

# NIC Regional Symposium

March 8, 2011

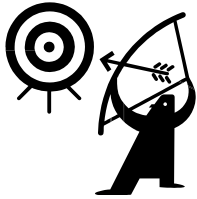
## Opening General Session

Hyatt Regency Century Plaza, Los Angeles, CA

New Opportunities, New Realities:  
What is in Your Play Book?

By: Coach Thompson

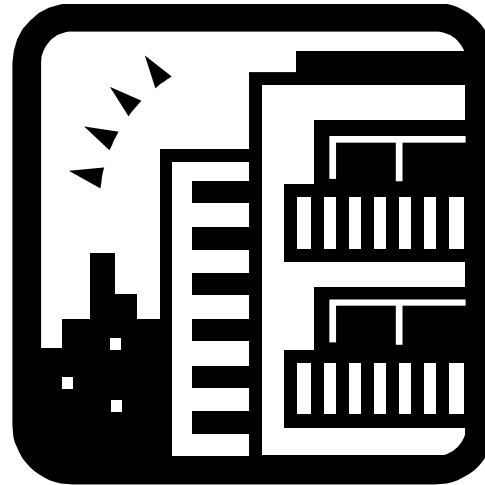




## **Objective:**

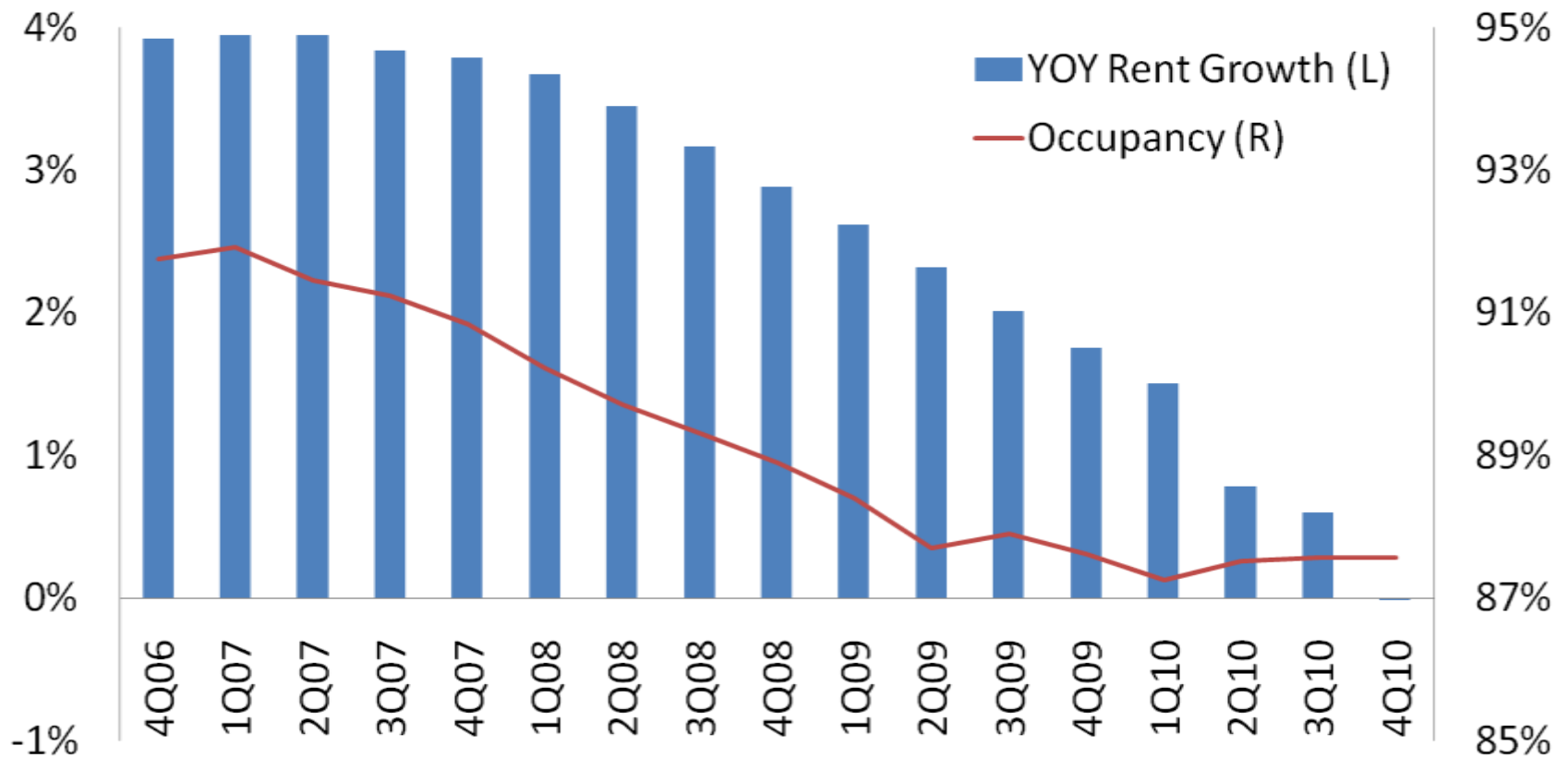
Provide examples of winning Strategies prepared by seasoned Seniors Housing Players based on Coach Thompson's forecast of playing Field Conditions.

