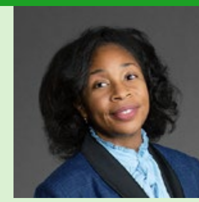
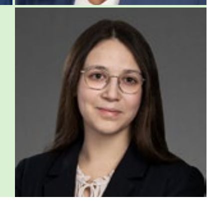
Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs





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Equity real estate investment trust (REIT) borrowers were not immune to the relatively high cost of borrowing in the debt markets in 2022 and 2023. Nonetheless, Healthcare REITs and their financial institution lenders have recently been active in the debt markets amending and/or amending and restating existing credit facilities and entering into a variety of new credit facilities. Such activity in 2024 and 2025 has resulted in noteworthy credit facility trends:

- Increased borrowing capacity with upsizes of existing credit facilities
- Pairing of multi-bank revolving credit facilities with multiple term tranches to optimize tenor and pricing
- Greater use of unsecured credit facilities; semi-secured use as well
- Broad maturity extension options and greater flexibility in terms
- Continued divide in more favorable borrowing terms for investment-grade Healthcare REIT borrowers as compared to lower-rated or more challenged-credit Healthcare REIT borrowers

Healthcare REIT Sector Attractive to Lenders

Among REIT sectors, Healthcare REITs have emerged as particularly attractive to lenders due to the durability and transparency of their underlying real estate and cash flows. Healthcare REITs are specialized real estate investment trusts that are focused on the acquisition, ownership, leasing and management of healthcare properties in the United States; such properties include, hospitals, outpatient medical offices and complexes, skilled nursing facilities, retirement communities, assisted living facilities, and lab and research facilities.

In underwriting Healthcare REITs, lenders closely evaluate the fair market value and liquidity of the REIT's real estate assets, the consistency and resiliency of net operating income across monthly, quarterly, and annual periods, and the REIT's demonstrated ability to service operating, management, and portfolio level expenses as they come due. Lenders also focus on distribution and dividend practices, overall leverage and expense discipline, and the extent to which income is supported by long term demand for healthcare services rather than discretionary consumer spending.

While healthcare delivery models and reimbursement frameworks continue to evolve, the essential nature of healthcare services and the sector's relative insulation from economic cycles provide lenders with a degree of downside protection not always present in other asset classes. As a result, Healthcare REITs are often viewed as offering a compelling combination of asset stability, predictable income streams, and institutional grade collateral. According to the National Association of Real Estate Investment Trusts (Nareit), there are currently twenty one Healthcare REITs operating in the United States. Over the past five consecutive quarters, these Healthcare REITs have steadily increased their total share of assets under management as reflected in the table below. Assets under management in the Health Care sector rose from 14.5% in Q4 2024 to 18.9% in Q4 2025, representing the largest absolute increase of any sector over these five quarters. This suggests that capital has been flowing into healthcare REITs at a faster rate than into most other property types, likely reflecting investor confidence in the sector's fundamentals (e.g., aging demographics, post-pandemic recovery in senior housing, etc.).

Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs (cont.)

FIGURE 1
Property Sector Weights by Share of Assets Under Management

Property Sector	2024: Q4	2025: Q1	2025: Q2	2025: Q3	2025: Q4
Data Centers	13.1%	10.5%	11.7%	11.4%	12.5%
Diversified	0.2%	0.2%	0.0%	0.2%	0.2%
Gaming	3.1%	2.8%	2.3%	2.1%	1.3%
Health Care	**14.5%**	**15.9%**	**15.4%**	**17.8%**	**18.9%**
Industrial	10.2%	10.0%	9.4%	9.4%	9.7%
Lodging/Resorts	1.7%	1.3%	1.7%	2.0%	2.2%
Office	2.1%	2.3%	3.4%	3.9%	3.4%
Residential	16.7%	16.9%	15.7%	14.6%	13.4%
Retail	13.5%	11.9%	12.1%	12.1%	11.8%
Self-Storage	5.9%	6.9%	6.5%	6.2%	6.1%
Specialty	3.2%	2.8%	3.4%	3.9%	4.2%
Telecommunications	13.3%	16.0%	16.1%	14.5%	14.1%
Timberland	2.4%	2.5%	2.3%	1.9%	2.1%

Source: Nareit, Morningstar Direct.

