AMERICAN HEALTHCARE REIT, INC.

FORM 10-Q
(Quarterly Report)

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Address	18191 VON KARMAN AVENUE SUITE 300 IRVINE, CA, 92612
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2023**

or

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

For the transition period from to

Commission File Number: **000-55775**

AMERICAN HEALTHCARE REIT, INC.

(Exact name of registrant as specified in its charter)

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

(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
None	None	None

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

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

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

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

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

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

As of August 11, 2023, there were 19,562,539 shares of Class T common stock and 46,673,320 shares of Class I common stock of American Healthcare REIT, Inc. outstanding.

AMERICAN HEALTHCARE REIT, INC.
(A Maryland Corporation)

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Item 1. Financial Statements.

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2023 and December 31, 2022
(In thousands, except share and per share amounts) (Unaudited)

	June 30, 2023	December 31, 2022
ASSETS		
Real estate investments, net	$ 3,482,804	$ 3,581,609
Debt security investment, net	84,933	83,000
Cash and cash equivalents	48,407	65,052
Restricted cash	45,343	46,854
Accounts and other receivables, net	145,663	137,501
Identified intangible assets, net	210,636	236,283
Goodwill	234,942	231,611
Operating lease right-of-use assets, net	264,293	276,342
Other assets, net	149,363	128,446
Total assets	$ 4,666,384	$ 4,786,698
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Mortgage loans payable, net(1)	$ 1,237,565	$ 1,229,847
Lines of credit and term loan, net(1)	1,281,683	1,281,794
Accounts payable and accrued liabilities(1)	223,561	243,831
Identified intangible liabilities, net	9,995	10,837
Financing obligations(1)	47,013	48,406
Operating lease liabilities(1)	262,718	273,075
Security deposits, prepaid rent and other liabilities(1)	47,574	49,545
Total liabilities	3,110,109	3,137,335
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interests (Note 11)	59,873	81,598
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value per share; 200,000,000 shares authorized; none issued and outstanding	—	—
Class T common stock, $0.01 par value per share; 200,000,000 shares authorized; 19,562,539 and 19,535,095 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	194	194
Class I common stock, $0.01 par value per share; 800,000,000 shares authorized; 46,673,320 and 46,675,367 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	467	467
Additional paid-in capital	2,547,135	2,540,424
Accumulated deficit	(1,209,578)	(1,138,304)
Accumulated other comprehensive loss	(2,444)	(2,690)
Total stockholders' equity	1,335,774	1,400,091
Noncontrolling interests (Note 12)	160,628	167,674
Total equity	1,496,402	1,567,765
Total liabilities, redeemable noncontrolling interests and equity	$ 4,666,384	$ 4,786,698

AMERICAN HEALTHCARE REIT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
As of June 30, 2023 and December 31, 2022
(In thousands) (Unaudited)

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(1) Such liabilities of American Healthcare REIT, Inc. represented liabilities of American Healthcare REIT Holdings, LP or its consolidated subsidiaries as of June 30, 2023 and December 31, 2022. 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 2022 Credit Facility, as defined in Note 8, held by American Healthcare REIT Holdings, LP in the amount of $926,400 and $965,900 as of June 30, 2023 and December 31, 2022, respectively, which was 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 Six Months Ended June 30, 2023 and 2022
(In thousands, except share and per share amounts) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues and grant income:				
Resident fees and services	$ 410,622	$ 326,225	$ 819,252	$ 645,199
Real estate revenue	50,568	51,105	94,164	103,048
Grant income	6,381	10,969	6,381	16,183
Total revenues and grant income	467,571	388,299	919,797	764,430
Expenses:				
Property operating expenses	372,549	296,059	742,695	583,219
Rental expenses	14,653	14,663	29,848	29,950
General and administrative	11,774	10,928	24,827	22,047
Business acquisition expenses	888	1,757	1,220	1,930
Depreciation and amortization	44,701	39,971	89,371	82,282
Total expenses	444,565	363,378	887,961	719,428
Other income (expense):				
Interest expense:				
Interest expense (including amortization of deferred financing costs, debt discount/premium and gain/loss on debt extinguishments)	(40,990)	(20,345)	(80,001)	(43,670)
Gain in fair value of derivative financial instruments	4,993	—	4,798	500
(Loss) gain on dispositions of real estate investments	(2,072)	(73)	(2,204)	683
Impairment of real estate investments	—	(17,340)	—	(17,340)
(Loss) income from unconsolidated entities	(113)	638	(419)	2,024
Gain on re-measurement of previously held equity interest	—	—	726	—
Foreign currency gain (loss)	1,068	(3,607)	2,076	(4,994)
Other income	2,589	469	4,197	1,729
Total net other expense	(34,525)	(40,258)	(70,827)	(61,068)
Loss before income taxes	(11,519)	(15,337)	(38,991)	(16,066)
Income tax expense	(348)	(205)	(491)	(373)
Net loss	(11,867)	(15,542)	(39,482)	(16,439)
Net (income) loss attributable to noncontrolling interests	(316)	(1,768)	1,427	(3,827)
Net loss attributable to controlling interest	$ (12,183)	$ (17,310)	$ (38,055)	$ (20,266)
Net loss per Class T and Class I common share attributable to controlling interest — basic and diluted	$ (0.19)	$ (0.26)	$ (0.58)	$ (0.31)
Weighted average number of Class T and Class I common shares outstanding — basic and diluted	66,033,345	65,754,423	66,029,779	65,692,159
Net loss	$ (11,867)	$ (15,542)	$ (39,482)	$ (16,439)
Other comprehensive income (loss):				
Foreign currency translation adjustments	124	(493)	246	(687)
Total other comprehensive income (loss)	124	(493)	246	(687)
Comprehensive loss	(11,743)	(16,035)	(39,236)	(17,126)
Comprehensive (income) loss attributable to noncontrolling interests	(316)	(1,768)	1,427	(3,827)
Comprehensive loss attributable to controlling interest	$ (12,059)	$ (17,803)	$ (37,809)	$ (20,953)

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

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Three and Six Months Ended June 30, 2023 and 2022
(In thousands, except share and per share amounts) (Unaudited)

	Three Months Ended June 30, 2023								
	Stockholders' Equity								
	Class T and Class I Common Stock								
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — March 31, 2023	66,210,308	$ 661	$ 2,546,299	$ (1,180,741)	$ (2,568)	$ 1,363,651	$ 163,338	$ 1,526,989	
Issuance of nonvested restricted common stock	24,200	—	—	—	—	—	—	—	
Vested restricted stock units(1)	4,120	—	(72)	—	—	(72)	—	(72)	
Amortization of nonvested restricted common stock and stock units	—	—	1,564	—	—	1,564	—	1,564	
Stock based compensation	—	—	—	—	—	—	20	20	
Repurchase of common stock	(2,769)	—	(87)	—	—	(87)	—	(87)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(3,092)	(3,092)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(20)	(20)	
Adjustment to value of redeemable noncontrolling interests	—	—	(569)	—	—	(569)	(52)	(621)	
Distributions declared ($0.25 per share)	—	—	—	(16,654)	—	(16,654)	—	(16,654)	
Net (loss) income	—	—	—	(12,183)	—	(12,183)	434	(11,749)	(2)
Other comprehensive income	—	—	—	—	124	124	—	124	
BALANCE — June 30, 2023	66,235,859	$ 661	$ 2,547,135	$ (1,209,578)	$ (2,444)	$ 1,335,774	$ 160,628	$ 1,496,402	

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Three and Six Months Ended June 30, 2023 and 2022
(In thousands, except share and per share amounts) (Unaudited)

	Three Months Ended June 30, 2022								
	Stockholders' Equity								
	Class T and Class I Common Stock								
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — March 31, 2022	65,952,428	$ 660	$ 2,538,780	$ (980,613)	$ (2,160)	$ 1,556,667	$ 174,154	$ 1,730,821	
Offering costs — common stock	—	—	1	—	—	1	—	1	
Issuance of common stock under the DRIP	299,857	3	11,140	—	—	11,143	—	11,143	
Issuance of nonvested restricted common stock	13,725	—	—	—	—	—	—	—	
Amortization of nonvested restricted common stock and stock units	—	—	980	—	—	980	—	980	
Stock based compensation	—	—	—	—	—	—	21	21	
Repurchase of common stock	(174,865)	(2)	(6,447)	—	—	(6,449)	—	(6,449)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(3,537)	(3,537)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(21)	(21)	
Adjustment to value of redeemable noncontrolling interests	—	—	(976)	—	—	(976)	(1)	(977)	
Distributions declared ($0.40 per share)	—	—	—	(26,405)	—	(26,405)	—	(26,405)	
Net (loss) income	—	—	—	(17,310)	—	(17,310)	1,986	(15,324)	(2)
Other comprehensive loss	—	—	—	—	(493)	(493)	—	(493)	
BALANCE — June 30, 2022	66,091,145	$ 661	$ 2,543,478	$ (1,024,328)	$ (2,653)	$ 1,517,158	$ 172,602	$ 1,689,760	

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Three and Six Months Ended June 30, 2023 and 2022
(In thousands, except share and per share amounts) (Unaudited)

	Six Months Ended June 30, 2023								
	Stockholders' Equity								
	Class T and Class I Common Stock								
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — December 31, 2022	66,210,462	$ 661	$ 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 stock units(1)	4,120	—	(72)	—	—	(72)	—	(72)	
Amortization of nonvested restricted common stock and stock units	—	—	2,615	—	—	2,615	—	2,615	
Stock based compensation	—	—	—	—	—	—	41	41	
Repurchase of common stock	(4,879)	—	(165)	—	—	(165)	—	(165)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(6,194)	(6,194)	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(41)	(41)	
Adjustment to value of redeemable noncontrolling interests	—	—	4,333	—	—	4,333	89	4,422	
Distributions declared ($0.50 per share)	—	—	—	(33,219)	—	(33,219)	—	(33,219)	
Net loss	—	—	—	(38,055)	—	(38,055)	(941)	(38,996)	(2)
Other comprehensive income	—	—	—	—	246	246	—	246	
BALANCE — June 30, 2023	66,235,859	$ 661	$ 2,547,135	$ (1,209,578)	$ (2,444)	$ 1,335,774	$ 160,628	$ 1,496,402	

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY — (Continued)
For the Three and Six Months Ended June 30, 2023 and 2022
(In thousands, except share and per share amounts) (Unaudited)

	Six Months Ended June 30, 2022								
	Stockholders' Equity								
	Class T and Class I Common Stock								
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
BALANCE — December 31, 2021	65,758,004	$ 658	$ 2,533,904	$ (951,303)	$ (1,966)	$ 1,581,293	$ 175,553	$ 1,756,846	
Offering costs — common stock	—	—	(2)	—	—	(2)	—	(2)	
Issuance of common stock under the DRIP	606,375	6	22,441	—	—	22,447	—	22,447	
Issuance of nonvested restricted common stock	13,725	—	—	—	—	—	—	—	
Amortization of nonvested restricted common stock and stock units	—	—	1,791	—	—	1,791	—	1,791	
Stock based compensation	—	—	—	—	—	—	42	42	
Repurchase of common stock	(286,959)	(3)	(10,580)	—	—	(10,583)	—	(10,583)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(7,052)	(7,052)	
Adjustment to noncontrolling interest in connection with the Merger	—	—	(1,173)	—	—	(1,173)	1,173	—	
Reclassification of noncontrolling interests to mezzanine equity	—	—	—	—	—	—	(42)	(42)	
Adjustment to value of redeemable noncontrolling interests	—	—	(2,903)	—	—	(2,903)	(930)	(3,833)	
Distributions declared ($0.80 per share)	—	—	—	(52,759)	—	(52,759)	—	(52,759)	
Net (loss) income	—	—	—	(20,266)	—	(20,266)	3,858	(16,408)	(2)
Other comprehensive loss	—	—	—	—	(687)	(687)	—	(687)	
BALANCE — June 30, 2022	66,091,145	$ 661	$ 2,543,478	$ (1,024,328)	$ (2,653)	$ 1,517,158	$ 172,602	$ 1,689,760	

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(1) The amounts are shown net of common stock withheld from issuance to satisfy employee minimum tax withholding requirements in connection with the vesting of restricted stock units. See Note 12, Equity — AHR 2015 Incentive Plan, for further discussion.

(2) For the three months ended June 30, 2023 and 2022, amounts exclude $(118) and $(218), respectively, of net loss attributable to redeemable noncontrolling interests. For the six months ended June 30, 2023 and 2022, amounts exclude $(486) and $(31), respectively, of net loss attributable to redeemable noncontrolling interests. See Note 11, Redeemable Noncontrolling Interests, for further discussion.

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

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2023 and 2022
(In thousands) (Unaudited)

	Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (39,482)	$ (16,439)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	89,371	82,293
Other amortization	32,647	12,178
Deferred rent	(2,083)	(3,542)
Stock based compensation	2,656	1,779
Impairment of real estate investments	—	17,340
Loss (gain) on dispositions of real estate investments	2,204	(683)
Loss (income) from unconsolidated entities	419	(2,024)
Gain on re-measurement of previously held equity interest	(726)	—
Foreign currency (gain) loss	(2,125)	4,848
Loss on extinguishments of debt	—	4,410
Change in fair value of derivative financial instruments	(4,798)	(500)
Changes in operating assets and liabilities:		
Accounts and other receivables	(9,827)	(14,474)
Other assets	(4,449)	(5,277)
Accounts payable and accrued liabilities	(4,662)	(5,231)
Accounts payable due to affiliates	—	(184)
Operating lease liabilities	(18,866)	(8,617)
Security deposits, prepaid rent and other liabilities	3,363	(9,739)
Net cash provided by operating activities	43,642	56,138
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from dispositions of real estate investments	87,446	14,002
Developments and capital expenditures	(52,074)	(35,508)
Acquisitions of real estate investments	(12,333)	(75,125)
Acquisition of previously held equity interest	(335)	—
Investments in unconsolidated entities	(12,000)	(200)
Real estate and other deposits	(1,017)	(533)
Net cash provided by (used in) investing activities	9,687	(97,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under mortgage loans payable	61,077	89,712
Payments on mortgage loans payable	(55,127)	(40,662)
Borrowings under the lines of credit and term loan	199,300	1,009,900
Payments on the lines of credit and term loan	(199,400)	(968,900)
Deferred financing costs	(1,903)	(5,617)
Debt extinguishment costs	—	(2,790)
Payments on financing and other obligations	(7,779)	(12,141)
Distributions paid to common stockholders	(43,086)	(30,247)
Repurchase of common stock	(165)	(10,583)
Payments to taxing authorities in connection with common stock directly withheld from employees	(72)	—
Distributions to noncontrolling interests in total equity	(6,612)	(7,052)

AMERICAN HEALTHCARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
For the Six Months Ended June 30, 2023 and 2022
(In thousands) (Unaudited)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Contribution from redeemable noncontrolling interest	$ —	$ 173
Distributions to redeemable noncontrolling interests	(1,012)	(1,405)
Repurchase of redeemable noncontrolling interests	(15,954)	—
Payment of offering costs	(781)	(9)
Security deposits	(61)	(455)
Net cash (used in) provided by financing activities	(71,575)	19,924
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ (18,246)	$ (21,302)
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	90	(8)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	111,906	125,486
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	$ 93,750	$ 104,176
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of period:		
Cash and cash equivalents	$ 65,052	$ 81,597
Restricted cash	46,854	43,889
Cash, cash equivalents and restricted cash	$ 111,906	$ 125,486
End of period:		
Cash and cash equivalents	$ 48,407	$ 59,101
Restricted cash	45,343	45,075
Cash, cash equivalents and restricted cash	$ 93,750	$ 104,176
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 76,013	$ 36,348
Income taxes	$ 797	$ 382
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued developments and capital expenditures	$ 25,664	$ 14,055
Tenant improvement overage	$ 1,047	$ 568
Issuance of common stock under the DRIP	$ —	$ 22,447
Distributions declared but not paid — common stockholders	$ 16,559	$ 8,812
Distributions declared but not paid — limited partnership units	$ 875	$ 467
Distributions declared but not paid — restricted stock units	$ 123	$ 37
Accrued offering costs	$ 1,023	$ —
The following represents the net increase (decrease) in certain assets and liabilities in connection with our acquisitions and dispositions of investments:		
Accounts and other receivables	$ (1,733)	$ (262)
Other assets, net	$ (920)	$ 5,480
Mortgage loan payable, net	$ —	$ (12,059)
Accounts payable and accrued liabilities	$ (461)	$ 1,672
Financing obligations	$ 12	$ 56
Security deposits, prepaid rent and other liabilities	$ 28	$ 8,129

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

AMERICAN HEALTHCARE REIT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Six Months Ended June 30, 2023 and 2022

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

On October 1, 2021, Griffin-American Healthcare REIT III, Inc., or GAHR III, merged with and into a wholly owned subsidiary, or Merger Sub, of Griffin-American Healthcare REIT IV, Inc., or GAHR IV, with Merger Sub being the surviving company, which we refer to as the REIT Merger, and our operating partnership, Griffin-American Healthcare REIT IV Holdings, LP, merged with and into Griffin-American Healthcare REIT III Holdings, LP, or the Surviving Partnership, with the Surviving Partnership being the surviving entity, which we refer to as the Partnership Merger and, together with the REIT Merger, the Merger. Following the Merger on October 1, 2021, our company was renamed American Healthcare REIT, Inc. and the Surviving Partnership was renamed American Healthcare REIT Holdings, LP, or our operating partnership.

Also on October 1, 2021, immediately prior to the consummation of the Merger, and pursuant to a contribution and exchange agreement dated June 23, 2021, GAHR III acquired a newly formed entity, American Healthcare Opps Holdings, LLC, or NewCo, which we refer to as the AHI Acquisition. Following the Merger and the AHI Acquisition, our company became self-managed.

Operating Partnership

We conduct substantially all of our operations through our operating partnership and we are the sole general partner of our operating partnership. As of both June 30, 2023 and December 31, 2022, we owned 95.0% of the partnership units, or OP units, in our operating partnership, and the remaining 5.0% limited OP units, were owned by AHI Group Holdings, LLC, which is owned and controlled by Jeffrey T. Hanson, the non-executive Chairman of our board of directors, or our board, Danny Prosky, our Chief Executive Officer and President, and Mathieu B. Streiff, one of our directors; Platform Healthcare Investor TII, LLC; Flaherty Trust; and a wholly owned subsidiary of Griffin Capital Company, LLC, or collectively, the NewCo Sellers. See Note 11, Redeemable Noncontrolling Interests, and Note 12, Equity — Noncontrolling Interests in Total Equity, for a further discussion of the ownership in our operating partnership.

Public Offerings

As of June 30, 2023, after taking into consideration the impact of the Merger and the reverse stock split as discussed in Note 2, Summary of Significant Accounting Policies, we had issued 65,445,557 shares for a total of $2,737,716,000 of common stock since February 26, 2014 in our initial public offerings and our distribution reinvestment plan, or DRIP, offerings (includes historical offering amounts sold by GAHR III and GAHR IV prior to the Merger).

On September 16, 2022, we filed with the United States Securities and Exchange Commission, or the SEC, a Registration Statement on Form S-11 (File No. 333-267464), and on July 14, 2023, we filed with the SEC Amendment No. 1 to Registration Statement on Form S-11, with respect to a proposed public offering by us of our shares of common stock in conjunction with a contemplated listing of our common stock on the New York Stock Exchange, or the Proposed Listing. Such registration statement and contemplated listing are not yet effective.

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

Our Real Estate Investments Portfolio

We currently operate through six reportable business segments: integrated senior health campuses, MOBs, SNFs, SHOP, senior housing — leased and hospitals. As of June 30, 2023, we owned and/or operated 300 buildings and integrated senior health campuses, including completed development and expansion projects, representing approximately 19,142,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,517,298,000. In addition, as of June 30, 2023, we also owned a real estate-related debt investment purchased for $60,429,000.

COVID-19

Our residents, tenants, operating partners and managers, our industry and the U.S. economy have been adversely affected by the impact of the COVID-19 pandemic and the economic impact of the pandemic. While the immediate effects of the COVID-19 pandemic have subsided, the timing and extent of the economic recovery towards pre-pandemic norms is dependent upon many factors, including the emergence and severity of future COVID-19 variants, the effectiveness and frequency of booster vaccinations, the duration and implications of ongoing or future restrictions and safety measures, the availability of ongoing government financial support to our tenants, operating partners and managers and the overall pace of economic recovery, among others. As an owner and operator of healthcare facilities, we expect to continue to be adversely affected by the long-term effects of the COVID-19 pandemic for some period of time; however, it is not possible to predict the full extent of its future impact on us, the operations of our properties or the markets in which they are located, or the overall healthcare industry.

We have evaluated such economic impacts of the COVID-19 pandemic on our business thus far and incorporated information concerning such impacts into our assessments of liquidity, impairment and collectability from tenants and residents as of June 30, 2023. We will continue to monitor such impacts and will adjust our estimates and assumptions based on the best available information.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding our accompanying 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.

On November 15, 2022 we effected a one-for-four reverse stock split of our common stock and a corresponding reverse split of the OP units, or the Reverse Splits. All numbers of common shares and per share data, as well as the OP units, in our accompanying condensed consolidated financial statements and related notes have been retroactively adjusted for all periods presented to give effect to the Reverse Splits.

We operate and intend to continue to operate in an umbrella partnership REIT structure in which our operating partnership, or wholly owned subsidiaries of our operating partnership and all non-wholly owned subsidiaries of which we have control, will own substantially all of the interests in properties acquired on our behalf. We are the sole general partner of our operating partnership and as of both June 30, 2023 and December 31, 2022, we owned a 95.0% general partnership interest therein, and the remaining 5.0% limited partnership interest was owned by the NewCo Sellers.

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 2022 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023.

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 on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates, perhaps in material adverse ways, and those estimates could be different under different assumptions or conditions.