# Seniors Housing field conditions for 2011 & 2012.



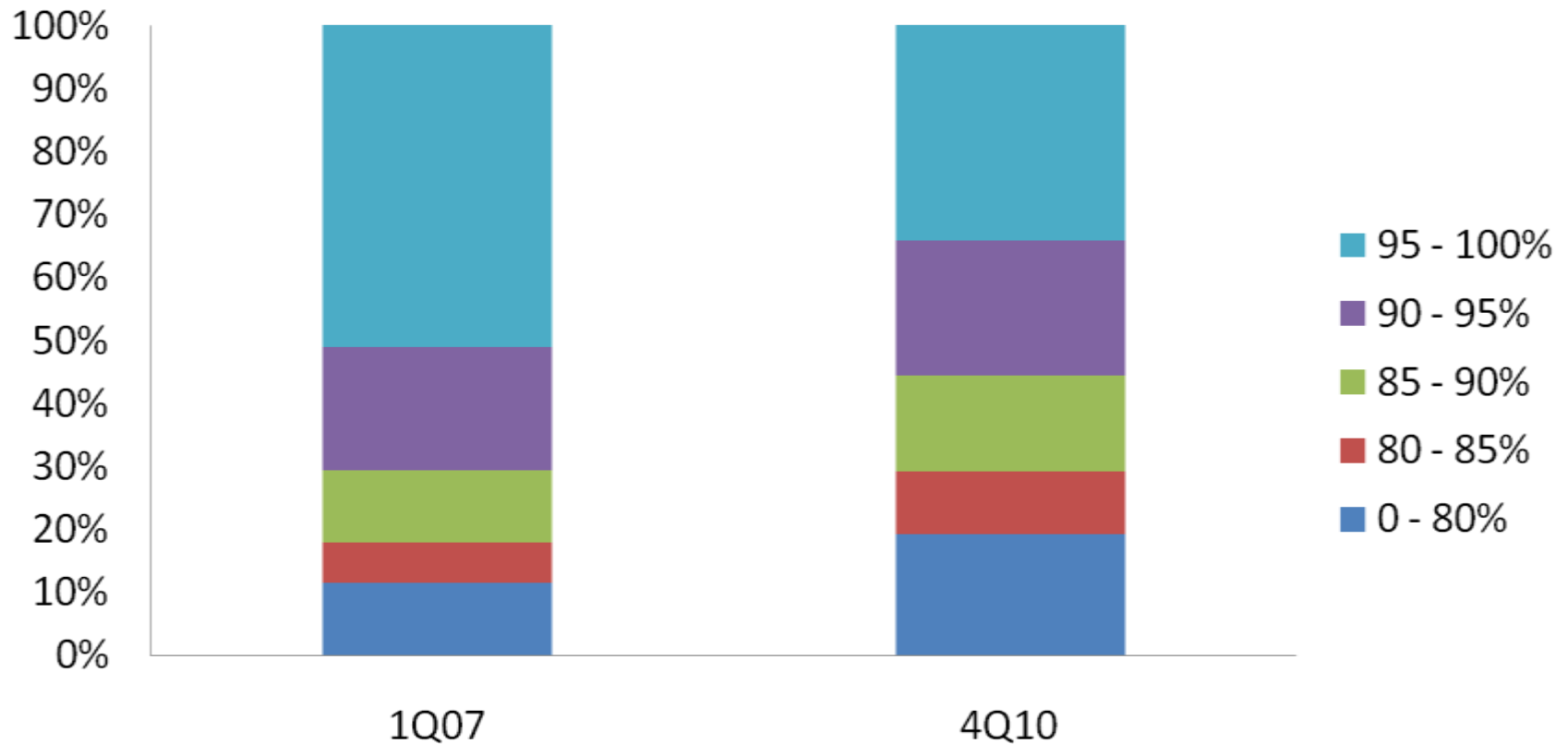
# SH Occupancy and Rent Growth

## Seniors