UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2025

or

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

For the transition period from _____________ to _____________

Commission File Number: 001-32641

BROOKDALE SENIOR LIVING INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-3068069**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
105 Westwood Place, Suite 400 Brentwood, Tennessee	**37027**
(Address of principal executive offices)	*(Zip Code)*
(Registrant's telephone number, including area code)	**(615) 221-2250**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value Per Share	BKD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 5, 2025, 237,490,452 shares of the registrant's common stock, $0.01 par value, were outstanding (excluding restricted shares and restricted stock units).

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BROOKDALE SENIOR LIVING INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except stock amounts)

	June 30, 2025 (Unaudited)	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 251,888	$ 308,925
Marketable securities	—	19,879
Restricted cash	37,268	39,871
Accounts receivable, net	56,061	51,891
Assets held for sale	9,710	—
Prepaid expenses and other current assets, net	112,554	92,371
Total current assets	467,481	512,937
Property, plant and equipment and leasehold intangibles, net	4,499,987	4,594,401
Operating lease right-of-use assets	1,079,826	1,133,837
Restricted cash	34,406	31,044
Goodwill	27,321	27,321
Other assets, net	32,445	36,022
Total assets	$ 6,141,466	$ 6,335,562
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	$ 59,238	$ 40,779
Current portion of financing lease obligations	1,253	37,007
Current portion of operating lease obligations	91,914	111,104
Trade accounts payable	83,479	65,515
Accrued expenses	268,152	264,384
Refundable fees and deferred revenue	61,686	60,974
Total current liabilities	565,722	579,763
Long-term debt, less current portion	4,232,238	4,022,008
Financing lease obligations, less current portion	24,882	266,895
Operating lease obligations, less current portion	1,141,653	1,174,204
Deferred tax liability	7,698	9,604
Other liabilities	62,493	69,183
Total liabilities	6,034,686	6,121,657
Preferred stock, $0.01 par value, 50,000,000 shares authorized at June 30, 2025 and December 31, 2024; no shares issued and outstanding	—	—
Common stock, $0.01 par value, 400,000,000 shares authorized at June 30, 2025 and December 31, 2024; 247,982,005 and 210,547,351 shares issued and 237,454,480 and 200,019,826 shares outstanding (including 16,026 and 27,972 unvested restricted shares), respectively	2,480	2,105
Additional paid-in-capital	4,353,523	4,352,991
Treasury stock, at cost; 10,527,525 shares at June 30, 2025 and December 31, 2024	(102,774)	(102,774)
Accumulated deficit	(4,147,850)	(4,039,847)
Total Brookdale Senior Living Inc. stockholders' equity	105,379	212,475
Noncontrolling interest	1,401	1,430
Total equity	106,780	213,905
Total liabilities and equity	$ 6,141,466	$ 6,335,562

See accompanying notes to condensed consolidated financial statements.

BROOKDALE SENIOR LIVING INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Resident fees	$ 775,614	$ 739,709	$ 1,553,068	$ 1,483,950
Management fees	2,623	2,616	5,243	5,234
Reimbursed costs incurred on behalf of managed communities	34,707	35,216	68,497	71,188
Total revenue	812,944	777,541	1,626,808	1,560,372
Facility operating expense (excluding facility depreciation and amortization of $88,180, $81,706, $174,389, and $161,610, respectively)	562,317	537,507	1,119,304	1,080,057
General and administrative expense (including non-cash stock-based compensation expense of $3,089, $3,975, $7,068, and $7,248, respectively)	54,973	46,664	102,847	92,396
Facility operating lease expense	52,653	50,964	105,527	102,460
Depreciation and amortization	92,853	88,028	183,829	174,155
Asset impairment	577	—	2,364	1,708
Loss (gain) on sale of communities, net	(43)	—	(43)	—
Costs incurred on behalf of managed communities	34,707	35,216	68,497	71,188
Income (loss) from operations	14,907	19,162	44,483	38,408
Interest income	2,919	4,714	6,567	9,492
Interest expense:				
Debt	(57,648)	(53,778)	(112,307)	(107,234)
Financing lease obligations	(1,750)	(5,110)	(7,350)	(10,171)
Amortization of deferred financing costs	(3,712)	(2,334)	(7,342)	(4,591)
Change in fair value of derivatives	29	(345)	(1,113)	2,742
Gain (loss) on debt modification and extinguishment, net	(115)	—	(35,335)	—
Non-operating gain (loss) on sale of assets, net	—	199	—	903
Other non-operating income (loss)	2,060	199	3,418	3,537
Income (loss) before income taxes	(43,310)	(37,293)	(108,979)	(66,914)
Benefit (provision) for income taxes	271	(449)	947	(409)
Net income (loss)	(43,039)	(37,742)	(108,032)	(67,323)
Net (income) loss attributable to noncontrolling interest	15	15	29	30
Net income (loss) attributable to Brookdale Senior Living Inc. common stockholders	$ (43,024)	$ (37,727)	$ (108,003)	$ (67,293)
Basic and diluted net income (loss) per share attributable to Brookdale Senior Living Inc. common stockholders	$ (0.18)	$ (0.17)	$ (0.46)	$ (0.30)
Weighted average shares used in computing basic and diluted net income (loss) per share	234,737	226,789	232,719	226,340

See accompanying notes to condensed consolidated financial statements.

BROOKDALE SENIOR LIVING INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Total equity, balance at beginning of period	$ 148,135	$ 375,448	$ 213,905	$ 405,153
Common stock:				
Balance at beginning of period	$ 2,445	$ 2,035	$ 2,105	$ 1,988
Shares issued for settlement of prepaid stock purchase contracts	—	32	296	67
Shares issued for warrant exercise	31	9	57	9
Restricted stock and restricted stock units, net	6	1	31	19
Shares withheld for employee taxes	(2)	—	(9)	(6)
Balance at end of period	$ 2,480	$ 2,077	$ 2,480	$ 2,077
Additional paid-in-capital:				
Balance at beginning of period	$ 4,351,874	$ 4,342,191	$ 4,352,991	$ 4,342,362
Compensation expense related to restricted stock grants	3,089	3,975	7,068	7,248
Shares issued for settlement of prepaid stock purchase contracts	—	(32)	(296)	(67)
Shares issued for warrant exercise	(31)	(9)	(57)	(9)
Restricted stock and restricted stock units, net	(6)	(1)	(31)	(19)
Shares withheld for employee taxes	(1,403)	(8)	(6,152)	(3,399)
Balance at end of period	$ 4,353,523	$ 4,346,116	$ 4,353,523	$ 4,346,116
Treasury stock:				
Balance at beginning and end of period	$ (102,774)	$ (102,774)	$ (102,774)	$ (102,774)
Accumulated deficit:				
Balance at beginning of period	$ (4,104,826)	$ (3,867,478)	$ (4,039,847)	$ (3,837,912)
Net income (loss) attributable to Brookdale Senior Living Inc. common stockholders	(43,024)	(37,727)	(108,003)	(67,293)
Balance at end of period	$ (4,147,850)	$ (3,905,205)	$ (4,147,850)	$ (3,905,205)
Noncontrolling interest:				
Balance at beginning of period	$ 1,416	$ 1,474	$ 1,430	$ 1,489
Net income (loss) attributable to noncontrolling interest	(15)	(15)	(29)	(30)
Balance at end of period	$ 1,401	$ 1,459	$ 1,401	$ 1,459
Total equity, balance at end of period	$ 106,780	$ 341,673	$ 106,780	$ 341,673
Common stock share activity				
Outstanding shares of common stock:				
Balance at beginning of period	234,003	193,013	200,020	188,253
Shares issued for settlement of prepaid stock purchase contracts	—	3,152	29,636	6,709
Shares issued for warrant exercise	3,058	942	5,702	942
Restricted stock and restricted stock units, net	637	95	3,152	1,873
Shares withheld for employee taxes	(244)	(1)	(1,056)	(576)
Balance at end of period	237,454	197,201	237,454	197,201

See accompanying notes to condensed consolidated financial statements.

BROOKDALE SENIOR LIVING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash Flows from Operating Activities		
Net income (loss)	$ (108,032)	$ (67,323)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss (gain) on debt modification and extinguishment, net	35,335	—
Depreciation and amortization, net	191,171	178,746
Asset impairment	2,364	1,708
Deferred income tax (benefit) provision	(1,905)	(360)
Operating lease expense adjustment	(8,699)	(26,572)
Change in fair value of derivatives	1,113	(2,742)
Loss (gain) on sale of assets, net	(43)	(903)
Non-cash stock-based compensation expense	7,068	7,248
Property and casualty insurance income	(3,487)	(2,688)
Changes in operating assets and liabilities:		
Accounts receivable, net	(4,169)	(1,390)
Prepaid expenses and other assets, net	(8,500)	(855)
Prepaid insurance premiums financed with notes payable	(15,094)	(15,702)
Trade accounts payable and accrued expenses	7,755	(14,380)
Refundable fees and deferred revenue	757	(1,563)
Operating lease assets and liabilities for lessor capital expenditure reimbursements	11,332	1,300
Net cash provided by operating activities	106,966	54,524
Cash Flows from Investing Activities		
Purchase of marketable securities	—	(19,591)
Sale and maturities of marketable securities	20,000	30,000
Capital expenditures, net of related payables	(96,283)	(95,973)
Acquisition of assets	(311,028)	—
Proceeds from sale of assets, net	1,047	7,017
Property and casualty insurance proceeds	3,487	2,704
Change in lease acquisition deposits, net	5,000	—
Purchase of interest rate cap instruments	(2,681)	(8,513)
Proceeds from interest rate cap instruments	3,197	9,129
Other	107	(176)
Net cash provided by (used in) investing activities	(377,154)	(75,403)
Cash Flows from Financing Activities		
Proceeds from debt	320,739	81,271
Repayment of debt and financing lease obligations	(95,351)	(41,077)
Payment of financing costs, net of related payables	(6,708)	(3,074)
Payments of employee taxes for withheld shares	(4,770)	(3,405)
Net cash provided by (used in) financing activities	213,910	33,715
Net increase (decrease) in cash, cash equivalents, and restricted cash	(56,278)	12,836
Cash, cash equivalents, and restricted cash at beginning of period	379,840	349,668
Cash, cash equivalents, and restricted cash at end of period	$ 323,562	$ 362,504

See accompanying notes to condensed consolidated financial statements.

1. Description of Business

Brookdale Senior Living Inc. together with its consolidated subsidiaries ("Brookdale" or the "Company") is an operator of 645 senior living communities throughout the United States. The Company is committed to its mission of enriching the lives of the people it serves with compassion, respect, excellence, and integrity. The Company operates and manages independent living, assisted living, memory care, and continuing care retirement communities ("CCRCs"). The Company's senior living communities and its comprehensive network help to provide seniors with care, connection, and services in an environment that feels like home. As of June 30, 2025, the Company owned 382 communities, representing a majority of the Company's community portfolio, leased 235 communities, and managed 28 communities.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q. In the opinion of management, these financial statements include all adjustments, which are of a normal and recurring nature, necessary to present fairly the financial position, results of operations, and cash flows of the Company for all periods presented. Certain information and footnote disclosures included in annual financial statements have been condensed or omitted. The Company believes that the disclosures included are adequate and provide a fair presentation of interim period results. Interim financial statements are not necessarily indicative of the financial position or operating results for an entire year. These interim financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 19, 2025.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Brookdale and its consolidated subsidiaries. The ownership interest of consolidated entities not wholly-owned by the Company are presented as noncontrolling interests in the accompanying unaudited condensed consolidated financial statements. Intercompany balances and transactions have been eliminated in consolidation, and net income (loss) is reduced by the portion of net income (loss) attributable to noncontrolling interests.

Use of Estimates

The preparation of the condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Estimates are used for, but not limited to, revenue, asset impairments, self-insurance reserves, performance-based compensation, allowance for credit losses, depreciation and amortization, leasing transactions, income taxes, and other contingencies. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from the original estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current financial statement presentation, with no effect on the Company's condensed consolidated financial position or results of operations.

3. Fair Value Measurements

Interest Rate Derivatives

The Company's derivative assets include interest rate cap and swap instruments that effectively manage the risk above certain interest rates for a portion of the Company's long-term variable rate debt. The Company has not designated the interest rate cap and swap instruments as hedging instruments and as such, changes in the fair value of the instruments are recognized in earnings in the period of the change. The interest rate derivative positions are valued using models developed by the respective counterparty that use as their basis readily available observable market parameters (such as forward yield curves) and are classified within Level 2 of the valuation hierarchy. The Company considers the credit risk of its counterparties when evaluating the fair value of its derivatives.

The following table summarizes the Company's Secured Overnight Financing Rate ("SOFR") interest rate cap instruments as of June 30, 2025.

($ in millions)		
Notional balance	$	893.5
Weighted average fixed cap rate		4.27%
Weighted average remaining term		0.9 years
Estimated asset fair value (included in other assets, net)	$	3.2

As of December 31, 2024, the estimated fair value of the SOFR interest rate cap instruments was $4.1 million included in other assets, net.

The following table summarizes the Company's SOFR interest rate swap instrument as of June 30, 2025.

($ in millions)		
Notional balance	$	230.0
Fixed interest rate		4.06%
Remaining term		1.3 years
Estimated fair value (included in other liabilities)	$	(1.1)

As of December 31, 2024, the estimated fair value of the SOFR interest rate swap instrument was $(0.1) million included in other liabilities, net.