Revenue Recognition — Resident Fees and Services Revenue

Disaggregation of Resident Fees and Services Revenue

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

	Three Months Ended June 30,					
	2023			2022		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Over time	$ 298,628	$ 46,600	$ 345,228	$ 232,839	$ 37,891	$ 270,730
Point in time	64,228	1,166	65,394	54,743	752	55,495
Total resident fees and services	$ 362,856	$ 47,766	$ 410,622	$ 287,582	$ 38,643	$ 326,225

	Six Months Ended June 30,					
	2023			2022		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Over time	$ 597,479	$ 92,212	$ 689,691	$ 463,373	$ 75,107	$ 538,480
Point in time	127,147	2,414	129,561	105,221	1,498	106,719
Total resident fees and services	$ 724,626	$ 94,626	$ 819,252	$ 568,594	$ 76,605	$ 645,199

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

	Three Months Ended June 30,					
	2023			2022		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Private and other payors	$ 165,154	$ 44,996	$ 210,150	$ 137,419	$ 35,632	$ 173,051
Medicare	117,999	—	117,999	93,680	—	93,680
Medicaid	79,703	2,770	82,473	56,483	3,011	59,494
Total resident fees and services	$ 362,856	$ 47,766	$ 410,622	$ 287,582	$ 38,643	$ 326,225

	Six Months Ended June 30,					
	2023			2022		
	Integrated Senior Health Campuses	SHOP(1)	Total	Integrated Senior Health Campuses	SHOP(1)	Total
Private and other payors	$ 334,831	$ 88,846	$ 423,677	$ 269,222	$ 70,669	$ 339,891
Medicare	244,466	311	244,777	188,197	—	188,197
Medicaid	145,329	5,469	150,798	111,175	5,936	117,111
Total resident fees and services	$ 724,626	$ 94,626	$ 819,252	$ 568,594	$ 76,605	$ 645,199

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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 per resident, daily basis or as services are rendered.

Accounts Receivable, Net — Resident Fees and Services Revenue

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

	Private and Other Payors	Medicare	Medicaid	Total
Beginning balance — January 1, 2023	$ 55,484	$ 45,669	$ 20,832	$ 121,985
Ending balance — June 30, 2023	58,199	45,477	18,708	122,384
Increase (decrease)	$ 2,715	$ (192)	$ (2,124)	$ 399

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, 2023	$ 17,901
Ending balance — June 30, 2023	22,232
Increase	$ 4,331

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.

As of June 30, 2023 and December 31, 2022, we had $15,046,000 and $14,071,000, respectively, in allowances, which were determined necessary to reduce receivables by our expected future credit losses. For the six months ended June 30, 2023 and 2022, we increased allowances by $9,090,000 and $9,581,000, respectively, and reduced allowances for collections or adjustments by $3,596,000 and $3,643,000, respectively. For the six months ended June 30, 2023 and 2022, $4,519,000 and $3,518,000, respectively, of our receivables were written off against the related allowances.

Accounts Payable and Accrued Liabilities

As of June 30, 2023 and December 31, 2022, accounts payable and accrued liabilities primarily include insurance reserves of $42,307,000 and $39,893,000, respectively, reimbursement of payroll-related costs to the managers of our SHOP and integrated senior health campuses of $39,408,000 and $38,624,000, respectively, accrued developments and capital expenditures to unaffiliated third parties of $25,664,000 and $30,211,000, respectively, accrued property taxes of $25,415,000 and $24,926,000, respectively, and accrued distributions to common stockholders of $16,559,000 and $26,484,000, respectively.

Recently Issued Accounting Pronouncement

In July 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standard Update, or ASU, 2023-03, *Presentation of Financial Statements (Topic 205), Income Statement-Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation-Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280-General Revision of Regulation S-X: Income or Loss Applicable to Common Stock,* or ASU 2023-03. ASU 2023-03 amends the Accounting Standards Codification, or ASC, for SEC updates pursuant to SEC Staff Accounting Bulletin No. 120; SEC Staff Announcement at the March 24, 2022 Emerging Issues Task Force Meeting; and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulation S-X: Income or Loss Applicable to Common Stock. These updates were immediately effective and did not have a material impact on our consolidated financial statements and disclosures.

3. Real Estate Investments, Net and Business Combinations

Our real estate investments, net consisted of the following as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023	December 31, 2022
Building, improvements and construction in process	$ 3,618,097	$ 3,670,361
Land and improvements	341,262	344,359
Furniture, fixtures and equipment	235,159	221,727
	4,194,518	4,236,447
Less: accumulated depreciation	(711,714)	(654,838)
	$ 3,482,804	$ 3,581,609

Depreciation expense for the three months ended June 30, 2023 and 2022 was $37,139,000 and $34,328,000, respectively, and for the six months ended June 30, 2023 and 2022 was $73,038,000 and $68,750,000, respectively. For the three months ended June 30, 2023, we incurred capital expenditures of $18,858,000 for our integrated senior health campuses, $7,268,000 for our MOBs, $2,179,000 for our SHOP and $245,000 for our senior housing — leased. We did not incur any capital expenditures for our properties within our hospitals and SNFs segments for the three months ended June 30, 2023. For the six months ended June 30, 2023, we incurred capital expenditures of $29,059,000 for our integrated senior health campuses, $10,842,000 for our MOBs, $3,929,000 for our SHOP and $245,000 for our senior housing — leased. We did not incur any capital expenditures for our properties within our hospitals and SNFs segments for the six months ended June 30, 2023.

For both the three and six months ended June 30, 2023, we did not recognize impairment charges on real estate investments. During both the three and six months ended June 30, 2022, we determined that four of our SHOP were impaired and recognized an aggregate impairment charge of $17,340,000, which reduced the total carrying value of such assets to $19,325,000. The fair value of one SHOP was determined by the sales price from an executed purchase and sale agreement with a third-party buyer, which was considered a Level 2 measurement within the fair value hierarchy. The fair value of the remaining three SHOP were based on their projected sales prices, which were considered Level 2 measurements within the fair value hierarchy. We disposed of three of such impaired facilities during the fourth quarter of 2022 and one of such impaired facilities during the first quarter of 2023. See the “Dispositions of Real Estate Investments” section below.

Acquisitions of Real Estate Investments

On February 15, 2023, we, through a majority-owned subsidiary of Trilogy Investors, LLC, or Trilogy, acquired an integrated senior health campus located in Kentucky for a contract purchase price of $11,000,000, plus immaterial closing costs. We financed such acquisition with cash on hand and a mortgage loan payable placed on the property at the time of acquisition with a principal balance of $7,700,000.

On June 30, 2023, we, through a majority-owned subsidiary of Trilogy, acquired a land parcel in Ohio for a contract purchase price of $660,000, plus closing costs, for the future expansion of an existing integrated senior health campus.

We accounted for our acquisition of land and real estate investment completed during the six months ended June 30, 2023 as asset acquisitions. The following table summarizes the purchase price of such acquisitions based on their relative fair values (in thousands):

	2023 Acquisitions
Building and improvements	$ 10,139
Land and improvements	1,575
Total assets acquired	$ 11,714

Dispositions of Real Estate Investments

For the six months ended June 30, 2023, we disposed of five SHOP and 11 MOBs. We recognized a total aggregate net loss on such dispositions of $1,975,000. The following is a summary of such dispositions (dollars in thousands):

Location	Number of Buildings	Type	Date Disposed	Contract Sales Price
Pinellas Park, FL(1)	1	SHOP	02/01/23	$ 7,730
Olympia Fields, IL	1	MOB	04/10/23	3,750
Auburn, CA	1	MOB	04/26/23	7,050
Pottsville, PA	1	MOB	04/26/23	6,000
New London, CT	1	MOB	05/24/23	4,200
Stratford, CT	1	MOB	05/24/23	4,800
Westbrook, CT	1	MOB	05/24/23	7,250
Lakeland, FL(1)	1	SHOP	06/01/23	7,080
Winter Haven, FL(1)	1	SHOP	06/01/23	17,500
Acworth, GA	3	MOB	06/14/23	8,775
Lithonia, GA	1	MOB	06/14/23	3,445
Stockbridge, GA	1	MOB	06/14/23	2,430
Lake Placid, FL(1)	1	SHOP	06/30/23	5,620
Brooksville, FL(1)	1	SHOP	06/30/23	7,800
Total	16			$ 93,430

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(1) See Note 11, Redeemable Noncontrolling Interests, for information about the ownership of the Central Florida Senior Housing Portfolio.

Business Combinations

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

On January 3, 2022, we, through a majority-owned subsidiary of Trilogy, acquired an integrated senior health campus in Kentucky from an unaffiliated third party. The contract purchase price for such property acquisition was $27,790,000 plus immaterial transaction costs. We acquired such property using cash on hand and placed a mortgage loan payable of $20,800,000 on the property at the time of acquisition. Further, on April 1, 2022, we, through a majority-owned subsidiary of Trilogy, acquired a 50.0% interest in a pharmaceutical business in Florida from an unaffiliated third party and incurred transaction costs of $938,000. Prior to such pharmaceutical business acquisition, we owned the other 50.0% interest in such business, which was accounted for as an equity method investment. Therefore, through March 31, 2022, our 50.0% interest in the net earnings or losses of such unconsolidated entity was included in income (loss) from unconsolidated entities in our accompanying condensed consolidated statements of operations and comprehensive loss.

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. Any necessary adjustments are finalized within one year from the date of acquisition. The table below summarizes the acquisition date fair values of the assets acquired and liabilities assumed of our business combinations during the six months ended June 30, 2023 and 2022 (in thousands):

	2023 Acquisition	2022 Acquisitions
Building and improvements	$ —	$ 17,273
Land	—	3,060
In-place leases	—	3,420
Goodwill	3,331	2,816
Furniture, fixtures and equipment	39	1,936
Cash and restricted cash	565	971
Certificates of need	—	690
Operating lease right-of-use assets	—	646
Other assets	66	457
Accounts receivable, net	—	427
Total assets acquired	4,001	31,696
Security deposits and other liabilities	(812)	(8,129)
Accounts payable and accrued liabilities	(1,676)	(1,802)
Operating lease liabilities	—	(646)
Financing obligations	(12)	(56)
Total liabilities assumed	(2,500)	(10,633)
Net assets acquired	$ 1,501	$ 21,063

4. Debt Security Investment, Net

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

As of June 30, 2023 and December 31, 2022, the carrying amount of the debt security investment was $84,933,000 and $83,000,000, respectively, net of unamortized closing costs of $633,000 and $767,000, respectively. Accretion on the debt security for the three months ended June 30, 2023 and 2022 was $1,046,000 and $986,000, respectively, and for the six months ended June 30, 2023 and 2022 was $2,066,000 and $1,966,000, 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 June 30, 2023 and 2022 was $68,000 and $58,000, respectively, and for the six months ended June 30, 2023 and 2022 was $133,000 and $114,000, 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. We did not record a credit loss for the three and six months ended June 30, 2023 and 2022.

5. Intangibles

Identified intangible assets, net and identified intangible liabilities, net consisted of the following as of June 30, 2023 and December 31, 2022 (dollars in thousands):

	June 30, 2023	December 31, 2022
Amortized intangible assets:		
In-place leases, net of accumulated amortization of $46,451 and $38,930 as of June 30, 2023 and December 31, 2022, respectively (with a weighted average remaining life of 7.4 years and 7.0 years as of June 30, 2023 and December 31, 2022, respectively)	$ 59,937	$ 75,580
Above-market leases, net of accumulated amortization of $6,503 and $6,360 as of June 30, 2023 and December 31, 2022, respectively (with a weighted average remaining life of 8.2 years and 9.0 years as of June 30, 2023 and December 31, 2022, respectively)	20,238	30,194
Customer relationships, net of accumulated amortization of $859 and $785 as of June 30, 2023 and December 31, 2022, respectively (with a weighted average remaining life of 13.2 years and 13.7 years as of June 30, 2023 and December 31, 2022, respectively)	1,981	2,055
Unamortized intangible assets:		
Certificates of need	97,693	97,667
Trade names	30,787	30,787
Total identified intangible assets, net	$ 210,636	$ 236,283
Amortized intangible liabilities:		
Below-market leases, net of accumulated amortization of $3,169 and $2,508 as of June 30, 2023 and December 31, 2022, respectively (with a weighted average remaining life of 8.1 years and 8.4 years as of June 30, 2023 and December 31, 2022, respectively)	$ 9,995	$ 10,837
Total identified intangible liabilities, net	$ 9,995	$ 10,837

Amortization expense on identified intangible assets for the three months ended June 30, 2023 and 2022 was $7,711,000 and $6,121,000, respectively, which included $859,000 and $1,113,000, 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 six months ended June 30, 2023 and 2022 was $24,782,000 and $14,360,000, respectively, which included $9,942,000 and $2,227,000, 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. On March 1, 2023, we transitioned our SNFs within Central Wisconsin Senior Care Portfolio to a RIDEA structure, which resulted in a full amortization of $8,073,000 of above-market leases and $885,000 of in-place leases.

Amortization expense on below-market leases for the three months ended June 30, 2023 and 2022 was $404,000 and $414,000, respectively, and for the six months ended June 30, 2023 and 2022 was $812,000 and $1,023,000, respectively, which is recorded as an increase to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss.

The aggregate weighted average remaining life of the identified intangible assets was 7.8 years and 7.7 years as of June 30, 2023 and December 31, 2022, respectively. The aggregate weighted average remaining life of the identified intangible liabilities was 8.1 years and 8.4 years as of June 30, 2023 and December 31, 2022, respectively. As of June 30, 2023, estimated amortization expense on the identified intangible assets and liabilities for the six months ending December 31, 2023 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**
2023	$ 12,461	$ 777
2024	12,638	1,470
2025	9,838	1,343
2026	8,683	1,193
2027	8,110	1,158
Thereafter	30,426	4,054
Total	$ 82,156	$ 9,995

6. Other Assets, Net

Other assets, net consisted of the following as of June 30, 2023 and December 31, 2022 (dollars in thousands):

	June 30, 2023	December 31, 2022
Deferred rent receivables	$ 48,508	$ 46,867
Prepaid expenses, deposits, other assets and deferred tax assets, net	31,121	25,866
Investments in unconsolidated entities	21,306	9,580
Inventory — finished goods	19,289	19,775
Lease commissions, net of accumulated amortization of $6,646 and $6,260 as of June 30, 2023 and December 31, 2022, respectively	18,723	19,217
Derivative financial instrument	4,798	—
Deferred financing costs, net of accumulated amortization of $7,391 and $5,704 as of June 30, 2023 and December 31, 2022, respectively	2,986	4,334
Lease inducement, net of accumulated amortization of $2,368 and $2,193 as of June 30, 2023 and December 31, 2022, respectively (with a weighted average remaining life of 7.4 years and 7.9 years as of June 30, 2023 and December 31, 2022, respectively)	2,632	2,807
Total	$ 149,363	$ 128,446

Deferred financing costs included in other assets, net were related to the 2019 Trilogy Credit Facility and the senior unsecured revolving credit facility portion of the 2022 Credit Facility. See Note 8, Lines of Credit and Term Loan, for further discussion. Amortization expense on lease inducement for both the three and six months ended June 30, 2023 and 2022 was $88,000 and $176,000, respectively, which is recorded as a decrease to real estate revenue in our accompanying condensed consolidated statements of operations and comprehensive loss.

7. Mortgage Loans Payable, Net

As of June 30, 2023 and December 31, 2022, mortgage loans payable were $1,260,429,000 ($1,237,565,000, net of discount/premium and deferred financing costs) and $1,254,479,000 ($1,229,847,000, net of discount/premium and deferred financing costs), respectively. As of June 30, 2023, we had 71 fixed-rate mortgage loans payable and 12 variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 8.01% per annum based on interest rates in effect as of June 30, 2023 and a weighted average effective interest rate of 4.51%. As of December 31, 2022, we had 68 fixed-rate mortgage loans payable and 11 variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 7.26% per annum based on interest rates in effect as of December 31, 2022 and a weighted average effective interest rate of 4.29%. We are required by the terms of certain loan documents to meet certain reporting requirements and covenants, such as net worth ratios, fixed charge coverage ratios and leverage ratios.

Mortgage loans payable, net consisted of the following as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023	December 31, 2022
Total fixed-rate debt	$ 929,442	$ 885,892
Total variable-rate debt	330,987	368,587
Total fixed- and variable-rate debt	1,260,429	1,254,479
Less: deferred financing costs, net	(8,851)	(8,845)
Add: premium	199	237
Less: discount	(14,212)	(16,024)
Mortgage loans payable, net	$ 1,237,565	$ 1,229,847

The following table reflects the changes in the carrying amount of mortgage loans payable, net for the six months ended June 30, 2023 and 2022 (in thousands):

	Six Months Ended June 30,	
	2023	2022
Beginning balance	$ 1,229,847	$ 1,095,594
Additions:		
Borrowings under mortgage loans payable	61,077	155,882
Amortization of deferred financing costs	1,136	1,191
Amortization of discount/premium on mortgage loans payable, net	632	1,528
Deductions:		
Scheduled principal payments on mortgage loans payable	(55,127)	(40,662)
Early payoff of mortgage loans payable	—	(78,437)
Deferred financing costs	—	(1,037)
Ending balance	$ 1,237,565	$ 1,134,059

For the three and six months ended June 30, 2023, we did not incur any gain or loss on the early extinguishment of mortgage loans payable. For the three and six months ended June 30, 2022, we incurred an aggregate gain (loss) on the early extinguishment of mortgage loans payable of $181,000 and $(1,249,000), respectively, which is recorded as an decrease (increase) to interest expense in our accompanying condensed consolidated statements of operations and comprehensive loss. Such aggregate net loss was primarily related to the write-off of unamortized loan discount related to eight mortgage loans payable that we refinanced on January 1, 2022 that were due to mature in 2044 through 2052.

As of June 30, 2023, the principal payments due on our mortgage loans payable for the six months ending December 31, 2023 and for each of the next four years ending December 31 and thereafter were as follows (in thousands):

Year	Amount
2023	$ 24,165
2024	332,910
2025	166,091
2026	155,736
2027	35,023
Thereafter	546,504
Total	$ 1,260,429

8. Lines of Credit and Term Loan

2022 Credit Facility

On January 19, 2022, we, through our operating partnership, as borrower, and certain of our subsidiaries, or the subsidiary guarantors, collectively as guarantors, entered into an agreement, or the 2022 Credit Agreement, to amend and restate the credit agreement for our existing credit facility with Bank of America, N.A., or Bank of America, KeyBank National Association, Citizens Bank, National Association, and the lenders named therein. The 2022 Credit Agreement provides for a credit facility with an aggregate maximum principal amount up to $1,050,000,000, or the 2022 Credit Facility, which consists of a senior unsecured revolving credit facility in the initial aggregate amount of $500,000,000 and a senior unsecured term loan facility in the initial aggregate amount of $550,000,000. The proceeds of loans made under the 2022 Credit Facility may be used for refinancing existing indebtedness and for general corporate purposes including for working capital, capital expenditures and other corporate purposes not inconsistent with obligations under the 2022 Credit Agreement. We may also obtain up to $25,000,000 in the form of standby letters of credit pursuant to the 2022 Credit Facility. Unless defined herein, all capitalized terms under this “2022 Credit Facility” subsection are defined in the 2022 Credit Agreement.

Under the terms of the 2022 Credit Agreement, the revolving loans mature on January 19, 2026, and may be extended for one 12-month period, subject to the satisfaction of certain conditions, including payment of an extension fee. The term loan matures on January 19, 2027, and may not be extended. The maximum principal amount of the 2022 Credit Facility may be increased by an aggregate incremental amount of $700,000,000, subject to: (i) the terms of the 2022 Credit Agreement; and (ii) at least five business days’ prior written notice to Bank of America.

The 2022 Credit Facility bears interest at varying rates based upon, at our option, (i) Daily SOFR, plus the Applicable Rate for Daily SOFR Rate Loans or (ii) the Term SOFR, plus the Applicable Rate for Term SOFR Rate Loans. If, under the terms of the 2022 Credit Agreement, there is an inability to determine the Daily SOFR or the Term SOFR then the 2022 Credit Facility will bear interest at a rate per annum equal to the Base Rate plus the Applicable Rate for Base Rate Loans. The loans may be repaid in whole or in part without prepayment premium or penalty, subject to certain conditions.

The 2022 Credit Agreement requires us to add additional subsidiaries as guarantors in the event the value of the assets owned by the subsidiary guarantors falls below a certain threshold as set forth in the 2022 Credit Agreement. In the event of default, Bank of America has the right to terminate the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions under the 2022 Credit Agreement, and to accelerate the payment on any unpaid principal amount of all outstanding loans and interest thereon. On March 1, 2023, we entered into an amendment to the 2022 Credit Agreement, or the First Amendment. The material terms of the First Amendment provided for revisions to certain financial covenants for a limited period of time. Except as modified by the terms of the First Amendment, the material terms of the 2022 Credit Agreement remain in full force and effect.

As of both June 30, 2023 and December 31, 2022, our aggregate borrowing capacity under the 2022 Credit Facility was $1,050,000,000, excluding the $25,000,000 in standby letters of credit described above. As of June 30, 2023 and December 31, 2022, borrowings outstanding under the 2022 Credit Facility totaled $926,400,000 ($925,549,000, net of deferred financing costs related to the senior unsecured term loan facility portion of the 2022 Credit Facility) and $965,900,000 ($965,060,000, net of deferred financing costs related to the senior unsecured term loan facility portion of the 2022 Credit Facility), respectively, and the weighted average interest rate on such borrowings outstanding was 6.82% and 6.07% per annum, respectively.

In January 2022, in connection with the 2022 Credit Agreement, we incurred an aggregate $3,161,000 loss on the extinguishment of a portion of senior unsecured term loan related to former credit facilities. 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 primarily consisted of lender fees we paid to obtain the 2022 Credit Facility.

2019 Trilogy Credit Facility

We, through Trilogy RER, LLC, are party to an amended and restated loan agreement, or the 2019 Trilogy Credit Agreement, among certain subsidiaries of Trilogy OpCo, LLC, Trilogy RER, LLC, and Trilogy Pro Services, LLC; KeyBank; CIT Bank, N.A.; Regions Bank; KeyBanc Capital Markets, Inc.; Regions Capital Markets; Bank of America; The Huntington National Bank; and a syndicate of other banks, as lenders named therein, with respect to a senior secured revolving credit facility that had an aggregate maximum principal amount of $360,000,000, consisting of: (i) a $325,000,000 secured revolver supported by real estate assets and ancillary business cash flow and (ii) a $35,000,000 accounts receivable revolving credit facility supported by eligible accounts receivable, or the 2019 Trilogy Credit Facility. The proceeds of the 2019 Trilogy Credit Facility may be used for acquisitions, debt repayment and general corporate purposes. The maximum principal amount of the 2019 Trilogy Credit Facility could have been increased by up to $140,000,000, for a total principal amount of $500,000,000, subject to certain conditions.

