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Sonida Senior Living, Inc.

NYSE:SNDA

Earnings Call

Monday, May 11, 2026 4:00 PM GMT

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Presentation

Operator

Hello, everyone. Thank you for joining us, and welcome to Sonida Senior Living Q1 2026 Earnings Call.
[Operator Instructions]

I will now hand the conference over to Megan Caldwell, VP of Investor Relations. Megan, please go ahead.

Megan Caldwell

Thank you, operator. All statements made today, May 11, 2026, which are not historical facts, are forward-looking statements within the meaning of federal securities laws. The company expressly disclaims any obligation to update these statements in the future, except as required by law. Actual results or performance may differ materially from forward-looking statements.

Certain factors that could cause actual results to differ are detailed in the earnings release that the company issued earlier today as well as in the reports that the company files with the SEC, including the risk factors contained in the annual report on Form 10-K and quarterly reports on the Form 10-Q. Please see today's press release for the full safe harbor and forward-looking statements which may be found in the Form 8-K filing from this morning or at the company's Investor Relations page found at investors.sonidaseniorliving.com.

As further described in the company's current report on Form 8-K filed with the SEC this morning, the company completed its previously announced acquisition of CNL Healthcare Properties, Inc., or CHP, on March 11, 2026. The transaction was completed through a series of steps ending with a forward merger of CHP with and into a subsidiary of Sonida. And as a result, the company now directly owns all of the assets of CHP.

Unless otherwise specifically noted or the context otherwise requires, the financial results we are discussing today and that are included in our presentation reflect the combined company on a pro forma basis for the full quarters including CHP for the entire reporting period. These pro forma metrics giving effect to the CHP acquisition are preliminary and subject to change. And we have provided estimated ranges in our earnings release.

For the sake of clarity, during this earnings call, we will discuss our pro forma results based on the midpoint of the range presented, but we refer you to our earnings release for the ranges and more information. Please note that our GAAP financials reflect CHP's results from the closing date only. References to pro forma metrics, including those presented in the investor presentation, reflect a full quarter of CHP activity.

Please note that during this call, the company will present non-GAAP financial measures. For reconciliations of these non-GAAP measures to the most comparable GAAP measure, please see today's earnings release.

If you'd like to follow along during today's call, you can find Sonida's first quarter 2026 earnings presentation in the Investor Relations section of the company's website. In addition, we have included supplemental earnings information within our presentation consistent with prior quarter releases.

I would now like to turn the call over to Sonida President and CEO, Brandon Ribar.

Brandon M. Ribar

President, CEO & Director

Thanks so much, Megan, and we are excited to welcome you to the Sonida leadership team. Good morning, and thank you for joining us on our first quarter 2026 earnings call. This quarter marks an important milestone for Sonida as we report results following a period of transformational expansion. With platform integration underway and on track and our operating foundation firmly in place, we are entering what we described in our recently published shareholder letter as Phase 3: Compounding.

In Phase 1: Survival, and Phase 2: Stabilization, our team focused on strengthening the foundation of the business, stabilizing operations, repairing and fortifying the balance sheet, upgrading portfolio quality and investing in the operating capabilities required to compete effectively at scale. Today we are shifting from building that foundation to now leveraging it to compound value for our shareholders. As a scaled, pure-play senior housing owner and operator, we enter this next phase supported by a stronger balance sheet, expanded liquidity and a differentiated operating platform.

Performance for the company continues to trend positively, supported by our constructive early momentum in 2026. Leveraging that stable operating foundation, we are heavily focused on a smooth integration of recently added communities into the Sonida platform, and unlocking a defined set of unmodeled synergies across our cost structure and operating model. These initiatives span asset management and community-level operations and are designed to support margin expansion and cash flow growth over time.

Equally important, we are reinforcing performance through clearly defined incentive structures tied to community-level outcomes and dedicated operational support to sustain results while minimizing disruption as operational integration progresses.

Underpinning all of this is the quality of our people. We entered Phase 3 with a meaningfully strengthened leadership team across operations, leaders who have deep experience at driving performance at scale. That investment in talent is not incidental to our growth strategy. It is the foundation on which Phase 3 is built.

