**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 September 30, 2026**

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 November 4, 2026, 239,316,054 shares of the registrant's common stock, $0.01 par value, were outstanding (excluding restricted shares and stock units).

**TABLE OF CONTENTS**
**BROOKDALE SENIOR LIVING INC.**


| | | PAGE |
|---|---|---|
| **PART I.** | **FINANCIAL INFORMATION** | |
| **Item 1.** | **Financial Statements** | |
| | **Condensed Consolidated Balance Sheets - As of September 30, 2026 (Unaudited) and December 31, 2025** | **4** |
| | **Condensed Consolidated Statements of Operations - Three and nine months ended September 30, 2026 and 2025 (Unaudited)** | **5** |
| | **Condensed Consolidated Statements of Equity (Deficit) - Three and nine months ended September 30, 2026 and 2025 (Unaudited)** | **6** |
| | **Condensed Consolidated Statements of Cash Flows - Nine months ended September 30, 2026 and 2025 (Unaudited)** | **7** |
| | **Notes to Condensed Consolidated Financial Statements (Unaudited)** | **8** |
| **Item 2.** | **Management's Discussion and Analysis of Financial Condition and Results of Operations** | **19** |
| **Item 3.** | **Quantitative and Qualitative Disclosures About Market Risk** | **40** |
| **Item 4.** | **Controls and Procedures** | **41** |
| **PART II.** | **OTHER INFORMATION** | |
| **Item 1.** | **Legal Proceedings** | **41** |
| **Item 1A.** | **Risk Factors** | **41** |
| **Item 2.** | **Unregistered Sales of Equity Securities and Use of Proceeds** | **42** |
| **Item 5.** | **Other Information** | **42** |
| **Item 6.** | **Exhibits** | **43** |
| **Signatures** | | **44** |

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Assets** | **(Unaudited)** | |
| Current assets | | |
| Cash and cash equivalents | $ 323,374 | $ 279,122 |
| Marketable securities | 24,666 | — |
| Restricted cash | 35,249 | 33,227 |
| Accounts receivable, net | 52,641 | 67,680 |
| Assets held for sale | 18,435 | 77,206 |
| Prepaid expenses and other current assets, net | 85,260 | 96,705 |
| Total current assets | 539,625 | 553,940 |
| Property, plant and equipment and leasehold intangibles, net | 4,328,486 | 4,272,697 |
| Operating lease right-of-use assets | 946,060 | 1,032,140 |
| Restricted cash | 37,922 | 30,659 |
| Goodwill | 27,321 | 27,321 |
| Other assets, net | 46,444 | 35,486 |
| Total assets | $ 5,925,858 | $ 5,952,243 |
| **Liabilities and Equity (Deficit)** | | |
| Current liabilities | | |
| Current portion of long-term debt | $ 62,289 | $ 77,492 |
| Current portion of financing lease obligations | 824 | 1,211 |
| Current portion of operating lease obligations | 75,293 | 74,522 |
| Trade accounts payable | 81,316 | 75,099 |
| Accrued expenses | 235,076 | 273,394 |
| Refundable fees and deferred revenue | 58,175 | 66,207 |
| Total current liabilities | 512,973 | 567,925 |
| Long-term debt, less current portion | 4,289,800 | 4,215,005 |
| Financing lease obligations, less current portion | 23,832 | 24,353 |
| Operating lease obligations, less current portion | 1,051,019 | 1,123,539 |
| Line of credit | 23,000 | — |
| Deferred tax liability | 6,630 | 6,316 |
| Other liabilities | 56,484 | 58,482 |
| Total liabilities | 5,963,738 | 5,995,620 |
| Preferred stock, $0.01 par value, 50,000,000 shares authorized at September 30, 2026 and December 31, 2025; no shares issued and outstanding | — | — |
| Common stock, $0.01 par value, 400,000,000 shares authorized at September 30, 2026 and December 31, 2025; 249,349,086 and 248,274,011 shares issued and 238,821,561 and 237,746,486 shares outstanding as of September 30, 2026 and December 31, 2025, respectively (including 28,929 unvested restricted shares as of December 31, 2025) | 2,493 | 2,483 |
| Additional paid-in-capital | 4,361,129 | 4,358,077 |
| Treasury stock, at cost; 10,527,525 shares at September 30, 2026 and December 31, 2025 | (102,774) | (102,774) |
| Accumulated deficit | (4,300,069) | (4,302,539) |
| Total Brookdale Senior Living Inc. stockholders' equity (deficit) | (39,221) | (44,753) |
| Noncontrolling interest | 1,341 | 1,376 |
| Total equity (deficit) | (37,880) | (43,377) |
| Total liabilities and equity (deficit) | $ 5,925,858 | $ 5,952,243 |

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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Resident fees | $ 707,335 | $ 775,140 | $ 2,138,273 | $ 2,328,208 |
| Management fees | 396 | 2,698 | 6,511 | 7,941 |
| Reimbursed costs incurred on behalf of managed communities | 4,337 | 35,327 | 50,723 | 103,824 |
| Total revenue | 712,068 | 813,165 | 2,195,507 | 2,439,973 |
| | | | | |
| Facility operating expense (excluding facility depreciation and amortization of $69,740, $90,248, $205,304, and $264,637, respectively) | 503,545 | 566,985 | 1,518,470 | 1,686,289 |
| General and administrative expense (including non-cash stock-based compensation expense of $3,698, $2,633, $11,099, and $9,701, respectively) | 41,871 | 50,866 | 134,060 | 153,713 |
| Facility operating lease expense | 42,366 | 51,993 | 130,118 | 157,520 |
| Depreciation and amortization | 74,248 | 94,792 | 218,820 | 278,621 |
| Asset impairment | 4,476 | 62,696 | 14,491 | 65,060 |
| Loss (gain) on sale of communities, net | 197 | (139) | (49,228) | (182) |
| Loss (gain) on facility operating lease termination, net | — | 4,480 | — | 4,480 |
| Costs incurred on behalf of managed communities | 4,337 | 35,327 | 50,723 | 103,824 |
| Income (loss) from operations | 41,028 | (53,835) | 178,053 | (9,352) |
| | | | | |
| Interest income | 4,415 | 3,020 | 11,609 | 9,587 |
| Interest expense: | | | | |
| Debt | (57,750) | (58,089) | (169,532) | (170,396) |
| Financing lease obligations | (3,518) | (1,764) | (7,109) | (9,114) |
| Amortization of deferred financing costs | (3,287) | (3,747) | (9,775) | (11,089) |
| Change in fair value of derivatives | 6,132 | 26 | 10,121 | (1,087) |
| Gain (loss) on debt modification and extinguishment, net | (4,482) | (326) | (10,202) | (35,661) |
| Other non-operating income (loss) | 352 | 144 | 1,175 | 3,562 |
| Income (loss) before income taxes | (17,110) | (114,571) | 4,340 | (223,550) |
| Benefit (provision) for income taxes | 3,192 | (167) | (1,905) | 780 |
| Net income (loss) | (13,918) | (114,738) | 2,435 | (222,770) |
| Net (income) loss attributable to noncontrolling interest | 12 | 12 | 35 | 41 |
| Net income (loss) attributable to Brookdale Senior Living Inc. common stockholders | $ (13,906) | $ (114,726) | $ 2,470 | $ (222,729) |
| | | | | |
| Basic and diluted net income (loss) per share attributable to Brookdale Senior Living Inc. common stockholders | $ (0.06) | $ (0.48) | $ 0.01 | $ (0.95) |
| | | | | |
| Weighted average common shares outstanding: | | | | |
| Basic | 239,144 | 237,487 | 238,800 | 234,326 |
| Diluted | 239,144 | 237,487 | 241,075 | 234,326 |

