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Sonida Senior Living, Inc.

NYSE:SNDA

Earnings Call

Monday, August 10, 2026 4:00 PM GMT

Call Participants

EXECUTIVES

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President, CEO & Director

Kevin J. Detz
Executive VP & CFO

Megan Caldwell
Vice President of Investor Relations

ANALYSTS

Benjamin Hendrix
RBC Capital Markets, Research Division

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Ronald Kamdem
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Presentation

Operator

Hello, everyone. Thank you for joining us, and welcome to the Sonida Senior Living Second Quarter 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
Vice President of Investor Relations

Thank you, operator. All statements made today, August 10, 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 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 previously disclosed, the company completed its acquisition of CNL Healthcare Properties, Inc., or CHP, on March 11, 2026. Unless otherwise specifically noted or the context otherwise requires, the financial and operating results we are discussing today and that are included in our earnings release and presentation represent the combined company on a pro forma basis for any period presented in which we did not own CHP for the full period, including CHP as if the acquisition had closed on the first day of the period. We believe this pro forma information provides a meaningful method of comparing the performance of the combined business over historical periods. This pro forma information giving effect to the CHP acquisition has not been prepared in compliance with Article 11 of Regulation SX and does not reflect the actual results we would have achieved had the CHP acquisition occurred on the first day of the applicable period and may not be predictive of future results.

Please note that our GAAP financials reflect CHP's results from the closing date only and our second quarter 2026 financials reflect CHP for the full period without any adjustment. See the disclaimer slide in our presentation for additional information about the preparation of and the limitations associated with this pro forma financial information. Please also 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 and presentation. If you'd like to follow along during today's call, you can find Sonida's second 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, Megan. Good morning, and thank you for joining us on our second quarter 2026 earnings call. Last quarter, we outlined Sonida's shift from building its foundation to compounding on it, transitioning from survival and stabilization to now in 2026, compounding. Our compounding phase is well underway with today's results showing clear fundamental momentum, and I'm pleased to report a strong second quarter. On a same-store basis, weighted average occupancy increased 240 basis points year-over-year to 87.8%, reflecting continued gains in move-in volume and sustained execution by our sales, operations and clinical teams. That top line growth continued to flow through efficiently to profitability.

We're encouraged that this momentum continued into the third quarter with our total portfolio occupancy increasing sequentially by 40 basis points in July versus June. Q2 same-store community NOI grew 16.9% with NOI margin expanding 250 basis points year-over-year to 32.6%, underscoring the operating

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leverage embedded in the portfolio. We are pleased that our operational efforts have demonstrated a significant expansion from our 14% year-over-year same-community NOI growth in Q1. On a total portfolio basis, for the second quarter, normalized FFO per share was $0.48 with adjusted EBITDA of $50 million, both reflecting the earnings power of the platform as it scales. The strength of these results highlights the caliber of leadership across the operating platform, the effectiveness of our proprietary SPIN business intelligence tools and the operational discipline to balance onboarding new communities while delivering consistent performance in our core portfolio.

The continued integration of the CHP portfolio remains on track, and our pipeline of additional near-term investment opportunities continues to expand, both of which I'll cover in more detail later in my remarks. Our primary objective remains generating durable per share value creation through the combination of a stronger balance sheet, a differentiated operating model and a deeper leadership bench. We are also pleased to formally introduce Anton Nikodemus as our Chief Operating Officer, a newly created and vital role as we focus on continuing to compound value. Anton's arrival reflects a deliberate investment in enhancing the resident and overall customer experience as we build on a strong operating foundation and position Sonida for long-term competitive advantage as an owner operator.

Anton brings a valuable perspective rooted in hospitality. At its best, senior living is not simply a care business. It is an experienced business. Culinary quality, service consistency, resident programming and the design of the physical environment, together with disciplined sales, marketing and revenue management are details that drive renewals, generate referrals and sustain pricing power through market cycles. They are also the most difficult things to replicate at scale. As Sonida's platform grows, our ability to embed a hospitality-driven culture at the community level and to hold that standard across a larger and more diverse portfolio is a key source of differentiation in our business model.

