

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 March 31, 2021

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

*(State or other jurisdiction
of incorporation or organization)*

20-3068069

(I.R.S. Employer Identification No.)

111 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 ☐
Non-accelerated filer ☐

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 May 5, 2021, 185,166,149 shares of the registrant's common stock, \$0.01 par value, were outstanding (excluding restricted stock and restricted stock units).

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FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2021 (Unaudited)	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 303,952	\$ 380,420
Marketable securities	134,933	172,905
Restricted cash	26,503	28,059
Accounts receivable, net	52,588	109,221
Assets held for sale	247,627	16,061
Prepaid expenses and other current assets, net	90,949	66,937
Total current assets	856,552	773,603
Property, plant and equipment and leasehold intangibles, net	5,018,409	5,068,060
Operating lease right-of-use assets	743,346	788,138
Restricted cash	71,468	56,669
Investment in unconsolidated ventures	4,972	4,898
Goodwill	27,321	154,131
Other assets, net	24,085	56,259
Total assets	\$ 6,746,153	\$ 6,901,758
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 224,890	\$ 68,885
Current portion of financing lease obligations	20,083	19,543
Current portion of operating lease obligations	140,339	146,226
Trade accounts payable	65,278	71,233
Liabilities held for sale	116,142	—
Accrued expenses	264,117	287,851
Refundable fees and deferred revenue	68,113	96,995
Total current liabilities	898,962	690,733
Long-term debt, less current portion	3,664,901	3,847,103
Financing lease obligations, less current portion	539,071	543,764
Operating lease obligations, less current portion	797,311	819,429
Deferred tax liability	9,876	9,557
Other liabilities	140,925	188,443
Total liabilities	6,051,046	6,099,029
Preferred stock, \$0.01 par value, 50,000,000 shares authorized at March 31, 2021 and December 31, 2020; no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 400,000,000 shares authorized at March 31, 2021 and December 31, 2020; 197,757,065 and 198,331,663 shares issued and 187,229,540 and 187,804,138 shares outstanding (including 2,063,391 and 4,349,421 unvested restricted shares), respectively	1,978	1,983
Additional paid-in-capital	4,213,095	4,212,409
Treasury stock, at cost; 10,527,525 shares at March 31, 2021 and December 31, 2020	(102,774)	(102,774)
Accumulated deficit	(3,419,469)	(3,311,184)
Total Brookdale Senior Living Inc. stockholders' equity	692,830	800,434
Noncontrolling interest	2,277	2,295
Total equity	695,107	802,729
Total liabilities and equity	\$ 6,746,153	\$ 6,901,758

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 March 31,	
	2021	2020
Revenue		
Resident fees	\$ 664,350	\$ 782,707
Management fees	8,566	108,715
Reimbursed costs incurred on behalf of managed communities	65,794	122,717
Other operating income	10,735	—
Total revenue and other operating income	<u>749,445</u>	<u>1,014,139</u>
Expense		
Facility operating expense (excluding facility depreciation and amortization of \$77,274 and \$84,301, respectively)	556,312	588,482
General and administrative expense (including non-cash stock-based compensation expense of \$4,783 and \$5,957, respectively)	49,943	54,595
Facility operating lease expense	44,418	64,481
Depreciation and amortization	83,891	90,738
Asset impairment	10,677	78,226
Costs incurred on behalf of managed communities	65,794	122,717
Total operating expense	<u>811,035</u>	<u>999,239</u>
Income (loss) from operations	(61,590)	14,900
Interest income	421	1,455
Interest expense:		
Debt	(35,351)	(41,763)
Financing lease obligations	(11,383)	(13,282)
Amortization of deferred financing costs and debt discount	(1,873)	(1,315)
Gain (loss) on debt modification and extinguishment, net	—	19,181
Equity in earnings (loss) of unconsolidated ventures	(531)	(1,008)
Gain (loss) on sale of assets, net	1,112	372,839
Other non-operating income (loss)	1,644	2,662
Income (loss) before income taxes	(107,551)	353,669
Benefit (provision) for income taxes	(752)	15,828
Net income (loss)	(108,303)	369,497
Net (income) loss attributable to noncontrolling interest	18	18
Net income (loss) attributable to Brookdale Senior Living Inc. common stockholders	<u>\$ (108,285)</u>	<u>\$ 369,515</u>
Net income (loss) per share attributable to Brookdale Senior Living Inc. common stockholders:		
Basic	<u>\$ (0.59)</u>	<u>\$ 2.01</u>
Diluted	<u>\$ (0.59)</u>	<u>\$ 2.00</u>
Weighted average common shares outstanding:		
Basic	<u>184,011</u>	<u>184,186</u>
Diluted	<u>184,011</u>	<u>184,522</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
Total equity, balance at beginning of period	\$ 802,729	\$ 698,725
Common stock:		
Balance at beginning of period	\$ 1,983	\$ 1,996
Issuance of common stock under Associate Stock Purchase Plan	—	1
Restricted stock and restricted stock units, net	2	(6)
Shares withheld for employee taxes	(7)	(6)
Balance at end of period	\$ 1,978	\$ 1,985
Additional paid-in-capital:		
Balance at beginning of period	\$ 4,212,409	\$ 4,172,099
Non-cash stock-based compensation expense	4,783	5,957
Issuance of common stock under Associate Stock Purchase Plan	224	168
Restricted stock and restricted stock units, net	(2)	6
Shares withheld for employee taxes	(4,322)	(3,892)
Other, net	3	18
Balance at end of period	\$ 4,213,095	\$ 4,174,356
Treasury stock:		
Balance at beginning of period	\$ (102,774)	\$ (84,651)
Purchase of treasury stock	—	(18,123)
Balance at end of period	\$ (102,774)	\$ (102,774)
Accumulated deficit:		
Balance at beginning of period	\$ (3,311,184)	\$ (3,393,088)
Cumulative effect of change in accounting principle	—	(115)
Net income (loss)	(108,285)	369,515
Balance at end of period	\$ (3,419,469)	\$ (3,023,688)
Noncontrolling interest:		
Balance at beginning of period	\$ 2,295	\$ 2,369
Net income (loss) attributable to noncontrolling interest	(18)	(18)
Balance at end of period	\$ 2,277	\$ 2,351
Total equity, balance at end of period	<u>\$ 695,107</u>	<u>\$ 1,052,230</u>
Common stock share activity		
Outstanding shares of common stock:		
Balance at beginning of period	187,804	192,129
Issuance of common stock under Associate Stock Purchase Plan	43	61
Restricted stock and restricted stock units, net	127	(504)
Shares withheld for employee taxes	(744)	(611)
Purchase of treasury stock	—	(3,063)
Balance at end of period	<u>187,230</u>	<u>188,012</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
Cash Flows from Operating Activities		
Net income (loss)	\$ (108,303)	\$ 369,497
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Loss (gain) on debt modification and extinguishment, net	—	(19,181)
Depreciation and amortization, net	85,764	92,053
Asset impairment	10,677	78,226
Equity in (earnings) loss of unconsolidated ventures	531	1,008
Amortization of entrance fees	(364)	(377)
Proceeds from deferred entrance fee revenue	670	343
Deferred income tax (benefit) provision	319	(21,767)
Operating lease expense adjustment	(4,664)	(6,733)
Loss (gain) on sale of assets, net	(1,112)	(372,839)
Non-cash stock-based compensation expense	4,783	5,957
Other	(1,416)	(1,460)
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,768)	(2,033)
Prepaid expenses and other assets, net	(6,769)	(1,696)
Prepaid insurance premiums financed with notes payable	(12,985)	(17,434)
Trade accounts payable and accrued expenses	(500)	(47,919)
Refundable fees and deferred revenue	7,717	(2,254)
Operating lease assets and liabilities for lessor capital expenditure reimbursements	7,563	4,088
Net cash provided by (used in) operating activities	<u>(23,857)</u>	<u>57,479</u>
Cash Flows from Investing Activities		
Change in lease security deposits and lease acquisition deposits, net	(62)	3,211
Purchase of marketable securities	(79,932)	(89,414)
Sale and maturities of marketable securities	117,995	50,000
Capital expenditures, net of related payables	(40,361)	(69,385)
Acquisition of assets, net of related payables and cash received	—	(446,688)
Investment in unconsolidated ventures	(5,206)	(268)
Proceeds from sale of assets, net	3,760	304,617
Net cash provided by (used in) investing activities	<u>(3,806)</u>	<u>(247,927)</u>
Cash Flows from Financing Activities		
Proceeds from debt	18,575	471,785
Repayment of debt and financing lease obligations	(49,924)	(263,226)
Proceeds from line of credit	—	166,381
Purchase of treasury stock, net of related payables	—	(18,123)
Payment of financing costs, net of related payables	(87)	(5,815)
Payments of employee taxes for withheld shares	(4,329)	(3,898)
Other	203	146
Net cash provided by (used in) financing activities	<u>(35,562)</u>	<u>347,250</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(63,225)	156,802
Cash, cash equivalents, and restricted cash at beginning of period	465,148	301,697
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 401,923</u>	<u>\$ 458,499</u>

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. ("Brookdale" or the "Company") is an operator of senior living communities throughout the United States. The Company is committed to providing senior living solutions primarily within properties that are designed, purpose-built, and operated to provide quality service, care, and living accommodations for residents. The Company operates and manages independent living, assisted living, memory care, and continuing care retirement communities ("CCRCs"). The Company also offers a range of home health, hospice, and outpatient therapy services to residents of many of its communities and to seniors living outside of its communities.

The Company has five reportable segments: Independent Living; Assisted Living and Memory Care; CCRCs; Health Care Services; and Management Services. The Company expects to sell 80% of its equity in its Health Care Services segment, as described in Note 4.

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, 2020 filed with the SEC on February 25, 2021.

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 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. The Company reports investments in unconsolidated entities over whose operating and financial policies it has the ability to exercise significant influence under the equity method of accounting.

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, other operating income, asset impairments, self-insurance reserves, performance-based compensation, the 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.

Lease Accounting

The Company, as lessee, recognizes a right-of-use asset and a lease liability on the Company's condensed consolidated balance sheet for its community, office, and equipment leases. As of the commencement date of a lease, a lease liability and corresponding right-of-use asset is established on the Company's condensed consolidated balance sheet at the present value of future minimum lease payments. The Company's community leases generally contain fixed annual rent escalators or annual rent escalators based on an index, such as the consumer price index. The future minimum lease payments recognized on the condensed consolidated balance sheet include fixed payments (including in-substance fixed payments) and variable payments

estimated utilizing the index or rate on the lease commencement date. The Company recognizes lease expense as incurred for additional variable payments. For the Company's leases that do not contain an implicit rate, the Company utilizes its estimated incremental borrowing rate to determine the present value of lease payments based on information available at commencement of the lease. The Company's estimated incremental borrowing rate reflects the fixed rate at which the Company could borrow a similar amount for the same term on a collateralized basis. The Company elected the short-term lease exception policy which permits leases with an initial term of 12 months or less to not be recorded on the Company's condensed consolidated balance sheet and instead to be recognized as lease expense as incurred.

The Company, as lessee, makes a determination with respect to each of its community, office, and equipment leases as to whether each should be accounted for as an operating lease or financing lease. The classification criteria is based on estimates regarding the fair value of the leased asset, minimum lease payments, effective cost of funds, economic life of the asset, and certain other terms in the lease agreements.

Lease right-of-use assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of right-of-use assets are assessed by a comparison of the carrying amount of the asset to the estimated future undiscounted net cash flows expected to be generated by the asset, calculated utilizing the lowest level of identifiable cash flows. If estimated future undiscounted net cash flows are less than the carrying amount of the asset then the fair value of the asset is estimated. The impairment expense is determined by comparing the estimated fair value of the asset to its carrying amount, with any amount in excess of fair value recognized as an expense in the current period. Undiscounted cash flow projections and estimates of fair value amounts are based on a number of assumptions such as revenue and expense growth rates and estimated lease coverage ratios (Level 3).

Operating Leases

The Company recognizes operating lease expense for actual rent paid, generally plus or minus a straight-line adjustment for estimated minimum lease escalators if applicable. The right-of-use asset is generally reduced each period by an amount equal to the difference between the operating lease expense and the amount of expense on the lease liability utilizing the effective interest method. Subsequent to the impairment of an operating lease right-of-use asset, the Company recognizes operating lease expense consisting of the reduction of the right-of-use asset on a straight-line basis over the remaining lease term and the amount of expense on the lease liability utilizing the effective interest method.

Financing Leases

Financing lease right-of-use assets are recognized within property, plant and equipment and leasehold intangibles, net on the Company's condensed consolidated balance sheets. The Company recognizes interest expense on the financing lease liabilities utilizing the effective interest method. The right-of-use asset is generally amortized to depreciation and amortization expense on a straight-line basis over the lease term unless the lease contains an option to purchase the underlying asset that the Company is reasonably certain to exercise. If the Company is reasonably certain to exercise the purchase option, the asset is amortized over the useful life.

Sale-Leaseback Transactions

For transactions in which an owned community is sold and leased back from the buyer (sale-leaseback transactions), the Company recognizes an asset sale and lease accounting is applied if the Company has transferred control of the community. For such transactions, the Company removes the transferred assets from the condensed consolidated balance sheet and a gain or loss on the sale is recognized for the difference between the carrying amount of the asset and the transaction price for the sale transaction.

For sale-leaseback transactions in which the Company has not transferred control of the underlying asset, the Company does not recognize an asset sale or derecognize the underlying asset until control is transferred. For such transactions, the Company recognizes the underlying assets within assets under financing leases as a component of property, plant and equipment and leasehold intangibles, net on the condensed consolidated balance sheets and continues to depreciate the assets over their useful lives.

Additionally, the Company accounts for any amounts received as a financing lease liability and the Company recognizes interest expense on the financing lease liability utilizing the effective interest method with the interest expense limited to an amount that is not greater than the cash payments on the financing lease liability over the term of the lease.

Property, Plant and Equipment and Leasehold Intangibles, Net

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset group may not be recoverable. Recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, the Company is required to recognize an impairment loss. The impairment loss is measured by the amount by which the carrying amount of the asset exceeds its estimated fair value, with any amount in excess of fair value recognized as an expense in the current period. Undiscounted cash flow projections and estimates of fair value amounts are based on a number of assumptions such as revenue and expense growth rates, estimated holding periods, and estimated capitalization rates (Level 3).

Goodwill

The Company tests goodwill for impairment annually during the fourth quarter or more frequently if indicators of impairment arise. Factors the Company considers important in its analysis of whether an indicator of impairment exists include a significant decline in the Company's stock price or market capitalization for a sustained period since the last testing date, significant underperformance relative to historical or projected future operating results, and significant negative industry or economic trends. The Company first assesses qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If so, the Company performs a quantitative goodwill impairment test based upon a comparison of the estimated fair value of the reporting unit to which the goodwill has been assigned with the reporting unit's carrying amount. The fair values used in the quantitative goodwill impairment test are estimated using Level 3 inputs based upon discounted future cash flow projections for the reporting unit. These cash flow projections are based upon a number of estimates and assumptions such as revenue and expense growth rates, capitalization rates, and discount rates. The Company also considers market-based measures such as earnings multiples in its analysis of estimated fair values of its reporting units. If the quantitative goodwill impairment test results in a reporting unit's carrying amount exceeding its estimated fair value, an impairment charge will be recorded based on the difference, with the impairment charge limited to the amount of goodwill allocated to the reporting unit.

3. COVID-19 Pandemic

The United States broadly continues to experience the COVID-19 pandemic, which has significantly disrupted, and likely will continue to significantly disrupt for some period, the senior living industry and the Company's business. Due to the average age and prevalence of chronic medical conditions among the Company's residents and patients, they generally are at disproportionately higher risk of hospitalization and adverse outcomes if they contract COVID-19. The health and wellbeing of the Company's residents, patients, and associates is and has been its highest priority as it continues to serve and care for seniors through the pandemic.

Community Restrictions. To help protect the Company's residents, patients, and associates from contracting COVID-19, the Company imposed significant restrictions at its communities beginning in March 2020, including closing its communities to visitors and prospective residents, and in some cases restricting new resident move-ins, suspending group outings, modifying communal dining and programming to comply with social distancing and other regulatory guidelines and, in most cases, implementing in-room only dining and activities programming, requesting that residents refrain from leaving the community unless medically necessary, and requiring new residents and residents returning from a hospital or nursing home to isolate in their apartment for fourteen days. The Company has adopted a framework for determining when to ease restrictions at each of its communities based on several criteria, including regulatory requirements and guidance, completion of baseline testing at the community, and the presence of current confirmed COVID-19 positive cases. The Company may revert to more restrictive measures if the pandemic worsens, as necessary to comply with regulatory requirements, or at the direction of state or local health authorities. As of April 30, 2021, 100% of the Company's communities have opened for visitors and new prospects.

Pandemic-Related Expenses. The Company incurred \$27.3 million of facility operating expense during the first quarter of 2021 for incremental direct costs to respond to the pandemic. Such costs include those for: acquisition of additional PPE, medical equipment, and cleaning and disposable food service supplies; enhanced cleaning and environmental sanitation; increased employee-related costs, including labor, workers compensation, and health plan expense; increased expense for general liability claims; and COVID-19 testing of residents and associates where not otherwise covered by government payor or third-party insurance sources. On a cumulative basis, the Company has incurred \$152.9 million of pandemic related facility operating expense since the beginning of fiscal 2020. The Company recorded non-cash impairment charges in its operating results of \$9.0 million for the three months ended March 31, 2021, for its operating lease right-of-use assets, primarily due to the COVID-19 pandemic and lower than expected operating performance at communities with impaired assets.

Liquidity. As of March 31, 2021, the Company's total liquidity was \$438.9 million, consisting of \$304.0 million of unrestricted cash and cash equivalents and \$134.9 million of marketable securities. The Company's cash flows from operations, excluding management agreement termination fees and the impact of the Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act") funding, have been insufficient to cover its operating expenses, capital expenditures, and required interest and lease payments during the pandemic. However, the Company was able to satisfy its liquidity needs over such period utilizing a portion of its preexisting liquidity, together with CARES Act funding. The Company currently estimates that its cash flows from operations, together with cash balances on hand, cash equivalents, marketable securities, and proceeds from the pending sale of 80% of the equity in its Health Care Services segment will be sufficient to fund its liquidity needs for at least the next 12 months. The Company continues to seek opportunities to enhance and preserve its liquidity, including through maintaining expense discipline and increasing occupancy, continuing to evaluate its financing structure and the state of debt markets, and seeking further government-sponsored financial relief related to the pandemic. There is no assurance that debt financing will continue to be available on terms consistent with the Company's expectations or at all, that its efforts will be successful in seeking further government-sponsored financial relief or regarding the amount of, or conditions required to qualify for, any such relief, or that the closing of the pending transaction will be completed in accordance with the Company's expectations, or at all, or generate cash proceeds to the Company in the amount it anticipates.

Financial Relief. The CARES Act, signed into law on March 27, 2020, and Paycheck Protection Program and Health Care Enhancement Act, signed into law on April 24, 2020, provide liquidity and financial relief to certain businesses, among other things. Certain impacts of such programs are provided below.

- During the first quarter of 2021, the Company accepted \$0.8 million of cash from grants from the Public Health and Social Services Emergency Fund ("Provider Relief Fund") administered by the U.S. Department of Health and Human Services ("HHS"), under which grants have been made available to eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The grants represented incentive payments made pursuant to the Nursing Home Infection Control Distribution, which related to the Company's skilled nursing care provided through its CCRCs. HHS continues to evaluate future allocations under the Provider Relief Fund and the regulation and guidance regarding grants made under the Provider Relief Fund. The Company intends to pursue additional funding that may become available. There can be no assurance that the Company will qualify for, or receive, such future grants in the amount it expects, that additional restrictions on the permissible uses or terms and conditions of the grants will not be imposed by HHS, or that future funding programs will be made available for which it qualifies.
- During the year ended December 31, 2020, the Company received \$87.5 million under the Accelerated and Advance Payment Program administered by CMS, \$75.2 million of which related to its Health Care Services segment and \$12.3 million related to its CCRCs segment. Recoupment of advanced payments will begin one year after payments were issued at a rate of 25% of Medicare payments for the first eleven months following the anniversary of issuance and at a rate of 50% of Medicare payments for the next six months. Any outstanding balance of advanced payments will be due following such recoupment period. Pursuant to the Purchase Agreement providing for the sale of 80% of the Company's equity in its Health Care Services segment (as described below), its net cash proceeds at closing will include a reduction for the then outstanding balance of such advanced payments related to its Health Care Services segment.
- During fiscal 2020, the Company deferred payment of \$72.7 million of the employer portion of social security payroll taxes incurred from March 27, 2020 through December 31, 2020 pursuant to the CARES Act. One-half of such deferral amount will become due on each of December 31, 2021 and December 31, 2022. Pursuant to the Purchase Agreement providing for the sale of 80% of the Company's equity in its Health Care Services segment, its net cash proceeds at closing will include a reduction for the \$8.9 million of deferred payroll tax payments related to its Health Care Services segment. The Company expects to pay approximately \$32 million of the deferred payments in both December 2021 and 2022.
- The Company is eligible to claim the employee retention credit for certain of its associates under the CARES Act. The credit for 2020 is available to employers that fully or partially suspended operations during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings due to COVID-19, and is equal to 50% of qualified wages paid after March 12, 2020 through December 31, 2020 to qualified employees, with a maximum credit of \$5,000 per employee. During the first quarter of 2021, the Company recognized \$9.0 million of employee retention credits on wages paid from March 12, 2020 through September 30, 2020 within other operating income. The credit was modified and extended by subsequent legislation for wages paid from January 1, 2021 through December 31, 2021, and the Company is assessing its eligibility to claim such credit. There can be no assurance that the Company will qualify for, or receive, credits in the amount or on the timing it expects.

In addition to the grants described above, during the three months ended March 31, 2021, the Company has received and recognized \$0.9 million of other operating income from grants from other government sources.

The Company cannot predict with reasonable certainty the impacts that COVID-19 ultimately will have on its business, results of operations, cash flow, and liquidity, and its response efforts may continue to delay or negatively impact its strategic initiatives, including plans for future growth. The ultimate impacts of COVID-19 will depend on many factors, some of which cannot be foreseen, including the duration, severity, and breadth of the pandemic and any resurgence of the disease; the impact of COVID-19 on the nation's economy and debt and equity markets and the local economies in the Company's markets; the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups; government financial and regulatory relief efforts that may become available to business and individuals, including the Company's ability to qualify for and satisfy the terms and conditions of financial relief; perceptions regarding the safety of senior living communities during and after the pandemic; changes in demand for senior living communities and the Company's ability to adapt its sales and marketing efforts to meet that demand; the impact of COVID-19 on the Company's residents' and their families' ability to afford its resident fees, including due to changes in unemployment rates, consumer confidence, housing markets, and equity markets caused by COVID-19; changes in the acuity levels of the Company's new residents; the disproportionate impact of COVID-19 on seniors generally and those residing in the Company's communities; the duration and costs of the Company's response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, and other expenses; the impact of COVID-19 on the Company's ability to complete financings and refinancings of various assets, or other transactions (including dispositions and the pending sale of 80% of the equity in the Company's Health Care Services segment) or to generate sufficient cash flow to cover required debt, interest, and lease payments and to satisfy financial and other covenants in its debt and lease documents; increased regulatory requirements, including unfunded, mandatory testing; increased enforcement actions resulting from COVID-19; government action that may limit the Company's collection or discharge efforts for delinquent accounts; and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or the Company's response efforts.

4. Acquisitions, Dispositions and Other Transactions

During the period from January 1, 2020 through March 31, 2021, the Company acquired 27 communities that the Company formerly leased, disposed of eight owned communities (including the conveyance of five communities to Ventas, Inc. ("Ventas")), and sold its ownership interest in its unconsolidated entry fee CCRC Venture (the "CCRC Venture") with Healthpeak Properties, Inc. ("Healthpeak"), and the Company's triple-net lease obligations on five communities were terminated.

The Company expects to sell 80% of its equity in its Health Care Services segment, as described below. Additionally, one unencumbered community in the Assisted Living and Memory Care segment and one unencumbered community in the CCRCs segment were classified as held for sale, resulting in \$14.0 million being recorded as assets held for sale within the condensed consolidated balance sheet for senior housing communities as of March 31, 2021.

The closings of the various pending and expected transactions described within this note are, or will be, subject to the satisfaction of various closing conditions, including (where applicable) the receipt of regulatory approvals. There can be no assurance that the transactions will close or, if they do, when the actual closings will occur.

Completed Dispositions of Owned Communities

During the three months ended March 31, 2021, the Company completed the sale of one owned community for cash proceeds of \$2.7 million, net of transaction costs, and recognized a net gain on sale of assets of \$0.5 million.

In addition to the conveyance of five communities to Ventas, during the year ended December 31, 2020, the Company completed the sale of two owned communities for cash proceeds of \$38.1 million, net of transaction costs, and recognized a net gain on sale of assets of \$2.7 million. These dispositions included the sale of one owned community during the three months ended March 31, 2020 for which the Company received cash proceeds of \$5.5 million, net of transaction costs, and recognized a net gain on sale of assets of \$0.2 million.

Pending Sale of Health Care Services

On February 24, 2021, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with affiliates of HCA Healthcare, Inc., providing for the sale of 80% of the Company's equity in its Health Care Services segment for a purchase price of \$400 million in cash, subject to certain adjustments set forth in the Purchase Agreement, including a reduction

for the remaining outstanding balance as of the closing of Medicare advance payments and deferred payroll tax payments related to the Health Care Services segment, which were \$75.2 million and \$8.9 million respectively, as of March 31, 2021. The Purchase Agreement also contains certain agreed upon indemnities for the benefit of the purchaser. The closing of the sale transaction is anticipated to occur in the early second half of 2021, subject to receipt of applicable regulatory approvals and satisfaction of other customary closing conditions set forth in the Purchase Agreement. Pursuant to the Purchase Agreement, at closing of the transaction, the Company will retain a 20% equity interest in the business.