See accompanying notes to condensed consolidated financial statements.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| **Total equity (deficit), balance at beginning of period** | $ (27,622) | $ 106,780 | $ (43,377) | $ 213,905 |
| **Common stock:** | | | | |
| Balance at beginning of period | $ 2,493 | $ 2,480 | $ 2,483 | $ 2,105 |
| Shares issued for settlement of prepaid stock purchase contracts | — | — | — | 296 |
| Shares issued for warrant exercise | — | — | — | 57 |
| Restricted stock and restricted stock units, net | — | — | 15 | 31 |
| Shares withheld for employee taxes | — | — | (5) | (9) |
| Balance at end of period | $ 2,493 | $ 2,480 | $ 2,493 | $ 2,480 |
| **Additional paid-in-capital:** | | | | |
| Balance at beginning of period | $ 4,357,469 | $ 4,353,523 | $ 4,358,077 | $ 4,352,991 |
| Compensation expense related to restricted stock grants | 3,698 | 2,633 | 11,099 | 9,701 |
| Shares issued for settlement of prepaid stock purchase contracts | — | — | — | (296) |
| Settlement of convertible notes | (22) | — | (22) | — |
| Shares issued for warrant exercise | — | — | — | (57) |
| Restricted stock and restricted stock units, net | — | — | (15) | (31) |
| Shares withheld for employee taxes | (16) | (17) | (8,010) | (6,169) |
| Balance at end of period | $ 4,361,129 | $ 4,356,139 | $ 4,361,129 | $ 4,356,139 |
| **Treasury stock:** | | | | |
| Balance at beginning and end of period | $ (102,774) | $ (102,774) | $ (102,774) | $ (102,774) |
| **Accumulated deficit:** | | | | |
| Balance at beginning of period | $ (4,286,163) | $ (4,147,850) | $ (4,302,539) | $ (4,039,847) |
| Net income (loss) attributable to Brookdale Senior Living Inc. common stockholders | (13,906) | (114,726) | 2,470 | (222,729) |
| Balance at end of period | $ (4,300,069) | $ (4,262,576) | $ (4,300,069) | $ (4,262,576) |
| **Noncontrolling interest:** | | | | |
| Balance at beginning of period | $ 1,353 | $ 1,401 | $ 1,376 | $ 1,430 |
| Net income (loss) attributable to noncontrolling interest | (12) | (12) | (35) | (41) |
| Balance at end of period | $ 1,341 | $ 1,389 | $ 1,341 | $ 1,389 |
| **Total equity (deficit), balance at end of period** | $ (37,880) | $ (5,342) | $ (37,880) | $ (5,342) |
| **Common stock share activity** | | | | |
| **Outstanding shares of common stock:** | | | | |
| Balance at beginning of period | 238,817 | 237,454 | 237,746 | 200,020 |
| Shares issued for settlement of prepaid stock purchase contracts | — | — | — | 29,636 |
| Shares issued for warrant exercise | — | — | — | 5,702 |
| Restricted stock and restricted stock units, net | 6 | 74 | 1,604 | 3,226 |
| Shares withheld for employee taxes | (1) | (2) | (528) | (1,058) |
| Balance at end of period | 238,822 | 237,526 | 238,822 | 237,526 |

See accompanying notes to condensed consolidated financial statements.

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

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| **Cash Flows from Operating Activities** | | |
| Net income (loss) | $ 2,435 | $ (222,770) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Loss (gain) on debt modification and extinguishment, net | 10,202 | 35,661 |
| Depreciation and amortization, net | 228,595 | 289,710 |
| Asset impairment | 14,491 | 65,060 |
| Deferred income tax (benefit) provision | 313 | (2,221) |
| Operating lease expense adjustment | (2,624) | (13,384) |
| Change in fair value of derivatives | (10,121) | 1,087 |
| Loss (gain) on sale of assets, net | (49,228) | (182) |
| Loss (gain) on facility operating lease termination, net | — | 4,480 |
| Non-cash stock-based compensation expense | 11,099 | 9,701 |
| Property and casualty insurance income | (1,020) | (3,691) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 15,039 | (15,664) |
| Prepaid expenses and other assets, net | 13,274 | (13,183) |
| Prepaid insurance premiums financed with notes payable | (6,832) | (7,610) |
| Trade accounts payable and accrued expenses | (44,339) | 35,319 |
| Refundable fees and deferred revenue | (7,475) | 1,140 |
| Operating lease assets and liabilities for lessor capital expenditure reimbursements | 23,892 | 20,038 |
| Net cash provided by operating activities | 197,701 | 183,491 |
| **Cash Flows from Investing Activities** | | |
| Purchase of marketable securities | (44,414) | — |
| Sale and maturities of marketable securities | 20,000 | 20,000 |
| Capital expenditures, net of related payables | (154,053) | (137,872) |
| Acquisition of assets | (184,026) | (311,028) |
| Proceeds from sale of assets, net | 168,487 | 8,133 |
| Property and casualty insurance proceeds | 1,020 | 3,691 |
| Change in lease acquisition deposits, net | — | 5,000 |
| Other | (1,877) | 727 |
| Net cash provided by (used in) investing activities | (194,863) | (411,349) |
| **Cash Flows from Financing Activities** | | |
| Proceeds from debt | 776,587 | 320,774 |
| Repayment of debt and financing lease obligations | (717,029) | (127,371) |
| Proceeds from line of credit | 23,000 | — |
| Payment of financing costs, net of related payables | (23,790) | (7,880) |
| Payments of employee taxes for withheld shares | (8,017) | (6,178) |
| Payments for settlement of convertible notes | (52) | — |
| Net cash provided by (used in) financing activities | 50,699 | 179,345 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 53,537 | (48,513) |
| Cash, cash equivalents, and restricted cash at beginning of period | 343,008 | 379,840 |
| Cash, cash equivalents, and restricted cash at end of period | $ 396,545 | $ 331,327 |

See accompanying notes to condensed consolidated financial statements.

**BROOKDALE SENIOR LIVING INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## 1. Description of Business

Brookdale Senior Living Inc. together with its consolidated subsidiaries ("Brookdale" or the "Company") is an operator of 529 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 September 30, 2026, the Company owned 366 communities, leased 159 communities, and managed 4 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, 2025 filed with the SEC on February 19, 2026.

### *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. Revenue

Resident fee revenue by payor source is as follows.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Private pay | 94.8 % | 94.0 % | 94.6 % | 94.0 % |
| Government reimbursement | 4.3 % | 4.8 % | 4.4 % | 4.8 % |
| Other third-party payor programs | 0.9 % | 1.2 % | 1.0 % | 1.2 % |

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 $49.4 million and $51.3 million, including $26.9 million and $29.1 million of monthly resident fees billed and received in advance, as of September 30, 2026 and December 31, 2025, respectively. For the nine months ended September 30, 2026 and 2025, the Company recognized $50.0 million and $52.8 million, respectively, of revenue that was included in the deferred revenue balance as of January 1, 2026 and 2025, respectively.

## 4. Property, Plant and Equipment and Leasehold Intangibles, Net

As of September 30, 2026 and December 31, 2025, net property, plant and equipment and leasehold intangibles consisted of the following.

| *(in thousands)* | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Land | $ 552,228 | $ 544,824 |
| Buildings and improvements | 5,915,616 | 5,799,937 |
| Furniture and equipment | 1,302,977 | 1,259,410 |
| Resident in-place lease intangibles | 256,720 | 260,389 |
| Construction in progress | 47,401 | 35,788 |
| Assets under financing leases and leasehold improvements | 575,217 | 586,496 |
| Property, plant and equipment and leasehold intangibles | 8,650,159 | 8,486,844 |
| Accumulated depreciation and amortization | (4,321,673) | (4,214,147) |
| Property, plant and equipment and leasehold intangibles, net | $ 4,328,486 | $ 4,272,697 |

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 $74.2 million and $94.8 million for the three months ended September 30, 2026 and 2025, respectively, and $218.8 million and $278.6 million for the nine months ended September 30, 2026, and 2025, respectively.

The Company recognized $4.5 million and $62.7 million for the three months ended September 30, 2026 and 2025, respectively, and $14.5 million and $65.1 million for the nine months ended September 30, 2026 and 2025, respectively, of non-cash impairment charges in its operating results for its property, plant and equipment and leasehold intangibles assets. The impairment charges in the nine months ended September 30, 2026 were primarily attributable to changes in estimates of fair

value for certain communities planned for disposition, property damage at certain communities, and recognition of losses for estimated selling costs upon classification of assets as held for sale. The impairment charges in the nine months ended September 30, 2025 were primarily due to the planned disposition of certain underperforming communities resulting in a change in their intended holding periods.

As of September 30, 2026, five communities in the Assisted Living and Memory Care segment and one community in the Independent Living segment were classified as held for sale, resulting in $18.4 million of net property, plant and equipment and leasehold intangibles assets being recognized as assets held for sale within the condensed consolidated balance sheet. Subsequent to September 30, 2026, the Company completed the sale of one owned community for proceeds of $10.1 million, net of transaction costs. The closings of the sales of the additional 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 additional transactions will close or, if they do, when the actual closings will occur.

**5. Debt**

Long-term debt consists of the following.

| *(in thousands)* | **September 30, 2026** | **December 31, 2025** |
|---|---|---|
| Fixed-rate mortgage notes payable due 2028 through 2036; weighted average interest rate of 5.14% and 4.88% as of September 30, 2026 and December 31, 2025, respectively | $ 2,896,033 | $ 2,897,275 |
| Variable-rate mortgage notes payable due 2028 through 2031; weighted average interest rate of 6.16% and 6.18% as of September 30, 2026 and December 31, 2025, respectively | 1,105,055 | 1,048,308 |
| Convertible notes payable due October 2026; interest rate of 2.00% as of both September 30, 2026 and December 31, 2025 | 23,267 | 23,297 |
| Convertible notes payable due October 2029; interest rate of 3.50% as of both September 30, 2026 and December 31, 2025 | 369,445 | 369,445 |
| Notes payable for insurance premium financing due 2026; interest rate of 5.40% as of September 30, 2026 | 4,960 | — |
| Deferred financing costs, net | (46,671) | (45,828) |
| Total long-term debt | 4,352,089 | 4,292,497 |
| Current portion | 62,289 | 77,492 |
| Total long-term debt, less current portion | $ 4,289,800 | $ 4,215,005 |

The $23.0 million of borrowings outstanding on the revolving credit facility as of September 30, 2026 are excluded from the table above and are further described below.

