ZIEGLER INVESTMENT BANKING

INSTITUTIONAL INVESTOR WEBINAR: NFP SENIOR LIVING & CARE SECTOR UPDATE #5, COVID-19

June 3, 2020 | 4:00 PM ET / 3:00 PM CT

PRESENTED BY

Dan Hermann
President & CEO
Head of Investment Banking
Ziegler

Kevin Strom
Executive Managing Director
Head of Capital Markets
Ziegler

Tom Meyers
Senior Managing Director
Ziegler

Rich Scanlon
Senior Managing Director
Ziegler

Adam Buchanan
Director, Head Underwriter
Capital Markets
Ziegler

Lisa McCracken
Director, Senior Living Research
Ziegler

B.C. Ziegler and Company | Member SIPC & FINRA

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# A REVIEW OF ZIEGLER COVID-19 WEBINARS FOR INSTITUTIONAL INVESTORS

<table>
<thead>
<tr>
<th>Webinar</th>
<th>Date</th>
<th>Speakers</th>
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</table>
| Borrower Preparedness Call, Call #1          | March 18, 2020| **Ziegler:** Dan Hermann, Adam Buchanan  
**Guests:** Sean Kelly (Kendal), Andy McDonald (HumanGood), John Kotovsky (LSS), Torsten Hirche (Transforming Age), Steve Fleming (Well-Spring), Katie Sloan (LeadingAge) |
| NFP Senior Living & Care Sector Update #2, COVID-19 | April 22, 2020| **Ziegler:** Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Lavinia Criswell, Lisa McCracken  
**Guest:** John Spooner (Greystone) |
| NFP Senior Living & Care Sector Update #3, COVID-19 | May 6, 2020   | **Ziegler:** Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Lavinia Criswell, Lisa McCracken  
**Guest:** Lisa Legeer (GlynnDevins) |
| NFP Senior Living & Care Sector Update #4, COVID-19 | May 20, 2020  | **Ziegler:** Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Lisa McCracken  
**Guest:** Margaret Johnson (Fitch Ratings) |
| NFP Senior Living & Care Sector Update #5, COVID-19 | June 3, 2020  | **Ziegler:** Dan Hermann, Kevin Strom, Tom Meyers, Rich Scanlon, Adam Buchanan, Lisa McCracken |
| **UPCOMING**-NFP Senior Living & Care Sector Update #6, COVID-19 | **June 17, 2020** | **Ziegler:** Dan Hermann, Kevin Strom, Rich Scanlon, Adam Buchanan, Others TBD  
**Guest:** TBD |
WEBINAR OUTLINE

- Ziegler Introduction
- Status Update: NFP Senior Living & Care Sector During COVID-19
- Project Pre-Sales & Fill-Up Trends
- Observations on the Current Bank Lending Environment
- Update on Ziegler Forward Calendar
- Closing Remarks
- Q&A Period
STATUS UPDATE ON THE NFP SENIOR LIVING SECTOR DURING COVID-19
Lisa McCracken, Ziegler
ZIEGLER CFO HOTLINE℠: MAY 15-22, 2020

• Survey responses from nearly 320 organizations, reflective of an estimated 650 communities

• Topics:
  – Incidence of COVID-19 in residents & staff
  – Paycheck Protection Program (PPP) funding
  – IL Sales, Marketing & Move-Ins
  – Loosening restrictions

• Information used to supplement Ziegler’s other COVID-19 tracking mechanisms
COVID-19 IMPACT: NFP SENIOR LIVING & CARE

Providers with Positive COVID-19 Cases Among Residents and/or Staff

- No positive cases among residents or staff: 31%
- Positive cases among residents: 56%
- Positive cases among staff: 65%

<table>
<thead>
<tr>
<th>Region*</th>
<th>% With Zero Positive Cases</th>
<th>% With Resident Cases</th>
<th>% With Staff Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>30%</td>
<td>59%</td>
<td>66%</td>
</tr>
<tr>
<td>Northeast</td>
<td>9%</td>
<td>75%</td>
<td>80%</td>
</tr>
<tr>
<td>South</td>
<td>41%</td>
<td>39%</td>
<td>51%</td>
</tr>
<tr>
<td>West</td>
<td>39%</td>
<td>43%</td>
<td>59%</td>
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</table>

*Regions defined by U.S. Census Bureau

SOURCE: Ziegler CFO Hotline™, May 15-22, 2020
Nationally, about 8 out of 10 have had less than 2% of their resident and/or staff population impacted with a positive diagnosis.