Long-term debt

The Company estimates the fair value of its debt primarily using a discounted cash flow analysis based upon the Company's current borrowing rate for debt with similar maturities and collateral securing the indebtedness. The Company estimates the fair value of its convertible senior notes based on valuations provided by third-party pricing services. The Company had outstanding long-term debt with a carrying amount of approximately $4.3 billion and $4.1 billion as of June 30, 2025 and December 31, 2024, respectively. Fair value of the long-term debt is approximately $4.2 billion and $3.8 billion as of June 30, 2025 and December 31, 2024, respectively. The Company's fair value of long-term debt disclosure is classified within Level 2 of the valuation hierarchy.

4. Revenue

Resident fee revenue by payor source is as follows.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Private pay	93.9 %	94.1 %	93.9 %	94.0 %
Government reimbursement	4.8 %	4.6 %	4.8 %	4.6 %
Other third-party payor programs	1.3 %	1.3 %	1.3 %	1.4 %

Refer to Note 13 for disaggregation of revenue by reportable segment.

The payment terms and conditions within the Company's revenue-generating contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance under the Company's independent living, assisted living, and memory care residency agreements. Resident fee revenue for standalone or certain healthcare services is generally billed monthly in arrears. Additionally, certain of the Company's revenue-generating contracts include non-refundable fees that are generally billed and collected in advance or upon move-in of a resident under the Company's independent living, assisted living, and memory care residency agreements. Amounts of revenue that are collected from residents in advance are recognized as deferred revenue until the performance obligations are satisfied.

The Company had total deferred revenue (included within refundable fees and deferred revenue within the condensed consolidated balance sheets) of $54.8 million and $53.8 million, including $29.1 million and $29.4 million of monthly resident fees billed and received in advance, as of June 30, 2025 and December 31, 2024, respectively. For the six months ended June 30, 2025 and 2024, the Company recognized $48.4 million and $42.8 million, respectively, of revenue that was included in the deferred revenue balance as of January 1, 2025 and 2024, respectively.

5. Property, Plant and Equipment and Leasehold Intangibles, Net

As of June 30, 2025 and December 31, 2024, net property, plant and equipment and leasehold intangibles consisted of the following.

(in thousands)	June 30, 2025	December 31, 2024
Land	$ 557,695	$ 532,719
Buildings and improvements	5,980,404	5,667,855
Furniture and equipment	1,246,878	1,182,026
Resident in-place lease intangibles	279,000	281,041
Construction in progress	37,571	32,965
Assets under financing leases and leasehold improvements	910,253	1,245,791
Property, plant and equipment and leasehold intangibles	9,011,801	8,942,397
Accumulated depreciation and amortization	(4,511,814)	(4,347,996)
Property, plant and equipment and leasehold intangibles, net	$ 4,499,987	$ 4,594,401

Long-lived assets with definite useful lives are depreciated or amortized on a straight-line basis over their estimated useful lives (or, in certain cases, the shorter of their estimated useful lives or the lease term) and are tested for impairment whenever indicators of impairment arise. The Company recognized depreciation and amortization expense on its property, plant and equipment and leasehold intangibles of $92.9 million and $88.0 million for the three months ended June 30, 2025 and 2024, respectively, and $183.8 million and $174.2 million for the six months ended June 30, 2025 and 2024, respectively. The Company recognized $0.6 million for the three months ended June 30, 2025 of non-cash impairment charges in its operating results for its property, plant and equipment and leasehold intangibles assets and did not recognize any impairment charges for the three months ended June 30, 2024. The Company recognized $2.4 million and $1.7 million for the six months ended June 30, 2025 and 2024, respectively, of non-cash impairment charges in its operating results for its property, plant and equipment and leasehold intangibles assets.

As of June 30, 2025, 12 communities in the Assisted Living and Memory Care segment were classified as held for sale, resulting in $9.7 million of net property, plant and equipment and leasehold intangibles assets being recognized as assets held for sale within the condensed consolidated balance sheet. The closings of the sales of the communities are subject to the satisfaction of various closing conditions, including (where applicable) the receipt of regulatory approvals. There can be no assurance that the transactions will close or, if they do, when the actual closings will occur.

6. Debt

Long-term debt consists of the following.

(in thousands)	June 30, 2025	December 31, 2024
Fixed rate mortgage notes payable due 2026 through 2047; weighted average interest rate of 4.74% and 4.65% as of June 30, 2025 and December 31, 2024, respectively	$ 2,713,084	$ 2,599,028
Variable rate mortgage notes payable due 2026 through 2030; weighted average interest rate of 6.77% and 6.89% as of June 30, 2025 and December 31, 2024, respectively	1,216,769	1,110,642
Convertible notes payable due October 2026; interest rate of 2.00% as of both June 30, 2025 and December 31, 2024	23,297	23,297
Convertible notes payable due October 2029; interest rate of 3.50% as of both June 30, 2025 and December 31, 2024	369,445	369,445
Tangible equity units senior amortizing notes due 2025; interest rate of 10.25% as of both June 30, 2025 and December 31, 2024	1,530	9,449
Notes payable for insurance premium financing due 2025; interest rate of 6.16% as of June 30, 2025	13,704	—
Deferred financing costs, net	(46,353)	(49,074)
Total long-term debt	4,291,476	4,062,787
Current portion	59,238	40,779
Total long-term debt, less current portion	$ 4,232,238	$ 4,022,008

As of June 30, 2025, the long-term debt, less current portion within the Company's condensed consolidated balance sheet includes $98.9 million of mortgage debt scheduled to mature in January 2026 for which the Company has the unilateral option to extend the maturity for one year subject to the satisfaction of certain conditions.

As of June 30, 2025, 88.0%, or $3.8 billion, of the Company's total debt obligations represented non-recourse property-level mortgage financings.

As of June 30, 2025, $1.9 million of letters of credit and no cash borrowings were outstanding under the Company's $100.0 million secured credit facility. The Company also had separate letter of credit facilities providing up to $85.0 million of letters of credit as of June 30, 2025 under which $68.9 million had been issued as of that date.

2025 Mortgage Financings

In February 2025, the Company obtained an aggregate of $130.1 million of debt secured by non-recourse first priority mortgages on five communities. The debt bears interest at a fixed rate of 6.47%, is interest only for the first five years, and matures in March 2035.

In February 2025, the Company obtained $161.0 million of debt secured by first priority mortgages on 36 communities. The loan bears interest at a variable rate based on SOFR plus a margin of 300 basis points, and is interest only for the first year. The debt has an initial three-year term and two one-year extension options, exercisable subject to certain performance criteria, with a final maturity date, including extension options, of February 2030. At the time of closing, the Company repaid $50.0 million of outstanding mortgage debt on 11 communities, which held a final maturity date of February 2029.

Financial Covenants

Certain of the Company's debt documents contain restrictions and financial covenants, such as those requiring the Company to maintain prescribed minimum liquidity and net worth levels and debt service ratios, and requiring the Company not to exceed prescribed leverage ratios, in each case on a consolidated, portfolio-wide, multi-community, single-community, and/or entity basis. In addition, the Company's debt documents generally contain non-financial covenants, such as those requiring the Company to comply with Medicare or Medicaid provider requirements and maintain insurance coverage.

The Company's failure to comply with applicable covenants, subject to cure provisions in certain instances, could constitute an event of default under the applicable debt documents. Many of the Company's debt documents contain cross-default provisions so that a default under one of these instruments could cause a default under other debt and lease documents (including documents with other lenders and lessors). Furthermore, the Company's mortgage debt is secured by its communities and, in certain cases, a guaranty by the Company and/or one or more of its subsidiaries.

As of June 30, 2025, the Company is in compliance with the financial covenants of its debt agreements.

7. Leases

As of June 30, 2025, the Company operated 235 communities under long-term leases (226 operating leases and 9 financing leases). The substantial majority of the Company's lease arrangements are structured as master leases. Under a master lease, numerous communities are leased through an indivisible lease. In certain cases, the Company guarantees the performance and lease payment obligations of its subsidiary lessees under the master leases. An event of default related to an individual property or limited number of properties within a master lease portfolio may result in a default on the entire master lease portfolio.

The leases relating to substantially all of the Company's leased communities are fixed rate leases with annual escalators that are fixed. The Company is responsible for all operating costs, including repairs and maintenance, property taxes, and insurance. The leases generally provide for renewal or extension options, or in certain cases, purchase options.

The community leases contain other customary terms, which may include assignment and change of control restrictions, maintenance and capital expenditure obligations, termination provisions and financial covenants, such as those requiring the Company to maintain prescribed minimum liquidity and net worth levels and lease coverage ratios, in each case on a consolidated, portfolio-wide, multi-community, single-community and/or entity basis. In addition, the Company's lease documents generally contain non-financial covenants, such as those requiring the Company to comply with Medicare or Medicaid provider requirements and maintain insurance coverage.

The Company's failure to comply with applicable covenants could constitute an event of default under the applicable lease documents. Many of the Company's lease documents contain cross-default provisions so that a default under one of these instruments could cause a default under other debt and lease documents (including documents with other lenders and lessors). Certain leases contain cure provisions, which generally allow the Company to post an additional lease security deposit if the required covenant is not met. Furthermore, the Company's leases are secured by its communities and, in certain cases, a guaranty by the Company and/or one or more of its subsidiaries.

As of June 30, 2025, the Company is in compliance with the financial covenants of its long-term lease agreements.

Lease right-of-use assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company did not recognize any such impairment charges for the three and six months ended June 30, 2025 and 2024.

A summary of operating and financing lease expense (including the respective presentation on the condensed consolidated statements of operations) and net cash outflows from leases is as follows.

	Three Months Ended June 30,		Six Months Ended June 30,	
Operating Leases *(in thousands)*	**2025**	**2024**	**2025**	**2024**
Facility operating expense	$ 2,075	$ 2,176	$ 4,134	$ 4,096
Facility lease expense	52,653	50,964	105,527	102,460
Operating lease expense	54,728	53,140	109,661	106,556
Operating lease expense adjustment (1)	4,846	13,483	8,699	26,572
Changes in operating lease assets and liabilities for lessor capital expenditure reimbursements	(9,319)	(1,051)	(11,332)	(1,300)
Operating net cash outflows from operating leases	$ 50,255	$ 65,572	$ 107,028	$ 131,828

(1) Represents the difference between the amount of cash operating lease payments and the amount of operating lease expense.

Financing Leases (in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Depreciation and amortization	$ 709	$ 2,898	$ 3,234	$ 5,770
Interest expense: financing lease obligations	1,750	5,110	7,350	10,171
Financing lease expense	$ 2,459	$ 8,008	$ 10,584	$ 15,941
Operating cash outflows from financing leases	$ 1,750	$ 5,110	$ 7,350	$ 10,171
Financing cash outflows from financing leases	297	265	586	527
Changes in financing lease assets and liabilities for lessor capital expenditure reimbursement	(5)	—	(5)	—
Total net cash outflows from financing leases	$ 2,042	$ 5,375	$ 7,931	$ 10,698

The aggregate amounts of future minimum lease payments (without giving effect to the potential early termination by Ventas, Inc. ("Ventas") of certain of the Company's community leases with maturity dates of December 31, 2025), including community, office, and equipment leases, recognized on the condensed consolidated balance sheet as of June 30, 2025 are as follows (in millions).

Year Ending December 31,	**Operating Leases**	**Financing Leases**
2025 (six months)	$ 116.7	$ 3.6
2026	182.9	7.2
2027	185.9	6.4
2028	183.4	6.3
2029	185.9	6.3
Thereafter	1,093.1	15.5
Total lease payments	1,947.9	45.3
Imputed interest and variable lease payments	(714.3)	(39.9)
Non-cash gain on future sale of property	—	20.7
Total lease obligations	$ 1,233.6	$ 26.1

Diversified Healthcare Trust Portfolio Acquisition

In September 2024, the Company entered into a definitive agreement to acquire 25 senior living communities that were leased by the Company from Diversified Healthcare Trust for a purchase price of $135.0 million. Effective February 27, 2025, the Company successfully closed the acquisition. The Company funded the acquisition of the 25 communities through proceeds from mortgage financings and cash on hand. Refer to Note 6 for information on the mortgage financing. Previously, these communities were held in a triple-net lease with annualized cash rent payments of $10.2 million and an initial maturity of December 31, 2032.

The leases for the 25 communities were previously classified as operating leases and were prospectively classified as financing leases subsequent to the amendment of the leasing arrangement through the date of acquisition.

Welltower Portfolio Acquisition

In September 2024, the Company entered into a definitive agreement to acquire five senior living communities that were leased by the Company from Welltower Inc. for a purchase price of $175.0 million. Effective February 27, 2025, the Company successfully closed the acquisition. The Company funded the acquisition of the five communities through proceeds from mortgage financings and cash on hand. Refer to Note 6 for information on the mortgage financing. Previously, these communities were held in a triple-net lease with annualized cash rent payments of $13.7 million and an initial maturity of December 31, 2024, which had been extended through the acquisition date.

The definitive agreement included the finalization of the purchase price under the provisions of a purchase option arrangement with a variable price component based upon the fair value of the assets. The leasing arrangements for three of these communities were accounted for as failed sale-leaseback transactions as the Company did not transfer control of the underlying assets under a sale and leaseback arrangement with a purchase option. For the three months ended March 31, 2025, the Company recognized a $32.8 million loss on extinguishment of the financing obligation for the amount by which the repurchase price exceeded the previously recognized financing obligation for such three communities.