Anton is here to build and sustain that capability, and we are excited to have him leading that work. This mandate is especially relevant given the pace of integration work underway. As of July 1, 14 communities, more than 1/4 of the CHP SHOP portfolio have transitioned to Sonida management. The execution was smooth and more importantly, it was instructive. Our operational excellence team built over the last several years since we began acquiring assets in 2024 continues to accelerate asset transitions and data migration onto our SPIN platform, enhancing a playbook refined through 2 years of integration work. To contextualize this a bit, the 6 communities transitioned at the beginning of May delivered year-over-year NOI improvement exceeding 60% and expanded NOI margin by 850 basis points compared to Q2 2025.

Ongoing investment in detailed training and development of new leadership, coupled with community level incentive structures are keeping teams focused and results steady throughout the integration process. We remain confident in the performance of our remaining third-party managers. They have preserved operational continuity and institutional knowledge at the community level and in a handful of cases, are evolving into longer-term strategic partnerships, a dynamic that is opening incremental opportunities for us across a range of fronts, whether that's deal flow, sourcing networks or regional density advantages. That same playbook mentality, building infrastructure that gets smarter with each transition extends beyond the integration itself. It is what underpins the Sonida Performance Insight Navigator or SPIN, our proprietary operating platform that provides real-time insights around occupancy, rate and labor trends with data sets coming from over 100 of our communities.

We introduced SPIN to our investors for the first time in our April shareholder letter and in further detail on our Q1 call, though it reflects work we've been building for years. SPIN is a proprietary system with layered best-in-class third-party capabilities, specifically tailored to how we operate, bringing resident care, workforce and community level data into a single real-time view. What's changed since last quarter is scale. Each community acquisition we integrate enriches that data set and drives further development of predictive insights into resident clinical profiles and labor efficiency. Pivoting to capital allocation. Our investment focus remains return-driven, not category driven. Every dollar deployed is measured against accretion to free cash flow and net asset value per share. We underwrite with the same rigor and cost of capital discipline as an institutional investor, but the Sonida advantage lives in what happens after the deal closes.

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We execute as a best-in-class operator, converting operational upside directly into NOI in a way a pure capital allocator cannot. That operating advantage shapes our conviction about the types of assets that create the most value for Sonida shareholders. We're drawn to assets that reward not just an owner, but an operator, where our operational capabilities allow us to lean into a deal, specifically high-quality assets available at a discount to replacement cost in markets with favorable supply-demand dynamics, where we see multiple levers to grow occupancy, rate and margin rather than a single thesis dependent on cap rate compression. Regional density is a particularly important part of that thesis.

Today, local operating density is becoming harder to replicate and more valuable. Our concentrated presence in key markets such as Dallas-Fort Worth, Northern Florida and Atlanta deepens access to the operating and market data that sharpens our capital deployment decisions, while regional clustering drives referral networks, purchasing power and labor efficiencies that optimize our operational opportunity. This density is also reinforced by how we're perceived in the market. We believe our platform is resonating with sellers who care about what happens to their communities after a transaction closes, and we expect that to become an increasingly important differentiator to our sourcing efforts over time. Together, these dynamics feed the flywheel we described last quarter, where every acquisition deepens our operator relationships as to the SPIN data set and strengthens our density in the markets that matter most.

The value of SPIN and our broader integration and operations playbook is increasingly reflected in our results. Our Stone joint venture is a case in point. Formed in 2024 to acquire 4 highly distressed communities across the Midwest, the portfolio NOI has grown 5.6x, driven by a complete overhaul of the operating model to drive both top line and margin growth. That performance yielded a cash out refinancing that closed this quarter, returning the full amount of invested capital to Sonida and our joint venture partner with attractively priced long-duration flexible mortgage debt. Importantly, we believe the growth from this acquisition is far from finished. The portfolio remains in the stabilization phase with meaningful upside opportunities ahead.