The CHP transaction was not simply an owner-operator combination. We acquired a REIT and, with it, a network of third-party manager relationships that preserves institutional knowledge and operational continuity across the portfolio. Those relationships are key to the performance trajectory of these communities whether or not they ultimately move to Sonida operations. And as some of those relationships mature into long-term strategic partnerships, they are a growing source of deal flow.

Our recent preferred equity investment is a good example. Through one of these managers, we invested capital to support the refinancing of a high-end, full-continuum community in Texas while earning an attractive risk-adjusted return. This is the kind of bespoke relationship-driven investment Sonida is built for and will continue to pursue.

Executing across a larger, more complex portfolio requires the right operating infrastructure, and that is precisely what we have built. Essential component of that work is the rollout of SPIN, our Sonida Performance Insight Navigator.

SPIN is our proprietary technology infrastructure that integrates resident care data, workforce information and operational metrics into a single actionable framework, giving community leaders the real-time visibility to act decisively as occupancy and acuity evolve. The platform optimizes both labor and nonlabor costs against relative occupancy, acuity and care levels to enhance unit economics and drive incremental margin expansion.

SPIN provides the framework for decentralized decision-making without sacrificing accountability, enabling our local leaders to drive community performance with owner-operator urgency and without bureaucratic lag. Importantly, we view SPIN as a foundational operating platform rather than a finished product. We are continuously improving its capabilities and refining usage.

As our platform scales across a larger and more diverse portfolio, it generates a richer data set, further strengthening timely insights, improved decision-making and compounding margin expansion. Each community and portfolio acquisition added to SPIN accelerates asset-level visibility and tie to performance through a standardized data infrastructure, which protects NOI from day 1. This scalable foundation is central to our growth strategy and our ability to drive sustainable margin expansion across our growing portfolio.

As SPIN becomes more deeply embedded, early feedback and performance indicators have been encouraging, and we believe there remains significant opportunity to further refine and leverage the system as the business continues to scale.

As part of Phase 3, we are also introducing our Refined Capital Allocation Framework, first outlined in our Shareholder Letter and included in today's earnings presentation. This framework establishes a clear and disciplined approach for how we will evaluate and deploy capital as we move into the next phase of growth. Following Kevin's remarks, I'll expand on the strategy and its core principles.

Turning to our performance for the first quarter. We are pleased with both the results we delivered and the momentum we are building. As previewed on our fourth quarter earnings call, this quarter reflects our new reporting buckets: Same-Store, Non Same-Store and NNN Lease.

The portfolio delivered solid year-over-year growth across our Same-Store communities, highlighted by continued occupancy expansion, sustained pricing power and meaningful NOI margin improvement. On a Same-Store basis, weighted average occupancy increased 220 basis points year-over-year to 87.2%, reflecting steady improvements in move-in volume, stable length of stay trends and continued execution by our sales, operations and clinical teams.

This occupancy growth combined with significant annual rate increases drove a 7.6% increase in resident revenue and a 5% increase in RevPOR, demonstrating our ability to capture value while maintaining a high-quality resident experience. Sonida's SHOP portfolio is concentrated in markets projected to outpace the national average for 75-plus population growth by approximately 300 basis points over the next 5 years, positioning the portfolio at the intersection of demographic demand.

Importantly, this revenue growth translated efficiently to the bottom line. Same-Store community NOI increased 14% year-over-year to \$48 million, and NOI margins expanded 170 basis points to 31.2%. Based on early operational indicators across the portfolio, the performance we saw in the first quarter has continued into the second quarter.

Last week we completed the first operational transition following the CHP acquisition, bringing 6 communities from 2 third-party operators onto the Sonida platform. These communities represent an important value creation opportunity for the company, and we are initially encouraged by the immediate feedback and smooth execution by our operational excellence team. We expect to transition an additional 11 communities from 4 third-party operators this summer while developing strategic growth partnerships with a select group of in-place third-party operators.

Our first quarter results reinforce the core tenets of our strategy: driving organic growth through consistent operational execution, leveraging pricing power responsibly and deploying capital in ways that enhance long-term earnings power. The scale achieved through the CHP acquisition further strengthens this approach by expanding our regional density, improving purchasing and operating leverage, and increasing flexibility to allocate capital toward the highest return opportunities across the portfolio.