Housing; MAP31



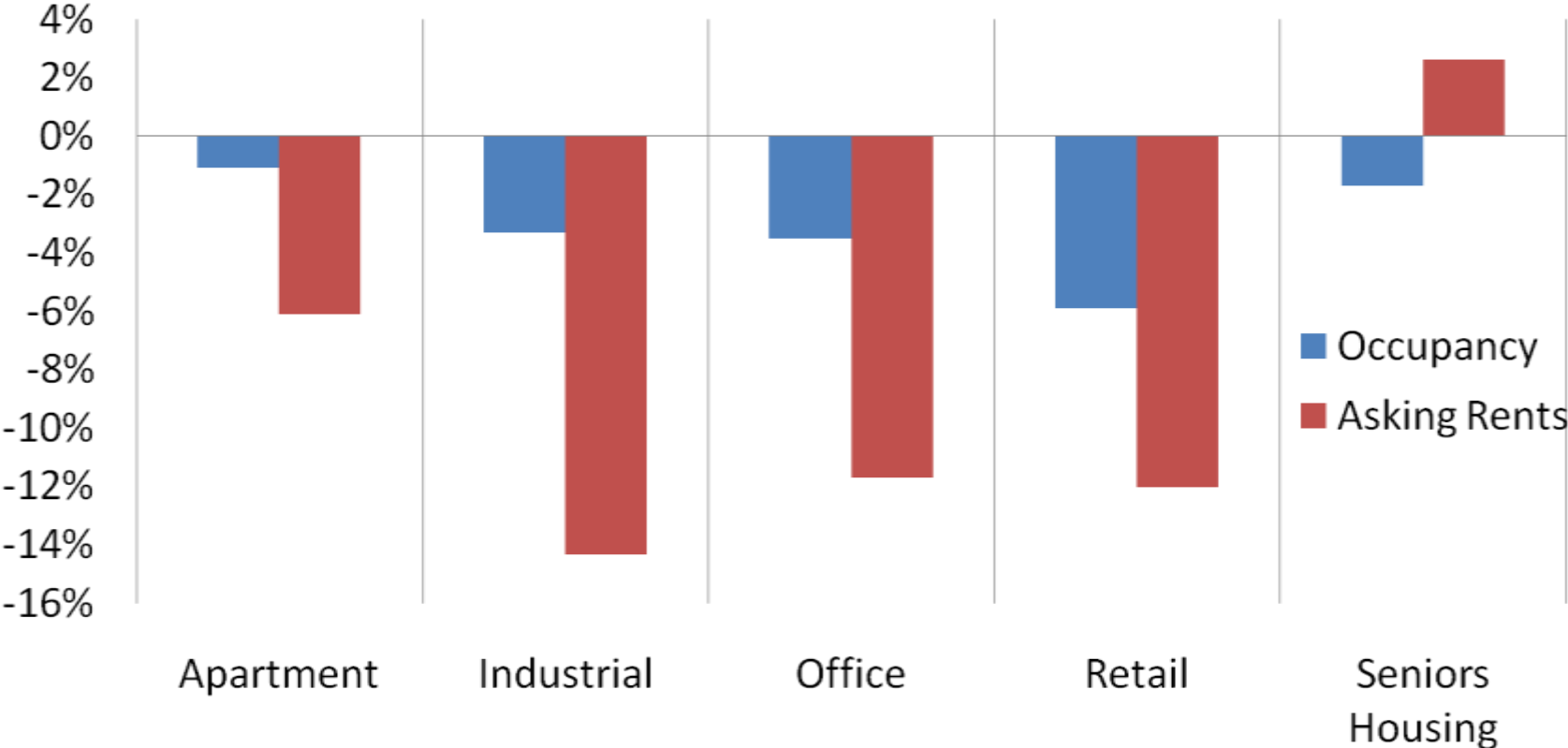
# SH Occupancy Landscape has Changed

Seniors Housing Occupancy Distribution; MAP31



