



Capital Senior Living

A leading Owner-Operator of Senior Living Communities and Services



Forward-Looking Statements & Non-GAAP Financial Measures



Forward Looking Statements:

The forward-looking statements in this presentation are subject to certain risks and uncertainties that could cause results and financial condition to differ materially from those indicated in the forward-looking statements, including, but not limited to, the Company's ability to generate sufficient cash flow to satisfy its debt and lease obligations and to fund the Company's capital improvement projects to expand, redevelop, and/or reposition its senior living communities; the Company's ability to obtain additional capital on terms acceptable to it; the Company's ability to extend or refinance its existing debt as such debt matures; the Company's compliance with its debt and lease agreements, including certain financial covenants, and the risk of cross-default in the event such non-compliance occurs; the Company's ability to complete acquisitions and dispositions upon favorable terms or at all; the risk of oversupply and increased competition in the markets which the Company operates; the risk of increased competition for skilled workers due to wage pressure and changes in regulatory requirements; the departure of the Company's key officers and personnel; the cost and difficulty of complying with applicable licensure, legislative oversight, or regulatory changes; the risks associated with a decline in economic conditions generally; the adequacy and continued availability of the Company's insurance policies and the Company's ability to recover any losses it sustains under such policies; changes in accounting principles and interpretations; and the other risks and factors identified from time to time in the Company's reports filed with the Securities and Exchange Commission ("SEC"), to differ materially, including, but not without limitation to, the Company's ability to complete the refinancing of certain of our wholly owned communities, realize the anticipated savings related to such financing, find suitable acquisition properties at favorable terms, financing, licensing, business conditions, risks of downturns in economic conditions generally, satisfaction of closing conditions such as those pertaining to licensures, availability of insurance at commercially reasonable rates and changes in accounting principles and interpretations among others, and other risks and factors identified from time to time in our reports filed with the Securities and Exchange Commission.

The Company assumes no obligation to update or supplement forward-looking statements in this presentation that become untrue because of new information, subsequent events or otherwise.

Non-GAAP Financial Measures:

Adjusted EBITDAR is a financial valuation measure and Adjusted Net Income/(Loss) and Adjusted CFFO are financial performance measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Non-GAAP financial measures may have material limitations in that they do not reflect all of the costs associated with our results of operations as determined in accordance with GAAP. As a result, these non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. Adjusted EBITDAR is a valuation measure commonly used by our management, research analysts and investors to value companies in the senior living industry. Because Adjusted EBITDAR excludes interest expense and rent expense, it allows our management, research analysts and investors to compare the enterprise values of different companies without regard to differences in capital structures and leasing arrangements. The Company believes that Adjusted Net Income/(Loss) and Adjusted CFFO are useful as performance measures in identifying trends in day-to-day operations because they exclude the costs associated with acquisitions and conversions and other items that do not ordinarily reflect the ongoing operating results of our primary business. Adjusted Net Income/(Loss) and Adjusted CFFO provide indicators to management of progress in achieving both consolidated and individual business unit operating performance and are used by research analysts and investors to evaluate the performance of companies in the senior living industry. The Company strongly urges you to review the reconciliation of net loss to Adjusted EBITDAR and the reconciliation of net (loss) income to Adjusted Net Income/(Loss) and Adjusted CFFO, on the last page of the Company's second quarter 2018 earnings release dated July 31, 2018, along with the Company's consolidated balance sheets, statements of operations, and statements of cash flows, which can be found on the Company's website at www.capital senior.com/investor-relations/press-releases/