As of September 30, 2026, 89.3%, or $4.0 billion, of the Company's total debt obligations represented non-recourse property-level mortgage financings.

**Credit Facilities**

In June 2026, the Company amended its revolving credit agreement with Capital One, National Association acting as administrative agent, lead arranger, and lender and the other lenders from time to time parties thereto. The amended agreement provides an expanded commitment of up to $200.0 million, which can be drawn in cash or as letters of credit. The credit facility matures in April 2029, and the Company has options to extend the facility for two additional one-year terms, subject to the satisfaction of certain conditions. Amounts drawn under the facility bear interest at the Secured Overnight Financing Rate ("SOFR") plus an applicable margin ranging from 2.25% to 2.50% based upon the percentage of the total commitment drawn. Additionally, a quarterly commitment fee of 0.25% to 0.35% per annum is applicable based upon the percentage of the total commitment drawn. The revolving credit facility is currently secured by first priority mortgages and negative pledges on certain of the Company’s 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 September 30, 2026, $23.0 million of borrowings and $1.4 million of letters of credit were outstanding under the Company's $200.0 million secured credit facility. The Company also had separate letter of credit facilities providing up to $68.0 million of letters of credit as of September 30, 2026 under which $54.1 million had been issued as of that date.

**2026 Mortgage Financings**

In September 2026, the Company obtained $108.0 million of debt secured by first priority mortgages on 17 communities. The loan bears interest at a variable rate based on SOFR plus a margin of 215 basis points. The debt has an initial five-year term and two one-year extension options, exercisable subject to certain performance criteria.

In July 2026, the Company obtained $248.9 million of debt secured by non-recourse first mortgages on 45 communities, which also continue to secure $518.5 million of additional outstanding mortgages with maturities in 2031 and 2032. The $248.9 million loan bears interest at a fixed rate of 6.16% and matures in 2031. At the closing, the Company repaid $244.1 million of debt under the mortgage facility, which was scheduled to mature in 2027, using proceeds from the loan.

In June 2026, the Company obtained an aggregate of $188.0 million of debt and repaid $199.9 million of outstanding mortgage debt secured by 22 communities previously scheduled to mature in 2027. The principal amounts of the new loans are secured by non-recourse first mortgages on 13 communities, bear interest at a fixed rate of 5.97%, are interest only for the first five years, and mature in July 2036.

In March 2026, the Company obtained an aggregate $184.9 million of debt and repaid $190.6 million of outstanding mortgage debt secured by 11 communities previously scheduled to mature in 2027. The principal amounts of the new loans are secured by non-recourse first mortgages on 7 communities, bear interest at a fixed rate of 5.38%, are interest only for the first two years, and mature in April 2033.

**2026 Convertible Senior Notes**

As of September 30, 2026, $23.3 million in aggregate principal amount of the Company’s 2.00% convertible senior notes due 2026 (the "2026 Notes") was outstanding. In October 2026, the Company paid $23.3 million in cash and delivered 0.9 million shares of the Company’s common stock to settle the outstanding 2026 Notes in connection with the maturity.

**Capped Call Transactions**

In connection with the maturity of the 2026 Notes, the Company also settled the privately negotiated capped call transactions that had been entered into initially with the offering of the 2026 Notes in 2021. The capped call covered the number of shares of the Company’s common stock that were initially underlying the $230.0 million initial principal amount of 2026 Notes. In October 2026, the Company received $45.9 million in cash and 0.4 million shares of the Company’s common stock, which will be held as treasury shares, in connection with the settlement of the capped call transactions.

**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 September 30, 2026, the Company is in compliance with the financial covenants of its debt agreements.

**6. Leases**

As of September 30, 2026, the Company operated 159 communities under long-term leases (150 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 lease and debt documents (including documents with other lessors and lenders). 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 September 30, 2026, the Company is in compliance with the financial covenants of its long-term lease agreements.

In October 2026, the Company entered into a definitive agreement with Welltower Inc. ("Welltower") to acquire 30 communities that are currently leased by the Company for a purchase price of $290.0 million. The Company expects to complete the acquisition transaction in the fourth quarter of 2026, subject to the satisfaction of customary closing conditions for real estate transactions. The Company expects to fund the acquisition through proceeds from non-recourse mortgage financing and cash on hand. As of September 30, 2026, these communities were held in a triple-net lease with approximately $17.8 million of annual cash rent for 2027 and a current maturity in 2032. Contingent upon closing the 30-community acquisition, a separate 39-community lease with Welltower would be extended by four years to June 2036. In connection with the amendment, the lease's existing fair market value purchase option would become exercisable at any time at the Company's election, rather than only in connection with the lease's maturity, subject to a floor of a 6.5% yield on in-place rent.

In July 2026, the Company entered into an agreement to acquire 17 communities that were leased by the Company for a purchase price of $157.4 million plus $2.6 million of transaction costs. In September 2026, the Company completed the acquisition. The Company funded the acquisition of the 17 communities through proceeds from non-recourse mortgage financings and cash on hand.

**7. 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, including 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. As a result, 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.

**8. 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, 2026 | 1,529 | $ 16.30 | $ 24,934 |
| Three months ended June 30, 2026 | 17 | $ 13.95 | $ 241 |
| Three months ended September 30, 2026 | 75 | $ 13.90 | $ 1,041 |

**9. 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 September 30, 2026, $23.3 million in aggregate principal amount of the Company's 2026 Notes remained outstanding. In October 2026, the Company paid $23.3 million in cash and delivered 0.9 million shares of the Company’s common stock to settle the outstanding 2026 Notes in connection with the maturity. Additionally, in October 2026, the Company received 0.4 million shares of the Company's common stock, which will be held as treasury shares, in connection with the settlement of the capped call transactions further described in Note 5. As of September 30, 2026, $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).

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 Company's previously outstanding prepaid stock purchase contracts. The weighted average number of shares outstanding for the basic earnings per share calculation for the nine months ended September 30, 2025 includes 9.8 million weighted average shares pursuant to the previously outstanding prepaid stock purchase contracts. 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. As a result of the net loss for the three and nine months ended September 30, 2025, all potentially outstanding shares of common stock were antidilutive for the period and were not included in the computation of diluted weighted average shares outstanding. The following table reconciles the computations of basic and diluted earnings per share amounts presented in the condensed consolidated statements of operations.

| *(in thousands, except for per share amounts)* | Nine Months Ended September 30, 2026 |
|---|---|
| Net income attributable to common stockholders - basic and diluted | $ 2,470 |
| Weighted average shares outstanding - basic | 238,800 |
| Effect of dilutive securities - restricted stock and restricted stock units | 2,275 |
| Weighted average shares outstanding - diluted | 241,075 |
| Net income per share attributable to common stockholders - basic and diluted | $ 0.01 |

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. Shares issuable upon settlement of the 2026 Notes and 2029 Notes were not included in the computation of diluted EPS as the shares were not dilutive under the if-converted method. The additional shares that would be issuable upon conversion of the 2026 Notes or 2029 Notes in connection with the occurrence of certain corporate or other events were also not included in the computation of diluted EPS. Additionally, as of September 30, 2026, the Company had 0.6 million potentially outstanding shares of common stock pursuant to performance-based equity awards that were not included in the computation of diluted EPS.

**10. Income Taxes**

The difference between the Company's effective tax rate for the three months ended September 30, 2026 and 2025 was primarily attributable to a decrease in the valuation allowance recorded relative to the tax benefit recognized on operating losses for the three months ended September 30, 2026. The difference between the Company's effective tax rate for the nine months ended September 30, 2026 and 2025 was primarily attributable to an increase in tax expense recorded on operating income, partially offset by the impact of a reduction to the valuation allowance recorded during the nine months ended September 30, 2026.

The Company recorded an aggregate deferred federal, state, and local tax benefit of $14.4 million for the three months ended September 30, 2026, which was partially offset by an increase to the valuation allowance of $10.9 million. The Company recorded an aggregate deferred federal, state, and local tax expense of $1.0 million for the nine months ended September 30, 2026, which was partially offset by a decrease to the valuation allowance of $0.7 million. The Company recorded an aggregate deferred federal, state, and local tax benefit of $27.8 million for the three months ended September 30, 2025, which was partially offset by an increase to the valuation allowance of $27.5 million. The Company recorded an aggregate deferred federal, state, and local tax benefit of $52.7 million for the nine months ended September 30, 2025, which was partially offset by an increase to the valuation allowance of $50.5 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 September 30, 2026 and December 31, 2025 was $577.5 million and $578.2 million, respectively.

The decrease to the valuation allowance for the nine months ended September 30, 2026 is the result of current operating income during the nine months ended September 30, 2026 and the anticipated reversal of future tax liabilities offset by future tax deductions.