8. Litigation

The Company has been and is currently involved in litigation and claims incidental to the conduct of its business, which it believes are generally comparable to other companies in the senior living and healthcare industries. In addition, the Company has been and currently is involved in putative class action litigation regarding staffing at the Company's communities and compliance with consumer protection laws and the Americans with Disabilities Act (and similar state laws). Certain claims and lawsuits allege large damage amounts, seek injunctive relief, and may require (and have required) significant costs to defend and resolve. The Company continues to vigorously defend against the putative class action cases. Based on the information that has been received as of the date hereof related to certain pending putative class action litigation discussed above, the Company recorded $7.0 million in litigation expense for the three months ended December 31, 2024, representing its current estimate of the Company's ultimate cost to resolve such litigation, net of estimated probable insurance recoveries. The final outcome of the litigation is dependent on many factors that are difficult to predict. Accordingly the Company's ultimate cost related to this matter may be materially different than the amount of the Company's current estimate and accruals.

The Company maintains general liability, professional liability, excess liability, and other insurance policies in amounts and with coverage and deductibles the Company believes are appropriate, based on the nature and risks of its business, historical experience, availability, and industry standards. The Company's current policies provide for deductibles for each claim and contain various exclusions from coverage. The Company uses its wholly-owned captive insurance company for the purpose of insuring certain portions of its risk retention under its general and professional liability insurance programs. Accordingly, the Company is, in effect, self-insured for claims that are less than the deductible amounts, for claims that exceed the funding level of the Company's wholly-owned captive insurance company, and for claims or portions of claims that are not covered by such policies and/or exceed the policy limits.

The senior living and healthcare industries are continuously subject to scrutiny by governmental regulators, which could result in reviews, audits, investigations, enforcement actions, or litigation related to regulatory compliance matters. In addition, the Company is subject to various government reviews, audits, and investigations to verify compliance with Medicare and Medicaid programs and other applicable laws and regulations. The Centers for Medicare & Medicaid Services ("CMS") has engaged third-party firms to review claims data to evaluate appropriateness of billings. In addition to identifying overpayments, audit contractors can refer suspected violations to government authorities. In addition, states' Attorneys General vigorously enforce consumer protection laws as those laws relate to the senior living industry. An adverse outcome of government scrutiny may result in citations, sanctions, other criminal or civil fines and penalties, the refund of overpayments, payment suspensions, termination of participation in Medicare and Medicaid programs, and damage to the Company's business reputation. The Company's costs to respond to and defend any such audits, reviews, and investigations may be significant.

In June 2020, the Company and several current and former executive officers were named as defendants in a putative class action lawsuit alleging violations of the federal securities laws filed in the federal court for the Middle District of Tennessee. The lawsuit asserted that the defendants made material misstatements and omissions concerning the Company's business, operational and compliance policies, compliance with applicable regulations and statutes, and staffing practices that caused the Company's stock price to be artificially inflated between August 2016 and April 2020. The district court dismissed the lawsuit and entered judgment in favor of the defendants in September 2021, and the plaintiffs did not file an appeal.

Between October 2020 and June 2021, alleged stockholders of the Company filed several stockholder derivative lawsuits in the federal courts for the Middle District of Tennessee and the District of Delaware, which were subsequently transferred to the Middle District of Tennessee and consolidated into two lawsuits, styled *Davis v. Baier et al.*, No. 3:20-cv-00929 (M.D. Tenn.) (the "*Davis* Action") and *Templin v. Baier et al.*, No. 3:21-cv-00373 (M.D. Tenn.) (the "*Templin* Action"). The complaints in the *Davis* Action and the *Templin* Action incorporated substantively similar allegations to the securities lawsuit previously described. In January 2024, the court dismissed the *Davis* Action and the plaintiffs subsequently filed an appeal in the United States Court of Appeals for the Sixth Circuit. On July 9, 2025, the court approved a settlement of the *Templin* Action and entered a judgment dismissing the case with prejudice. The appeal in the *Davis* Action was stayed pending the completion of the settlement approval proceedings in the *Templin* Action; the parties informed the Sixth Circuit that they anticipate moving to dismiss the appeal as moot in light of the settlement of the *Templin* Action.

9. Stock-Based Compensation

Grants of restricted stock units and stock awards under the Company's 2024 Omnibus Incentive Plan were as follows.

(in thousands, except for weighted average amounts)	Restricted Stock Unit and Stock Award Grants	Weighted Average Grant Date Fair Value	Total Grant Date Fair Value
Three months ended March 31, 2025	2,806	$ 5.12	$ 14,366
Three months ended June 30, 2025	175	$ 6.29	$ 1,100

10. Earnings Per Share

Potentially dilutive common stock equivalents for the Company include convertible senior notes, unvested restricted stock, and restricted stock units. Prior to June 30, 2025, the potentially dilutive common stock equivalents for the Company also included warrants and prepaid stock purchase contracts.

As of June 30, 2025, $23.3 million in aggregate principal amount of the Company's 2.00% convertible senior notes due 2026 (the "2026 Notes") remain outstanding and the maximum number of shares issuable upon settlement of the 2026 Notes is 3.9 million (after giving effect to 1.0 million additional shares that would be issuable upon conversion in connection with the occurrence of certain corporate or other events). As of June 30, 2025, $369.4 million in aggregate principal amount of the Company’s 3.50% convertible senior notes due 2029 (the “2029 Notes”) remain outstanding and the maximum number of shares issuable upon settlement of the 2029 Notes is 55.0 million (after giving effect to 13.9 million additional shares that would be issuable upon conversion in connection with the occurrence of certain corporate or other events).

On July 26, 2020, the Company issued to Ventas a warrant (the "Warrant") to purchase 16.3 million shares of the Company’s common stock, $0.01 par value per share, at a price per share of $3.00. During the six months ended June 30, 2025, the Company issued 5.7 million shares of common stock, upon the exercise of the Warrant by Ventas for the remaining 11.1 million shares, net of shares withheld to satisfy the aggregate exercise price. As of June 30, 2025, the Company had no outstanding warrants.

During the three months ended December 31, 2022, the Company issued 2,875,000 of its 7.00% tangible equity units (the "Units") at a public offering price of $50.00 per Unit for an aggregate offering of $143.8 million. Each Unit was comprised of a prepaid stock purchase contract and a senior amortizing note with an initial principal amount of $8.8996. In March 2025, the Company elected to exercise its right to settle the remaining outstanding 2,291,338 prepaid stock purchase contracts, pursuant to the early settlement right in the purchase contract agreement, and the Company delivered 29,636,386 shares of the Company's common stock upon settlement. As of June 30, 2025, the Company had no outstanding prepaid stock purchase contracts and $1.5 million payable in 2025 for the senior amortizing notes component of the Units.

Basic earnings per share ("EPS") is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding, after giving effect to the weighted average minimum number of shares issuable upon settlement of the prepaid stock purchase contract component of the Units. The following table summarizes the computation of basic weighted average shares presented in the condensed consolidated statements of operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2025	2024	2025	2024
Weighted average common shares outstanding	234,737	194,788	217,983	192,425
Weighted average minimum shares issuable under purchase contracts	—	32,001	14,736	33,915
Weighted average shares outstanding - basic	234,737	226,789	232,719	226,340

Diluted EPS includes the components of basic EPS and also gives effect to dilutive common stock equivalents. Diluted EPS reflects the potential dilution that could occur if securities or other instruments that are convertible into common stock were exercised or could result in the issuance of common stock. For the purposes of computing diluted EPS, weighted average shares outstanding do not include potentially dilutive securities that are anti-dilutive under the treasury stock method or if-converted method, and performance-based equity awards are included based on the attainment of the applicable performance metrics as of the end of the reporting period. The Company has the following potentially outstanding shares of common stock, which were excluded from the computation of diluted net income (loss) per share attributable to common stockholders in both periods as a result of the net loss.

	As of June 30,	
(in millions)	**2025**	**2024**
2026 Notes at initial conversion rate	2.9	28.4
Incremental shares issuable upon certain events for 2026 Notes	1.0	9.9
2029 Notes at initial conversion rate	41.1	—
Incremental shares issuable upon certain events for 2029 Notes	13.9	—
Warrants	—	14.6
Restricted stock and restricted stock units	4.5	6.5
Incremental shares issuable under purchase contracts	—	5.3
Total	63.4	64.7

11. Income Taxes

The difference between the Company's effective tax rate for the three and six months ended June 30, 2025 and 2024 was primarily due to an increase in the benefit recorded on operational losses during the three and six months ended June 30, 2025.

The Company recorded an aggregate deferred federal, state, and local tax benefit of $9.1 million for the three months ended June 30, 2025, which was partially offset by an increase to the valuation allowance of $8.3 million. The Company recorded an aggregate deferred federal, state, and local tax benefit of $24.9 million for the six months ended June 30, 2025, which was partially offset by an increase to the valuation allowance of $23.0 million. The Company recorded an aggregate deferred federal, state, and local tax benefit of $9.1 million for the three months ended June 30, 2024, which was offset by an increase to the valuation allowance of $9.2 million. The Company recorded an aggregate deferred federal, state, and local tax benefit of $16.7 million for the six months ended June 30, 2024, which was partially offset by an increase to the valuation allowance of $16.3 million.

The Company evaluates its deferred tax assets each quarter to determine if a valuation allowance is required based on whether it is more likely than not that some portion of the deferred tax asset would not be realized. The Company's valuation allowance as of June 30, 2025 and December 31, 2024 was $544.5 million and $521.5 million, respectively.

The increase in the valuation allowance for the six months ended June 30, 2025 and 2024 is the result of current operating losses during the six months ended June 30, 2025 and 2024 and by the anticipated reversal of future tax liabilities offset by future tax deductions.

The Company recorded interest charges related to its tax contingency reserve for cash tax positions for the three and six months ended June 30, 2025 and 2024 which are included in income tax expense or benefit for the period. As of June 30, 2025, tax returns for years 2020 through 2023 are subject to future examination by tax authorities. In addition, the net operating losses from prior years are subject to adjustment under examination.

12. Supplemental Disclosure of Cash Flow Information

(in thousands)	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 117,100	$ 117,143
Income taxes paid, net of (refunds)	$ 1,256	$ 1,213
Capital expenditures, net of related payables:		
Capital expenditures - non-development, net	$ 89,941	$ 102,916
Capital expenditures - development, net	12	433
Capital expenditures - non-development - reimbursable from lessor	11,337	1,300
Trade accounts payable	(5,007)	(8,676)
Net cash paid	$ 96,283	$ 95,973
Acquisition of assets:		
Property, plant and equipment and leasehold intangibles, net	$ 1,028	$ —
Financing lease obligations	277,208	—
Loss on debt modification and extinguishment, net	32,792	—
Net cash paid	$ 311,028	$ —
Proceeds from sale of assets, net:		
Prepaid expenses and other assets, net	$ —	$ (362)
Property, plant and equipment and leasehold intangibles, net	(1,004)	(6,311)
Other liabilities	—	559
Non-operating loss (gain) on sale of assets, net	—	(903)
Loss (gain) on sale of communities, net	(43)	—
Net cash received	$ (1,047)	$ (7,017)

Restricted cash consists principally of escrow deposits for interest rate caps, real estate taxes, property insurance, capital expenditures, and debt service reserves required by certain lenders under mortgage debt agreements, deposits as security for self-insured retention risk under general and professional liability programs, property insurance programs, and workers' compensation programs, and regulatory reserves for certain CCRCs. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets that sums to the total of the same such amounts shown in the condensed consolidated statements of cash flows.

(in thousands)	June 30, 2025	December 31, 2024
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 251,888	$ 308,925
Restricted cash - current	37,268	39,871
Restricted cash - non-current	34,406	31,044
Total cash, cash equivalents, and restricted cash	$ 323,562	$ 379,840

13. Segment Information

The Company has three reportable segments: Independent Living; Assisted Living and Memory Care; and CCRCs. Operating segments are defined as components of an enterprise that engage in business activities from which it may earn revenues and incur expenses; for which separate financial information is available; and whose operating results are regularly reviewed by the chief operating decision maker to assess the performance of the individual segment and make decisions about resources to be allocated to the segment.

Independent Living. The Company's Independent Living segment includes owned or leased communities that are primarily designed for middle to upper income seniors who desire to live in a residential setting that feels like home, without the efforts of ownership. The majority of the Company's independent living communities consist of both independent and assisted living units in a single community, which allows residents to age-in-place by providing them with a broad continuum of senior independent and assisted living services to accommodate their changing needs.

Assisted Living and Memory Care. The Company's Assisted Living and Memory Care segment includes owned or leased communities that offer housing and 24-hour assistance with activities of daily living for the Company's residents. The Company's assisted living and memory care communities include both freestanding, multi-story communities, as well as smaller, freestanding, single story communities. The Company also provides memory care services at freestanding memory care communities that are specially designed for residents with Alzheimer's disease and other dementias.

CCRCs. The Company's CCRCs segment includes large owned or leased communities that offer a variety of living arrangements and services to accommodate a broad spectrum of physical ability and healthcare needs. Most of the Company's CCRCs have independent living, assisted living, memory care, and skilled nursing available on one campus.

All Other. All Other includes communities operated by the Company pursuant to management agreements. Under the management agreements for these communities, the Company receives management fees as well as reimbursement of expenses it incurs on behalf of the owners.

The following tables set forth selected segment financial data.