The assets and liabilities of the Health Care Services segment are included within assets held for sale and liabilities held for sale, respectively, within the Company's condensed consolidated balance sheet as of March 31, 2021. As of March 31, 2021, assets held for sale and liabilities held for sale of the Health Care Services segment consisted of the following:

(in thousands)

Accounts receivable, net	\$	62,401
Property, plant and equipment and leasehold intangibles, net		1,964
Operating lease right-of-use assets		9,688
Goodwill		126,810
Prepaid expenses and other assets, net		32,722
Assets held for sale	\$	233,585
Trade accounts payable	\$	1,201
Accrued expenses		30,030
Refundable fees and deferred revenue		75,223
Operating lease obligations		9,688
Liabilities held for sale	\$	116,142

Refer to Note 16 for selected financial data for the Health Care Services segment.

5. Fair Value Measurements

Marketable Securities

As of March 31, 2021, marketable securities of \$134.9 million are stated at fair value based on valuations provided by third-party pricing services and are classified within Level 2 of the valuation hierarchy.

Debt

The Company estimates the fair value of its debt 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 had outstanding long-term debt with a carrying amount of approximately \$3.9 billion as of both March 31, 2021 and December 31, 2020. Fair value of the long-term debt approximates carrying amount in all periods presented. The Company's fair value of long-term debt disclosure is classified within Level 2 of the valuation hierarchy.

Asset Impairment Expense

The following is a summary of asset impairment expense.

(in millions)	Three Months Ended March 31,	
	2021	2020
Operating lease right-of-use assets	\$ 9.0	\$ 65.7
Property, plant and equipment and leasehold intangibles, net	1.7	11.0
Investment in unconsolidated ventures	—	1.5
Asset impairment	\$ 10.7	\$ 78.2

6. Revenue

Disaggregation of Revenue

The Company disaggregates its revenue from contracts with customers by payor source as the Company believes it best depicts how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. Resident fee revenue by payor source and reportable segment is as follows:

Three Months Ended March 31, 2021					
(in thousands)	Independent Living	Assisted Living and Memory Care	CCRCs	Health Care Services	Total
Private pay	\$ 118,322	\$ 370,494	\$ 52,213	\$ 337	\$ 541,366
Government reimbursement	460	16,444	12,487	67,465	96,856
Other third-party payor programs	—	—	7,079	19,049	26,128
Total resident fee revenue	\$ 118,782	\$ 386,938	\$ 71,779	\$ 86,851	\$ 664,350

Three Months Ended March 31, 2020					
(in thousands)	Independent Living	Assisted Living and Memory Care	CCRCs	Health Care Services	Total
Private pay	\$ 135,290	\$ 440,613	\$ 64,703	\$ 170	\$ 640,776
Government reimbursement	572	16,866	19,405	73,689	110,532
Other third-party payor programs	—	—	10,439	20,960	31,399
Total resident fee revenue	\$ 135,862	\$ 457,479	\$ 94,547	\$ 94,819	\$ 782,707

Contract Balances

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. A portion of the Company's reimbursement from Medicare for certain healthcare services is billed near the start of each period of care, and cash is generally received before all services are rendered. The amount of revenue recognized for periods of care which are incomplete at period end is based on the Company's historical average percentage of days complete on each period of care and any unearned amounts are deferred and recognized when the service is performed. Additionally, non-refundable community fees 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, liabilities held for sale, and other liabilities within the condensed consolidated balance sheets) of \$146.0 million and \$138.3 million, including \$30.1

million and \$21.1 million of monthly resident fees billed and received in advance, as of March 31, 2021 and December 31, 2020, respectively. Such amount of total deferred revenue as of both March 31, 2021 and December 31, 2020 also included \$87.5 million received in the year ended December 31, 2020 under a temporary expansion of the Accelerated and Advance Payment Program administered by CMS. Refer to Note 3 for additional information on such program. For the three months ended March 31, 2021 and 2020, the Company recognized \$30.8 million and \$48.3 million, respectively, of revenue that was included in the deferred revenue balance as of January 1, 2021 and 2020, respectively.

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

As of March 31, 2021 and December 31, 2020, net property, plant and equipment and leasehold intangibles, which include assets under financing leases, consisted of the following:

<i>(in thousands)</i>	March 31, 2021	December 31, 2020
Land	\$ 504,698	\$ 505,298
Buildings and improvements	5,222,741	5,215,460
Furniture and equipment	953,773	945,783
Resident and leasehold operating intangibles	305,960	307,071
Construction in progress	64,003	61,491
Assets under financing leases and leasehold improvements	1,534,468	1,523,055
Property, plant and equipment and leasehold intangibles	8,585,643	8,558,158
Accumulated depreciation and amortization	(3,567,234)	(3,490,098)
Property, plant and equipment and leasehold intangibles, net	<u>\$ 5,018,409</u>	<u>\$ 5,068,060</u>

Assets under financing leases and leasehold improvements includes \$0.4 billion of financing lease right-of-use assets, net of accumulated amortization, as of both March 31, 2021 and December 31, 2020. Refer to Note 10 for further information on the Company's financing leases.

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 \$83.9 million and \$90.7 million for the three months ended March 31, 2021 and 2020, respectively.

8. Goodwill

The Company's Independent Living and Health Care Services segments had a carrying value of goodwill of \$27.3 million and \$126.8 million, respectively, as of both March 31, 2021 and December 31, 2020. The goodwill of the Health Care Services segment is included within assets held for sale within the Company's condensed consolidated balance sheet as of March 31, 2021.

9. Debt

Long-term debt consists of the following:

<i>(in thousands)</i>	March 31, 2021	December 31, 2020
Fixed mortgage notes payable due 2022 through 2047; weighted average interest rate of 4.17% and 4.18% as of March 31, 2021 and December 31, 2020, respectively	\$ 2,334,151	\$ 2,366,996
Variable mortgage notes payable due 2022 through 2030, weighted average interest rate of 2.46% and 2.49% as of March 31, 2021 and December 31, 2020, respectively	1,524,496	1,529,935
Other notes payable due 2021 to 2025; weighted average interest rate of 7.79% and 8.98% as of March 31, 2021 and December 31, 2020, respectively	57,468	46,557
Debt discount and deferred financing costs, net	(26,324)	(27,500)
Total long-term debt	3,889,791	3,915,988
Current portion	224,890	68,885
Total long-term debt, less current portion	\$ 3,664,901	\$ 3,847,103

As of March 31, 2021, 97.9%, or \$3.8 billion of the Company's total debt obligations represented non-recourse property-level mortgage financings.

As of March 31, 2021, \$69.9 million of letters of credit and no cash borrowings were outstanding under the Company's \$80.0 million secured credit facility. The Company also had a separate secured letter of credit facility providing up to \$15.0 million of letters of credit as of March 31, 2021 under which \$13.6 million had been issued as of that date.

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, net worth, and stockholders' equity levels and debt service 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 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 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 March 31, 2021, the Company is in compliance with the financial covenants of its debt agreements.

10. Leases

As of March 31, 2021, the Company operated 301 communities under long-term leases (235 operating leases and 66 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. The Company typically 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 these communities are generally fixed rate leases with annual escalators that are either fixed or based upon changes in the consumer price index or the leased property revenue. The Company is responsible for all operating costs, including repairs, property taxes, and insurance. The leases generally provide for renewal or extension options from 5 to 20 years and in some instances, 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, net worth, and stockholders' equity 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 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). 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 March 31, 2021, the Company is in compliance with the financial covenants of its long-term leases.

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

	Three Months Ended March 31,	
	2021	2020
<i>Operating Leases</i> (in thousands)		
Facility operating expense	\$ 4,842	\$ 4,850
Facility lease expense	44,418	64,481
Operating lease expense	49,260	69,331
Operating lease expense adjustment ⁽¹⁾	4,664	6,733
Changes in operating lease assets and liabilities for lessor capital expenditure reimbursements	(7,563)	(4,088)
Operating net cash outflows from operating leases	<u>\$ 46,361</u>	<u>\$ 71,976</u>

(1) Represents the difference between the amount of cash operating lease payments and the amount of operating lease expense recognized in accordance with Accounting Standards Codification 842, *Leases* ("ASC 842").

	Three Months Ended March 31,	
	2021	2020
<i>Financing Leases</i> (in thousands)		
Depreciation and amortization	\$ 7,630	\$ 9,144
Interest expense: financing lease obligations	11,383	13,282
Financing lease expense	<u>\$ 19,013</u>	<u>\$ 22,426</u>
Operating cash flows from financing leases	\$ 11,383	\$ 13,282
Financing cash flows from financing leases	4,789	5,087
Changes in financing lease assets and liabilities for lessor capital expenditure reimbursement	(1,389)	(1,739)
Total net cash outflows from financing leases	<u>\$ 14,783</u>	<u>\$ 16,630</u>

The aggregate amounts of future minimum lease payments, including community, office, and equipment leases (excluding minimum lease payments related to \$9.7 million of operating lease obligations included within liabilities held for sale) recognized on the condensed consolidated balance sheet as of March 31, 2021 are as follows (in thousands):

Year Ending December 31,	Operating Leases	Financing Leases
2021 (nine months)	\$ 151,681	\$ 48,807
2022	203,946	65,609
2023	192,625	66,341
2024	193,377	67,553
2025	191,131	57,595
Thereafter	280,960	109,684
Total lease payments	1,213,720	415,589
Purchase option liability and non-cash gain on future sale of property	—	413,617
Imputed interest and variable lease payments	(276,070)	(270,052)
Total lease obligations	<u>\$ 937,650</u>	<u>\$ 559,154</u>

11. 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, including, but not limited to, putative class action claims from time to time regarding staffing at the Company's communities and compliance with consumer protection laws and the Americans with Disabilities Act. Certain claims and lawsuits allege large damage amounts and may require significant costs to defend and resolve. As a result, the Company maintains general liability, professional 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. Accordingly, the Company is, in effect, self-insured for claims that are less than the deductible amounts and for claims or portions of claims that are not covered by such policies and/or exceed the policy limits.

Similarly, the senior living and healthcare industries are continuously subject to scrutiny by governmental regulators, which could result in reviews, audits, investigations, enforcement activities or litigation related to regulatory compliance matters. In addition, as a result of the Company's participation in the Medicare and Medicaid programs, the Company is subject to various governmental reviews, audits and investigations, including but not limited to audits under various government programs, such as the Recovery Audit Contractors (RAC), Zone Program Integrity Contractors (ZPIC), and Unified Program Integrity Contractors (UPIC) programs. The costs to respond to and defend such reviews, audits, and investigations may be significant, and an adverse determination could result in citations, sanctions and other criminal or civil fines and penalties, the refund of overpayments, payment suspensions, termination of participation in Medicare and Medicaid programs, and/or damage to the Company's business reputation.

In June 2020, the Company and several current and former executive officers were named as defendants in a putative class action lawsuit alleging violations of the federal securities laws filed in the federal court for the Middle District of Tennessee. The lawsuit asserts that the defendants made material misstatements and omissions concerning the Company's business, operational and compliance policies that caused the Company's stock price to be artificially inflated between August 2016 and April 2020. While the Company cannot predict with certainty the result of this or any other legal proceedings, the Company believes the allegations in the suit are without merit and does not expect this matter to have a material adverse effect on the Company's financial condition, results of operations, or cash flows. In October 2020 and April 2021, alleged stockholders of the Company filed separate stockholder derivative lawsuits in the federal court for the Middle District of Tennessee, asserting claims on behalf of the Company against certain current and former officers and directors for alleged breaches of duties owed to the Company. The complaints refer to the securities lawsuit described above and incorporate substantively similar allegations.

12. Stock-Based Compensation

Grants of restricted stock and restricted stock units under the Company's 2014 Omnibus Incentive Plan were as follows:

<i>(in thousands, except for per share and unit amounts)</i>	Restricted Stock and Restricted Stock Unit Grants	Weighted Average Grant Date Fair Value	Total Grant Date Fair Value
Three months ended March 31, 2021	1,961	\$ 5.09	\$ 9,988

13. Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding. Diluted EPS includes the components of basic EPS and also gives effect to dilutive common stock equivalents. Under the treasury stock method, 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. Potentially dilutive common stock equivalents include unvested restricted stock, restricted stock units, and warrants.

The following table summarizes the computation of basic and diluted earnings (loss) per share amounts presented in the condensed consolidated statement of operations:

<i>(in thousands, except for per share amounts)</i>	Three Months Ended March 31,	
	2021	2020
Income attributable to common stockholders:		
Net income (loss)	\$ (108,285)	\$ 369,515
Weighted average shares outstanding - basic	184,011	184,186
Effect of dilutive securities - Unvested restricted stock, restricted stock units, and warrants	—	336
Weighted average shares outstanding - diluted	184,011	184,522
Basic earnings (loss) per common share:		
Net income (loss) per share attributable to common stockholders	\$ (0.59)	\$ 2.01
Diluted earnings (loss) per common share:		
Net income (loss) per share attributable to common stockholders	\$ (0.59)	\$ 2.00

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, and performance-based equity awards are included based on the attainment of the applicable performance metrics as of the end of the reporting period. The following potentially dilutive securities were excluded from the computation of diluted EPS:

<i>(in millions)</i>	Three Months Ended March 31,	
	2021⁽¹⁾	2020
Non-performance-based restricted stock and restricted stock units	6.2	6.9
Performance-based restricted stock and restricted stock units	0.4	1.8
Warrants	16.3	—

(1) As a result of the net loss reported for the period, all unvested restricted stock, restricted stock units, and potential shares issuable under warrants were antidilutive for the period and as such were not included in the computation of diluted weighted average shares outstanding.

14. Income Taxes

The difference between the Company's effective tax rate for the three months ended March 31, 2021 and 2020 was primarily due to the tax impact of the multi-part transaction with Healthpeak that occurred in the three months ended March 31, 2020. The impact represented the tax expense recorded on the gain of the sale of the Company's interest in the CCRC Venture offset by a decrease in the valuation allowance that was a direct result of the multi-part transaction with Healthpeak.

The Company recorded an aggregate deferred federal, state, and local tax benefit of \$25.2 million as a result of the operating loss for the three months ended March 31, 2021, which was offset by a proportionate increase in the valuation allowance of \$25.5 million. The Company recorded an aggregate deferred federal, state, and local tax expense of \$90.9 million for the three months ended March 31, 2020. The expense included \$93.1 million as a result of the gain on the sale of the Company's interest in the CCRC Venture offset by a benefit of \$2.2 million as a result of the operating losses (exclusive of the CCRC Venture sale) for the three months ended March 31, 2020. The expense for the three months ended March 31, 2020 was offset by a reduction in the valuation allowance of \$112.6 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 March 31, 2021 and December 31, 2020 was \$406.5 million and \$381.0 million, respectively.

The increase in the valuation allowance for the three months ended March 31, 2021 is the result of current operating losses during the three months ended March 31, 2021. The change in the valuation allowance for the three months ended March 31, 2020 was primarily the result of a reduction in the Company's valuation allowance of \$117.6 million as a result of the Healthpeak transaction offset by the anticipated reversal of future tax liabilities offset by future tax deductions.

The Company recorded interest charges related to its tax contingency reserve for cash tax positions for the three months ended March 31, 2021 and 2020 which are included in income tax expense or benefit for the period. As of March 31, 2021, tax returns for years 2017 through 2019 are subject to future examination by tax authorities. In addition, the net operating losses from prior years are subject to adjustment under examination.

15. Supplemental Disclosure of Cash Flow Information

	Three Months Ended March 31,	
	2021	2020
<i>(in thousands)</i>		
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 47,129	\$ 59,479
Income taxes paid, net of refunds	904	957
Capital expenditures, net of related payables:		
Capital expenditures - non-development, net	\$ 27,450	\$ 60,556
Capital expenditures - development, net	1,521	3,900
Capital expenditures - non-development - reimbursable	8,951	5,827
Trade accounts payable	2,439	(898)
Net cash paid	<u>\$ 40,361</u>	<u>\$ 69,385</u>
Acquisition of communities from Healthpeak:		
Property, plant and equipment and leasehold intangibles, net	\$ —	\$ 286,734
Operating lease right-of-use assets	—	(63,285)
Financing lease obligations	—	129,196
Operating lease obligations	—	74,335
Loss (gain) on debt modification and extinguishment, net	—	(19,731)
Net cash paid	<u>\$ —</u>	<u>\$ 407,249</u>
Acquisition of other assets, net of related payables and cash received:		
Property, plant and equipment and leasehold intangibles, net	\$ —	\$ 179
Financing lease obligations	—	39,260
Net cash paid	<u>\$ —</u>	<u>\$ 39,439</u>

Proceeds from sale of CCRC Venture, net:		
Investments in unconsolidated ventures	\$ —	\$ (14,848)
Current portion of long-term debt	—	34,706
Accrued expenses	—	(5,025)
Other liabilities	—	60,748
Loss (gain) on sale of assets, net	—	(370,745)
Net cash received	<u>\$ —</u>	<u>\$ (295,164)</u>
Proceeds from sale of other assets, net:		
Prepaid expenses and other assets, net	\$ —	\$ (1,261)
Assets held for sale	(2,125)	(5,274)
Property, plant and equipment and leasehold intangibles, net	(597)	—
Other liabilities	74	(824)
Loss (gain) on sale of assets, net	(1,112)	(2,094)
Net cash received	<u>\$ (3,760)</u>	<u>\$ (9,453)</u>

Supplemental Schedule of Non-cash Operating, Investing, and Financing Activities:

Healthpeak master lease modification:		
Property, plant and equipment and leasehold intangibles, net	\$ —	\$ (57,462)
Operating lease right-of-use assets	—	88,044
Financing lease obligations	—	70,874
Operating lease obligations	—	(101,456)
Net	<u>\$ —</u>	<u>\$ —</u>
Other non-cash lease transactions, net:		
Property, plant and equipment and leasehold intangibles, net	\$ —	\$ (9,441)
Operating lease right-of-use assets	16,721	—
Financing lease obligations	—	9,516
Operating lease obligations	(16,721)	—
Other liabilities	—	(75)
Net	<u>\$ —</u>	<u>\$ —</u>

Restricted cash consists principally of deposits for letters of credit, escrow deposits for real estate taxes, property insurance, and capital expenditures, debt service reserve accounts required by certain lenders under mortgage debt agreements, and deposits as security for self-insured retention risk under workers' compensation programs and property insurance programs. 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)

	March 31, 2021	December 31, 2020
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 303,952	\$ 380,420
Restricted cash	26,503	28,059
Long-term restricted cash	71,468	56,669
Total cash, cash equivalents, and restricted cash	<u>\$ 401,923</u>	<u>\$ 465,148</u>

16. Segment Information

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

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

Assisted Living and Memory Care. The Company's Assisted Living and Memory Care segment includes owned or leased communities that offer housing and 24-hour assistance with activities of daily living for mid-acuity and frail elderly 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 or within the immediate area.

Health Care Services. The Company's Health Care Services segment includes the home health, hospice, and outpatient therapy services provided to residents of many of its communities and to seniors living outside its communities. The Health Care Services segment does not include the skilled nursing and inpatient healthcare services provided in the Company's skilled nursing units, which are included in the Company's CCRCs segment.

Management Services. The Company's Management Services segment includes communities operated by the Company pursuant to management agreements. In some of the cases, the controlling financial interest in the community is held by third parties and, in other cases, the community is owned in a venture structure in which the Company has an ownership interest. Under the management agreements for these communities, the Company receives management fees as well as reimbursed expenses, which represent the reimbursement of expenses it incurs on behalf of the owners.

The following table sets forth selected segment financial data:

	Three Months Ended March 31,	
	2021	2020
(in thousands)		
Revenue and other operating income:		
Independent Living ⁽¹⁾⁽²⁾	\$ 120,146	\$ 135,862
Assisted Living and Memory Care ⁽¹⁾⁽²⁾	392,042	457,479
CCRCs ⁽¹⁾⁽²⁾	73,463	94,547
Health Care Services ⁽¹⁾⁽²⁾	89,434	94,819
Management Services ⁽³⁾	74,360	231,432
Total revenue and other operating income	\$ 749,445	\$ 1,014,139
Segment operating income: ⁽⁴⁾		
Independent Living	\$ 37,329	\$ 51,414
Assisted Living and Memory Care	71,433	132,001
CCRCs	7,608	19,931
Health Care Services	2,403	(9,121)
Management Services	8,566	108,715
Total segment operating income	127,339	302,940
General and administrative expense (including non-cash stock-based compensation expense)	49,943	54,595
Facility operating lease expense	44,418	64,481
Depreciation and amortization	83,891	90,738

Asset impairment:		
Independent Living	520	31,317
Assisted Living and Memory Care	9,642	32,798
CCRCs	515	12,173
Corporate and Management Services	—	1,938
Income (loss) from operations	<u>\$ (61,590)</u>	<u>\$ 14,900</u>

(in thousands)	As of	
	March 31, 2021	December 31, 2020
Total assets:		
Independent Living	\$ 1,399,489	\$ 1,419,838
Assisted Living and Memory Care	3,740,476	3,787,611
CCRCs	728,621	738,121
Health Care Services	233,585	233,178
Corporate and Management Services	643,982	723,010
Total assets	<u>\$ 6,746,153</u>	<u>\$ 6,901,758</u>

- (1) All revenue is earned from external third parties in the United States.
- (2) The Independent Living, Assisted Living and Memory Care, CCRCs, and Health Care Services segments include \$1.4 million, \$5.1 million, \$1.7 million, and \$2.6 million respectively, for the three months ended March 31, 2021 of other operating income recognized for the credits or grants pursuant to the Employee Retention Credit, Provider Relief Fund, and other government sources, as described in Note 3. Allocations to the applicable segment generally reflect the credits earned by the segment, the segment's receipt and acceptance of the grant, or the segment's proportional utilization of the grant.
- (3) Management services segment revenue includes management fees and reimbursements of costs incurred on behalf of managed communities.
- (4) Segment operating income is defined as segment revenues and other operating income less segment facility operating expenses (excluding facility depreciation and amortization) and costs incurred on behalf of managed communities.

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," or other similar words or expressions. 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, the impacts of the COVID-19 pandemic, including the response efforts of federal, state, and local government authorities, businesses, individuals, and us on our business, results of operations, cash flow, liquidity, and our strategic initiatives, including plans for future growth, which will depend on many factors, some of which cannot be foreseen, including the duration, severity, and breadth of the pandemic and any resurgence of the disease, the impact of COVID-19 on the nation's economy and debt and equity markets and the local economies in our markets, the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups, government financial and regulatory relief efforts that may become available to business and individuals, including our ability to qualify for and satisfy the terms and conditions of financial relief, perceptions regarding the safety of senior living communities during and after the pandemic, changes in demand for senior living communities and our ability to adapt our sales and marketing efforts to meet that demand, the impact of COVID-19 on our residents' and their families' ability to afford our resident fees, including due to changes in unemployment rates, consumer confidence, housing markets, and equity markets caused by COVID-19, changes in the acuity levels of our new residents, the disproportionate impact of COVID-19 on seniors generally and those residing in our communities, the duration and costs of our response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, and other expenses, the impact of COVID-19 on our ability to complete financings and refinancings of various assets, or other transactions (including dispositions and our pending Health Care Services transaction) or to generate sufficient cash flow to cover required interest and lease payments and to satisfy financial and other covenants in our debt and lease documents, increased regulatory requirements, including unfunded, mandatory testing, increased enforcement actions resulting from COVID-19, government action that may limit our collection or discharge efforts for delinquent accounts, and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or our response efforts; 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; changes in reimbursement rates, methods, or timing under governmental reimbursement programs including the Medicare and Medicaid programs; the impact of ongoing healthcare reform efforts; the effects of senior housing construction and development, lower industry occupancy (including due to the pandemic), 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, including due to the pandemic; limits on our ability to use net operating loss carryovers to reduce future tax payments; 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 (including our pending Health Care Services transaction) 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; delays in obtaining regulatory approvals; 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 and long-term lease payments and to fund our planned capital projects; the effect of our non-compliance with any of our debt or lease agreements (including the financial 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 effect of our indebtedness and long-term leases on our liquidity; the potential phasing out of LIBOR which may 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 personnel (including due to the pandemic), wage pressures resulting from increased competition, low unemployment levels, minimum wage increases and changes in overtime laws, and union activity; environmental contamination at any of our communities; failure to comply with existing environmental laws; an adverse determination or resolution of complaints filed against us, including class action and stockholder derivative complaints; the cost and difficulty of complying with increasing and evolving regulation; costs to respond to, and adverse determinations resulting from, government reviews, audits and investigations; unanticipated costs to comply with legislative or regulatory developments; the risks associated with current global economic conditions and general economic factors such as inflation, the consumer price index, commodity costs, fuel and other energy costs, costs of salaries, wages, benefits, and insurance, interest rates, and tax rates; the impact of seasonal contagious illness or an outbreak of COVID-19 or other contagious disease in the markets in which we operate; actions of activist stockholders, including a proxy contest; as well as other risks detailed from time to time in our filings with the Securities and Exchange Commission, including those set forth under "Item 1A. Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2020 and Part II, "Item 1A. Risk Factors" and elsewhere in 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.

Overview

As of March 31, 2021, we are the largest operator of senior living communities in the United States based on total capacity, with 695 communities in 42 states and the ability to serve approximately 60,000 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"). We also offer a range of home health, hospice, and outpatient therapy services to more than 16,000 patients as of that date.