Our team remains intensely focused on execution both within the stabilized portfolio and across communities that are still ramping. We are encouraged by the momentum we are carrying into 2026 and confident in the durability of the operating trends taking shape across the portfolio.

With that, I'll turn the call over to Kevin to walk through the financial results and balance sheet in more detail.

Kevin J. Detz

Executive VP & CFO

Thanks, Brandon. Before jumping into our results, I'd like to start on Slide 15 with a brief overview of our new reporting framework, how we're segmenting the portfolio and why this structure is important for the company.

Beginning with the first quarter of 2026, we are reporting results across 3 portfolio groupings: Same-Store, Non Same-Store and NNN Lease. This structure better reflects differences in asset maturity across the portfolio and provides clear transparency into stabilization dynamics and capital allocation decisions. As Brandon discussed earlier, a core element of our Phase 3 strategy is the continued evolution of the portfolio toward communities with more durable, long-term growth characteristics.

To support that objective, we will be deliberate in recycling capital out of select lower-growth or noncore communities over time. Based on current visibility, this represents approximately 10% of the portfolio by community count. Importantly, these communities represent significantly less than 10% of total NOI for the quarter ended March 31, 2026, reflecting their lower relative margin and growth profile.

The Non Same-Store portfolio captures these noncore assets being ready for disposition alongside recently acquired and stabilizing communities, as well as communities undergoing targeted reinvestments or care model conversions. By separating these assets from our stabilized Same-Store base, we provide a clear view of the portfolio's core earnings power while highlighting areas of active optimization and integration. Over time, this framework allows us to more clearly demonstrate how disciplined portfolio management and capital deployment are contributing to margin expansion and long-term per share value creation.

The NNN Lease portfolio includes the 15 communities we own that have operating leases in place. The initial lease maturities are between May 2030 and July 2032 and include tenant renewal options.

Turning to Slide 16. And as a reminder, all metrics referenced reflect a full quarter on a pro forma basis. Our Same-Store portfolio delivered strong year-over-year growth across all key operating metrics. RevPOR increased 5% as a direct result of another strong annual rate renewal campaign. This continued rate trajectory, along with a 220 basis point increase in occupancy, yielded a 7.6% increase in Same-Store resident revenue. Importantly, more than half of this revenue growth flowed through to NOI over the same period.

Same-Store community NOI increased 14% year-over-year to \$48 million, while NOI margins expanded 170 basis points to 31.2%, supported by a strong contribution from our 2024 acquisition cohort as those communities continue to progress towards stabilization. These Same-Store results reflect effective labor management, disciplined control of nonlabor operating costs and the operating leverage we continue to generate as occupancy ramps up across a still-maturing Same-Store portfolio.

With enhanced visibility into our revised Same-Store portfolio, we believe our ability to deliver on outsized resident rate increases commensurate with our elevated resident service offering, combined with a now stable operating cost profile, should result in wider incremental margin gains as occupancy continues to climb.

Moving to total portfolio results on Slide 17. Total SHOP NOI grew 11.3%, supported by a steady same-store performance. Weighted average occupancy increased 100 basis points year-over-year to 85.7%, reflecting continued strength across stabilized core portfolio while incorporating acquired communities with lower starting occupancy basis and assets still in transition.

Additionally, as seen on Slide 37, the percentage of communities with occupancy above 90% grew from 39% to 52%. Conversely, the percentage of communities below 80% decreased from 28% to 20%.

In addition to the occupancy gains, the total SHOP RevPOR increase of 4.9% was consistent with the Same-Store portfolio's increase of 5%, supporting the quality of the underlying geographical submarkets with broader occupancy upside realizable upon community stabilization and/or transition.

Resident revenue increased 8.5% year-over-year and community NOI reached \$51.3 million, with NOI margin expanding 70 basis points year-over-year despite the near-term dilution associated with bringing newly-acquired, noncore and transitioning communities into the platform.