(in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Revenue:[1]				
Independent Living	$ 158,135	$ 149,542	$ 315,252	$ 298,490
Assisted Living and Memory Care	531,318	507,191	1,064,697	1,018,063
CCRCs	86,161	82,976	173,119	167,397
All Other	37,330	37,832	73,740	76,422
Total revenue	$ 812,944	$ 777,541	$ 1,626,808	$ 1,560,372
Community labor expenses:				
Independent Living	$ 60,114	$ 56,627	$ 118,398	$ 113,767
Assisted Living and Memory Care	259,234	245,099	511,944	491,673
CCRCs	46,231	45,529	92,524	91,583
Other facility operating expenses:[2]				
Independent Living	44,423	42,581	89,024	85,746
Assisted Living and Memory Care	129,377	125,937	260,493	252,777
CCRCs	22,938	21,734	46,921	44,511
Total facility operating expenses	$ 562,317	$ 537,507	$ 1,119,304	$ 1,080,057
Segment operating income:[3]				
Independent Living	$ 53,598	$ 50,334	$ 107,830	$ 98,977
Assisted Living and Memory Care	142,707	136,155	292,260	273,613
CCRCs	16,992	15,713	33,674	31,303
All Other	2,623	2,616	5,243	5,234
Total segment operating income	215,920	204,818	439,007	409,127
General and administrative expense (including non-cash stock-based compensation expense)	54,973	46,664	102,847	92,396
Facility operating lease expense:				
Independent Living	9,692	9,346	19,423	18,777
Assisted Living and Memory Care	39,424	37,787	79,006	75,695
CCRCs	3,248	3,090	6,520	6,215
Corporate and All Other	289	741	578	1,773
Depreciation and amortization:				
Independent Living	26,494	22,861	52,331	44,904
Assisted Living and Memory Care	52,855	49,956	104,495	98,979
CCRCs	8,831	8,889	17,563	17,726
Corporate and All Other	4,673	6,322	9,440	12,546
Asset impairment:				
Assisted Living and Memory Care	377	—	1,764	1,708
CCRCs	200	—	600	—
Loss (gain) on sale of communities, net	(43)	—	(43)	—
Income (loss) from operations	$ 14,907	$ 19,162	$ 44,483	$ 38,408

(in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Interest expense:				
Independent Living	$ 15,614	$ 16,179	$ 31,202	$ 32,365
Assisted Living and Memory Care	37,181	36,376	74,852	72,378
CCRCs	5,012	5,955	10,369	11,759
Corporate and All Other	5,274	3,057	11,689	2,752
Total interest expense	$ 63,081	$ 61,567	$ 128,112	$ 119,254
Capital expenditures:				
Independent Living	$ 12,571	$ 12,251	$ 22,841	$ 24,971
Assisted Living and Memory Care	32,134	33,192	58,660	64,240
CCRCs	4,844	4,815	8,306	9,348
Corporate and All Other	8,592	3,333	11,483	6,090
Total capital expenditures	$ 58,141	$ 53,591	$ 101,290	$ 104,649

(in thousands)	As of June 30, 2025	As of December 31, 2024
Assets:		
Independent Living(4)	$ 1,210,872	$ 1,252,736
Assisted Living and Memory Care	3,904,546	3,983,311
CCRCs	629,304	640,720
Corporate and All Other	396,744	458,795
Total assets	$ 6,141,466	$ 6,335,562

(1) All revenue is earned from external third parties in the United States.

(2) Other facility operating expenses is primarily comprised of costs for food, utilities, maintenance, real estate taxes, insurance, marketing, paid referral fees, and other costs of operating the Company's communities.

(3) Segment operating income is defined as segment revenues less segment facility operating expenses (excluding facility depreciation and amortization) and costs incurred on behalf of managed communities.

(4) The Company's total carrying amount of goodwill is included within the Independent Living segment and was $27.3 million as of both June 30, 2025 and December 31, 2024.

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

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks and uncertainties and include all statements that are not historical statements of fact and those regarding our intent, belief, or expectations. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "could," "would," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "believe," "project," "predict," "continue," "plan," "target," "annualized," or other similar words or expressions, and include statements regarding our expected financial and operational results. These forward-looking statements are based on certain assumptions and expectations, and our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although we believe that expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our assumptions or expectations will be attained and actual results and performance could differ materially from those projected. Factors which could have a material adverse effect on our operations and future prospects or which could cause events or circumstances to differ from the forward-looking statements include, but are not limited to, events which adversely affect the ability of seniors to afford resident fees, including downturns in the economy, housing market, consumer confidence, or the equity markets and unemployment among resident family members; the effects of senior housing construction and development, lower industry occupancy, and increased competition; conditions of housing markets, regulatory changes, acts of nature, and the effects of climate change in geographic areas where we are concentrated; terminations of our resident agreements and vacancies in the living spaces we lease; changes in reimbursement rates, methods, or timing under governmental reimbursement programs including the Medicare and Medicaid programs; failure to maintain the security and functionality of our information systems, to prevent a cybersecurity attack or breach, or to comply with applicable privacy and consumer protection laws, including HIPAA; our ability to complete our capital expenditures in accordance with our plans; our ability to identify and pursue development, investment, and acquisition opportunities and our ability to successfully integrate acquisitions; competition for the acquisition of assets; our ability to complete pending or expected disposition, acquisition, or other transactions on agreed upon terms or at all, including in respect of the satisfaction of closing conditions, the risk that regulatory approvals are not obtained or are subject to unanticipated conditions, and uncertainties as to the timing of closing, and our ability to identify and pursue any such opportunities in the future; risks related to the implementation of our strategy, including initiatives undertaken to execute on our strategic priorities and their effect on our results; any resurgence or variants of the COVID-19 pandemic; limits on our ability to use net operating loss carryovers to reduce future tax payments; delays in obtaining regulatory approvals; the risks associated with tariffs and the uncertain duration of trade conflicts; disruptions in the financial markets or decreases in the appraised values or performance of our communities that affect our ability to obtain financing or extend or refinance debt as it matures and our financing costs; our ability to generate sufficient cash flow to cover required interest, principal, and long-term lease payments and to fund our planned capital projects; the effect of any non-compliance with any of our debt or lease agreements (including the financial or other covenants contained therein), including the risk of lenders or lessors declaring a cross default in the event of our non-compliance with any such agreements and the risk of loss of our property securing leases and indebtedness due to any resulting lease terminations and foreclosure actions; the inability to renew, restructure, or extend leases, or exercise purchase options at or prior to the end of any existing lease term; the effect of our indebtedness and long-term leases on our liquidity and our ability to operate our business; increases in market interest rates that increase the costs of our debt obligations; our ability to obtain additional capital on terms acceptable to us; departures of key officers and potential disruption caused by changes in management; increased competition for, or a shortage of, associates, wage pressures resulting from increased competition, low unemployment levels, minimum wage increases and changes in overtime laws, and union activity; environmental contamination at any of our communities; failure to comply with existing environmental laws; an adverse determination or resolution of complaints filed against us, including putative class action complaints; negative publicity with respect to any lawsuits, claims, or other legal or regulatory proceedings; costs to respond to, and adverse determinations resulting from, government inquiries, reviews, audits, and investigations; the cost and difficulty of complying with increasing and evolving regulation, including new disclosure obligations; changes in, or our failure to comply with, employment-related laws and regulations; the risks associated with current global economic conditions and general economic factors on us or our business partners such as inflation, commodity costs, fuel and other energy costs, competition in the labor market, costs of salaries, wages, benefits, and insurance, interest rates, tax rates, tariffs, geopolitical tensions or conflicts, and uncertainty surrounding a new presidential administration, the impact of seasonal contagious illness or other contagious disease in the markets in which we operate; actions of activist stockholders; as well as other risks detailed from time to time in our filings with the Securities and Exchange Commission ("SEC"), including those set forth under "Item 1A. Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2024 and "Part II, Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in such SEC filings. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect management's views as of the date of this Quarterly Report on Form 10-Q. We cannot guarantee future results, levels of activity, performance or achievements, and, except as required by law, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained in this Quarterly Report on Form 10-Q to reflect any change in our expectations with regard thereto or change in events, conditions, or circumstances on which any statement is based.

Unless otherwise specified, references to "Brookdale," "we," "us," "our," or "the Company" in this Quarterly Report on Form 10-Q mean Brookdale Senior Living Inc. together with its consolidated subsidiaries.

Overview

We are the nation's premier operator of senior living communities, operating and managing 645 communities in 41 states as of June 30, 2025, with the ability to serve approximately 58,000 residents. We offer our residents access to a broad continuum of services across the most attractive sectors of the senior living industry. We operate and manage independent living, assisted living, memory care, and continuing care retirement communities ("CCRCs"). As of June 30, 2025, we owned 382 communities (33,728 units), leased 235 communities (16,903 units), and managed 28 communities (4,256 units).

Our senior living communities and our comprehensive network help to provide seniors with care, connection, and services in an environment that feels like home. Our expertise in healthcare, hospitality, and real estate provides residents with opportunities to improve wellness, pursue passions, make new friends, and stay connected with loved ones. By providing residents with a range of service options as their needs change, we provide greater continuity of care, enabling seniors to age-in-place, which we believe enables them to maintain residency with us for a longer period of time. The ability of residents to age-in-place is also beneficial to our residents' families who are concerned with care decisions for their elderly relatives.

Community Transactions

In September 2024, we entered into a definitive agreement to acquire 25 senior living communities (875 units) that were leased by us from Diversified Healthcare Trust for a purchase price of $135.0 million. Effective February 27, 2025, we successfully closed the acquisition, which was funded with proceeds from mortgage financings and cash on hand. Previously, these communities were held in a triple-net lease with annualized cash rent payments of $10.2 million and an initial maturity of December 31, 2032.

In September 2024, we entered into a definitive agreement to acquire five senior living communities (686 units) that were leased by us from Welltower Inc. for a purchase price of $175.0 million. Effective February 27, 2025, we successfully closed the acquisition, which was funded through proceeds from mortgage financings and cash on hand. Previously, these communities were held in a triple-net lease with annualized cash rent payments of $13.7 million. For the three months ended March 31, 2025, we recognized a $32.8 million loss on extinguishment of the financing obligation for the amount by which the repurchase price exceeded the previously recognized financing obligation for three communities previously subject to sale-leaseback transactions.

In December 2024, we and certain of our subsidiaries, and Ventas, Inc. ("Ventas") and certain of its subsidiaries, amended the existing master lease arrangement pursuant to which we lease 120 communities (10,180 units). Beginning January 1, 2026, we will continue to lease 65 communities (4,055 units) and the remaining 55 communities (6,127 units) that are not renewed will either be sold by Ventas or transitioned, with such transitions commencing on or after September 1, 2025. Our same community portfolio excludes the 55 communities leased from Ventas with a lease maturity in 2025.

We have continued execution on our ongoing capital recycling program through which we have exited non-strategic or underperforming owned assets or leases. Such activities completed during the three months ended June 30, 2025 included the sale of one owned community (42 units) and the disposal of one community (172 units) through lease termination.

During the next twelve months, we expect to close on the disposition of 12 owned communities (272 units) classified as held for sale as of June 30, 2025. The closings of the sales of the communities are subject to the satisfaction of various closing conditions, including (where applicable) the receipt of regulatory approvals. There can be no assurance that the transactions will close or, if they do, when the actual closings will occur.

Results of Operations

The following discussion should be read in conjunction with our condensed consolidated financial statements and the related notes, which are included in "Item 1. Financial Statements" of this Quarterly Report on Form 10-Q. The results of operations for any particular period are not necessarily indicative of results for any future period.

We use the operating measures described below in connection with operating and managing our business and reporting our results of operations.

- Senior housing operating results and data presented on a **same community basis** reflect results and data of a consistent population of communities by excluding the impact of changes in the composition of our portfolio of communities. The operating results exclude natural disaster expense and related insurance recoveries. We define our same community portfolio as communities consolidated and operational for the full period in both comparison years. Consolidated communities excluded from the same community portfolio include communities acquired or disposed of since the beginning of the prior year, communities classified as assets held for sale, certain communities planned for disposition including through asset sales or lease terminations, certain communities that have undergone or are undergoing expansion, redevelopment, and repositioning projects, and certain communities that have experienced a casualty event that significantly impacts their operations. Our management uses same community operating results and data for decision making and components of executive compensation, and we believe such results and data provide useful information to investors, because it enables comparisons of revenue, expense, and other operating measures for a consistent portfolio over time without giving effect to the impacts of communities that were not consolidated and operational for the comparison periods, communities acquired or disposed during the comparison periods (or planned for disposition), and communities with results that are or likely will be impacted by completed or in-process development-related capital expenditure projects.

- **RevPAR**, or average monthly senior housing resident fee revenue per available unit, is defined as resident fee revenue for the corresponding portfolio for the period (excluding revenue for private duty services provided to seniors living outside of our communities), divided by the weighted average number of available units in the corresponding portfolio for the period, divided by the number of months in the period. We measure RevPAR at the consolidated level, as well as at the segment level with respect to our Independent Living, Assisted Living and Memory Care, and CCRCs segments. Our management uses RevPAR for decision making and components of executive compensation, and we believe the measure provides useful information to investors, because the measure is an indicator of senior housing resident fee revenue performance that reflects the impact of both senior housing occupancy and rate.