Capital Senior Living at a Glance



128
Communities
Operated



12,000+
Residents
Served



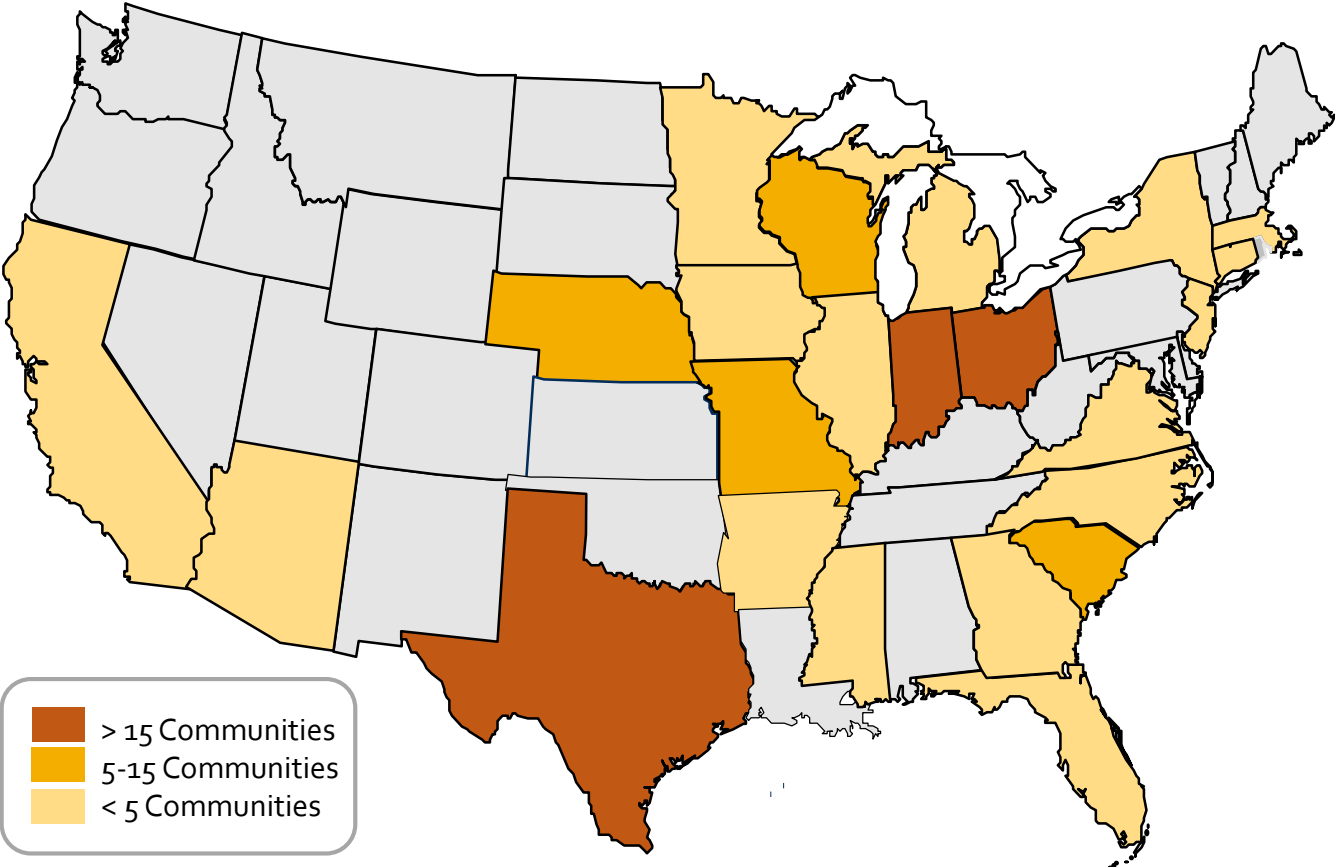
23
States



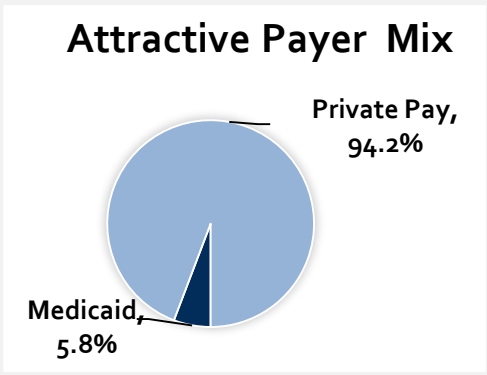
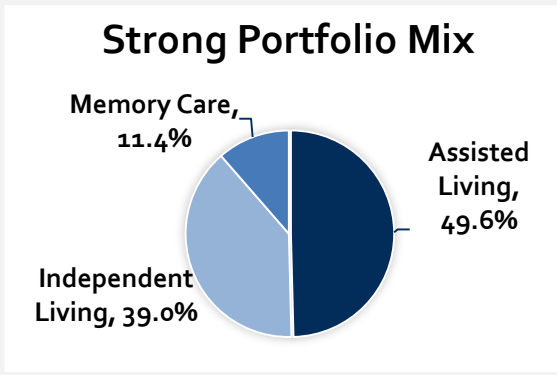
\$460M
2018 Revenue



7,500+
Employees



- Dallas-based **Capital Senior Living** is one of the nation’s largest operators of independent living, assisted living and memory care communities for senior adults.
- **Capital Senior Living** provides seniors the freedom and opportunity to successfully, comfortably and happily age in place.