Our goal is to be the first choice in senior living by being the nation's most trusted and effective senior living provider and employer. Our community and service offerings combine housing with hospitality and healthcare services. Our senior living communities offer residents a supportive home-like setting, assistance with activities of daily living such as eating, bathing, dressing, toileting, transferring/walking, and, in certain communities, licensed skilled nursing services. We also provide home health, hospice, and outpatient therapy services to residents of many of our communities and to seniors living outside of our communities. 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 and their families who are concerned with care decisions for their elderly relatives.

COVID-19 Pandemic Update

The United States broadly continues to experience the COVID-19 pandemic, which has significantly disrupted, and likely will continue to significantly disrupt for some period, the senior living industry and our business. Due to the average age and prevalence of chronic medical conditions among our residents and patients, they generally are at disproportionately higher risk of hospitalization and adverse outcomes if they contract COVID-19. The health and wellbeing of our residents, patients, and associates is and has been our highest priority as we continue to serve and care for seniors through the pandemic. In addition to the updates below, readers are directed to the "COVID-19 Pandemic" section of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021 for more information about the impact of the pandemic and our response efforts on our business, results of operations, and financial condition.

Vaccine Clinics Completed. We elected to work with CVS Health Corporation ("CVS") to administer vaccinations on site to our residents and associates through the Pharmacy Partnership for Long-Term Care Program offered through the U.S. Centers for Disease Control and Prevention ("CDC"). We worked extensively to prepare for and host CVS clinics as quickly as possible among our approximately 700 communities, which included extensive planning, gathering insurance information, obtaining consents, scheduling appointments, holding educational sessions with residents, families, and associates, detailed coordination of traffic flow, and staffing observation areas. We hosted our first clinics on December 18, 2020 and had completed at least three vaccine clinics at all of our communities by April 9, 2021. Through April 30, 2021, our resident vaccine acceptance rate was 93%, and our COVID-19 positive resident caseload had decreased by 97% since the peak in mid-December 2020. We continue to promote vaccine acceptance among our residents and associates and to work with state and local resources, including local health departments and pharmacies, to ensure our residents and associates can access the vaccine.

Community Restrictions. To help protect our residents, patients, and associates from contracting COVID-19, we imposed significant restrictions at our communities beginning in March 2020, including closing our communities to visitors and prospective residents, and in some cases restricting new resident move-ins, suspending group outings, modifying communal dining and programming to comply with social distancing and other regulatory guidelines and, in most cases, implementing in-room only dining and activities programming, requesting that residents refrain from leaving the community unless medically necessary, and requiring new residents and residents returning from a hospital or nursing home to isolate in their apartment for fourteen days. We have adopted a framework for determining when to ease restrictions at each of our communities based on several criteria, including regulatory requirements and guidance, completion of baseline testing at the community, and the presence of current confirmed COVID-19 positive cases. We may revert to more restrictive measures if the pandemic worsens, as necessary to comply with regulatory requirements, or at the direction of state or local health authorities. As of December 31, 2020, 89% of our communities were accepting new move-ins. With lower caseloads, restrictions on visits have been relaxed, and as of April 30, 2021, 100% of our communities have opened for visitors and new prospects.

Occupancy and Demand. According to data from the National Investment Center for the Seniors Housing & Care Industry ("NIC"), seniors housing occupancy again decreased to a record low for the first quarter of 2021. In our consolidated seniors housing portfolio, our monthly net move-ins and move-outs turned positive in March 2021 for the first time since the pandemic began. Move-ins increased sequentially each month during the first quarter of 2021 and increased 29% for the first quarter of 2021 compared to the fourth quarter of 2020. Our consolidated senior housing portfolio's weighted average occupancy

decreased 310 basis points for the first quarter of 2021 from the fourth quarter of 2020. Weighted average occupancy for March 2021 increased slightly sequentially and for April 2021 increased 50 basis points sequentially, after having declined sequentially each month from March 2020 through February 2021. The table below sets forth our consolidated occupancy trend during the pandemic.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	January 2021	February 2021	March 2021	April 2021
Weighted average occupancy	83.2 %	78.7 %	75.3 %	72.7 %	69.6 %	70.0 %	69.4 %	69.4 %	69.9 %
Month-end occupancy	82.2 %	77.8 %	75.0 %	71.5 %	70.6 %	70.4 %	70.1 %	70.6 %	71.1 %

We cannot predict with reasonable certainty whether or when demand for senior living communities will return to pre-COVID-19 levels or the extent to which the pandemic's effect on demand may adversely affect the amount of resident fees we are able to collect from our residents.

Lost Revenue. Compared to our pre-pandemic expectations for fiscal 2020, we estimate that the pandemic, including the related restrictions at our communities, resulted in \$117.5 million of lost resident fee revenue for the first quarter of 2021. Estimated lost resident fee revenue for the first quarter of 2021 includes \$94.2 million in our consolidated senior housing portfolio and \$23.3 million for our Health Care Services segment. On a cumulative basis, we estimate that the pandemic has resulted in approximately \$400 million of lost resident fee revenue compared to our pre-pandemic expectations for fiscal 2020.

Pandemic-Related Expenses. We incurred \$27.3 million of facility operating expense during the first quarter of 2021 for incremental direct costs to respond to the pandemic. Such costs include those for: acquisition of additional PPE, medical equipment, and cleaning and disposable food service supplies; enhanced cleaning and environmental sanitation; increased employee-related costs, including labor, workers compensation, and health plan expense; increased expense for general liability claims; and COVID-19 testing of residents and associates where not otherwise covered by government payor or third-party insurance sources. On a cumulative basis, we have incurred \$152.9 million of pandemic-related facility operating expense since the beginning of fiscal 2020. We also recorded non-cash impairment charges in our operating results of \$9.0 million for the three months ended March 31, 2021, for our operating lease right-of-use assets, primarily due to the COVID-19 pandemic and lower than expected operating performance at communities with impaired assets.

Liquidity. As of March 31, 2021, our total liquidity was \$438.9 million, consisting of \$304.0 million of unrestricted cash and cash equivalents and \$134.9 million of marketable securities. Our cash flows from operations, excluding management agreement termination fees and the impact of the Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act") funding, have been insufficient to cover our operating expenses, capital expenditures, and required interest and lease payments during the pandemic. However, we were able to satisfy our liquidity needs over such period utilizing a portion of our preexisting liquidity, together with CARES Act funding. We currently estimate that our cash flows from operations, together with cash balances on hand, cash equivalents, marketable securities, and proceeds from the pending sale of 80% of the equity in our Health Care Services segment will be sufficient to fund our liquidity needs for at least the next 12 months. We continue to seek opportunities to enhance and preserve our liquidity, including through maintaining expense discipline and increasing occupancy, continuing to evaluate our financing structure and the state of debt markets, and seeking further government-sponsored financial relief related to the pandemic. There is no assurance that debt financing will continue to be available on terms consistent with our expectations or at all, that our efforts will be successful in seeking further government-sponsored financial relief or regarding the amount of, or conditions required to qualify for, any such relief, or that the closing of the pending transaction will be completed in accordance with our expectations, or at all, or generate cash proceeds to us in the amount we anticipate.

Financial Relief. The CARES Act, signed into law on March 27, 2020, and Paycheck Protection Program and Health Care Enhancement Act, signed into law on April 24, 2020, provide liquidity and financial relief to certain businesses, among other things. Certain impacts of such programs are provided below.

- During the first quarter of 2021, we accepted \$0.8 million of cash from grants from the Public Health and Social Services Emergency Fund ("Provider Relief Fund") administered by the U.S. Department of Health and Human Services ("HHS"), under which grants have been made available to eligible healthcare providers for healthcare related expenses or lost revenues attributable to COVID-19. The grants represented incentive payments made pursuant to the Nursing Home Infection Control Distribution, which related to our skilled nursing care provided through our CCRCs. HHS continues to evaluate future allocations under the Provider Relief Fund and the regulation and guidance regarding grants made under the Provider Relief Fund. We intend to pursue additional funding that may become available. There can be no assurance that we will qualify for, or receive, such future grants in the amount we expect, that additional restrictions on the permissible

uses or terms and conditions of the grants will not be imposed by HHS, or that future funding programs will be made available for which we qualify.

- During the year ended December 31, 2020, we received \$87.5 million under the Accelerated and Advance Payment Program administered by CMS, \$75.2 million of which related to our Health Care Services segment and \$12.3 million related to our CCRCs segment. Recoupment of advanced payments will begin one year after payments were issued at a rate of 25% of Medicare payments for the first eleven months following the anniversary of issuance and at a rate of 50% of Medicare payments for the next six months. Any outstanding balance of advanced payments will be due following such recoupment period. Pursuant to the Purchase Agreement providing for the sale of 80% of our equity in our Health Care Services segment (as described below), our net cash proceeds at closing will include a reduction for the then outstanding balance of such advanced payments related to our Health Care Services segment. We expect recoupment of approximately \$6 million of advanced payments related to our CCRCs segment during 2021, beginning in the second quarter.
- During fiscal 2020, we deferred payment of \$72.7 million of the employer portion of social security payroll taxes incurred from March 27, 2020 through December 31, 2020 pursuant to the CARES Act. One-half of such deferral amount will become due on each of December 31, 2021 and December 31, 2022. Pursuant to the Purchase Agreement providing for the sale of 80% of our equity in our Health Care Services segment, our net cash proceeds at closing will include a reduction for the \$8.9 million of deferred payroll tax payments related to our Health Care Services segment. We expect to pay approximately \$32 million of the deferred payments in both December 2021 and 2022.
- We are eligible to claim the employee retention credit for certain of our associates under the CARES Act. The credit for 2020 is available to employers that fully or partially suspended operations during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings due to COVID-19, and is equal to 50% of qualified wages paid after March 12, 2020 through December 31, 2020 to qualified employees, with a maximum credit of \$5,000 per employee. During the first quarter of 2021, we recognized \$9.0 million of employee retention credits on wages paid from March 12, 2020 to September 30, 2020 within other operating income. The credit was modified and extended by subsequent legislation for wages paid from January 1, 2021 through December 31, 2021, and we are assessing our eligibility to claim such credit. There can be no assurance that we will qualify for, or receive, credits in the amount or on the timing we expect.

In addition to the grants described above, during the three months ended March 31, 2021, we received and recognized \$0.9 million of other operating income from grants from other government sources.

We cannot predict with reasonable certainty the impacts that COVID-19 ultimately will have on our business, results of operations, cash flow, and liquidity, and our response efforts may continue to delay or negatively impact our strategic initiatives, including plans for future growth. The ultimate impacts of COVID-19 will depend on many factors, some of which cannot be foreseen, including the duration, severity, and breadth of the pandemic and any resurgence of the disease; the impact of COVID-19 on the nation's economy and debt and equity markets and the local economies in our markets; the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups; government financial and regulatory relief efforts that may become available to business and individuals, including our ability to qualify for and satisfy the terms and conditions of financial relief; perceptions regarding the safety of senior living communities during and after the pandemic; changes in demand for senior living communities and our ability to adapt our sales and marketing efforts to meet that demand; the impact of COVID-19 on our residents' and their families' ability to afford our resident fees, including due to changes in unemployment rates, consumer confidence, housing markets, and equity markets caused by COVID-19; changes in the acuity levels of our new residents; the disproportionate impact of COVID-19 on seniors generally and those residing in our communities; the duration and costs of our response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, and other expenses; the impact of COVID-19 on our ability to complete financings and refinancings of various assets or other transactions (including dispositions and the pending sale of 80% of the equity in our Health Care Services segment) or to generate sufficient cash flow to cover required debt, interest, and lease payments and to satisfy financial and other covenants in our debt and lease documents; increased regulatory requirements, including unfunded, mandatory testing; increased enforcement actions resulting from COVID-19; government action that may limit our collection or discharge efforts for delinquent accounts; and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or our response efforts.

Transaction Activity

During the period from January 1, 2020 through March 31, 2021, we terminated triple-net obligations on an aggregate of 32 communities (2,890 units), including through the acquisition of 27 formerly leased communities (2,453 units), we sold three owned communities (417 units), and we sold our ownership interest in our unconsolidated entry fee CCRC venture (the "CCRC Venture") with Healthpeak Properties, Inc. ("Healthpeak"). On July 26, 2020, we entered into definitive agreements with Ventas, Inc. ("Ventas") to restructure our 120 community (10,174 units) triple-net master lease arrangements. In addition, we conveyed to Ventas five communities (471 units) and manage the communities following the closing. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021 for more details regarding the terms of significant transactions that occurred prior to 2021.

During the three months ended March 31, 2021, we completed the sale of one owned community (42 units) for cash proceeds of \$2.7 million, net of transaction costs, and for which we recognized a net gain on sale of assets of \$0.5 million.

During the next twelve months, we expect to sell 80% of our equity in our Health Care Services segment and to close on the disposition of two owned unencumbered communities (207 units) classified as held for sale as of March 31, 2021. We also anticipate terminations of certain of our management arrangements with third parties as we transition to new operators our management on certain communities.

The closings of the various pending and expected transactions described herein are, or will be, subject to the satisfaction of various closing conditions, including (where applicable) the receipt of regulatory approvals. However, there can be no assurance that the transactions will close or, if they do, when the actual closings will occur.

Pending Sale of Health Care Services

On February 24, 2021, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with affiliates of HCA Healthcare, Inc. ("HCA Healthcare"), providing for the sale of 80% of our equity in our Health Care Services segment for a purchase price of \$400 million in cash, subject to certain adjustments set forth in the Purchase Agreement, including a reduction for the remaining outstanding balance as of the closing of Medicare advance payments and deferred payroll tax payments related to the Health Care Services segment, which were \$75.2 million and \$8.9 million, respectively, as of March 31, 2021. We expect our net cash proceeds at the closing will be approximately \$300 million, subject to the timing of closing with respect to the adjustments set forth in the Purchase Agreement. The Purchase Agreement also contains certain agreed upon indemnities for the benefit of the purchaser. The closing of the sale transaction is anticipated to occur in the early second half of 2021, subject to receipt of applicable regulatory approvals and satisfaction of other customary closing conditions set forth in the Purchase Agreement. Pursuant to the Purchase Agreement, at closing of the transaction, we will retain a 20% equity interest in the business. Upon closing, we expect that the results and financial position of our Health Care Services segment will be deconsolidated from our financial statements and that our interest in the joint venture will be accounted for under the equity method of accounting. We anticipate that the sale transaction will utilize a portion of our federal net operating loss carryforwards to offset the expected taxable gain on such transaction.

Results of Operations

As of March 31, 2021, our total operations included 695 communities with a capacity to serve approximately 60,000 residents. As of that date we owned 349 communities (31,819 units), leased 301 communities (21,127 units), and managed 45 communities (6,652 units). 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. Transactions completed during the period of January 1, 2020 to March 31, 2021 affect the comparability of our results of operations.

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, 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 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. As presented herein, same community results include the direct costs incurred to respond to the COVID-19 pandemic.

- **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 Health Care Services segment revenue, revenue from private duty services provided to seniors living outside of our communities, and entrance fee amortization), 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 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 Health Care Services segment revenue, revenue from private duty services provided to seniors living outside of our communities, and entrance fee amortization), 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 rate 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 GAAP measure.

Comparison of Three Months Ended March 31, 2021 and 2020

Summary Operating Results

The following table summarizes our overall operating results for the three months ended March 31, 2021 and 2020.

(in thousands)	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Total resident fees and management fees revenue	\$ 672,916	\$ 891,422	\$ (218,506)	(24.5)%
Other operating income	10,735	—	10,735	NM
Facility operating expense	556,312	588,482	(32,170)	(5.5)%
Net income (loss)	(108,303)	369,497	(477,800)	NM
Adjusted EBITDA	34,981	185,069	(150,088)	(81.1)%

The decrease in total resident fees and management fees revenue was primarily attributable to a \$118.4 million decrease in resident fees, including a 14.3% decrease in same community RevPAR, comprised of a 1,390 basis point decrease in same

community weighted average occupancy and a 2.9% increase in same community RevPOR. Revenue for home health services decreased \$9.6 million, as our home health average daily census decreased 16.9% compared to the prior year period primarily due to the COVID-19 pandemic and lower occupancy in our communities. Additionally, the disposition of 13 communities through sales and conveyances of owned communities and lease terminations since the beginning of the prior year period resulted in \$15.3 million less in resident fees during the three months ended March 31, 2021 compared to the prior year period. Management fee revenue decreased \$100.1 million primarily due to \$100.0 million of management agreement termination fees recognized for the three months ended March 31, 2020 for the management agreement termination fee payment received from Healthpeak in connection with the sale of our ownership interest in the CCRC Venture.

During the three months ended March 31, 2021, we recognized \$9.0 million of employee retention credits and \$1.7 million of government grants as other operating income based on our estimates of our satisfaction of the conditions of the credits and grants during the period.

The decrease in facility operating expense was primarily attributable to a decrease in labor costs for home health services as a result of lower census and as we adjusted our home health services operational structure to better align our facility operating expenses and business model with the new Patient-Driven Grouping Model ("PDGM"), an alternate home health case-mix adjustment methodology with a 30-day unit of payment, which became effective beginning January 1, 2020. Additionally, the disposition of communities since the beginning of the prior year period resulted in \$13.6 million less in facility operating expense during the three months ended March 31, 2021 compared to the prior year period. Same community facility operating expense decreased 1.0%, which was primarily due to decreases in food and supplies costs due to reduced occupancy during the period, partially offset by an increase in labor costs. Facility operating expense for the three months ended March 31, 2021 and 2020 includes \$27.3 million and \$10.0 million, respectively, of incremental direct costs to respond to the COVID-19 pandemic.

The change in net income (loss) was primarily attributable to a \$371.7 million decrease in net gain on sale of assets, primarily resulting from the sale of our interest in the CCRC Venture, as well as the net impact of the revenue, other operating income, and facility operating expense factors previously discussed, partially offset by a decrease in asset impairment expense compared to the prior year period.

The decrease in Adjusted EBITDA was primarily attributable to the net impact of the revenue (including the \$100.0 million management agreement termination fee payment received from Healthpeak), other operating income, and facility operating expense factors previously discussed, partially offset by decreases in cash facility operating lease payments and general and administrative 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 three months ended March 31, 2021 and 2020, 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 March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Resident fees	\$ 577,499	\$ 687,888	\$ (110,389)	(16.0)%
Other operating income	\$ 8,152	\$ —	\$ 8,152	NM
Facility operating expense	\$ 469,281	\$ 484,542	\$ (15,261)	(3.1)%
Number of communities (period end)	650	661	(11)	(1.7)%
Number of units (period end)	52,946	54,037	(1,091)	(2.0)%
Total average units	52,971	54,184	(1,213)	(2.2)%
RevPAR	\$ 3,631	\$ 4,229	\$ (598)	(14.1)%
Occupancy rate (weighted average)	69.6 %	83.2 %	(1,360) bps	n/a
RevPOR	\$ 5,219	\$ 5,085	\$ 134	2.6 %

Same Community Operating Results and Data

Resident fees	\$ 551,467	\$ 643,232	\$ (91,765)	(14.3)%
Other operating income	\$ 7,554	\$ —	\$ 7,554	NM
Facility operating expense	\$ 446,339	\$ 450,680	\$ (4,341)	(1.0)%
Number of communities	637	637	—	—
Total average units	50,455	50,458	(3)	—
RevPAR	\$ 3,643	\$ 4,249	\$ (606)	(14.3)%
Occupancy rate (weighted average)	69.5 %	83.4 %	(1,390) bps	n/a
RevPOR	\$ 5,244	\$ 5,097	\$ 147	2.9 %

Independent Living Segment

The following table summarizes the operating results and data for our Independent Living segment for the three months ended March 31, 2021 and 2020, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Resident fees	\$ 118,782	\$ 135,862	\$ (17,080)	(12.6)%
Other operating income	\$ 1,364	\$ —	\$ 1,364	NM
Facility operating expense	\$ 82,817	\$ 84,448	\$ (1,631)	(1.9)%
Number of communities (period end)	68	68	—	—
Number of units (period end)	12,542	12,537	5	—
Total average units	12,539	12,529	10	0.1 %
RevPAR	\$ 3,158	\$ 3,615	\$ (457)	(12.6)%
Occupancy rate (weighted average)	73.6 %	87.1 %	(1,350) bps	n/a
RevPOR	\$ 4,290	\$ 4,151	\$ 139	3.3 %

Same Community Operating Results and Data

Resident fees	\$ 115,625	\$ 132,556	\$ (16,931)	(12.8)%
Other operating income	\$ 1,327	\$ —	\$ 1,327	NM
Facility operating expense	\$ 80,367	\$ 82,172	\$ (1,805)	(2.2)%
Number of communities	66	66	—	—
Total average units	12,161	12,159	2	—
RevPAR	\$ 3,169	\$ 3,634	\$ (465)	(12.8)%
Occupancy rate (weighted average)	73.6 %	87.1 %	(1,350) bps	n/a
RevPOR	\$ 4,307	\$ 4,174	\$ 133	3.2 %

The decrease in the segment's resident fees was primarily attributable to a decrease in the segment's same community RevPAR, comprised of a 1,350 basis point decrease in same community weighted average occupancy and a 3.2% increase in same community RevPOR. The decrease in the segment's same community weighted average occupancy primarily reflects the impact of reduced move-in activity related to the COVID-19 pandemic, including the related restrictions at our communities. The increase in the segment's same community RevPOR was primarily the result of in-place rent increases.

The decrease in the segment's facility operating expense was primarily attributable to a decrease in the segment's same community facility operating expense, including decreases in food and supplies costs due to reduced occupancy during the period. The segment's facility operating expense for the three months ended March 31, 2021 and 2020 includes \$3.0 million and \$1.2 million, respectively, of incremental direct costs to respond to the COVID-19 pandemic.

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 March 31, 2021 and 2020, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Resident fees	\$ 386,938	\$ 457,479	\$ (70,541)	(15.4)%
Other operating income	\$ 5,104	\$ —	\$ 5,104	NM
Facility operating expense	\$ 320,609	\$ 325,478	\$ (4,869)	(1.5)%
Number of communities (period end)	562	571	(9)	(1.6)%
Number of units (period end)	35,082	35,789	(707)	(2.0)%
Total average units	35,110	35,944	(834)	(2.3)%
RevPAR	\$ 3,673	\$ 4,242	\$ (569)	(13.4)%
Occupancy rate (weighted average)	68.3 %	81.9 %	(1,360) bps	n/a
RevPOR	\$ 5,376	\$ 5,178	\$ 198	3.8 %

Same Community Operating Results and Data

Resident fees	\$ 381,448	\$ 444,269	\$ (62,821)	(14.1)%
Other operating income	\$ 4,967	\$ —	\$ 4,967	NM
Facility operating expense	\$ 315,009	\$ 316,338	\$ (1,329)	(0.4)%
Number of communities	556	556	—	—
Total average units	34,508	34,513	(5)	—
RevPAR	\$ 3,685	\$ 4,291	\$ (606)	(14.1)%
Occupancy rate (weighted average)	68.3 %	82.2 %	(1,390) bps	n/a
RevPOR	\$ 5,396	\$ 5,221	\$ 175	3.4 %

The decrease in the segment's resident fees was primarily attributable to a decrease in the segment's same community RevPAR, comprised of a 1,390 basis point decrease in same community weighted average occupancy and a 3.4% increase in same community RevPOR. The decrease in the segment's same community weighted average occupancy primarily reflects the impact of reduced move-in activity related to the COVID-19 pandemic, including the related restrictions at our communities. The increase in the segment's same community RevPOR was primarily the result of in-place rent increases. Additionally, the disposition of 11 communities (869 units) since the beginning of the prior year period resulted in \$7.3 million less in resident fees during the three months ended March 31, 2021 compared to the prior year period.

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 \$7.0 million less in facility operating expense during the three months ended March 31, 2021 compared to the prior year period. The decrease in the segment's same community facility operating expense was primarily attributable to decreases in food and supplies costs due to reduced occupancy during the period, partially offset by an increase in labor costs. The segment's facility operating expense for the three months ended March 31, 2021 and 2020 includes \$18.9 million and \$7.7 million, respectively, of incremental direct costs to respond to the COVID-19 pandemic.

CCRCs Segment

The following table summarizes the operating results and data for our CCRCs segment for the three months ended March 31, 2021 and 2020, including operating results and data on a same community basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Resident fees	\$ 71,779	\$ 94,547	\$ (22,768)	(24.1)%
Other operating income	\$ 1,684	\$ —	\$ 1,684	NM
Facility operating expense	\$ 65,855	\$ 74,616	\$ (8,761)	(11.7)%
Number of communities (period end)	20	22	(2)	(9.1)%
Number of units (period end)	5,322	5,711	(389)	(6.8)%
Total average units	5,322	5,711	(389)	(6.8)%
RevPAR	\$ 4,473	\$ 5,496	\$ (1,023)	(18.6)%
Occupancy rate (weighted average)	68.5 %	82.4 %	(1,390) bps	n/a
RevPOR	\$ 6,534	\$ 6,669	\$ (135)	(2.0)%

Same Community Operating Results and Data

Resident fees	\$ 54,394	\$ 66,407	\$ (12,013)	(18.1)%
Other operating income	\$ 1,260	\$ —	\$ 1,260	NM
Facility operating expense	\$ 50,963	\$ 52,170	\$ (1,207)	(2.3)%
Number of communities	15	15	—	—
Total average units	3,786	3,786	—	—
RevPAR	\$ 4,789	\$ 5,847	\$ (1,058)	(18.1)%
Occupancy rate (weighted average)	67.1 %	82.4 %	(1,530) bps	n/a
RevPOR	\$ 7,133	\$ 7,093	\$ 40	0.6 %

The decrease in the segment's resident fees was primarily attributable to a decrease in the segment's same community RevPAR, comprised of a 1,530 basis point decrease in same community weighted average occupancy and a 0.6% increase in same community RevPOR. The decrease in the segment's same community weighted average occupancy primarily reflects the impact of reduced move-in activity related to the COVID-19 pandemic, including the related restrictions at our communities. The increase in the segment's same community RevPOR was primarily the result of in-place rent increases, partially offset by a mix shift from less skilled nursing services within the segment. Additionally, the disposition of two communities (456 units) since the beginning of the prior year period resulted in \$8.0 million less in resident fees during the three months ended March 31, 2021 compared to the prior year period.