- **RevPOR**, or average monthly senior housing resident fee revenue per occupied unit, is defined as resident fee revenue for the corresponding portfolio for the period (excluding revenue for private duty services provided to seniors living outside of our communities), divided by the weighted average number of occupied units in the corresponding portfolio for the period, divided by the number of months in the period. We measure RevPOR at the consolidated level, as well as at the segment level with respect to our Independent Living, Assisted Living and Memory Care, and CCRCs segments. Our management uses RevPOR for decision making, and we believe the measure provides useful information to investors, because it reflects the average amount of senior housing resident fee revenue we derive from an occupied unit per month without factoring occupancy rates. RevPOR is a significant driver of our senior housing revenue performance.

- Weighted average occupancy reflects the percentage of units at our owned and leased communities being utilized by residents over a reporting period. We measure occupancy rates with respect to our Independent Living, Assisted Living and Memory Care, and CCRCs segments, and also measure this metric both on a consolidated senior housing and a same community basis. Our management uses weighted average occupancy, and we believe the measure provides useful information to investors, because it is a significant driver of our senior housing revenue performance.

This section includes the non-GAAP performance measure Adjusted EBITDA. See "Non-GAAP Financial Measures" below for our definition of the measure and other important information regarding such measure, including reconciliations to the most comparable measure in accordance with generally accepted accounting principles in the United States ("GAAP").

Comparison of Three Months Ended June 30, 2025 and 2024

Summary Operating Results

The following table summarizes our overall operating results for the three months ended June 30, 2025 and 2024.

	Three Months Ended June 30,		Increase (Decrease)	
(in thousands)	2025	2024	Amount	Percent
Resident fees	$ 775,614	$ 739,709	$ 35,905	4.9 %
Facility operating expense	562,317	537,507	24,810	4.6 %
Net income (loss)	(43,039)	(37,742)	5,297	14.0 %
Adjusted EBITDA	117,050	97,816	19,234	19.7 %

The increase in resident fees was primarily attributable to a 4.8% increase in same community RevPAR, comprised of a 2.4% increase in same community RevPOR and a 190 basis point increase in same community weighted average occupancy.

The increase in facility operating expense was primarily attributable to a 4.8% increase in same community facility operating expense primarily resulting from increases in wage rates, repairs and maintenance expense, estimated incentive compensation expense, and advertising expense.

The increase in net loss was primarily attributable to the increase in facility operating expense, a $10.4 million increase in transaction, legal, and organizational restructuring costs, and an increase in depreciation and amortization expense, partially offset by the increase in resident fees.

The increase in Adjusted EBITDA was primarily attributable to the increase in resident fees and a decrease in cash facility operating lease payments, partially offset by the increase in facility operating expense.

Operating Results - Senior Housing Segments

The following table summarizes the consolidated operating results and data of our three senior housing segments (Independent Living, Assisted Living and Memory Care, and CCRCs) for the three months ended June 30, 2025 and 2024, including operating results and data on a same community basis. See management's discussion and analysis of the operating results on an individual segment basis on the following pages.

	Three Months Ended June 30,		Increase (Decrease)	
(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**2025**	**2024**	**Amount**	**Percent**
Resident fees	$ 775,614	$ 739,709	$ 35,905	4.9 %
Facility operating expense	$ 562,317	$ 537,507	$ 24,810	4.6 %
Number of communities (period end)	617	619	(2)	(0.3)%
Total average units	50,812	50,927	(115)	(0.2)%
RevPAR	$ 5,080	$ 4,835	$ 245	5.1 %
Weighted average occupancy	80.1%	78.1%	200 bps	n/a
RevPOR	$ 6,343	$ 6,193	$ 150	2.4 %
Same Community Operating Results and Data				
Resident fees	$ 687,270	$ 655,607	$ 31,663	4.8 %
Facility operating expense	$ 494,197	$ 471,579	$ 22,618	4.8 %
Number of communities	547	547	—	— %
Total average units	44,094	44,090	4	— %
RevPAR	$ 5,195	$ 4,957	$ 238	4.8 %
Weighted average occupancy	80.7%	78.8%	190 bps	n/a
RevPOR	$ 6,436	$ 6,287	$ 149	2.4 %

Independent Living Segment

The following table summarizes the operating results and data for our Independent Living segment for the three months ended June 30, 2025 and 2024, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**Three Months Ended June 30,**		**Increase (Decrease)**	
	2025	**2024**	**Amount**	**Percent**
Resident fees	$ 158,135	$ 149,542	$ 8,593	5.7 %
Facility operating expense	$ 104,537	$ 99,208	$ 5,329	5.4 %
Number of communities (period end)	68	68	—	— %
Total average units	12,584	12,573	11	0.1 %
RevPAR	$ 4,189	$ 3,965	$ 224	5.6 %
Weighted average occupancy	82.0%	79.9%	210 bps	n/a
RevPOR	$ 5,109	$ 4,959	$ 150	3.0 %
Same Community Operating Results and Data				
Resident fees	$ 112,643	$ 107,572	$ 5,071	4.7 %
Facility operating expense	$ 74,392	$ 70,466	$ 3,926	5.6 %
Number of communities	53	53	—	— %
Total average units	9,137	9,134	3	— %
RevPAR	$ 4,109	$ 3,926	$ 183	4.7 %
Weighted average occupancy	83.0%	81.7%	130 bps	n/a
RevPOR	$ 4,950	$ 4,803	$ 147	3.1 %

The increase in the segment's resident fees was primarily attributable to an increase in the segment's same community RevPAR, comprised of a 3.1% increase in same community RevPOR and a 130 basis point increase in same community weighted average occupancy. The increase in the segment's same community RevPOR was primarily the result of the current year annual rate increase.

The increase in the segment's facility operating expense was primarily attributable to an increase in the segment's same community facility operating expense primarily resulting from increases in wage rates, repairs and maintenance expense, estimated incentive compensation expense, and advertising expense.

Assisted Living and Memory Care Segment

The following table summarizes the operating results and data for our Assisted Living and Memory Care segment for the three months ended June 30, 2025 and 2024, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**Three Months Ended June 30,**		**Increase (Decrease)**	
	2025	**2024**	**Amount**	**Percent**
Resident fees	$ 531,318	$ 507,191	$ 24,127	4.8 %
Facility operating expense	$ 388,611	$ 371,036	$ 17,575	4.7 %
Number of communities (period end)	532	534	(2)	(0.4)%
Total average units	33,494	33,622	(128)	(0.4)%
RevPAR	$ 5,276	$ 5,018	$ 258	5.1 %
Weighted average occupancy	79.6%	77.6%	200 bps	n/a
RevPOR	$ 6,627	$ 6,462	$ 165	2.6 %
Same Community Operating Results and Data				
Resident fees	$ 493,918	$ 470,308	$ 23,610	5.0 %
Facility operating expense	$ 355,353	$ 338,274	$ 17,079	5.0 %
Number of communities	478	478	—	— %
Total average units	30,617	30,617	—	— %
RevPAR	$ 5,377	$ 5,120	$ 257	5.0 %
Weighted average occupancy	80.3%	78.3%	200 bps	n/a
RevPOR	$ 6,700	$ 6,540	$ 160	2.4 %

The increase in the segment's resident fees was primarily attributable to an increase in the segment's same community RevPAR, comprised of a 200 basis point increase in same community weighted average occupancy and a 2.4% increase in same community RevPOR. The increase in the segment's same community RevPOR was primarily the result of the current year annual rate increase.

The increase in the segment's facility operating expense was primarily attributable to an increase in the segment's same community facility operating expense primarily resulting from increases in wage rates, estimated incentive compensation expense, repairs and maintenance expense, and advertising expense.

CCRCs Segment

The following table summarizes the operating results and data for our CCRCs segment for the three months ended June 30, 2025 and 2024, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**Three Months Ended June 30,** 2025	**2024**	**Increase (Decrease)** Amount	**Percent**
Resident fees	$ 86,161	$ 82,976	$ 3,185	3.8 %
Facility operating expense	$ 69,169	$ 67,263	$ 1,906	2.8 %
Number of communities (period end)	17	17	—	— %
Total average units	4,734	4,732	2	— %
RevPAR	$ 6,067	$ 5,845	$ 222	3.8 %
Weighted average occupancy	78.5%	76.1%	240 bps	n/a
RevPOR	$ 7,729	$ 7,685	$ 44	0.6 %
Same Community Operating Results and Data				
Resident fees	$ 80,709	$ 77,727	$ 2,982	3.8 %
Facility operating expense	$ 64,452	$ 62,839	$ 1,613	2.6 %
Number of communities	16	16	—	— %
Total average units	4,340	4,339	1	— %
RevPAR	$ 6,199	$ 5,971	$ 228	3.8 %
Weighted average occupancy	79.2%	76.6%	260 bps	n/a
RevPOR	$ 7,823	$ 7,799	$ 24	0.3 %

The increase in the segment's resident fees was primarily attributable to an increase in the segment's same community RevPAR, comprised of a 260 basis point increase in same community weighted average occupancy and a 0.3% increase in the segment's same community RevPOR. The increase in the segment's same community RevPOR was primarily the result of the current year annual rate increase, partially offset by lower skilled nursing revenue and an occupancy mix shift to more independent living residents.

The increase in the segment's facility operating expense was primarily attributable to an increase in the segment's same community facility operating expense primarily resulting from increases in wage rates.

Operating Results - Other Income and Expense Items

The following table summarizes other income and expense items in our operating results for the three months ended June 30, 2025 and 2024.

	Three Months Ended June 30,		Increase (Decrease)	
(in thousands)	**2025**	**2024**	**Amount**	**Percent**
Management fees	$ 2,623	$ 2,616	$ 7	0.3 %
Reimbursed costs incurred on behalf of managed communities	34,707	35,216	(509)	(1.4)%
Costs incurred on behalf of managed communities	34,707	35,216	(509)	(1.4)%
General and administrative expense	54,973	46,664	8,309	17.8 %
Facility operating lease expense	52,653	50,964	1,689	3.3 %
Depreciation and amortization	92,853	88,028	4,825	5.5 %
Asset impairment	577	—	577	NM
Loss (gain) on sale of communities, net	(43)	—	43	NM
Interest income	2,919	4,714	(1,795)	(38.1)%
Interest expense	63,081	61,567	1,514	2.5 %
Gain (loss) on debt modification and extinguishment, net	(115)	—	115	NM
Non-operating gain (loss) on sale of assets, net	—	199	(199)	(100.0)%
Other non-operating income (loss)	2,060	199	1,861	NM
Benefit (provision) for income taxes	271	(449)	720	NM

General and Administrative Expense. The increase in general and administrative expense was primarily attributable to $5.2 million of organizational restructuring costs related to our senior leadership change and $5.1 million of transaction costs for stockholder relations advisory matters in the current period. General and administrative expense includes transaction, legal, and organizational restructuring costs of $10.5 million and $0.1 million for the three months ended June 30, 2025 and 2024, respectively. Transaction costs include those directly related to acquisition, disposition, financing, and leasing activity and stockholder relations advisory matters, and are primarily comprised of legal, finance, consulting, professional fees, and other third-party costs. Legal costs include charges associated with putative class action litigation. Organizational restructuring costs include those related to our efforts to reduce general and administrative expense and our senior leadership changes, including severance costs.

Facility Operating Lease Expense. The increase in facility operating lease expense was primarily due to the extension of the operating lease for 65 communities.

Depreciation and Amortization. The increase in depreciation and amortization expense was primarily due to the acquisition of 36 communities previously subject to operating leases and the completion of capital expenditures at leased communities since the beginning of the prior year period.

Interest expense. The increase in interest expense was primarily due to debt obtained to finance the acquisition of 36 communities previously subject to operating leases subsequent to the prior year period.

Benefit (Provision) for Income Taxes. The difference between our effective tax rate for the three months ended June 30, 2025 and 2024 was primarily due to an increase in the benefit recorded on operating losses during the three months ended June 30, 2025. We recorded an aggregate deferred federal, state, and local tax benefit of $9.1 million for the three months ended June 30, 2025, which was partially offset by an increase in the valuation allowance of $8.3 million.

We evaluate our deferred tax assets each quarter to determine if a valuation allowance is required based on whether it is more likely than not that some portion of the deferred tax asset would not be realized. Our valuation allowance as of June 30, 2025 and December 31, 2024 was $544.5 million and $521.5 million, respectively.

Comparison of Six Months Ended June 30, 2025 and 2024

Summary Operating Results

The following table summarizes our overall operating results for the six months ended June 30, 2025 and 2024.

	Six Months Ended June 30,		Increase (Decrease)	
(in thousands)	2025	2024	Amount	Percent
Resident fees	$ 1,553,068	$ 1,483,950	$ 69,118	4.7 %
Facility operating expense	1,119,304	1,080,057	39,247	3.6 %
Net income (loss)	(108,032)	(67,323)	40,709	60.5 %
Adjusted EBITDA	241,189	195,432	45,757	23.4 %

The increase in resident fees was primarily attributable to a 4.6% increase in same community RevPAR, comprised of a 2.6% increase in same community RevPOR and a 160 basis point increase in same community weighted average occupancy.

The increase in facility operating expense was primarily attributable to a 4.0% increase in same community facility operating expense, primarily resulting from increases in wage rates, repairs and maintenance expense, utilities expense, estimated incentive compensation expense, and advertising expense, partially offset by an additional day of expense in the prior year period due to the leap year.

The increase in net loss was primarily attributable to a $32.8 million loss on extinguishment of a financing obligation during the six months ended June 30, 2025 for the reacquisition of three communities previously subject to sale-leaseback transactions for the amount by which the repurchase price exceeded the previously recognized financing obligation for such three communities, the increase in facility operating expense, an $11.7 million increase in transaction, legal, and organizational restructuring costs, and an increase in depreciation and amortization expense, partially offset by the increase in resident fees.