# Seniors Housing vs Commercial RE

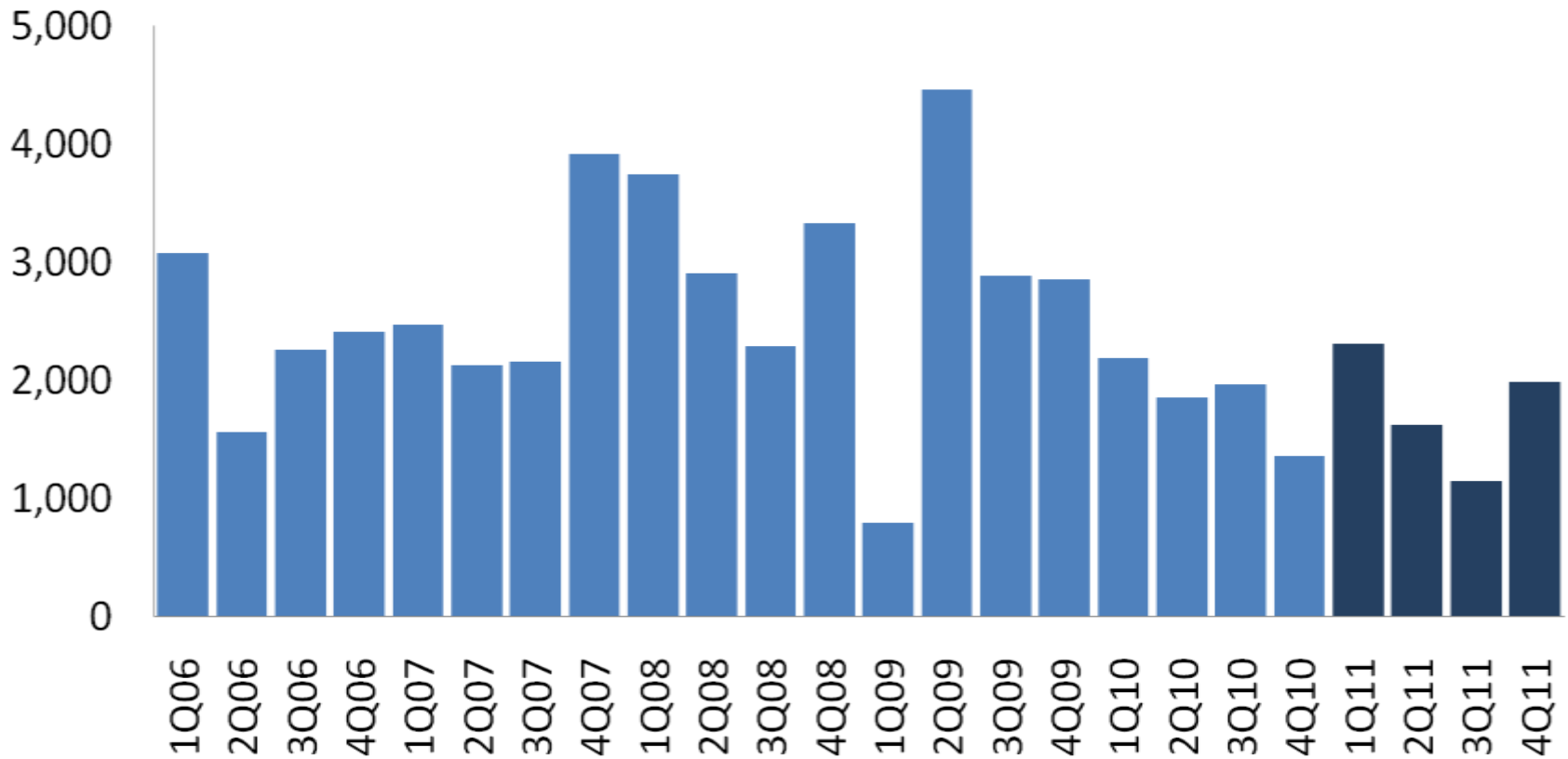
## Commercial Real Estate Performance (2008Q3-2010Q3)