The increase in the valuation allowance for the nine months ended September 30, 2025 is the result of current operating losses during the nine months ended September 30, 2025 and 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 nine months ended September 30, 2026 and 2025 which are included in income tax expense or benefit for the period. As of September 30, 2026, tax returns for years 2021 through 2024 are subject to future examination by tax authorities. In addition, the net operating losses from prior years are subject to adjustment under examination.

**11. Supplemental Disclosure of Cash Flow Information**

| *(in thousands)* | Nine Months Ended September 30, 2026 | 2025 |
|---|---|---|
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Interest paid | $ 170,623 | $ 173,696 |
| Income taxes paid, net of (refunds) | $ 1,822 | $ 1,415 |
| | | |
| Capital expenditures, net of related payables: | | |
| Capital expenditures - non-development, net | $ 141,615 | $ 128,382 |
| Capital expenditures - development, net | 124 | 13 |
| Capital expenditures - non-development - reimbursable from lessor | 23,892 | 20,078 |
| Trade accounts payable | (11,578) | (10,601) |
| Net cash paid | $ 154,053 | $ 137,872 |
| Acquisition of assets: | | |
| Property, plant and equipment and leasehold intangibles, net | $ 24,026 | $ 1,028 |
| Financing lease obligations | 160,000 | 277,208 |
| Loss on debt modification and extinguishment, net | — | 32,792 |
| Net cash paid | $ 184,026 | $ 311,028 |
| Proceeds from sale of assets, net: | | |
| Prepaid expenses and other assets, net | $ (8,209) | $ (195) |
| Property, plant and equipment and leasehold intangibles, net | (112,999) | (7,756) |
| Other liabilities | 1,949 | — |
| Loss (gain) on sale of communities, net | (49,228) | (182) |
| Net cash received | $ (168,487) | $ (8,133) |
| | | |
| **Supplemental Schedule of Non-cash Operating, Investing, and Financing Activities:** | | |
| Non-cash lease transactions, net: | | |
| Prepaid expenses and other assets, net | $ — | $ (871) |
| Property, plant and equipment and leasehold intangibles, net | 153,670 | (171) |
| Operating lease right-of-use assets | (21,588) | 1,925 |
| Financing lease obligations | (160,000) | (57) |
| Operating lease obligations | 27,918 | (306) |
| Accrued expenses | — | (5,000) |
| Loss (gain) on facility operating lease termination, net | — | 4,480 |
| Net | $ — | $ — |

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)* | **September 30, 2026** | **December 31, 2025** |
|---|---|---|
| Reconciliation of cash, cash equivalents, and restricted cash: | | |
| Cash and cash equivalents | $ 323,374 | $ 279,122 |
| Restricted cash - current | 35,249 | 33,227 |
| Restricted cash - non-current | 37,922 | 30,659 |
| Total cash, cash equivalents, and restricted cash | $ 396,545 | $ 343,008 |

**12. Fair Value Measurements**

*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 mortgage notes payable with a carrying amount of approximately $4.0 billion and $3.9 billion as of September 30, 2026 and December 31, 2025, respectively. Fair value of the mortgage notes payable approximates the carrying amount as of both September 30, 2026 and December 31, 2025. The Company's fair value of the mortgage notes payable disclosure is classified within Level 2 of the valuation hierarchy.

The carrying amount for the $23.3 million principal amount of outstanding 2026 Notes was $23.3 million and $23.2 million, net of deferred financing costs, as of September 30, 2026 and December 31, 2025, respectively. The estimated fair value of the 2026 Notes was approximately $32.0 million as of both September 30, 2026 and December 31, 2025 (Level 2).

The carrying amount for the $369.4 million principal amount of outstanding 2029 Notes was $360.5 million and $358.3 million, net of deferred financing costs, as of September 30, 2026 and December 31, 2025, respectively. The estimated fair value of the 2029 Notes was approximately $512.0 million and $516.0 million as of September 30, 2026 and December 31, 2025, respectively (Level 2).

**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 ("CODM") 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.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in thousands)* | **2026** | **2025** | **2026** | **2025** |
| Revenue:[1] | | | | |
| Independent Living | $ 122,652 | $ 156,996 | $ 362,768 | $ 472,248 |
| Assisted Living and Memory Care | 514,325 | 531,941 | 1,554,102 | 1,596,638 |
| CCRCs | 70,358 | 86,203 | 221,403 | 259,322 |
| All Other | 4,733 | 38,025 | 57,234 | 111,765 |
| Total revenue | $ 712,068 | $ 813,165 | $ 2,195,507 | $ 2,439,973 |
| | | | | |
| Community labor expenses: | | | | |
| Independent Living | $ 45,651 | $ 60,261 | $ 133,176 | $ 178,659 |
| Assisted Living and Memory Care | 241,635 | 260,274 | 729,026 | 772,218 |
| CCRCs | 35,566 | 46,913 | 112,289 | 139,437 |
| Other facility operating expenses:[2] | | | | |
| Independent Living | 33,820 | 45,232 | 101,371 | 134,256 |
| Assisted Living and Memory Care | 128,651 | 130,982 | 384,945 | 391,475 |
| CCRCs | 18,222 | 23,323 | 57,663 | 70,244 |
| Total facility operating expenses | $ 503,545 | $ 566,985 | $ 1,518,470 | $ 1,686,289 |
| | | | | |
| Segment operating income:[3] | | | | |
| Independent Living | $ 43,181 | $ 51,503 | $ 128,221 | $ 159,333 |
| Assisted Living and Memory Care | 144,039 | 140,685 | 440,131 | 432,945 |
| CCRCs | 16,570 | 15,967 | 51,451 | 49,641 |
| All Other | 396 | 2,698 | 6,511 | 7,941 |
| Total segment operating income | 204,186 | 210,853 | 626,314 | 649,860 |
| | | | | |
| General and administrative expense (including non-cash stock-based compensation expense) | 41,871 | 50,866 | 134,060 | 153,713 |
| Facility operating lease expense | 42,366 | 51,993 | 130,118 | 157,520 |
| Depreciation and amortization | 74,248 | 94,792 | 218,820 | 278,621 |
| Asset impairment | 4,476 | 62,696 | 14,491 | 65,060 |
| Loss (gain) on sale of communities, net | 197 | (139) | (49,228) | (182) |
| Loss (gain) on facility operating lease termination, net | — | 4,480 | — | 4,480 |
| Income (loss) from operations | $ 41,028 | $ (53,835) | $ 178,053 | $ (9,352) |

| *(in thousands)* | Three Months Ended September 30, 2026 | Three Months Ended September 30, 2025 | Nine Months Ended September 30, 2026 | Nine Months Ended September 30, 2025 |
|---|---|---|---|---|
| Capital expenditures: | | | | |
| Independent Living | $ 14,558 | $ 10,599 | $ 37,133 | $ 33,441 |
| Assisted Living and Memory Care | 41,630 | 28,547 | 101,863 | 87,207 |
| CCRCs | 5,671 | 3,690 | 13,271 | 11,995 |
| Corporate and All Other | 3,177 | 4,347 | 13,364 | 15,830 |
| Total capital expenditures | $ 65,036 | $ 47,183 | $ 165,631 | $ 148,473 |

(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.

The Company does not report total assets by segment because this is not a metric used by the CODM to allocate resources or evaluate segment performance. The Company's total carrying amount of goodwill is included on the Independent Living segment and was $27.3 million as of both September 30, 2026 and December 31, 2025.

**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; 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; 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; 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; 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, and geopolitical tensions or conflicts, 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, 2025 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 529 communities in 41 states as of September 30, 2026, with the ability to serve approximately 45,000 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 September 30, 2026, we owned 366 communities (32,367 units), leased 159 communities (9,721 units), and managed 4 communities (359 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 October 2026, we entered into a definitive agreement with Welltower Inc. ("Welltower") to acquire 30 communities (1,152 units) that are currently leased by us for a purchase price of $290.0 million. The acquisition is expected to close in the fourth quarter of 2026, subject to the satisfaction of customary closing conditions for real estate transactions. We expect to fund the acquisition through proceeds from non-recourse mortgage financing and cash on hand. As of September 30, 2026, these communities were held in a triple-net lease with approximately $17.8 million of annual cash rent for 2027 and a current maturity in 2032. We expect to recognize an approximately $60.0 million loss on extinguishment of the financing obligation upon close of the reacquisition transaction for the amount by which the repurchase price exceeds the previously recognized financing obligation for nine communities for which the lease arrangements are accounted for as failed sale-leaseback transactions. Contingent upon closing the 30-community acquisition, a separate 39-community (1,842 units) lease with Welltower would be extended by four years to June 2036. In connection with the amendment, the lease's existing fair market value purchase option would become exercisable at any time at our election, rather than only in connection with the lease's maturity, subject to a floor of a 6.5% yield on in-place rent.

In July 2026, we entered into an agreement to acquire 17 communities (735 units) that are currently leased by us for a purchase price of $157.4 million plus $2.6 million of transaction costs. The acquisition closed in September 2026. We funded the acquisition through proceeds from non-recourse mortgage financings and cash on hand.