On December 20, 2022, we entered into an amendment to the 2019 Trilogy Credit Agreement, or the 2019 Trilogy Credit Amendment. The material terms of the 2019 Trilogy Credit Amendment provided for an increase to the secured revolver amount from $325,000,000 to $365,000,000, thereby increasing our aggregate maximum principal amount under the credit facility from $360,000,000 to $400,000,000. In addition, all references to the London Inter-bank Offered Rate, or LIBOR, were replaced with the Secured Overnight Financing Rate, or SOFR. On March 30, 2023, we further amended the 2019 Trilogy Credit Agreement to update the definition of Implied Debt Service, which is used to calculate the Real Estate Borrowing Base Availability, for interest rate changes and to add an annual interest-only payment calculation option. Except as modified by the terms of the amendments, the material terms of the 2019 Trilogy Credit Agreement remain in full force and effect. Unless defined herein, all capitalized terms under this “2019 Trilogy Credit Facility” subsection are defined in the 2019 Trilogy Credit Amendment.

The 2019 Trilogy Credit Facility matures on September 5, 2023 and may be extended for one 12-month period during the term of the 2019 Trilogy Credit Amendment, subject to the satisfaction of certain conditions, including payment of an extension fee. We intend to satisfy the conditions pursuant to the 2019 Trilogy Credit Facility and pay the required extension fee in order to exercise our option to extend the maturity date for one 12-month period. At our option, the 2019 Trilogy Credit Facility bears interest at per annum rates equal to (a) SOFR, plus 2.75% for SOFR Rate Loans and (b) for Base Rate Loans, 1.75% plus the highest of: (i) the fluctuating rate per annum of interest in effect for such day as established from time to time by KeyBank as its prime rate, (ii) 0.50% above the Federal Funds Effective Rate and (iii) 1.00% above one-month Adjusted Term SOFR.

As of both June 30, 2023 and December 31, 2022, our aggregate borrowing capacity under the 2019 Trilogy Credit Facility was $400,000,000. As of June 30, 2023 and December 31, 2022, borrowings outstanding under the 2019 Trilogy Credit Facility totaled $356,134,000 and $316,734,000, respectively, and the weighted average interest rate on such borrowings outstanding was 7.94% and 7.17% per annum, respectively.

9. Derivative Financial Instrument

We use a derivative financial instrument to manage interest rate risk associated with our variable-rate term loan pursuant to our 2022 Credit Facility and we record such derivative financial instrument in our accompanying condensed consolidated balance sheets as either an asset or a liability measured at fair value. We did not have any derivative financial instruments as of December 31, 2022. The following table provides information with respect to the derivative financial instrument held by us as of June 30, 2023, which was included in other assets, net in our accompanying condensed consolidated balance sheet (dollars in thousands):

Instrument	Notional Amount	Index	Interest Rate	Maturity Date	Fair Value June 30, 2023
Swap	$ 275,000	one month Term SOFR	3.74%	01/19/26	$ 4,798

As of June 30, 2023, our derivative financial instrument was not designated as a hedge. The derivative financial instrument not designated as a hedge is not speculative and is used to manage our exposure to interest rate movements, but does not meet the strict hedge accounting requirements. For the three months ended June 30, 2023 and 2022, we recorded $4,993,000 and $0, respectively, and for the six months ended June 30, 2023 and 2022, we recorded $4,798,000 and $500,000, respectively, as a decrease to 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 instrument.

See Note 13, Fair Value Measurements, and Note 19, Subsequent Event, for a further discussion of our derivative financial instruments.

10. Commitments and Contingencies

Litigation

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

Environmental Matters

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

Other

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

11. Redeemable Noncontrolling Interests

As of both June 30, 2023 and December 31, 2022, we, through our direct and indirect subsidiaries, owned a 95.0% general partnership interest in our operating partnership and the remaining 5.0% limited partnership interest in our operating partnership was owned by the NewCo Sellers. Some of the limited partnership units outstanding, which account for approximately 1.0% of our total operating partnership units outstanding, have redemption features outside of our control and are accounted for as redeemable noncontrolling interests presented outside of permanent equity in our accompanying condensed consolidated balance sheets.

As of both June 30, 2023 and December 31, 2022, we, through Trilogy REIT Holdings LLC, or Trilogy REIT Holdings, in which we indirectly hold a 76.0% ownership interest, owned 97.4% and 96.2%, respectively, of the outstanding equity interests of Trilogy. As of June 30, 2023 and December 31, 2022, certain members of Trilogy's management and certain members of an advisory committee to Trilogy's board of directors owned approximately 2.6% and 3.8%, respectively, of the outstanding equity interests of Trilogy. We account for such equity interests as redeemable noncontrolling interests in our accompanying condensed consolidated balance sheets in accordance with FASB Accounting Standards Codification Topic 480-10-S99-3A given certain features associated with such equity interests. For the three and six months ended June 30, 2023, we redeemed a portion of the equity interests owned by current members of Trilogy's management for an aggregate of $84,000 and $15,954,000, respectively. For the six months ended June 30, 2022, we did not redeem any equity interests of Trilogy.

As of June 30, 2023 and December 31, 2022, 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 Central Florida Senior Housing Portfolio, 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. See Note 3, Real Estate Investments, Net and Business Combinations — Dispositions of Real Estate Investments, for dispositions within our Central Florida Senior Housing Portfolio.

We previously owned 90.0% of the joint venture with Avalon Health Care, Inc., or Avalon, that owned Catalina West Haven ALF and Catalina Madera ALF. The noncontrolling interests held by Avalon had redemption features outside of our control and were accounted for as redeemable noncontrolling interests until December 1, 2022, when we exercised our right to purchase the remaining 10.0% of the joint venture with Avalon for a contract purchase price of $295,000. As such, 10.0% of the net earnings of such joint venture were allocated to redeemable noncontrolling interests in our accompanying consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2022.

We record the carrying amount of redeemable noncontrolling interests at the greater of: (i) the initial carrying amount, increased or decreased for the noncontrolling interests' share of net income or loss and distributions or (ii) the redemption value. The changes in the carrying amount of redeemable noncontrolling interests consisted of the following for the six months ended June 30, 2023 and 2022 (in thousands):

	Six Months Ended June 30,	
	2023	2022
Beginning balance	$ 81,598	$ 72,725
Additional redeemable noncontrolling interest	—	173
Reclassification from equity	41	42
Distributions	(904)	(1,405)
Repurchase of redeemable noncontrolling interests	(15,954)	—
Adjustment to redemption value	(4,422)	3,833
Net loss attributable to redeemable noncontrolling interests	(486)	(31)
Ending balance	$ 59,873	$ 75,337

12. Equity

Preferred Stock

Pursuant to our charter, we are authorized to issue 200,000,000 shares of our preferred stock, par value $0.01 per share. As of both June 30, 2023 and December 31, 2022, 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, par value $0.01 per share, whereby 200,000,000 shares are classified as Class T common stock and 800,000,000 shares are classified as Class I common stock. As of June 30, 2023, after taking into consideration the Merger and the impact of the reverse stock split as discussed below, we had issued 65,445,557 shares for a total of $2,737,716,000 of common stock since February 26, 2014 in our initial public offerings and DRIP offerings (includes historical offering amounts sold by GAHR III and GAHR IV prior to the Merger). See "Distribution Reinvestment Plan" section below for further discussion.

On November 15, 2022 we effected a one-for-four reverse split of our common stock and a corresponding reverse split of the partnership units in our operating partnership. As a result of the Reverse Splits, every four shares of our common stock, or four partnership units in our operating partnership, were automatically combined and converted into one issued and outstanding share of our common stock of like class, or one partnership unit of like class, as applicable, rounded to the nearest 1/100th share or unit. The Reverse Splits impacted all classes of common stock and partnership units proportionately and had no impact on any stockholder's or partner's ownership percentage. Neither the number of authorized shares nor the par value of the Class T common stock and Class I common stock were ultimately impacted. All numbers of common shares and per share data, as well as partnership units in our operating partnership, in our accompanying condensed consolidated financial statements and related notes have been retroactively adjusted for all periods presented to give effect to the Reverse Splits.

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, in connection with the Proposed Listing, 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 were or will be paid distributions in cash.

Our board has been establishing an estimated per share net asset value, or NAV, annually. Shares of our common stock issued pursuant to our DRIP are issued at the current estimated per share NAV until such time as our board determined an updated estimated per share NAV.

The following is a summary of the historical estimated per share NAV:

Approval Date by our Board	Estimated Per Share NAV
03/24/22	$ 37.16
03/15/23	$ 31.40

For both the three and six months ended June 30, 2023, there were no distributions reinvested and no shares of our common stock were issued pursuant to our DRIP offerings. For the three and six months ended June 30, 2022, $11,143,000 and $22,447,000, respectively, in distributions were reinvested and 299,857 and 606,375 shares of our common stock, respectively, were issued pursuant to our DRIP offerings.

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 October 4, 2021, as a result of the Merger, our board authorized the partial reinstatement of our share repurchase plan with respect to requests to repurchase shares resulting from the death or qualifying disability of stockholders, effective with respect to qualifying repurchases for the fiscal quarter ending December 31, 2021. All share repurchase requests other than those requests resulting from the death or qualifying disability of stockholders were rejected. 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, received 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.

Funds for the repurchase of shares of our common stock were derived from the cumulative proceeds we received from the sale of shares of our common stock pursuant to our DRIP offerings. Pursuant to our share repurchase plan, the repurchase price with respect to repurchases resulting from the death or qualifying disability of stockholders was equal to the most recently published estimated per share NAV.

We did not repurchase any shares of our common stock pursuant to our share repurchase plan for the three months ended June 30, 2023. For the six months ended June 30, 2023, pursuant to our share repurchase plan, we repurchased 1,681 shares of common stock for $62,000, at a repurchase price of $37.16 per share. For the three and six months ended June 30, 2022, pursuant to our share repurchase plan, we repurchased 174,865 and 286,959 shares of common stock, respectively, for an aggregate of $6,449,000 and $10,583,000, respectively, at a repurchase price of $36.88 per share. Such repurchase requests were submitted prior to the suspension of our share repurchase plan.

Noncontrolling Interests in Total Equity

As of June 30, 2023 and December 31, 2022, Trilogy REIT Holdings owned approximately 97.4% and 96.2%, respectively, of Trilogy. We are the indirect owner of a 76.0% interest in Trilogy REIT Holdings pursuant to an amended joint venture agreement with an indirect, wholly owned subsidiary of NorthStar Healthcare Income, Inc., or NHI. We serve as the managing member of Trilogy REIT Holdings. As of both June 30, 2023 and December 31, 2022, NHI indirectly owned a 24.0% membership interest in Trilogy REIT Holdings and as such, for the three and six months ended June 30, 2023 and 2022, 24.0%of the net earnings of Trilogy REIT Holdings were allocated to noncontrolling interests.

In connection with our operation of Trilogy, time-based profit interest units in Trilogy, or the Profit Interests, were issued to Trilogy Management Services, LLC and two independent directors of Trilogy, both unaffiliated third parties that manage or direct the day-to-day operations of Trilogy. The Profit Interests are measured at their grant date fair value and vest in increments of 20.0% on each anniversary of the respective grant date over a five-year period. We amortize the Profit Interests on a straight-line basis over the vesting periods, which are recorded to general and administrative expenses in our accompanying condensed consolidated statements of operations and comprehensive loss. The nonvested Profit Interests are presented as noncontrolling interests in total equity in our accompanying condensed consolidated balance sheets, and are re-classified to redeemable noncontrolling interests upon vesting as they had redemption features outside of our control, similar to the common stock units held by Trilogy's management. See Note 11, Redeemable Noncontrolling Interests, for further discussion.

There were no canceled, expired or exercised Profit Interests during the three and six months ended June 30, 2023 and 2022. For the three months ended June 30, 2023 and 2022, we recognized stock compensation expense related to the time-based Profit Interests of $20,000 and $21,000, respectively. For the six months ended June 30, 2023 and 2022, we recognized stock compensation expense related to the time-based Profit Interests of $41,000 and $42,000, respectively.

One of our consolidated subsidiaries issued non-voting preferred shares of beneficial interests to qualified investors for total proceeds of $125,000. These preferred shares of beneficial interests are entitled to receive cumulative preferential cash dividends at the rate of 12.5% per annum. We classify the value of our subsidiary's preferred shares of beneficial interests as noncontrolling interests in our accompanying condensed consolidated balance sheets and the dividends of the preferred shares of beneficial interests in net income or loss attributable to noncontrolling interests in our accompanying condensed consolidated statements of operations and comprehensive loss.

As of both June 30, 2023 and December 31, 2022, we owned an 86.0% interest in a consolidated limited liability company that owns Lakeview IN Medical Plaza. As such, 14.0% of the net earnings of Lakeview IN Medical Plaza were allocated to noncontrolling interests in our accompanying condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2023 and 2022.

As of both June 30, 2023 and December 31, 2022, we owned a 90.6% membership interest in a consolidated limited liability company that owns Southlake TX Hospital. As such, 9.4% of the net earnings of Southlake TX Hospital were allocated to noncontrolling interests in our accompanying condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2023 and 2022.

As of both June 30, 2023 and December 31, 2022, we owned a 90.0% interest in a joint venture that owns the Louisiana Senior Housing Portfolio. As such, 10.0% of the net earnings of the joint venture were allocated to noncontrolling interests in our accompanying condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2023 and 2022.

As discussed in Note 1, Organization and Description of Business, as of both June 30, 2023 and December 31, 2022, we, through our direct and indirect subsidiaries, own a 95.0% general partnership interest in our operating partnership and the remaining 5.0% limited partnership interest in our operating partnership is owned by the NewCo Sellers. As of both June 30, 2023 and December 31, 2022, 4.0% of our total operating partnership units outstanding is presented in total equity in our accompanying condensed consolidated balance sheets. See Note 11, Redeemable Noncontrolling Interests, for further discussion.

AHR 2015 Incentive Plan

Pursuant to the Amended and Restated 2015 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. On June 15, 2023, we adopted the Second Amended and Restated 2015 Incentive Plan, or the AHR Incentive Plan, which, among other things, increased the maximum number of shares of our common stock that may be issued pursuant to such plan from 1,000,000 to 4,000,000 shares, extended the term of such plan to June 15, 2033 and made certain administrative changes to the Amended and Restated 2015 Incentive Plan.

Restricted common stock

Pursuant to the AHR Incentive Plan, through June 30, 2023, we granted an aggregate of 315,459 shares of our restricted common stock, or RSAs, which include restricted Class T common stock and restricted Class I common stock, as defined in the AHR Incentive Plan. 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. In addition, certain executive officers and key employees received grants of restricted Class T common stock. RSAs generally have a vesting period ranging from one to four years and are subject to continuous service through the vesting dates.

Restricted stock units

Pursuant to the AHR Incentive Plan, through June 30, 2023, we granted our executive officers an aggregate 70,751 of performance-based restricted stock units, or PBUs, representing the right to receive shares of our Class T common stock upon vesting. We also granted to our executive officers and certain employees 169,529 time-based restricted stock units, or TBUs, representing the right to receive shares of our Class T common stock upon vesting. PBUs and TBUs are collectively referred to as RSUs. RSUs granted to executive officers and employees generally have a vesting period of up to three years and are subject to continuous service through the vesting dates, and any performance conditions, as applicable.

A summary of the status of our nonvested RSAs and RSUs as of June 30, 2023 and December 31, 2022 and the changes for the six months ended June 30, 2023 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, 2022	183,240	$ 36.97	48,553	$ 37.16
Granted	26,156	31.83	191,728	31.40
Vested	(21,030)	37.47	(6,400) (1)	37.16
Forfeited	—	—	—	—
Balance — June 30, 2023	188,366	$ 36.20	233,881	$ 32.44

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(1) Amount includes 2,280 shares of common stock that were withheld from issuance to satisfy employee minimum tax withholding requirements associated with the vesting of RSUs during the six months ended June 30, 2023.

For the three months ended June 30, 2023 and 2022, we recognized $1,564,000 and $980,000, respectively, and for the six months ended June 30, 2023 and 2022, we recognized $2,615,000 and $1,791,000, respectively, in stock compensation expense related to awards granted pursuant to the AHR Incentive Plan based on the grant date fair value for time based awards and for performance-based awards that are probable of vesting, which grant date fair value is equal to the most recently published estimated per share NAV. Such stock compensation expense is included in general and administrative expenses in our accompanying condensed consolidated statements of operations and comprehensive loss.

13. Fair Value Measurements

Assets and Liabilities Reported at Fair Value

The table below presents our assets and liabilities measured at fair value on a recurring basis as of June 30, 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	$ —	$ 4,798	$ —	$ 4,798
Total assets at fair value	$ —	$ 4,798	$ —	$ 4,798

There were no transfers into and out of fair value measurement levels during the six months ended June 30, 2023 and 2022. We did not have any assets and liabilities measured at fair value on a recurring basis as of December 31, 2022.

Derivative Financial Instruments

We entered into an interest rate swap to manage interest rate risk associated with variable-rate debt. We also previously used interest rate swaps or interest rate caps to manage such interest rate risk. 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 value of our interest rate swap was 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 measurement. In adjusting the fair value of our derivative contract 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 instrument fell within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with this instrument utilized Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparty. However, as of June 30, 2023, we assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative position and determined that the credit valuation adjustments were not significant to the overall valuation of our derivative. As a result, we determined that our derivative valuation in its entirety was classified in Level 2 of the fair value hierarchy. On January 25, 2022, our prior interest rate swap contracts matured and as of December 31, 2022, we did not have any derivative financial instruments.

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, market data and because of the short period of time between origination of the instruments and their expected realization.

The fair value of our debt security investment is estimated using a discounted cash flow analysis using interest rates available to us for investments with similar terms and maturities. The fair values of our mortgage loans payable and our lines of credit and term loan are estimated using discounted cash flow analyses using borrowing rates available to us for debt instruments with similar terms and maturities. We have determined that the valuations of our debt security investment, mortgage loans payable and lines of credit and term loan are classified in Level 2 within the fair value hierarchy. The carrying amounts and estimated fair values of such financial instruments as of June 30, 2023 and December 31, 2022 were as follows (in thousands):

	June 30, 2023		December 31, 2022	
	Carrying Amount(1)	Fair Value	Carrying Amount(1)	Fair Value
Financial Assets:				
Debt security investment	$ 84,933	$ 92,998	$ 83,000	$ 93,230
Financial Liabilities:				
Mortgage loans payable	$ 1,237,565	$ 1,096,898	$ 1,229,847	$ 1,091,667
Lines of credit and term loan	$ 1,278,697	$ 1,283,619	$ 1,277,460	$ 1,285,205

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

14. Income Taxes

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

Current Income Tax

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

Deferred Taxes

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

We recognize the financial statement effects of an uncertain tax position when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the "more likely than not" threshold, the measurement of the tax benefit will be based on our estimate of the ultimate tax benefit to be sustained if audited by the taxing authority. As of both June 30, 2023 and December 31, 2022, we did not have any tax benefits or liabilities for uncertain tax positions that we believe should be recognized in our accompanying condensed consolidated financial statements.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A valuation allowance is established if we believe it is more likely than not that all or a portion of the deferred tax assets are not realizable. As of both June 30, 2023 and December 31, 2022, our valuation allowance fully reserves the net deferred tax assets due to historical losses and inherent uncertainty of future income. We will continue to monitor industry and economic conditions, and our ability to generate taxable income based on our business plan and available tax planning strategies, which would allow us to utilize the tax benefits of the net deferred tax assets and thereby allow us to reverse all, or a portion of, our valuation allowance in the future.

15. Leases

Lessor

We have operating leases with tenants that expire at various dates through 2050. For the three months ended June 30, 2023 and 2022, we recognized $49,216,000 and $50,060,000, respectively, of revenues related to operating lease payments, of which $9,711,000 and $9,663,000, respectively, was for variable lease payments. For the six months ended June 30, 2023 and 2022, we recognized $91,519,000 and $100,790,000, respectively, of revenues related to operating lease payments, of which $19,750,000 and $20,076,000, respectively, was for variable lease payments. As of June 30, 2023, the following table sets forth the undiscounted cash flows for future minimum base rents due under operating leases for the six months ending December 31, 2023 and for each of the next four years ending December 31 and thereafter for properties that we wholly own (in thousands):

Year	Amount
2023	$ 75,245
2024	143,777
2025	131,148
2026	120,394
2027	114,746
Thereafter	581,532
Total	$ 1,166,842

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. As of June 30, 2023, we had future lease payments of $6,054,000 for an operating lease that had not yet commenced. Such operating lease will commence in fiscal year 2023 with a lease term of five years.

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

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

		Three Months Ended June 30,	
Lease Cost	**Classification**	**2023**	**2022**
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 11,473	$ 5,408
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	297	316
Interest on lease liabilities	Interest expense	66	66
Sublease income	Resident fees and services revenue or other income	(172)	(234)
Total lease cost		$ 11,664	$ 5,556

		Six Months Ended June 30,	
Lease Cost	**Classification**	**2023**	**2022**
Operating lease cost(1)	Property operating expenses, rental expenses or general and administrative expenses	$ 23,396	$ 11,764
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	600	629
Interest on lease liabilities	Interest expense	157	140
Sublease income	Resident fees and services revenue or other income	(328)	(382)
Total lease cost		$ 23,825	$ 12,151

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

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

Lease Term and Discount Rate	**June 30, 2023**	**December 31, 2022**
Weighted average remaining lease term (in years):		
Operating leases	12.5	12.8
Finance leases	1.9	2.3
Weighted average discount rate:		
Operating leases	5.71 %	5.69 %
Finance leases	7.74 %	7.66 %

	Six Months Ended June 30,	
Supplemental Disclosure of Cash Flows Information	**2023**	**2022**
Operating cash outflows related to finance leases	$ 157	$ 140
Financing cash outflows related to finance leases	$ 38	$ 26
Right-of-use assets obtained in exchange for operating lease liabilities	$ 1,155	$ 646

Operating Leases

As of June 30, 2023, the following table sets forth the undiscounted cash flows of our scheduled obligations for future minimum payments for the six months ending December 31, 2023 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
2023	$ 19,240
2024	37,822
2025	37,210
2026	37,256
2027	37,890
Thereafter	229,084
Total undiscounted operating lease payments	398,502
Less: interest	135,784
Present value of operating lease liabilities	$ 262,718

Finance Leases

As of June 30, 2023, the following table sets forth the undiscounted cash flows of our scheduled obligations for future minimum payments for the six months ending December 31, 2023 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
2023	$ 29
2024	76
2025	31
2026	—
2027	—
Thereafter	—
Total undiscounted finance lease payments	136
Less: interest	11
Present value of finance lease liabilities	$ 125

16. Segment Reporting

As of June 30, 2023, we evaluated our business and made resource allocations based on six reportable business segments: integrated senior health campuses, MOBs, SNFs, SHOP, senior housing — leased and hospitals. Our MOBs 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 senior housing — leased and skilled nursing facilities are single-tenant properties for which we lease the facilities to unaffiliated tenants under triple-net and generally master leases that transfer the obligation for all facility operating costs (including maintenance, repairs, taxes, insurance and capital expenditures) to the tenant. In addition, our senior housing — leased segment includes our debt security investment. Our hospital investments are similarly structured to our leased skilled nursing and senior housing facilities. Our SHOP segment includes senior housing facilities, 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 (loss), as defined by GAAP, is the most appropriate earnings measurement, we evaluate our segments' performance based upon segment net operating income or loss, or NOI. We define segment NOI as total revenues and grant income, less property operating expenses and rental expenses, which excludes depreciation and amortization, general and administrative expenses, business acquisition expenses, interest expense, gain or loss on dispositions of real estate investments, impairment of real estate investments, income or loss from unconsolidated entities, impairment of goodwill, foreign currency gain or loss, gain on re-measurement of previously held equity interest, other income and income tax benefit or expense for each segment. We believe that segment NOI serves as an appropriate supplemental performance measure to net income (loss) because it allows investors and our management to measure unlevered property-level operating results and to compare our operating results to the operating results of other real estate companies and between periods on a consistent basis.