[1] See Appendix I.

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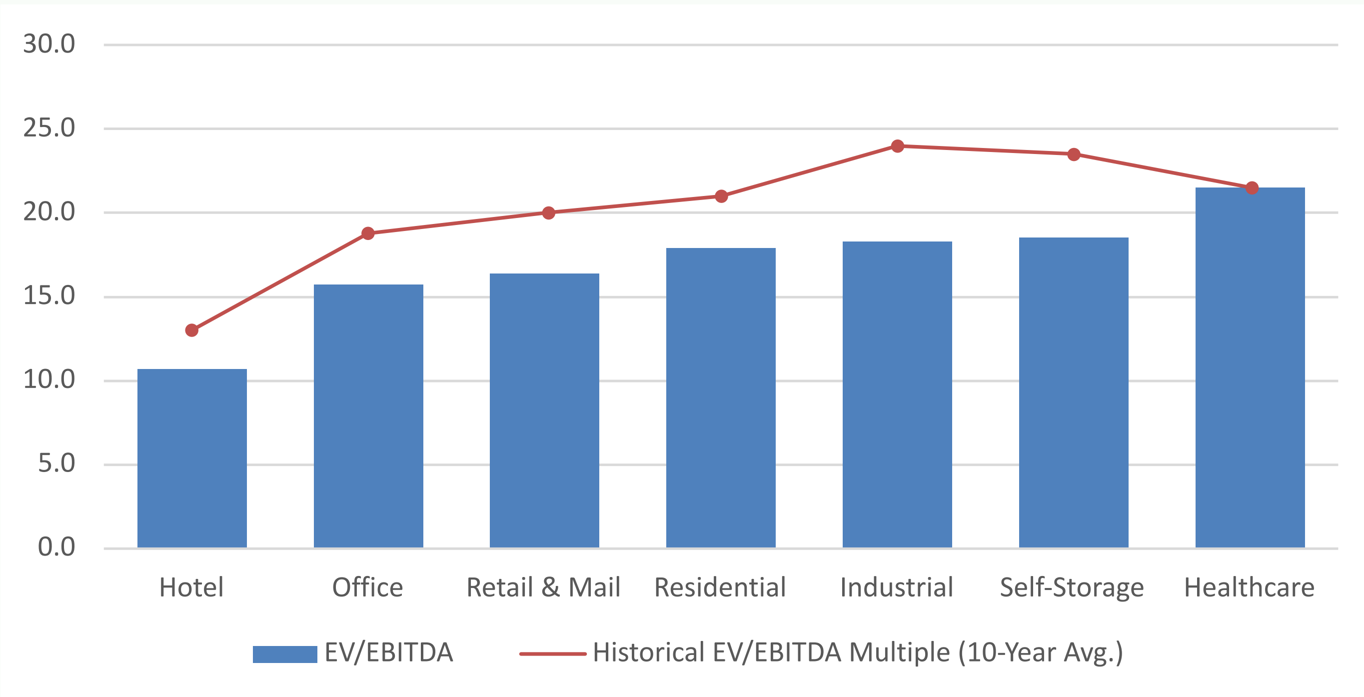
FIGURE 2
Enterprise Value/EBITDA Multiples for Various REIT Sectors



Source: US REITs: 2025 Q4, Morningstar Direct, Industry Pulse December 2025

With increased property sector weights and enterprise value as compared to other REIT sectors, Healthcare REITs have the ability to generate attractive return on lending for credit facility lenders.

Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs (cont.)

Typical Credit Facility Features for Healthcare REITs

Debt financing for Healthcare REITs via credit facilities is often determined by the net asset value of the Healthcare REIT's portfolio, in which the lenders will assess the portfolio's real estate investments for their security, borrowing capacity, and cash flows. As such, it is not uncommon to routinely see credit facilities for Healthcare REITs structured as net asset value facilities and/or unencumbered asset pool credit facilities.