We've previously discussed our 2024 cohort, which is currently yielding approximately 11.5% relative to our cost basis with meaningful further upside ahead. Our 2025 cohort is showing similarly strong momentum. Since Q4 2025, the first full quarter of ownership, occupancy and NOI are up 1,400 basis points and 1,600 basis points, respectively. Notably, occupancy for the 2025 cohort sits at 70.4% as of June, reflecting significant upside ahead. The Stone JV and our other one-off acquisitions to date reflect the kind of value creation we look to replicate as we continue to deploy capital, and we are seeing that same opportunity set in our current pipeline. Today, we are under contract to acquire approximately $88 million of assets that share these same characteristics, attractive markets and well-located buildings where our operating prowess can drive a significant uplift in performance.

We anticipate these assets to generate a mid-teens unlevered IRR and accretion to normalized FFO and NAV per share on a stabilized basis. This is all consistent with the approach laid out in our April shareholder letter, where we are looking for acquisitions that generate outsized return on unlevered cost of capital when compared to our current implied cost of capital in the public markets. We continue to build the pipeline behind this initial $88 million, which remains deep and compelling, and our acquisitions team is as busy as it's ever been. We look forward to sharing more on our acquisition efforts in the upcoming calls. With that, I'll turn the call over to Kevin to walk through the financial results, balance sheet and asset recycling efforts in more detail.

Kevin J. Detz
Executive VP & CFO

Thanks, Brandon. Turning to Slide 16 in the investor deck, a quick reminder on how we're structuring portfolio reporting. As we outlined last quarter, we report across 3 groupings: same-store, non-same-store and triple net lease, a framework designed to provide a clean read on our core earnings base while isolating the parts of the portfolio still in motion. That second bucket, non-same-store, is where our active portfolio management shows up most directly. It includes newly acquired and stabilizing communities, assets undergoing reinvestment or care model conversion and a targeted set of communities identified for disposition as part of our ongoing portfolio optimization strategy. On that last group, we are making

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significant progress towards an efficient exit of these noncore positions to redeploy that capital into higher-quality communities that better align with our growth and margin profile.

The capital recycling of these 14 communities, which represent less than 2% of total NOI for Q2 should have a deleveraging impact on the company's balance sheet beyond enhancing overall quality and earnings power. We see this as one of the clearest ways to show disciplined capital allocation in action, and it's a dynamic we expect to keep pointing to as the portfolio accelerates a shift to higher quality, higher growth assets. The net 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 all include 5-year tenant renewal options. Turning to Slide 17. Our same-store portfolio generated strong operating gains in the second quarter. We picked up 240 basis points of occupancy on a year-over-year basis.

The percentage of same-store communities with occupancy above 90% grew from 43% in 2Q '25 to 54% today, while the percentage below 80% declined from 30% to 20%. These occupancy gains are supported by increased lead volume from our focused digital marketing efforts, coupled with a higher conversion to tour ratio. RevPOR grew 4.9% year-over-year, reflecting continued rate strength following the annual renewal of 70% of the company's resident leases in Q1. The overall strong performance in revenue was complemented by well-controlled operating expenses, which yielded an NOI margin of 32.6% for the quarter, an increase of 250 basis points year-over-year. The continued discipline in labor and nonlabor cost management drove an incremental flow-through of 63.4% on the increase in revenue for the same quarter in prior year.

Also contributing to the widening margins within our same-store portfolio is a steady stabilization of the 2024 acquisition cohort, which continues to increase its absolute NOI contribution with each consecutive quarter. While we are encouraged by Q2 strong operating results, which were highlighted by a 16.9% year-over-year increase in NOI, we see several avenues for margin expansion in a still maturing same-store portfolio, all anchored into the utilization of the SPIN platform by our community leaders and regional teams. Moving to total portfolio results on Slide 18. Total SHOP NOI grew 17.5%, supported primarily by growth in the same-store portfolio. Weighted average occupancy increased 170 basis points year-over-year to 86.6%, reflecting continued strength across the stabilized core portfolio while incorporating acquired communities with lower starting occupancy basis, assets still in transition and assets that are being actively recycled out.