Resident average: 1.9%

Staff average: 1.7%

SOURCE: Ziegler CFO HotlineSM, May 15-22, 2020
Note: Pie chart excludes those with zero cases
INDEPENDENT LIVING SALES, MARKETING & MOVE-INS

- 80% saw a decline in IL sales
- 70% still had sales during March and April
- 65% allowed IL move-ins during COVID-19

If you prohibited IL move-ins during COVID-19, when do you anticipate opening that back up and allowing IL move-ins to occur?

- 17.4% in May
- 43.8% in June
- 5.8% in July
- 33.0% Not sure yet

SOURCE: Ziegler CFO Hotline™, May 15-22, 2020
IL = Independent Living
“My mom’s a very social person,” Cindi explained. “Before she moved, she still would go out for lunch with her friends. But with COVID-19, she was stuck inside her old house by herself — it became even more isolating. The only people she saw were my brother and me.”

“I don’t think she ever felt she was in quarantine,” Cindi added. “Someone came up to check on her a couple times — at least once a day. They sent her welcome gifts, and a gentleman sang a welcome song to her.”
LIFTING LOCK-DOWN RESTRICTIONS

- Differences by region; Southern region most likely to be loosening restrictions
- Easing of restrictions primarily in Independent Living

Has your community/any of your communities begun to loosen any lock-down restrictions?

- Yes: 19.4%
- No, but plan to do so in the next week: 20.6%
- No immediate plans for loosening restrictions: 60.0%

SOURCE: Ziegler CFO HotlineSM, May 15-22, 2020
PROJECT TEMPS REDEMPTIONS & SALES/FILL-UP TRENDS

Rich Scanlon, Ziegler
TEMPS REDEMPTIONS – ALL SERIES
NEW CAMPUSSES – 2009 TO 2020

Temporary Debt Redemption
New Campus Projects 2009 - 2020
All TEMPS

<table>
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<tr>
<th>Major TEMPS Defaults</th>
<th>Not Redeemed</th>
<th>Total Issued</th>
<th>% Loss</th>
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<tr>
<td>Stayton</td>
<td>$ 6,770,000</td>
<td>$ 66,300,000</td>
<td>10%</td>
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<tr>
<td>Groves in Lincoln</td>
<td>46,490,000</td>
<td>75,325,000</td>
<td>62%</td>
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<td>Mirador</td>
<td>8,415,000</td>
<td>168,000,000</td>
<td>50%</td>
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<td>Park Place</td>
<td>37,010,000</td>
<td>66,425,000</td>
<td>56%</td>
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<td>Greenfields</td>
<td>8,575,000</td>
<td>28,500,000</td>
<td>30%</td>
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<td>The Ranch</td>
<td>22,500,000</td>
<td>22,500,000</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>$ 129,760,000</td>
<td>$ 275,850,000</td>
<td>47%</td>
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Source: Ziegler Investment Banking 06/02/2020
TEMPS REDEMPTIONS – ALL SERIES
NEW CAMPUSES – 2010 TO 2020 (THE ADMIRAL FORWARD)

Temporary Debt Redemptions
New Campus Projects - Admiral-Ventana
All TEMPS

11 New Campus Transactions which includes The Ranch - $22.5mm of TEMPS

Source: Ziegler Investment Banking 06/02/2020
TEMPS REDEMPTIONS – ALL SERIES
NEW CAMPUSSES – 2010 TO 2020 (EXCLUDES THE RANCH)

Temporary Debt Paydown
New Campus Projects - Admiral-Ventana ex. The Ranch
All TEMPS

10 New Campus Transactions

Source: Ziegler Investment Banking 06/02/2020
TEMPS REDEMPTIONS – ALL SERIES
MAJOR EXPANSIONS – 2009 TO 2020

Temporary Debt Paydown
Expansion and Repositioning Projects
All TEMPS

Source: Ziegler Investment Banking 06/02/2020
## CURRENTLY OUTSTANDING TEMPS ISSUES

