Welcome to the 5th Annual Southeast Finance Conference

THANK YOU TO OUR SPONSORS:
# AGENDA

## Morning
- Welcome & Industry Trends
- Knowledge Sharing Session I: Growth and Challenges
- Networking Break
- Knowledge Sharing Session II: The Evolving Consumer
- Networking Break
- Knowledge Sharing Session III: Changing Environments

## LUNCH

## Afternoon
- Finance Panel
- Networking Break
- Case Study
- Networking Break
- Group Discussion
INDUSTRY TRENDS
SENIORS HOUSING OCCUPANCY
ASSISTED LIVING OCCUPANCY WELL BELOW INDEPENDENT LIVING

Occupy
Primary Markets | 1Q06 – 1Q18

Source: NIC MAP® Data Service
ASSISTED LIVING GROWTH AND ABSORPTION

Majority AL Fundamentals
Primary Markets | 2006-2018

Source: NIC MAP® Data Service
ANNUAL INVENTORY GROWTH OUTPACES ABSORPTION

Annual Inventory Growth Rate and Annual Absorption
Primary Markets | 4Q06 - 2Q18

Source: NIC MAP® Data Service
Primary & Secondary Markets | 4Q15 – 4Q18

Source: NIC MAP® Data Service
SENIORS HOUSING AND NURSING CARE PRICING DOWN IN 3Q18

Seniors Housing & Care Transactions Rolling 4-Quarter Price Per Unit
U.S. | 1Q08 – 3Q18

1. Preliminary Data

Source: NIC MAP® Data Service, Real Capital Analytics
SKILLED NURSING OCCUPANCY STATISTICS

Source: NIC MAP® Data Service
REVENUE PER PATIENT DAY

Source: NIC MAP® Data Service
CONSTRUCTION STARTS TRENDING LOWER

Seniors Housing Construction Starts (Units)
Primary Markets | 2Q07 - 4Q18

Source: NIC MAP® Data Service
NFP VS FP DEVELOPMENT ACTIVITY

Senior Housing Construction by Profit Status
1Q08 - 4Q18

Source: NIC Map Data & Analysis Service
AGING PHYSICAL PLANTS

Trended Median

SOUTHEAST FINANCE CONFERENCE

SPONSORSHIP TRANSITIONS

NOT-FOR-PROFIT SPONSORSHIP TRANSITIONS
CUMULATIVE DATA

Cumulative Totals (2010-YE 2018) by # of Transactions & # of Communities

Note: Includes market-rate communities; excludes government subsidized
Source: Ziegler Investment Banking 12/31/2018
DEMOGRAPHIC OVERVIEW
THE AGE WAVE: 65+ Population by Generation

We are here

Year


Age 65+ Population

GI
Silent
Boomers
GenX
By the year **2030** there will be

**71.5 million** Americans **age 65** or older,

More than **double** the number currently within that demographic.

And more than half of them will be women.
• Boomer women control over 60% of the nation’s wealth.

• Women are the force in making consumer purchasing decisions, from 91% of homes, 60% of cars and 51% of electronics; an estimated $20 trillion annually.

• Women outlive men by an average of 5 years

• We will live to see a time when 80-90% of women will be in charge of their family’s financial affairs
FOR RICHER

• Baby Boomers hold more than 90% of the country’s net worth and account for 78% of all financial assets.

• 2010 – disposable income for 50+ was more than $3 trillion

• The number of seniors living in poverty declined from 15% to 9% (1970 to 2012)
DECREASING PERSONAL RESOURCES

28% of People Over 55 Have No Retirement Savings

FOR POORER

• Half of 65-74 households have no money in retirement accounts

• 42% of Boomers say the age they expected to retire has increased

• 36% of Boomer’s children still live with their parents

• 42% of Boomers are paying medical costs for their parents or other elderly relatives

Innovation
THE CONSUMER
RETIREMENT

- Reset
- Recharge
- Re-engage
CHARACTERISTICS OF THE EMERGING CONSUMER

• More educated
• Health conscious
• Well-traveled
• Lived in more places
• More career changes
• Generous (to kids and parents)
• Entrepreneurial and workaholic
• Less formal & more social
• Desires control and demands choice
• Higher expectations
• Accustomed to quick responses
• Likes variety and options
• Tech savvy
• Pet and movie lovers

Average age of entry for IL: 82
Oldest Baby Boomer: 72
Underserved age segment: 70-75
HOUSING TRENDS

• Green/sustainable building
• Urban, walkable, convenient
• Multi-generational
• Colleges & universities
RENTALS ON THE RISE