In addition to these occupancy gains, total SHOP RevPOR also grew 4.9%, with rate opportunities still embedded in our newer and repositioning communities as they continue to mature. As Brandon mentioned, the 2025 cohorts occupancy trajectory has been a standout, and that momentum is flowing through to our profitability as well. NOI margin across these 4 communities moved from negative 1% in Q4 2025, the first full quarter in which all 4 assets were included to 15% this quarter. With plenty of runway left on these assets, the pace of stabilization should support meaningful year-over-year NOI contribution when they flip into same-store in 2027. More broadly, total SHOP NOI margin for the quarter was 29.9%, a level that we expect to build upon as we execute on our strategies across acquisition stabilization, community transitions and portfolio pruning.

We will move to Slide 19 now to look at our same-store portfolio in more depth. The steady increase of RevPOR over the last 5 quarters reflects the company's focus on optimizing resident rates through SPIN as well as the staggered nature of the legacy CHP rate renewal conventions. The combination of these 2 factors should provide for further rate increase capture throughout the year and beyond. The company continues to appropriately match level of care revenues to its acuity-based staffing model within SPIN, providing another lever to widen margin profile while both occupancy and operational efficiencies climb. Moving to Slide 20, you'll see our same-store labor efficiency continues to drive up incremental margin flow.

In Q2, total labor costs declined 130 basis points as a percentage of revenue year-over-year to 40.4%, a portfolio low, primarily highlighted by a 100 basis point improvement in direct labor with both contract and other labor remaining minimal and stable. These continued improvements in our labor profile are the direct result of the utilization and proficiency of real-time SPIN labor metrics by our community teams. Other nonlabor operating expenses also continue to push down relative to increasing revenues,

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contributing to a 410 basis point spread between RevPOR and ExpPOR and ultimately, the 16.9% increase in NOI from Q2 in prior year. This 3-quarter trajectory reflects the continued evolution of our SPIN labor modules and more importantly, their broadening adoption and utilization across our community and regional teams. Turning to Slides 22 and 23. Our balance sheet continues to strengthen as we advance toward our targeted near-term leverage range of 6 to 6.5x. As of June 30, the company's capitalization includes 2 term loans totaling $575 million, which includes an additional $25 million commitment received in Q2.

The 2 term loans are priced at SOFR plus 195 basis points with step-downs that allow pricing to compress to as low as SOFR plus 130 basis points as leverage is reduced. Subsequent to quarter end, on August 7, we completed a $380 million 5-year term loan, including 2 extension options with Ally Bank. The proceeds from the Ally term loan were used to fully settle the $170 million bridge loan and the existing Ally term loan of $122 million, with the remaining proceeds used to pay down the senior revolving credit facility to increase availability to fund future acquisitions. The Ally term loan, along with the 2 term loans from the CHP merger in Q1, meaningfully extend our debt maturity profile and addresses any near-term refinancing risk associated with the company's debt stack. Including the Ally term loan transaction, on a pro forma basis, total debt stands at approximately $1.6 billion at a weighted average interest rate of 5.43%. 86% of our total debt is either fixed rate or floating hedge.

The Ally refinancing also reshapes our maturity ladder meaningfully with 97% of total debt maturing in 2029 or later and 43% maturing in 2031 or later prior to the inclusion of extension options. As of the date of the Ally term loan financing, the secured revolving credit facility carries a total commitment of $455 million of which roughly $166 million is available immediately and continues to provide meaningful incremental capacity to support future growth. Finally, in July, the company issued approximately 672,000 shares of common stock under its ATM program at an average price of $41.05, resulting in net proceeds of $27.3 million. We anticipate these funds to be used for the equitization of the nearest-term community acquisitions within our pipeline. We remain pleased with the quality, flexibility and duration of our capital structure following this transaction as we execute on our growth and delevering strategy. With that, I'm going to pass the call back to Brandon for closing remarks.