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

Summary information for the reportable segments during the three and six months ended June 30, 2023 and 2022 was as follows (in thousands):

	Integrated Senior Health Campuses	SHOP	MOBs	Senior Housing — Leased	SNFs	Hospitals	Three Months Ended June 30, 2023
Revenues and grant income:							
Resident fees and services	$ 362,856	$ 47,766	$ —	$ —	$ —	$ —	$ 410,622
Real estate revenue	—	—	36,640	5,392	6,090	2,446	50,568
Grant income	6,381	—	—	—	—	—	6,381
Total revenues and grant income	369,237	47,766	36,640	5,392	6,090	2,446	467,571
Expenses:							
Property operating expenses	328,696	43,853	—	—	—	—	372,549
Rental expenses	—	—	13,927	229	378	119	14,653
Segment net operating income	$ 40,541	$ 3,913	$ 22,713	$ 5,163	$ 5,712	$ 2,327	$ 80,369
Expenses:							
General and administrative							$ 11,774
Business acquisition expenses							888
Depreciation and amortization							44,701
Other income (expense):							
Interest expense:							
Interest expense (including amortization of deferred financing costs and debt discount/premium)							(40,990)
Gain in fair value of derivative financial instruments							4,993
Loss on dispositions of real estate investments							(2,072)
Loss from unconsolidated entities							(113)
Foreign currency gain							1,068
Other income							2,589
Total net other expense							(34,525)
Loss before income taxes							(11,519)
Income tax expense							(348)
Net loss							$ (11,867)

AMERICAN HEALTHCARE REIT, INC.

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

	Integrated Senior Health Campuses	SHOP	MOBs	Senior Housing — Leased	SNFs	Hospitals	Three Months Ended June 30, 2022
Revenues and grant income:							
Resident fees and services	$ 287,582	$ 38,643	$ —	$ —	$ —	$ —	$ 326,225
Real estate revenue	—	—	36,833	5,262	6,599	2,411	51,105
Grant income	10,969	—	—	—	—	—	10,969
Total revenues and grant income	298,551	38,643	36,833	5,262	6,599	2,411	388,299
Expenses:							
Property operating expenses	258,934	37,125	—	—	—	—	296,059
Rental expenses	—	—	13,791	212	521	139	14,663
Segment net operating income	$ 39,617	$ 1,518	$ 23,042	$ 5,050	$ 6,078	$ 2,272	$ 77,577
Expenses:							
General and administrative							$ 10,928
Business acquisition expenses							1,757
Depreciation and amortization							39,971
Other income (expense):							
Interest expense (including amortization of deferred financing costs, debt discount/premium and gain on debt extinguishments)							(20,345)
Loss on dispositions of real estate investments							(73)
Impairment of real estate investments							(17,340)
Income from unconsolidated entities							638
Foreign currency loss							(3,607)
Other income							469
Total net other expense							(40,258)
Loss before income taxes							(15,337)
Income tax expense							(205)
Net loss							$ (15,542)

AMERICAN HEALTHCARE REIT, INC.

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

	Integrated Senior Health Campuses	SHOP	MOBs	Senior Housing — Leased	SNFs	Hospitals	Six Months Ended June 30, 2023
Revenues and grant income:							
Resident fees and services	$ 724,626	$ 94,626	$ —	$ —	$ —	$ —	$ 819,252
Real estate revenue	—	—	74,123	10,668	4,458	4,915	94,164
Grant income	6,381	—	—	—	—	—	6,381
Total revenues and grant income	731,007	94,626	74,123	10,668	4,458	4,915	919,797
Expenses:							
Property operating expenses	657,057	85,638	—	—	—	—	742,695
Rental expenses	—	—	28,335	428	847	238	29,848
Segment net operating income	$ 73,950	$ 8,988	$ 45,788	$ 10,240	$ 3,611	$ 4,677	$ 147,254
Expenses:							
General and administrative							$ 24,827
Business acquisition expenses							1,220
Depreciation and amortization							89,371
Other income (expense):							
Interest expense:							
Interest expense (including amortization of deferred financing costs and debt discount/premium)							(80,001)
Gain in fair value of derivative financial instruments							4,798
Loss on dispositions of real estate investments							(2,204)
Loss from unconsolidated entities							(419)
Gain on re-measurement of previously held equity interest							726
Foreign currency gain							2,076
Other income							4,197
Total net other expense							(70,827)
Loss before income taxes							(38,991)
Income tax expense							(491)
Net loss							$ (39,482)

	Integrated Senior Health Campuses	SHOP	MOBs	Senior Housing — Leased	SNFs	Hospitals	Six Months Ended June 30, 2022
Revenues and grant income:							
Resident fees and services	$ 568,594	$ 76,605	$ —	$ —	$ —	$ —	$ 645,199
Real estate revenue	—	—	74,670	10,560	12,992	4,826	103,048
Grant income	16,065	118	—	—	—	—	16,183
Total revenues and grant income	584,659	76,723	74,670	10,560	12,992	4,826	764,430
Expenses:							
Property operating expenses	512,084	71,135	—	—	—	—	583,219
Rental expenses	—	—	28,104	391	1,207	248	29,950
Segment net operating income	$ 72,575	$ 5,588	$ 46,566	$ 10,169	$ 11,785	$ 4,578	$ 151,261
Expenses:							
General and administrative							$ 22,047
Business acquisition expenses							1,930
Depreciation and amortization							82,282
Other income (expense):							
Interest expense:							
Interest expense (including amortization of deferred financing costs, debt discount/premium and loss on debt extinguishments)							(43,670)
Gain in fair value of derivative financial instruments							500
Gain on dispositions of real estate investments							683
Impairment of real estate investments							(17,340)
Income from unconsolidated entities							2,024
Foreign currency loss							(4,994)
Other income							1,729
Total net other expense							(61,068)
Loss before income taxes							(16,066)
Income tax expense							(373)
Net loss							$ (16,439)

Total assets by reportable segment as of June 30, 2023 and December 31, 2022 were as follows (in thousands):

	June 30, 2023	December 31, 2022
Integrated senior health campuses	$ 2,159,186	$ 2,157,748
MOBs	1,307,564	1,379,502
SHOP	594,980	635,190
Senior housing — leased	252,658	249,576
SNFs	218,278	245,717
Hospitals	106,667	106,067
Other	27,051	12,898
Total assets	$ 4,666,384	$ 4,786,698

As of and for the six months ended June 30, 2023 and 2022, goodwill by reportable segment was as follows (in thousands):

	Integrated Senior Health Campuses	SHOP	MOBs	Senior Housing — Leased	SNFs	Hospitals	Total
Balance — December 31, 2022	$ 164,846	$ —	$ 47,812	$ 5,924	$ 8,640	$ 4,389	$ 231,611
Goodwill acquired	3,331	—	—	—	—	—	3,331
Balance — June 30, 2023	$ 168,177	$ —	$ 47,812	$ 5,924	$ 8,640	$ 4,389	$ 234,942

	Integrated Senior Health Campuses	SHOP	MOBs	Senior Housing — Leased	SNFs	Hospitals	Total
Balance — December 31, 2021	$ 119,856	$ 23,277	$ 47,812	$ 5,924	$ 8,640	$ 4,389	$ 209,898
Goodwill acquired	2,816	—	—	—	—	—	2,816
Balance — June 30, 2022	$ 122,672	$ 23,277	$ 47,812	$ 5,924	$ 8,640	$ 4,389	$ 212,714

See Note 3, Real Estate Investments, Net and Business Combinations, for a further discussion of goodwill recognized in connection with our business combinations.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues and grant income:				
United States	$ 466,397	$ 387,120	$ 917,489	$ 761,999
International	1,174	1,179	2,308	2,431
	$ 467,571	$ 388,299	$ 919,797	$ 764,430

The following is a summary of real estate investments, net by geographic regions as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023	December 31, 2022
Real estate investments, net:		
United States	$ 3,439,139	$ 3,539,453
International	43,665	42,156
	$ 3,482,804	$ 3,581,609

17. Concentration of Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk are primarily our debt security investment, cash and cash equivalents, restricted cash and accounts and other receivables. We are exposed to credit risk with respect to our debt security investment, but we believe collection of the outstanding amount is probable. Cash and cash equivalents are generally invested in investment-grade, short-term instruments with a maturity of three months or less when purchased. We have cash and cash equivalents in financial institutions that are insured by the Federal Deposit Insurance Corporation, or FDIC. As of June 30, 2023 and December 31, 2022, we had cash and cash equivalents in excess of FDIC insured limits. We believe this risk is not significant. Concentration of credit risk with respect to accounts receivable from tenants and residents is limited. We perform credit evaluations of prospective tenants and security deposits are obtained at the time of property acquisition and upon lease execution.

Based on leases as of June 30, 2023, properties in two states in the United States accounted for 10.0% or more of our total consolidated property portfolio's annualized base rent or annualized NOI, which is based on contractual base rent from leases in effect for our non-RIDEA properties and annualized NOI for our SHOP and integrated senior health campuses as of June 30, 2023. Properties located in Indiana and Michigan accounted for 34.6% and 10.9%, respectively, of our total consolidated property portfolio's annualized base rent or annualized NOI. Accordingly, there is a geographic concentration of risk subject to fluctuations in each state's economy.

Based on leases in effect as of June 30, 2023, our six reportable business segments, integrated senior health campuses, MOBs, SNFs, SHOP, senior housing — leased and hospitals accounted for 44.4%, 35.0%, 7.3%, 6.1%, 4.1% and 3.1%, respectively, of our total consolidated property portfolio's annualized base rent or annualized NOI. As of June 30, 2023, none of our tenants at our properties accounted for 10.0% or more of our total consolidated property portfolio's annualized base rent or annualized NOI.

18. Per Share Data

Basic earnings (loss) per share for all periods presented are computed by dividing net income (loss) applicable to common stock by the weighted average number of shares of our common stock outstanding during the period. Net income (loss) applicable to common stock is calculated as net income (loss) attributable to controlling interest less distributions allocated to participating securities of $962,000 and $1,498,000 for the three months ended June 30, 2023 and 2022, respectively, and $1,888,000 and $2,988,000 for the six months ended June 30, 2023 and 2022, respectively. Diluted earnings (loss) per share are computed based on the weighted average number of shares of our common stock and all potentially dilutive securities, if any. TBUs, nonvested shares of our RSAs and limited partnership units of our operating partnership are participating securities and give rise to potentially dilutive shares of our common stock.

As of June 30, 2023 and 2022, there were 188,368 and 221,740 nonvested shares, respectively, of our RSAs outstanding, but such shares were excluded from the computation of diluted earnings (loss) per share because such shares were anti-dilutive during these periods. As of both June 30, 2023 and 2022, there were 3,501,976 limited partnership units of our operating partnership outstanding, but such units were also excluded from the computation of diluted earnings (loss) per share because such units were anti-dilutive during these periods. As of June 30, 2023 and 2022, there were 163,133 and 19,200 nonvested time-based restricted stock units outstanding, respectively, but such units were excluded from the computation of diluted earnings (loss) per share because such restricted stock units were anti-dilutive during the period.

As of June 30, 2023, there were 70,751 nonvested performance-based restricted stock units outstanding, which were treated as contingently issuable shares pursuant to ASC Topic 718, *Compensation — Stock Compensation*. Such contingently issuable shares were excluded from the computation of diluted earnings (loss) per share because they were anti-dilutive during the period.

19. Subsequent Event

Interest Rate Swap

We, through our operating partnership, entered into an interest rate swap transaction, or the Swap, with Regions Bank with an effective date of August 8, 2023 and a maturity date of January 19, 2026. We entered into the Swap to mitigate the risk associated with the remaining $275,000,000 of our floating-rate term loan that was unhedged (without incurring substantial prepayment penalties or defeasance costs typically associated with fixed-rate indebtedness) under our existing 2022 Credit Facility. Beginning on September 1, 2023, we are required to make monthly fixed-rate payments at a rate of 4.41% while the counterparty is obligated to make monthly floating-rate payments based on Term SOFR, which was 5.30% as of August 8, 2023.

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 2022 Annual Report on Form 10-K, as filed with the United States Securities and Exchange Commission, or SEC, on March 17, 2023. Such condensed consolidated financial statements and information have been prepared to reflect our financial position as of June 30, 2023 and December 31, 2022, together with our results of operations and cash flows for the three and six months ended June 30, 2023 and 2022. 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.

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 our proposed listing and future capital-raising initiatives and planned or future acquisitions or dispositions of properties and other assets; (ii) statements about the coronavirus, or COVID-19, pandemic, including its duration and potential or expected impact on our business and our view on forward trends as well as the termination of the federally declared public health emergency; and (iii) 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; the continuing adverse effects of the COVID-19 pandemic, including its effects on the healthcare industry, senior housing and skilled nursing facilities, or SNFs, and the economy in general; legislative and regulatory changes, including changes to laws governing the taxation of real estate investment trusts, or REITs; the availability of capital; our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; changes in interest rates, including uncertainties about whether and when interest rates will continue to increase, and foreign currency risk; competition in the real estate industry; changes in GAAP policies and guidelines applicable to REITs; the success of our investment strategy; information technology security breaches; our ability to retain our executive officers and key employees; and unexpected labor costs and inflationary pressures. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Forward-looking statements in this 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 owns a diversified portfolio of clinical healthcare real estate properties, focusing primarily on medical office buildings, or MOBs, senior housing, SNFs, hospitals and other healthcare-related facilities. We also operate healthcare-related facilities utilizing the structure permitted by the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure (the provisions of the Internal Revenue Code of 1986, as amended, or the Code, authorizing the RIDEA structure were enacted as part of the Housing and Economic Recovery Act of 2008). Our healthcare facilities operated under a RIDEA structure include our senior housing operating properties, or SHOP, and our integrated senior health campuses. We have originated and acquired secured loans and may also originate and acquire other real estate-related investments on an infrequent and opportunistic basis. We generally seek investments that produce current income; however, we have selectively developed, and may continue to selectively develop, healthcare real estate properties. We have elected to be taxed as a REIT for U.S. federal income tax purposes. We believe that we have been organized and operated, and we intend to continue to operate, in conformity with the requirements for qualification and taxation as a REIT under the Code.

On October 1, 2021, Griffin-American Healthcare REIT III, Inc., or GAHR III, merged with and into a wholly owned subsidiary, or Merger Sub, of Griffin-American Healthcare REIT IV, Inc., or GAHR IV, with Merger Sub being the surviving company, which we refer to as the REIT Merger, and our operating partnership, Griffin-American Healthcare REIT IV Holdings, LP, merged with and into Griffin-American Healthcare REIT III Holdings, LP, or the Surviving Partnership, with the Surviving Partnership being the surviving entity, which we refer to as the Partnership Merger and, together with the REIT Merger, the Merger. Following the Merger on October 1, 2021, our company was renamed American Healthcare REIT, Inc. and the Surviving Partnership was renamed American Healthcare REIT Holdings, LP, or our operating partnership.

Also on October 1, 2021, immediately prior to the consummation of the Merger, and pursuant to a contribution and exchange agreement dated June 23, 2021, GAHR III acquired a newly formed entity, American Healthcare Opps Holdings, LLC, or NewCo, which we refer to as the AHI Acquisition. Following the Merger and the AHI Acquisition, our company became self-managed.

Operating Partnership

We conduct substantially all of our operations through our operating partnership, and we are the sole general partner of our operating partnership. As of both June 30, 2023 and December 31, 2022, we owned 95.0% of the partnership units, or OP units, in our operating partnership, and the remaining 5.0% limited OP units, were owned by AHI Group Holdings, LLC, which is owned and controlled by Jeffrey T. Hanson, the non-executive Chairman of our board of directors, or our board, Danny Prosky, our Chief Executive Officer and President, and Mathieu B. Streiff, one of our directors; Platform Healthcare Investor TII, LLC; Flaherty Trust; and a wholly owned subsidiary of Griffin Capital Company, LLC, or collectively, the NewCo Sellers. See Note 11, Redeemable Noncontrolling Interests, and Note 12, Equity — Noncontrolling Interests in Total Equity, to our accompanying condensed consolidated financial statements for a further discussion of the ownership in our operating partnership.

Public Offerings

As of June 30, 2023, after taking into consideration the Merger and the impact of the reverse stock split as discussed below, we had issued 65,445,557 shares for a total of $2,737,716,000 of common stock since February 26, 2014 in our initial public offerings and our distribution reinvestment plan, or DRIP, offerings (includes historical offering amounts sold by GAHR III and GAHR IV prior to the Merger).

On September 16, 2022, we filed with the SEC a Registration Statement on Form S-11 (File No. 333-267464), and on July 14, 2023, we filed with the SEC Amendment No. 1 to the Registration Statement on Form S-11, with respect to a proposed public offering by us of our shares of common stock in conjunction with a contemplated listing of our common stock on the New York Stock Exchange, or the Proposed Listing. Such registration statement and contemplated listing are not yet effective.

On November 15, 2022 we effected a one-for-four reverse stock split of our common stock and a corresponding reverse split of the OP units, or the Reverse Splits. All numbers of common shares and per share data, as well as the OP units, in our accompanying condensed consolidated financial statements and related notes have been retroactively adjusted for all periods presented to give effect to the Reverse Splits. See Note 12, Equity, to our accompanying condensed consolidated financial statements, for a further discussion of our public offerings.

On March 15, 2023, our board, at the recommendation of the audit committee of our board, which is comprised solely of independent directors, unanimously approved and established an updated estimated per share net asset value, or NAV, of our common stock of $31.40. We provide this updated estimated per share NAV annually to assist broker-dealers in connection with their obligations under Financial Industry Regulatory Authority, or FINRA, Rule 2231 with respect to customer account statements. The updated estimated per share NAV is based on the estimated value of our assets less the estimated value of our liabilities, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2022. The valuation was performed in accordance with the methodology provided in Practice Guideline 2013-01, *Valuations of Publicly Registered Non-Listed REITs,* issued by the Institute for Portfolio Alternatives, or the IPA, in April 2013, in addition to guidance from the SEC. See our Current Report on Form 8-K filed with the SEC on March 17, 2023 for more information on the methodologies and assumptions used to determine, and the limitations and risks of, our updated estimated per share NAV.

Our Real Estate Investments Portfolio

We currently operate through six reportable business segments: integrated senior health campuses, MOBs, SNFs, SHOP, senior housing — leased and hospitals. As of June 30, 2023, we owned and/or operated 300 buildings and integrated senior health campuses, including completed development and expansion projects, representing approximately 19,142,000 square feet of gross leasable area, or GLA, for an aggregate contract purchase price of $4,517,298,000. In addition, as of June 30, 2023, 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 on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates, perhaps in material adverse ways, and those estimates could be different under different assumptions or conditions. The complete listing of our Critical Accounting Estimates was previously disclosed in our 2022 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023, 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 2022 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023.

Acquisitions and Dispositions in 2023

For a discussion of our acquisitions and dispositions of investments in 2023, see Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements.

Factors Which May Influence Results of Operations

Other than the effects of inflation and the lasting effects of the COVID-19 pandemic discussed below, as well as other national economic conditions affecting real estate generally, or 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 2022 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023.

COVID-19

Our residents, tenants, operating partners and managers, our industry and the U.S. economy have been adversely affected by the impact of the COVID-19 pandemic and the economic impact of the pandemic. While the immediate effects of the

COVID-19 pandemic have subsided, the timing and extent of the economic recovery towards pre-pandemic norms is dependent upon many factors, including the emergence and severity of future COVID-19 variants, the effectiveness and frequency of booster vaccinations, the duration and implications of ongoing or future restrictions and safety measures, the availability of ongoing government financial support to our tenants, operating partners and managers and the overall pace of economic recovery, among others. As an owner and operator of healthcare facilities, we expect to continue to be adversely affected by the long-term effects of the COVID-19 pandemic for some period of time; however, it is not possible to predict the full extent of its future impact on us, the operations of our properties or the markets in which they are located, or the overall healthcare industry. COVID-19 is particularly dangerous among the senior population and results in heightened risk to our senior housing and SNFs, and we continue to work diligently to maintain aggressive protocols at such facilities as well as actively collaborate with our tenants, operating partners and managers to respond and take action to mitigate the impact of the COVID-19 pandemic.

We have evaluated such economic impacts of the COVID-19 pandemic on our business thus far and incorporated information concerning such impacts into our assessments of liquidity, impairment and collectability from tenants and residents as of June 30, 2023. We will continue to monitor such impacts and will adjust our estimates and assumptions based on the best available information.

