



Making the Case for Investing In Operations and Maximizing Your Return

Wednesday, September 27 | 9:45 AM – 10:45 AM | Chicago X

More than other commercial real estate property types, seniors housing and care properties are operationally intensive. While investors are typically more willing to provide capital for the tangible real estate portion of a business, the operations portion – especially in the skilled nursing sector – is too frequently undercapitalized. Investments to support the capacity for growth and to improve operating efficiency are vital to keep pace, while dynamic change to a value-based world further challenges operators to deliver supportive services to improve the health of their residents. But cash flow is tight, making investment both more difficult and more relevant. What types of investments should be prioritized and how can operators make the best case for the return on these investments in this tumultuous landscape? In this session, you will hear how operators and investors prioritize limited funding dollars to ensure both proper resident care and maximize the return on investment at the same time. Take this opportunity to learn about the unexpected long-term benefits of investing in the operations side of your business.

Key Takeaways:

- Benchmark the current state of your company's operating functions
- Hear how operators and investors prioritize budget allocations to balance the dual needs of superior health care services and growth objectives
- Explore ways investors and operators can effectively work together to add value to our business

Andy Smith, President & CEO, Brookdale Senior Living (Moderator)

Brookdale Senior Living is the leading operator of senior living communities throughout the United States, operating independent living, assisted living, and dementia-care communities and continuing care retirement centers, with approximately 1,039 communities in 46 states and the ability to serve approximately 102,000 residents. Through its ancillary services program, the Company also offers a range of outpatient therapy, home health and hospice services.

Operators & Capital Provider Investment Summaries & ROI Considerations:

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- Mercedes Kerr, EVP – Business Development, Welltower Inc.

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- Joe Eby, Co-President, Bickford Senior Living (pg. 3)
- Eric Mendelsohn, President & CEO, National Health Investors, Inc.

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- Naveed Hakim, CFO, Plum Healthcare Group, LLC
- Brian Heagler, SVP, KeyBank Real Estate Capital

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- Michael Schonbrun, Founder & CEO, Balfour Senior Living



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Investing in Seniors Housing and Care Properties

Panelist Investment Discussion Summaries

Revera Inc. & Welltower Inc.

Revera, Inc. is a leading owner, operator and investor in the senior living sector committed to helping older adults live life to the fullest. Through its portfolio of partnerships, Revera owns or operates more than 500 properties across Canada, the United States and the United Kingdom, offering seniors' apartments, independent living, assisted living, memory care and long term care. Revera takes its leadership position seriously and as such has created an *Innovators in Aging* program which has committed to invest up to \$20M over the next five years into innovative investments that have the potential to better the lives of residents, their families or our care teams.

Welltower Inc. (NYSE:HCN), an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. The company invests with leading seniors housing operators, post-acute providers and health systems to fund the real estate infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. WelltowerTM, a real estate investment trust ("REIT"), owns interests in properties concentrated in major, high-growth markets in the United States, Canada and the United Kingdom, consisting of seniors housing and post-acute communities and outpatient medical properties.

Operator/Capital Provider	Investment Summary	ROI Considerations
<p>Tom Wellner, President & CEO, Revera, Inc.</p>	<ol style="list-style-type: none"> 1. Staffing / Standard Operating Model Project: Typically an operator's largest cost center, staffing also is its potentially largest differentiator. 2. LED Lighting Project: As partners, Welltower and Revera have committed substantial capital to LED initiatives. 3. Joint Development of property in Toronto: Revera and Welltower are collaborating on repurposing, expansion and/or refurbishment of existing properties. Projects in this category are often ongoing and multiple examples exist. 	<ol style="list-style-type: none"> 1. Staffing is available at the right place and right time; Optimization of care, service and cost. 2. These efforts will pay back in terms of sustainability, but also from a financial perspective through energy cost savings, savings from labor and replacement costs, and the receipt of government incentives. 3. Enhancement of a property's overall potential.
<p>Mercedes Kerr, EVP – Business Development, Welltower Inc.</p>		



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Bickford Senior Living & National Health Investors, Inc.

Bickford Senior Living is a family owned and operated senior living provider operating over 50 communities across the country. Started out of the need of a family member, our core purpose of enriching happiness is at the heart of everything we do.

National Health Investors, Inc. is a real estate investment trust, partnering with 34 Operating Partners that manage 215 properties across 32 states, consisting of independent, assisted and memory care communities, entrance-fee communities, skilled nursing facilities, medical office buildings and specialty hospitals.

Operator/Capital Provider	Investment Summary	ROI Considerations
<p>Joe Eby, Co-President, Bickford Senior Living</p>	<p>Free cash flow from operations being used to invest in enhancements of the resident experience, leadership development, technology</p> <ul style="list-style-type: none"> • New, internally-developed technology solution that integrates the care, marketing, billing, and staffing, leadership development platforms • Incremental investment to customize technology - It is not an off the shelf product - but is built in the language and terminology that makes Bickford unique 	<p>Supports directors with solutions that allow them to allocate 25% of their time working for Bickford and the other 75% building relationships with residents, their families, and developing caregivers, improving customer satisfaction improvement</p> <ul style="list-style-type: none"> • Reinforcement of systems and policies • Technology built in a way that supports Bickford’s culture, language and resident focus.
<p>Eric Mendelsohn, President & Chief Executive Officer, National Health Investors, Inc.</p>	<ul style="list-style-type: none"> • NHI’s provision of growth capital for building new buildings, acquiring existing buildings, and expanding current buildings for additional service lines and assistance with a very rigorous cap-ex schedule • Primary need for capital met with NHI’s assistance frees reinvestment of operating cash flow for investment in operations. 	<ul style="list-style-type: none"> • Improved administrator efficiency due to elimination of redundancies in their job, allowing quicker completion of the end product.



Balfour Senior Living

Balfour Senior Living founded in 1997 in Louisville, Colorado, which develops and operates senior living communities that provide a premium level of independent living, assisted living, skilled nursing and Alzheimer’s services in award winning settings noted for their architectural and interior design and robust activities and dining programs.

Operator/Capital Provider	Investment Summary	ROI Considerations
<p>Michael K. Schonbrun, Founder and CEO, Balfour Senior Living</p>	<p>Major ongoing operating investments in:</p> <ul style="list-style-type: none"> • Enhanced management qualifications and training programs • Staff educational programs • Dining programs 	<ul style="list-style-type: none"> • Changes in management contract structure - higher fee %, longer non-cancellable terms • Alternative reimbursement models designed for participation in operating investments by property owners • Increased operator participation in property upside/multiple expansion derived from consistent profitability and higher margins • Retention by operator of intellectual property/brand value • Timing challenges to achieve increased profitability necessary for promoted interest • Supply/demand of highly qualified management teams