The increase in Adjusted EBITDA was primarily attributable to the increase in resident fees and a decrease in cash facility operating lease payments, partially offset by the increase in facility operating expense.

Operating Results - Senior Housing Segments

The following table summarizes the operating results and data of our three senior housing segments (Independent Living, Assisted Living and Memory Care, and CCRCs) on a combined basis for the six months ended June 30, 2025 and 2024 including operating results and data on a same community basis. See management's discussion and analysis of the operating results on an individual segment basis on the following pages.

	Six Months Ended June 30,		**Increase (Decrease)**	
(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**2025**	**2024**	**Amount**	**Percent**
Resident fees	$1,553,068	$1,483,950	$ 69,118	4.7 %
Facility operating expense	$1,119,304	$1,080,057	$ 39,247	3.6 %
Number of communities (period end)	617	619	(2)	(0.3)%
Total average units	50,826	50,983	(157)	(0.3)%
RevPAR	$ 5,085	$ 4,844	$ 241	5.0 %
Weighted average occupancy	79.7%	78.0%	170 bps	n/a
RevPOR	$ 6,379	$ 6,211	$ 168	2.7 %
Same Community Operating Results and Data				
Resident fees	$1,376,438	$1,315,301	$ 61,137	4.6 %
Facility operating expense	$ 982,581	$ 944,707	$ 37,874	4.0 %
Number of communities	547	547	—	— %
Total average units	44,094	44,088	6	— %
RevPAR	$ 5,203	$ 4,972	$ 231	4.6 %
Weighted average occupancy	80.4%	78.8%	160 bps	n/a
RevPOR	$ 6,473	$ 6,311	$ 162	2.6 %

Independent Living Segment

The following table summarizes the operating results and data for our Independent Living segment for the six months ended June 30, 2025 and 2024, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**Six Months Ended June 30,**		**Increase (Decrease)**	
	2025	**2024**	**Amount**	**Percent**
Resident fees	$ 315,252	$ 298,490	$ 16,762	5.6 %
Facility operating expense	$ 207,422	$ 199,513	$ 7,909	4.0 %
Number of communities (period end)	68	68	—	— %
Total average units	12,583	12,569	14	0.1 %
RevPAR	$ 4,176	$ 3,958	$ 218	5.5 %
Weighted average occupancy	81.6%	79.8%	180 bps	n/a
RevPOR	$ 5,118	$ 4,961	$ 157	3.2 %
Same Community Operating Results and Data				
Resident fees	$ 224,631	$ 215,226	$ 9,405	4.4 %
Facility operating expense	$ 147,390	$ 141,605	$ 5,785	4.1 %
Number of communities	53	53	—	— %
Total average units	9,137	9,133	4	— %
RevPAR	$ 4,097	$ 3,927	$ 170	4.3 %
Occupancy rate (weighted average)	82.7%	81.7%	100 bps	n/a
RevPOR	$ 4,956	$ 4,810	$ 146	3.0 %

The increase in the segment's resident fees was primarily attributable to an increase in the segment's same community RevPAR, comprised of a 3.0% increase in same community RevPOR and a 100 basis point increase in same community weighted average occupancy. The increase in the segment's same community RevPOR was primarily the result of the current year annual rate increase.

The increase in the segment's facility operating expense was primarily attributable to an increase in the segment’s same community facility operating expense, primarily resulting from increases in wage rates, repairs and maintenance expense, and utilities expense, partially offset by an additional day of expense in the prior year due to the leap year.

Assisted Living and Memory Care Segment

The following table summarizes the operating results and data for our Assisted Living and Memory Care segment for the six months ended June 30, 2025 and 2024, including operating results and data on a same community basis.

	Six Months Ended June 30,		**Increase (Decrease)**	
(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**2025**	**2024**	**Amount**	**Percent**
Resident fees	$1,064,697	$1,018,063	$ 46,634	4.6 %
Facility operating expense	$ 772,437	$ 744,450	$ 27,987	3.8 %
Number of communities (period end)	532	534	(2)	(0.4)%
Total average units	33,509	33,682	(173)	(0.5)%
RevPAR	$ 5,284	$ 5,027	$ 257	5.1 %
Weighted average occupancy	79.2%	77.6%	160 bps	n/a
RevPOR	$ 6,673	$ 6,478	$ 195	3.0 %
Same Community Operating Results and Data				
Resident fees	$ 989,667	$ 943,266	$ 46,401	4.9 %
Facility operating expense	$ 705,226	$ 676,447	$ 28,779	4.3 %
Number of communities	478	478	—	— %
Total average units	30,617	30,616	1	— %
RevPAR	$ 5,387	$ 5,135	$ 252	4.9 %
Weighted average occupancy	79.8%	78.2%	160 bps	n/a
RevPOR	$ 6,747	$ 6,564	$ 183	2.8 %

The increase in the segment's resident fees was primarily attributable to an increase in the segment's same community RevPAR, comprised of a 2.8% increase in same community RevPOR and a 160 basis point increase in same community weighted average occupancy. The increase in the segment's same community RevPOR was primarily the result of the current year annual rate increase.

The increase in the segment's facility operating expense was primarily attributable to an increase in the segment's same community facility operating expense, primarily resulting from increases in wage rates, utilities expense, repairs and maintenance expense, and advertising expense, partially offset by an additional day of expense in the prior year due to the leap year. The segment's same community facility operating expense for the six months ended June 30, 2025 and 2024 excludes $1.2 million and $2.3 million, respectively, of natural disaster expense.

CCRCs Segment

The following table summarizes the operating results and data for our CCRCs segment for the six months ended June 30, 2025 and 2024, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	**Six Months Ended June 30,**		**Increase (Decrease)**	
	2025	**2024**	**Amount**	**Percent**
Resident fees	$ 173,119	$ 167,397	$ 5,722	3.4 %
Facility operating expense	$ 139,445	$ 136,094	$ 3,351	2.5 %
Number of communities (period end)	17	17	—	— %
Total average units	4,734	4,732	2	— %
RevPAR	$ 6,095	$ 5,896	$ 199	3.4 %
Weighted average occupancy	78.5%	76.1%	240 bps	n/a
RevPOR	$ 7,765	$ 7,750	$ 15	0.2 %
Same Community Operating Results and Data				
Resident fees	$ 162,140	$ 156,809	$ 5,331	3.4 %
Facility operating expense	$ 129,965	$ 126,655	$ 3,310	2.6 %
Number of communities	16	16	—	— %
Total average units	4,340	4,339	1	— %
RevPAR	$ 6,227	$ 6,024	$ 203	3.4 %
Weighted average occupancy	79.2%	76.7%	250 bps	n/a
RevPOR	$ 7,857	$ 7,857	$ —	— %

The increase in the segment's resident fees was primarily attributable to an increase in the segment's same community RevPAR, primarily resulting from a 250 basis point increase in same community weighted average occupancy. The segment's same community RevPOR did not change as the impact of the current year annual rate increase was offset by lower skilled nursing revenue and an occupancy mix shift to more independent living residents.

The increase in the segment's facility operating expense was primarily attributable to an increase in the segment's same community facility operating expense, primarily resulting from an increase in wage rates, partially offset by an additional day of expense in the prior year due to the leap year.

Operating Results - Other Income and Expense Items

The following table summarizes other income and expense items in our operating results for the six months ended June 30, 2025 and 2024.

	Six Months Ended June 30,		**Increase (Decrease)**	
(in thousands)	**2025**	**2024**	**Amount**	**Percent**
Management fees	$ 5,243	$ 5,234	$ 9	0.2 %
Reimbursed costs incurred on behalf of managed communities	68,497	71,188	(2,691)	(3.8)%
Costs incurred on behalf of managed communities	68,497	71,188	(2,691)	(3.8)%
General and administrative expense	102,847	92,396	10,451	11.3 %
Facility operating lease expense	105,527	102,460	3,067	3.0 %
Depreciation and amortization	183,829	174,155	9,674	5.6 %
Asset impairment	2,364	1,708	656	38.4 %
Loss (gain) on sale of communities, net	(43)	—	43	NM
Interest income	6,567	9,492	(2,925)	(30.8)%
Interest expense	128,112	119,254	8,858	7.4 %
Gain (loss) on debt modification and extinguishment, net	(35,335)	—	35,335	NM
Non-operating gain (loss) on sale of assets, net	—	903	(903)	(100.0)%
Other non-operating income (loss)	3,418	3,537	(119)	(3.4)%
Benefit (provision) for income taxes	947	(409)	1,356	NM

Reimbursed Costs Incurred on Behalf of Managed Communities and Costs Incurred on Behalf of Managed Communities. The decrease in reimbursed costs and costs incurred on behalf of managed communities was primarily attributable to terminations of management agreements subsequent to the beginning of the prior year period, partially offset by an increase in community costs incurred for communities managed in both periods.

General and Administrative Expense. The increase in general and administrative expense was primarily attributable to $5.2 million of organizational restructuring costs related to our senior leadership change and $6.7 million of transaction costs for stockholder relations advisory matters in the current period. General and administrative expense includes transaction, legal, and organizational restructuring costs of $12.2 million and $0.5 million for the six months ended June 30, 2025 and 2024, respectively. Transaction costs include those directly related to acquisition, disposition, financing, and leasing activity and stockholder relations advisory matters, and are primarily comprised of legal, finance, consulting, professional fees, and other third-party costs. Legal costs include charges associated with putative class action litigation. Organizational restructuring costs include those related to our efforts to reduce general and administrative expense and our senior leadership changes, including severance costs.

Facility Operating Lease Expense. The increase in facility operating lease expense was primarily due to the extension of the operating lease for 65 communities.

Depreciation and Amortization. The increase in depreciation and amortization expense was primarily due to the acquisition of 36 communities previously subject to operating leases and the completion of capital expenditures at leased communities since the beginning of the prior year period.

Interest Expense. The increase in interest expense was primarily due to debt obtained to finance the acquisition of 36 communities previously subject to operating leases subsequent to the prior year period and an increase in the fair value of interest rate derivatives in the prior year period.

Gain (Loss) on Debt Modification and Extinguishment, Net. The increase in loss on debt modification and extinguishment, net was primarily due to a $32.8 million loss on extinguishment of a financing obligation during the current period for the reacquisition of three communities previously subject to sale-leaseback transactions.

Benefit (Provision) for Income Taxes. The difference between our effective tax rate for the six months ended June 30, 2025 and 2024 was primarily due to an increase in the benefit recorded on operating losses during the six months ended June 30, 2025.

We recorded an aggregate deferred federal, state, and local tax benefit of $24.9 million for the six months ended June 30, 2025, which was partially offset by an increase in the valuation allowance of $23.0 million. We recorded an aggregate deferred federal, state, and local tax benefit of $16.7 million for the six months ended June 30, 2024, which was partially offset by an increase to the valuation allowance of $16.3 million.

Liquidity and Capital Resources

This section includes the non-GAAP liquidity measure Adjusted Free Cash Flow. See "Non-GAAP Financial Measures" below for our definition of the measure and other important information regarding such measure, including reconciliations to the most comparable GAAP measure.

Liquidity

The following is a summary of cash flows from operating, investing, and financing activities, as reflected in the condensed consolidated statements of cash flows, and our Adjusted Free Cash Flow.

	Six Months Ended June 30,		Increase (Decrease)	
(in thousands)	2025	2024	Amount	Percent
Net cash provided by operating activities	$ 106,966	$ 54,524	$ 52,442	96.2 %
Net cash provided by (used in) investing activities	(377,154)	(75,403)	301,751	NM
Net cash provided by (used in) financing activities	213,910	33,715	180,195	NM
Net increase (decrease) in cash, cash equivalents, and restricted cash	(56,278)	12,836	(69,114)	NM
Cash, cash equivalents, and restricted cash at beginning of period	379,840	349,668	30,172	8.6 %
Cash, cash equivalents, and restricted cash at end of period	$ 323,562	$ 362,504	$ (38,942)	(10.7)%
Adjusted Free Cash Flow	$ 23,688	$ (31,813)	$ 55,501	NM

The increase in net cash provided by operating activities was primarily attributable to an increase in resident fees and a $10.0 million increase in lessor reimbursements for capital expenditures for operating leases compared to the prior year period, partially offset by an increase in facility operating expense compared to the prior year period.

The increase in net cash used in investing activities was primarily attributable to $311.0 million of cash paid for the acquisition of formerly leased communities in the current period.

The increase in net cash provided by financing activities was primarily attributable to a $239.5 million increase in debt proceeds compared to the prior year period, partially offset by a $54.3 million increase in repayment of debt and financing lease obligations compared to the prior year period.

The change in Adjusted Free Cash Flow was primarily attributable to the increase in net cash provided by operating activities.

Our principal sources of liquidity have historically been from:

- cash balances on hand, cash equivalents, and marketable securities;
- cash flows from operations;
- proceeds from our credit facilities;
- funds generated through unconsolidated venture arrangements;
- proceeds from mortgage financing or refinancing of various assets;
- funds raised in the debt or equity markets; and
- proceeds from the disposition of assets.

Over the longer-term, we expect to continue to fund our business through these principal sources of liquidity.