I'll now spend some time diving deeper into our Same-Store portfolio and what's driving performance. Turning to Slide 18, we continue to see strong pricing fundamentals across the portfolio. Underlying RevPOR growth remains strong as occupancy continues to ramp.

In the first quarter, our resident lease renewal rate averaged 6.5%. Additionally, within the Same-Store portfolio, there are several legacy CHP communities that utilize the rolling anniversary convention for annual resident rate increases that should provide opportunity to further capture additional rate increases throughout the year.

Finally, as we progress towards near-term management transitions that we referenced earlier in the call, there should be ancillary opportunities associated with the overlay of our clinical platform and the potential capture of incremental level of care revenue.

I'll now turn briefly to our year-over-year expense trends on Slide 19. Our Same-Store labor efficiency continued to improve in the first quarter. Total labor costs declined approximately 100 basis points as a percentage of revenue on a year-over-year basis, driven primarily by improved direct labor productivity, while both contract and other labor remain minimal and stable. The significant decrease in direct labor reflects our targeted pay-for-performance initiatives implemented in early 2025 and referenced in our recent Shareholder Letter.

Specifically, SPIN allows us to more precisely measure job function productivity and invest in our top performers through above-market pay increases. This in turn resulted in fewer but more impactful labor hours required to serve our residents while significantly increasing retention and morale. These total labor results also reflect the durability of the more tactical labor initiatives we implemented in the second half of last year, all supported by SPIN. This included more informed and tighter scheduling discipline, daily staffing KPI dashboards, and ongoing work oversight and training from our corporate support center as occupancy continues to scale.

On the nonlabor side, expenses remained well controlled. While EXPOR increased modestly year-over-year, it grew meaningfully below RevPOR, resulting in a 320 basis point expansion in the RevPOR-to-EXPOR spread on a year-over-year basis. This reflects procurement efficiencies, disciplined cost management and the benefits of increased scale across the combined platform.

Turning to balance sheet on Slide 20. Our balance sheet remains well positioned as we continue to make progress toward our targeted leverage range of 6 to 6.5x. As of March 31, 2026, the company's capitalization includes 2 term loans, totaling \$550 million priced at SOFR plus 195 basis points, with step-down that allows pricing to compress to as low as SOFR plus 130 basis points as leverage is reduced. These facilities provide attractive economics and meaningful flexibility as we continue to execute on our operating and growth initiatives.

Since quarter-end, we have further strengthened our capital structure through an additional \$50 million upsizing to corporate debt facilities, which allowed us to reduce our bridge financing dollar for dollar to \$170 million and increase capacity within our permitted facilities with no change of net debt. As a result, our capital stack is now even more weighted toward longer-duration, lower-cost financing.

In addition, as of today, our secured revolving credit facility now carries a \$455 million total commitment inclusive of the additional post-quarter commitment, and continues to feature an accordion that provides significant incremental borrowing capacity to support future growth. Taken together, our bank facilities represent \$1.2 billion of committed capital, underwritten by a single borrowing base and supported by a strong diversified lender group that includes both new relationships and our long-standing partners: BMO and RBC. We remain very pleased with the quality, flexibility and scalability of this capital structure as we execute on our growth and deleverage strategy.

Lastly, we expect the outstanding bridge loan of \$170 million to be refinanced with new mortgage debt in the coming months. On the asset side, our approximate cash balance as of April 30 sits slightly above \$50 million. Subsequent to quarter-end, we paid down \$17 million on our revolver and closed 2 small investments, buying out a JV partner's interest in a high-performing 2024 acquisition cohort community for \$3.6 million and investing \$2.9 million of preferred equity that was referenced by Brandon earlier in the call. The balance of the cash was used to settle post-close transaction expenses. As of April 30, we had over \$100 million in availability under our revolving credit facility, which we expect to increase based on our NOI growth.

Overall, our first quarter results reflect the earnings power of a maturing Same-Store portfolio, strong rate growth, disciplined cost management and expanding margins. They also demonstrate our ability to absorb near-term dilution from newly-acquired and transitioning communities as they progress along the stabilization curve.

With that, I'll hand things over to Brandon to close out the call by walking through our new capital allocation framework.