In June 2026, we acquired one previously managed community (244 units) in Houston, Texas for a purchase price of $23.4 million.

We have continued executing on our ongoing capital recycling program through which we have exited non-strategic or underperforming owned assets or leases. Such activities completed during the nine months ended September 30, 2026 included the sale of 23 owned communities (1,767 units) for proceeds of $168.5 million, net of transaction costs, and the disposal of two leased communities (152 units) through lease terminations. For the nine months ended September 30, 2026, we recognized a net gain on sale of assets of $49.2 million. Subsequent to September 30, 2026, we completed the sale of one owned community (197 units) for proceeds of $10.1 million, net of transaction costs.

We plan to sell five additional owned communities (270 units) during 2026. The closings of the expected sales of assets are subject to the satisfaction of various 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 September 30, 2026 and 2025**

***Summary Operating Results***

The following table summarizes our overall operating results for the three months ended September 30, 2026 and 2025.

| | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| *(in thousands)* | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $ 707,335 | $ 775,140 | $ (67,805) | (8.7)% |
| Facility operating expense | 503,545 | 566,985 | (63,440) | (11.2)% |
| Net income (loss) | (13,918) | (114,738) | (100,820) | (87.9)% |
| Adjusted EBITDA | 124,348 | 111,071 | 13,277 | 12.0 % |

The decrease in resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, primarily through lease terminations in the second half of 2025, which resulted in $106.4 million less in resident fees during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by a 5.4% increase in same community RevPAR, comprised of a 4.8% increase in same community RevPOR and a 50 basis point increase in same community weighted average occupancy.

The decrease in facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $87.3 million less in facility operating expense during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by a 4.5% increase in same community facility operating expense primarily attributable to increases in wage rates, estimated insurance expense, estimated losses on accounts receivable, utilities expense, and maintenance expense, partially offset by reduced labor hours worked through improved productivity.

The decrease in net loss was primarily attributable to a $58.2 million decrease in non-cash impairment charges from the prior year period and a $20.5 million decrease in depreciation and amortization expense primarily due to the disposition of communities since the beginning of the prior year period.

The increase in Adjusted EBITDA was primarily attributable to an increase in same community resident fees, partially offset by an increase in same community 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 September 30, 2026 and 2025, 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.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $ 707,335 | $ 775,140 | $(67,805) | (8.7)% |
| Facility operating expense | $ 503,545 | $ 566,985 | $(63,440) | (11.2)% |
| | | | | |
| Number of communities (period end) | 525 | 593 | (68) | (11.5)% |
| Total average units | 42,383 | 50,012 | (7,629) | (15.3)% |
| RevPAR | $ 5,546 | $ 5,158 | $ 388 | 7.5 % |
| Weighted average occupancy | 83.1% | 81.8% | 130 bps | n/a |
| RevPOR | $ 6,673 | $ 6,307 | $ 366 | 5.8 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $ 693,023 | $ 657,848 | $ 35,175 | 5.3 % |
| Facility operating expense | $ 490,527 | $ 469,362 | $ 21,165 | 4.5 % |
| | | | | |
| Number of communities | 515 | 515 | — | — % |
| Total average units | 41,239 | 41,239 | — | — % |
| RevPAR | $ 5,602 | $ 5,317 | $ 285 | 5.4 % |
| Weighted average occupancy | 83.6% | 83.1% | 50 bps | n/a |
| RevPOR | $ 6,703 | $ 6,396 | $ 307 | 4.8 % |

*Independent Living Segment*

The following table summarizes the operating results and data for our Independent Living segment for the three months ended September 30, 2026 and 2025, including operating results and data on a same community basis.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2026 | 2025 | Amount | Percent |
| Resident fees | $ 122,652 | $ 156,996 | $ (34,344) | (21.9)% |
| Facility operating expense | $ 79,471 | $ 105,493 | $ (26,022) | (24.7)% |
| | | | | |
| Number of communities (period end) | 54 | 66 | (12) | (18.2)% |
| Total average units | 9,326 | 12,337 | (3,011) | (24.4)% |
| RevPAR | $ 4,384 | $ 4,242 | $ 142 | 3.3 % |
| Weighted average occupancy | 84.2% | 83.8% | 40 bps | n/a |
| RevPOR | $ 5,207 | $ 5,063 | $ 144 | 2.8 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $ 118,352 | $ 112,163 | $ 6,189 | 5.5 % |
| Facility operating expense | $ 77,019 | $ 74,611 | $ 2,408 | 3.2 % |
| | | | | |
| Number of communities | 52 | 52 | — | — % |
| Total average units | 8,941 | 8,940 | 1 | — % |
| RevPAR | $ 4,412 | $ 4,182 | $ 230 | 5.5 % |
| Weighted average occupancy | 84.6% | 84.8% | (20) bps | n/a |
| RevPOR | $ 5,218 | $ 4,930 | $ 288 | 5.8 % |

The decrease in the segment's resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $43.5 million less in resident fees during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community RevPAR, comprised of a 5.8% increase in same community RevPOR and a 20 basis point decrease 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 decrease in the segment's facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $29.9 million less in facility operating expense during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community facility operating expense primarily resulting from increases in wage rates, estimated insurance expense, utilities expense, and estimated losses on accounts receivable, partially offset by reduced labor hours worked through improved productivity.

*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 September 30, 2026 and 2025, including operating results and data on a same community basis.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2026 | 2025 | Amount | Percent |
| Resident fees | $ 514,325 | $ 531,941 | $(17,616) | (3.3)% |
| Facility operating expense | $ 370,286 | $ 391,256 | $(20,970) | (5.4)% |
| | | | | |
| Number of communities (period end) | 458 | 510 | (52) | (10.2)% |
| Total average units | 29,447 | 32,941 | (3,494) | (10.6)% |
| RevPAR | $ 5,798 | $ 5,370 | $ 428 | 8.0 % |
| Weighted average occupancy | 82.9% | 81.4% | 150 bps | n/a |
| RevPOR | $ 6,992 | $ 6,595 | $ 397 | 6.0 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $ 504,571 | $ 479,151 | $ 25,420 | 5.3 % |
| Facility operating expense | $ 359,863 | $ 342,402 | $ 17,461 | 5.1 % |
| | | | | |
| Number of communities | 450 | 450 | — | — % |
| Total average units | 28,688 | 28,689 | (1) | — % |
| RevPAR | $ 5,863 | $ 5,567 | $ 296 | 5.3 % |
| Weighted average occupancy | 83.5% | 82.8% | 70 bps | n/a |
| RevPOR | $ 7,024 | $ 6,720 | $ 304 | 4.5 % |

The decrease in the segment's resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $44.6 million less in resident fees during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community RevPAR, comprised of a 4.5% increase in same community RevPOR and a 70 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 decrease in the segment's facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $40.5 million less in facility operating expense during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community facility operating expense primarily resulting from increases in wage rates, estimated insurance expense, estimated losses on accounts receivable, utilities expense, and maintenance expense, partially offset by reduced labor hours worked through improved productivity.

*CCRCs Segment*

The following table summarizes the operating results and data for our CCRCs segment for the three months ended September 30, 2026 and 2025, including operating results and data on a same community basis.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $ 70,358 | $ 86,203 | $(15,845) | (18.4)% |
| Facility operating expense | $ 53,788 | $ 70,236 | $(16,448) | (23.4)% |
| | | | | |
| Number of communities (period end) | 13 | 17 | (4) | (23.5)% |
| Total average units | 3,610 | 4,734 | (1,124) | (23.7)% |
| RevPAR | $ 6,497 | $ 6,070 | $ 427 | 7.0 % |
| Weighted average occupancy | 81.9% | 79.2% | 270 bps | n/a |
| RevPOR | $ 7,934 | $ 7,669 | $ 265 | 3.5 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $ 70,100 | $ 66,534 | $ 3,566 | 5.4 % |
| Facility operating expense | $ 53,645 | $ 52,349 | $ 1,296 | 2.5 % |
| | | | | |
| Number of communities | 13 | 13 | — | — % |
| Total average units | 3,610 | 3,610 | — | — % |
| RevPAR | $ 6,473 | $ 6,143 | $ 330 | 5.4 % |
| Weighted average occupancy | 81.9% | 81.2% | 70 bps | n/a |
| RevPOR | $ 7,904 | $ 7,562 | $ 342 | 4.5 % |

The decrease in the segment's resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $18.3 million less in resident fees during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community RevPAR, comprised of a 4.5% increase in the segment's same community RevPOR and a 70 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 decrease in the segment's facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $16.9 million less in facility operating expense during the three months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community facility operating expense primarily resulting from increases in wage rates and estimated insurance expense, partially offset by reduced labor hours worked through improved productivity.