- Boost occupancy
- Provide options
- Create affordability
- Increase customer base / market share
AMENITIES

Fitness • Movie Theater • Pool/Spa • Bistro • Hair Salon • Art Studio • Library • Chapel • Woodshop

Walking Trails • Ceramics/Kiln • Pub • Game Room • Massage Tables
ACTIVE & SOCIAL ATMOSPHERES
DINING & GATHERING SPACES
SERVICE & CONVENIENCE
HEALTH AND WELLNESS
WELLNESS: THE ONGOING TRANSFORMATION

- Physical
- Social
- Financial
- Environmental
- Occupational
- Spiritual
- Emotional
- Intellectual
HEALTH & WELLNESS
FITNESS
HEALTHCARE
CONTINUED DEMAND FOR SERVICES AT HOME

- Home Health
- Hospice
- PACE
- Villages
- Medical Homes
- Senior Centers
- Housing with Services
- On campus to existing residents v. off-campus
Overall, nonprofits are decreasing their skilled nursing units

MARKET DYNAMICS

In some markets, leading providers are increasing their skilled nursing units
THE SUB-ACUTE / REHAB CONSUMER

• Considerations for CCRC business model
  – Internal resident admissions vs. from the non-CCRC resident pool

• Relationship with healthcare reform
  – Decrease LOS and improve outcomes
  – Increases in past five years in demand for short-stay healthcare
DEMAND FAR OUT-STRIPS SUPPLY

Most common Caregiver for 75-year-old is a spouse or adult child within 10 miles

Number of 75-year-olds without a spouse

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>875,000</td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>1,800,000</td>
<td>+105%</td>
</tr>
</tbody>
</table>

Number of 75-year-olds without a child nearby

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>600,000</td>
<td>+600%</td>
</tr>
</tbody>
</table>

Source: Ryan (2012), based on census data and findings from the Health and Retirement Study
200,000 workers must be recruited into the long term care workforce each year to keep up with demand of the Boomer population.
Genworth Cost of Care Survey 2018, conducted by CareScout®, June 2018. Based on national median annual costs.
INSIGHTS FROM GENWORTH’S 2018 COST OF CARE SURVEY

National median monthly costs¹

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Care (Homemaker Services)</td>
<td>$4,004 PER MONTH</td>
</tr>
<tr>
<td>Home Care (Home Health Aide)</td>
<td>$4,195 PER MONTH</td>
</tr>
<tr>
<td>Community Care (Adult Day Care)</td>
<td>$1,560 PER MONTH</td>
</tr>
<tr>
<td>Facility Care (Assisted Living²)</td>
<td>$4,000 PER MONTH</td>
</tr>
<tr>
<td>Facility Care (Nursing Home)</td>
<td>$8,365 PER MONTH</td>
</tr>
</tbody>
</table>

Genworth 2018 Cost of Care Survey, conducted by CareScout®, June 2018

¹ Based on annual rate divided by 12 months
² As reported, private, one bedroom
# GENWORTH 2018 COST OF CARE SUMMARY

<table>
<thead>
<tr>
<th>TYPES OF SERVICES</th>
<th>MEDIAN RATE</th>
<th>%INCREASE OVER 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homemaker Services</td>
<td>$21/hour</td>
<td>0%</td>
</tr>
<tr>
<td>Home Health Aide</td>
<td>$22/hour</td>
<td>2.32%</td>
</tr>
<tr>
<td>Adult Day Care</td>
<td>$72/ day</td>
<td>2.85%</td>
</tr>
<tr>
<td>Assisted Living Facility</td>
<td>$132/day</td>
<td>7.31%</td>
</tr>
<tr>
<td>Nursing Home (Private Room)</td>
<td>$275/day</td>
<td>2.99%</td>
</tr>
</tbody>
</table>
TECHNOLOGY
TECHNOLOGY

• **Voice-enabled communities** – The Cardinal at North Hills

• **Technology-empowered process improvements** – Williamsburg Landing
  – Enhance and streamline communications

• **“Smart” homes** – Masonic Villages & Eskaton
  – Sensors-based technology
  – Enterprise building management
  – Smart alerting
MANAGING THE BUSINESS

Welcome to Community Resident Portal

Welcome to "Your Company's Name" Resident Portal!

We know that your lives are busy, so we want to provide you with this service to make your lives easier. With only a couple clicks, you can make payments online during a convenient time, day or night!
ENGAGING THE CONSUMER
CONNECTION, CONVENIENCE AND FUN