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 \$6.6 million less in facility operating expense during the three months ended March 31, 2021 compared to the prior year period and a decrease in the segment's same community facility operating expense. The decrease in the segment's same community facility operating expense was primarily attributable to decreases in healthcare supplies and food costs due to the reduced occupancy during the period and decreases in labor expense arising from fewer hours worked. The segment's facility operating expense for the three months ended March 31, 2021 and 2020 includes \$4.0 million and \$0.7 million, respectively, of incremental direct costs to respond to the COVID-19 pandemic.

Operating Results - Health Care Services Segment

The following table summarizes the operating results and data for our Health Care Services segment for the three months ended March 31, 2021 and 2020.

(in thousands, except census)

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Resident fees	\$ 86,851	\$ 94,819	\$ (7,968)	(8.4)%
Other operating income	\$ 2,583	\$ —	\$ 2,583	NM
Facility operating expense	\$ 87,031	\$ 103,940	\$ (16,909)	(16.3)%
Home health average daily census	11,647	14,020	(2,373)	(16.9)%
Hospice average daily census	1,509	1,698	(189)	(11.1)%

The decrease in the segment's resident fees was primarily attributable to a decrease in revenue for home health services, as our home health average daily census decreased compared to the prior year period primarily due to the COVID-19 pandemic and lower occupancy in our communities.

The decrease in the segment's facility operating expense was primarily attributable to a decrease in labor costs for home health services as a result of the lower census and as we adjusted our home health services operational structure to better align our facility operating expenses and business model with the new payment model. The decrease in the segment's facility operating expense was partially offset by a \$1.0 million increase in incremental direct costs to respond to the COVID-19 pandemic. The segment's facility operating expense for the three months ended March 31, 2021 and 2020 includes \$1.4 million and \$0.4 million, respectively, of incremental direct costs to respond to the COVID-19 pandemic.

As described above, we expect to sell 80% of our equity in our Health Care Services segment pursuant to the Purchase Agreement with HCA Healthcare, which transaction is expected to occur in the early second half of 2021. Upon closing, we expect that the results and financial position of our Health Care Services segment will be deconsolidated from our financial statements.

Operating Results - Management Services Segment

The following table summarizes the operating results and data for our Management Services segment for the three months ended March 31, 2021 and 2020.

(in thousands, except communities and units)

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
Management fees	\$ 8,566	\$ 108,715	\$ (100,149)	(92.1)%
Reimbursed costs incurred on behalf of managed communities	\$ 65,794	\$ 122,717	\$ (56,923)	(46.4)%
Costs incurred on behalf of managed communities	\$ 65,794	\$ 122,717	\$ (56,923)	(46.4)%
Number of communities (period end)	45	80	(35)	(43.8)%
Number of units (period end)	6,652	11,033	(4,381)	(39.7)%
Total average units	8,258	13,325	(5,067)	(38.0)%

The decrease in management fees was primarily attributable to \$100.0 million of management agreement termination fees recognized for the three months ended March 31, 2020 for the management agreement termination fee payment received from Healthpeak in connection with the sale of our ownership interest in the CCRC Venture. As of March 31, 2021, we have completed the transition of management arrangements on 55 net communities since the beginning of the prior year period, generally for management arrangements on certain former unconsolidated ventures in which we sold our interest and interim management arrangements on formerly leased communities. Management fees of \$8.6 million for the three months ended March 31, 2021 include \$4.6 million of management agreement termination fees and \$2.0 million of other management fees.

attributable to communities for which our management agreements were terminated during such period, or we expect the terminations of our management agreements to occur in the next approximately 12 months.

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.

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 March 31, 2021 and 2020.

(in thousands)	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
General and administrative expense	\$ 49,943	\$ 54,595	\$ (4,652)	(8.5)%
Facility operating lease expense	44,418	64,481	(20,063)	(31.1)%
Depreciation and amortization	83,891	90,738	(6,847)	(7.5)%
Asset impairment	10,677	78,226	(67,549)	(86.4)%
Interest income	421	1,455	(1,034)	(71.1)%
Interest expense	(48,607)	(56,360)	(7,753)	(13.8)%
Gain (loss) on debt modification and extinguishment, net	—	19,181	(19,181)	NM
Equity in earnings (loss) of unconsolidated ventures	(531)	(1,008)	477	47.3 %
Gain (loss) on sale of assets, net	1,112	372,839	(371,727)	(99.7)%
Other non-operating income (loss)	1,644	2,662	(1,018)	(38.2)%
Benefit (provision) for income taxes	(752)	15,828	(16,580)	NM

General and Administrative Expense. The decrease in general and administrative expense was primarily attributable to a reduction in our corporate headcount as we scaled our general and administrative costs in connection with community dispositions and a reduction in our travel costs as we intentionally scaled back such activities. General and administrative expense includes transaction and organizational restructuring costs of \$1.9 million and \$2.0 million for the three months ended March 31, 2021 and 2020, 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. 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 due to the Ventas lease portfolio restructuring during the prior year and lease termination activity since the beginning of the prior year period.

Depreciation and Amortization. The decrease in depreciation and amortization expense was primarily due to disposition activity since the beginning of the prior year period and leasehold improvements for certain leased communities becoming fully depreciated since the beginning of the prior year period.

Asset Impairment. During the current year period, we recorded \$10.7 million of non-cash impairment charges, primarily for right-of-use assets for certain leased communities with decreased future cash flow estimates as a result of the COVID-19 pandemic and for natural disaster related property damage sustained at certain communities during the period. During the prior year period, we recorded \$78.2 million of non-cash impairment charges, primarily for right-of-use assets for certain leased communities with decreased future cash flow estimates as a result of the COVID-19 pandemic.

Interest Expense. The decrease in interest expense was primarily due to a decrease in interest expense on long-term debt, reflecting the impact of lower interest rates, and the acquisition of communities previously subject to financing leases since the beginning of the prior year period.

Gain (Loss) on Sale of Assets, Net. The decrease in gain on sale of assets, net was primarily due to a \$370.7 million gain on sale of assets recognized for the sale of our ownership interest in the CCRC Venture during the prior year period.

Benefit (Provision) for Income Taxes. The difference between our effective tax rate for the three months ended March 31, 2021 and 2020 was primarily due to the tax impact of the multi-part transaction with Healthpeak that occurred in the three months ended March 31, 2020. The impact represented the tax expense recorded on the gain of the sale of our interest in the CCRC Venture offset by a decrease in the valuation allowance that was a direct result of the multi-part transaction with Healthpeak.

We recorded an aggregate deferred federal, state, and local tax benefit of \$25.2 million as a result of the operating loss for the three months ended March 31, 2021, which was offset by an increase in the valuation allowance of \$25.5 million. We recorded an aggregate deferred federal, state, and local tax expense of \$90.9 million, of which, \$2.2 million was a result of the benefit on our operating loss for the three months ended March 31, 2020. The benefit was offset by \$93.1 million of tax expense that was recorded on the sale of our interest in the CCRC Venture. The tax expense was offset by a decrease in the valuation allowance of \$112.6 million.

We evaluate our deferred tax assets each quarter to determine if a valuation allowance is required based on whether it is more likely than not that some portion of the deferred tax asset would not be realized. Our valuation allowance as of March 31, 2021 and December 31, 2020 was \$406.5 million and \$381.0 million, respectively.

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 and Indebtedness

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:

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	Amount	Percent
(in thousands)				
Net cash provided by (used in) operating activities	\$ (23,857)	\$ 57,479	\$ (81,336)	NM
Net cash provided by (used in) investing activities	(3,806)	(247,927)	(244,121)	(98.5)%
Net cash provided by (used in) financing activities	(35,562)	347,250	(382,812)	NM
Net increase (decrease) in cash, cash equivalents, and restricted cash	(63,225)	156,802	(220,027)	NM
Cash, cash equivalents, and restricted cash at beginning of period	465,148	301,697	163,451	54.2 %
Cash, cash equivalents, and restricted cash at end of period	\$ 401,923	\$ 458,499	\$ (56,576)	(12.3)%
Adjusted Free Cash Flow	\$ (50,674)	\$ 5,182	\$ (55,856)	NM

The change in net cash provided by (used in) operating activities was attributable primarily to the \$100.0 million management agreement termination fee payment received from Healthpeak in connection with the sale of our ownership interest in the CCRC Venture in the prior year period and a decrease in same community revenue compared to the prior year period. These changes were partially offset by a decrease in cash payments for accounts payable and accrued expenses compared to the prior year period.

The decrease in net cash used in investing activities was primarily attributable to \$446.7 million of cash paid for the acquisition of communities during the prior year period, a \$68.0 million increase in proceeds from sales and maturities of marketable securities, a \$29.0 million decrease in cash paid for capital expenditures, and a \$9.5 million decrease in purchases of marketable securities compared to the prior year period. These changes were partially offset by a \$300.9 million decrease in net proceeds from the sale of assets compared to the prior year period.

The change in net cash provided by (used in) financing activities was primarily attributable to a \$453.2 million decrease in debt proceeds compared to the prior year period and \$166.4 million of draws on our former secured credit facility during the prior year period. These changes were partially offset by a \$213.3 million decrease in repayment of debt and financing lease

obligations, an \$18.1 million decrease in cash paid for share repurchases, and a \$5.7 million decrease in cash paid for financing costs compared to the prior year period.

The decrease in Adjusted Free Cash Flow was primarily attributable to the change in net cash provided by (used in) operating activities, partially offset by a \$33.1 million decrease in non-development capital expenditures, net compared to the prior year period.

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. During 2020, we also received cash grants and advanced Medicare payments under programs expanded or created under the CARES Act, and we have elected to utilize the CARES Act payroll tax deferral program, each as described above. As described above, we expect to sell 80% of our equity in our Health Care Services segment pursuant to the Purchase Agreement with HCA Healthcare, which transaction is expected to occur in the early second half of 2021, for expected net cash proceeds of approximately \$300 million, subject to the timing of closing with respect to the adjustments set forth in the Purchase Agreement described above. We are evaluating the use of the net proceeds from the pending Health Care Services transaction.

Our liquidity requirements have historically arisen from:

- working capital;
- operating costs such as employee compensation and related benefits, severance costs, general and administrative expense, and supply costs;
- debt, interest, and lease payments;
- acquisition consideration, lease termination and restructuring costs, and transaction and integration costs;
- capital expenditures and improvements, including the expansion, renovation, redevelopment, and repositioning of our current communities and the development of new communities;
- cash collateral required to be posted in connection with our financial instruments and insurance programs;
- purchases of common stock under our share repurchase authorizations;
- other corporate initiatives (including integration, information systems, branding, and other strategic projects); and
- prior to 2009, dividend payments.

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

- working capital;
- operating costs such as employee compensation and related benefits, severance costs, general and administrative expense, and supply costs, including those related to the COVID-19 pandemic;
- debt, interest, and lease payments;
- payment of deferred payroll taxes under the CARES Act;
- recoupment of payments received under the Accelerated and Advance Payment Program;
- acquisition consideration;
- transaction costs and expansion of our healthcare services;
- capital expenditures and improvements, including the expansion, renovation, redevelopment, and repositioning of our existing communities;
- 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 March 31, 2021, we had \$3.9 billion of debt outstanding, at a weighted average interest rate of 3.6%. As of such date, 97.9%, or \$3.8 billion of our total debt obligations represented non-recourse property-level mortgage financings. As of March 31, 2021, \$1.4 billion of our long-term debt is variable rate debt subject to interest rate cap agreements. The remaining \$128.0 million of our long-term variable rate debt is not subject to any interest rate cap agreements. As of March 31, 2021, \$69.9 million of letters of credit and no cash borrowings

were outstanding under our \$80.0 million secured credit facility. We also had a separate secured letter of credit facility providing up to \$15.0 million of letters of credit as of March 31, 2021 under which \$13.6 million had been issued as of that date.

As of March 31, 2021, we had \$1.5 billion of operating and financing lease obligations. For the twelve months ending March 31, 2022, we will be required to make approximately \$268.2 million of cash lease payments in connection with our existing operating and financing leases (excluding minimum lease payments related to \$9.7 million of operating lease obligations included within liabilities held for sale).

Total liquidity of \$438.9 million as of March 31, 2021 included \$304.0 million of unrestricted cash and cash equivalents (excluding restricted cash and lease security deposits of \$100.7 million in the aggregate) and \$134.9 million of marketable securities. Total liquidity as of March 31, 2021 decreased \$136.6 million from total liquidity of \$575.5 million as of December 31, 2020. The decrease was primarily attributable to the negative \$50.7 million of Adjusted Free Cash Flow and \$38.3 million of payments of mortgage debt during the three months ended March 31, 2021.

As of March 31, 2021, our current liabilities exceeded current assets by \$42.4 million. Included in our current liabilities is \$224.9 million of the current portion of long term debt which we have historically refinanced in the normal course. Our current liabilities also include \$160.4 million of the current portion of operating and financing lease obligations, for which the associated right-of-use assets are excluded from current assets on our condensed consolidated balance sheets.

We currently estimate that our cash flows from operations, together with cash balances on hand, cash equivalents, marketable securities, and proceeds from the pending sale of 80% of our equity in our Health Care Services segment will be sufficient to fund our liquidity needs for at least the next 12 months.

We continue to seek opportunities to enhance and preserve our liquidity, including through maintaining expense discipline and increasing occupancy, continuing to evaluate our financing structure and the state of debt markets, and seeking further government-sponsored financial relief related to the COVID-19 pandemic. There is no assurance that debt financing will continue to be available on terms consistent with our expectations or at all, that our efforts will be successful in seeking further government-sponsored financial relief or regarding the amount of, or conditions required to qualify for, any such relief, or that the closing of the pending transaction will be completed in accordance with our expectations, or at all, or generate cash proceeds to us in the amount we anticipate.

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, 2020 filed with the SEC on February 25, 2021. Disruptions in the financial markets may have an adverse impact on our liquidity by making it more difficult for us to obtain financing or refinancing of various assets. 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. If we are unable to obtain refinancing proceeds sufficient to cover maturing indebtedness, our liquidity could be adversely impacted and we may seek 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 pursue any acquisition, investment, development, or potential lease restructuring opportunities that we identify, 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.

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

With our development capital expenditures program, we intend to expand, renovate, redevelop, and reposition certain of our communities where economically advantageous. Certain of our communities may benefit from additions and expansions or

from adding a new level of service for residents to meet the evolving needs of our customers. These development projects include converting space from one level of care to another, reconfiguration of existing units, the addition of services that are not currently present, or physical plant modifications.

The following table summarizes our capital expenditures for the three months ended March 31, 2021 for our consolidated business:

(in millions)

Community-level capital expenditures, net ⁽¹⁾	\$	21.9
Corporate capital expenditures, net ⁽²⁾		5.6
Non-development capital expenditures, net⁽³⁾		27.5
Development capital expenditures, net		1.5
Total capital expenditures, net	\$	29.0

(1) Reflects the amount invested, net of lessor reimbursements of \$9.0 million.

(2) Includes \$2.7 million of remediation costs at our communities resulting from natural disasters.

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

In the aggregate, we expect our full-year 2021 non-development capital expenditures, net of anticipated lessor reimbursements, to be approximately \$140 million. In addition, we expect our full-year 2021 development capital expenditures to be approximately \$10 million, net of anticipated lessor reimbursements, and such projects include those for expansion, repositioning, redeveloping, and major renovation of selected existing senior living communities. We anticipate that our 2021 capital expenditures will be funded from cash on hand, cash equivalents, marketable securities, cash flows from operations, and reimbursements from lessors.

Funding our planned capital expenditures, pursuing any acquisition, investment, development, or potential lease restructuring opportunities that we identify, or funding 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.

Credit Facilities

On December 11, 2020, we entered into a revolving credit agreement with Capital One, National Association, as administrative agent and lender and the other lenders from time to time parties thereto. The agreement provides a commitment amount of \$80 million which can be drawn in cash or as letters of credit. The agreement matures on January 15, 2024. Amounts drawn under the facility will bear interest at 30-day LIBOR plus an applicable margin which was 2.75% as of March 31, 2021. Additionally, a quarterly commitment fee of 0.25% per annum was applicable on the unused portion of the facility as of March 31, 2021. The revolving credit facility is currently secured by first priority mortgages and negative pledges on certain of our communities and restricted cash deposits. Available capacity under the facility will vary from time to time based upon borrowing base calculations related to the appraised value and performance of the communities securing the credit facility.

As of March 31, 2021, \$69.9 million of letters of credit and no cash borrowings were outstanding under our \$80.0 million secured credit facility. We also had a separate secured letter of credit facility providing up to \$15.0 million of letters of credit as of March 31, 2021 under which \$13.6 million had been issued as of that date.

Long-Term Leases

As of March 31, 2021, we operated 301 communities under long-term leases (235 operating leases and 66 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. We typically 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 these communities are generally fixed rate leases with annual escalators that are either fixed or based upon changes in the consumer price index or leased property revenue. We are responsible for all operating costs, including repairs, property taxes, and insurance. The lease terms generally provide for renewal or extension options from 5 to 20 years, and, in some instances, 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, net worth, and stockholders' equity levels and lease coverage ratios. In addition, 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.

In addition, 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 three months ended March 31, 2021, our cash lease payments for our operating and financing leases were \$53.9 million and \$16.2 million, respectively. For the twelve months ending March 31, 2022, we will be required to make \$268.2 million of cash lease payments in connection with our existing operating and financing leases (excluding minimum lease payments related to \$9.7 million of operating lease obligations included within liabilities held for sale). Our capital expenditure plans for 2021 include required minimum spend of approximately \$18 million for capital expenditures under certain of our community leases. Additionally, we are required to spend an average of approximately \$26 million per year for each of the following four years and approximately \$17 million thereafter under the initial lease terms of such leases.

Debt and Lease Covenants

Certain of our debt and lease documents contain restrictions and financial covenants, such as those requiring us to maintain prescribed minimum liquidity, net worth, and stockholders' equity levels and debt service and lease coverage ratios, in each case on a consolidated, portfolio-wide, multi-community, single-community, and/or entity basis. Net worth is generally calculated as stockholders' equity as calculated in accordance with GAAP, and in certain circumstances, reduced by intangible assets or liabilities or increased by deferred gains from sale-leaseback transactions and deferred entrance fee revenue. The debt service and lease coverage ratios are generally calculated as revenues less operating expenses, including an implied management fee and a reserve for capital expenditures, divided by the debt (principal and interest) or lease payment. 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 debt and leases are secured by our communities and, in certain cases, 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 March 31, 2021, we are in compliance with the financial covenants of our debt agreements and long-term leases.

Contractual Commitments

Significant ongoing commitments consist primarily of leases, debt, and certain other long-term liabilities. For a summary and complete presentation and description of our ongoing commitments and contractual obligations, see the "Contractual Commitments" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021. There have been no material changes outside the ordinary course of business in our contractual commitments during the three months ended March 31, 2021.

Off-Balance Sheet Arrangements

As of March 31, 2021, we do not have an interest in any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

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 U.S. generally accepted accounting principles ("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 (used in) 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, 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, gain/loss on facility lease termination and modification, operating lease expense adjustment, amortization of deferred gain, change in future service obligation, non-cash stock-based compensation expense, and transaction 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. 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; and (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.

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 lease termination and modification, or debt modification and extinguishment, non-cash stock-based compensation expense, and transaction and other costs, and such income/expense may significantly affect our operating results.

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

<i>(in thousands)</i>	Three Months Ended March 31,	
	2021	2020
Net income (loss)	\$ (108,303)	\$ 369,497
Provision (benefit) for income taxes	752	(15,828)
Equity in (earnings) loss of unconsolidated ventures	531	1,008
Loss (gain) on debt modification and extinguishment, net	—	(19,181)
Loss (gain) on sale of assets, net	(1,112)	(372,839)
Other non-operating (income) loss	(1,644)	(2,662)
Interest expense	48,607	56,360
Interest income	(421)	(1,455)
Income (loss) from operations	(61,590)	14,900
Depreciation and amortization	83,891	90,738
Asset impairment	10,677	78,226
Operating lease expense adjustment	(4,664)	(6,733)
Non-cash stock-based compensation expense	4,783	5,957
Transaction and organizational restructuring costs	1,884	1,981
Adjusted EBITDA⁽¹⁾	\$ 34,981	\$ 185,069

(1) Adjusted EBITDA includes:

- \$10.7 million benefit for the three months ended March 31, 2021 of government grants and credits recognized in other operating income
- \$100.0 million benefit for the three months ended March 31, 2020 for the management agreement termination fee payment received from Healthpeak in connection with the sale of our ownership interest in the CCRC Venture

Adjusted Free Cash Flow

Adjusted Free Cash Flow is a non-GAAP liquidity measure that we define as net cash provided by (used in) 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 liability for lease termination, cash paid/received for gain/loss on facility lease termination and modification, and lessor capital expenditure reimbursements under operating leases; plus: property insurance proceeds and proceeds from refundable entrance fees, net of refunds; 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 (used in) operating activities.

	Three Months Ended March 31,	
	2021	2020
<i>(in thousands)</i>		
Net cash provided by (used in) operating activities	\$ (23,857)	\$ 57,479
Net cash provided by (used in) investing activities	(3,806)	(247,927)
Net cash provided by (used in) financing activities	(35,562)	347,250
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (63,225)	\$ 156,802
Net cash provided by (used in) operating activities	\$ (23,857)	\$ 57,479
Changes in prepaid insurance premiums financed with notes payable	12,985	17,434
Changes in assets and liabilities for lessor capital expenditure reimbursements under operating leases	(7,563)	(4,088)
Non-development capital expenditures, net	(27,450)	(60,556)
Payment of financing lease obligations	(4,789)	(5,087)
Adjusted Free Cash Flow⁽¹⁾	\$ (50,674)	\$ 5,182

(1) Adjusted Free Cash Flow includes transaction and organizational restructuring costs of \$1.9 million and \$2.0 million for the three months ended March 31, 2021 and 2020, respectively. Additionally, Adjusted Free Cash Flow includes:

- \$1.7 million benefit for the three months ended March 31, 2021 from Provider Relief Funds and other government grants accepted
- \$100.0 million benefit for the three months ended March 31, 2020 for the management agreement termination fee payment received from Healthpeak in connection with the sale of our ownership interest in the CCRC Venture

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 March 31, 2021, we had \$2.4 billion of long-term fixed rate debt and \$1.5 billion of long-term variable rate debt. As of March 31, 2021, our total fixed-rate debt and variable-rate debt outstanding had a weighted average interest rate of 3.6%.

In the normal course of business, we enter into certain interest rate cap agreements with major financial institutions to manage our risk above certain interest rates on variable rate debt. As of March 31, 2021, \$1.4 billion, or 35.6%, of our long-term debt is variable rate debt subject to interest rate cap agreements and \$128.0 million, or 3.3%, of our long-term debt is variable rate debt not subject to any interest rate cap agreements. Our outstanding variable rate debt is indexed to LIBOR, and accordingly our annual interest expense related to variable rate debt is directly affected by movements in LIBOR. After consideration of hedging instruments currently in place, increases in LIBOR of 100, 200, and 500 basis points would have resulted in additional annual interest expense of \$15.5 million, \$30.9 million, and \$66.3 million, respectively. Certain of our variable debt instruments include springing provisions that obligate us to acquire additional interest rate caps in the event that LIBOR increases above certain levels, and the implementation of those provisions would result in additional mitigation of interest costs.

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 March 31, 2021, 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 March 31, 2021 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 11 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, 2020.

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

- (a) Not applicable.
- (b) Not applicable.
- (c) The following table contains information regarding purchases of our common stock made during the quarter ended March 31, 2021 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 (\$) ⁽²⁾
1/1/2021 - 1/31/2021	2,442	\$ 5.29	—	\$ 44,026
2/1/2021 - 2/28/2021	741,479	5.82	—	44,026
3/1/2021 - 3/31/2021	—	—	—	44,026
Total	743,921	\$ 5.82	—	

- (1) Consists entirely of shares withheld to satisfy tax liabilities due upon the vesting of restricted stock and 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 and restricted stock units or, if such date is not a trading day, the trading day immediately prior to such vesting date.
- (2) On November 1, 2016, we announced that our Board of Directors had 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 March 31, 2021, \$44.0 million remained available under the repurchase program.

