibit 3.2 to our Current Report on Form 8-K (File No. 000-55775) filed November 16, 2022 and incorporated herein by reference)
3.4	Articles Supplementary (Common Stock Reclassification) of American Healthcare REIT, Inc., dated January 26, 2024 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed January 30, 2024 and incorporated herein by reference)
3.5	Articles Supplementary (Subtitle 8 Opt-Out) of American Healthcare REIT, Inc., dated February 7, 2024 (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 001-41951) filed February 12. 2024 and incorporated herein by reference)
3.6	Amended and Restated Bylaws of American Healthcare REIT, Inc. (included as Exhibit 3.1 to our Current Report on Form 8-K (File No. 000-55775) filed February 17, 2023 and incorporated herein by reference)
10.1*	Waiver and Agreement, by and among GAHC3 Trilogy JV, LLC, American Healthcare REIT, Inc. and Trilogy Holdings NT-HCI, LLC, dated as of August 30, 2024
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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* Filed herewith.

** Furnished herewith. In accordance with Item 601(b)(32) of Regulation S-K, this Exhibit is not deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

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

American Healthcare REIT, Inc.
(Registrant)

November 13, 2024	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (Principal Executive Officer)
November 13, 2024	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.1

WAIVER AND AGREEMENT

This Waiver and Agreement (this "***Waiver***"), is entered into as of August 30, 2024 (the "***Effective Date***"), by and among (i) GAHC3 Trilogy JV, LLC, a Delaware limited liability company ("***Buyer***"), (ii) American Healthcare REIT, Inc., a Maryland corporation ("***Issuer***"), and (iii) Trilogy Holdings NT-HCI, LLC, a Delaware limited liability company ("***Seller***," and together with Buyer and Issuer, the "***Parties***," and each individually, a "***Party***"). Capitalized terms used but not otherwise defined herein shall have their respective meaning as set forth in the Purchase Agreement (as defined below).

Recitals

Whereas, the Parties previously entered into that certain Membership Interest Purchase Agreement, dated as of November 3, 2023 (as amended or supplemented, as applicable, by the letter agreement, dated February 14, 2024, and the letter agreement, dated May 7, 2024, the "***Purchase Agreement***"), by and among Buyer, Issuer, Seller and NorthStar Healthcare Income Operating Partnership, LP, a Delaware limited partnership; and

Whereas, Buyer, Issuer and Seller have agreed to waive and/or modify (as applicable) Sections 2.4 and 2.5 of the Purchase Agreement as set forth herein.

Now, Therefore, in consideration of the foregoing and the mutual covenants and promises set forth herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

Agreement

1. **Waiver and Agreement**.

(a) Seller hereby waives its right to receive the notice in Section 2.4 of the Purchase Agreement, if there will be no Equity Consideration issued at the Closing.

(b) The Parties hereby agree that the Closing may take place as soon as one (1) Business Day after the Buyer delivers its Closing Notice to Seller, notwithstanding the proviso in Section 2.5 of the Purchase Agreement, if both of the following statements are true: (i) there will be no Equity Consideration issued at the Closing; and (ii) the Buyer's designated date in the Closing Notice is on or before October 15, 2024.

2. **Governing Law**. This Waiver and all claims arising hereunder (in tort, contract or otherwise) will be governed by and construed in accordance with the Legal Requirements of the State of Delaware, without giving effect to any choice of law or conflict provision or rule (whether of such State or any other jurisdiction) that would cause the Legal Requirements of any other jurisdiction to be applied.

3. **Counterparts**. The Parties may execute this Waiver in two or more counterparts (no one of which need contain the signatures of all Parties), each of which will be an original and all of which together will constitute one and the same instrument. The Parties may deliver an executed copy of this Waiver by facsimile or other electronic transmission to the other Parties, and such delivery will have the same force and effect as any other delivery of a manually signed copy of this Waiver.

[Signature Pages Follow]

In Witness Whereof, the undersigned have executed and delivered this Waiver as of the Effective Date.

SELLER:

TRILOGY HOLDINGS NT-HCI, LLC

By: /s/ Kendall Young
Name: Kendall Young
Title: Chief Executive Officer

In Witness Whereof, the undersigned have executed and delivered this Waiver as of the Effective Date.

BUYER:

GAHC3 TRILOGY JV, LLC

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

By: Continental Merger Sub, LLC, its General Partner

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

By: /s/ Danny Prosky
Name: Danny Prosky
Title: Chief Executive Officer and President

In Witness Whereof, the undersigned have executed and delivered this Waiver as of the Effective Date.

ISSUER:

AMERICAN HEALTHCARE
REIT, INC.

By: /s/ Danny Prosky
Name: Danny Prosky
Title: Chief Executive Officer and
President

[Waiver and Agreement]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Danny Prosky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Healthcare REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2024	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brian S. Peay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Healthcare REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2024	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of American Healthcare REIT, Inc., or the Company, hereby certifies, to his knowledge, that:

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 13, 2024	By:	/s/ DANNY PROSKY
Date		Danny Prosky
		Chief Executive Officer, President and Director
		(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of American Healthcare REIT, Inc., or the Company, hereby certifies, to his knowledge, that:

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 13, 2024	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay
		Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)