Brandon M. Ribar
President, CEO & Director

Thanks, Kevin, and thank you all for joining us today. Taken together, our second quarter results reflect the strength and durability of the operating momentum we've built across the portfolio. Same-store and total shop performance both point to a business generating meaningful top line growth while translating that growth into outsized margin expansion. And our recent balance sheet actions have further strengthened our financial flexibility to support that momentum going forward. None of this happens without the people behind it.
Our team members across each of our communities and in our support roles show up every day for our residents with genuine care and pride, and that dedication is the foundation of everything else the Sonida story is built on. We are also grateful for the continued confidence of our investors who have partnered with us through this journey and share in our excitement about where Sonida is headed. Thank you again for your time today, and we look forward to speaking with many of you in the weeks ahead. Operator, you could open the line for any questions.

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Question and Answer

Operator

[Operator Instructions] Your first question from the line of Ronald Kamdem with Morgan Stanley.

Ronald Kamdem
Morgan Stanley, Research Division

Great. I guess just a couple of quick ones for me. Starting with the normalized FFO, $0.48 in the quarter, which looked pretty strong. Can you guys just remind us when you guys plan to give sort of normalized FFO guidance and how the thinking is going through there?

Brandon M. Ribar
President, CEO & Director

Ron, our goal is to start issuing guidance for the full year 2027 as we just continue to pull the entire portfolio together and work through the completion of the integrations from the CHP deal as well as the other acquisitions we have in our pipeline. So that's the goal.

Ronald Kamdem
Morgan Stanley, Research Division

Great. That's really helpful. And then as you sort of take a step back, I'm just curious, when you look at the portfolio right now, where in your mind, you think stabilized occupancy can get to over time? And if you can just overlay what sort of the new COO hire as well as the SPIN platform, how that plays into that occupancy trajectory?

Brandon M. Ribar
President, CEO & Director

Certainly, I'd say that from an occupancy perspective, we see continued improvement. We've seen good year-over-year growth and don't see any major headwinds to that continuing here in the next the foreseeable future. So getting into the low to mid-90s seems, from our perspective, very achievable. Obviously, pace will depend on our performance and the market. And I'd say that the hiring of Anton was a big piece of just the continued improvement in trajectory of the business. His experience over 30 years in adjacent industries and what he'll be able to do in terms of the overall resident and customer experience as we continue to build out just our exceptional operating platform is something we're incredibly excited about.

His knowledge of the customer and how to create the right type of offering to match and exceed their expectations is something that even in the first couple of months of his joining our team, we've been super impressed with. And so how we continue to build out the operating platform for the future resident and their family is something we're excited to continue down very quickly.

And then I'd say just on the SPIN tool, the more that we've been able to add communities into our overall just base of analytics, the more we learn about areas of opportunity, both on the staffing side, which is exciting because we just have a very real-time view of what's going on in our communities, but also as we think about continuing to push through and expand our rate profile, just understanding how long units are on the market, how quickly we can get them filled up and priced appropriately and then just doing more on a real-time pricing basis as we build out our product and grow that occupancy is really important because, as you know, when you start exceeding 90% occupancy, it's absolutely foundational that you get very strong rate growth. And so we're always trying to balance the growth of the rate with our occupancy as well and excited to have Anton on board to help us drive the continued build-out of our SPIN platform and our overall customer offering.

Operator

Your next question from the line of Rich Anderson with Cantor Fitzgerald.

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Richard Charles Anderson
Cantor Fitzgerald & Co., Research Division

Nice quarter. So I want to talk about the triple net portfolio and the recycling plan there. You mentioned the lease expirations and the extensions. Like to what degree can that process start rolling sooner rather than later? And what's your mindset around cap rates and redeploying what the spread would be to redeploying into growth your assets and so on? Any incremental color you can give on timing and economics to that strategy would be helpful.