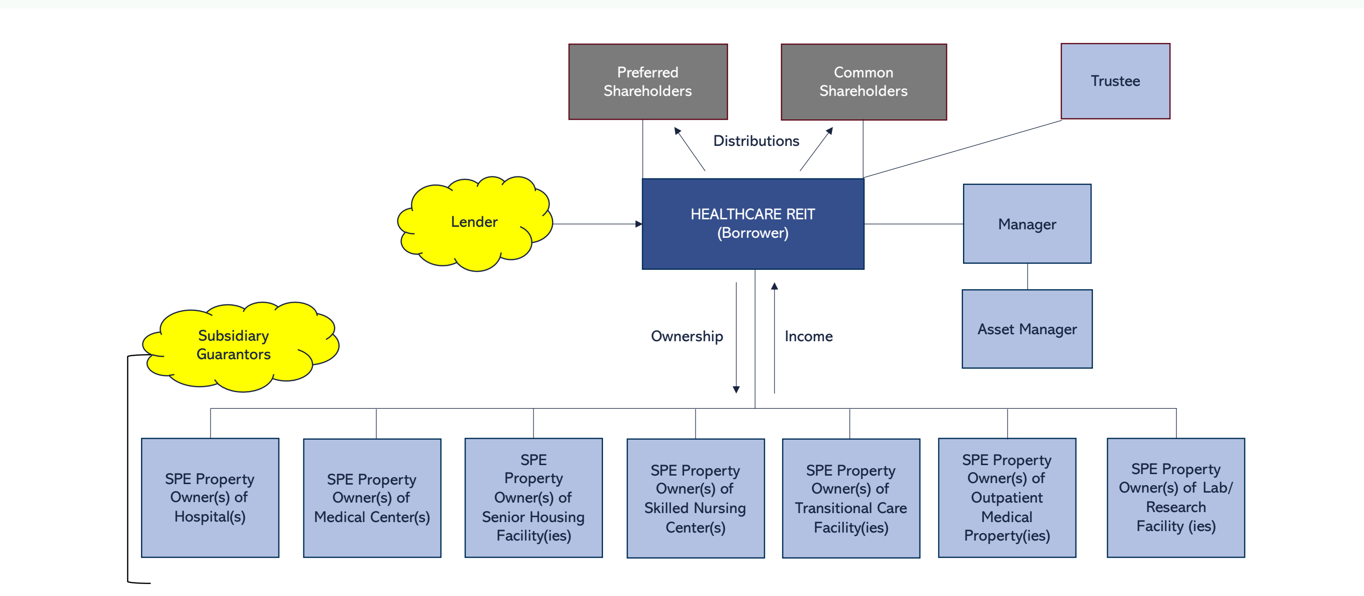
Typical features of a net asset value facility and unencumbered asset pool credit facility include:

- Senior ranking credit facility comprised of one or more term loan facilities, revolving credit facilities or combinations of both term loan facilities and revolving credit facilities under which borrowing capacity determinant on a pool of qualified properties
- Repayment primarily from cash flows from the real estate investments with mandatory repayment triggers for asset sales subject to certain pro forma financial covenant levels are met
- Pricing margins can be variable or fixed and may be based on investment-grade rating, loan-to-value or leverage ratio covenant levels
- Not always secured. To the extent secured, the collateral package is typically more limited than the standard cash-flow facility, as discussed further in the next section of this article
- Portfolio level financial covenant tests, including, tangible net worth, total leverage ratio, secured debt leverage ratio, unsecured leverage ratio, and fixed charge coverage ratio
- Targeted pool concentration limits and pool financial covenant tests, including, occupancy rate, unsecured debt to unencumbered asset value ratio, debt service coverage ratio, unencumbered net operating income to unsecured interest expense
- Inclusion of lender protections primarily through property restrictions and covenants

FIGURE 3

Illustrative Loan Party Structure for a Healthcare REIT

Reflecting a DownREIT ownership of real estate investments via special purpose entities (SPEs); partnerships, joint ventures, and taxable REIT subsidiaries not shown for simplicity



Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs (cont.)

Please see Appendix II for recent illustrations of applications and negotiated modifications of these features for Healthcare REITs, including applications of borrowing capacity, various credit facilities and tranches therein, financial covenants, and maturity components.