Brandon M. Ribar
President, CEO & Director

Thanks, Kevin. As I noted earlier, today we formally introduced our Refined Capital Allocation Framework, which is a core pillar of Sonida's Phase 3 strategy. This framework reflects a simple but powerful belief that long-term value creation in seniors housing comes from the combination of disciplined capital allocation and exceptional operating execution. And every investment decision we make in Phase 3 will be measured against that standard.

Our approach is grounded in 3 core principles. First, we will continue to enhance the quality and strategic positioning of our portfolio by investing in assets, markets and operating initiatives that strengthen the durability and long-term earnings power of the platform, while actively recycling capital out of lower-growth or noncore assets.

Second, we will deploy capital only where we believe returns meaningfully exceed our cost of capital and drive accretion to free cash flow and net asset value per share. Scale alone is not the objective; compounding per share value is. Importantly, our framework is return-driven, not category-driven. We will pursue stabilized assets when price, structure and fit meet our return thresholds.

And third, we will maintain disciplined risk-adjusted execution, preserving balance sheet flexibility so we can reach our near-term leverage target in the mid-6x range, with a longer-term goal of an even lower level that allows us to play offense through any future market volatility and act decisively as the opportunity set evolves.

In practice, we deploy capital in a deliberate sequence. First priority is the highest-conviction internal opportunities: optimizing occupancy, RevPOR and margins, and investing in selective CapEx with the clearest return visibility across the existing portfolio. From there, we pursue accretive external growth, targeting acquisitions with operational upside, strategic fit and disciplined underwriting, where returns are driven primarily by operational improvement and platform integration, not cap rate compression. And we maintain a strong focus on top MSA densification, building regional clustering that compounds operating leverage over time.

Underpinning this framework is what we call our Sonida Growth Flywheel. Each acquisition makes the platform more powerful, broadening deal flow, deepening operator relationships and enriching the data sets that power SPIN, enabling sharper benchmarking and performance improvement across a larger, more diversified asset base. This reinforcing cycle has a structural advantage that compounds over time.

That flywheel also expands the aperture of investable opportunities available to us. As our platform scales and our operating track record deepens, we are increasingly well positioned to pursue higher-quality assets with stable operating characteristics provided they are located in strategic growth markets and can be acquired at a basis aligned with our cost of capital.

For those opportunities, our underwriting discipline remains consistent. We require a clear line of sight to FFO per share accretion based on the underwritten growth profile of the asset, supported by the demographic tailwinds of the market and our demonstrated ability to drive performance through the Sonida platform.

This is not a theoretical framework. Our 2024 acquisition cohort, 19 assets acquired at an attractive basis and underwritten to a 10%-plus stabilized yield on cost over an 18 to 24-month horizon, is tracking ahead of plan. As of the first quarter, that cohort is running at an 11.5% yield on cost on an annualized basis, with meaningful gains across occupancy, NOI margin and absolute NOI. That track record gives us confidence in our underwriting discipline and the further refined operating model behind it.

With an operational foundation firmly in place, a scaled and integrated platform and a sector backdrop that we believe is increasingly favorable, we are focused on deliberately compounding value over time and delivering durable, long-term returns for our shareholders. Central to that execution is a people-centered

culture and a leadership team with deep experience scaling senior living platforms, a combination that reinforces our confidence in the strategy and our ability to deliver on it. Thank you to everyone for joining our call today. This concludes our prepared remarks. Operator, please open the line for any questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Ronald Kamden from Morgan Stanley.

Derrick R. Metzler

Morgan Stanley, Research Division

This is Derrick Metzler on for Ron. I guess you guys have been growing at an impressive rate, expanding the portfolio. And I know the dust has barely settled for the acquisition, but I guess looking forward, have you guys -- how should we think about the rate that you'll continue to deploy additional capital, continue to grow the portfolio? And are there other kind of large portfolios similar to this that might be in your pipeline in the next couple of years? Or should we be looking at more like one-off assets and community acquisitions?