***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 September 30, 2026 and 2025.

| | Three Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| *(in thousands)* | **2026** | **2025** | **Amount** | **Percent** |
| Management fees | $ 396 | $ 2,698 | $ (2,302) | (85.3)% |
| Reimbursed costs incurred on behalf of managed communities | 4,337 | 35,327 | (30,990) | (87.7)% |
| Costs incurred on behalf of managed communities | 4,337 | 35,327 | (30,990) | (87.7)% |
| General and administrative expense | 41,871 | 50,866 | (8,995) | (17.7)% |
| Facility operating lease expense | 42,366 | 51,993 | (9,627) | (18.5)% |
| Depreciation and amortization | 74,248 | 94,792 | (20,544) | (21.7)% |
| Asset impairment | 4,476 | 62,696 | (58,220) | (92.9)% |
| Loss (gain) on sale of communities, net | 197 | (139) | (336) | NM |
| Loss (gain) on facility operating lease termination, net | — | 4,480 | (4,480) | NM |
| Interest income | 4,415 | 3,020 | 1,395 | 46.2 % |
| Interest expense | 58,423 | 63,574 | (5,151) | (8.1)% |
| Gain (loss) on debt modification and extinguishment, net | (4,482) | (326) | 4,156 | NM |
| Other non-operating income (loss) | 352 | 144 | 208 | 144.4 % |
| Benefit (provision) for income taxes | 3,192 | (167) | 3,359 | 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 the termination of management agreements since the beginning of the prior year period.

*General and Administrative Expense.* The decrease in general and administrative expense was primarily attributable to our efforts to reduce general and administrative expense as we scaled our general and administrative costs in connection with community dispositions and management agreement terminations. General and administrative expense includes transaction, legal, and organizational restructuring costs of $1.6 million and $5.1 million for the three months ended September 30, 2026 and 2025, 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 decrease in facility operating lease expense was primarily attributable to the termination of community leases subsequent to the beginning of the prior year period.

*Depreciation and Amortization*. The decrease in depreciation and amortization expense was primarily attributable to the disposition of communities since the beginning of the prior year period.

*Asset Impairment*. During the three months ended September 30, 2026, we recorded $4.5 million of non-cash impairment charges primarily due to property damage at certain communities. During the three months ended September 30, 2025, we recorded $62.7 million of non-cash impairment charges primarily due to the planned disposition of certain underperforming communities resulting in a change in their intended holding periods.

*Interest expense*. The decrease in interest expense was primarily attributable to an increase in the fair value of interest rate derivatives in the current period.

*Benefit (Provision) for Income Taxes.* The difference between our effective tax rate for the three months ended September 30, 2026 and 2025 was primarily attributable to a decrease in the valuation allowance recorded relative to the tax benefit recognized on operating losses for the three months ended September 30, 2026.

We recorded an aggregate deferred federal, state, and local tax benefit of $14.4 million for the three months ended September 30, 2026, which was partially offset by an increase to the valuation allowance of $10.9 million. We recorded an aggregate deferred federal, state, and local tax benefit of $27.8 million for the three months ended September 30, 2025, which was partially offset by an increase to the valuation allowance of $27.5 million.

**Comparison of Nine Months Ended September 30, 2026 and 2025**

***Summary Operating Results***

The following table summarizes our overall operating results for the nine months ended September 30, 2026 and 2025.

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| *(in thousands)* | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $ 2,138,273 | $ 2,328,208 | $ (189,935) | (8.2)% |
| Facility operating expense | 1,518,470 | 1,686,289 | (167,819) | (10.0)% |
| Net income (loss) | 2,435 | (222,770) | 225,205 | NM |
| Adjusted EBITDA | 377,462 | 352,260 | 25,202 | 7.2 % |

The decrease in resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, primarily through lease terminations in the second half of 2025, which resulted in $303.5 million less in resident fees during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by a 5.5% increase in same community RevPAR, comprised of a 4.1% increase in same community RevPOR and a 110 basis point increase in same community weighted average occupancy.

The decrease in facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $243.2 million less in facility operating expense during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by a 5.3% increase in same community facility operating expense primarily attributable to increases in wage rates, estimated insurance expense, maintenance expense, estimated losses on accounts receivable, and utilities expense.

The increase in net income was primarily attributable to a $59.8 million decrease in depreciation and amortization expense primarily due to the disposition of communities since the beginning of the prior year period, a $50.6 million decrease in non-cash impairment charges, a $49.2 million gain on the sale of communities in the current period, and a $32.8 million loss on extinguishment of a financing obligation recognized in the prior year period related to the reacquisition of three communities previously subject to sale-leaseback transactions.

The increase in Adjusted EBITDA was primarily attributable to an increase in same community resident fees, partially offset by an increase in same community 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 nine months ended September 30, 2026 and 2025 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.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $2,138,273 | $2,328,208 | $(189,935) | (8.2)% |
| Facility operating expense | $1,518,470 | $1,686,289 | $(167,819) | (10.0)% |
| | | | | |
| Number of communities (period end) | 525 | 593 | (68) | (11.5)% |
| Total average units | 42,947 | 50,555 | (7,608) | (15.0)% |
| RevPAR | $ 5,516 | $ 5,109 | $ 407 | 8.0 % |
| Weighted average occupancy | 82.5% | 80.4% | 210 bps | n/a |
| RevPOR | $ 6,683 | $ 6,354 | $ 329 | 5.2 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $2,072,359 | $1,964,885 | $107,474 | 5.5 % |
| Facility operating expense | $1,456,572 | $1,383,206 | $ 73,366 | 5.3 % |
| | | | | |
| Number of communities | 515 | 515 | — | — % |
| Total average units | 41,238 | 41,237 | 1 | — % |
| RevPAR | $ 5,584 | $ 5,294 | $ 290 | 5.5 % |
| Weighted average occupancy | 83.1% | 82.0% | 110 bps | n/a |
| RevPOR | $ 6,720 | $ 6,457 | $ 263 | 4.1 % |

*Independent Living Segment*

The following table summarizes the operating results and data for our Independent Living segment for the nine months ended September 30, 2026 and 2025, including operating results and data on a same community basis.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2026 | 2025 | Amount | Percent |
| Resident fees | $ 362,768 | $ 472,248 | $(109,480) | (23.2)% |
| Facility operating expense | $ 234,547 | $ 312,915 | $(78,368) | (25.0)% |
| | | | | |
| Number of communities (period end) | 54 | 66 | (12) | (18.2)% |
| Total average units | 9,201 | 12,501 | (3,300) | (26.4)% |
| RevPAR | $ 4,381 | $ 4,197 | $ 184 | 4.4 % |
| Weighted average occupancy | 84.2% | 82.3% | 190 bps | n/a |
| RevPOR | $ 5,205 | $ 5,099 | $ 106 | 2.1 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $ 355,129 | $ 334,188 | $ 20,941 | 6.3 % |
| Facility operating expense | $ 230,540 | $ 219,281 | $ 11,259 | 5.1 % |
| | | | | |
| Number of communities | 52 | 52 | — | — % |
| Total average units | 8,941 | 8,940 | 1 | — % |
| RevPAR | $ 4,413 | $ 4,153 | $ 260 | 6.3 % |
| Occupancy rate (weighted average) | 84.4% | 83.7% | 70 bps | n/a |
| RevPOR | $ 5,226 | $ 4,961 | $ 265 | 5.3 % |

The decrease in the segment's resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $134.1 million less in resident fees during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community RevPAR, comprised of a 5.3% increase in same community RevPOR and a 70 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 decrease in the segment's facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $90.0 million less in facility operating expense during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment’s same community facility operating expense, primarily resulting from increases in wage rates, estimated insurance expense, utilities expense, estimated losses on accounts receivable, and maintenance 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 nine months ended September 30, 2026 and 2025, including operating results and data on a same community basis.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $1,554,102 | $1,596,638 | $(42,536) | (2.7)% |
| Facility operating expense | $1,113,971 | $1,163,693 | $(49,722) | (4.3)% |
| | | | | |
| Number of communities (period end) | 458 | 510 | (52) | (10.2)% |
| Total average units | 29,968 | 33,320 | (3,352) | (10.1)% |
| RevPAR | $ 5,739 | $ 5,312 | $ 427 | 8.0 % |
| Weighted average occupancy | 82.1% | 79.9% | 220 bps | n/a |
| RevPOR | $ 6,993 | $ 6,647 | $ 346 | 5.2 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $1,505,851 | $1,429,354 | $ 76,497 | 5.4 % |
| Facility operating expense | $1,065,707 | $1,007,559 | $ 58,148 | 5.8 % |
| | | | | |
| Number of communities | 450 | 450 | — | — % |
| Total average units | 28,687 | 28,687 | — | — % |
| RevPAR | $ 5,832 | $ 5,536 | $ 296 | 5.3 % |
| Weighted average occupancy | 82.7% | 81.6% | 110 bps | n/a |
| RevPOR | $ 7,050 | $ 6,786 | $ 264 | 3.9 % |

The decrease in the segment's resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $125.2 million less in resident fees during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community RevPAR, comprised of a 3.9% increase in same community RevPOR and a 110 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 decrease in the segment's facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $112.0 million less in facility operating expense during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community facility operating expense, primarily resulting from increases in wage rates, estimated insurance expense, maintenance expense, estimated losses on accounts receivable, and utilities expense. The segment's same community facility operating expense for the nine months ended September 30, 2025 excludes $1.2 million of natural disaster expense.