Item 6. Exhibits

Exhibit No.	Description
2.1	<u>Securities Purchase Agreement dated as of February 24, 2021, by and among the Company and certain of its subsidiaries and certain subsidiaries of HCA Healthcare, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 24, 2021 (File No. 001-32641)).*</u>
3.1	<u>Amended and Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on November 5, 2019 (File No. 001-32641)).</u>
3.2	<u>Amended and Restated Bylaws of the Company dated October 29, 2019 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on October 29, 2019 (File No. 001-32641)).</u>
4.1	<u>Form of Certificate for common stock (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Amendment No. 3) filed on November 7, 2005 (File No. 333-127372)).</u>
4.2	<u>Description of the Company's common stock (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed on February 19, 2020 (File No. 001-32641)).</u>
10.1	<u>Amendment No. 1 dated effective April 15, 2021 to Amended and Restated Master Lease and Security Agreement by and between certain affiliates of the Company as Tenant and certain subsidiaries of Ventas as Landlord.*</u>
10.2	<u>Form of Restricted Stock Unit Agreement under the Amended and Restated Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan (the "Omnibus Incentive Plan") (2021 Time-Based Form for Executive Officers).</u>
10.3	<u>Form of Performance-Based Cash Award Agreement under the Omnibus Incentive Plan (2021 Performance-Based Form for Executive Officers other than CEO).</u>
10.4	<u>Performance-Based Cash Award Agreement dated as of February 22, 2021, by and between the Company and Lucinda M. Baier.</u>
10.5	<u>Form of Letter Agreement dated February 22, 2021 Providing for Voluntary Forfeiture of Certain 2019 and 2020 Long-Term Incentive Awards.</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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 March 31, 2021, 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/ Steven E. Swain
Name: Steven E. Swain
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
Date: May 7, 2021

Portions of this exhibit that have been marked by [***] have been omitted because the Registrant has determined they are not material and would likely cause competitive harm to the Registrant if publicly disclosed.

**AMENDMENT NO. 1 TO AMENDED AND RESTATED MASTER LEASE AND SECURITY AGREEMENT
(McMinnville Lease Combination)**

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED MASTER LEASE AND SECURITY AGREEMENT (hereinafter, this “**Amendment**”) is effective as of April 15, 2021 (the “**Combination Effective Date**”), by and between each of the entities identified on **Schedule 1** (individually and collectively, “**Landlord**”), and each of the entities identified on **Schedule 1** as “**Tenant**” (individually and collectively, “**Tenant**”).

RECITALS

A. Landlord and Tenant are parties to that certain Amended and Restated Master Lease and Security Agreement dated as of July 26, 2020 (as amended, the “**Master Lease**”); and

B. Ventas, Inc. (“**Ventas**”) and Brookdale Senior Living, Inc. (“**Brookdale**”) are parties to that certain letter agreement captioned “Combination of Leases” dated July 26, 2020 (the “**Side Letter**”); and

C. Ventas and Brookdale are parties to that certain letter agreement captioned “Agreements regarding Leased Properties and Summerville Loan” dated July 26, 2020 (the “**Master Transaction Letter**”); and

D. Nationwide Health Properties, LLC, a Delaware limited liability company (“**McMinnville Landlord**”) has, or will have as of the Combination Effective Date, fully repaid the indebtedness (the “**McMinnville Debt**”) encumbering the Subject Facility commonly known as “Brookdale McMinnville Town Center” (“**Brookdale McMinnville**”), and therefore, pursuant to the terms of Section 6.1 of the Side Letter, effective as of the Combination Effective Date, the Separate Lease (as defined in the Side Letter) for Brookdale McMinnville will automatically terminate and Brookdale McMinnville will be combined into the Master Lease; and

E. Landlord and Tenant wish to amend the Master Lease as set forth herein to set forth the terms of such combination.

NOW, THEREFORE, in consideration of the foregoing Recitals, which by this reference are incorporated herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Master Lease.

2. **Amendments to Lease.** The Master Lease is amended as follows:

2.1. From and after the Combination Effective Date, the Minimum Rent (the “**Old Minimum Rent**”) under the Master Lease as of immediately prior to the Combination Effective Date shall be deemed to have been increased by \$[***] (being the aggregate Hypothetical Minimum Rent of Brookdale McMinnville immediately prior to the Combination Effective Date), resulting in Minimum Rent for the period from the Combination Effective Date through December 31, 2021 to be equal to \$86,462,697.26 per annum. The Initial Term shall be deemed to have commenced, with respect to Brookdale McMinnville, on the commencement date that is applicable to Brookdale McMinnville as provided in the applicable Separate Lease.

2.2. From and after the Combination Effective Date, the Premises, the Facilities and the Landlord Personal Property shall be deemed to include the property described on Exhibit B to this Amendment, and Exhibit B of the Master Lease is hereby amended accordingly.

2.3. For the avoidance of doubt, the provisions of Section 2.3 of the Master Lease shall apply with respect to the addition of Brookdale McMinnville, except that with respect to such Facility, the “Effective Date” for such Facility shall be deemed to be the Combination Effective Date.

2.4. Exhibit G to the Master Lease is hereby amended to add the information as set forth in Exhibit G attached hereto.

2.5. Schedule 1 to the Master Lease is hereby replaced with Schedule 1 attached hereto to reflect, as of the Combination Effective Date (after giving effect to the addition of Brookdale McMinnville to the Master Lease and the increase in Minimum Rent described above), (i) the Landlords, the Tenants, and the facility information for each of the Facilities, and (ii) the Tenant’s Proportionate Shares (shown to three decimal places).

2.6. Schedule 1A to the Master Lease is hereby replaced with Schedule 1A attached hereto.

2.7. Schedule 2.3.5 to the Master Lease is hereby amended to add the information as set forth in Schedule 2.3.5 attached hereto.

3. **Lease Combination.** As of the Combination Effective Date, Tenant and Landlord under the Separate Lease with respect to Brookdale McMinnville hereby combine the Master Lease and such Separate Lease into a single Lease as provided in Section 14.1 and Exhibit H (the “**Lease Combination Provisions**”) of the Master Lease. For purposes of the Lease Combination Provisions, the Master Lease is the Surviving Lease, the Combination Effective Date is the Surviving Lease Date, such Separate Lease is a Combination Lease, and Brookdale McMinnville is the “Additional Property.” For the avoidance of doubt, this **Section 3** shall be deemed to have combined such Separate Lease, as it relates to Brookdale McMinnville, into the Master Lease, such that the Master Lease governs with respect to Brookdale McMinnville from and after the Combination Effective Date.

4. **Assumption by Tenant.** As provided in Section 1.2.5 of Exhibit H of the Master Lease, Brookdale Senior Living Communities, Inc., a Delaware corporation, as tenant under the Separate Lease for Brookdale McMinnville, hereby acknowledges and agrees that, as a Master Lease Tenant under the Master Lease, it shall be responsible for the payment, performance and satisfaction of all duties, obligations and liabilities arising under the Combination Lease insofar as they relate to Brookdale McMinnville that were not paid, performed and satisfied in full prior to the Combination Effective Date.

5. **Deposits and Escrows; Property Tax and Capital Expenditure Obligations.** Pursuant to Section 6.2.4.3 of the Side Letter, Landlord and Tenant agreed to take appropriate steps to cause all deposits and escrows held in connection with the McMinnville Debt to be delivered to Landlord. Landlord and Tenant acknowledge and agree that, as of the Combination Effective Date, (a) Landlord has paid \$88,908.53 of property taxes with respect to Brookdale McMinnville pursuant to Section 6.2.4.2 of the Side Letter, and (b) Tenant reimbursed Landlord for such property tax payments on March 19, 2021. No further amounts are due from Tenant to Landlord with respect to such deposits and escrows.

6. **Miscellaneous.**

6.1. **Consistency.** Whether or not specifically modified or amended by the provisions of this Amendment, all of the provisions, schedules and exhibits of the Master Lease and the Separate Lease for Brookdale McMinnville shall be deemed to have been amended (i) to the extent necessary to make such provisions, schedules and exhibits consistent with the modifications and amendments provided for in the preceding portions of this Amendment, and (ii) to the extent necessary to give effect to the purpose and intent of this Amendment.

6.2. **Integrated Agreement; Modifications; Waivers.** This Amendment, and the Master Lease as amended hereby, together with the “Transaction Documents” as defined in the Master Transaction Letter, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior representations, understandings and agreements, whether written or oral, with respect to such subject matter. Each of the parties hereto acknowledges that it has not relied upon, in entering into this Amendment, any representation, warranty, promise or condition not specifically set forth in this Amendment.

6.3. **Sealed Writing.** The parties acknowledge and agree that the Master Lease, as amended by this Amendment, is intended to be a sealed instrument and to comply with Virginia Code Sections 55-2 and 11-3, and shall be interpreted as if the words “this deed of Lease” were included in the body of the Master Lease.

6.4. **Effect of Amendment.** Except as expressly modified in this Amendment, the Master Lease shall remain in full force and effect and is expressly ratified and confirmed by the parties hereto, and Tenant shall lease the Facilities (as modified by this Amendment) from Landlord on the terms set forth in the Master Lease (as modified by this Amendment). In the event of any inconsistencies between the terms of this Amendment and any terms of the Master Lease, the terms of this Amendment shall control.

6.5. Counterparts. This Amendment may be executed and delivered (including by facsimile, Portable Document Format (pdf) transmission, or DocuSign) in counterparts, all of which executed counterparts shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this document to physically form one document. Any such facsimile documents and signatures shall have the same force and effect as manually-signed originals and shall be binding on the parties hereto.

[signature pages follow]

IN WITNESS WHEREOF, this Amendment has been executed by Landlord and Tenant as of the date first written above.

TENANT:

BLC-THE HALLMARK, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-KENWOOD OF LAKE VIEW, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BROOKDALE SENIOR LIVING COMMUNITIES, INC. a Delaware corporation (f/k/a Alterra Healthcare Corporation and Alternative Living Services, Inc.)

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

ACKNOWLEDGEMENT

STATE OF Tennessee)
) :ss.:
COUNTY OF Williamson)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Brookdale Senior Living Communities, Inc., a Delaware corporation (“Company”), by George T. Hicks, its EVP, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Brentwood, TN, this 12th day of April, 2021.

(SEAL) /s/ Linda B. DeVault
Notary Public

Print Name: Linda B. DeVault
My commission expires: 10-23-23
Acting in the County of: Williamson

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

BLC-GABLES AT FARMINGTON, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-DEVONSHIRE OF HOFFMAN ESTATES, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-SPRINGS AT EAST MESA, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-RIVER BAY CLUB, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-WOODSIDE TERRACE, L.P., a Delaware limited partnership

By: BLC-Woodside Terrace, LLC, a Delaware limited liability company, its
general partner

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-ATRIUM AT SAN JOSE, L.P., a Delaware limited partnership

By: BLC-Atrium at San Jose, LLC, a Delaware limited liability company, its
general partner

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-BROOKDALE PLACE OF SAN MARCOS, L.P., a Delaware limited
partnership

By: BLC-Brookdale Place of San Marcos, LLC, a Delaware limited liability
company, its general partner

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-PONCE DE LEON, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-PARK PLACE, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-HAWTHORNE LAKES, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-THE WILLOWS, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-BRENDENWOOD, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-CHATFIELD, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BROOKDALE LIVING COMMUNITIES OF FLORIDA, INC. a Delaware corporation

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-GV, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-DNC, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SW ASSISTED LIVING, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE AT FAIRWOOD MANOR, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE AT HERITAGE PLACE, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE 5 LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE 4 LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE 14 LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE 15 LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE 16 LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE 17 LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

SUMMERVILLE AT RIDGEWOOD GARDENS LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

ALS PROPERTIES TENANT I, LLC,

a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

ACKNOWLEDGEMENT

STATE OF Tennessee)

) :ss.:

COUNTY OF Williamson)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared ALS Properties Tenant I, LLC, a Delaware limited liability company (“Company”), by George T. Hicks, its EVP, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Brentwood, TN, this 12th day of April, 2021.

(SEAL) /s/ Linda B. DeVault

Notary Public

Print Name: Linda B. DeVault

My commission expires: 10-23-23

Acting in the County of: Williamson

ALS PROPERTIES TENANT II, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

ALS LEASING, INC., a Delaware corporation

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

ACKNOWLEDGEMENT

STATE OF Tennessee)

) :ss.:

COUNTY OF Williamson)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared ALS Leasing, Inc., a Delaware corporation (“Company”), by George T. Hicks, its EVP, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Brentwood, TN, this 12th day of April, 2021.

(SEAL) /s/ Linda B. DeVault
Notary Public

Print Name: Linda B. DeVault

My commission expires: 10-23-23

Acting in the County of: Williamson

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

ASSISTED LIVING PROPERTIES, INC., a Kansas corporation

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

BLC-THE HERITAGE OF DES PLAINES, LLC, a Delaware limited liability company

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

LANDLORD:

VENTAS REALTY, LIMITED PARTNERSHIP, a Delaware limited partnership

By: Ventas, Inc., a Delaware corporation, its general partner

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: Senior Vice President

PSLT-ALS PROPERTIES I, LLC, a Delaware limited liability company

By: PSLT-ALS Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

ACKNOWLEDGEMENT

STATE OF Illinois)

) :ss.:

COUNTY OF Cook)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Ventas Provident, LLC, a Delaware limited liability company ("Company"), the sole member of PSLT GP, LLC, the general partner of PSLT OP, L.P., the sole member of PSLT-ALS Properties Holdings, LLC, the sole member of PSLT-ALS Properties I, LLC, by Christian N. Cummings, its President, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Chicago, Illinois, this 14th day of April, 2021.

(SEAL) /s/Theresa M. Kwasinski

Notary Public

Print Name: Theresa M. Kwasinski

My commission expires: 08/05/22

Acting in the County of: Cook

PSLT-ALS PROPERTIES II, LLC, a Delaware limited liability company

By: PSLT-ALS Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

PSLT-ALS PROPERTIES IV, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

PSLT-ALS PROPERTIES III, LLC, a Delaware
limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

ACKNOWLEDGEMENT

STATE OF Illinois)
) :ss.:
COUNTY OF Cook)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared PSLT-ALS PROPERTIES III, LLC, a Delaware limited liability company ("Company"), which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Chicago, Illinois, this 14th day of April, 2021.

(SEAL) /s/Theresa M. Kwasinski
Notary Public

Print Name: Theresa M. Kwasinski
My commission expires: 08/05/22
Acting in the County of: Cook

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-2960, LLC, a
Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-HV, LLC, a
Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

RIVER OAKS PARTNERS, an Illinois general partnership

By: Brookdale Holdings, LLC, its managing partner

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF CONNECTICUT, LLC, a
Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

PSLT-BLC PROPERTIES HOLDINGS, LLC, a Delaware limited liability company

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

THE PONDS OF PEMBROKE LIMITED PARTNERSHIP, an Illinois limited partnership

By: Brookdale Holdings, LLC, its general partner

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF ARIZONA-EM, LLC, a
Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF MASSACHUSETTS-RB,
LLC, a Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF CALIFORNIA-RC, LLC, a Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF CALIFORNIA, LLC, a Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BLC OF CALIFORNIA-SAN MARCOS, L.P., a Delaware limited partnership

By: Brookdale Living Communities of California-San Marcos, LLC, its general partner

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF WASHINGTON-PP, LLC, a Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF ILLINOIS-II, LLC, a
Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

By: Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

BROOKDALE LIVING COMMUNITIES OF NEW JERSEY, LLC, a Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

BROOKDALE LIVING COMMUNITIES OF FLORIDA-CL, LLC, a Delaware limited liability company

By: PSLT-BLC Properties Holdings, LLC, its sole member

By: PSLT OP, L.P., its sole member

By: PSLT GP, LLC, its general partner

Ventas Provident, LLC, its sole member

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

NATIONWIDE HEALTH PROPERTIES, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

ACKNOWLEDGEMENT

STATE OF Illinois)
) :ss.:
COUNTY OF Cook)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Nationwide Health Properties, LLC, a Delaware limited liability company corporation ("Company"), by Christian N. Cummings, its President, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Chicago, Illinois, this 14th day of April, 2021.

(SEAL) /s/Theresa M. Kwasinski
Notary Public

Print Name: Theresa M. Kwasinski
My commission expires: 08-05-22
Acting in the County of: Cook

2010 UNION LIMITED PARTNERSHIP, a Washington limited partnership

By: Nationwide Health Properties, LLC, its general partner

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

NH TEXAS PROPERTIES LIMITED PARTNERSHIP, a Texas limited partnership

By: MLD Texas Corporation, its general partner

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

MLD PROPERTIES, INC., a Delaware corporation

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

JER/NHP SENIOR LIVING ACQUISITION, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

ACKNOWLEDGEMENT

STATE OF Illinois)
) :ss.:
COUNTY OF Cook)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared JER/NHP Senior Living Acquisition, LLC, a Delaware limited liability company ("Company"), by Christian N. Cummings, its President, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Chicago, Illinois, this 14th day of April, 2021.

(SEAL) /s/Theresa M. Kwasinski
Notary Public

Print Name: Theresa M. Kwasinski
My commission expires: 08/05/22
Acting in the County of: Cook

JER/NHP SENIOR LIVING KANSAS, INC., a Kansas corporation

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

JER/NHP SENIOR LIVING TEXAS, L.P., a Texas limited partnership

By: JER/NHP Management Texas, LLC, its general partner

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

MLD PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership

By: MLD Properties II, Inc., its general partner

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

NHP MCCLAIN, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

ACKNOWLEDGEMENT

STATE OF Illinois)
) :ss.:
COUNTY OF Cook)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared NHP MCCLAIN, LLC, a Delaware limited liability company ("Company"), by Christian N. Cummings, its President, which Company executed the foregoing instrument, who acknowledged that she/he did sign the foregoing instrument for and on behalf of the Company, being thereunto duly authorized and that the same is her/his free act and deed individually and in said capacity and the free and deed of the Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Chicago, Illinois, this 14th day of April, 2021.

(SEAL) /s/Theresa M. Kwasinski
Notary Public

Print Name: Theresa M. Kwasinski
My commission expires: 08/05/22
Acting in the County of: Cook

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

VENTAS FAIRWOOD, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

VENTAS FRAMINGHAM, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

VENTAS WHITEHALL ESTATES, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

VTR-EMRTS HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Christian N. Cummings

Name: Christian N. Cummings

Title: President

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

CONSENT AND REAFFIRMATION OF GUARANTOR

THIS CONSENT AND REAFFIRMATION OF GUARANTOR (this “**Reaffirmation**”) is entered into concurrently with and is attached to and hereby made a part of Amendment No. 1 to Amended and Restated Master Lease and Security Agreement effective as of April 15, 2021 (the “**Lease Amendment**”) between Landlord and Tenant (both, as defined therein).

BROOKDALE SENIOR LIVING INC., a Delaware corporation (“**Guarantor**”) executed and delivered that certain Amended and Restated Guaranty dated as of July 26, 2020 (the “**Guaranty**”), pursuant to which Guarantor guaranteed for the benefit of Landlord, the obligations of Tenant under the BKD/VTR Documents (as defined in the Guaranty).

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Guarantor hereby acknowledges, reaffirms and agrees:

1. Capitalized terms used but not defined in this Reaffirmation shall have the same meanings for purposes of this Reaffirmation as provided in or for purposes of the Lease Amendment.

2. Guarantor hereby (i) acknowledges and consents to the Lease Amendment, (ii) reaffirms its obligations under the Guaranty with respect to the Master Lease as amended by the Lease Amendment, and (iii) confirms that the Guaranty remains in full force and effect.

3. Although Guarantor has been informed of the terms of the Lease Amendment, Guarantor understands and agrees that Landlord has no duty to so notify it or to seek this or any future acknowledgment, consent or reaffirmation, and nothing contained herein shall create or imply any such duty as to any transactions, past or future.

Guarantor has executed this Consent and Reaffirmation of Guarantor effective as of the Amendment Date.

GUARANTOR:

BROOKDALE SENIOR LIVING INC.,
a Delaware corporation

By: /s/ George T. Hicks

Name: George T. Hicks

Title: Executive Vice President – Finance and Treasurer

Signature Page-Amendment No. 1 to Amended and Restated Master Lease and Security Agreement

**RESTRICTED STOCK UNIT AGREEMENT
UNDER THE BROOKDALE SENIOR LIVING INC.
2014 OMNIBUS INCENTIVE PLAN**

This Award Agreement, including the Addendum hereto (this “Agreement”), dated as of _____ (the “Date of Grant”), is made by and between Brookdale Senior Living Inc., a Delaware corporation (the “Company”), and _____ (the “Participant”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan (as amended and/or restated from time to time, the “Plan”). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of RSUs. The Company hereby grants to the Participant _____ restricted stock units (the “RSUs”) under the Plan, which shall be subject to all of the terms and conditions of this Agreement and the Plan.

2. Vesting.

(a) General. Subject to the provisions set forth below, the RSUs shall vest at such times (each, including as provided in subparagraphs (b) and (c), a “Vesting Date”) and in the amounts set forth below, subject to the continued employment of the Participant by the Company or one of its Subsidiaries or Affiliates (or a successor to any of them) from the Date of Grant to such Vesting Date:

Incremental Number of RSUs Vested	Scheduled Vesting Date

(b) Award Not Assumed Following Change in Control. Upon the occurrence of a Change in Control, if the outstanding RSUs are not assumed, continued or substituted with an award relating to a publicly-traded security of the acquirer (or the Company) on the same terms and conditions that were applicable to the outstanding RSUs immediately prior to the Change in Control, then all outstanding RSUs immediately prior to the Change in Control shall vest and be settled upon the consummation of the Change in Control.

(c) Following Termination of Employment. Except as otherwise provided in Section 2 of the Addendum, which is incorporated herein, upon termination of the Participant’s employment with the Company and its Subsidiaries and Affiliates for any reason, all unvested RSUs outstanding as of the date of such termination shall automatically and without notice terminate and be forfeited and neither the Participant nor any of the Participant’s successors,

heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such RSUs.

3. Settlement of Restricted Stock Units. As soon as practicable following each Vesting Date (but in no event later than 30 days following the Vesting Date or such earlier time specified in this Agreement), the Company shall issue to the Participant the number of shares of Stock equal to the aggregate number of RSUs that have vested pursuant to this Agreement on such date and the Participant shall thereafter have all the rights of a stockholder of the Company with respect to such shares. Notwithstanding anything in this Agreement to the contrary, no fractional shares shall vest or be issuable under this Agreement, and any such fractional shares shall be rounded down to the next whole share; *provided*, that the Administrator may, in its sole discretion, provide a cash payment in lieu of any such fractional share.

4. Rights as a Stockholder. Section 4 of the Addendum is incorporated herein.

5. Adjustments. Pursuant to Section 5 of the Plan, in the event of a change in capitalization as described therein, the Administrator shall make such equitable changes or adjustments, as it deems necessary or appropriate, in its discretion, to the number and kind of securities or other property (including cash) issued or issuable in respect of outstanding RSUs.

6. Certain Changes. The Administrator may accelerate the vesting dates or otherwise adjust any of the terms of the RSUs; provided that, subject to Section 5 of the Plan, Section 11(f) of the Addendum to this Agreement, and Section 22 of this Agreement, no action under this Section shall adversely affect the Participant's rights hereunder.

7. Notices. All notices and other communications under this Agreement shall be in writing and shall be given by facsimile or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three days after mailing or 24 hours after transmission by facsimile to the respective parties, as follows: (i) if to the Company, at Brookdale Senior Living Inc., 111 Westwood Place, Suite 400, Brentwood, TN 37027, Facsimile: (615) 564-8204, Attn: General Counsel and (ii) if to the Participant, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any notice or other communications related to the RSUs, this Agreement or current or future participation in the Plan by electronic means. The Participant hereby consents to receive such notices and other communications by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company (including the Company's stock plan service provider's website).

8. Taxes. The Participant has reviewed with the Participant's own tax advisors the Federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant acknowledges and agrees that the Participant is responsible for the tax consequences associated with the award and vesting of the RSUs.

9. Withholding. The provisions of Section 9 of the Addendum to this Agreement are incorporated herein.
10. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
11. Restrictive Covenants. The provisions of Section 11 of the Addendum to this Agreement are incorporated herein.
12. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware without regard to its principles of conflict of laws.
13. Incorporation of Plan. The Plan is hereby incorporated by reference and made a part hereof, and the RSUs and this Agreement shall be subject to all terms and conditions of the Plan.
14. Amendments; Construction. The Administrator may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Participant hereunder without the Participant's consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation hereof.
15. Survival of Terms. This Agreement shall apply to and bind the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. The terms of Section 11 of the Addendum and Section 22 of this Agreement shall expressly survive the vesting and/or forfeiture of the RSUs and any expiration or termination of this Agreement.
16. Compliance with Stock Ownership and Retention Guidelines. The Participant hereby agrees to comply with the Company's Stock Ownership and Retention Guidelines (as amended from time to time, the "Guidelines"), to the extent such Guidelines are applicable, or become applicable, to the Participant. The Participant further acknowledges that, if the Participant is not in compliance with such Guidelines (if applicable), the Administrator may refrain from issuing additional equity awards to the Participant and/or elect to pay the Participant's annual bonus in the form of vested or unvested Common Stock.
17. Agreement Not a Contract for Services. Neither the Plan, the granting of the RSUs, this Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Participant has a right to continue to provide services as an officer, director, employee, consultant or advisor of the Company or any Subsidiary or Affiliate for any period of time or at any specific rate of compensation.
18. Restrictions. The RSUs may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Participant, and any shares of Stock issuable with

respect to the RSUs may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until such shares of Stock have been issued to the Participant upon vesting of the RSUs in accordance with the terms of the Plan and this Agreement. Unless the Administrator determines otherwise, upon any attempt to transfer RSUs or any rights in respect of RSUs before the lapse of such restrictions, such RSUs, and all of the rights related thereto, shall be immediately forfeited by the Participant and transferred to, and reacquired by, the Company without consideration of any kind.

19. Authority of the Administrator. The Administrator shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

20. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provision or provisions in any other jurisdiction.

21. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement, and accepts the RSUs subject to all the terms and conditions of the Plan and this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Agreement. By the Participant's electronically accepting the award of the RSUs using an online or electronic system established and maintained by the Company or a third party designated by the Company (including the Company's stock plan service provider's website), the Participant agrees to be bound by the terms and conditions of the Plan and this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Participant's electronic acceptance of the award of the RSUs shall have the same validity and effect as a signature affixed to this Agreement by the Participant's hand.