# SH Supply Will Be Less of a Hurdle After 1Q11

New supply is not expected to meet 2012 and 2013 demand.

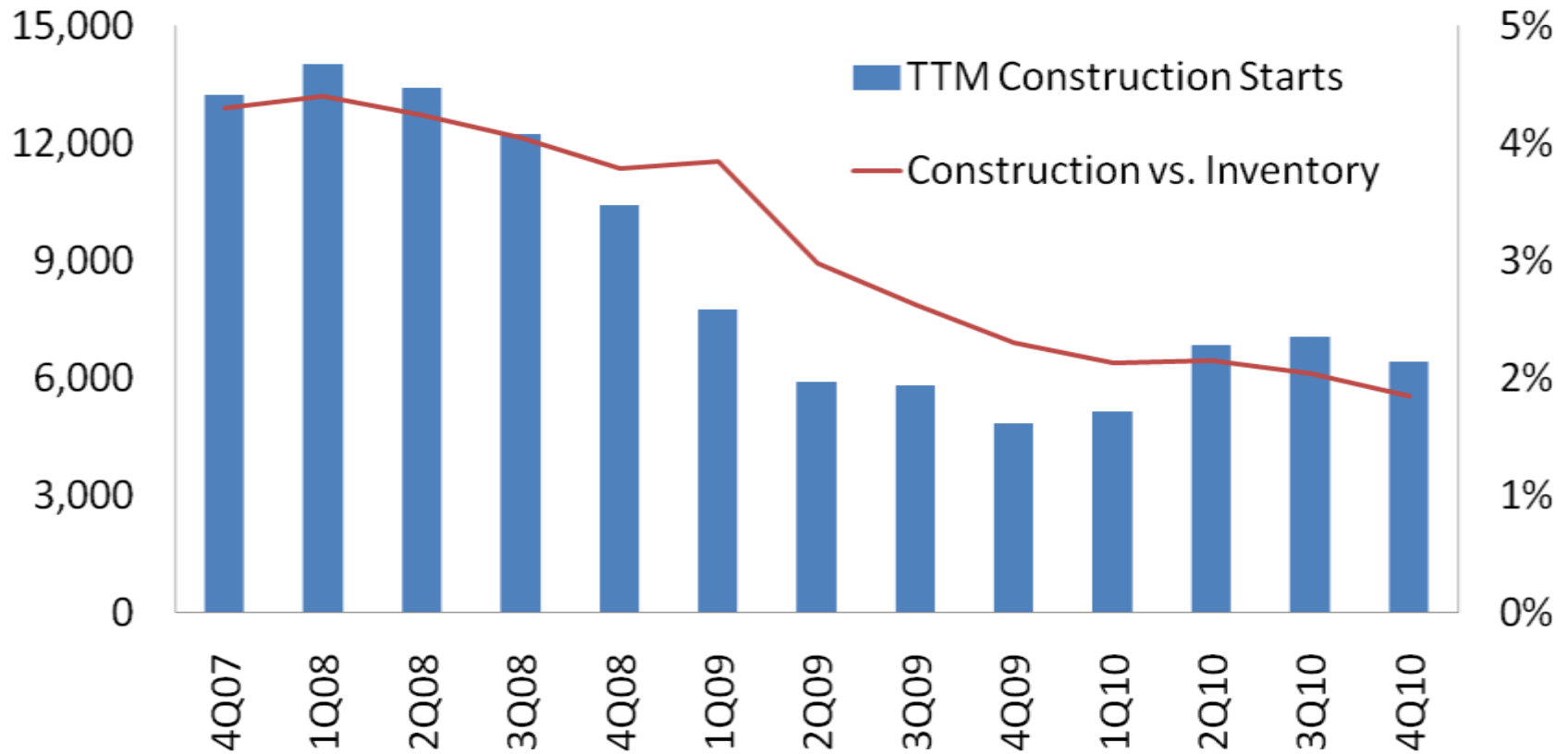
## Seniors Housing Inventory Growth; MAP31