The COVID-19 pandemic resulted in a significant decline in resident occupancy at our senior housing — leased facilities, SNFs, SHOP and integrated senior health campuses and an increase in COVID-19-related operating expenses. Among other things, due to the shortage of healthcare personnel, the pandemic caused higher labor costs that continue to adversely affect us, including those related to greater reliance on agency staffing and more costly short-term hires. Expenses also increased due to pandemic-related costs (e.g., heightened cleaning and sanitation protocols) and the ongoing inflationary environment. This has, in general, resulted in decreased net operating income, or NOI, and margin at these properties relative to pre-pandemic levels. Therefore, our focus at such properties continues to be on improving occupancy and managing operating expenses. While occupancy has generally been improving, it has not returned to pre-pandemic levels across all asset types, and labor costs remain elevated, as we have had difficulty filling open positions and experienced increased labor costs. The timing and extent of any further improvement in occupancy or relief from these labor pressures remains unclear.

As a result of the federal government's COVID-19 public health emergency declaration in January 2020 and its COVID-19 national emergency declaration in March 2020, certain federal and state pandemic-related relief measures, such as funding, procedural waivers and/or reimbursement increases, became available to us and some of our tenants and operators. These declarations expired on May 11, 2023 and April 10, 2023, respectively, and certain relief measures have been wound down and others are being phased out. It is unclear what pandemic related relief measures, including funding, waiver and reimbursement programs, that we and certain of our tenants and operators benefited from will continue to be available or the extent they will be available. The impact on individual skilled nursing facilities’ operators will vary, and therefore it is not possible to quantify the financial impact it will have on resident occupancies.

See the “Results of Operations” and “Liquidity and Capital Resources” sections below, for further discussion.

Inflation

During the six months ended June 30, 2023 and 2022, inflation has affected our operations. The annual rate of inflation in the United States was 3.2% in July 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. However, an inflationary environment has also impacted our operations at such properties in that we have the ability to seek increases in rent when relatively short-term resident leases expire (typically one year or less), which will improve our operating performance at such properties, as well as increase rent coverage and the stability of our real estate revenue in our senior housing — leased and SNF segments over time.

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

In addition, inflation also caused an increase in the cost of our variable-rate debt due to rising interest rates. See Item 3. Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk section below, for further discussion.

Scheduled Lease Expirations

Excluding our SHOP and integrated senior health campuses, as of June 30, 2023, our properties were 92.5% leased, and during the remainder of 2023, 4.0% of the leased GLA is scheduled to expire. Our leasing strategy focuses on negotiating renewals for leases scheduled to expire during the next twelve months. In the future, if we are unable to negotiate renewals, we will try to identify new tenants or collaborate with existing tenants who are seeking additional space to occupy. As of June 30, 2023, our remaining weighted average lease term was 6.9 years, excluding our SHOP and integrated senior health campuses.

Our combined SHOP and integrated senior health campuses were 82.6% leased as of June 30, 2023. Substantially all of our leases with residents at such properties are for a term of one year or less.

Results of Operations

Comparison of Three and Six Months Ended June 30, 2023 and 2022

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.

We segregate our operations into reporting segments in order to assess the performance of our business in the same way that management reviews our performance and makes operating decisions. As of June 30, 2023, we operated through six reportable business segments: integrated senior health campuses, MOBs, SNFs, SHOP, senior housing — leased and hospitals.

Except where otherwise noted, the changes in our consolidated results of operations for 2023 as compared to 2022 are primarily due to the adverse effect of inflation, which resulted in increases in the cost of labor, services, energy and supplies for the three and six months ended June 30, 2023 compared to the same period last year. There were also changes in our results of operations due to our acquisitions and dispositions of investments subsequent to June 30, 2022, as well as the transition of the operations of skilled nursing facilities within our Central Wisconsin Senior Care Portfolio on March 1, 2023 to a RIDEA structure, which facilities are included within our SHOP segment as of June 30, 2023. See Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our acquisitions and dispositions during 2023. As of June 30, 2023 and 2022, we owned and/or operated the following types of properties (dollars in thousands):

	June 30,					
	2023			2022		
	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased %	Number of Buildings/ Campuses	Aggregate Contract Purchase Price	Leased %
Integrated senior health campuses	123	$ 1,910,251	(1)	122	$ 1,865,787	(1)
MOBs	93	1,318,915	89.7 %	105	1,378,995	90.3 %
SHOP	47	745,567	(2)	47	706,871	(2)
Senior housing — leased	20	179,285	100 %	20	179,285	100 %
SNFs	15	223,500	100 %	17	249,200	100 %
Hospitals	2	139,780	100 %	2	139,780	100 %
Total/weighted average(3)	300	$ 4,517,298	92.5 %	313	$ 4,519,918	93.1 %

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(1) The leased percentage for the resident units of our integrated senior health campuses was 83.9% and 81.7% as of June 30, 2023 and 2022, respectively.

(2) The leased percentage for the resident units of our SHOP was 78.6% and 73.7% as of June 30, 2023 and 2022, respectively.

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

Revenues and Grant Income

Our primary sources of revenue include resident fees and services revenue generated by our RIDEA properties and rent from our leased, non-RIDEA properties. For the three and six months ended June 30, 2023 and 2022, 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 receive grant income. Revenues and grant income by reportable segment consisted of the following for the periods then ended (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Resident Fees and Services Revenue				
Integrated senior health campuses	$ 362,856	$ 287,582	$ 724,626	$ 568,594
SHOP	47,766	38,643	94,626	76,605
Total resident fees and services revenue	410,622	326,225	819,252	645,199
Real Estate Revenue				
MOBs	36,640	36,833	74,123	74,670
SNFs	6,090	6,599	4,458	12,992
Senior housing — leased	5,392	5,262	10,668	10,560
Hospitals	2,446	2,411	4,915	4,826
Total real estate revenue	50,568	51,105	94,164	103,048
Grant Income				
Integrated senior health campuses	6,381	10,969	6,381	16,065
SHOP	—	—	—	118
Total grant income	6,381	10,969	6,381	16,183
Total revenues and grant income	$ 467,571	$ 388,299	$ 919,797	$ 764,430

Resident Fees and Services Revenue

For our integrated senior health campuses segment, we experienced an increase in resident fees and services revenue of $40,636,000 and $83,754,000, respectively, for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, due to: (i) our acquisition of the remaining 50.0% interest in a privately held company, RHS Partners, LLC, or RHS, on August 1, 2022, which owns and/or operates 16 integrated senior health campuses located in Indiana; (ii) improved resident occupancy and higher resident fees as a result of an increase in billing rates; and (iii) an increase of $12,259,000 and $27,224,000 for the three and six months ended June 30, 2023, respectively, due to the expansion of our customer base, expansion of services offered and an increase in billing rates for such services at an ancillary business unit within Trilogy Investors, LLC, or Trilogy. Such amounts were partially offset by a decrease in total resident fees and services revenue of $4,479,000 and $8,464,000 for the three and six months ended June 30, 2023, respectively, due to dispositions within our integrated senior health campuses segment during the third and fourth quarter of 2022.

For our SHOP segment, we experienced an increase in resident fees and services revenue of $6,721,000 and $13,557,000, respectively, for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, due to our acquisition of a portfolio of seven senior housing facilities in Texas within our SHOP segment on December 5, 2022, as well as an increase of $3,334,000 and $4,722,000, respectively, for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, due to transitioning the SNFs within the Central Wisconsin Senior Care Portfolio to a RIDEA structure in March 2023. The remaining increase in resident fees and services revenue for our SHOP segment was primarily attributable to improved resident occupancy and higher resident fees as a result of an increase in billing rates. Such amounts were partially offset by a decrease of $2,782,000 and $4,094,000, respectively, for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, due to real estate dispositions within our SHOP segment during the three months ended December 31, 2022 and the six months ended June 30, 2023.

Real Estate Revenue

For the three and six months ended June 30, 2023, we experienced a decrease in real estate revenue for our SNFs segment of $444,000 and $8,233,000, respectively, due to transitioning the SNFs within the Central Wisconsin Senior Care Portfolio to a RIDEA structure in March 2023, which amount predominantly included the full amortization of $8,073,000 of above-market leases. We also experienced a net decrease in real estate revenue for our MOBs segment for both the three and six months ended June 30, 2023, primarily due to real estate dispositions of MOBs during the fourth quarter of 2022 and the second quarter of 2023, which was partially offset by fixed rent escalations.

Grant Income

For the three months ended June 30, 2023 and 2022, we recognized $6,381,000 and $10,969,000, respectively, of grant income at our integrated senior health campuses related to government grants received through the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, economic stimulus programs. For the six months ended June 30, 2023 and 2022, we recognized $6,381,000 and $16,183,000, respectively, of grant income at our integrated senior health campuses and SHOP related to government grants received through the CARES Act economic stimulus programs. As of April 2023, the federal government's COVID-19 public health emergency declaration expired and certain relief measures have been wound down and others are being phased out.

Property Operating Expenses and Rental Expenses

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
Property Operating Expenses								
Integrated senior health campuses	$ 328,696	89.0 %	$ 258,934	86.7 %	$ 657,057	89.9 %	$ 512,084	87.6 %
SHOP	43,853	91.8 %	37,125	96.1 %	85,638	90.5 %	71,135	92.7 %
Total property operating expenses	$ 372,549	89.3 %	$ 296,059	87.8 %	$ 742,695	90.0 %	$ 583,219	88.2 %
Rental Expenses								
MOBs	$ 13,927	38.0 %	$ 13,791	37.4 %	$ 28,335	38.2 %	$ 28,104	37.6 %
SNFs	378	6.2 %	521	7.9 %	847	19.0 %	1,207	9.3 %
Senior housing — leased	229	4.2 %	212	4.0 %	428	4.0 %	391	3.7 %
Hospitals	119	4.9 %	139	5.8 %	238	4.8 %	248	5.1 %
Total rental expenses	$ 14,653	29.0 %	$ 14,663	28.7 %	$ 29,848	31.7 %	$ 29,950	29.1 %

Integrated senior health campuses and SHOP typically have a higher percentage of direct operating expenses to revenue than MOBs, hospitals, and leased senior housing and SNFs due to the nature of RIDEA-type facilities where we conduct day-to-day operations. For the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, the increase in total property operating expenses for our integrated senior health campuses segment was predominately due to an increase of $40,253,000 and $81,257,000, respectively, in property operating expenses attributable to our acquisition of the 50.0% interest in RHS on August 1, 2022. Further, we experienced higher operating expenses as a result of increased occupancy and an increase of $11,993,000 and $27,198,000 in operating expenses for the three and six months ended June 30, 2023, respectively, within Trilogy's ancillary business unit due to higher labor costs associated with the expansion of services offered and inflation impacting the cost of goods sold. Such amounts were partially offset by a decrease in total property operating expenses of $3,239,000 and $6,459,000, respectively, due to dispositions within our integrated senior health campuses segment during the third and fourth quarters of 2022.

For the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, total property operating expenses for our SHOP segment primarily increased due to: (i) an increase of $5,707,000 and $10,889,000, respectively, due to the acquisition of a portfolio of seven senior housing facilities within our SHOP segment in Texas on December 5, 2022; (ii) an increase of $4,049,000 and $5,261,000, respectively, due to transitioning the SNFs within the Central Wisconsin Senior Care Portfolio to a RIDEA structure in March 2023; (iii) higher operating expenses as a result of increased occupancy; and (iv) higher labor costs due to an increase in employee wages. Such amounts were partially offset by a decrease in total property operating expenses for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, of $3,343,000 and $4,717,000, respectively, due to real estate dispositions within our SHOP segment during the three months ended December 31, 2022 and during the six months ended June 30, 2023.

General and Administrative

For the three months ended June 30, 2023, general and administrative expenses were $11,774,000 compared to $10,928,000 for the three months ended June 30, 2022. The increase in general and administrative expenses of $846,000 was primarily the result of an increase of $592,000 in stock compensation expenses.

For the six months ended June 30, 2023, general and administrative expenses were $24,827,000 compared to $22,047,000 for the six months ended June 30, 2022. The increase in general and administrative expenses of $2,780,000 was primarily the result of an increase of: (i) $1,247,000 in professional fees and legal fees; and (ii) $887,000 in stock compensation expenses.

Business Acquisition Expenses

For the three and six months ended June 30, 2023, we recorded business acquisition expenses of $888,000 and $1,220,000, respectively, primarily incurred in pursuit of real estate-related investment opportunities. For the three and six months ended June 30, 2022, we recorded business acquisition expenses of $1,757,000 and $1,930,000, respectively, primarily incurred in connection with $938,000 in transaction costs related to the acquisition of a pharmaceutical business in April 2022 and $596,000 and $719,000, respectively, of costs incurred in the pursuit of real estate investments that did not close. See Note 3, Real Estate Investments, Net and Business Combinations — Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our acquisition of a pharmaceutical business.

Depreciation and Amortization

For the three months ended June 30, 2023 and 2022, depreciation and amortization was $44,701,000 and $39,971,000, respectively, which primarily consisted of depreciation on our operating properties of $37,139,000 and $34,328,000, respectively, and amortization of our identified intangible assets of $6,852,000 and $5,008,000, respectively. For the six months ended June 30, 2023 and 2022, depreciation and amortization was $89,371,000 and $82,282,000, respectively, which primarily consisted of depreciation on our operating properties of $73,038,000 and $68,750,000, respectively, and amortization of our identified intangible assets of $14,840,000 and $12,133,000, respectively.

For the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, the increase in depreciation and amortization of $4,730,000 and $7,089,000, respectively, was primarily due to: (i) an increase in depreciation and amortization within our SHOP segment and our integrated senior health campuses segment as a result of acquisitions that occurred subsequent to June 30, 2022, as well as development and capital expenditures since June 30, 2022; (ii) the full amortization of $885,000 of in-place leases related to transition of SNFs within the Central Wisconsin Senior Care Portfolio to a RIDEA structure; and (iii) the full amortization of $529,000 of depreciable assets as a result of storm damage affecting our properties in Texas and Louisiana. Such amounts were partially offset by a decrease in depreciation and amortization as a result of real estate dispositions within our SHOP segment and our MOBs segment subsequent to June 30, 2022.

Interest Expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest expense:				
Lines of credit and term loan and derivative financial instruments	$ 24,420	$ 9,027	$ 47,689	$ 16,576
Mortgage loans payable	13,935	9,608	27,095	19,152
Amortization of deferred financing costs:				
Lines of credit and term loan	949	724	1,805	1,533
Mortgage loans payable	559	492	1,136	933
Amortization of debt discount/premium, net	890	347	1,775	330
Gain in fair value of derivative financial instruments	(4,993)	—	(4,798)	(500)
(Gain) loss on extinguishments of debt	—	(181)	—	4,410
Interest on finance lease liabilities	66	66	157	140
Interest expense on financing obligations and other liabilities	171	262	344	596
Total	$ 35,997	$ 20,345	$ 75,203	$ 43,170

The increase in total interest expense for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, was primarily due to an increase in debt balances since June 30, 2022 and a higher weighted average effective interest rate on our variable debt, which was 7.25% and 3.59% as of June 30, 2023 and 2022, respectively. Such increases in total interest expense for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, were primarily offset by: (i) a $4,298,000 increase in gain in fair value of our derivative financial instrument; (ii) $895,000 of net proceeds from our interest rate swap; and (iii) a $4,410,000 decrease in loss on extinguishments of debt. See Note 7, Mortgage Loans Payable, Net, and Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements for a further discussion on debt extinguishments.

Gain or Loss on Dispositions of Real Estate Investments

For the three months ended June 30, 2023, we recognized an aggregate net loss on dispositions of our real estate investments of $2,072,000 primarily related to the sale of four SHOP within our Central Florida Senior Housing Portfolio and 11 MOBs. For the six months ended June 30, 2023, we recognized an aggregate net loss on dispositions of our real estate investments of $2,204,000 primarily related to the sale of five SHOP within our Central Florida Senior Housing Portfolio and 11 MOBs. See Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for further discussion.

For the six months ended June 30, 2022, we recognized a gain on dispositions of our real estate investments of $683,000 related to the sale of 77.0% ownership interests in several real estate assets for development in February 2022, within our integrated senior health campuses segment.

Impairment of Real Estate Investments

For both the three and six months ended June 30, 2023, we did not recognize impairment charges on real estate investments. For both the three and six months ended June 30, 2022, we recognized an impairment charge of $17,340,000 on four of our SHOP within the Central Florida Senior Housing Portfolio. Such SHOP were subsequently disposed in the fourth quarter of 2022 and first quarter of 2023. See Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for further discussion.

Gain on Re-measurement of Previously Held Equity Interest

For the six months ended June 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, or MCP. For the six months ended June 30, 2022, we did not recognize a gain on re-measurement of previously held equity interest. See Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for further discussion.

Liquidity and Capital Resources

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

Material Cash Requirements

Capital Improvement Expenditures

A capital plan for each investment is established upon acquisition that contemplates the estimated capital needs of that investment, including costs of refurbishment, tenant improvements or other major capital expenditures. The capital plan also sets forth the anticipated sources of the necessary capital, which may include operating cash generated by the investment, capital reserves, a line of credit or other loan established with respect to the investment, other borrowings or additional equity investments from us and joint venture partners. The capital plan for each investment is adjusted through ongoing, regular reviews of our portfolio or as necessary to respond to unanticipated additional capital needs. As of June 30, 2023, we had $16,556,000 of restricted cash in loan impounds and reserve accounts to fund a portion of such capital expenditures. Based on the budget for the properties we owned as of June 30, 2023, we estimated that unspent discretionary expenditures for capital and tenant improvements as of such date are equal to $69,420,000 for the remaining six months of 2023, 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 our 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 swap (for information on our interest rate swap, see Note 9, Derivative Financial Instrument, to our accompanying condensed consolidated financial statements); (iii) ground and other lease obligations; and (iv) financing obligations as of June 30, 2023 (in thousands):

	Payments Due by Period				
	2023	2024-2025	2026-2027	Thereafter	Total
Principal payments — fixed-rate debt	$ 9,821	$ 210,014	$ 190,394	$ 519,212	$ 929,441
Interest payments — fixed-rate debt	15,615	53,944	37,574	237,868	345,001
Principal payments — variable-rate debt	370,478	288,987	926,765	27,292	1,613,522
Interest payments — variable-rate debt (based on rates in effect as of June 30, 2023)	50,001	140,744	45,148	6,491	242,384
Ground and other lease obligations	19,240	75,032	75,146	229,084	398,502
Financing obligations	27,505	5,228	3,732	14,963	51,428
Total	$ 492,660	$ 773,949	$ 1,278,759	$ 1,034,910	$ 3,580,278

Distributions and Share Repurchases

For information on distributions, see the “Distributions” section below. For information on our share repurchase plan, see Note 12, Equity — Share Repurchase Plan, to our accompanying condensed consolidated financial statements.

Credit Facilities

We are party to a credit agreement, as amended, with an aggregate maximum principal amount up to $1,050,000,000, or the 2022 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 2019 Trilogy Credit Facility, which is scheduled to mature on September 5, 2023. See Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements for further discussion. We intend to satisfy the conditions pursuant to the 2019 Trilogy Credit Facility and pay the required extension fee in order to exercise our option to extend the maturity date for one 12-month period.

As of June 30, 2023, our aggregate borrowing capacity under the 2022 Credit Facility and the 2019 Trilogy Credit Facility was $1,450,000,000. As of June 30, 2023, our aggregate borrowings outstanding under our credit facilities was $1,282,534,000 and we had an aggregate of $167,466,000 available on such facilities.

Cash Flows

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

	Six Months Ended June 30,	
	2023	2022
Cash, cash equivalents and restricted cash — beginning of period	$ 111,906	$ 125,486
Net cash provided by operating activities	43,642	56,138
Net cash provided by (used in) investing activities	9,687	(97,364)
Net cash (used in) provided by financing activities	(71,575)	19,924
Effect of foreign currency translation on cash, cash equivalents and restricted cash	90	(8)
Cash, cash equivalents and restricted cash — end of period	$ 93,750	$ 104,176

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

Operating Activities

For the six months ended June 30, 2023 and 2022, cash flows provided by operating activities were primarily related to the cash flows provided by our 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. See the “Results of Operations” section above for further discussion.

Investing Activities

For the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, the change from net cash used in investing activities to net cash provided by investing activities was primarily due to a $73,444,000 increase in proceeds from dispositions of real estate investments and a $62,792,000 decrease in cash paid to acquire real estate investments. Such amounts were partially offset by a $16,566,000 increase in development and capital expenditures and an $11,800,000 increase in investments in unconsolidated entities. See Note 3, Real Estate Investments, Net and Business Combinations, to our accompanying condensed consolidated financial statements for a further discussion of our acquisitions and dispositions.

Financing Activities

For the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, the change from net cash provided by financing activities to net cash used in financing activities was primarily due to a decrease in net borrowings under our mortgage loans payable of $43,100,000 and a decrease in net borrowings under our lines of credit and term loans of $41,100,000 and a $15,954,000 payment to redeem a portion of the equity interests owned by members of Trilogy Investors, LLC management. Such amounts were partially offset by a $10,418,000 decrease in repurchases of our common stock.

Distributions

Our board authorized record date distributions to our Class T common stockholders and Class I common stockholders of record as of each monthly record date from January 2022 through June 2022, equal to $0.133333332 per share of our common stock, which was equal to an annualized distribution rate of $1.60 per share. The distributions were paid in cash or shares of our common stock pursuant to the DRIP offering. Effective beginning with the third quarter of 2022, distributions, if any, were or shall be authorized by our board on a quarterly basis, in such amounts as our board determined or shall determine, and each quarterly record date for the purposes of such distributions was or 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. Our board authorized a quarterly distribution to our Class T common stockholders and Class I common stockholders of record as of the close of business on September 29, 2022. Such quarterly distribution was equal to $0.40 per share of our common stock, which was equal to an annualized distribution rate of $1.60 per share and paid in cash or shares of our common stock pursuant to the DRIP offering, only from legally available funds.

On November 14, 2022, our board suspended the DRIP offering beginning with 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. Our board authorized a quarterly distribution to our Class T common stockholders and Class I common stockholders of record as of the close of business on December 29, 2022. Such quarterly distribution was equal to $0.40 per share of our common stock, which was equal to an annualized distribution rate of $1.60 per share and paid in cash, only from legally available funds.

In response to interest rates that have increased drastically since the beginning of 2022, and greater uncertainty surrounding further interest rate movements, our board elected to reduce our quarterly distribution to $0.25 per share in order to preserve our liquidity, better align distributions with available cash flows and position our company for its long-term strategic goals. Therefore, our board authorized a quarterly distribution equal to $0.25 per share to our Class T common stockholders and Class I common stockholders of record as of the close of business on each of April 4, 2023 and June 28, 2023, which distributions were paid on April 18, 2023 and July 13, 2023, respectively. Such quarterly distributions were equal to an annualized distribution rate of $1.00 per share and paid in cash, only from legally available funds. See our Current Reports on Form 8-K filed with the SEC on March 17, 2023 and June 16, 2023 for more information.