22. Clawback. Notwithstanding anything herein to the contrary, this award (and any shares of Stock delivered to the Participant upon settlement thereof) shall be subject to forfeiture, reduction, and/or recoupment (i) to the extent provided in the Company's Clawback and Forfeiture Policy, as it may be amended from time to time (the "Clawback Policy"); (ii) to the extent that Participant becomes subject to any other recoupment or clawback policy hereafter

adopted by the Company, including any such policy adopted by the Company to comply with the requirements of any applicable laws, rules, regulations, or stock exchange listing requirements, including pursuant to final SEC rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (iii) to the extent provided under applicable legal requirements which impose recoupment, under circumstances set forth in such applicable legal requirements, including the Sarbanes-Oxley Act of 2002.

23. Section 409A. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the RSUs are exempt from the requirements of Section 409A of the Code as “short-term deferrals” as described in Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement or an accompanying election form executed by the Participant, if (i) on the date of the Participant’s Separation from Service with the Company the Participant is a “specified employee” (as such term is defined under Section 1.409A-1(i) of the Treasury Regulations promulgated under Section 409A of the Code) of the Company and (ii) any payments to be provided to the Participant pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code, or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six months after the date of the Participant’s separation from service from the Company, or if earlier, his or her death. Any payments delayed pursuant to this paragraph shall be made in a lump sum on the first day of the seventh month following the Participant’s separation from service, or if earlier, the Participant’s death. Each payment upon settlement of RSUs (and any related dividend or related dividend equivalent rights) constitutes a “separate payment” for purposes of Section 409A of the Code. Notwithstanding any other provision of this Agreement, if and to the extent that any payment under this Agreement constitutes non-qualified deferred compensation under Section 409A of the Code, and is payable upon (i) the Participant’s termination of employment, then such payment shall be made or provided to the Participant only upon a “separation from service” as defined for purposes of Section 409A of the Code, or (ii) a Change in Control, then such payment shall be made or provided to the Participant only upon a “change in the ownership”, a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the applicable corporation as defined for purposes of Section 409A of the Code.

[Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

BROOKDALE SENIOR LIVING INC.

By: __
Name:
Title:

PARTICIPANT

**ADDENDUM TO
RESTRICTED STOCK UNIT AGREEMENT
UNDER THE BROOKDALE SENIOR LIVING INC.
2014 OMNIBUS INCENTIVE PLAN**

Section 2:

Notwithstanding Section 2(c) or anything in the Agreement to the contrary:

(i) *[Bracketed language applicable to CEO agreement only]* In the event that the Participant's employment is terminated (other than as described in subparagraph (ii)) (A) by the Company and its Subsidiaries and Affiliates without Cause *[or by the Participant for Good Reason (as defined in the Employment Agreement by and between the Company and the Participant dated as of March 1, 2018)]*, (B) by death, or (C) due to Disability, the RSUs subject to vesting at the next Vesting Date shall vest effective upon the date of such termination and be settled within 30 days following such termination, and any remaining outstanding and unvested RSUs shall be forfeited, effective upon the date of such termination; provided, however, that the acceleration provided by clause (C) shall not apply unless Participant actively provided services on at least one day in the one-year period immediately preceding such next Vesting Date.

(ii) *[Bracketed language applicable to agreements with executive officers other than CEO]* In the event that the Participant's employment is terminated (A) by the Company (or its successor) and its Subsidiaries and Affiliates without Cause on or after the effective date of a Change in Control but prior to twelve (12) months following such Change in Control, or (B) by the Participant for Good Reason *[(as defined in the Company's Amended and Restated Tier I Severance Pay Policy or the Company's Amended and Restated Tier II Severance Pay Policy, whichever is applicable to the Participant)]* on or after the effective date of a Change in Control but prior to twelve (12) months following such Change in Control, then any unvested RSUs outstanding upon the date of such termination shall vest effective upon the date of such termination and be settled within 30 days following such termination.

Section 4:

The Participant shall have no voting rights with respect to RSUs outstanding on any applicable record date. Any ordinary or extraordinary cash or stock dividend that may be declared and paid on the Common Stock with a record date on or after the Date of Grant and prior to the settlement date of the RSUs shall be deposited (in the same form as was payable to the holders of Common Stock) in an account and be paid upon, and subject to, the vesting and settlement of the RSUs. For the avoidance of doubt, the Participant shall not be entitled to payment of dividends or dividend equivalents with respect to an RSU unless and until the vesting and settlement of such RSU in accordance with this Agreement, and all such dividends or dividend equivalents with respect to any RSU shall forfeit upon the forfeiture of such RSU.

Section 9:

Delivery of shares of Stock is conditioned upon Participant's making arrangements satisfactory to the Administrator regarding payment of income and employment tax withholding requirements as set forth in Section 15 of the Plan; provided, however, that the Participant may elect, without the consent of the Company, to have the Company withhold from delivery of shares of Stock issuable upon the settlement of the RSUs such number of shares of Stock having a Fair Market Value not exceeding the applicable taxes to be withheld and applied to the tax obligations of the Participant as determined by the Company. In making its determination, the Company may calculate such amount by taking into account applicable withholding rates not exceeding the maximum individual statutory tax rates in the Participant's applicable jurisdictions.

Section 11:

11. Restrictive Covenants. The Participant understands the Company has developed, and is continuing to develop, substantial relationships with actual and prospective officers, directors, employees, consultants, agents, customers, residents, patients, referral sources, clients, vendors, suppliers, investors, and equity and financing sources, associate and customer goodwill, and confidential and proprietary business information and trade secrets, which the Company and its Subsidiaries and Affiliates have the right to protect in order to safeguard their legitimate business interests. Any misappropriation of such relationships or goodwill, or any improper disclosure or use of the Company's and its Subsidiaries' and Affiliates' confidential and proprietary business information and trade secrets would be highly detrimental to their business interests in that serious and substantial loss of business and pecuniary damages would result therefrom. The Participant acknowledges that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, the Participant shall have access to the Company's Confidential Information (as defined below) and will meet and develop such relationships and goodwill. Nothing contained in this Section 11 shall limit any common law or statutory obligation that the Participant may have to the Company or any Subsidiary or Affiliate. For purposes of this Section 11, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company, including any entity which becomes the Participant's employer as a result of any reorganization or restructuring of the Company for any reason. The Company shall be entitled, in connection with its tax planning or other reasons, to terminate the Participant's employment (which termination shall not be considered a termination for any purposes of this Agreement, any employment agreement or otherwise) in connection with an invitation from another affiliate of the Company to accept employment with such affiliate in which case the terms and conditions hereof shall apply to the Participant's employment relationship with such entity mutatis mutandis.

(a) Noncompetition. *[Bracketed language applicable to agreements with executive officers other than CEO]* The Participant agrees that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate and for the one (1) year period immediately following the termination of such employment for any reason or for no reason, the Participant shall not directly or indirectly, either as a principal, agent, employee, employer,

consultant, partner, shareholder of a closely held corporation or shareholder in excess of five percent of a publicly traded corporation, corporate officer or director, or in any other individual or representative capacity, engage or otherwise participate in any manner or fashion in any business that is a Competing Business (as defined herein). *[Notwithstanding the foregoing, (i) if the Participant's employment is terminated by the Participant after Participant experiences an aggregate reduction to the Participant's annual target cash compensation by 20% or more, the covenant in this Section 11(a) shall not apply; and (ii) the covenant in this Section 11(a) shall not be interpreted to restrict the Participant's right to practice law in violation of any rules of professional conduct applicable to the Participant.]*

For purposes of this Section 11(a), "Competing Business" means a business (which shall include any sole proprietorship, partnership, limited partnership, limited liability partnership, limited liability company, corporation or other for-profit or not-for-profit business organization) (A) engaged in the business of owning, operating or managing senior living facilities within the United States, or (B) that, itself or with its affiliates, provides healthcare or other services to patients or customers through home health care agencies, hospice agencies, outpatient therapy clinics and/or community based/private duty agencies within any state that the Company or its subsidiaries or affiliates provides now, or provides during the Participant's employment, such healthcare or other services to patients or customers, and that derives, together with its controlled affiliates or together with its affiliates, more than 10% of its and its controlled affiliates or 10% of its and its affiliates, respectively, revenue from the provision of healthcare or other services to patients or customers through home health care agencies, hospice agencies, outpatient therapy clinics and/or community based/private duty agencies.

(b) Solicitation of Employees, Clients, Referral Sources, Vendors, Etc. The Participant agrees that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, and for the two (2) year period immediately following the date of termination of such employment for any reason, the Participant shall not, directly or indirectly, jointly or individually, on Participant's own behalf or on behalf of or in assistance to any individual, person or entity, for any purpose or in any place:

(i) solicit for employment or service, hire, employ or retain the services of any Covered Employee (as defined below) or induce or encourage any Covered Employee to terminate or sever his, her or its employment or other relationship with the Company or any Subsidiary or Affiliate or any of their successors or assigns; or

(ii) solicit business from any Covered Person (as defined below) or induce or encourage any Covered Person to terminate, change or reduce his, her or its relationship with the Company or any Subsidiary or Affiliate or any of their successors or assigns.

Notwithstanding the foregoing, a general advertisement or solicitation for employment that is not targeted and that does not have the effect of being targeted to any current or former Covered Employee or Covered Person shall not, by itself, be deemed to be a violation of the restrictions on solicitation contained in this Section 11(b). For purposes of this Section 11(b), "Covered Employee" shall mean any officer, director, employee, consultant or agent who is employed or

engaged by the Company or any Subsidiary or Affiliate or any of their successors or assigns or was so employed or engaged at any time during the twelve (12) months prior to the Participant's termination of employment, and "Covered Person" shall mean any customers, residents, patients, referral sources, clients, vendors, suppliers, investors, equity or financing sources, or consultants of the Company or any Subsidiary or Affiliate or any of their successors or assigns.

(c) Disparaging Comments. *[Applicable to CEO award agreement:]* The Company and the Participant agree that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, and any time thereafter, the Participant shall not make any disparaging or defamatory comments regarding the Company or any Subsidiary or Affiliate or any of their successors or assigns, and the Company and its Affiliates shall not make or issue any public statements which are disparaging or defamatory regarding the Participant, and after termination of such employment neither party shall make any comments concerning any aspect of the termination of their relationship. The obligations of the Company and the Participant under this Section 11(c) shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency.

[Applicable to agreements with executive officers other than CEO:] The Participant agrees that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, and any time thereafter, the Participant shall not make any disparaging or defamatory comments regarding the Company or any Subsidiary or Affiliate or any of their successors or assigns, or any time after termination of such employment, make any comments concerning any aspect of the termination of their relationship. The obligations of the Participant under this Section 11(c) shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency.

(d) Confidentiality. All books of account, records, systems, correspondence, documents, memoranda, manuals, email, electronic or magnetic recordings or data and any and all other data, in whatever form and any copies thereof, concerning or containing any reference to the works and business of the Company or any Subsidiary or Affiliate shall belong to the Company and shall be given up to the Company whenever the Company requires the Participant to do so. The Participant agrees that the Participant shall not at any time during the term of the Participant's employment with the Company or any Subsidiary or Affiliate, or at any time thereafter, without the Company's prior written consent, disclose to any individual, person or entity any information or any trade secrets, plans or other information or data, in whatever form (including, without limitation, (a) any financing strategies and practices, pricing information and methods, training and operational procedures, advertising, marketing, and sales information or methodologies or financial information and (b) any Proprietary Information (as defined below)), concerning the Company's or any Subsidiary's or Affiliate's or any of their customers', referral sources' or clients' practices, businesses, procedures, systems, plans or policies (collectively, "Confidential Information"), nor shall the Participant utilize any such Confidential Information in any way or communicate with or contact any such customer, referral source or client other than in connection with the Participant's employment by the Company or any Subsidiary or Affiliate. The Participant hereby confirms that all Confidential Information constitutes the Company's exclusive property, and that all of the restrictions on the Participant's activities

contained in this Agreement and such other nondisclosure policies of the Company are required for the Company's reasonable protection. Confidential Information shall not include any information that has otherwise been disclosed to the public not in violation of this Agreement. This confidentiality provision shall survive the termination of this Agreement and shall not be limited by any other confidentiality agreements entered into with the Company or any Subsidiary or Affiliate. Notwithstanding the foregoing, nothing in this Agreement (or any other Company policy or contract to which the Participant is or was subject) shall be construed to prohibit the Participant from communicating with any federal, state or local governmental agency or commission with oversight of the Company, as provided for, protected under or warranted by applicable law.

With respect to any Confidential Information that constitutes a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force for so long as the particular information remains a trade secret or for the two (2) year period immediately following termination of the Participant's employment for any reason, whichever is longer. With respect to any Confidential Information that does not constitute a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force during Participant's employment and for the two (2) year period immediately following termination of such employment for any reason.

The Participant agrees that the Participant shall promptly disclose to the Company in writing all information and inventions generated, conceived or first reduced to practice by the Participant alone or in conjunction with others, during or after working hours, while in the employ of the Company or any Subsidiary or Affiliate (all of which is collectively referred to in this Agreement as "Proprietary Information"); provided, however, that such Proprietary Information shall not include (a) any information that has otherwise been disclosed to the public not in violation of this Agreement and (b) general business knowledge and work skills of the Participant, even if developed or improved by the Participant while in the employ of the Company or any Subsidiary of Affiliate. All such Proprietary Information shall be the exclusive property of the Company and is hereby assigned by the Participant to the Company. The Participant's obligation relative to the disclosure to the Company of such Proprietary Information anticipated in this Section 11(d) shall continue beyond the Participant's termination of employment and the Participant shall, at the Company's expense, give the Company all assistance it reasonably requires to perfect, protect and use its right to the Proprietary Information.

(e) Enforcement.

(i) The Participant acknowledges that compliance with all provisions, covenants and agreements set forth in this Agreement, and the duration, terms and geographical area thereof, are reasonable and necessary to protect the legitimate business interests of the Company and its Subsidiaries and Affiliates.

(ii) The Participant acknowledges that a breach of the Participant's obligations under this Section 11 will result in irreparable and continuing damage to the Company and/or its Subsidiaries and Affiliates for which there is no adequate remedy at law.

(iii) The Participant acknowledges that the Participant's education, experience and/or abilities are such that the enforcement of the restrictive covenants in this Agreement will not prevent the Participant from earning a living and will not cause any undue hardship upon the Participant.

(iv) In the event of the violation by the Participant of any of the covenants contained in Section 11, the terms of each such covenant so violated shall be automatically extended from the date on which the Participant permanently ceases such violation for a period equal to the period in which the Participant was in breach of the covenant or for a period of twelve (12) months from the date of the entry by a court of competent jurisdiction of an order or judgment enforcing such covenant(s), whichever period is later.

(v) The Participant agrees that, in the event of any breach of the restrictive covenants contained in this Agreement, the Company and/or its Subsidiaries and Affiliates shall be entitled to obtain, from any court of competent jurisdiction, preliminary and permanent injunctive relief to restrain the violation of the terms hereof by the Participant, and all persons acting for or on the Participant's behalf.

(vi) Each of the restrictive covenants contained in this Agreement is independent of any other contractual obligations of this Agreement or otherwise owed by the Participant to the Company and/or its Subsidiaries and Affiliates. The existence of any claim or cause of action by the Participant against the Company and/or its Subsidiaries or Affiliates, whether based on this Agreement or otherwise, shall not create a defense to the enforcement by the Company and/or its Subsidiaries and Affiliates of any restrictive covenant contained in this Agreement.

(f) Remedies.

(i) It is intended that, in view of the nature of the Company's and its Subsidiaries' and Affiliates' business, the restrictions contained in this Agreement are considered reasonable and necessary to protect the Company's and its Subsidiaries' and Affiliates' legitimate business interests and that any violation of these restrictions would result in irreparable injury to the Company and/or its Subsidiaries and Affiliates. In the event of a breach (a "Covenant Breach") or threatened breach by the Participant of any provision contained herein, the Company and its Subsidiaries and Affiliates shall be entitled to a temporary restraining order and injunctive relief without the posting of a bond. Nothing contained herein shall be construed as prohibiting the Company or its Subsidiaries or Affiliates from pursuing any other legal or equitable remedies available to it or them for any breach or threatened breach of these provisions, including, without limitation, recoupment and other remedies specified in the Agreement. In the event of a dispute regarding, arising out of, or in connection with the breach, enforcement or interpretation of this Agreement, including, without limitation, any action seeking injunctive relief, and provided that the Company is the prevailing party, the Company shall recover from the Participant all reasonable attorneys' fees and costs incurred by the Company in connection therewith.

(ii) In the event of a Covenant Breach, the Company shall have the authority to (i) cancel all outstanding RSUs, whether vested or unvested; (ii) cancel all shares of Stock beneficially owned by the Participant that were issued in settlement of RSUs within 12 months on or prior to, or at any time after, the date of Participant's termination of employment ("Cancellable Shares"); and (iii) recoup from the Participant any proceeds from the Participant's sale, transfer or other disposition of Cancellable Shares. The Company is hereby authorized by the Participant, as the Participant's attorney-in-fact, to execute all documents and undertake any required action on behalf of the Participant to transfer any Cancellable Shares back to the Company, after which the Participant shall not have any right, title, or interest of any kind to the Cancellable Shares. Participant acknowledges and agrees that the Company has no obligation of any kind to the Participant with respect to the cancellation of RSUs or the Cancellable Shares, or the recoupment of proceeds from the disposition of Cancellable Shares, pursuant to this Section, including, but not limited to, reimbursement for any taxes previously paid by the Participant with respect to Cancellable Shares. This remedy shall be in addition to all other remedies, including those set forth in this Agreement and any other agreements between the parties.

**PERFORMANCE-BASED CASH AWARD AGREEMENT
UNDER THE BROOKDALE SENIOR LIVING INC.
2014 OMNIBUS INCENTIVE PLAN**

This Award Agreement, including the Addendum hereto (this “Agreement”), dated as of _____ (the “Date of Grant”), is made by and between Brookdale Senior Living Inc., a Delaware corporation (the “Company”), and _____ (the “Participant”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Brookdale Senior Living Inc. 2014 Omnibus Incentive Plan (as amended and/or restated from time to time, the “Plan”). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Awards.

(a) The Company hereby grants to the Participant a cash-based Performance Award (the “Award”) representing the right to receive a target cash payment of \$_____ (the “Target Award”) under the Plan. The Award is comprised of four tranches (each a “Tranche”), each of which shall be subject to the applicable performance criteria set forth below and the terms and conditions of the Plan and this Agreement.

	% of Target Award	Performance Criteria	Scheduled Vesting Date
First Tranche	25%	Exhibit A	February 27, 2024
Second Tranche	25%	Exhibit B	February 27, 2024
Third Tranche	25%	Exhibit C	February 27, 2024
Fourth Tranche	25%	Exhibit D	February 27, 2025

(b) Cash payments in addition to 100% of the target amount for each Tranche may become available to the Participant as set forth in Section 2(a). If and when any such additional amounts become available, they shall be part of the applicable Tranche and subject to all of the terms and conditions of the Plan and this Agreement.

2. Vesting.

(a) General. Except as otherwise provided herein, vesting with respect to each Tranche is subject to the satisfaction of both the Performance Criteria and the Service Condition (each as defined below) applicable to the Tranche. Subject to the provisions set forth below, each Tranche may vest on the scheduled vesting date set forth in Section 1(a) (together with any other date on which any portion of this Award may vest pursuant to this Section 2, a “Vesting Date”), with the exact percentage of each Tranche that vests to be determined by the degree to which the Company’s performance results meet the applicable performance criteria set forth on Exhibit A through Exhibit D hereto (the “Performance Criteria”). Following the completion of the performance period on December 31, 2021 (for the First Tranche), December 31, 2022 (for the Second Tranche), and December 31, 2023 (for the Third Tranche and Fourth

Tranche) (as applicable, the “Measurement Date”), the Administrator shall determine the Company’s performance results relative to the applicable Performance Criteria. If the Company’s performance results are less than 100% on the scale set forth in the applicable Performance Criteria, any portion of the applicable Tranche that is not earned shall be forfeited and be deemed no longer to be part of this Agreement effective as of the Measurement Date. If the Company’s performance results exceed 100% on the scale set forth in the applicable Performance Criteria, any additional portion of the applicable Tranche earned in excess of the applicable portion of the Target Award (the “Additional Award Amount”) shall become part of such Tranche effective as of the applicable Measurement Date. Except as otherwise specifically set forth herein, vesting of any portion of this Award on any Vesting Date is subject to the continued employment of the Participant by the Company or one of its Subsidiaries or Affiliates (or a successor to any of them) from the Date of Grant to such Vesting Date (the “Service Condition”).

(b) Change in Control.

(i) Upon the occurrence of a Change in Control, if the portion of the Award that is outstanding effective immediately prior to such Change in Control is not assumed, continued or substituted on the same terms and conditions that were applicable to the Award outstanding effective immediately prior to the Change in Control, then the entire amount of the outstanding Award (including any unpaid Additional Award Amount that has been determined for a Tranche having a Measurement Date prior to the Change in Control) that has not yet been forfeited shall vest and be settled upon the consummation of the Change in Control.

(ii) Upon the consummation of a Change in Control in which the portion of the Award that is outstanding effective immediately prior to such Change in Control is assumed, continued or substituted on the same terms and conditions that were applicable to the Award outstanding effective immediately prior to the Change in Control, such portion of the Award shall continue to vest subject to the Service Condition, and the Performance Criteria with respect to a particular Tranche shall no longer apply if the Change in Control occurs prior to the Measurement Date applicable to such Tranche (and for the avoidance of doubt, no Additional Award Amounts shall be paid or payable under this Agreement with respect to a particular Tranche in the event that a Change in Control occurs prior to the Measurement Date for such Tranche).

(iii) Notwithstanding anything in this Section 2(b) to the contrary, in the event that the Participant’s employment with the Company and its Subsidiaries and Affiliates (or a successor to any of them) is terminated within twelve months following a Change in Control by the Company (or such other entity) without Cause or by the Participant for Good Reason (as defined in the Company’s Amended and Restated Tier I Severance Pay Policy or the Company’s Amended and Restated Tier II Severance Pay Policy, whichever is applicable to Participant), then the portion of the Award that is outstanding effective on the date of such termination shall vest effective upon such termination and be paid within 30 days following such termination.

(c) Termination of Employment. Except as otherwise provided in this Section 2(c) and Section 2(b)(iii), upon termination of the Participant's employment with the Company and its Subsidiaries and Affiliates for any reason, any unvested portion of the Award that is outstanding on the date of such termination shall automatically and without notice terminate and be forfeited and neither the Participant nor any of the Participant's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such portion of the Award. In the event that the Participant's employment with the Company and its Subsidiaries and Affiliates is terminated by the Company without Cause or on account of the Participant's death or Disability, the following percentages of the applicable Tranches that are outstanding effective on the date of such termination of employment shall remain outstanding following such termination and shall be eligible to vest (including any Additional Award Amounts that are so determined) subject to the achievement of the Performance Criteria as if the Service Condition shall have been met as of the applicable Vesting Date:

(i) 100% of the First Tranche and 25% of the Fourth Tranche for such termination that occurs on or prior to February 27, 2022 (with 100% of the Second Tranche and Third Tranche, and 75% of the Fourth Tranche, to be forfeited at termination);

(ii) 100% of the First Tranche and Second Tranche, and 50% of the Fourth Tranche, for such termination that occurs after February 27, 2022 and on or prior to February 27, 2023 (with 100% of the Third Tranche and 50% of the Fourth Tranche to be forfeited at termination);

(iii) 100% of the First Tranche, Second Tranche, and Third Tranche, and 75% of the Fourth Tranche, for such termination that occurs after February 27, 2023 and on or prior to February 27, 2024 (with 25% of the Fourth Tranche to be forfeited at termination); and

(iv) 100% of the Fourth Tranche for such termination that occurs after February 27, 2024.

Notwithstanding the foregoing, (A) in the event of a Change in Control following a termination event described in this Section 2(c), the amount of Award outstanding effective on the date of such Change in Control shall vest and be settled upon the consummation of the Change in Control; and (B) in the event Participant's employment is terminated on account of Disability and Participant did not actively provide services on at least one day in the one-year period immediately preceding the date set forth in clause (i) or the later date set forth in the applicable clause (ii), (iii), or (iv), then the treatment of the outstanding Tranches shall be as set forth in the earlier clause for which Participant actively provided services at least one day in the one-year period immediately preceding such date or later date, as applicable, set forth in such clause (and in the event that Participant did not actively provide services on at least one day in the one-year period immediately preceding the date set forth in clause (i), then 100% of the Tranches shall be forfeited at termination).

3. Settlement of Award. As soon as practicable following each Vesting Date (but in no event later than 30 days following the Vesting Date or such earlier time specified in Section

2(b) or Section 2(c)), the Company shall pay to the Participant an amount of cash equal to the portion of the Award that has vested pursuant to this Agreement on such date, subject to Section 7.

4. No Rights as a Stockholder. The Participant shall have no rights as a stockholder of the Company with respect to any portion of this Award.

5. Certain Changes. The Administrator may accelerate the vesting dates or otherwise adjust any of the terms of this Award; provided that, subject to Section 9(f) of the Addendum to this Agreement and Section 19 of this Agreement, no action under this Section shall adversely affect the Participant's rights hereunder.

6. Notices. All notices and other communications under this Agreement shall be in writing and shall be given by facsimile or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three days after mailing or 24 hours after transmission by facsimile to the respective parties, as follows: (i) if to the Company, at Brookdale Senior Living Inc., 111 Westwood Place, Suite 400, Brentwood, TN 37027, Facsimile: (615) 564-8204, Attn: General Counsel and (ii) if to the Participant, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any notice or other communications related to the Award, this Agreement or current or future participation in the Plan by electronic means. The Participant hereby consents to receive such notices and other communications by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company (including the Company's stock plan service provider's website).