Over the near-term, we expect that our liquidity requirements will primarily arise from:

- working capital;
- operating costs such as labor costs, severance costs, general and administrative expense, and supply costs;
- debt, interest, and lease payments;
- investment in our healthcare and wellness initiatives;
- transaction consideration and related expenses;
- capital expenditures and improvements;
- cash collateral required to be posted in connection with our financial instruments and insurance programs; and
- other corporate initiatives (including information systems and other strategic projects).

We are highly leveraged and have significant debt and lease obligations. As of June 30, 2025, we had $4.3 billion of debt outstanding at a weighted average interest rate of 5.20%. As of such date, 88.0%, or $3.8 billion, of our total debt obligations represented non-recourse property-level mortgage financings.

As of June 30, 2025, we had $1.3 billion of operating and financing lease obligations, and for the twelve months ending June 30, 2026, we will be required to make approximately $215.0 million of cash lease payments in connection with our existing operating and financing leases (without giving effect to the potential early termination by Ventas of certain of our community leases with maturity dates of December 31, 2025).

Total liquidity of $350.0 million as of June 30, 2025 included $251.9 million of unrestricted cash and cash equivalents (excluding restricted cash of $71.7 million) and $98.1 million of availability on our secured credit facility (excluding $16.1 million of availability on our separate letter of credit facilities, which can be drawn only as letters of credit). Total liquidity as of June 30, 2025 decreased $39.3 million from total liquidity of $389.3 million as of December 31, 2024. The decrease was primarily attributable to cash paid for acquisitions, net of financing proceeds during the period, partially offset by a $37.6 million increase in availability on our secured credit facility and $23.7 million of Adjusted Free Cash Flow during the period.

As of June 30, 2025, our current liabilities exceeded current assets by $98.2 million. Included in our current liabilities is $93.2 million of the current portion of operating and financing lease obligations, for which the associated right-of-use assets are excluded from current assets on our condensed consolidated balance sheets. We currently estimate our historical principal sources of liquidity, primarily our cash flows from operations, together with cash balances on hand and cash equivalents, availability on our secured credit facility, and proceeds from financings and refinancings of various assets will be sufficient to fund our liquidity needs for at least the next 12 months. We continue to focus on increasing our RevPAR, maintaining appropriate expense discipline, continuing to refinance or exercise available extension options for maturing debt, continuing to evaluate our capital structure and the state of debt and equity markets, and monetizing non-strategic or underperforming owned assets. There is no assurance that financing will continue to be available on terms consistent with our expectations or at all, or that our efforts will be successful in monetizing certain assets or exercising extension options.

Our actual liquidity and capital funding requirements depend on numerous factors, including our operating results, our actual level of capital expenditures, general economic conditions, and the cost of capital, as well as other factors described in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission ("SEC") on February 19, 2025. Since the amount of mortgage financing available for our communities is generally dependent on their appraised values and performance, decreases in their appraised values, including due to adverse changes in real estate market conditions, or their performance, could result in available mortgage refinancing amounts that are less than the communities' maturing indebtedness. In addition, our inability to satisfy underwriting criteria for individual communities may limit our access to our historical lending sources for such communities, including Fannie Mae and Freddie Mac. As of June 30, 2025, 9% of our owned communities were unencumbered by mortgage debt.

We have completed the refinancing of all of our mortgage debt maturities due in 2025. Our inability to obtain refinancing proceeds sufficient to cover 2026 and later maturing indebtedness could adversely impact our liquidity, and may cause us to seek additional alternative sources of financing, which may be less attractive or unavailable. Shortfalls in cash flows from estimated operating results or other principal sources of liquidity may have an adverse impact on our ability to fund our planned capital expenditures or to fund investments to support our strategy. In order to continue some of these activities at historical or planned levels, we may incur additional indebtedness or lease financing to provide additional funding. There can be no assurance that any such additional financing will be available or on terms that are acceptable to us.

Funding our planned capital expenditures or investments to support our strategy may require additional capital. We expect to continue to assess our financing alternatives periodically and access the capital markets opportunistically. If our existing resources are insufficient to satisfy our liquidity requirements, we may need to sell additional equity or debt securities. Any such sale of additional equity securities will dilute the percentage ownership of our existing stockholders, and we cannot be certain that additional public or private financing will be available in amounts or on terms acceptable to us, if at all. Any newly issued equity securities may have rights, preferences, or privileges senior to those of our common stock. If we are unable to raise additional funds or obtain them on terms acceptable to us, we may have to delay or abandon our plans.

Capital Expenditures

Our capital expenditures are comprised of community-level, corporate, and development capital expenditures. Community-level capital expenditures include maintenance expenditures (including routine maintenance of communities over $1,500 per occurrence), community renovations, unit upgrades (including unit turnovers over $500 per unit), and other major building infrastructure projects (including replacements of major building systems). Corporate capital expenditures include those for information technology systems and equipment and the remediation or replacement of assets as a result of casualty losses. Development capital expenditures include community expansions, major community redevelopment and repositioning projects, and the development of new communities.

The following table summarizes our capital expenditures for the six months ended June 30, 2025 for our consolidated business.

(in thousands)		
Community-level capital expenditures, net[1]	$	76,218
Corporate capital expenditures, net		13,723
Non-development capital expenditures, net[2]		89,941
Development capital expenditures, net		12
Total capital expenditures, net	$	89,953

(1) Reflects the amount invested, net of lessor reimbursements of $11.3 million.

(2) Amount is included in Adjusted Free Cash Flow.

In the aggregate, we expect our full-year 2025 non-development capital expenditures, net of anticipated lessor reimbursements and property and casualty insurance proceeds, to be $175.0 million to $180.0 million. We anticipate that our 2025 capital expenditures will be funded from cash on hand, cash equivalents, cash flows from operations, and reimbursements from lessors.

Credit Facilities

In December 2023, we amended our revolving credit agreement with Capital One, National Association, as administrative agent and lender and the other lenders from time to time parties thereto. The amended agreement provides an expanded commitment amount of up to $100.0 million which can be drawn in cash or as letters of credit. The credit facility matures in January 2027, and we have the option to extend the facility for two additional terms of approximately one year each subject to the satisfaction of certain conditions. Amounts drawn under the facility will bear interest at the Secured Overnight Financing Rate ("SOFR") plus an applicable margin ranging from 2.5% to 3.0% based upon the percentage of the total commitment drawn. Additionally, a quarterly commitment fee of 0.25% per annum was applicable on the unused portion of the facility as of June 30, 2025. The revolving credit facility is currently secured by first priority mortgages and negative pledges on certain of our communities. Available capacity under the facility will vary from time to time based upon certain calculations related to the appraised value and performance of the communities securing the credit facility and the variable interest rate of the credit facility.

As of June 30, 2025, $1.9 million of letters of credit and no cash borrowings were outstanding under our $100.0 million secured credit facility and the facility had $98.1 million of availability. We also had separate letter of credit facilities providing up to $85.0 million of letters of credit as of June 30, 2025 under which $68.9 million had been issued as of that date.

Long-Term Leases

As of June 30, 2025, we operated 235 communities under long-term leases (226 operating leases and 9 financing leases). The substantial majority of our lease arrangements are structured as master leases. Under a master lease, numerous communities are leased through an indivisible lease. In certain cases, we guarantee the performance and lease payment obligations of our subsidiary lessees under the master leases. Due to the nature of such master leases, it is difficult to restructure the composition of our leased portfolios or economic terms of the leases without the consent of the applicable landlord. In addition, an event of default related to an individual property or limited number of properties within a master lease portfolio may result in a default on the entire master lease portfolio.

The leases relating to substantially all of our leased communities are fixed rate leases with annual escalators that are fixed. We are responsible for all operating costs, including repairs and maintenance, property taxes, and insurance. The lease terms generally provide for renewal or extension options, or in certain cases, purchase options.

The community leases contain other customary terms, which may include assignment and change of control restrictions, maintenance and capital expenditure obligations, termination provisions, and financial covenants, such as those requiring us to maintain prescribed minimum liquidity and net worth and lease coverage ratios. Our lease documents generally contain non-financial covenants, such as those requiring us to comply with Medicare or Medicaid provider requirements and maintain insurance coverage. Certain leases contain cure provisions, which generally allow us to post an additional lease security deposit if the required covenant is not met.

Certain of our master leases contain radius restrictions, which limit our ability to own, develop, or acquire new communities within a specified distance from certain existing communities covered by such agreements. These radius restrictions could negatively affect our ability to expand, develop, or acquire senior housing communities and operating companies.

For the six months ended June 30, 2025, our cash lease payments for our operating leases were $118.4 million and for our financing leases were $7.9 million. For the twelve months ending June 30, 2026, we will be required to make approximately $215.0 million of cash lease payments in connection with our existing operating and financing leases (without giving effect to the potential early termination by Ventas of certain of our community leases with maturity dates of December 31, 2025).

Debt and Lease Covenants

Certain of our long-term debt and lease documents contain restrictions and financial covenants, such as those requiring us to maintain prescribed minimum liquidity and net worth levels and debt service and lease coverage ratios, and requiring us not to exceed prescribed leverage ratios, in each case on a consolidated, portfolio-wide, multi-community, single-community, and/or entity basis. These covenants include a requirement contained in certain of our long-term debt documents for us to maintain liquidity of at least $130.0 million at each quarter-end determination date. As of June 30, 2025, our liquidity was $350.0 million.

In addition, our debt and lease documents generally contain non-financial covenants, such as those requiring us to comply with Medicare or Medicaid provider requirements and maintain insurance coverage. Our failure to comply with applicable covenants could constitute an event of default under the applicable debt or lease documents. Many of our debt and lease documents contain cross-default provisions so that a default under one of these instruments could cause a default under other debt and lease documents (including documents with other lenders and lessors).

Furthermore, our mortgage debt is secured by our communities and, in certain cases, our long-term debt and leases are secured by a guaranty by us and/or one or more of our subsidiaries. Therefore, if an event of default has occurred under any of our debt or lease documents, subject to cure provisions in certain instances, the respective lender or lessor would have the right to declare all the related outstanding amounts of indebtedness or cash lease obligations immediately due and payable, to foreclose on our mortgaged communities, to terminate our leasehold interests, to foreclose on other collateral securing the indebtedness and leases, to discontinue our operation of leased communities, and/or to pursue other remedies available to such lender or lessor. Further, an event of default could trigger cross-default provisions in our other debt and lease documents (including documents with other lenders or lessors). We cannot provide assurance that we would be able to pay the debt or lease obligations if they became due upon acceleration following an event of default.

As of June 30, 2025, we are in compliance with the financial covenants of our debt agreements and long-term leases.

Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q contains the financial measures Adjusted EBITDA and Adjusted Free Cash Flow, which are not calculated in accordance with GAAP. Presentations of these non-GAAP financial measures are intended to aid investors in better understanding the factors and trends affecting our performance and liquidity. However, investors should not consider these non-GAAP financial measures as a substitute for financial measures determined in accordance with GAAP, including net income (loss), income (loss) from operations, or net cash provided by operating activities. We caution investors that amounts presented in accordance with our definitions of these non-GAAP financial measures may not be comparable to similar measures disclosed by other companies because not all companies calculate non-GAAP measures in the same manner. We urge investors to review the following reconciliations of these non-GAAP financial measures from the most comparable financial measures determined in accordance with GAAP.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP performance measure that we define as net income (loss) excluding: benefit/provision for income taxes, non-operating income/expense items, and depreciation and amortization; and further adjusted to exclude income/expense associated with non-cash, non-operational, transactional, legal, cost reduction, or organizational restructuring items that management does not consider as part of our underlying core operating performance and that management believes impact the comparability of performance between periods. For the periods presented herein, such other items include non-cash impairment charges, operating lease expense adjustment, non-cash stock-based compensation expense, gain/loss on sale of communities, and transaction, legal, and organizational restructuring costs. Transaction costs include those directly related to acquisition, disposition, financing, and leasing activity and stockholder relations advisory matters, and are primarily comprised of legal, finance, consulting, professional fees, and other third-party costs. Legal costs include charges associated with putative class action litigation. Organizational restructuring costs include those related to our efforts to reduce general and administrative expense and our senior leadership changes, including severance.

We believe that presentation of Adjusted EBITDA as a performance measure is useful to investors because (i) it is one of the metrics used by our management for budgeting and other planning purposes, to review our historic and prospective core operating performance, and to make day-to-day operating decisions; (ii) it provides an assessment of operational factors that management can impact in the short-term, namely revenues and the controllable cost structure of the organization, by eliminating items related to our financing and capital structure and other items that management does not consider as part of our underlying core operating performance and that management believes impact the comparability of performance between periods; (iii) we believe that this measure is used by research analysts and investors to evaluate our operating results and to value companies in our industry; and (iv) we use the measure for components of executive compensation.

Adjusted EBITDA has material limitations as a performance measure, including: (i) excluded interest and income tax are necessary to operate our business under our current financing and capital structure; (ii) excluded depreciation, amortization, and impairment charges may represent the wear and tear and/or reduction in value of our communities, goodwill, and other assets and may be indicative of future needs for capital expenditures; and (iii) we may incur income/expense similar to those for which adjustments are made, such as gain/loss on sale of assets, facility operating lease termination, or debt modification and extinguishment, non-cash stock-based compensation expense, and transaction, legal, and other costs, and such income/expense may significantly affect our operating results.

The table below reconciles Adjusted EBITDA from net income (loss).