*CCRCs Segment*

The following table summarizes the operating results and data for our CCRCs segment for the nine months ended September 30, 2026 and 2025, including operating results and data on a same community basis.

| *(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)* | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **Percent** |
| Resident fees | $ 221,403 | $ 259,322 | $(37,919) | (14.6)% |
| Facility operating expense | $ 169,952 | $ 209,681 | $(39,729) | (18.9)% |
| | | | | |
| Number of communities (period end) | 13 | 17 | (4) | (23.5)% |
| Total average units | 3,778 | 4,734 | (956) | (20.2)% |
| RevPAR | $ 6,511 | $ 6,087 | $ 424 | 7.0 % |
| Weighted average occupancy | 82.3% | 78.7% | 360 bps | n/a |
| RevPOR | $ 7,913 | $ 7,731 | $ 182 | 2.4 % |
| | | | | |
| *Same Community Operating Results and Data* | | | | |
| Resident fees | $ 211,379 | $ 201,343 | $ 10,036 | 5.0 % |
| Facility operating expense | $ 160,325 | $ 156,366 | $ 3,959 | 2.5 % |
| | | | | |
| Number of communities | 13 | 13 | — | — % |
| Total average units | 3,610 | 3,610 | — | — % |
| RevPAR | $ 6,506 | $ 6,197 | $ 309 | 5.0 % |
| Weighted average occupancy | 82.5% | 80.9% | 160 bps | n/a |
| RevPOR | $ 7,882 | $ 7,656 | $ 226 | 3.0 % |

The decrease in the segment's resident fees was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $44.2 million less in resident fees during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community RevPAR, comprised of a 160 basis point increase in same community weighted average occupancy and a 3.0% 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, and was partially offset by an occupancy mix shift with lower skilled nursing occupancy.

The decrease in the segment's facility operating expense was primarily attributable to the disposition of communities since the beginning of the prior year period, which resulted in $41.2 million less in facility operating expense during the nine months ended September 30, 2026 compared to the prior year period. The decrease was partially offset by an increase in the segment's same community facility operating expense, primarily resulting from increases in wage rates, maintenance expense, and estimated insurance expense.

***Operating Results - Other Income and Expense Items***

The following table summarizes other income and expense items in our operating results for the nine months ended September 30, 2026 and 2025.

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| *(in thousands)* | **2026** | **2025** | **Amount** | **Percent** |
| Management fees | $ 6,511 | $ 7,941 | $ (1,430) | (18.0)% |
| Reimbursed costs incurred on behalf of managed communities | 50,723 | 103,824 | (53,101) | (51.1)% |
| Costs incurred on behalf of managed communities | 50,723 | 103,824 | (53,101) | (51.1)% |
| General and administrative expense | 134,060 | 153,713 | (19,653) | (12.8)% |
| Facility operating lease expense | 130,118 | 157,520 | (27,402) | (17.4)% |
| Depreciation and amortization | 218,820 | 278,621 | (59,801) | (21.5)% |
| Asset impairment | 14,491 | 65,060 | (50,569) | (77.7)% |
| Loss (gain) on sale of communities, net | (49,228) | (182) | 49,046 | NM |
| Loss (gain) on facility operating lease termination, net | — | 4,480 | (4,480) | NM |
| Interest income | 11,609 | 9,587 | 2,022 | 21.1 % |
| Interest expense | 176,295 | 191,686 | (15,391) | (8.0)% |
| Gain (loss) on debt modification and extinguishment, net | (10,202) | (35,661) | (25,459) | (71.4)% |
| Other non-operating income (loss) | 1,175 | 3,562 | (2,387) | (67.0)% |
| Benefit (provision) for income taxes | (1,905) | 780 | (2,685) | NM |

*Management Fees*. Management fees of $6.5 million for the nine months ended September 30, 2026 include $5.4 million of management fees attributable to communities for which our management agreements were terminated during such period.

*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.

*General and Administrative Expense.* The decrease in general and administrative expense was primarily attributable to our efforts to reduce general and administrative expense as we scaled our general and administrative costs in connection with community dispositions and management agreement terminations and $8.0 million of transaction costs for stockholder relations advisory matters in the prior year period. General and administrative expense includes transaction, legal, and organizational restructuring costs of $6.9 million and $17.3 million for the nine months ended September 30, 2026 and 2025, 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 decrease in facility operating lease expense was primarily attributable to the termination of community leases subsequent to the beginning of the prior year period.

*Depreciation and Amortization.* The decrease in depreciation and amortization expense was primarily attributable to the disposition of communities since the beginning of the prior year period.

*Asset Impairment.* During the nine months ended September 30, 2026, we recorded $14.5 million of non-cash impairment charges primarily due to changes in estimates of fair value for certain communities planned for disposition, property damage at certain communities, and recognition of losses for estimated selling costs upon classification of assets as held for sale. During the nine months ended September 30, 2025, we recorded $65.1 million of non-cash impairment charges, primarily related to the planned disposition of certain underperforming communities resulting in a change in their intended holding periods.

*Loss (gain) on sale of communities, net.* During the nine months ended September 30, 2026, we recognized a $49.2 million gain on sale of communities attributable to the sale of 23 communities for proceeds of $168.5 million, net of transaction costs.

*Interest Expense.* The decrease in interest expense was primarily attributable to an increase in the fair value of interest rate derivatives in the current period and the acquisition of 36 communities previously subject to financing leases subsequent to the beginning of the prior year period.

*Gain (Loss) on Debt Modification and Extinguishment, Net.* The decrease in loss on debt modification and extinguishment, net was primarily attributable to a $32.8 million loss on extinguishment of a financing obligation during the prior year 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 nine months ended September 30, 2026 and 2025 was primarily attributable to an increase in tax expense recorded on operating income, partially offset by the impact of a reduction to the valuation allowance expense recorded during the nine months ended September 30, 2026.

We recorded an aggregate deferred federal, state, and local tax expense of $1.0 million for the nine months ended September 30, 2026, which was partially offset by a decrease in the valuation allowance of $0.7 million. We recorded an aggregate deferred federal, state, and local tax benefit of $52.7 million for the nine months ended September 30, 2025, which was partially offset by an increase to the valuation allowance of $50.5 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.

| | Nine Months Ended September 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| *(in thousands)* | 2026 | 2025 | Amount | Percent |
| Net cash provided by operating activities | $ 197,701 | $ 183,491 | $ 14,210 | 7.7 % |
| Net cash provided by (used in) investing activities | (194,863) | (411,349) | (216,486) | (52.6)% |
| Net cash provided by (used in) financing activities | 50,699 | 179,345 | (128,646) | (71.7)% |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 53,537 | (48,513) | 102,050 | NM |
| Cash, cash equivalents, and restricted cash at beginning of period | 343,008 | 379,840 | (36,832) | (9.7)% |
| Cash, cash equivalents, and restricted cash at end of period | $ 396,545 | $ 331,327 | $ 65,218 | 19.7 % |
| Adjusted Free Cash Flow | $ 39,138 | $ 45,482 | $ (6,344) | (13.9)% |

The increase in net cash provided by operating activities was primarily attributable to an increase in same community resident fees partially offset by an increase in same community facility operating expense and an increase in the use of cash for changes in accrued expenses.

The decrease in net cash used in investing activities was primarily attributable to $160.4 million increase in net proceeds from the sale of communities and a $127.0 million decrease in cash paid for the acquisition of formerly leased or managed communities compared to the prior year period. These changes were partially offset by a $44.4 million increase in purchases of marketable securities and a $16.2 million increase in cash paid for capital expenditures compared to the prior year period.

The decrease in net cash provided by financing activities was primarily attributable to a $589.7 million increase in debt repayments and a $15.9 million increase in cash paid for financing costs compared to the prior year period, partially offset by a $455.8 million increase in debt proceeds and a $23.0 million increase in proceeds from our line of credit.

The decrease in Adjusted Free Cash Flow was primarily attributable to a $13.2 million increase in non-development capital expenditures and a $2.7 million decrease in property and casualty insurance proceeds compared to the prior year period, partially offset by 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 September 30, 2026, we had $4.4 billion of debt outstanding at a weighted average interest rate of 5.24%. As of such date, 89.3%, or $4.0 billion, of our total debt obligations represented non-recourse property-level mortgage financings.

In October 2026, we entered into a definitive agreement to acquire 30 communities (1,152 units) that are currently leased by us for a purchase price of $290.0 million. We expect to complete the acquisition transactions in the fourth quarter of 2026, subject to the satisfaction of customary closing conditions for real estate transactions. We expect to fund the acquisition of the 30 communities through proceeds from mortgage financing and cash on hand.

As of September 30, 2026, we had $1.2 billion of operating and financing lease obligations, and for the twelve months ending September 30, 2027, we will be required to make approximately $170.0 million of cash lease payments in connection with our existing operating and financing leases (after giving effect to our planned acquisition transaction for 30 communities).