7. Taxes and Withholding. The Participant has reviewed with the Participant's own tax advisors the U.S. federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant acknowledges and agrees that the Participant is responsible for the tax consequences associated with the grant and vesting of this Award. The Company shall withhold from the payment of any portion of the Award hereunder such amounts not exceeding the applicable taxes to be withheld and applied to the tax and withholding obligations of the Participant and the Company as determined by the Company. In making its determination, the Company may calculate such amount by taking into account applicable withholding rates not exceeding the maximum individual statutory tax rates in the Participant's applicable jurisdictions.

8. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

9. Restrictive Covenants. The provisions of Section 9 of the Addendum to this Agreement are incorporated herein.
10. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware without regard to its principles of conflict of laws.
11. Incorporation of Plan. The Plan is hereby incorporated by reference and made a part hereof, and the Award and this Agreement shall be subject to all terms and conditions of the Plan.
12. Amendments; Construction. The Administrator may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Participant hereunder without the Participant's consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation hereof.
13. Survival of Terms. This Agreement shall apply to and bind the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. The terms of Section 9 of the Addendum to this Agreement and Section 19 of this Agreement shall expressly survive the vesting and/or forfeiture of this Award and any expiration or termination of this Agreement.
14. Agreement Not a Contract for Services. Neither the Plan, the granting of this Award, this Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Participant has a right to continue to provide services as an officer, director, employee, consultant or advisor of the Company or any Subsidiary or Affiliate for any period of time or at any specific rate of compensation.
15. Restrictions. No portion of this Award may be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Participant. Unless the Administrator determines otherwise, upon any attempt to transfer this Award or any rights in respect of this Award before the lapse of such restrictions, this Award, and all of the rights related thereto, shall be immediately forfeited by the Participant without consideration of any kind.
16. Authority of the Administrator. The Administrator shall have full authority to interpret and construe the terms of the Plan and this Agreement (including, without limitation, the authority to determine whether, and the extent to which, any Performance Criteria have been achieved). Pursuant to the terms of the Plan, the Administrator shall also have full authority to make equitable adjustments to the Performance Criteria in recognition of unusual or non-recurring events affecting the Company or any Subsidiary or Affiliate or the financial statements of the Company or any Subsidiary or Affiliate, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business

or related to a change in accounting principles. The determination of the Administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

17. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provision or provisions in any other jurisdiction.

18. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement, and accepts the Award subject to all the terms and conditions of the Plan and this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Agreement. By the Participant's electronically accepting this Award using an online or electronic system established and maintained by the Company or a third party designated by the Company (including the Company's stock plan service provider's website), the Participant agrees to be bound by the terms and conditions of the Plan and this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Participant's electronic acceptance of this Award shall have the same validity and effect as a signature affixed to this Agreement by the Participant's hand.

19. Clawback. Notwithstanding anything herein to the contrary, this Award (and any cash paid to the Participant upon settlement thereof) shall be subject to forfeiture, reduction, and/or recoupment (i) to the extent provided in the Company's Clawback and Forfeiture Policy, as it may be amended from time to time (the "Clawback Policy"); (ii) to the extent that Participant becomes subject to any other recoupment or clawback policy hereafter adopted by the Company, including any such policy adopted by the Company to comply with the requirements of any applicable laws, rules, regulations, or stock exchange listing requirements, including pursuant to final SEC rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (iii) to the extent provided under applicable legal requirements which impose recoupment, under circumstances set forth in such applicable legal requirements, including the Sarbanes-Oxley Act of 2002.

20. Section 409A. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of this Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

Notwithstanding anything to the contrary in this Agreement or an accompanying election form executed by the Participant, if (i) on the date of the Participant's Separation from Service with the Company the Participant is a "specified employee" (as such term is defined under Section 1.409A-1(i) of the Treasury Regulations promulgated under Section 409A of the Code) of the Company and (ii) any payments to be provided to the Participant pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code, or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six months after the date of the Participant's separation from service from the Company, or if earlier, his or her death. Any payments delayed pursuant to this paragraph shall be made in a lump sum on the first day of the seventh month following the Participant's separation from service, or if earlier, the Participant's death. Each payment upon settlement of this Award constitutes a "separate payment" for purposes of Section 409A of the Code. Notwithstanding any other provision of this Agreement, if and to the extent that any payment under this Agreement constitutes non-qualified deferred compensation under Section 409A of the Code, and is payable upon (i) the Participant's termination of employment, then such payment shall be made or provided to the Participant only upon a "separation from service" as defined for purposes of Section 409A of the Code, or (ii) a Change in Control, then such payment shall be made or provided to the Participant only upon a "change in the ownership", a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the applicable corporation as defined for purposes of Section 409A of the Code.

[Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

BROOKDALE SENIOR LIVING INC.

By: __
Name:
Title:

PARTICIPANT

EXHIBIT A

[Strategic Goal]*

	% of Target First Tranche to Vest
[]% (Maximum)	150%
[]% (Target)	100%
[]%	75%
[]%	50%
[]% (Threshold)	25%

*Subject in all cases to the terms of the Plan and the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Plan and the Agreement.

EXHIBIT B

2022 RevPAR Growth

Vesting of the Second Tranche (plus any Additional Award Amount that becomes payable pursuant to Section 2(a) of the Agreement) will be dependent upon the Company's one-year growth of Same Community RevPAR for fiscal 2022 compared to a base year of fiscal 2021 as set forth in the grid below, with vesting to be interpolated on a straight-line basis between the applicable levels based on actual results. Same Community RevPAR means the Same Community RevPAR as reported by the Company in its Annual Report on Form 10-K, earnings release and/or supplemental information for the year ended December 31, 2022.

Growth Rate	% of Target Second Tranche to Vest
[]% (Maximum)	150%
[]% (Target)	100%
[]% (Threshold)	50%

*Subject in all cases to the terms of the Plan and the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Plan and the Agreement.

EXHIBIT C

2023 RevPAR Growth

Vesting of the Third Tranche (plus any Additional Award Amount that becomes payable pursuant to Section 2(a) of the Agreement) will be dependent upon the Company's one-year growth of Same Community RevPAR for fiscal 2023 compared to a base year of fiscal 2022 as set forth in the grid below, with vesting to be interpolated on a straight-line basis between the applicable levels based on actual results. Same Community RevPAR means the Same Community RevPAR as reported by the Company in its Annual Report on Form 10-K, earnings release and/or supplemental information for the year ended December 31, 2023.

Growth Rate	% of Target Third Tranche to Vest
[]% (Maximum)	150%
[]% (Target)	100%
[]% (Threshold)	50%

*Subject in all cases to the terms of the Plan and the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Plan and the Agreement.

EXHIBIT D

Relative TSR*

Vesting of the Fourth Tranche (plus any Additional Award Amount that becomes payable pursuant to Section 2(a) of the Agreement) will be dependent upon the Company's TSR ranking relative to the TSRs of the companies in the Comparator Group during the Performance Period as set forth in the grid below, with vesting to be interpolated on a straight-line basis between the applicable levels based on actual results; provided, however, that in no event shall any Additional Award Amount (above 100%) vest and be paid with respect to the Fourth Tranche if the Company's TSR is negative for the Performance Period.

Relative TSR Performance	% of Target Fourth Tranche to Vest
[]th Percentile (Maximum)	150%
[]th Percentile (Target)	100%
[]th Percentile (Threshold)	50%

For purposes of the foregoing:

- Performance Period shall mean January 1, 2021 through December 31, 2023
- Comparator Group shall mean the constituent companies of the S&P Midcap 400 as of the beginning of the Performance Period, except that any such companies that have been acquired or delisted from a national securities exchange during the Performance Period will be excluded.
- TSR shall mean the compound annual total stockholder return calculated using a beginning price equal to the average closing price over the 20-trading days preceding the beginning of the Performance Period, using an ending price equal to the average closing price over the 20-trading days immediately prior to the end of the Performance Period, and assuming the reinvestment of any dividends or distributions as of the ex-dividend date.

*Subject in all cases to the terms of the Plan and the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Plan and the Agreement.

**ADDENDUM TO
PERFORMANCE-BASED CASH AWARD AGREEMENT
UNDER THE BROOKDALE SENIOR LIVING INC.
2014 OMNIBUS INCENTIVE PLAN.**

Section 9:

9. Restrictive Covenants. The Participant understands the Company has developed, and is continuing to develop, substantial relationships with actual and prospective officers, directors, employees, consultants, agents, customers, residents, patients, referral sources, clients, vendors, suppliers, investors, and equity and financing sources, associate and customer goodwill, and confidential and proprietary business information and trade secrets, which the Company and its Subsidiaries and Affiliates have the right to protect in order to safeguard their legitimate business interests. Any misappropriation of such relationships or goodwill, or any improper disclosure or use of the Company's and its Subsidiaries' and Affiliates' confidential and proprietary business information and trade secrets would be highly detrimental to their business interests in that serious and substantial loss of business and pecuniary damages would result therefrom. The Participant acknowledges that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, the Participant shall have access to the Company's Confidential Information (as defined below) and will meet and develop such relationships and goodwill. Nothing contained in this Section 9 shall limit any common law or statutory obligation that the Participant may have to the Company or any Subsidiary or Affiliate. For purposes of this Section 9, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company, including any entity which becomes the Participant's employer as a result of any reorganization or restructuring of the Company for any reason. The Company shall be entitled, in connection with its tax planning or other reasons, to terminate the Participant's employment (which termination shall not be considered a termination for any purposes of this Agreement, any employment agreement or otherwise) in connection with an invitation from another affiliate of the Company to accept employment with such affiliate in which case the terms and conditions hereof shall apply to the Participant's employment relationship with such entity mutatis mutandis.

(a) Noncompetition. The Participant agrees that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate and for the one (1) year period immediately following the termination of such employment for any reason or for no reason, the Participant shall not directly or indirectly, either as a principal, agent, employee, employer, consultant, partner, shareholder of a closely held corporation or shareholder in excess of five percent of a publicly traded corporation, corporate officer or director, or in any other individual or representative capacity, engage or otherwise participate in any manner or fashion in any business that is a Competing Business (as defined herein). Notwithstanding the foregoing, (i) if the Participant's employment is terminated by the Participant after Participant experiences an aggregate reduction to the Participant's annual target cash compensation by 20% or more, the covenant in this Section 9(a) shall not apply; and (ii) the covenant in this Section 9(a) shall not be interpreted to restrict the Participant's right to practice law in violation of any rules of professional conduct applicable to the Participant.

For purposes of this Section 9(a), “Competing Business” means a business (which shall include any sole proprietorship, partnership, limited partnership, limited liability partnership, limited liability company, corporation or other for-profit or not-for-profit business organization) (A) engaged in the business of owning, operating or managing senior living facilities within the United States, or (B) that, itself or with its affiliates, provides healthcare or other services to patients or customers through home health care agencies, hospice agencies, outpatient therapy clinics and/or community based/private duty agencies within any state that the Company or its subsidiaries or affiliates provides now, or provides during the Participant’s employment, such healthcare or other services to patients or customers, and that derives, together with its controlled affiliates or together with its affiliates, more than 10% of its and its controlled affiliates or 10% of its and its affiliates, respectively, revenue from the provision of healthcare or other services to patients or customers through home health care agencies, hospice agencies, outpatient therapy clinics and/or community based/private duty agencies.

(b) Solicitation of Employees, Clients, Referral Sources, Vendors, Etc. The Participant agrees that during the period of the Participant’s employment with the Company or any Subsidiary or Affiliate, and for the two (2) year period immediately following the date of termination of such employment for any reason, the Participant shall not, directly or indirectly, jointly or individually, on Participant’s own behalf or on behalf of or in assistance to any individual, person or entity, for any purpose or in any place:

(i) solicit for employment or service, hire, employ or retain the services of any Covered Employee (as defined below) or induce or encourage any Covered Employee to terminate or sever his, her or its employment or other relationship with the Company or any Subsidiary or Affiliate or any of their successors or assigns; or

(ii) solicit business from any Covered Person (as defined below) or induce or encourage any Covered Person to terminate, change or reduce his, her or its relationship with the Company or any Subsidiary or Affiliate or any of their successors or assigns.

Notwithstanding the foregoing, a general advertisement or solicitation for employment that is not targeted and that does not have the effect of being targeted to any current or former Covered Employee or Covered Person shall not, by itself, be deemed to be a violation of the restrictions on solicitation contained in this Section 9(b). For purposes of this Section 9(b), “Covered Employee” shall mean any officer, director, employee, consultant or agent who is employed or engaged by the Company or any Subsidiary or Affiliate or any of their successors or assigns or was so employed or engaged at any time during the twelve (12) months prior to the Participant’s termination of employment, and “Covered Person” shall mean any customers, residents, patients, referral sources, clients, vendors, suppliers, investors, equity or financing sources, or consultants of the Company or any Subsidiary or Affiliate or any of their successors or assigns.

(c) Disparaging Comments. The Participant agrees that during the period of the Participant’s employment with the Company or any Subsidiary or Affiliate, and any time thereafter, the Participant shall not make any disparaging or defamatory comments regarding the

Company or any Subsidiary or Affiliate or any of their successors or assigns, or any time after termination of such employment, make any comments concerning any aspect of the termination of their relationship. The obligations of the Participant under this Section 9(c) shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency.

(d) Confidentiality. All books of account, records, systems, correspondence, documents, memoranda, manuals, email, electronic or magnetic recordings or data and any and all other data, in whatever form and any copies thereof, concerning or containing any reference to the works and business of the Company or any Subsidiary or Affiliate shall belong to the Company and shall be given up to the Company whenever the Company requires the Participant to do so. The Participant agrees that the Participant shall not at any time during the term of the Participant's employment with the Company or any Subsidiary or Affiliate, or at any time thereafter, without the Company's prior written consent, disclose to any individual, person or entity any information or any trade secrets, plans or other information or data, in whatever form (including, without limitation, (a) any financing strategies and practices, pricing information and methods, training and operational procedures, advertising, marketing, and sales information or methodologies or financial information and (b) any Proprietary Information (as defined below)), concerning the Company's or any Subsidiary's or Affiliate's or any of their customers', referral sources' or clients' practices, businesses, procedures, systems, plans or policies (collectively, "Confidential Information"), nor shall the Participant utilize any such Confidential Information in any way or communicate with or contact any such customer, referral source or client other than in connection with the Participant's employment by the Company or any Subsidiary or Affiliate. The Participant hereby confirms that all Confidential Information constitutes the Company's exclusive property, and that all of the restrictions on the Participant's activities contained in this Agreement and such other nondisclosure policies of the Company are required for the Company's reasonable protection. Confidential Information shall not include any information that has otherwise been disclosed to the public not in violation of this Agreement. This confidentiality provision shall survive the termination of this Agreement and shall not be limited by any other confidentiality agreements entered into with the Company or any Subsidiary or Affiliate. Notwithstanding the foregoing, nothing in this Agreement (or any other Company policy or contract to which the Participant is or was subject) shall be construed to prohibit the Participant from communicating with any federal, state or local governmental agency or commission with oversight of the Company, as provided for, protected under or warranted by applicable law.

With respect to any Confidential Information that constitutes a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force for so long as the particular information remains a trade secret or for the two (2) year period immediately following termination of the Participant's employment for any reason, whichever is longer. With respect to any Confidential Information that does not constitute a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force during Participant's employment and for the two (2) year period immediately following termination of such employment for any reason.

The Participant agrees that the Participant shall promptly disclose to the Company in writing all information and inventions generated, conceived or first reduced to practice by the Participant

alone or in conjunction with others, during or after working hours, while in the employ of the Company or any Subsidiary or Affiliate (all of which is collectively referred to in this Agreement as "Proprietary Information"); provided, however, that such Proprietary Information shall not include (a) any information that has otherwise been disclosed to the public not in violation of this Agreement and (b) general business knowledge and work skills of the Participant, even if developed or improved by the Participant while in the employ of the Company or any Subsidiary of Affiliate. All such Proprietary Information shall be the exclusive property of the Company and is hereby assigned by the Participant to the Company. The Participant's obligation relative to the disclosure to the Company of such Proprietary Information anticipated in this Section 9(d) shall continue beyond the Participant's termination of employment and the Participant shall, at the Company's expense, give the Company all assistance it reasonably requires to perfect, protect and use its right to the Proprietary Information.

(e) Enforcement.

(i) The Participant acknowledges that compliance with all provisions, covenants and agreements set forth in this Agreement, and the duration, terms and geographical area thereof, are reasonable and necessary to protect the legitimate business interests of the Company and its Subsidiaries and Affiliates.

(ii) The Participant acknowledges that a breach of the Participant's obligations under this Section 9 will result in irreparable and continuing damage to the Company and/or its Subsidiaries and Affiliates for which there is no adequate remedy at law.

(iii) The Participant acknowledges that the Participant's education, experience and/or abilities are such that the enforcement of the restrictive covenants in this Agreement will not prevent the Participant from earning a living and will not cause any undue hardship upon the Participant.

(iv) In the event of the violation by the Participant of any of the covenants contained in Section 9, the terms of each such covenant so violated shall be automatically extended from the date on which the Participant permanently ceases such violation for a period equal to the period in which the Participant was in breach of the covenant or for a period of twelve (12) months from the date of the entry by a court of competent jurisdiction of an order or judgment enforcing such covenant(s), whichever period is later.

(v) The Participant agrees that, in the event of any breach of the restrictive covenants contained in this Agreement, the Company and/or its Subsidiaries and Affiliates shall be entitled to obtain, from any court of competent jurisdiction, preliminary and permanent injunctive relief to restrain the violation of the terms hereof by the Participant, and all persons acting for or on the Participant's behalf.

(vi) Each of the restrictive covenants contained in this Agreement is independent of any other contractual obligations of this Agreement or otherwise owed by the Participant to the Company and/or its Subsidiaries and Affiliates. The existence of any claim or

cause of action by the Participant against the Company and/or its Subsidiaries or Affiliates, whether based on this Agreement or otherwise, shall not create a defense to the enforcement by the Company and/or its Subsidiaries and Affiliates of any restrictive covenant contained in this Agreement.

(f) Remedies.

(i) It is intended that, in view of the nature of the Company's and its Subsidiaries' and Affiliates' business, the restrictions contained in this Agreement are considered reasonable and necessary to protect the Company's and its Subsidiaries' and Affiliates' legitimate business interests and that any violation of these restrictions would result in irreparable injury to the Company and/or its Subsidiaries and Affiliates. In the event of a breach (a "Covenant Breach") or threatened breach by the Participant of any provision contained herein, the Company and its Subsidiaries and Affiliates shall be entitled to a temporary restraining order and injunctive relief without the posting of a bond. Nothing contained herein shall be construed as prohibiting the Company or its Subsidiaries or Affiliates from pursuing any other legal or equitable remedies available to it or them for any breach or threatened breach of these provisions, including, without limitation, recoupment and other remedies specified in the Agreement. In the event of a dispute regarding, arising out of, or in connection with the breach, enforcement or interpretation of this Agreement, including, without limitation, any action seeking injunctive relief, and provided that the Company is the prevailing party, the Company shall recover from the Participant all reasonable attorneys' fees and costs incurred by the Company in connection therewith.

(ii) In the event of a Covenant Breach, the Company shall have the authority to (i) cancel the entire portion of any outstanding Award, whether vested or unvested; and (ii) recoup from the Participant any proceeds delivered pursuant to the Award. Participant acknowledges and agrees that the Company has no obligation of any kind to the Participant with respect to the cancellation or recoupment of amounts paid or payable pursuant to the Award, including, but not limited to, reimbursement for any taxes previously paid by the Participant with respect to amounts previously paid on account of the Award. This remedy shall be in addition to all other remedies, including those set forth in this Agreement and any other agreements between the parties.

**PERFORMANCE-BASED CASH AWARD AGREEMENT
BROOKDALE SENIOR LIVING INC.**

This Performance-Based Cash Award Agreement (this “Agreement”), dated as of February 22, 2021 (the “Date of Grant”), is made by and between Brookdale Senior Living Inc., a Delaware corporation (the “Company”), and Lucinda M. Baier (the “Participant”). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Awards.

(a) The Company hereby grants to the Participant a cash-based Performance Award (the “Award”) representing the right to receive a target cash payment of \$2,765,000 (the “Target Award”). The Award is comprised of four tranches (each a “Tranche”), each of which shall be subject to the applicable performance criteria set forth below and the terms and conditions of this Agreement.

	% of Target Award	Performance Criteria	Scheduled Vesting Date
First Tranche	25%	Exhibit A	February 27, 2024
Second Tranche	25%	Exhibit B	February 27, 2024
Third Tranche	25%	Exhibit C	February 27, 2024
Fourth Tranche	25%	Exhibit D	February 27, 2025

(b) Cash payments in addition to 100% of the target amount for each Tranche may become available to the Participant as set forth in Section 2(a). If and when any such additional amounts become available, they shall be part of the applicable Tranche and subject to all of the terms and conditions of this Agreement.

2. Vesting.

(a) General. Except as otherwise provided herein, vesting with respect to each Tranche is subject to the satisfaction of both the Performance Criteria and the Service Condition (each as defined below) applicable to the Tranche. Subject to the provisions set forth below, each Tranche may vest on the scheduled vesting date set forth in Section 1(a) (together with any other date on which any portion of this Award may vest pursuant to this Section 2, a “Vesting Date”), with the exact percentage of each Tranche that vests to be determined by the degree to which the Company’s performance results meet the applicable performance criteria set forth on Exhibit A through Exhibit D hereto (the “Performance Criteria”). Following the completion of the performance period on December 31, 2021 (for the First Tranche), December 31, 2022 (for the Second Tranche), and December 31, 2023 (for the Third Tranche and Fourth Tranche) (as applicable, the “Measurement Date”), the Administrator shall determine the Company’s performance results relative to the applicable Performance Criteria. If the Company’s performance results are less than 100% on the scale set forth in the applicable Performance Criteria, any portion of the applicable Tranche that is not earned shall be forfeited.

and be deemed no longer to be part of this Agreement effective as of the Measurement Date. If the Company's performance results exceed 100% on the scale set forth in the applicable Performance Criteria, any additional portion of the applicable Tranche earned in excess of the applicable portion of the Target Award (the "Additional Award Amount") shall become part of such Tranche effective as of the applicable Measurement Date. Except as otherwise specifically set forth herein, vesting of any portion of this Award on any Vesting Date is subject to the continued employment of the Participant by the Company or one of its Subsidiaries or Affiliates (or a successor to any of them) from the Date of Grant to such Vesting Date (the "Service Condition").

(b) Change in Control.

(i) Upon the occurrence of a Change in Control, if the portion of the Award that is outstanding effective immediately prior to such Change in Control is not assumed, continued or substituted on the same terms and conditions that were applicable to the Award outstanding effective immediately prior to the Change in Control, then the entire amount of the outstanding Award (including any unpaid Additional Award Amount that has been determined for a Tranche having a Measurement Date prior to the Change in Control) that has not yet been forfeited shall vest and be settled upon the consummation of the Change in Control.

(ii) Upon the consummation of a Change in Control in which the portion of the Award that is outstanding effective immediately prior to such Change in Control is assumed, continued or substituted on the same terms and conditions that were applicable to the Award outstanding effective immediately prior to the Change in Control, such portion of the Award shall continue to vest subject to the Service Condition, and the Performance Criteria with respect to a particular Tranche shall no longer apply if the Change in Control occurs prior to the Measurement Date applicable to such Tranche (and for the avoidance of doubt, no Additional Award Amounts shall be paid or payable under this Agreement with respect to a particular Tranche in the event that a Change in Control occurs prior to the Measurement Date for such Tranche).

(iii) Notwithstanding anything in this Section 2(b) to the contrary, in the event that the Participant's employment with the Company and its Subsidiaries and Affiliates (or a successor to any of them) is terminated within twelve months following a Change in Control by the Company (or such other entity) without Cause or by the Participant for Good Reason (as defined in the Employment Agreement by and between the Company and the Participant dated as of March 1, 2018), then the portion of the Award that is outstanding effective on the date of such termination shall vest effective upon such termination and be paid within 30 days following such termination.

(c) Termination of Employment. Except as otherwise provided in this Section 2(c) and Section 2(b)(iii), upon termination of the Participant's employment with the Company and its Subsidiaries and Affiliates for any reason, any unvested portion of the Award that is outstanding on the date of such termination shall automatically and without notice terminate and be forfeited and neither the Participant nor any of the Participant's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such portion of the

Award. In the event that the Participant's employment with the Company and its Subsidiaries and Affiliates is terminated by the Company without Cause, by the Participant for Good Reason, or on account of the Participant's death or Disability, the following percentages of the applicable Tranches that are outstanding effective on the date of such termination of employment shall remain outstanding following such termination and shall be eligible to vest (including any Additional Award Amounts that are so determined) subject to the achievement of the Performance Criteria as if the Service Condition shall have been met as of the applicable Vesting Date:

(i) 100% of the First Tranche and 25% of the Fourth Tranche for such termination that occurs on or prior to February 27, 2022 (with 100% of the Second Tranche and Third Tranche, and 75% of the Fourth Tranche, to be forfeited at termination);

(ii) 100% of the First Tranche and Second Tranche, and 50% of the Fourth Tranche, for such termination that occurs after February 27, 2022 and on or prior to February 27, 2023 (with 100% of the Third Tranche and 50% of the Fourth Tranche to be forfeited at termination);

(iii) 100% of the First Tranche, Second Tranche, and Third Tranche, and 75% of the Fourth Tranche, for such termination that occurs after February 27, 2023 and on or prior to February 27, 2024 (with 25% of the Fourth Tranche to be forfeited at termination); and

(iv) 100% of the Fourth Tranche for such termination that occurs after February 27, 2024.