Charting a New Path Forward



Implementing real change and charting a new path forward:

Stabilize, Invest, Nurture, Grow

- Support the already-strong foundation and strengthen execution
- Invest in systems, promotion, and our real estate
- Strengthen the customer experience and relationship



Growing occupancy and achieving top-line growth is priority

- Target demographic increasing with access to greater individual wealth
- Communities in concentrated geographies with capacity to serve 16,500 residents
- 30 years of experience with reputation for excellent resident-centric care and service
- Construction starting to slow, right sizing the market



Owning real estate provides significant financial and operational advantages



Strengthening balance sheet and implementing disciplined capital allocation strategy



Outstanding, experienced and refreshed leadership team that will not relent: 100% focused on operational execution

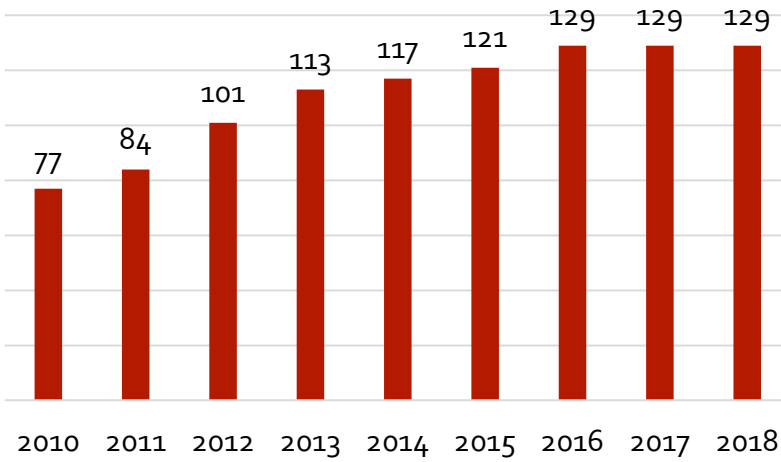
2019 to 2021 Strategic Pillars



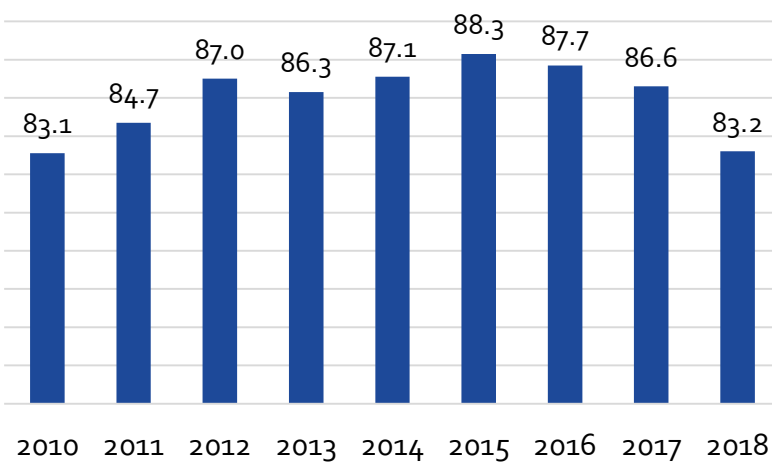
Strong Operator of Trusted Senior Living Communities