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Net income (loss)	$ (43,039)	$ (37,742)	$ (108,032)	$ (67,323)
Provision (benefit) for income taxes	(271)	449	(947)	409
Loss (gain) on debt modification and extinguishment, net	115	—	35,335	—
Non-operating loss (gain) on sale of assets, net	—	(199)	—	(903)
Other non-operating (income) loss	(2,060)	(199)	(3,418)	(3,537)
Interest expense	63,081	61,567	128,112	119,254
Interest income	(2,919)	(4,714)	(6,567)	(9,492)
Income (loss) from operations	14,907	19,162	44,483	38,408
Depreciation and amortization	92,853	88,028	183,829	174,155
Asset impairment	577	—	2,364	1,708
Loss (gain) on sale of communities, net	(43)	—	(43)	—
Operating lease expense adjustment	(4,846)	(13,483)	(8,699)	(26,572)
Non-cash stock-based compensation expense	3,089	3,975	7,068	7,248
Transaction, legal, and organizational restructuring costs	10,513	134	12,187	485
Adjusted EBITDA	$ 117,050	$ 97,816	$ 241,189	$ 195,432

Adjusted Free Cash Flow

Adjusted Free Cash Flow is a non-GAAP liquidity measure that we define as net cash provided by operating activities before: distributions from unconsolidated ventures from cumulative share of net earnings, changes in prepaid insurance premiums financed with notes payable, changes in operating lease assets and liabilities for lease termination, cash paid/received for gain/loss on facility operating lease termination, and lessor capital expenditure reimbursements under operating leases; plus: property and casualty insurance proceeds; less: non-development capital expenditures and payment of financing lease obligations. Non-development capital expenditures are comprised of corporate and community-level capital expenditures, including those related to maintenance, renovations, upgrades, and other major building infrastructure projects for our communities and is presented net of lessor reimbursements. Non-development capital expenditures do not include capital expenditures for: community expansions, major community redevelopment and repositioning projects, and the development of new communities.

We believe that presentation of Adjusted Free Cash Flow as a liquidity measure is useful to investors because (i) it is one of the metrics used by our management for budgeting and other planning purposes, to review our historic and prospective sources of operating liquidity, and to review our ability to service our outstanding indebtedness, pay dividends to stockholders, engage in share repurchases, and make capital expenditures, including development capital expenditures; and (ii) it provides an indicator to management to determine if adjustments to current spending decisions are needed.

Adjusted Free Cash Flow has material limitations as a liquidity measure, including: (i) it does not represent cash available for dividends, share repurchases, or discretionary expenditures since certain non-discretionary expenditures, including mandatory debt principal payments, are not reflected in this measure; (ii) the cash portion of non-recurring charges related to gain/loss on facility lease termination generally represent charges/gains that may significantly affect our liquidity; and (iii) the impact of timing of cash expenditures, including the timing of non-development capital expenditures, limits the usefulness of the measure for short-term comparisons.

The table below reconciles Adjusted Free Cash Flow from net cash provided by operating activities.

(in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Net cash provided by operating activities	$ 83,564	$ 55,670	$ 106,966	$ 54,524
Net cash provided by (used in) investing activities	(50,399)	(68,457)	(377,154)	(75,403)
Net cash provided by (used in) financing activities	(25,759)	(20,375)	213,910	33,715
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 7,406	$ (33,162)	$ (56,278)	$ 12,836
Net cash provided by operating activities	$ 83,564	$ 55,670	$ 106,966	$ 54,524
Changes in prepaid insurance premiums financed with notes payable	(7,298)	(7,617)	15,094	15,702
Changes in assets and liabilities for lessor capital expenditure reimbursements under operating leases	(9,319)	(1,051)	(11,332)	(1,300)
Non-development capital expenditures, net	(48,814)	(52,325)	(89,941)	(102,916)
Property and casualty insurance proceeds	2,072	62	3,487	2,704
Payment of financing lease obligations	(297)	(265)	(586)	(527)
Adjusted Free Cash Flow	$ 19,908	$ (5,526)	$ 23,688	$ (31,813)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risks from changes in interest rates charged on our credit facilities and other variable rate indebtedness. The impact on earnings and the value of our long-term debt are subject to change as a result of movements in market rates and prices. As of June 30, 2025, 71.8%, or $3.1 billion, of our long-term debt had a weighted average fixed interest rate of 4.58%. As of June 30, 2025, we had $1.2 billion of long-term variable rate debt, at a weighted average interest rate of 6.77%.

In the normal course of business, we enter into certain interest rate cap and swap agreements with major financial institutions to manage our risk above certain interest rates on variable rate debt. As of June 30, 2025, our $1.2 billion of outstanding long-term variable rate debt is indexed to SOFR plus a weighted average margin of 244 basis points. Accordingly, our annual interest expense related to long-term variable rate debt is directly affected by movements in SOFR. As of June 30, 2025, $1.1 billion, or 92%, of our long-term variable rate debt is subject to interest rate cap or swap agreements and $0.1 billion of our variable rate debt is not subject to any interest rate cap or swap agreements. For our SOFR interest rate cap and swap agreements, as of June 30, 2025, the weighted average fixed interest rate is 4.22% and the weighted average remaining term is 0.9 years. Many of our long-term variable rate debt instruments include provisions that obligate us to obtain additional interest rate cap agreements upon the maturity of the existing interest rate cap agreements. The costs of obtaining additional interest rate cap agreements may offset the benefits of our existing interest rate cap agreements.

The table below reflects the additional annual debt interest expense that would have resulted for the respective basis point increases in SOFR as of June 30, 2025.

Increase in Index *(in basis points)*	**Annual Interest Expense Increase** [(1)] *(in millions)*
100	$ 3.6
200	5.0
500	8.9
1,000	13.9

(1) Amounts are after consideration of interest rate cap and swap agreements in place as of June 30, 2025.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision of and with the participation of our executive officers serving as our principal executive officers for purposes of our filings with the SEC (the "Principal Executive Officers") and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, our Principal Executive Officers and Chief Financial Officer each concluded that, as of June 30, 2025, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

We have begun deploying a new enterprise resource planning system (“ERP”) which replaces certain of our existing financial and operating systems. We have made changes to our internal control over financial reporting to address the related processes and systems. We will continue to evaluate any further changes in our internal control over financial reporting over the course of the implementation of the new ERP, which is scheduled to occur through the remainder of 2025. Other than the implementation, there has not been any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information contained in Note 8 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by this reference.

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes to the risk factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024.

The transition of management or unexpected departure of our key officers could harm our business.

We are dependent on the efforts of our senior management. We have recently had turnover in the Company’s leadership with the departure of Lucinda M. Baier, the Company’s former President and Chief Executive Officer, on April 13, 2025. Following her departure, Denise W. Warren, the Chairman of our Board, assumed the role of Interim Chief Executive Officer while continuing to serve as Chairman. Our Board has initiated a search for our next Chief Executive Officer. Identifying and securing a new Chief Executive Officer and the process of onboarding a new Chief Executive Officer may take longer than expected and may require substantial time and effort by our Board and our other executives, which may disrupt our business. The transition of appointing a new Chief Executive Officer and any future changes in our management, the unforeseen loss or limited availability of the services of any of our executive leaders, or our inability to recruit and retain a new Chief Executive Officer or qualified other personnel in the future, could, at least temporarily, have an adverse effect on our business, results of operations, and financial condition and be negatively perceived in the capital markets.

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

The following table contains information regarding purchases of our common stock made during the quarter ended June 30, 2025 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ($ in thousands) (2)
4/1/2025 - 4/30/2025	241,971	$ 5.75	—	$ 44,026
5/1/2025 - 5/31/2025	1,927	6.73	—	44,026
6/1/2025 - 6/30/2025	—	—	—	44,026
Total	243,898	$ 5.76	—	

(1) Consists entirely of shares withheld to satisfy tax liabilities due upon the vesting of restricted stock units. The average price paid per share for such share withholding is based on the closing price per share on the vesting date of the restricted stock units or, if such date is not a trading day, the trading day immediately prior to such vesting date.

(2) In 2016, our Board of Directors approved a share repurchase program that authorizes us to purchase up to $100.0 million in the aggregate of our common stock. The share repurchase program is intended to be implemented through purchases made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or block trades, or by any combination of such methods, in accordance with applicable insider trading and other securities laws and regulations. The size, scope and timing of any purchases will be based on business, market and other conditions and factors, including price, regulatory and contractual requirements, and capital availability. The repurchase program does not obligate us to acquire any particular amount of common stock and the program may be suspended, modified or discontinued at any time at our discretion without prior notice. Shares of stock repurchased under the program will be held as treasury shares. As of June 30, 2025, $44.0 million remained available under the repurchase program.

Item 5. Other Information

Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended June 30, 2025, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K. Subsequent to the end of the quarter ended June 30, 2025, on July 16, 2025, Lee S. Wielansky, a member of our Board of Directors, terminated his Rule 10b5-1 trading arrangement that was entered into on December 6, 2024.

Amended and Restated Tier I Severance Pay Policy

On August 5, 2025, the Compensation Committee of the Board of Directors of the Company approved an amendment and restatement of the Amended and Restated Tier I Severance Pay Policy, dated effective February 10, 2022 (as amended and restated, the “Restated Tier I Policy”). The Restated Tier I Policy provides for severance payments and benefits to eligible participants, including certain of the Company’s named executive officers. Amendments to the Restated Tier I Policy include, among other administrative and clarifying changes, the following:

- In the event an eligible participant terminates employment with “good reason” (as defined therein), other than within 18 months following a “change in control” (as defined therein), such participant will be entitled to receive, upon signing an effective waiver and release of claims and continuing to comply with all applicable restrictive covenants and the other provisions of the Restated Tier I Policy, the following severance payments and benefits (which are equivalent to the severance payments and benefits payable upon an eligible participant’s termination without “cause”): (i) 100% of base salary and target annual bonus payable over 12 months following separation, excluding from the calculation any additional compensation that was in effect expressly on an interim basis; (ii) in the event the eligible participant has been employed by the Company for at least three months of the year of termination, a pro-rated annual bonus for the year of termination to the extent earned, payable when such bonus would otherwise be due; and (iii) any accrued but unpaid salary, any annual bonus earned but unpaid for any previously completed year, reimbursement of any business expenses properly incurred, and any benefits such participant may be entitled to under the Company's benefits plans;

- For purposes of the definition of good reason, a material and significant reduction or adverse change with respect to the eligible participant's compensation will be disregarded if (i) it applies to all eligible participants and (ii) does not occur following or in connection with a change in control, or if such reduction or change relates to any additional compensation that was in effect expressly on an interim basis;
- The definition of good reason will include a change in the eligible participant's reporting relationship of two or more reporting levels, except for a change in reporting relationship that was in effect expressly on an interim basis; and
- Any amendment to the Restated Tier I Policy that would adversely affect the benefits that may be payable to an eligible participant cannot be effective for at least 24 months from the date of such amendment in the event the amendment is adopted on or after the date of a change in the individual serving as the Company's Chief Executive Officer.

The remaining terms of the Restated Tier I Policy are as described in the Company's definitive proxy statement filed with the SEC on May 14, 2025.

Item 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on November 5, 2019 (File No. 001-32641)).
3.2	Amended and Restated Bylaws of the Company dated October 29, 2019 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on October 29, 2019 (File No. 001-32641)).
4.1	Form of Certificate for common stock (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Amendment No. 3) filed on November 7, 2005 (File No. 333-127372)).
4.2	Description of the Company's securities (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2023 (File No. 001-32641)).
4.3	Indenture, dated as of October 1, 2021, by and among the Company and American Stock Transfer & Trust Company, LLC, as trustee, governing the 2.00% Convertible Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 1, 2021 (File No. 001-32641)).
4.4	Form of 2.00% Convertible Senior Notes due 2026 (included in Exhibit 4.3).
4.5	Indenture, dated as of November 21, 2022, between the Company and American Stock Transfer & Trust Company, LLC, as trustee (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on November 22, 2022 (File No. 001-32641)).
4.6	First Supplemental Indenture, dated as of November 21, 2022, between the Company and American Stock Transfer & Trust Company, LLC, as trustee (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 22, 2022 (File No. 001-32641)).
4.7	Form of 10.25% Senior Amortizing Notes due 2025 (included in Exhibit 4.6).
4.8	Purchase Contract Agreement dated as of November 21, 2022, between the Company and American Stock Transfer & Trust Company, LLC, as purchase contract agent, as attorney-in-fact for holders of the purchase contracts referred to therein and as trustee under the indenture referred to therein (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 22, 2022 (File No. 001-32641)).
4.9	Form of 7.00% Tangible Equity Units (included in Exhibit 4.8).
4.10	Form of Purchase Contracts (included in Exhibit 4.8).
4.11	Indenture, dated as of October 3, 2024, between the Company and Equiniti Trust Company, LLC, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 4, 2024 (File No. 001-32641)).
4.12	Form of 3.50% Convertible Senior Notes due 2029 (included in Exhibit 4.11).
10.1	Restricted Stock Unit Agreement under the Brookdale Senior Living Inc. 2024 Omnibus Incentive Plan dated as of April 27, 2025, by and between the Company and Denise W. Warren.
10.2	Amended and Restated Tier I Severance Pay Policy dated August 5, 2025.
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline XBRL (included in Exhibit 101).

SIGNATURES

Pursuant to the requirements 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.

BROOKDALE SENIOR LIVING INC.

(Registrant)

By:	/s/ Dawn L. Kussow
Name:	Dawn L. Kussow
Title:	Executive Vice President and Chief Financial Officer; member of the Office of the CEO (Authorized Officer, Principal Executive Officer and Principal Financial Officer)
Date:	August 7, 2025