Brandon M. Ribar
President, CEO & Director

Yes, absolutely. I'd say that as we've built the relationship with both of our tenants, we've been impressed with their capabilities and they're both structures that we have a lot of confidence in from a stability perspective. But as we've talked about before, ultimately, we're not interested really in growing the triple net business. And so I think just continuing to get market color on what that would look like should we go down a path here in the near to midterm. We're not in any real hurry because it's still very strong cash flowing assets that have good underlying metrics. I think just we can obviously continue to evaluate opportunities for more of a shop style profile of those assets. But I'd say that here in the next probably 6 months to a year, we want to make sure that we're clear on whether or not that's something we want to pursue from a market transaction perspective or not.

And I'd say that the spread there, based on what we're seeing in the marketplace and kind of the asset profile that we referenced in our pipeline that there would be clearly a solid spread to where the triple net would trade today. And I guess it's fair to say that there's different opinions on what the cap rate would be on the triple net side until you really were to pursue a market type of a transaction. But that's what we'll look at is can we recycle that and buy it at 100, 200 basis point type of a spread.

Richard Charles Anderson
Cantor Fitzgerald & Co., Research Division

Last -- second for me. You've very unique operating model. I think we all can appreciate everything under one roof or almost everything and transitioning those that aren't at the moment. When you're out in the market looking for activity, though, is there any situation where you're taken out of the running because an operator may want to still be an operator and doesn't want to lose that business. And so because you're more than likely to transition to the Sonida operating platform, is there a hesitancy to do business with Sonida in some cases?

Brandon M. Ribar
President, CEO & Director

I would say overwhelmingly, the opportunity for it to be part of the Sonida platform has been part of the reason that we've been successful. And there are occasions where an operator might have that stipulation if they have a very close relationship with the party that's selling. I think more realistically, people are not interested in limiting the value opportunity when they're taking transactions to market. And so they're open to multiple types of structures. And I'd say that similar to what we did with the CHP opportunity, if there's strategic opportunities within that operating platform or that operator, we're not going to be set on our ways that they couldn't potentially stay a part of that or be a part of the Sonida platform as well. So we like to maintain that flexibility as we're bidding on assets, but we haven't seen that to be a barrier of any significance on the deals we've been bidding on.

Richard Charles Anderson
Cantor Fitzgerald & Co., Research Division

And quick one, just a follow-up for me. You mentioned regional density being a high priority ticket item for you guys. Dallas, North Florida and Atlanta were mentioned. Where do you need -- do you see an immediate need to build scale and density that didn't make that top 3 list today?

Brandon M. Ribar

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President, CEO & Director

I'd say that we're continuing to look at assets in the Midwest. We've seen really strong performance. We talked about the -- that Stone portfolio, and those 4 assets are positioned really well across markets in the Midwest that we're interested in additional density. I'd say that kind of the Mid-Atlantic, the Carolinas and Virginia are areas that we're looking at as well. I think, though, that we've seen a lot of success and the profile of the assets that are in our pipeline are being layered into markets where we already have a solid presence, but not a ton of density, I'd say. So markets like in Atlanta or Northern Florida, you still have plenty of runway to grow where you can identify other suburbs or complementary product types that can be added into the portfolio. So we think that there's really still plenty of room to grow in those key markets and expand in others in the kind of Midwest and Southeast as well.

Operator

[Operator Instructions] Your next question comes from the line of Wes Golladay with Baird.

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

I want to go on to the topic of margin expansion. With the merger, I think you inherited some contracts from vendors and now you have a lot more scale. Do you think you can get after some of these contracts by 2027 and start to see that benefit of scale?

Kevin J. Detz
Executive VP & CFO

Thanks for the comment. So we are already getting out under the master contracts in instances where we share the same vendor as the community or the operating company that we're now working with. So a lot of that is already in motion. And generally, the contracts are short term in nature. So if it's things like purchasing food or insurance, all those are 1 year or less. So don't see any headwinds relative to optimizing kind of the scale purchasing power of the combined company.

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

Okay. And then when you look at your acquisition pipeline, what type of deals are you seeing? I think you commented on the geography already, but maybe talk about are you seeing more value-add, newer assets? What's in the pipeline there?