Total # of Communities Operated

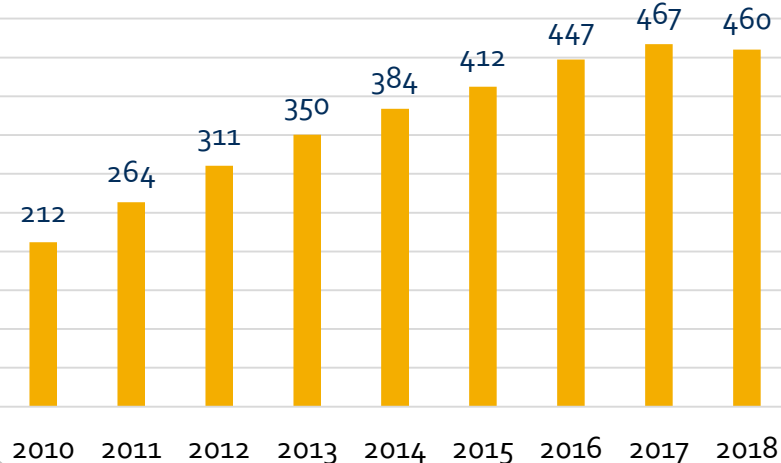


Occupancy %



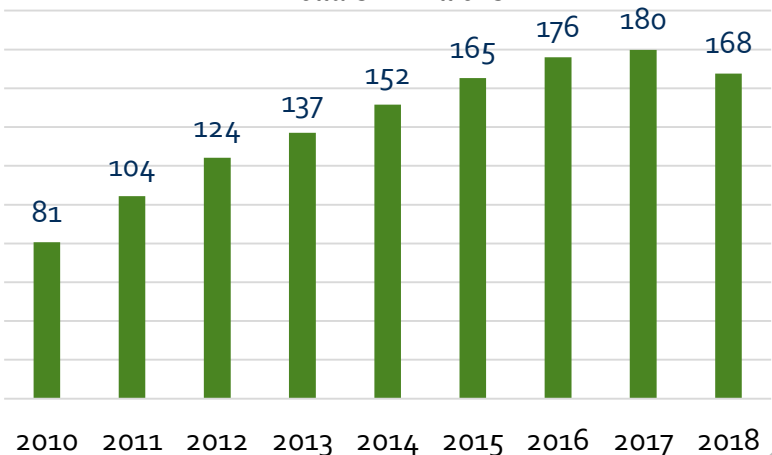
Revenue

Dollars In Millions



NOI

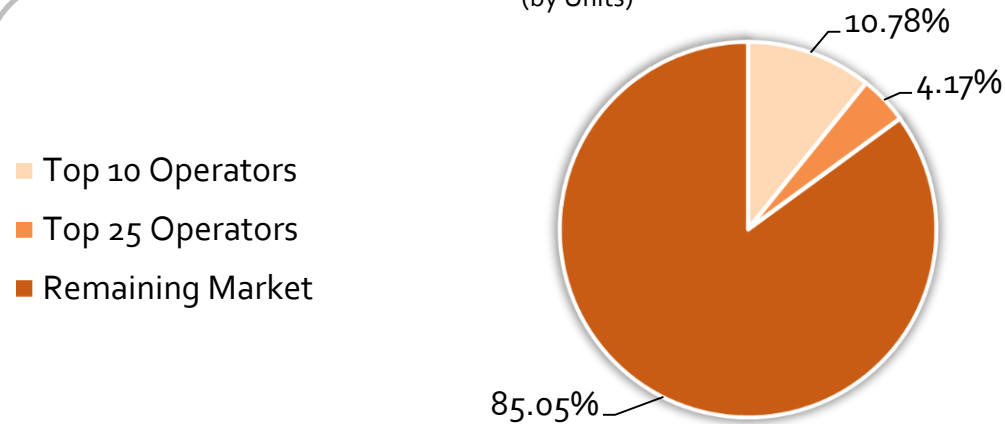
Dollars In Millions



- Significant growth in revenue and NOI since 2010, largely through acquisition.
- In 2014, we began conversions from independent living to assisted living and memory care in anticipation of growing demand for those services.
- Over-supply and market rate competition began in 2015, and intensified to its highest in 2017.
- In early 2019, reset leadership, strategy, structure, and focus.
- Significant opportunity for improved performance.

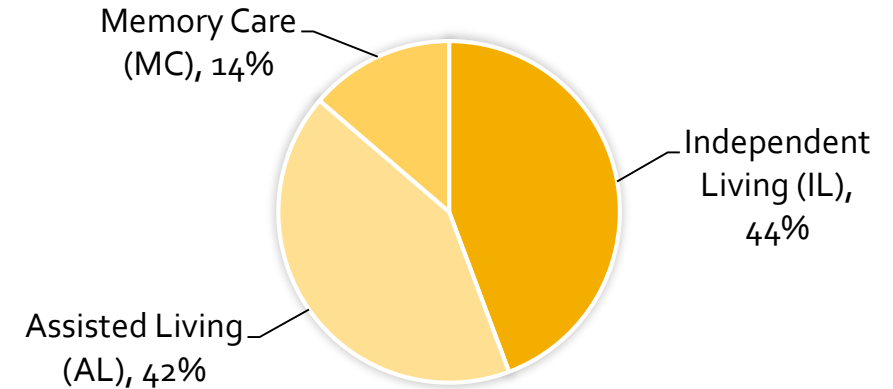
Established Portfolio Provides Economies of Scale in a Highly-Fragmented Market

Senior Housing Operators (by Units)



Approximately 1.6 million units are available in the US senior housing market.
Source: ASHA 2018 Top 50, company filings and investor presentations.