# SH Construction Trends

New supply is not expected to meet demand in 2012 and 2013.

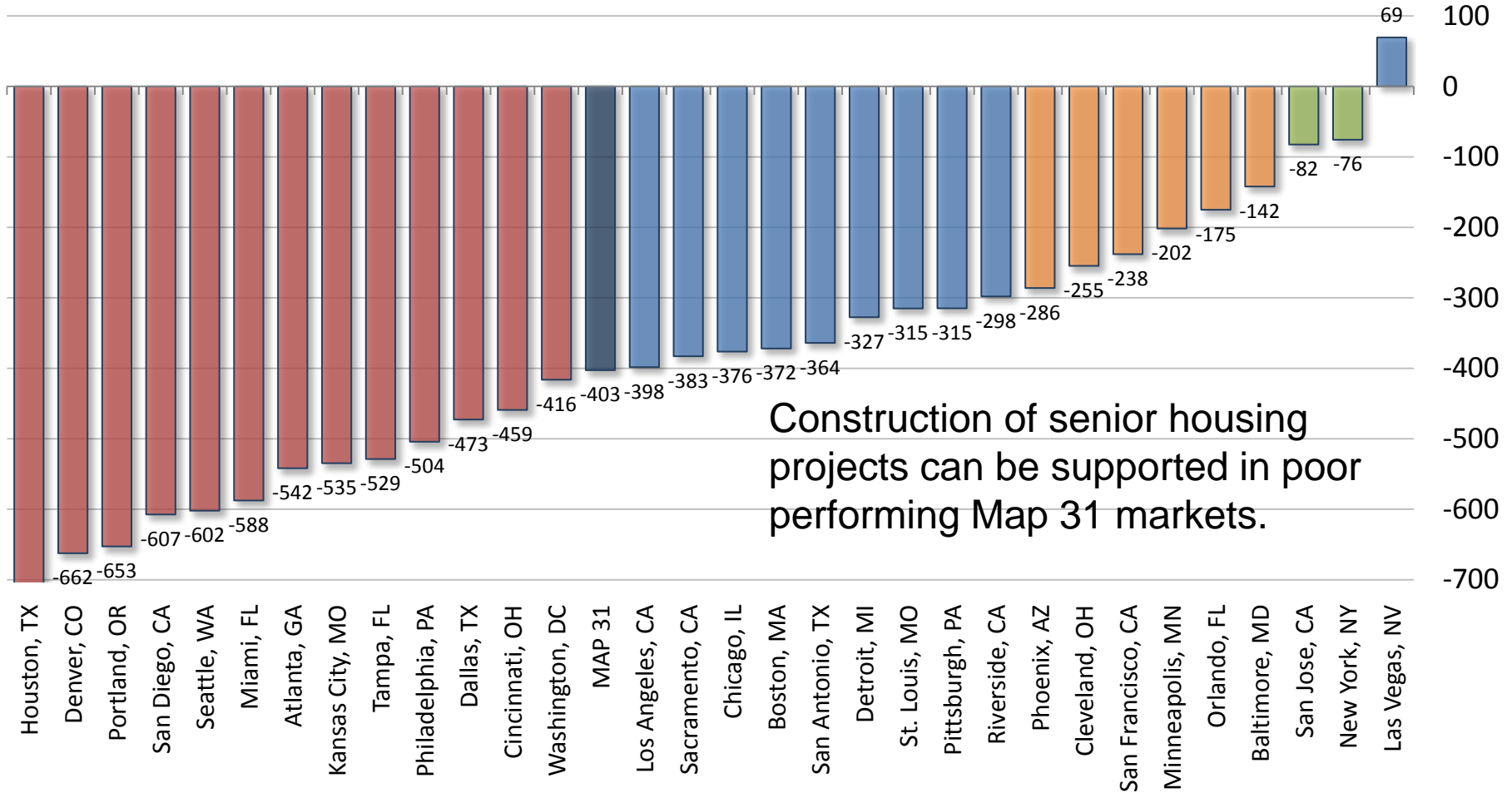
## Seniors Housing Construction Trends; MAP31