Brandon M. Ribar
President, CEO & Director

I'd say the pipeline is very consistent with the assets that we were purchasing in 2024 and 2025. So there are some that have a little bit heavier lift to them and definitely a risk-adjusted return that's stronger. And we're also looking at those that we can apply our operating model, but they're not fully stabilized at this point. They're not massive recoveries, but things like mid- to high 80s occupancy. And we look at the kind of market rate profile and see pretty interesting opportunities to adjust those to higher market level rates. So I'd say that our confidence in these deals comes from the fact that they look and feel very, very similar to those we've had success with in 2024 and 2025, and we're still buying them at attractive pricing relative to replacement value and feel like there's a really good near-term path to driving good strong NOI recovery once we bring them on board.

Operator

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

Benjamin Hendrix
RBC Capital Markets, Research Division

I appreciate the comments about the SPIN advancement, particularly the RevPOR and ExpPOR spread, the incremental spread you're getting there. I'm wondering if you could provide some additional commentary

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around how much of occupancy gain you might be able to attribute to some of this added leadership capacity, marketing programming and facility enhancements. Any way to think about how much of the 240 basis points of same-store occupancy growth kind of came from the SPIN transition facilities?

Brandon M. Ribar
President, CEO & Director

Yes. I'd say we've seen good consistent growth across the board. One thing we included this quarter, hopefully, it's helpful for investors is a breakdown of the occupancy levels across just the various segments in terms of total numbers of communities at or above 90%, 95% and then those that still have plenty of room for recovery. And I think that tells a really nice story of balance that we have a significant amount of upside in the bottom kind of 20% that are still below 80% occupancy. And a lot of those are communities that have transitioned into the portfolio as well as those that we bought in 2024 that still have good runway to them. And so I think we've been able to hold a high number of our communities in that 90% and over level.

We generally run right around 10% or so of our communities that are full, and those are the areas where we can keep focusing on rate growth. But I'd say there's a good mix of kind of legacy same-store opportunity as well as the chance to keep moving at those types of occupancy improvement levels with the assets that we're rolling in. And so we think about like the 2025 cohort that we talked about that's still in the low 70s in terms of its overall occupancy. So start rolling that into the same-store next year and feel like we're going to be able to continue to generate those good strong year-over-year occupancy gains in the same-store portfolio.

Benjamin Hendrix
RBC Capital Markets, Research Division

Great. And then as you look at the SPIN platform's analytical capabilities and kind of the insight it can give you, is there any indication of that -- any expansion of the pipeline, the M&A pipeline related specifically to that? Is it opening up the pipeline, maybe making new markets more attractive? Or is it -- are we kind of continuing really with that focus on your core markets where you're building clusters?

Brandon M. Ribar
President, CEO & Director

I think what it's really doing is reiterating where we can be very successful in terms of things like the markets we want to play in, what type of density in the market that we really want to target, the mix of products, whether it's IL, AL or memory care, being able to tie that into the performance of existing assets within both our same-store and non-same-store cohorts is really helpful because we're moving very quickly on deals that are off market and feel like we can underwrite them against what we've been able to do in other circumstances. I feel like our track record in terms of performance on those acquisitions is something that's also giving us a leg up when we're having discussions on deals.

And so we apply those metrics that we're seeing in an individual community or a cluster of communities to the underwriting we're doing for new assets. And that means what is the overall percent and kind of structure of our labor model look like in the potential acquisition opportunity? What's the rate growth profile and how quickly and how do we think about the types of units, 1 bedrooms, 2 bedrooms, studios that are in the assets that we're looking at. So we really focus on how to translate our direct kind of in the 4 walls operating knowledge, into our underwriting. So we're ultimately giving ourselves a very high chance of success in delivering on an accretive transaction and ensuring that it gets integrated in a very timely fashion as well. So I think there's all components of the SPIN platform that we apply when our team is underwriting the acquisition opportunities as an operator.

Operator

There are no further questions at this time. I will now turn the call back to Brandon Ribar for closing remarks.

Brandon M. Ribar

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President, CEO & Director

Thank you all for joining our call this morning. Have a great week. Take care.

Operator

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

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