Industry Mix by Level of Care (by Units)

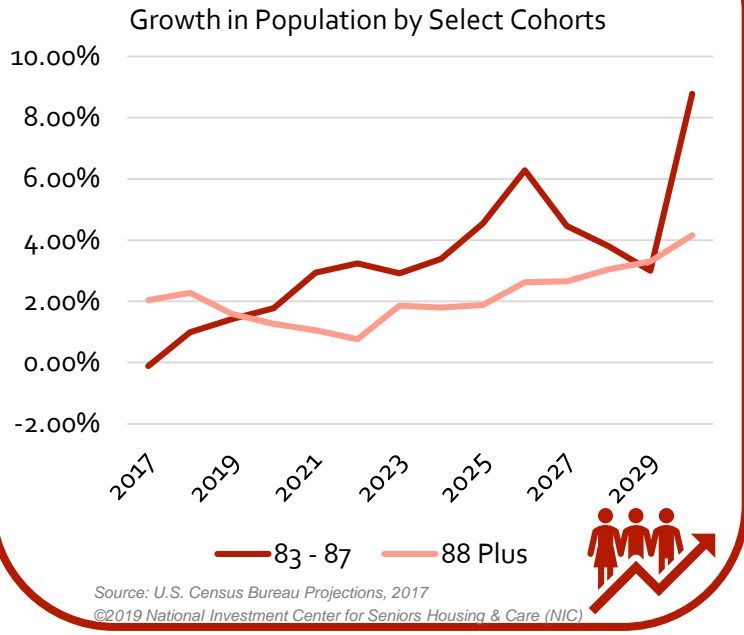


- Capital Senior Living is one of the few operators able to
 - Institute broad best practices
 - Implement portfolio-wide differentiated programming
 - Utilize scale to achieve cost saving efficiencies
 - Leverage marketing efforts particularly in competitive digital landscape

- Heavier mix of assisted living units at Capital Senior Living communities (49.6%) is aligned with growing market need.

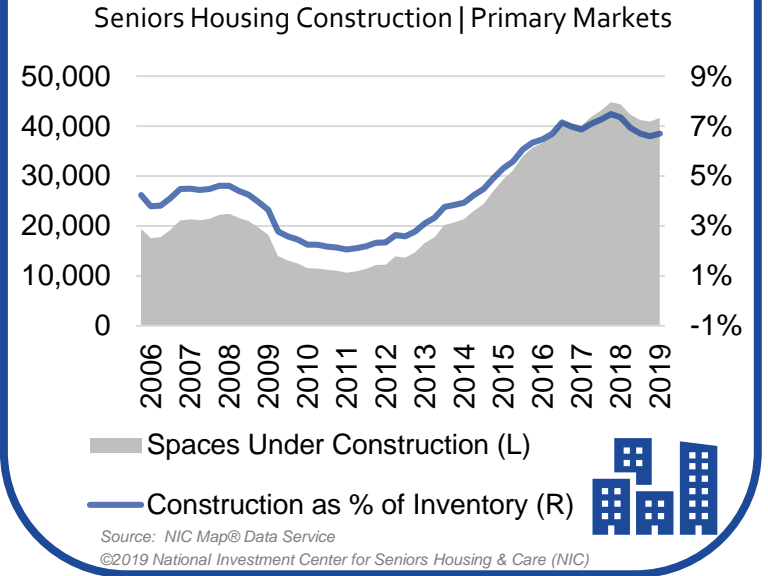
Market Forces: Aligning Strategy with Key Needs