The following tables reflect distributions we paid for the six months ended June 30, 2023 and 2022, along with the amount of distributions reinvested pursuant to the DRIP and the sources of distributions as compared to cash flows from operations or funds from operations attributable to controlling interest, or FFO, a non-GAAP financial measure (dollars in thousands):

	Six Months Ended June 30,			
	2023		2022	
Distributions paid in cash	$ 43,086		$ 30,247	
Distributions reinvested	—		22,447	
	$ 43,086		$ 52,694	
Sources of distributions:				
Cash flows from operations	$ 43,086	100 %	$ 52,694	100 %
Proceeds from borrowings	—	—	—	—
	$ 43,086	100 %	$ 52,694	100 %

	Six Months Ended June 30,			
	2023		2022	
Distributions paid in cash	$ 43,086		$ 30,247	
Distributions reinvested	—		22,447	
	$ 43,086		$ 52,694	
Sources of distributions:				
FFO attributable to controlling interest	$ 39,265	91.1 %	$ 52,694	100 %
Proceeds from borrowings	3,821	8.9	—	—
	$ 43,086	100 %	$ 52,694	100 %

As of June 30, 2023, 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.

Financing

We anticipate that our overall leverage will approximate 50.0% of the combined fair market value of all of our properties, and other real estate-related investments, as determined at the end of each calendar year. For these purposes, the market value of each asset will be equal to the contract purchase price paid for the asset or, if the asset was appraised subsequent to the date of purchase, then the market value will be equal to the value reported in the most recent independent appraisal of the asset. Our policies do not limit the amount we may borrow with respect to any individual investment. As of June 30, 2023, our aggregate borrowings were 53.6% of the combined market value of all of our real estate and real estate-related investments.

Mortgage Loans Payable, Net

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

Lines of Credit and Term Loan

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

REIT Requirements

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

Commitments and Contingencies

For a discussion of our commitments and contingencies, see Note 10, Commitments and Contingencies, to our accompanying condensed consolidated financial statements.

Debt Service Requirements

A significant liquidity need is the payment of principal and interest on our outstanding indebtedness. As of June 30, 2023, we had $1,260,429,000 of fixed-rate and variable-rate mortgage loans payable outstanding secured by our properties. As of June 30, 2023, we had $1,282,534,000 outstanding and $167,466,000 remained available under our lines of credit. The weighted average effective interest rate on our outstanding debt, factoring in our interest rate swap, was 5.69% per annum as of June 30, 2023. See Note 7, Mortgage Loans Payable, Net, and Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

We are required by the terms of certain loan documents to meet various financial and non-financial covenants, such as leverage ratios, net worth ratios, debt service coverage ratios and fixed charge coverage ratios. As of June 30, 2023, 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 to our management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs, which may not be immediately apparent from net income (loss).

We define normalized FFO attributable to controlling interest, or NFFO, 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 (which are adjusted in order to reflect such payments from a GAAP accrual basis); 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 goodwill; amortization of closing costs on debt investments; mark-to-market adjustments included in net income (loss); gains or losses included in net income (loss) from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan; and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect NFFO on the same basis.

However, FFO and NFFO 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 or GAAP cash flows from operations as an indicator of our liquidity. 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 NFFO measures and the adjustments to GAAP in calculating FFO and NFFO. Presentation of this information is intended to provide useful information to management, investors and industry analysts 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. 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 NFFO. 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	$ (11,867)	$ (15,542)	$ (39,482)	$ (16,439)
Depreciation and amortization related to real estate — consolidated properties	44,663	39,939	89,295	82,250
Depreciation and amortization related to real estate — unconsolidated entities	95	420	158	846
Impairment of real estate investments — consolidated properties	—	17,340	—	17,340
Loss (gain) on dispositions of real estate investments — consolidated properties	2,072	73	2,204	(683)
Net (income) loss attributable to noncontrolling interests	(316)	(1,768)	1,427	(3,827)
Gain on re-measurement of previously held equity interest	—	—	(726)	—
Depreciation, amortization, impairments, gain/loss on dispositions and gain on re-measurement — noncontrolling interests	(7,073)	(7,744)	(13,611)	(14,153)
FFO attributable to controlling interest	$ 27,574	$ 32,718	$ 39,265	$ 65,334
Business acquisition expenses	$ 888	$ 1,757	$ 1,220	$ 1,930
Amortization of above- and below-market leases	455	699	9,130	1,204
Amortization of closing costs	68	58	133	114
Change in deferred rent	(180)	(1,278)	(240)	(2,304)
Non-cash impact of changes to equity instruments	1,593	1,001	2,665	1,779
Capitalized interest	(54)	(14)	(80)	(78)
(Gain) loss on debt extinguishments	—	(181)	—	4,410
Gain in fair value of derivative financial instruments	(4,993)	—	(4,798)	(500)
Foreign currency (gain) loss	(1,068)	3,607	(2,076)	4,994
Adjustments for unconsolidated entities	(179)	70	(253)	168
Adjustments for noncontrolling interests	43	(680)	(590)	(1,503)
NFFO attributable to controlling interest	$ 24,147	$ 37,757	$ 44,376	$ 75,548
Weighted average Class T and Class I common shares outstanding — basic and diluted	66,033,345	65,754,423	66,029,779	65,692,159
Net loss per Class T and Class I common share attributable to controlling interest — basic and diluted	$ (0.19)	$ (0.26)	$ (0.58)	$ (0.31)
FFO per Class T and Class I common share attributable to controlling interest — basic and diluted	$ 0.42	$ 0.50	$ 0.59	$ 0.99
NFFO per Class T and Class I common share attributable to controlling interest — basic and diluted	$ 0.37	$ 0.57	$ 0.67	$ 1.15

Net Operating Income

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

NOI is not equivalent to our net income (loss) as determined under GAAP and may not be a useful measure in measuring operational income or cash flows. Furthermore, NOI should not be considered as an alternative to net income (loss) as an indication of our 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) or in its applicability in evaluating our operating performance. Investors are also cautioned that NOI should only be used to assess our operational performance in periods in which we have not incurred or accrued any business acquisition expenses.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	$ (11,867)	$ (15,542)	$ (39,482)	$ (16,439)
General and administrative	11,774	10,928	24,827	22,047
Business acquisition expenses	888	1,757	1,220	1,930
Depreciation and amortization	44,701	39,971	89,371	82,282
Interest expense	35,997	20,345	75,203	43,170
Loss (gain) on dispositions of real estate investments	2,072	73	2,204	(683)
Impairment of real estate investments	—	17,340	—	17,340
Loss (income) from unconsolidated entities	113	(638)	419	(2,024)
Gain on re-measurement of previously held equity interest	—	—	(726)	—
Foreign currency (gain) loss	(1,068)	3,607	(2,076)	4,994
Other income	(2,589)	(469)	(4,197)	(1,729)
Income tax expense	348	205	491	373
Net operating income	$ 80,369	$ 77,577	$ 147,254	$ 151,261

Subsequent Event

For a discussion of our subsequent event, see Note 19, Subsequent Event, to our accompanying condensed consolidated financial statements.

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 2022 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023.

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, and for which we have not and may not elect hedge accounting treatment. We did 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 June 30, 2023, our interest rate swap is recorded in other assets, net in our accompanying condensed consolidated balance sheet at its fair value of $4,798,000. We do not enter into derivative transactions for speculative purposes. For information on our interest rate swaps, see Note 9, Derivative Financial Instrument, and Note 19, Subsequent Event — Interest Rate Swap, to our accompanying condensed consolidated financial statements.

As of June 30, 2023, 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 swap (dollars in thousands):

	Expected Maturity Date							
	2023	2024	2025	2026	2027	Thereafter	Total	Fair Value
Assets								
Debt security held-to-maturity	$ —	$ —	$ 93,433	$ —	$ —	$ —	$ 93,433	$ 92,998
Weighted average interest rate on maturing fixed-rate debt security	— %	— %	4.24 %	— %	— %	— %	4.24 %	—
Liabilities								
Fixed-rate debt — principal payments	$ 9,821	$ 74,086	$ 135,928	$ 155,560	$ 34,834	$ 519,212	$ 929,441	$ 760,299
Weighted average interest rate on maturing fixed-rate debt	3.24 %	3.57 %	4.29 %	2.99 %	3.33 %	3.14 %	3.37 %	—
Variable-rate debt — principal payments	$ 370,478	$ 258,824	$ 30,163	$ 376,576	$ 550,189	$ 27,292	$ 1,613,522	$ 1,620,218
Weighted average interest rate on maturing variable-rate debt (based on rates in effect as of June 30, 2023)	7.94 %	7.73 %	7.57 %	6.85 %	6.80 %	7.30 %	7.25 %	—

Debt Security Investment, Net

As of June 30, 2023, the net carrying value of our debt security investment was $84,933,000. As we expect to hold our debt security investment to maturity and the amounts due under such debt security investment would be limited to the outstanding principal balance and any accrued and unpaid interest, we do not expect that fluctuations in interest rates, and the resulting change in fair value of our debt security investment, would have a significant impact on our operations. See Note 13, Fair Value Measurements, to our accompanying condensed consolidated financial statements, for a discussion of the fair value of our investment in a held-to-maturity debt security. The effective interest rate on our debt security investment was 4.24% per annum as of June 30, 2023.

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

Mortgage loans payable were $1,260,429,000 ($1,237,565,000, net of discount/premium and deferred financing costs) as of June 30, 2023. As of June 30, 2023, we had 71 fixed-rate mortgage loans payable and 12 variable-rate mortgage loans payable with effective interest rates ranging from 2.21% to 8.01% per annum and a weighted average effective interest rate of 4.51%. In addition, as of June 30, 2023, we had $1,282,534,000 ($1,281,683,000, net of deferred financing fees) outstanding under our lines of credit and term loan, at a weighted average interest rate of 7.13% per annum.

As of June 30, 2023, the weighted average effective interest rate on our outstanding debt, factoring in our fixed-rate interest rate swap, was 5.69% per annum. An increase in the variable interest rate on our variable-rate mortgage loans payable and lines of credit and term loan constitutes a market risk. As of June 30, 2023, a 0.50% increase in the market rates of interest would have increased our overall annualized interest expense on all of our other variable-rate mortgage loans payable and lines of credit and unhedged term loan by $6,786,000, or 4.6% of total annualized interest expense on our mortgage loans payable and lines of credit and term loan. See Note 7, Mortgage Loans Payable, Net and Note 8, Lines of Credit and Term Loan, to our accompanying condensed consolidated financial statements.

Other Market Risk

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

Item 4. Controls and Procedures.

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

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of June 30, 2023 was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of June 30, 2023, were effective at the reasonable assurance level.

(b) *Changes in internal control over financial reporting.* There were no changes in internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There were no material changes from the risk factors previously disclosed in our 2022 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023, except as noted below.

The COVID-19 pandemic and economic impact of the pandemic have adversely impacted, and continue to adversely impact, our business and financial results, and the ultimate long-term impact of the pandemic will depend on future developments, which are highly uncertain and cannot be predicted with accuracy.

Our residents, tenants, operating partners and managers, our industry and the U.S. economy continue to be adversely affected by the COVID-19 pandemic and related supply chain disruptions, inflation and labor shortages. While the immediate effects of the COVID-19 pandemic have subsided, the timing and extent of the recovery towards pre-pandemic norms is dependent upon many factors, including the emergence and severity of future COVID-19 variants, the effectiveness and frequency of booster vaccinations and the duration and implications of ongoing or future restrictions and safety measures. As an owner and operator of healthcare facilities, we expect to continue to be adversely affected by the long-term effects of the COVID-19 pandemic for some period of time; however, it is not possible to predict the full extent of its future impact on us, the operations of our properties or the markets in which they are located, or the overall healthcare industry.

The COVID-19 pandemic resulted in a significant decline in occupancy at our senior housing — leased facilities, SNFs, SHOP and integrated senior health campuses and an increase in COVID-19 related operating expenses. Among other things, due to the shortage of healthcare personnel, the pandemic caused higher labor costs that continue to adversely affect us, including those related to greater reliance on agency staffing and more costly short-term hires. Expenses also increased due to pandemic-related costs (e.g., heightened cleaning and sanitation protocols) and the ongoing inflationary environment. This has, in general, resulted in decreased NOI and margin at these properties relative to pre-pandemic levels. Therefore, our focus at such properties continues to be on improving occupancy and managing operating expenses. While occupancy has generally been improving, it has not returned to pre-pandemic levels across all asset types, and labor costs remain elevated, as we have had difficulty filling open positions and experienced increased labor costs. The timing and extent of any further improvement in occupancy or relief from these labor pressures remains unclear. No assurance can be given that recent improvements in our occupancy, margin or NOI will be maintained or will continue at the same pace or at all, or that our occupancy, margin or NOI will ever return to pre-pandemic levels.

As a result of the federal government's COVID-19 public health emergency declaration in January 2020 and its COVID-19 national emergency declaration in March 2020, certain federal and state pandemic-related relief measures, such as funding, procedural waivers and/or reimbursement increases, became available to us and some of our tenants and operators. These declarations expired on May 11, 2023 and April 10, 2023, respectively, and certain relief measures have been wound-down and others are being phased out. It is unclear what pandemic-related relief measures, including funding, waiver and reimbursement programs, that we and certain of our tenants and operators benefited from will continue to be available or to what extent.

Certain provisions of Maryland law may make it more difficult for us to be acquired and may limit or delay our stockholders' ability to dispose of their shares of our common stock.

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

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

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

The control share acquisition statute of the MGCL provides that, subject to certain exceptions, holders of "control shares" of a Maryland corporation (defined as voting shares of stock that, if aggregated with all other such shares of stock owned by the acquiror or in respect of which the acquiror can exercise or direct voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within specified ranges of voting power) acquired in a "control share acquisition" (defined as the acquisition of issued and outstanding control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter. Shares of stock owned by the acquiror, by our officers or by our employees who are also our directors are excluded from shares entitled to vote on the matter.

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

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

Recent Sales of Unregistered Securities

On April 3, 2023 and June 19, 2023, we granted an aggregate of 150,329 time-based RSUs to our executive officers and certain of our key employees pursuant to the Second Amended and Restated 2015 Incentive Plan, or the AHR Incentive Plan. Such time-based RSUs vest in three equal installments annually based on the date of grant (subject to continuous employment through each vesting date) and represent the right to receive shares of our Class T common stock upon vesting. The time-based RSUs were issued in transactions exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

On April 3, 2023, we granted an aggregate of 41,399 performance-based RSUs representing the right to receive up to 82,798 shares of our Class T common stock upon vesting (such number of shares assumes that we issue shares of our common stock underlying such nonvested performance-based awards at maximum levels for performance and market conditions that have not yet been achieved; to the extent that performance or market conditions do not meet maximum levels, the actual number of shares of our common stock issued under the AHR Incentive Plan would be less than the amount reflected above) to our executive officers pursuant to the AHR Incentive Plan. Such performance-based RSUs will cliff vest in the first quarter of 2026 (subject to continuous employment through that vesting date) with the amount vesting dependent on certain agreed upon performance criteria. The performance-based RSUs were issued in a transaction exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

On June 15, 2023, we granted an aggregate of 24,200 shares of our restricted Class T common stock to our non-executive and independent directors pursuant to the AHR Incentive Plan as compensation for services in connection with their re-election as independent directors to our board. Such shares of restricted stock vest on June 15, 2024 and were issued in transactions exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

In June 2023, we repurchased 366 shares of our Class I common stock and 2,403 shares of our Class T common stock from our independent directors for an aggregate $87,000, at a repurchase price of $31.40 per share of our common stock in order to satisfy tax obligations associated with the accelerated vesting of restricted common stock issued pursuant to the AHR Incentive Plan.

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 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 under the Securities Exchange Act of 1934 as amended).

Item 6. Exhibits.

The following exhibits are included, or incorporated by reference, in this Quarterly Report on Form 10-Q for the period ended June 30, 2023 (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	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*	American Healthcare REIT, Inc. Second Amended and Restated 2015 Incentive Plan
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)*
August 14, 2023 Date	By:	/s/ DANNY PROSKY Danny Prosky Chief Executive Officer, President and Director (Principal Executive Officer)
August 14, 2023 Date	By:	/s/ BRIAN S. PEAY Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.1

AMERICAN HEALTHCARE REIT, INC.

SECOND AMENDED AND RESTATED 2015 INCENTIVE PLAN

American Healthcare REIT, Inc.
Second Amended and Restated 2015 Incentive Plan

American Healthcare REIT, Inc., a Maryland corporation, has adopted the American Healthcare REIT, Inc. Second Amended and Restated 2015 Incentive Plan, for the benefit of its Eligible Recipients and the Eligible Recipients of its Subsidiaries.

1 Purpose

The purposes of the Plan are as follows:

1.1 To provide an additional incentive for Eligible Recipients to further the growth, development and financial success of the Company by personally benefiting through the ownership of Company stock and/or rights which recognize such growth, development and financial success.

1.2 To enable the Company to obtain and retain the services of Eligible Recipients considered essential to the long range success of the Company by offering them an opportunity to own stock in the Company and/or rights which will reflect the growth, development and financial success of the Company.

2 Definitions

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 Administrator shall mean the entity that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Awards granted to Independent Directors, the term "Administrator" shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term "Administrator" shall refer to the Committee unless the Board has assumed the authority for administration of the Plan generally as provided in Article 11.

2.2 ***Affiliate*** shall mean any domestic or foreign individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or governmental entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

2.3 ***Award*** shall mean an Option, a Restricted Stock award, a Performance Award, a Dividend Equivalents award, a Deferred Stock award, a Stock Payment award or a Stock Appreciation Right which may be awarded or granted under the Plan.

2.4 ***Award Agreemen*t** shall mean a written or electronic agreement executed by an authorized Officer of the Company and, to the extent required by the Company, the Holder which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.5 ***Board*** shall mean the Board of Directors of the Company.

2.6 ***Business*** shall mean the business of investing in a diversified portfolio of real estate properties, focusing primarily on medical office buildings, hospitals, skilled nursing facilities, senior housing and other healthcare-related facilities.

2.7 ***Change of Control*** shall mean the first to occur of any of the events set forth in the following paragraphs; *provided, however*, that a Qualified Event shall not constitute a Change in Control:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company or an Affiliate or the Company or Affiliate employee benefit plan, including any trustee of such plan acting as trustee, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of AHR representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities entitled to vote;

(b) merger, reverse merger or other business combination or consolidation of the Company with any other corporation other than an Affiliate, other than a merger or consolidation which would result in the Company's common stockholders of record outstanding immediately prior thereto continuing to hold, directly or indirectly, at least fifty percent (50%) of the total voting power of the surviving entity immediately after such merger, reverse merger, business combination or consolidation;

(c) during any 12-month period, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with American Healthcare Opps Holdings, LLC, or the Company or any successor company) to effect a transaction described in subsections (a) or (b)) whose election by the Board or nomination for election by stockholders of the Company (or any successor company) was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof;

(d) a sale or disposition (other than to an Affiliate) of all or substantially all of the Company's assets in any single transaction or series of related transactions;

(e) the sale or disposition, directly or indirectly, of more than 50% of the Company's interest in American Healthcare Opps Holdings, LLC; or

(f) the stockholders of AHR or the Board adopts a plan of liquidation of the Company; or the manager of American Healthcare Opps Holdings, LLC adopts a plan of liquidation of American Healthcare Opps Holdings, LLC.

Notwithstanding the foregoing, if a Change in Control constitutes or triggers the right to a payment event with respect to an amount that provides for the deferral of compensation that is subject to Section 409A, then, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described above shall only constitute a Change in Control if such transaction also constitutes a "change in control event" (within the meaning of Section 409A).

2.8 ***Code*** shall mean the Internal Revenue Code of 1986, as amended.

2.9 ***Committee*** shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board, appointed as provided in Section 11.1.

2.10 ***Common Stock*** shall mean Class T common stock, $0.01 par value per share, of the Company, or following the Company's listing on a public stock exchange, the Company's class of common stock that is principally traded following such listing.

2.11 ***Company*** shall mean American Healthcare REIT, Inc., a Maryland corporation.

2.12 ***Confidential*** Information shall mean (a) information of the Company, or any Subsidiary thereof, to the extent not considered a Trade Secret under applicable law, that (i) relates to the business of the Company, or any Subsidiary thereof, (ii) possesses an element of value to the Company, or any Subsidiary thereof, (iii) is not generally known to the Company's competitors (or a competitor of any Subsidiary thereof), and (iv) would damage the Company, or any Subsidiary thereof, if disclosed, and (b) information of any third party provided to the Company, or any Subsidiary thereof, which the Company, or any Subsidiary thereof, is obligated to treat as confidential, including, but not limited to, information provided to the Company, or any Subsidiary thereof, by its licensors, suppliers, Customers, or Prospective Customers. Confidential Information includes, but is not limited to, (i) future business plans, (ii) the composition, description, schematic or design of products, future products or equipment of the Company, or any Subsidiary thereof, or any third party, (iii) communication systems, audio systems, system designs and related documentation, (iv) advertising or marketing plans, (v) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, Customer lists and Prospective Customer lists compiled by the Company, or any Subsidiary thereof, and Customer and Prospective Customer information compiled by the Company, or any Subsidiary thereof, and (vi) information concerning the Company's, or any Subsidiary's, or a third party's financial structure and methods and procedures of operation. Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (ii) has been independently developed and disclosed by others without violating the legal rights of any party, or (iii) otherwise enters the public domain through lawful means.

2.13 ***Consultant*** shall mean any consultant or adviser if:

(a) The consultant or adviser renders bona fide services to the Company or any Subsidiary;

(b) The services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities within the meaning of the general instructions to SEC Form S-8; and

(c) The consultant or adviser is a natural person who has contracted directly with the Company to render such services.

2.14 ***Contact*** shall mean, with respect to an Eligible Recipient, any interaction between such Eligible Recipient and a Customer or Prospective Customer which takes place in an effort to establish, maintain, and/or further a business relationship on behalf of the Company, and any Subsidiary thereof.