Notwithstanding the foregoing, (A) in the event of a Change in Control following a termination event described in this Section 2(c), the amount of Award outstanding effective on the date of such Change in Control shall vest and be settled upon the consummation of the Change in Control, and (B) in the event Participant's employment is terminated on account of Disability and Participant did not actively provide services on at least one day in the one-year period immediately preceding the date set forth in clause (i) or the later date set forth in the applicable clause (ii), (iii), or (iv), then the treatment of the outstanding Tranches shall be as set forth in the earlier clause for which Participant actively provided services at least one day in the one-year period immediately preceding such date or later date, as applicable, set forth in such clause (and in the event that Participant did not actively provide services on at least one day in the one-year period immediately preceding the date set forth in clause (i), then 100% of the Tranches shall be forfeited at termination).

3. Settlement of Award. As soon as practicable following each Vesting Date (but in no event later than 30 days following the Vesting Date or such earlier time specified in Section 2(b) or Section 2(c)), the Company shall pay to the Participant an amount of cash equal to the

portion of the Award that has vested pursuant to this Agreement on such date, subject to Section 7.

4. No Rights as a Stockholder. The Participant shall have no rights as a stockholder of the Company with respect to any portion of this Award.

5. Certain Changes. The Administrator may accelerate the vesting dates or otherwise adjust any of the terms of this Award; provided that, subject to Section 9(f) and Section 18 of this Agreement, no action under this Section shall adversely affect the Participant's rights hereunder.

6. Notices. All notices and other communications under this Agreement shall be in writing and shall be given by facsimile or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three days after mailing or 24 hours after transmission by facsimile to the respective parties, as follows: (i) if to the Company, at Brookdale Senior Living Inc., 111 Westwood Place, Suite 400, Brentwood, TN 37027, Facsimile: (615) 564-8204, Attn: General Counsel and (ii) if to the Participant, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any notice or other communications related to the Award or this Agreement by electronic means. The Participant hereby consents to receive such notices and other communications by electronic delivery.

7. Taxes and Withholding. The Participant has reviewed with the Participant's own tax advisors the U.S. federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant acknowledges and agrees that the Participant is responsible for the tax consequences associated with the grant and vesting of this Award. The Company shall withhold from the payment of any portion of the Award hereunder such amounts not exceeding the applicable taxes to be withheld and applied to the tax and withholding obligations of the Participant and the Company as determined by the Company. In making its determination, the Company may calculate such amount by taking into account applicable withholding rates not exceeding the maximum individual statutory tax rates in the Participant's applicable jurisdictions.

8. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

9. Restrictive Covenants. The Participant understands the Company has developed, and is continuing to develop, substantial relationships with actual and prospective officers, directors, employees, consultants, agents, customers, residents, patients, referral sources, clients, vendors, suppliers, investors, and equity and financing sources, associate and customer goodwill, and confidential and proprietary business information and trade secrets, which the Company and its Subsidiaries and Affiliates have the right to protect in order to safeguard their legitimate business interests. Any misappropriation of such relationships or goodwill, or any improper

disclosure or use of the Company's and its Subsidiaries' and Affiliates' confidential and proprietary business information and trade secrets would be highly detrimental to their business interests in that serious and substantial loss of business and pecuniary damages would result therefrom. The Participant acknowledges that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, the Participant shall have access to the Company's Confidential Information (as defined below) and will meet and develop such relationships and goodwill. Nothing contained in this Section 9 shall limit any common law or statutory obligation that the Participant may have to the Company or any Subsidiary or Affiliate. For purposes of this Section 9, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company, including any entity which becomes the Participant's employer as a result of any reorganization or restructuring of the Company for any reason. The Company shall be entitled, in connection with its tax planning or other reasons, to terminate the Participant's employment (which termination shall not be considered a termination for any purposes of this Agreement, any employment agreement or otherwise) in connection with an invitation from another affiliate of the Company to accept employment with such affiliate in which case the terms and conditions hereof shall apply to the Participant's employment relationship with such entity mutatis mutandis.

(a) Noncompetition. The Participant agrees that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate and for the one (1) year period immediately following the termination of such employment for any reason or for no reason, the Participant shall not directly or indirectly, either as a principal, agent, employee, employer, consultant, partner, shareholder of a closely held corporation or shareholder in excess of five percent of a publicly traded corporation, corporate officer or director, or in any other individual or representative capacity, engage or otherwise participate in any manner or fashion in any business that is a Competing Business (as defined herein).

For purposes of this Section 9(a), "Competing Business" means a business (which shall include any sole proprietorship, partnership, limited partnership, limited liability partnership, limited liability company, corporation or other for-profit or not-for-profit business organization) (A) engaged in the business of owning, operating or managing senior living facilities within the United States, or (B) that, itself or with its affiliates, provides healthcare or other services to patients or customers through home health care agencies, hospice agencies, outpatient therapy clinics and/or community based/private duty agencies within any state that the Company or its subsidiaries or affiliates provides now, or provides during the Participant's employment, such healthcare or other services to patients or customers, and that derives, together with its controlled affiliates or together with its affiliates, more than 10% of its and its controlled affiliates or 10% of its and its affiliates, respectively, revenue from the provision of healthcare or other services to patients or customers through home health care agencies, hospice agencies, outpatient therapy clinics and/or community based/private duty agencies.

(b) Solicitation of Employees, Clients, Referral Sources, Vendors, Etc. The Participant agrees that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, and for the two (2) year period immediately following the date of termination of such employment for any reason, the Participant shall not, directly or indirectly,

jointly or individually, on Participant's own behalf or on behalf of or in assistance to any individual, person or entity, for any purpose or in any place:

(i) solicit for employment or service, hire, employ or retain the services of any Covered Employee (as defined below) or induce or encourage any Covered Employee to terminate or sever his, her or its employment or other relationship with the Company or any Subsidiary or Affiliate or any of their successors or assigns; or

(ii) solicit business from any Covered Person (as defined below) or induce or encourage any Covered Person to terminate, change or reduce his, her or its relationship with the Company or any Subsidiary or Affiliate or any of their successors or assigns.

Notwithstanding the foregoing, a general advertisement or solicitation for employment that is not targeted and that does not have the effect of being targeted to any current or former Covered Employee or Covered Person shall not, by itself, be deemed to be a violation of the restrictions on solicitation contained in this Section 9(b). For purposes of this Section 9(b), "Covered Employee" shall mean any officer, director, employee, consultant or agent who is employed or engaged by the Company or any Subsidiary or Affiliate or any of their successors or assigns or was so employed or engaged at any time during the twelve (12) months prior to the Participant's termination of employment, and "Covered Person" shall mean any customers, residents, patients, referral sources, clients, vendors, suppliers, investors, equity or financing sources, or consultants of the Company or any Subsidiary or Affiliate or any of their successors or assigns.

(c) Disparaging Comments. The Company and the Participant agree that during the period of the Participant's employment with the Company or any Subsidiary or Affiliate, and any time thereafter, the Participant shall not make any disparaging or defamatory comments regarding the Company or any Subsidiary or Affiliate or any of their successors or assigns, and the Company and its Affiliates shall not make or issue any public statements which are disparaging or defamatory regarding the Participant, and after termination of such employment neither party shall make any comments concerning any aspect of the termination of their relationship. The obligations of the Company and the Participant under this Section 9(c) shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency.

(d) Confidentiality. All books of account, records, systems, correspondence, documents, memoranda, manuals, email, electronic or magnetic recordings or data and any and all other data, in whatever form and any copies thereof, concerning or containing any reference to the works and business of the Company or any Subsidiary or Affiliate shall belong to the Company and shall be given up to the Company whenever the Company requires the Participant to do so. The Participant agrees that the Participant shall not at any time during the term of the Participant's employment with the Company or any Subsidiary or Affiliate, or at any time thereafter, without the Company's prior written consent, disclose to any individual, person or entity any information or any trade secrets, plans or other information or data, in whatever form (including, without limitation, (a) any financing strategies and practices, pricing information and

methods, training and operational procedures, advertising, marketing, and sales information or methodologies or financial information and (b) any Proprietary Information (as defined below)), concerning the Company's or any Subsidiary's or Affiliate's or any of their customers', referral sources' or clients' practices, businesses, procedures, systems, plans or policies (collectively, "Confidential Information"), nor shall the Participant utilize any such Confidential Information in any way or communicate with or contact any such customer, referral source or client other than in connection with the Participant's employment by the Company or any Subsidiary or Affiliate. The Participant hereby confirms that all Confidential Information constitutes the Company's exclusive property, and that all of the restrictions on the Participant's activities contained in this Agreement and such other nondisclosure policies of the Company are required for the Company's reasonable protection. Confidential Information shall not include any information that has otherwise been disclosed to the public not in violation of this Agreement. This confidentiality provision shall survive the termination of this Agreement and shall not be limited by any other confidentiality agreements entered into with the Company or any Subsidiary or Affiliate. Notwithstanding the foregoing, nothing in this Agreement (or any other Company policy or contract to which the Participant is or was subject) shall be construed to prohibit the Participant from communicating with any federal, state or local governmental agency or commission with oversight of the Company, as provided for, protected under or warranted by applicable law.

With respect to any Confidential Information that constitutes a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force for so long as the particular information remains a trade secret or for the two (2) year period immediately following termination of the Participant's employment for any reason, whichever is longer. With respect to any Confidential Information that does not constitute a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force during Participant's employment and for the two (2) year period immediately following termination of such employment for any reason.

The Participant agrees that the Participant shall promptly disclose to the Company in writing all information and inventions generated, conceived or first reduced to practice by the Participant alone or in conjunction with others, during or after working hours, while in the employ of the Company or any Subsidiary or Affiliate (all of which is collectively referred to in this Agreement as "Proprietary Information"); provided, however, that such Proprietary Information shall not include (a) any information that has otherwise been disclosed to the public not in violation of this Agreement and (b) general business knowledge and work skills of the Participant, even if developed or improved by the Participant while in the employ of the Company or any Subsidiary of Affiliate. All such Proprietary Information shall be the exclusive property of the Company and is hereby assigned by the Participant to the Company. The Participant's obligation relative to the disclosure to the Company of such Proprietary Information anticipated in this Section 9(d) shall continue beyond the Participant's termination of employment and the Participant shall, at the Company's expense, give the Company all assistance it reasonably requires to perfect, protect and use its right to the Proprietary Information.

(e) Enforcement.

(i) The Participant acknowledges that compliance with all provisions, covenants and agreements set forth in this Agreement, and the duration, terms and geographical area thereof, are reasonable and necessary to protect the legitimate business interests of the Company and its Subsidiaries and Affiliates.

(ii) The Participant acknowledges that a breach of the Participant's obligations under this Section 9 will result in irreparable and continuing damage to the Company and/or its Subsidiaries and Affiliates for which there is no adequate remedy at law.

(iii) The Participant acknowledges that the Participant's education, experience and/or abilities are such that the enforcement of the restrictive covenants in this Agreement will not prevent the Participant from earning a living and will not cause any undue hardship upon the Participant.

(iv) In the event of the violation by the Participant of any of the covenants contained in Section 9, the terms of each such covenant so violated shall be automatically extended from the date on which the Participant permanently ceases such violation for a period equal to the period in which the Participant was in breach of the covenant or for a period of twelve (12) months from the date of the entry by a court of competent jurisdiction of an order or judgment enforcing such covenant(s), whichever period is later.

(v) The Participant agrees that, in the event of any breach of the restrictive covenants contained in this Agreement, the Company and/or its Subsidiaries and Affiliates shall be entitled to obtain, from any court of competent jurisdiction, preliminary and permanent injunctive relief to restrain the violation of the terms hereof by the Participant, and all persons acting for or on the Participant's behalf.

(vi) Each of the restrictive covenants contained in this Agreement is independent of any other contractual obligations of this Agreement or otherwise owed by the Participant to the Company and/or its Subsidiaries and Affiliates. The existence of any claim or cause of action by the Participant against the Company and/or its Subsidiaries or Affiliates, whether based on this Agreement or otherwise, shall not create a defense to the enforcement by the Company and/or its Subsidiaries and Affiliates of any restrictive covenant contained in this Agreement.

(f) Remedies.

(i) It is intended that, in view of the nature of the Company's and its Subsidiaries' and Affiliates' business, the restrictions contained in this Agreement are considered reasonable and necessary to protect the Company's and its Subsidiaries' and Affiliates' legitimate business interests and that any violation of these restrictions would result in irreparable injury to the Company and/or its Subsidiaries and Affiliates. In the event of a breach (a "Covenant Breach") or threatened breach by the Participant of any provision contained herein,

the Company and its Subsidiaries and Affiliates shall be entitled to a temporary restraining order and injunctive relief without the posting of a bond. Nothing contained herein shall be construed as prohibiting the Company or its Subsidiaries or Affiliates from pursuing any other legal or equitable remedies available to it or them for any breach or threatened breach of these provisions, including, without limitation, recoupment and other remedies specified in the Agreement. In the event of a dispute regarding, arising out of, or in connection with the breach, enforcement or interpretation of this Agreement, including, without limitation, any action seeking injunctive relief, and provided that the Company is the prevailing party, the Company shall recover from the Participant all reasonable attorneys' fees and costs incurred by the Company in connection therewith.

(ii) In the event of a Covenant Breach, the Company shall have the authority to (i) cancel any outstanding portion of this Award, whether vested or unvested; and (ii) recoup from the Participant any proceeds paid to the Participant pursuant to this Award. Participant acknowledges and agrees that the Company has no obligation of any kind to the Participant with respect to the cancellation or recoupment of amounts paid or payable pursuant to this Award, including, but not limited to, reimbursement for any taxes previously paid by the Participant with respect to amounts previously paid on account of this Award. This remedy shall be in addition to all other remedies, including those set forth in this Agreement and any other agreements between the parties.

10. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware without regard to its principles of conflict of laws.

11. Amendments; Construction. The Administrator may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Participant hereunder without the Participant's consent. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation hereof.

12. Survival of Terms. This Agreement shall apply to and bind the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. The terms of Section 9 and Section 18 shall expressly survive the vesting and/or forfeiture of this Award and any expiration or termination of this Agreement.

13. Agreement Not a Contract for Services. Neither the grant of this Award nor the execution of this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Participant has a right to continue to provide services as an officer, director, employee, consultant or advisor of the Company or any Subsidiary or Affiliate for any period of time or at any specific rate of compensation.

14. Restrictions. No portion of this Award may be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Participant. Unless the Administrator determines otherwise, upon any attempt to transfer this Award or any rights in respect of this

Award before the lapse of such restrictions, this Award, and all of the rights related thereto, shall be immediately forfeited by the Participant without consideration of any kind.

15. Authority of the Administrator. The Administrator shall have full authority to interpret and construe the terms of this Agreement. The determination of the Administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

16. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provision or provisions in any other jurisdiction.

17. Acceptance. The Participant hereby acknowledges receipt of a copy of this Agreement. The Participant has read and understands the terms and provisions of this Agreement, and accepts the Award subject to all the terms and conditions of this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Agreement. By the Participant's electronically accepting this Award using an online or electronic system established and maintained by the Company or a third party designated by the Company, the Participant agrees to be bound by the terms and conditions of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Participant's electronic acceptance of this Award shall have the same validity and effect as a signature affixed to this Agreement by the Participant's hand.

18. Clawback. Notwithstanding anything herein to the contrary, this Award (and any cash paid to the Participant upon settlement thereof) shall be subject to forfeiture, reduction, and/or recoupment (i) to the extent provided in the Company's Clawback and Forfeiture Policy, as it may be amended from time to time (the "Clawback Policy"); (ii) to the extent that Participant becomes subject to any other recoupment or clawback policy hereafter adopted by the Company, including any such policy adopted by the Company to comply with the requirements of any applicable laws, rules, regulations, or stock exchange listing requirements, including pursuant to final SEC rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (iii) to the extent provided under applicable legal requirements which impose recoupment, under

circumstances set forth in such applicable legal requirements, including the Sarbanes-Oxley Act of 2002.

19. Section 409A. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of this Award are exempt from the requirements of Section 409A of the Code as “short-term deferrals” as described in Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement or an accompanying election form executed by the Participant, if (i) on the date of the Participant’s Separation from Service with the Company the Participant is a “specified employee” (as such term is defined under Section 1.409A-1(i) of the Treasury Regulations promulgated under Section 409A of the Code) of the Company and (ii) any payments to be provided to the Participant pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code, or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six months after the date of the Participant’s separation from service from the Company, or if earlier, his or her death. Any payments delayed pursuant to this paragraph shall be made in a lump sum on the first day of the seventh month following the Participant’s separation from service, or if earlier, the Participant’s death. Each payment upon settlement of this Award constitutes a “separate payment” for purposes of Section 409A of the Code. Notwithstanding any other provision of this Agreement, if and to the extent that any payment under this Agreement constitutes non-qualified deferred compensation under Section 409A of the Code, and is payable upon (i) the Participant’s termination of employment, then such payment shall be made or provided to the Participant only upon a “separation from service” as defined for purposes of Section 409A of the Code, or (ii) a Change in Control, then such payment shall be made or provided to the Participant only upon a “change in the ownership”, a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the applicable corporation as defined for purposes of Section 409A of the Code.

20. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “Administrator” means the Compensation Committee of the Board of Directors of the Company, or any other person to whom the authority to administer this Agreement is delegated by the Committee consistent with applicable law.

(b) “Affiliate” means an affiliate of the Company (or other referenced entity, as the case may be) as defined in Rule 12b-2 promulgated under Section 12 of the Securities Exchange Act of 1934, as amended.

(c) “Cause” has the meaning set forth in the Participant's employment or other agreement with the Company or any of its Affiliates, provided that if the Participant is not a party to any such agreement or such agreement does not contain a definition of cause, then “Cause” means (i) the continued failure by the Participant to substantially perform his or her duties and obligations to the Company or any of its Affiliates, including without limitation,

repeated refusal to follow the reasonable directions of his or her employer, (ii) the Participant's intentional violation of law in the course of performance of the duties of Participant's employment or service with the Company or any of its Affiliates, (iii) the Participant's engagement in misconduct which is materially injurious to the Company or any of its Affiliates, (iv) the Participant's repeated absences from work without a reasonable excuse, (v) the Participant's intoxication with alcohol or illegal drugs while on the Company's or any Affiliate's premises during regular business hours (other than any such failure resulting from his or her incapacity due to physical or mental illness); (vi) the Participant's fraud or material dishonesty against the Company or any of its Affiliates; or (vii) the Participant's conviction or plea of guilty or nolo contendere for the commission of a felony or a crime involving material dishonesty. Determination of Cause shall be made by the Administrator in its sole discretion.

(d) "Change in Control" shall be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(i) any person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or any of its Affiliates) representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving on the Board: individuals who, on the Date of Grant, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Date of Grant or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the Board of the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger is then a subsidiary, the ultimate parent thereof; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (A) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company following the completion of such transaction in substantially the same proportions as their ownership of the Company immediately prior to such sale or (B) a sale or disposition of all or substantially all of the Company's assets immediately

following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or, if such entity is a subsidiary, the ultimate parent thereof.

Notwithstanding the foregoing, (A) a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of shares of the Company's common stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions and (B) if the Award constitutes deferred compensation under Section 409A of the Code, and solely to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Change in Control shall be deemed to have occurred with respect to this Award only if a change in the ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

(j) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

(k) "Disability" means that the Participant, as determined by the Administrator in its sole discretion, is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company or any of its Affiliates.

(l) "Subsidiary" means any corporation or other entity in a chain of corporations or other entities (beginning with the Company and ending with the Subsidiary to which the service provider provides direct services on the Date of Grant) in which each corporation or other entity has a "controlling interest" in another corporation or other entity in the chain (within the meaning of Treasury Regulation Section 1.409A-1(b)(5)(iii)(E)).

[Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

BROOKDALE SENIOR LIVING INC.

By: /s/ Chad C. White

Name: Chad C. White

Title: Executive Vice President, General Counsel and Secretary

PARTICIPANT

/s/ Lucinda M. Baier

Lucinda M. Baier

EXHIBIT A

[Strategic Goal]*

	% of Target First Tranche to Vest
[]% (Maximum)	150%
[]% (Target)	100%
[]%	75%
[]%	50%
[]% (Threshold)	25%

*Subject in all cases to the terms of the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Agreement.

EXHIBIT B

2022 RevPAR Growth

Vesting of the Second Tranche (plus any Additional Award Amount that becomes payable pursuant to Section 2(a) of the Agreement) will be dependent upon the Company's one-year growth of Same Community RevPAR for fiscal 2022 compared to a base year of fiscal 2021 as set forth in the grid below, with vesting to be interpolated on a straight-line basis between the applicable levels based on actual results. Same Community RevPAR means the Same Community RevPAR as reported by the Company in its Annual Report on Form 10-K, earnings release and/or supplemental information for the year ended December 31, 2022.

Growth Rate	% of Target Second Tranche to Vest
% (Maximum)	150%
% (Target)	100%
% (Threshold)	50%

*Subject in all cases to the terms of the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Agreement.

EXHIBIT C

2023 RevPAR Growth

Vesting of the Third Tranche (plus any Additional Award Amount that becomes payable pursuant to Section 2(a) of the Agreement) will be dependent upon the Company's one-year growth of Same Community RevPAR for fiscal 2023 compared to a base year of fiscal 2022 as set forth in the grid below, with vesting to be interpolated on a straight-line basis between the applicable levels based on actual results. Same Community RevPAR means the Same Community RevPAR as reported by the Company in its Annual Report on Form 10-K, earnings release and/or supplemental information for the year ended December 31, 2023.

Growth Rate	% of Target Third Tranche to Vest
% (Maximum)	150%
% (Target)	100%
% (Threshold)	50%

*Subject in all cases to the terms of the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Agreement.

EXHIBIT D

Relative TSR*

Vesting of the Fourth Tranche (plus any Additional Award Amount that becomes payable pursuant to Section 2(a) of the Agreement) will be dependent upon the Company's TSR ranking relative to the TSRs of the companies in the Comparator Group during the Performance Period as set forth in the grid below, with vesting to be interpolated on a straight-line basis between the applicable levels based on actual results; provided, however, that in no event shall any Additional Award Amount (above 100%) vest and be paid with respect to the Fourth Tranche if the Company's TSR is negative for the Performance Period.

Relative TSR Performance	% of Target Fourth Tranche to Vest
[]th Percentile (Maximum)	150%
[]th Percentile (Target)	100%
[]th Percentile (Threshold)	50%

For purposes of the foregoing:

- Performance Period shall mean January 1, 2021 through December 31, 2023
- Comparator Group shall mean the constituent companies of the S&P Midcap 400 as of the beginning of the Performance Period, except that any such companies that have been acquired or delisted from a national securities exchange during the Performance Period will be excluded.
- TSR shall mean the compound annual total stockholder return calculated using a beginning price equal to the average closing price over the 20-trading days preceding the beginning of the Performance Period, using an ending price equal to the average closing price over the 20-trading days immediately prior to the end of the Performance Period, and assuming the reinvestment of any dividends or distributions as of the ex-dividend date.

*Subject in all cases to the terms of the Agreement, including the discretionary and interpretative authority of the Administrator set forth in the Agreement.

February 22, 2021

Dear _____:

The Compensation Committee (the “Committee”) of the Company’s Board of Directors conditionally approved a discretionary cash amount to be paid to you for your extraordinary efforts during the year. Such amount has been separately communicated to you. Your eligibility to receive payment of the discretionary amount is subject to your agreeing to forfeit all your outstanding equity awards granted in 2019 and 2020 that are subject to a same community RevPAR performance goal. If you agree to such forfeiture, the discretionary amount will be paid in the ordinary course, which is expected in March 2021.

Specifically, reference is made to the Restricted Share Agreement (the “RSA”) and the Performance-Based Restricted Stock Unit Agreement (the “RSUA”) pursuant to which awards of performance-based restricted stock and performance-based restricted stock units were granted under the Brookdale Senior Living Inc. Omnibus Incentive Plan, as amended, in 2019 and 2020, respectively. If you agree to the terms of this letter, effective on February 22, 2021:

- All of your outstanding First Tranche Restricted Shares (as defined in the RSA), if any, and your outstanding First Tranche PSUs (as defined in the RSUA) will be immediately forfeited by you and transferred to, and reacquired by, the Company. For the avoidance of doubt, no additional restricted shares shall become issuable pursuant to the RSA with respect to the First Tranche Restricted Shares, no additional PSUs shall become issuable pursuant to the RSUA with respect to the First Tranche PSUs, and references in the RSA and RSUA to the First Tranche Shares and First Tranche PSUs shall refer to zero. Neither you nor any of your successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such forfeited equity awards.
- Your Second Tranche Restricted Shares (as defined in the RSA) and Second Tranche PSUs (as defined in the RSUA) will remain outstanding and subject to the terms of the RSA and RSUA, as applicable.

If you desire to forfeit the portions of your outstanding awards as set forth above and to be eligible to receive the discretionary cash amount, please sign and return this letter.

Sincerely,

Acknowledged and Agreed:

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lucinda M. Baier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brookdale Senior Living Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2021

/s/ Lucinda M. Baier

Lucinda M. Baier

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven E. Swain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brookdale Senior Living Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2021

/s/ Steven E. Swain

Steven E. Swain

Executive Vice President and Chief Financial Officer

EXHIBIT 32
**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL
OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Brookdale Senior Living Inc. (the "Company") for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Lucinda M. Baier, as President and Chief Executive Officer of the Company, and Steven E. Swain, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lucinda M. Baier

Name: Lucinda M. Baier

Title: President and Chief Executive Officer

Date: May 7, 2021

/s/ Steven E. Swain

Name: Steven E. Swain

Title: Executive Vice President and Chief Financial Officer

Date: May 7, 2021