Source: NIC MAP

# SH Metro Level Declines are Far and Wide

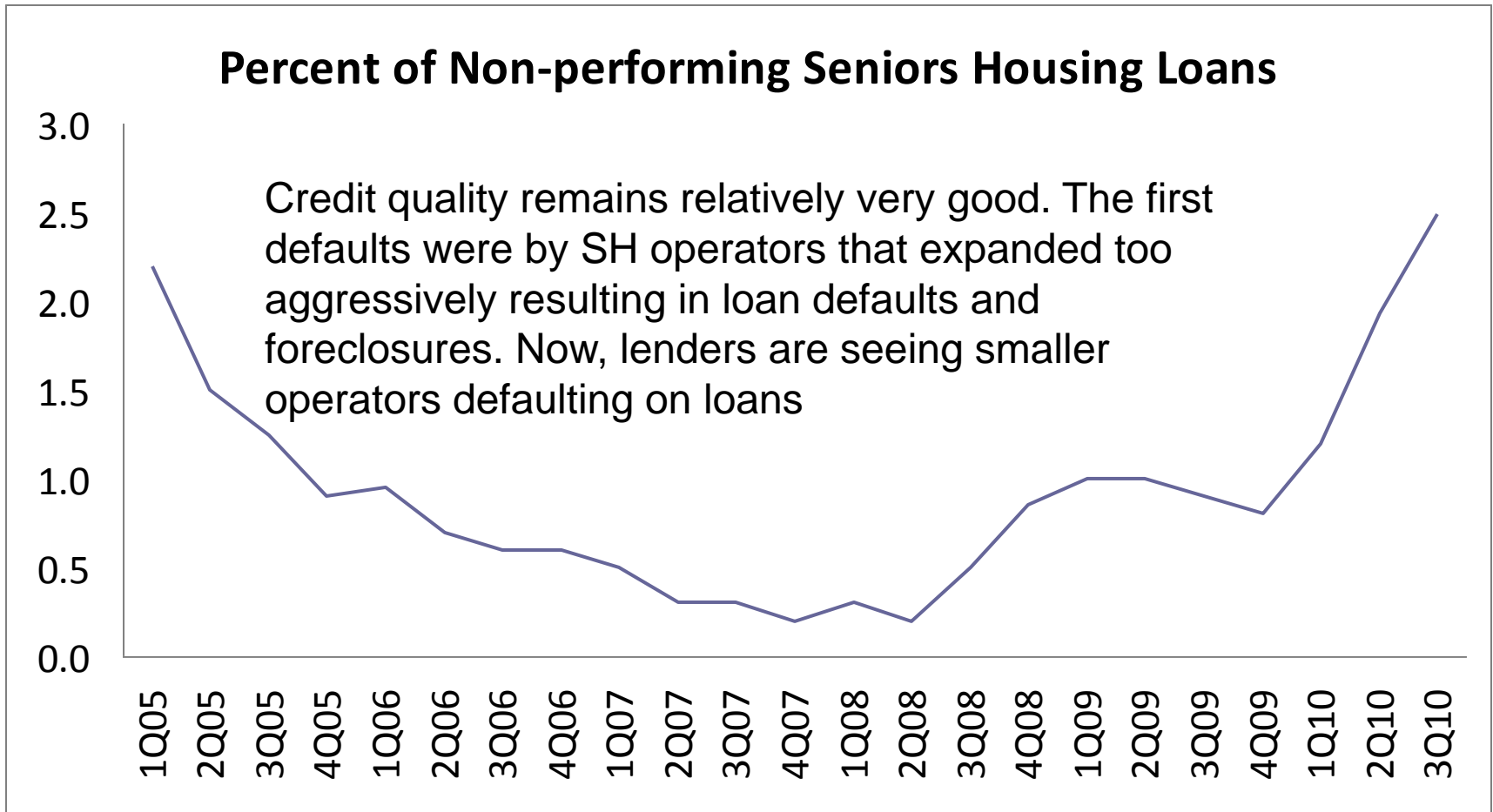
1Q07 to 4Q09 Seniors Housing Occupancy Changes; basis points, MAP 31