Brandon M. Ribar

President, CEO & Director

So I'd say a couple of things. One is we remain very active in the acquisition market, that not only the work we're doing to integrate the assets that we've just completed the purchase of in March, but also identifying opportunities to continue growing, building density in similar -- in some new markets as well. I'd say that we're targeting across the board opportunities both on the enterprise side as well as the individual asset basis. We've set up the company to be able to continue to purchase as we are integrating the CHP portfolio. And so we are engaging on both fronts.

And I think in terms of just size of our pipeline, feel really good that it's at a robust level and believe that we can continue to acquire, if you kind of remove the CHP acquisition from the last couple of years, continue to acquire at a consistent pace as we did in '24 and 2025.

Derrick R. Metzler

Morgan Stanley, Research Division

Great. That's really helpful. As is the capital allocation plan that you guys published, I guess you've got really good returns on your '24 acquisitions. And is that a similar range that you're targeting going forward? Or have you put out a different set of kind of yield or IRR hurdles that you're targeting as part of this plan?

Brandon M. Ribar

President, CEO & Director

I'd say that we're in a position to continue to target opportunities of similar quality to -- as what we bought in 2024. It's fair to say that the returns may have tightened just a bit because the markets, I think, heated up since 2024. We feel confident that our operating capabilities, when applied to kind of portfolio-level or smaller acquisition types of opportunities, can continue to drive yields that are really strong and in the high-single, low-double digits.

So we also believe there's good opportunity in those 2024 assets to continue growing. So that 11.5% yield that we referenced in our deck, that number will continue to improve as operational performance in that cohort stabilizes as well.

Operator

Your next question comes from the line of Wes Golladay from Baird.

Wesley Keith Golladay

Robert W. Baird & Co. Incorporated, Research Division

Can you talk about the SPIN? Is it something you're using in underwriting right now, or will it be a big part going forward? And do you have any incremental SPIN -- or spend to build off the SPIN platform?

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Brandon M. Ribar
President, CEO & Director

So twofold. One is, we are using it currently in our underwriting process as we think about where assets are located and how they compare to any and all -- any of our existing portfolio across the 153 communities. And so we can look at margin trends. We can look at occupancy and rate profile of our existing communities to help us in underwriting assets in markets where we are today.

I'd say that the big things we think about in terms of the benefit of SPIN is the timeliness of information that our communities are receiving on a real-time basis. And then the granularity of the information that, when we combine what we can now see across our various systems, helps people in decision-making around deploying labor that's in line with the needs of our residents.

It also helps us to identify how residents are trending from a clinical perspective on the kind of, call it, their wellness time line. And then it also helps us with identifying opportunities on the rate front, both in capturing the rate requirements for the services we're providing, but also we can identify when occupancy is getting even higher where we have areas that we can grow rate and improve market rate.

So we use it not only for acquisitions, but kind of the real-time decision-making for our local and regional leadership teams.

And we'll continue to invest in it. Sorry, I wanted to answer your last question. But we do have investments, as opportunities in AI continue to unfold that will allow for, again, more informed decision-making and advanced analytics, we'll keep investing on the AI front.

Wesley Keith Golladay
Robert W. Baird & Co. Incorporated, Research Division

Okay. And then you did mention unmodeled synergies. Do you expect to see any of that this year? And can you quantify any of it at this point?

Brandon M. Ribar
President, CEO & Director

I'd say that we will see it this year. We're already seeing opportunities. We referenced that we transitioned the first 6 communities into the Sonida management portfolio here just last week. And so the communities that we've identified for transition in 2026 in various phased approach, each of those, we do think that there's benefits from our operational platform that we'll see.

Now we're always thoughtful around potential kind of immediate-term disruption as you're transitioning into our management platform. But we do see towards the back of the year, we'll begin to realize some of those benefits. And we'll provide additional color as we go throughout the year on exactly what those numbers look like and how they're progressing from the communities we are bringing internal.

I'd say that opportunities on the labor front that we've talked about as well as procurement and insurance and just kind of the overall Sonida program are still things we're optimistic we'll see.

Kevin J. Detz
Executive VP & CFO

And Wes, beyond that -- thanks for the questions too. But beyond that, there's also the internalization of management. So right now, we're generally paying 5% of revenues to the third-party operators. And to the extent that we internalize those upon transition, that number should ramp down significantly, laid out on Slide 30, so that the cost to serve and operate those communities would be something south of 5%.