2.15 ***Continuous Service*** shall mean the absence of any interruption or termination of service as an Officer, Employee, Consultant or Independent Director. Continuous Service shall not be considered interrupted in the case of (i) sick leave; (ii) military leave; (iii) any other leave of absence as approved by the Board or the chief executive officer of the Company, or any Subsidiary thereof, provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company, or any Subsidiary thereof, policy adopted from time to time; or (iv) transfers between locations of the Company, or any Subsidiary thereof, or between Company or a Subsidiary, or any successors to such organization. However, notwithstanding anything in the foregoing to the contrary, the Board shall have complete and absolute discretion to determine whether an Officer, Employee, Consultant or Independent Director is in the Continuous Service of the Company or Subsidiary at any time.

2.16 ***Customer*** shall mean any Person to whom the Company, or any Subsidiary thereof, has sold its products or services.

2.17 ***Deferred Stock*** means an award of a contractual right to Common Stock in the future made to an Eligible Recipient pursuant to Section 9.5 of the Plan, but subject to such terms and conditions as may be established by the Administrator.

2.18 ***Directo***r shall mean a member of the Board.

2.19 ***Dividend Equivalent*** shall mean a right awarded under Section 9.3 of the Plan to receive the equivalent value (in cash or Common Stock) of dividends paid on Common Stock.

2.20 ***DRO*** shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

2.21 ***Effective Date*** shall mean the date on which this Plan is adopted by the Board, or such delayed effective date as the Board may specify, as noted in resolutions effectuating such adoption; provided, that in the case of the Second Amended and Restated 2015 Incentive Plan, the Plan shall become effective as of stockholder approval at the 2023 Annual Meeting of Stockholders and shall govern awards granted on or after such date of stockholder approval.

2.22 ***Eligible Recipient*** shall mean an Officer, Employee, Consultant or Independent Director.

2.23 ***Employee*** shall mean any common law employee of the Company or of any Subsidiary

2.24 ***Exchange Ac***t shall mean the Securities Exchange Act of 1934, as amended.

2.25 ***Fair Market Value*** of a share of Common Stock as of a given date shall be a price that is based on the opening, closing, actual, high, low, or average selling prices of a share of Common Stock reported on the principal stock exchange on which the shares are principally traded on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion. Unless the Committee determines otherwise, Fair Market Value shall be deemed to be equal to (a) the closing price of a share of Common Stock on the principal exchange on which shares of Common Stock are then trading, if any (or as reported on any composite index which includes such principal exchange), on the trading day previous to such date, or if shares were not traded on the trading day previous to such date, then on the next preceding date on which a trade occurred, or (b) if Common Stock is not traded on an exchange but is quoted on Nasdaq or a successor quotation system, the mean between the closing representative bid and asked prices for the Common Stock on the trading day previous to such date as reported by Nasdaq or such successor quotation system, or (c) if Common Stock is not publicly traded on an exchange and not quoted on Nasdaq or a successor quotation system, the Fair Market Value of a share of Common Stock as established by the Administrator in its complete and absolute discretion.

2.26 ***Forfeiture Activities*** shall mean, with respect to an Eligible Recipient, any of the following:

(a) ***Trade Secrets & Confidential Information.*** Such Eligible Recipient (i) uses, discloses, or reverse engineers the Trade Secrets or the Confidential Information for any purpose other than the Company's

Business, or the Business of a Subsidiary thereof, except as authorized in writing by the Company, or any Subsidiary thereof; (ii) during the Eligible Recipient's employment with the Company, or any Subsidiary thereof, uses, discloses, or reverse engineers (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Eligible Recipient during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) after the Eligible Recipient's cessation of services for the Company, or any Subsidiary thereof, (a) retains any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form), which are in Eligible Recipient's possession or control, or (b) destroys, deletes, or alters any Trade Secrets or Confidential Information without the Company's (or a Subsidiary's) prior written consent. The Forfeiture Activities under this subsection (a) shall: (i) with regard to the Trade Secrets, remain in effect and be applicable as long as the information constitutes a Trade Secret under applicable law, and (ii) with regard to the Confidential Information, remain in effect and be applicable during the Forfeiture Period.

(b) ***Solicitation of Customers.*** During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient directly or indirectly, solicits any Customer for the purpose of selling products or providing services to any enterprise competitive with the Business, provided that such Eligible Recipient had Contact with such Customer at any time during the period in which the Eligible Recipient was employed by or performed services for the Company, and any Subsidiary thereof. Nothing in this subsection (b) shall be construed to include any Customer of the Company, or any Subsidiary thereof, (i) to which such Eligible Recipient never sold products or provided any services while employed by or providing services to the Company, or any Subsidiary thereof, (ii) that explicitly severed its business relationship with the Company, or any Subsidiary thereof, unless such Eligible Recipient, directly or indirectly, caused or encouraged the Customer to sever the relationship, or (iii) to which Eligible Recipient is selling products or providing services the Company, or any Subsidiary thereof, no longer offers.

(c) ***Solicitation of Prospective Customers.*** During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient, directly or indirectly, solicits any Prospective Customer of the Company, or any Subsidiary thereof, for the purpose of selling products or providing any services competitive with the Business, provided that such Eligible Recipient had Contact with such Prospective Customer during the last year of the period in which Eligible Recipient was employed by or performed services for the Company, and any Subsidiary thereof (or during such period if employed or providing services for less than a year). Nothing in this subsection (c) shall be construed to include Prospective Customers of the Company, or any Subsidiary thereof, to which Eligible Recipient is selling products or providing any services which the Company, or any Parent or Subsidiary thereof, no longer offers.

(d) ***Solicitation of Forfeiture Period Employees.*** During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient, directly or indirectly, solicits, recruits or induces any Forfeiture Period Employee to (a) terminate his employment or service relationship with the Company, or any Subsidiary thereof, or (b) work for any other Person engaged in the Business. This subsection (d) shall only apply to Forfeiture Period Employees (i) with whom such Eligible Recipient had Material Interaction, or (ii) such Eligible Recipient, directly or indirectly, supervised.

(e) ***Non-Disparagement****.* During the Forfeiture Period of such Eligible Recipient, the Eligible Recipient makes any disparaging or defamatory statements, whether written or oral, regarding the Company, or any Subsidiary thereof,. This subsection (e) shall not preclude an Eligible Recipient from responding truthfully to questions or requests for information to the government, a regulator or in a court of law in connection with a legal or regulatory investigation or proceeding, nor shall it preclude an Eligible Recipient from any activity that is protected by whistleblower retaliation laws.

2.27 ***Forfeiture Period*** shall mean, with respect to an Eligible Recipient, the time period during which such Eligible Recipient is employed with, or is performing services for, the Company, or any Subsidiary thereof, and for a period of two (2) years thereafter.

2.28 ***Forfeiture Period Employee*** shall mean, with respect to an Eligible Recipient, any Person who (a) is employed by or providing services to the Company, or any Subsidiary thereof, at the time the Eligible Recipient ceases to perform services for the Company, or any Subsidiary thereof, or (b) was employed by or providing services to the Company, or any Subsidiary thereof, during the last year in which Eligible Recipient performed services for the Company, and any Subsidiary thereof (or during the period in which the Eligible Recipient performed services for the Company, or any Subsidiary thereof, if the Eligible Recipient performed services for the Company, or any Subsidiary thereof, for less than a year).

2.29 ***Holder*** shall mean a person who has been granted or awarded an Award.

2.30 ***ISO*** shall mean an option which conforms to the applicable provisions of Code §422 and which is designated as an ISO by the Administrator.

2.31 ***Independent Director*** shall mean a member of the Board who is not an Officer or Employee.

2.32 ***Insider*** shall mean an individual who is, on the relevant date, an Officer, Director or ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.33 ***Material Interaction*** shall mean, with respect to an Eligible Recipient, any interaction between such Eligible Recipient and a Forfeiture Period Employee that relates or related, directly or indirectly, to the performance of such Eligible Recipient's duties or the Forfeiture Period Employee's duties for the Company, and any Subsidiary thereof.

2.34 ***NQSO*** shall mean an Option which is not designated as an ISO by the Administrator or which does not conform to the applicable provisions of Code §422.

2.35 ***Officer*** shall mean any officer of the Company, or of any Subsidiary.

2.36 ***Option*** shall mean a stock option granted under Section 5 of the Plan. An Option granted under the Plan shall, as determined by the Administrator, be intended to be either a NQSO or an ISO; *provided, however*, that Options granted to Eligible Recipients who are Independent Directors and Consultants at the time of grant shall be NQSOs.

2.37 ***Performance Award*** shall mean a cash bonus, stock bonus or other performance or incentive award that is paid in cash, Common Stock or a combination of both, awarded under Section 9.2 of the Plan.

2.38 ***Performance Criteria*** shall mean the following business criteria with respect to the Company, any Subsidiary or any division or operating unit: (a) net income; (b) pre-tax income; (c) operating income; (d) cash flow; (e) earnings per share; (f) return on equity; (g) return on invested capital or assets or equity or sales; (h) cost reductions or savings; (i) funds from operations; (j) appreciation in the fair market value of Common Stock; (k) earnings before or after any one or more of the following items: interest, taxes, depreciation or amortization; (l) net income; (m) cash flow return on investments which equals net cash flows divided by owners' equity; (n) gross revenues; (o) total shareholder returns; (p) achievement of sales targets; (q) completion of acquisitions; (r) cash generation, profit and/or revenue targets; (s) growth measures, including revenue growth, as compared with a peer group or other benchmark; or (t) any other performance criteria selected by the Committee whether or not listed herein; each as determined in accordance with generally accepted accounting principles or subject to such adjustments as may be specified by the Committee with respect to an Award.

2.39 ***Plan*** shall mean this Second Amended and Restated American Healthcare REIT, Inc. 2015 Incentive Plan, as amended and restated effective as of June 15, 2023, and as may be further amended from time to time. This Plan was originally effective July 23, 2015, as adopted by Griffin-American Healthcare REIT IV, Inc., and amended and restated effective as of November 18, 2021.

2.40 ***Prospective Customer*** shall mean any Person to which the Company, or any Subsidiary thereof, has solicited to sell its products or services.

2.41 ***Qualified Event*** shall mean any of the following: (a) a straight listing of the shares of the Company common stock on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; (b) an underwritten public offering of the Company common stock pursuant to an effective registration statement under the Securities Act, in which the shares of the Company common stock are approved for listing or quotation on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; or (c) a reverse merger of the Company into an existing publicly held company or its acquisition subsidiary, resulting in the Company common stock first becoming listed on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange.

2.42 ***Restricted Stock*** shall mean an award of Common Stock awarded under Section 8 of the Plan, whereby the Holder has immediate rights of ownership in the Common Stock underlying the Award, but such Common Stock is subject to restrictions in accordance with the terms and provisions of this Plan and the Award Agreement pertaining to the Award and may be subject to forfeiture by the Holder until the earlier of (a) the time such restrictions lapse or are satisfied, or (b) the time such shares are forfeited, pursuant to the terms of the Award Agreement pertaining to the Award.

2.43 ***Rule 16b-3*** shall mean Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time.

2.44 ***Securities Act*** shall mean the Securities Act of 1933, as amended.

2.45 ***Stock Appreciation Right*** shall mean a stock appreciation right granted under Section 10 of the Plan whereby the Holder, without payment to the Company (except for any applicable withholding or other taxes), receives cash, Common Stock, a combination thereof, or such other consideration as the Board may determine, and, in each case, specified in the Award Agreement, in an amount equal to the excess of the Fair Market Value per share of Common Stock on the date on which the Stock Appreciation Right is exercised over the Stock Appreciation Right exercise price noted in the Award Agreement for each share of Common Stock subject to the Stock Appreciation Right.

2.46 ***Stock Payment*** shall mean (a) a payment in the form of shares of Common Stock, or (b) an option or other right to purchase shares of Common Stock, as part of a deferred compensation arrangement, made in lieu of all or any portion of the compensation, including without limitation, salary, bonuses and commissions, that would otherwise become payable to an Eligible Recipient in cash, awarded under Section 9.4 of the Plan.

2.47 ***Subsidiary*** shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. "Subsidiary" shall also mean any partnership or limited liability company in which the Company, or any Subsidiary, owns a partnership or membership interest representing fifty percent (50%) or more of the capital or profit interests of such partnership or limited liability company.Notwithstanding the foregoing, “Subsidiary” for ISOs, shall mean a “subsidiary corporation” within the meaning of Code §424(f)).

2.48 ***Ten Percent Shareholder*** shall mean a person who owns (after taking into account the attribution rules of Code §424(d)) more than ten percent (10%) of the total combined voting power of all classes of stock of either the Company or a Subsidiary. For purposes of the preceding sentence, shares of stock owned (directly or indirectly) by or for a person’s brothers and sisters (whether by the whole or half-blood), spouse, ancestors and lineal descendants will be considered to be owned by the person, and if a domestic or foreign corporation, partnership, estate or trust owns (directly or indirectly) shares of stock, those shares are considered to be owned proportionately by or for the stockholders, partners, or beneficiaries of the corporation, partnership, estate or trust. The extent to which stock held by a person as a trustee of a voting trust is considered owned by such person is determined under all of the facts and circumstances. Stock that a person may purchase under outstanding options is not treated as stock owned by such person. In interpreting the foregoing, the provisions of Treas. Reg. §1.422-2(f)(2) shall govern.

2.49 ***Trade Secrets*** shall mean information of the Company, or any Subsidiary thereof, and its licensors, suppliers, clients and customers, without regard to form, including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual Customers, clients, licensors, or suppliers, or a list of Prospective Customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

3 Shares Subject to Plan

3.1 ***Shares Subject to Plan.***

(a) ***Overall Limitation****.* The shares of stock subject to Awards shall be Common Stock, as specified in Award Agreements. Subject to adjustment as provided in Section 12.4, the aggregate number of shares of Class T Common Stock which may be issued upon exercise of such Options or rights or upon any such Awards under the Plan shall not exceed four million (4,000,000). For the avoidance of doubt, the total number of shares reserved and available for issuance under the Plan shall include and account for any shares subject to Awards previously granted under the Plan (subject to the provisions of Section 3.2) since its adoption but prior to this amendment and restatement.

(b) ***Maximum Aggregate Shares Issuable ISO Limitation****.* The total maximum number of shares of Class T Common Stock that may be issued pursuant to the exercise of ISOs under this Plan shall at all times be exactly the same as the total maximum number of shares that may be issued pursuant to Awards pursuant to Section 3.1(a) above.

3.2 ***Add-back of Options and Other Rights.*** If any Award under the Plan, expires, terminates or is canceled without having been fully exercised or vested or is exercised or settled in whole or in part for cash as permitted by the Plan, the number of shares subject to such Award but as to which such Award or other right was not exercised or settled prior to its expiration, termination, cancellation or exercise or settlement may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Furthermore, any shares subject to Awards which are adjusted pursuant to Section 12.4 and become exercisable with respect to shares of stock of another corporation shall be considered cancelled and may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Shares of Common Stock which are delivered by the Holder or withheld by the Company upon the exercise or settlement of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. If any shares of Restricted Stock are surrendered by the Holder or repurchased by the Company pursuant to Section 8.4 hereof, such shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1. Notwithstanding the provisions of this Section 3.2, no shares of Common Stock may again be optioned, granted or awarded if such action would cause an ISO to fail to qualify as an incentive stock option under Code §422.

4 Granting of Awards

4.1 ***Award Agreement.*** Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing Awards intended to be ISOs shall contain such terms and conditions as may be necessary to meet the applicable provisions of Code §422.

4.2 ***Limitations Applicable to Section 16 Persons.*** Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.3 ***No Guarantee of Continued Relationship.*** Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Consultant for, the Company or any Subsidiary, or as a director of the Company, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written employment agreement between the Holder and the Company and any Subsidiary. The grant of an Award to a Holder under this Plan shall not constitute a contract of employment or a contract to perform services and shall not confer on a Holder any rights upon his or her termination of employment or other relationship with the Company in addition to those rights, if any, expressly set forth in the Award Agreement that evidences his or her Award.

5 Granting of Options to Eligible Recipients

5.1 ***Eligibility.*** Any Eligible Recipient selected by the Administrator pursuant to Section 5.3(a) shall be eligible to be granted an Option.

5.2 ***Qualification of ISOs.*** Only Officers or Employees are eligible to receive an Option which is an ISO.

5.3 ***Granting of Options to Eligible Recipients.***

(a) The Committee shall from time to time, in its absolute discretion, and subject to applicable limitations of the Plan, select from among the Eligible Recipients (including Eligible Recipients who have previously received Awards under the Plan) such of them as in its opinion should be granted Options; determine the number of shares to be subject to such Options granted to the selected Eligible Recipient; determine whether such Options for Officers or Employees are to be ISOs or NQSOs (subject to Section 5.2 above) and determine the terms and conditions of such Options, consistent with the Plan;

(b) Upon the selection of an Eligible Recipient to be granted an Option, the Committee shall instruct the Secretary of the Company to issue the Option and may impose such terms and conditions on the Option as it deems appropriate.

6 Terms of Options

6.1 ***Option Price.*** The price per share of the shares subject to each Option granted to Eligible Recipients shall be set by the Committee; *provided, however*, that such price shall be no less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted, and, in the case of ISOs granted to a Ten Percent Shareholder, such price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted. Notwithstanding the foregoing, the exercise price of an Option granted in substitution of an existing option pursuant to Treas. Reg. §1.424-1(a) or Treas. Reg. §1.409A-1(b)(5)(v)(D) may be established under the requirements of those provisions without regard to the foregoing (see Section 6.4 below).

6.2 ***Option Term.*** The term of an Option granted to an Eligible Recipient shall be set by the Committee in its discretion; *provided, however*, that, in the case of ISOs, the term shall not be more than 10 years from the date the ISO is granted, or five years from the date the ISO is granted if the ISO is granted to a Ten Percent Shareholder. Upon consideration of Code §§409A and 422, the Committee may extend the term of any outstanding Option.

6.3 ***Option Vesting.***

(a) The period during which the Holder of an Option shall be entitled to exercise, in whole or in part, an Option shall be set by the Committee and stated in the Award Agreement. At any time after grant of an Option, the Committee may, in its sole and absolute discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option granted to an Eligible Recipient vests. However, if the Holder of an Option receives a hardship distribution from a Code §401(k) plan of the Company or a Subsidiary, the Option may not be exercised during the six (6) month period following the hardship distribution, unless the Company determines that such exercise would not jeopardize the tax-qualification of the Code §401(k) plan. The Committee may impose such restrictions on any shares of Common Stock acquired pursuant to the exercise of an Option as it may deem advisable, including, without limitation, vesting or performance-based restrictions, voting restrictions, investment intent restrictions, restrictions on transfer, restrictions or limitations or other provisions that would be applied to shareholders under any applicable agreement among the shareholders, and restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such shares are then listed and/or traded, and/or under any blue sky or state securities laws applicable to such shares.

(b) To the extent that the aggregate Fair Market Value of stock with respect to which "incentive stock options" (within the meaning of Code §422, but without regard to Code §422(d)) are exercisable for the first time by a Holder during any calendar year (under the Plan and all other incentive stock option plans of the Company and any parent or subsidiary corporation, within the meaning of Code §422) of the Company, exceeds $100,000, such Options shall be treated as NQSOs to the extent required by Code §422. The rule set forth in the preceding sentence shall be applied in accordance with regulations issued under Code §422. For purposes of this Section 6.3(b), the Fair Market Value of stock shall be determined as of the time the Option with respect to such stock is granted.

6.4 ***Substitute Awards.*** Notwithstanding anything to the contrary in this Section, any Option in substitution for a stock option previously issued by another entity, which substitution occurs in connection with a transaction to which Code §424(a) is applicable, may provide for an exercise price computed in accordance with Code §424(a) and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued stock option being replaced thereby.

7 Exercise of Options

7.1 ***Partial Exercise.*** An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise be with respect to a minimum number of shares.

7.2 ***Manner of Exercise.*** All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company or his or her office:

(a) A written notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal or state securities laws or regulations. The Administrator may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 12.1 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option; and

(d) Full cash payment to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised. However, the Administrator may, in its discretion and to the extent permitted by applicable law, (i) allow a delay in payment up to 30 days from the date the Option, or portion thereof, is exercised; (ii) allow payment, in whole or in part, through the delivery of shares of Common Stock duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; (iii) allow payment, in whole or in part, through the surrender of shares of Common Stock then issuable upon exercise of the Option having a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the Option or exercised portion thereof; (iv) allow payment, in whole or in part, through the delivery of property of any kind which constitutes good and valuable consideration; (v) allow payment, in whole or in part, through the delivery of a full recourse promissory note bearing interest (at no less than such rate as shall then preclude the imputation of interest under the Code) and payable upon such terms as may be prescribed by the Administrator; (vi) allow payment, in whole or in part, through the delivery of a notice that the Holder has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, provided that payment of such proceeds is then made to the Company upon settlement of such sale; (vii) any other method permitted by the Committee or (viii) allow payment through any combination of the consideration provided in the foregoing subparagraphs (ii), (iii), (iv), (v) and (vi). In the case of a promissory note, the Administrator may also prescribe the form of such note and the security to be given for such note. The Option may not be exercised, however, by delivery of a promissory note or by a loan from the Company when or where such loan or other extension of credit is prohibited by law. However, notwithstanding the foregoing, with respect to any Holder who is an Insider, a tender of shares or a “cashless” or “net share” exercise must (1) have met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or (2) be a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act. Unless the Award Agreement provides otherwise, the foregoing exercise payment methods shall be subsequent transactions approved by the original grant of an Option.

7.3 ***Conditions to Issuance of Stock Certificates.*** The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges on which such class of stock is then listed;

(b) The completion of any registration or other qualification of such shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may establish from time to time for reasons of administrative convenience; and

(e) The receipt by the Company of full payment for such shares, including payment of any applicable withholding tax, which in the discretion of the Administrator may be in the form of consideration used by the Holder to pay for such shares under Section 7.2(d).

7.4 ***Rights as Shareholders.*** Holders shall not be, nor have any of the rights or privileges of, shareholders of the Company in respect of any shares purchasable upon the exercise of any part of an Option unless and until such shares have been issued by the Company to such Holders.

7.5 ***Ownership and Transfer Restrictions.*** The Administrator, in its absolute discretion, may impose such restrictions on the ownership and transferability of the shares purchasable upon the exercise of an Option as it deems appropriate. Any such restriction shall be set forth in the respective exercise documentation provided to the Holder upon exercise and may be referred to on the certificates evidencing such shares. The Holder shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an ISO within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Code §424(h)) such Option to such Holder, or (b) one year after the transfer of such shares to such Holder.