Construction of senior housing projects can be supported in poor performing Map 31 markets.

# SH Non Performing Loans (%)

Compared to CRE at over 9% non-performing, SH has relatively performed well.



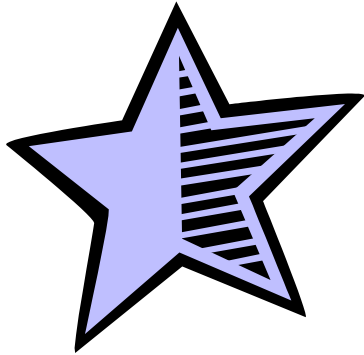
# Coach Thompson's forecast of field conditions for players for 2011 & 2012.

## Coach Thompson's Main Points for Winning on the Field in 2011 & 2012! (Page ONE)

- Field conditions are forecasted to be **more** challenging.
- Aggregate real estate de-leveraging and loss trends are expected to continue through 2015.
- Well capitalized banks will continue to lend to well capitalized players with demonstrated recurring cash flow and high liquidity (cash) reserves.

# Coach Thompson's Main Points for Winning on the Field in 2011 & 2012! (Page TWO)

- As a player, prepare a winning playbook strategy that;
  - generates the highest yield from existing portfolios.
  - once a player is well capitalized grows business by buying distressed communities or developing new communities.
  - grows business by attracting new third-party management contracts with Tenants-in-Common groups, private equity, or REIT owners.



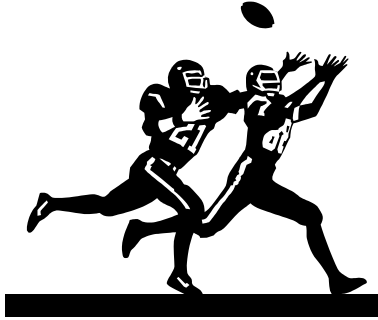
## All Star Players:

- Paul W. Dendy, President, Milestone Retirement Communities
- Fee Stubblefield, President and CEO, The Springs Living, LLC
- Aaron Koelsch, CEO, Koelsch Senior Living



## Offensive strategies for your 2011 playbook?

- **Running Back Off tackle** (Construction & Lease-Up)
- **The long bomb** (Acquisitions: Non-Competitive Bids)
- **The Power Sweep** (Repositioning a poor performing asset)



## Defensive strategies for your 2011 playbook?

- **Stunts** (Structure Strategies: Non-Recourse)
- **Prevent** (Keeping Lenders and Regulators from disrupting Business)
- Do not let “Field Conditions” such as Capital Markets and the Economy make you defensive.

# Questions!

- What has been each of your same store year over year performance been in terms of occupancy, rental rate growth, expense containment, and employee turn-over compared from 2009 to 2010?
- What have you all learned these past two challenging economic years about operating seniors housing properties?
- How has your perspective changed (if you dare) in regards to capital market participants (Commercial Banks, Financial Companies, GSE's), these past two years.
- Any questions from the audience?