Wesley Keith Golladay
Robert W. Baird & Co. Incorporated, Research Division

All right. Fantastic. Last one for me. On the disposition front, do you think that's going to be more of a 3Q, 4Q thing? Or are you going to start to see some already in the second quarter?

Brandon M. Ribar
President, CEO & Director

I think 3Q, 4Q is a good way to think about that.

Operator

Your next question comes from the line of Ben Hendrix from RBC Capital Markets.

Benjamin Hendrix
RBC Capital Markets, Research Division

Just wanted to follow up on some of that last line of questioning regarding the third-party operators and bringing those over under internal management. You also noted that you had some strategic investments with some of your operators in certain markets. I'm just wondering if that is changing in any way the longer-term opportunity to bring down that \$19 million in management fee, and if you think that there could be maybe additional synergies with some of those relationships going forward?

Brandon M. Ribar
President, CEO & Director

Ben, yes, I'd say that we're really optimistic about the relationships that we'll have for potentially longer-term strategic opportunities. We also feel that the \$19 million management fee number that we'll be able to significantly reduce, as we've learned more and more, that number will be right on kind of our internal expectations of being able to -- we've talked about being able to save significant dollars against that \$19 million.

So no change in our approach. And I would still expect that over the long term, we will internalize the significant majority of all those 54 SHOP communities. And then we'll hold on to relationships that are strategic in nature with a small but meaningful number of the other managers, should opportunities arise.

Benjamin Hendrix
RBC Capital Markets, Research Division

Great. And then just in terms of the pacing of, I guess, dispositions you're planning through the rest of the year and any incremental M&A, and then also your just thoughts on the efficiencies that you've gained thus far, any color, with all those moving parts, any color on kind of pacings in earnings and cash flow? With cash flow, I know we had refinancings, we had working capital movements just in the closing of the acquisition. But any thoughts on pacing of earnings and cash flow through the balance of the year would be very helpful.

Brandon M. Ribar
President, CEO & Director

Sure, Ben. I'd say that in our remarks, we are optimistic of seeing at or above continued improvement in terms of year-over-year NOI growth. Feel like there's additional earnings potential in the communities that we have internalized. We were really pleased with the rate growth that we saw in terms of the in-place resident rate increases as well as good trends on the occupancy front. So I think it's incumbent upon us to minimize disruption in the portfolio of new assets, and then to continue to aggressively move forward on the dispositions that have already been identified. We've talked about kind of 10% plus or minus on the total community count that we're targeting, and those are in active processes.

And then on the acquisition side, again, we're out there and we are aggressively looking to acquire in what is a competitive landscape. I'd say that on the acquisition front, one aspect of our business that is -- we feel like can be differentiated is the opportunity to invest in owner-operators because we are not a REIT and we're a C-Corp. We are having discussions with a number of different owner-operators where there's opportunity to consolidate those into the Sonida platform, both within our existing manager base but also outside of that.

So we want to be continuing to aggressively grow and feel good about the trajectory of improvement in our earnings.

Benjamin Hendrix

RBC Capital Markets, Research Division

Great. Just last quick one for me. I just wanted to confirm. It sounds like you, with some of the refinancing or the additional bank group members that you've brought on, it sounds like the bank loan piece and the revolver piece of your financing is kind of where you want the remaining \$170 million agency and mortgage exclusively? Or is there opportunities to continue to expand the bank piece?

Kevin J. Detz

Executive VP & CFO

Ben, this is Kevin. Yes, we've gotten a lot of good feedback from lots of groups that want to participate. So we feel like we'll be in a position to take out the bridge at the end of the second quarter or early Q3 at the latest just based on the demand and the pricing that's coming back and the overall participation in our cap stack.

Operator

Your final question comes from the line of Rich Anderson from Cantor Fitzgerald. A reminder to unmute yourself locally, if you are.

We have reached the end of the question-and-answer session. And I will now turn the call back to Brandon Ribar, President and Chief Executive Officer, for closing remarks.

Brandon M. Ribar

President, CEO & Director

Thank you all for participating this morning. Have a great week.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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