Total liquidity of $523.6 million as of September 30, 2026 included $323.4 million of unrestricted cash and cash equivalents (excluding restricted cash of $73.2 million), $24.7 million of marketable securities, and $175.6 million of availability on our secured credit facility. Total liquidity as of September 30, 2026 increased $145.9 million from December 31, 2025.

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, and continuing to evaluate our capital structure and the state of debt and equity markets. 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, 2025 filed with the Securities and Exchange Commission ("SEC") on February 19, 2026. 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 September 30, 2026, 7% of our owned communities were unencumbered by mortgage debt.

We have completed the refinancing of all of our mortgage debt maturities due in 2027. Our inability to obtain refinancing proceeds sufficient to cover 2028 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 for the nine months ended September 30, 2026 are comprised of community-level and corporate 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.

The following table summarizes our non-development capital expenditures for the nine months ended September 30, 2026 for our consolidated business.

| *(in thousands)* | | |
|---|---|---|
| Community-level capital expenditures, net[(1)] | $ | 118,442 |
| Corporate capital expenditures, net | | 23,173 |
| **Non-development capital expenditures, net** | $ | 141,615 |

(1) Reflects the amount invested, net of lessor reimbursements of $23.9 million.

**Credit Facilities**

In June 2026, we amended our revolving credit agreement with Capital One, National Association acting as administrative agent, and lender and the other lenders from time to time parties thereto. The amended agreement provides an expanded commitment of up to $200.0 million, representing up to a $100 million increase, which can be drawn in cash or as letters of credit. The credit facility matures in April 2029, and we have the option to extend the facility for two additional one-year terms, subject to the satisfaction of certain conditions. Amounts drawn under the facility bear interest at the Secured Overnight Financing Rate ("SOFR") plus an applicable margin ranging from 2.25% to 2.50% based upon the percentage of the total commitment drawn. Additionally, a quarterly commitment fee of 0.25% to 0.35% per annum is applicable based upon the percentage of the total commitment drawn. 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 September 30, 2026, $23.0 million of borrowings and $1.4 million of letters of credit were outstanding under our $200.0 million secured credit facility, and the facility had $175.6 million of availability. We also had separate letter of credit facilities providing up to $68.0 million of letters of credit as of September 30, 2026 under which $54.1 million had been issued as of that date.

**Long-Term Leases**

As of September 30, 2026, we operated 159 communities under long-term leases (150 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 levels 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 nine months ended September 30, 2026, our cash lease payments for our operating leases were $138.3 million and for our financing leases were $8.0 million. For the twelve months ending September 30, 2027, we will be required to make approximately $170.0 million of cash lease payments in connection with our existing operating and financing leases (after giving effect to our planned acquisition transaction for 30 communities).

**Debt and Lease Covenants**

Certain of our long-term debt and lease documents contain restrictions, maintenance and capital expenditure obligations, 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 liquid assets of at least $130.0 million at each quarter-end determination date. As of September 30, 2026, our liquid assets were $348.1 million, which included $323.4 million of unrestricted cash and cash equivalents and $24.7 million of marketable securities.

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 September 30, 2026, 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, gain/loss on facility operating lease termination, 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).

| *(in thousands)* | Three Months Ended September 30, 2026 | Three Months Ended September 30, 2025 | Nine Months Ended September 30, 2026 | Nine Months Ended September 30, 2025 |
|---|---|---|---|---|
| **Net income (loss)** | $ (13,918) | $ (114,738) | $ 2,435 | $ (222,770) |
| Provision (benefit) for income taxes | (3,192) | 167 | 1,905 | (780) |
| Loss (gain) on debt modification and extinguishment, net | 4,482 | 326 | 10,202 | 35,661 |
| Other non-operating (income) loss | (352) | (144) | (1,175) | (3,562) |
| Interest expense | 58,423 | 63,574 | 176,295 | 191,686 |
| Interest income | (4,415) | (3,020) | (11,609) | (9,587) |
| Income (loss) from operations | 41,028 | (53,835) | 178,053 | (9,352) |
| Depreciation and amortization | 74,248 | 94,792 | 218,820 | 278,621 |
| Asset impairment | 4,476 | 62,696 | 14,491 | 65,060 |
| Loss (gain) on sale of communities, net | 197 | (139) | (49,228) | (182) |
| Loss (gain) on facility operating lease termination, net | — | 4,480 | — | 4,480 |
| Operating lease expense adjustment | (864) | (4,685) | (2,624) | (13,384) |
| Non-cash stock-based compensation expense | 3,698 | 2,633 | 11,099 | 9,701 |
| Transaction, legal, and organizational restructuring costs | 1,565 | 5,129 | 6,851 | 17,316 |
| **Adjusted EBITDA** | $ 124,348 | $ 111,071 | $ 377,462 | $ 352,260 |

**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.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in thousands)* | **2026** | **2025** | **2026** | **2025** |
| **Net cash provided by operating activities** | $ 84,899 | $ 76,525 | $ 197,701 | $ 183,491 |
| Net cash provided by (used in) investing activities | (202,729) | (34,195) | (194,863) | (411,349) |
| Net cash provided by (used in) financing activities | 72,839 | (34,565) | 50,699 | 179,345 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | $ (44,991) | $ 7,765 | $ 53,537 | $ (48,513) |
| | | | | |
| **Net cash provided by operating activities** | $ 84,899 | $ 76,525 | $ 197,701 | $ 183,491 |
| Changes in prepaid insurance premiums financed with notes payable | (6,731) | (7,484) | 6,832 | 7,610 |
| Changes in assets and liabilities for lessor capital expenditure reimbursements under operating leases | (9,636) | (8,706) | (23,892) | (20,038) |
| Non-development capital expenditures, net | (55,277) | (38,441) | (141,615) | (128,382) |
| Property and casualty insurance proceeds | 213 | 204 | 1,020 | 3,691 |
| Payment of financing lease obligations | (310) | (304) | (908) | (890) |
| **Adjusted Free Cash Flow** | $ 13,158 | $ 21,794 | $ 39,138 | $ 45,482 |

**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 September 30, 2026, 75%, or $3.3 billion, of our long-term debt had a weighted average fixed interest rate of 4.93%. As of September 30, 2026, we had $1.1 billion of long-term variable-rate debt and $23.0 million drawn on our variable rate secured credit facility, at a weighted average interest rate of 6.19%.

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 September 30, 2026, our $1.1 billion of outstanding long-term variable-rate debt and $23.0 million drawn on our variable rate secured credit facility are indexed to SOFR plus a weighted average margin of 238 basis points. Accordingly, our annual interest expense related to long-term variable-rate debt is directly affected by movements in SOFR. As of September 30, 2026, substantially all $1.1 billion of our outstanding long-term variable-rate debt is subject to SOFR interest rate cap and swap agreements. For our SOFR interest rate cap and swap agreements, as of September 30, 2026, the weighted average fixed interest rate is 4.36% and the weighted average remaining term is 1.3 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 September 30, 2026.

| **Increase in Index** *(in basis points)* | **Annual Interest Expense Increase** [1] *(in millions)* |
|---|---|
| 100 | $ 5.4 |
| 200 | 7.6 |
| 500 | 8.9 |
| 1,000 | 9.3 |

(1) Amounts are after consideration of interest rate cap and swap agreements in place as of September 30, 2026.

**Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

Our management, under the supervision of and with the participation of our Chief Executive Officer 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 Chief Executive Officer and Chief Financial Officer each concluded that, as of September 30, 2026, our disclosure controls and procedures were effective.

*Changes in Internal Control over Financial Reporting*

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 September 30, 2026 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 7 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**

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, 2025.

**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 September 30, 2026 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] |
|---|---|---|---|---|
| 7/1/2026 - 7/31/2026 | — | $ — | — | $ 44,026 |
| 8/1/2026 - 8/31/2026 | 1,339 | 11.81 | — | 44,026 |
| 9/1/2026 - 9/30/2026 | — | — | — | 44,026 |
| Total | 1,339 | $ 11.81 | — | |

(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 September 30, 2026, $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 September 30, 2026, 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.

**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). |
| 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). |
| 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). |
| 4.2 | Description of the Company's securities (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed on February 19, 2026). |
| 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). |
| 4.4 | Form of 2.00% Convertible Senior Notes due 2026 (included in Exhibit 4.3). |
| 4.5 | 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). |
| 4.6 | Form of 3.50% Convertible Senior Notes due 2029 (included in Exhibit 4.5). |
| 10.1 | Reaffirmation and Fifth Amendment to Master Credit Facility Agreement and Other Loan Documents dated as of July 31, 2026, by and between JLL Real Estate Capital, LLC, Fannie Mae and the Company's subsidiaries named as borrowers therein.† |
| 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. |
| 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 September 30, 2026, formatted in Inline XBRL (included in Exhibit 101). |

† Schedules and exhibits have been omitted pursuant to Item 601 of Regulation S-K. The Company hereby undertakes to furnish supplementally a copy of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

**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 (Authorized Officer and Principal Financial Officer)

Date: November 6, 2026