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<tr>
<th>Date of Issue</th>
<th>Name of Issue</th>
<th>State</th>
<th>Name of Security</th>
<th>Most Recent Project Reported ILU Sold/Occup.</th>
<th>Anticipated Redemption Date</th>
<th>Final Maturity Date</th>
<th>Original Par Amount</th>
<th>Amount Redeemed to Date</th>
<th>Amount Out.</th>
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<td>7/21/2015</td>
<td>Heron's Key</td>
<td>WA</td>
<td>TEMPS - 45</td>
<td>02/15/18</td>
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<td>08/15/18</td>
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<td>OR</td>
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<td>Mary's Woods</td>
<td>OR</td>
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<td>OR</td>
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<td>4,350,000</td>
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<td><strong>TEMPS REDEMPTIONS NOT YET IN PROCESS:</strong></td>
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<td>6/13/2018</td>
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<td>WA</td>
<td>TEMPS - 80</td>
<td>50%</td>
<td>10/01/20</td>
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<td>11/28/2018</td>
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<td>8,620,000</td>
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Source: Ziegler Investment Banking
ZIEGLER’S SENIOR LIVING ‘NEW MONEY’ PROJECTS
COMMUNITIES IN PRESALES PRIOR TO CONSTRUCTION

Source: Ziegler Investment Banking
ZIEGLER’S SENIOR LIVING ‘NEW MONEY’ PROJECTS COMMUNITIES IN PRESALES PRIOR TO OPENING
ZIEGLER’S SENIOR LIVING ‘NEW MONEY’ PROJECTS COMMUNITIES THAT ARE FILLING

![Graph showing occupancy rates from December 2019 to May 2020 for different communities labeled A (TX), B (TX), C (SC), D (CO), E (MD), and F (FL). The graph indicates varying occupancy levels across the different communities and months.]

Source: Ziegler Investment Banking
OBSERVATIONS ON THE CURRENT BANK LENDING ENVIRONMENT

Tom Meyers, Ziegler
NOT-FOR-PROFIT SENIOR LIVING FINANCINGS – ALL MARKET: FIXED RATE VS. BANK

Source: Refinitiv data; and Ziegler Investment Banking, Volume & Other Bank Credit Estimates thru 06/03/20
SELECT 2020 UNIVERSE OF BANKS ACTIVE IN SENIOR LIVING

Source: Ziegler Investment Banking as of 06/01/20
TOP 10 ACTIVE BANKS IN SENIOR LIVING (2009 – 2020 YTD)

* Includes successor transactions in terms of rankings
Source: Ziegler Investment Banking as of 06/01/20
BANK ACTIVITY UPDATE

• Two Buckets of Bank Activity
  – Loans Arranged Pre-COVID-19

  – Post-COVID-19
    • Some backtracking on proposal terms and pricing
    • Taking care of existing clients first
    • Cautious approach to new money
BANK ACTIVITY UPDATE – BORROWER CONSIDERATIONS

• Documentation items
  – LIBOR 2021 sunset
    • Timing
    • Alternative index language

• LIBOR Floors = increased cost

• Hedging

Source: Ziegler Investment Banking
CAPITAL STRUCTURE CONSIDERATIONS
BANK VS FIXED INTEREST RATE

Bank Advantages

- No Negative Arbitrage in Project Fund
- No DSRF Requirement
- Less Funded Interest
- All-In Cost of Capital

Bank Disadvantages

- LIBOR Floors
- LIBOR Index Uncertainty
- Yield Maintenance/Increased Cost
- Loan to Value Requirements (HVCRE)
- Additional/Tighter Covenants
- Additional Non-Credit Business
- Commitment/Renewal Risk
- Counterparty/Event Risk
- Unstable Capital Costs

Source: Ziegler Investment Banking as of 06/01/2020
UPDATE ON ZIEGLER FORWARD CALENDAR

Adam Buchanan, Ziegler
CLOSING REMARKS

Dan Hermann, Ziegler
ZIEGLER ONGOING RESOURCES

https://www.ziegler.com/covid-19/

- Summary documents on the CARES Act
- Links to key sources of information
- Webinars that Ziegler has hosted for various audiences re: COVID-19
- Z-News updates
QUESTIONS?
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Founded in 1902, Ziegler specializes in the healthcare, senior living and educational sectors as well as general municipal finance