7.6 ***Additional Limitations on Exercise of Options.*** Holders may be required to comply with any timing or other restrictions with respect to the settlement or exercise of an Option, including a window-period limitation, as may be imposed in the discretion of the Administrator.

8 Award of Restricted Stock

8.1 ***Eligibility.*** Subject to the terms and provisions of this Plan, Restricted Stock may be awarded to any Eligible Recipient who the Committee determines should receive such an Award.

8.2 ***Award of Restricted Stock to Eligible Recipients.***

(a) The Committee may from time to time, in its absolute discretion, select from among the Eligible Recipients (including Eligible Recipients who have previously received other awards under the Plan) such of them as in its opinion should be awarded Restricted Stock; and determine the purchase price, if any, and other terms and conditions applicable to such Restricted Stock, consistent with the Plan.

(b) The Committee shall establish the purchase price, if any, and form of payment for Restricted Stock; *provided, however*, that such purchase price shall be no less than the par value of the Common Stock to be purchased, unless otherwise permitted by applicable state law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

(c) Upon the selection of an Eligible Recipient to be awarded Restricted Stock, the Committee shall instruct the Secretary of the Company to issue such Restricted Stock and may determine and impose such conditions, limitations, restrictions and other terms and conditions on the issuance of such Restricted Stock as it deems appropriate, including, but not limited to, vesting or performance-based restrictions, voting restrictions, investment intent restrictions, restrictions on transfer, rights of the Company to re-purchase shares acquired pursuant to the Restricted Stock Award, “first refusal” rights of the Company to purchase shares acquired pursuant to the Restricted Stock Award prior to their sale to any other person, restrictions or limitations or other provisions that would be applied to shareholders under any applicable agreement among the shareholders, and restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such shares are then listed and/or traded, and/or under any blue sky or state securities laws applicable to such shares.

8.3 ***Rights as Shareholders.*** Subject to Section 8.4, upon delivery of the shares of Restricted Stock to the escrow holder pursuant to Section 8.5, the Holder shall have, unless otherwise provided by the Administrator in the Award Agreement, all the rights of a shareholder with respect to said shares, subject to the restrictions in his or her Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; *provided, however*, that in the discretion of the Administrator, any extraordinary distributions with respect to the Common Stock shall be subject to the restrictions set forth in Section 8.4.

8.4 ***Restriction.*** All shares of Restricted Stock issued under the Plan (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such terms, conditions and restrictions, if any, as the Administrator shall provide. After the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

8.5 ***Escrow.*** If desired by the Administrator, the Secretary of the Company or such other escrow holder as the Administrator may appoint shall retain physical custody of each certificate representing Restricted Stock until all of the restrictions imposed under the Award Agreement with respect to the shares evidenced by such certificate expire or shall have been removed. With respect to shares of Restricted Stock granted or awarded to an Eligible Recipient, upon the expiration or removal of such restrictions, the Secretary of the Company, or other escrow holder, shall transfer the shares to the Holder.

8.6 ***Legend.*** In order to enforce the restrictions imposed upon shares of Restricted Stock hereunder, the Administrator shall cause a legend or legends to be placed on certificates representing all shares of Restricted Stock that are still subject to restrictions under Award Agreements, which legend or legends shall make appropriate reference to the conditions imposed thereby.

8.7 ***Section 83(b).*** If desired by the Administrator, a Holder may not make an election under Code §83(b) with respect to any share of Restricted Stock granted or awarded hereunder without the consent of the Company, which the Company may grant or withhold in its sole discretion, and, upon a failure of a Holder to refrain from making such an election without Company consent, the Restricted Stock granted shall immediately be forfeited and the Holder shall receive only the purchase price, if any, for such forfeited Restricted Stock.

9 Performance Awards, Dividend Equivalents, Deferred Stock, Stock Payments

9.1 ***Eligibility.*** Subject to the terms and provisions of this Plan, one or more Performance Awards, Dividend Equivalents, awards of Deferred Stock and/or Stock Payments may be granted to any Eligible Recipient whom the Committee determines should receive such an Award.

9.2 ***Performance Awards.*** Any Eligible Recipient selected by the Committee may be granted one or more Performance Awards. The value of such Performance Awards may be subject to the achievement of performance goals which are related to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Eligible Recipient.

9.3 ***Dividend Equivalents.***

(a) Any Eligible Recipient selected by the Committee may be granted Dividend Equivalents based on the dividends declared on Common Stock, to be credited as of dividend payment dates, during the period between the date a Stock Appreciation Right, Deferred Stock or Performance Award is granted, and the date such Stock Appreciation Right, Deferred Stock or Performance Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Committee. If the credit of Dividend Equivalents is keyed to the date such Stock Appreciation Right, Deferred Stock, or Performance Award is exercised, such credit should be made with consideration of and in compliance with the requirements of Code §409A with respect to such credit.

(b) Any Holder of an Option selected by the Committee may be granted Dividend Equivalents based on the dividends declared on Common Stock, to be credited as of dividend payment dates, during the period between the date an Option is granted, and the date such Option is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Committee. If the credit of Dividend Equivalents is keyed to the date such Option is exercised, such credit should be made with consideration of the requirements of Code §409A with respect to such credit.

9.4 ***Stock Payments.*** Any Eligible Recipient selected by the Committee may receive Stock Payments in the manner determined from time to time by the Committee. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific performance criteria determined appropriate by the Committee, determined on the date such Stock Payment is made or on any date thereafter.

9.5 ***Deferred Stock.*** Any Eligible Recipient selected by the Committee may be granted an award of Deferred Stock in the manner determined from time to time by the Committee. The number of shares of Deferred Stock shall be determined by the Committee and may be linked to the Performance Criteria or other specific performance criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Common Stock underlying a Deferred Stock award will not be issued until the Deferred Stock award has vested, pursuant to a vesting schedule or performance criteria set by the Committee, and thus, Deferred Stock may not be sold or otherwise hypothecated or transferred until vesting conditions are satisfied or expire. Unless otherwise provided by the Committee, a Holder of Deferred Stock shall have no rights as a Company shareholder with respect to such Deferred Stock until such time as the Award has vested and the Common Stock underlying the Award has been issued. Deferred Stock must meet certain restrictions contained in Code §409A if it is to avoid taxation under Code §409A as a “nonqualified deferred compensation plan.” Grants of Deferred Stock under this Plan should be made with consideration of the impact of Code §409A with respect to such grant upon both the Company and the recipient of such Deferred Stock.

9.6 ***Term.*** The term of a Performance Award, Dividend Equivalent, award of Deferred Stock and/or Stock Payment shall be set by the Committee in its discretion.

9.7 ***Exercise or Purchase Price.*** The Committee may establish the exercise or purchase price of a Performance Award, shares of Deferred Stock or shares received as a Stock Payment; *provided, however*, that such price shall not be less than the par value of a share of Common Stock, unless otherwise permitted by applicable state law.

9.8 ***Terms and Provisions.*** The Administrator shall determine the terms and provisions of Performance Awards, Dividend Equivalents, awards of Deferred Stock and/or Stock Payments in his complete and absolute discretion subject to the terms and provisions of this Plan.

9.9 ***Form of Payment.*** Payment of the amount determined under Section 9.2 or 9.3 above shall be in cash, in Common Stock or a combination of both, as determined by the Committee and specified in the Award Agreement. To the extent any payment under this Section 9 is effected in Common Stock, it shall be made subject to satisfaction of all provisions of Section 7.4.

10 Stock Appreciation Rights

10.1 ***Grant of Stock Appreciation Rights.*** A Stock Appreciation Right may be granted to any Eligible Recipient selected by the Committee. A Stock Appreciation Right may be granted (a) in connection and simultaneously with the grant of an Option, (b) with respect to a previously granted Option, or (c) independent of an Option. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement. Any Stock Appreciation Right that is intended to avoid taxation under Code §409A as a “nonqualified deferred compensation plan” must be granted with an exercise price per share equivalent to or greater than the Fair Market Value of a share of Common Stock of the Company determined as of the date of such grant, consistent with Treas. Reg. §1.409-1(b)(5)(iv), and any other applicable guidance or regulations issued by the Internal Revenue Service.

10.2 ***Coupled Stock Appreciation Rights.***

(a) A Coupled Stock Appreciation Right ("CSAR") shall be related to a particular Option and shall be exercisable only when and to the extent the related Option is exercisable.

(b) A CSAR may be granted to the Holder for no more than the number of shares subject to the simultaneously or previously granted Option to which it is coupled.

(c) A CSAR shall entitle the Holder (or other person entitled to exercise the Option pursuant to the Plan) to surrender to the Company the unexercised a portion of the Option to which the CSAR relates (to the extent then exercisable pursuant to its terms) and to receive from the Company in exchange therefor an amount determined by multiplying the difference obtained by subtracting the Option exercise price from the Fair Market Value of a share of Common Stock on the date of exercise of the CSAR by the number of shares of Common Stock with respect to which the CSAR shall have been exercised, subject to any limitations the Committee may impose.

10.3 ***Independent Stock Appreciation Rights.***

(a) An Independent Stock Appreciation Right ("ISAR") shall be unrelated to any Option and shall have a term set by the Committee. An ISAR shall be exercisable at such times and in such installments, and shall cover such number of shares of Common Stock, as the Committee may determine in its complete and absolute discretion. The exercise price per share of Common Stock subject to each ISAR shall be set by the Committee.

(b) An ISAR shall entitle the Holder (or other person entitled to exercise the ISAR pursuant to the Plan) to exercise all or a specified portion of the ISAR (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the ISAR from the Fair Market Value of a share of Common Stock on the date of exercise of the ISAR by the number of shares of Common Stock with respect to which the ISAR shall have been exercised, subject to any limitations the Committee may impose.

10.4 ***Payment and Limitations on Exercise.***

(a) Payment of the amounts determined under Section 10.2(c) and 10.3(b) above shall be in cash, in Common Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Committee and set forth in the Award Agreement. To the extent such payment is effected in Common Stock it shall be made subject to satisfaction of all provisions of Section 7.4 above pertaining to Options.

(b) Holders of Stock Appreciation Rights may be required to comply with any timing or other restrictions with respect to the settlement or exercise of a Stock Appreciation Right, including a window-period limitation, as may be imposed in the discretion of the Committee.

11 Administration

11.1 ***Compensation Committee.*** The Compensation Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall consist solely of two or more Independent Directors appointed by and holding office at the pleasure of the Board, each of whom is a "non-employee director", as defined by Rule 16b-3. Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may be filled by the Board.

11.2 ***Duties and Powers of Committee.*** It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith, to interpret, amend or revoke any such rules and to amend any Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of any such Award Agreement are not affected adversely. Any such grant or award under the Plan need not be the same with respect to each Holder. Any such interpretations and rules with respect to ISOs shall be consistent with the provisions of Code §422. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. Notwithstanding the foregoing, the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Independent Directors. Furthermore, notwithstanding any provision of this Plan to the contrary, the Board may assume the powers and responsibilities granted to the Committee or other delegate at any time, in whole or in part.

11.3 ***Majority Rule; Unanimous Written Consent.*** The Committee shall act by a majority of its members in attendance at a meeting at which a quorum is present or by a memorandum or other written instrument signed by all members of the Committee.

11.4 ***Compensation; Professional Assistance; Good Faith Actions.*** Members of the Committee shall receive such compensation, if any, for their services as members as may be determined by the Board. All expenses and liabilities which members of the Committee incur in connection with the administration of the Plan shall be borne by the Company. The Committee may, with the approval of the Board, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and the Company's Officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon all Holders, the Company and all other interested persons. No members of the Committee or Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or Awards, and all members of the Committee and the Board shall be fully protected by the Company in respect of any such action, determination or interpretation.

11.5 ***Delegation of Authority to Grant Awards.*** The Committee may, but need not, delegate from time to time some or all of its authority to grant Awards under the Plan to a committee consisting of one or more members of the Committee or of one or more Officers of the Company; *provided, however*, that the Committee may not delegate its authority to grant Awards to individuals (a) who are subject on the date of the grant to the reporting rules under Section 16(a) of the Exchange Act or (b) who are Officers of the Company who are delegated authority by the Committee hereunder, and delegation of the authority to grant Awards under the Plan is not allowed to the extent prohibited by applicable law. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation of authority and may be rescinded at any time by the Committee. At all times, any committee appointed under this Section 11.5 shall serve in such capacity at the pleasure of the Committee.

12 Miscellaneous Provisions

12.1 ***Not Transferable.***

(a) Except as otherwise provided in Section 12.1(b):

(1) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or vested, and the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed.

(2) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Holder or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(3) During the lifetime of the Holder, only he or she may exercise an Option or other Award (or any portion thereof) granted to him or her under the Plan, unless it has been disposed of with the consent of the Administrator pursuant to a DRO. After the death of the Holder, any exercisable portion of an Option or other Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his or her personal representative or by any person empowered to do so under the deceased Holder's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 12.1(a), in the case of Options granted to Independent Directors, an Optionee who is an Independent Director may transfer an Option to a Permitted Transferee (as defined below) subject to the following terms and conditions: (i) an Option transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) any Option which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Option as applicable to the original Holder (other than the ability to further transfer the Option); and (iii) the Holder and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws and (C) evidence the transfer. Shares of Common Stock acquired by a Permitted Transferee through the exercise of an Option have not been registered under the Securities Act or any state securities act and may not be transferred, nor will any assignee or transferee thereof be recognized as an owner of such shares of Common Stock for any purpose, unless a registration statement under the Securities Act and any applicable state securities act with respect to such shares shall then be in effect or unless the availability of an exemption from registration with respect to any proposed transfer or disposition of such shares shall be established to the satisfaction of counsel for the Company. For purposes of this Section 12.1(b), "Permitted Transferee" shall mean, with respect to a Holder, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or Employee), a trust in which these persons (or the Holder) control the management of assets, and any other entity in which these persons (or the Holder) own more than fifty percent of the voting interests, or any other transferee specifically approved by the Administrator after taking into account any state or federal tax or securities laws applicable to transferable Options.

12.2 ***Amendment, Suspension or Termination of the Plan.*** Except as otherwise provided in this Section 12.2, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator; *provided, however*, shareholder approval of an amendment to the Plan may be necessary (1) in order for the Plan to continue to be able to issue ISO's under Code §422 pursuant to Treas. Reg. §1.422-2(b)(2)(iii), and (2) in order for the Plan to comply with rules promulgated by an established stock exchange or national market system, and, in all cases, the Board shall determine whether approval by the shareholders shall be requested and/or required in its complete and absolute discretion after due consideration of such matters. Further, without approval of the Company's shareholders given within 12 months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 12.4, increase the limits imposed in Section 3.1 on the maximum number of shares which may be issued under the Plan. No amendment, suspension or termination of the Plan shall, without the consent of the Holder, alter or impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after the first to occur of the following events:

(a) The expiration of 10 years from the date the Second Amended and Restated 2015 Plan is adopted by the Board; or

(b) The expiration of 10 years from the date the Second Amended and Restated 2015 Plan is approved by the Company's shareholders under Section 12.5.

12.3 ***Amendment or Cancellation of Awards.*** The Committee shall have the right to modify, amend or cancel any Award after it has been granted if (a) the modification, amendment or cancellation does not diminish the rights or benefits of the Holder under the Award (*provided, however*, that a modification, amendment or cancellation that results solely in a change in the tax consequences with respect to an Award shall not be deemed as a diminishment of rights or benefits of such Award), (b) the Holder consents in writing to such modification, amendment or cancellation, (c) there is a dissolution or liquidation of the Company, (d) this Plan and/or the Award Agreement expressly provides for such modification, amendment or cancellation, or (e) the Company would otherwise have the right to make such modification, amendment or cancellation by applicable law. No modification, amendment or cancellation of an outstanding Award which is expressly allowed under another provision of this Plan shall be subject to the provisions of this Section 12.3.

12.4 ***Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.***

(a) Subject to Section 12.4(e), in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event (a "Corporate Event"), in the Administrator's sole discretion, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then the Administrator shall, in such manner as it may deem equitable, adjust any or all of:

(1) The number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of shares which may be issued and adjustments of the limitations contained in Sections 3.1, 3.1(c), and 9.2);

(2) The number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; and

(3) The grant or exercise price with respect to any Award.

The Administrator shall be required to make such adjustments if such Corporate Event constitutes an "equity restructuring", as defined in FASB ASC §718-10-20.

(b) Subject to Sections 12.4(c) and (e), in the event of any transaction or event described in Section 12.4(a) including a Change of Control or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole and absolute discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(1) To provide for either the purchase of any such Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested or the replacement of such Award with other rights or property selected by the Administrator in its sole discretion;

(2) To provide that the Award cannot vest, be exercised or become payable after such event;

(3) To provide that such Award shall be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in Section 6.3 or the provisions of such Award;

(4) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(5) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Deferred Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future; and

(6) To provide that, for a specified period of time prior to such event, the restrictions imposed under an Award Agreement upon some or all shares of Restricted Stock or Deferred Stock may be terminated, and, in the case of Restricted Stock, some or all shares of such Restricted Stock may cease to be subject to forfeiture under Section 8.4 after such event.

(c) Subject to Sections 12.4(e), 4.2 and 4.3, the Administrator may, in its discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company.

(d) No adjustment or action described in this Section 12.4 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Code §422(b)(1). Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions. The number of shares of Common Stock subject to any Award shall always be rounded to the next whole number.

(e) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12.5 ***Approval of Plan by Shareholders.*** The Plan will be submitted for the approval of the Company's shareholders within twelve (12) months after the date on which this Plan is adopted by the Board, disregarding any contingencies or delayed effective date relative to such adoption. In the event that shareholder approval of this Plan is not obtained, or in the event that this Plan is not subjected to the approval of the shareholders, then any Awards granted under this Plan shall nonetheless be deemed granted pursuant to the authority of the Board; *provided, however*, any such Option granted which was intended to be an ISO shall instead be a NQSO. Should this Plan be rejected by the shareholders after being submitted to the shareholders for their approval, the Plan shall immediately terminate at that time, and no further grants shall be made under this Plan thereafter. Notwithstanding the foregoing, no ISO shall be exercisable prior to the date that shareholder approval of this Plan is obtained unless the Holder receiving such ISO agrees that the ISO shall instead be treated as a NQSO for all purposes, and any exercise of an ISO by a Holder prior to the date that shareholder approval of this Plan is obtained shall automatically be deemed to be such an agreement by the exercising Holder.

12.6 ***Tax Withholding.*** The Company shall be entitled to require payment in cash or deduction from other compensation payable to each Holder of any sums required by federal, state or local tax law to be withheld with respect to the issuance, vesting, exercise or payment of any Award. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow such Holder to elect to have the Company withhold shares of Common Stock otherwise issuable under such Award (or allow the return of shares of Common Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Common Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Holder of such Award within six months after such shares of Common Stock were acquired by the Holder from the Company) in order to satisfy the Holder's federal and state income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal and state tax income and payroll tax purposes that are applicable to such supplemental taxable income (or, if permitted by the Company, such other rate as will not cause adverse accounting consequences under the accounting rules then in effect). To the extent that a Holder is an Insider, satisfaction of withholding requirements by having the Company withhold Shares may only be made to the extent that such withholding of Shares (1) has met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or (2) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act. Unless the Award Agreement provides otherwise, the withholding of shares to satisfy federal, state and local withholding tax requirements shall be a subsequent transaction approved by the original grant of a Stock Incentive.

12.7 ***Restrictions on Awards.*** This Plan shall be interpreted and construed in a manner consistent with the Company's status as a real estate investment trust ("REIT"), within the meaning of Code §§856 through 860. No Award shall be granted or awarded, and with respect to an Award already granted under the Plan, such Award shall not vest, or be exercisable, distributable or payable if, in the discretion of the Administrator, such Award could impair the Company's status as a REIT or would violate the Company’s Charter or Bylaws.

12.8 ***Loans.*** To the extent permitted under applicable law, the Committee may, in its discretion, extend one or more loans to Eligible Recipients in connection with the exercise or receipt of an Award granted or awarded under the Plan, or the issuance of Restricted Stock or Deferred Stock awarded under the Plan; *provided, however*, that no such loan shall be an extension or maintenance of credit, an arrangement for the extension of credit, or a renewal of an extension of credit in the form of a personal loan to or for any Director or executive Officer of the Company that is prohibited by Section 13(k) of the Exchange Act or other applicable law. The terms and conditions of any such loan shall be set by the Committee.

12.9 ***Forfeiture Provisions.*** Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Holder to agree by separate written instrument, that (a) (i) any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of the Award, or upon the receipt or resale of any Common Stock underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (b)(i) the Holder ceases to perform services for the Company or a Subsidiary prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Holder at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Holder ceases to perform services for the Company or a Subsidiary for cause.

12.10 ***Cessation of Service.*** For all purposes under this Plan, the Committee shall have complete and absolute discretion to determine when a Holder has ceased to perform services for the Company or a Subsidiary, including situations involving cessation of services simultaneously with beginning the performance of other services, cessation of services in temporary situations or situations involving leave, and situations involving the cessation of services in one form with the simultaneous beginning of services in another form (such as, for example, cessation of services as an employee and the beginning of services as a contractor, or vice versa).

12.11 ***Effect of Plan upon Options and Compensation Plans.*** The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company (a) to establish any other forms of incentives or compensation for Eligible Recipients, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.12 ***Compliance with Laws.*** The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of shares of Common Stock and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

12.13 ***Titles.*** Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

12.14 ***Governing Law.*** The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Maryland without regard to conflicts of laws thereof.

13 Independent Director Awards

13.1 ***Awards to Independent Directors.*** Independent Directors shall be eligible to receive Awards under this Plan. The terms and conditions of any grant of an Award to an Independent Director shall be set forth in an Award Agreement.

13.2 ***Award Limits.*** The maximum aggregate Fair Market Value of stock with respect Awards which may be granted to any Independent Director during any calendar year shall be $500,000 (determined as of the grant date of such Awards).

Exhibit 31.1

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

I, Danny Prosky, certify that:

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

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

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

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

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

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

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

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

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

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

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

August 14, 2023	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (Principal Executive Officer)

Exhibit 31.2

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

I, Brian S. Peay, certify that:

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

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

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

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

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

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

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

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

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

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

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

August 14, 2023	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

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

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

August 14, 2023	By:	/s/ DANNY PROSKY
Date		Danny Prosky Chief Executive Officer, President and Director (Principal Executive Officer)

Exhibit 32.2

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

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

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

August 14, 2023	By:	/s/ BRIAN S. PEAY
Date		Brian S. Peay Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)