To Secure or Not Secure – Not a Pressing Question

To mitigate lending risk, lenders to Healthcare REITs under net asset value facilities and unencumbered asset pool credit facilities have a number of security options available to them. Considerations for lenders in determining the nature of the collateral package include the nature of the underlying portfolio assets, consent requirements with respect to equity pledges, and of course, the financial viability of the REIT borrower and its subsidiaries.

Full security option will include mortgages over the real estate investments, together with assignments of plans, leases, rents, property management agreements, environmental indemnities, assignments of contractual rights to direct the sale and disposition of investments/assets, equity pledges of the direct and indirect SPE property owners that own the real estate investments and/or pledges of deposit and operating accounts in which distributions and proceeds from the investments are deposited. Whereas, the semi-secured option will typically only include equity pledges of the direct and indirect SPE property owners that own the real estate investments and/or pledges of deposit and operating accounts in which distributions and proceeds from the investments are deposited.

Structuring Healthcare REITs under an unsecured credit facility is the prevailing model among larger and/or more established Healthcare REITs, including Ventas, Inc. (expanded its unsecured revolving credit facility 2025), Healthcare Realty Trust (recast its unsecured revolving credit facility and unsecured term loan facility in 2025), Omega Healthcare Investors, Inc. (obtained a new senior unsecured revolving credit facility and a new unsecured delayed-draw term loan facility in addition to amending its unsecured term loan facility in 2025), Global Medical REIT (amended and restated its existing credit facility in 2025), and National Healthcare Properties, Inc. (obtained a new unsecured revolving credit facility and a new term loan facility in 2025).

Notably, Flagship Healthcare Trust, Inc. entered into a new aggregate $500 million senior credit facility in August 2025 utilizing a semi-unsecured structure secured by equity pledges of the direct SPE property owners that own the properties in the unencumbered pool with an aggregate fair market value of approximately $600 million at the time of closing. While Flagship Healthcare Trust, Inc.'s prior credit facility was fully secured with mortgage liens on the pooled properties, the 2025 credit facility reflects an intermediate security structure that balances lender protection with operational flexibility for the Healthcare REIT borrower. Flagship Healthcare Trust, Inc.'s President and CEO, J. Brannen Edge III, remarked at the time "moving to a semi-unsecured structure provides us with additional flexibility and demonstrates our lending partners' recognition of the continued growth and strength of Flagship's portfolio, platform, and team." Flagship's 2025 credit facility attracted participation from eight financial institutions and was led by lead arranger Fifth Third Bank, National Association.

A Continuing Divide in Investment Grade vs Non Investment Grade Healthcare REITs Borrowers

Investment grade Healthcare REIT borrowers have continued to employ large, unsecured bank credit platforms as a central component of their debt capital structures, with recent transactions reflecting a consistent emphasis on scale, flexibility, and balance sheet optionality. As described below, such Healthcare REITs have maintained or expanded sizeable unsecured revolving credit facilities, frequently paired with multiple unsecured term loan tranches. These facilities commonly feature ratings based pricing grids, extended maturities with embedded extension options, and significant accordion capacity, allowing borrowers to manage liquidity and refinancing risk without materially encumbering assets. The summary activity further reflects the widespread use of maturity laddering and interest rate hedging in connection with unsecured term loans, underscoring the role of unsecured credit facilities as both liquidity backstops and long term financing tools for investment grade platforms.

Healthcare REIT borrowers that do not carry investment grade ratings, or are experiencing portfolio level or operational stress, have also remained active in the debt markets. Credit facilities for these Healthcare REIT borrowers have incorporated reduced commitments, higher pricing, enhanced deleveraging mechanics, modified covenant packages, and, in certain cases, a transition toward secured or collateral supported structures designed to mitigate lender risk during periods of balance sheet repair. Together, these transactions demonstrate how Healthcare REIT credit facilities continue to be tailored to borrower specific credit profiles while remaining a critical source of liquidity and capital across the sector.

Market Outlook

As debt markets continue to recalibrate, Healthcare REITs remain well positioned to attract lender capital due to the essential nature of their assets, the durability of their cash flows, and the increasing sophistication of credit facility structures tailored to their portfolios. The continued evolution toward flexible, largely unsecured or semi secured facilities underscores lender confidence in the sector's asset quality, governance, and long term fundamentals. Taken together, these trends suggest that Healthcare REITs will remain active and attractive participants in the debt markets, even amid broader market volatility.

Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs (cont.)

APPENDIX I
Healthcare REITs

Healthcare REITs	FTSE Nareit US Real Estate Index
Alexandria Real Estate Equities, Inc.	Yes
American Healthcare REIT, Inc.	Yes
CareTrust REIT, Inc.	Yes
CNL Healthcare Properties Inc.	No
Community Healthcare Trust	Yes
Diversified Healthcare Trust	Yes
Flagship Healthcare Trust, Inc.	No
Global Medical REIT	Yes
Healthcare Realty Trust	Yes
Healthpeak Properties, Inc.	Yes
LTC Properties, Inc.	Yes
Medical Properties Trust Inc.	Yes
National Health Investors, Inc.	Yes
National Healthcare Properties, Inc.	No
Omega Healthcare Investors, Inc.	Yes
Sabra Health Care REIT, Inc.	Yes
Sila Realty Trust, Inc.	Yes
Strawberry Fields REIT	Yes
Terravet REIT Inc.	No
Ventas, Inc.	Yes
Welltower Inc.	Yes

Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs (cont.)

APPENDIX II

Illustrative Summary of New Features for Healthcare REITs in 2025

Healthcare REIT	Certain New Credit Facility Features*
Alexandria Real Estate Equities, Inc.	• Removed prior agreed covenant relief period and financial covenants minimum consolidated tangible net worth, maximum unsecured indebtedness to unencumbered asset value and minimum unsecured net operating income to unsecured interest expense • Financial covenant level resets: total leverage ratio at 60%, secured leverage ratio at 40% • Added collateral coverage tests with mandatory prepayment triggers • Credit facility secured pari passu with notes offerings
Sila Realty Trust, Inc.	• New $600 unsecured revolving credit facility (replacing prior $500 million facility) with accordion feature permitting increases up to $1.5 billion • Aligned covenants in unsecured term loan facility with covenants in revolving credit facility • Tangible Net Worth Financial covenant level reset
Ventas, Inc.	• Increased unsecured term loan from $500 million to $700 million • New $550 million unsecured delayed draw term loan facility • Extended maturity • Expanded accordion capacity to $1.75 billion • Added 9 new participating lenders
CareTrust REIT, Inc.	• Added new unsecured $500 million term loan facility alongside existing unsecured $1.2 billion revolving credit facility
Healthcare Realty Trust	• Implemented five unsecured term tranches totaling over $2.5 billion • Extended revolver maturity
LTC Properties, Inc.	• Added four unsecured term tranches totaling $800 million • New unsecured $600 million revolving credit with incremental facility capacity • Maturity extension options at borrower's discretion • Implemented interest rate swaps for each tranche

** Removal of 10 basis point Secured Overnight Financing Rate (SOFR) credit spread adjustment generally effected.*

Active Debt Capital, Essential Real Estate: Credit Facility Financings for Healthcare REITs (cont.)

APPENDIX II

Illustrative Summary of New Features for Healthcare REITs in 2025 (cont.)

Healthcare REIT	Certain New Credit Facility Features*
Sabra Health Care REIT, Inc.	• New $500 million unsecured term loan facility with accordion up to $1.0 billion • Interest rate swaps executed contemporaneously
Flagship Healthcare Trust, Inc.	• New $500 million credit facility replacing prior credit facility • Semi-unsecured structure secured by equity pledges
Omega Healthcare Investors, Inc.	• New $2.0 billion unsecured revolving credit facility (replaces prior $1.45 billion revolving credit facility) • New $300 million unsecured delayed draw term loan facility • 35 bps margin reduction on $428.5 million unsecured term loan facility
Global Medical REIT	• Extended revolver maturity • Split $350 million term loan A into 3 tranches • Entered into $350 million forward starting swaps to hedge term loan A tranches
National Healthcare Properties, Inc.	• Replaced prior secured credit facility with $500 million unsecured credit facility with ability to upsize to $1 billion

** Removal of 10 basis point Secured Overnight Financing Rate (SOFR) credit spread adjustment generally effected.*