Growth in target demographics

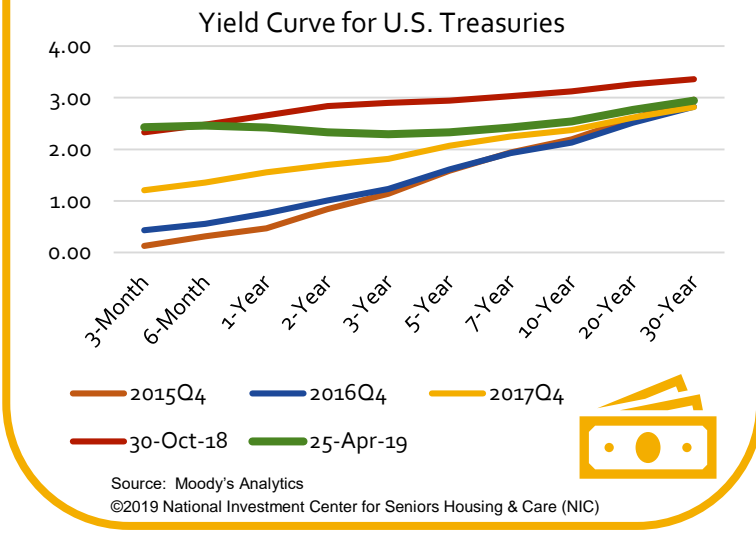


Rise in dementia and other conditions requiring constant care & monitoring

Local market senior housing demand and supply



Macroeconomic conditions and target demographic access to individual wealth



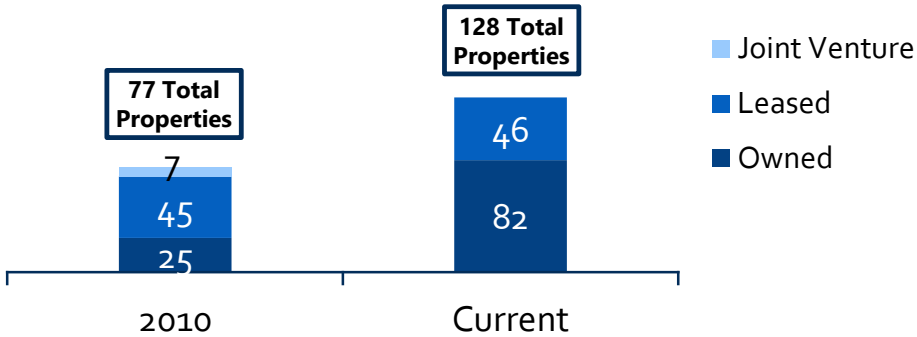
Changing Availability and proximity of family caregivers

Regulatory and legislative climate with increased focus on senior well-being

Real Estate Ownership a Key Differentiator



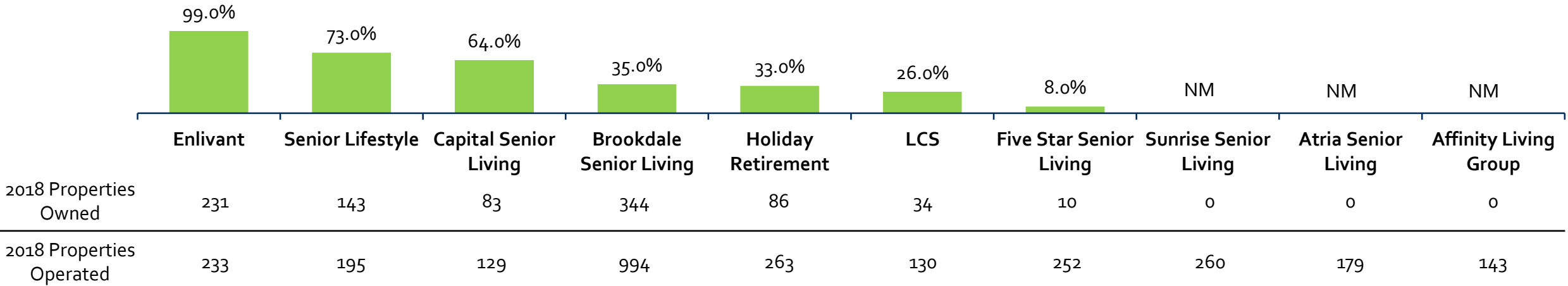
Ownership Evolution



Real Estate Ownership Provides Flexibility and Opportunities

- ✓ Value derived from owned real while capturing full benefit from operations
 - ✓ Stronger margin profile
 - ✓ Financed with attractive non-recourse, fixed-rate mortgages with strong coverage ratios
 - ✓ Eliminates lease escalators, driving sustainable cash flows
- ✓ Optimizes asset management and financial flexibility
- ✓ Provides the ability to reposition communities
- ✓ Allows CSL to increase loans based on the appreciated value to re-deploy the capital into growth initiatives

Ownership of 10 Largest US Senior Housing Operators



Source: ASHA 2018 Top 50, company filings and investor presentations.

Balance Sheet as of June 30, 2019



Assets (\$ in millions)	
Cash and Securities	\$ 34.8
Other Current Assets	28.2
Total Current Assets	63.0
Fixed Assets	1,012.2
Other Assets	252.8
Total Assets	\$ 1,328.0

Liabilities & Equity (\$ in millions)	
Current Liabilities	\$ 117.6
Long-Term Debt	949.9
Other Liabilities	237.5
Total Liabilities	1,305.0
Stockholders' Equity	23.0
Total Liabilities & Equity	\$1,328.0

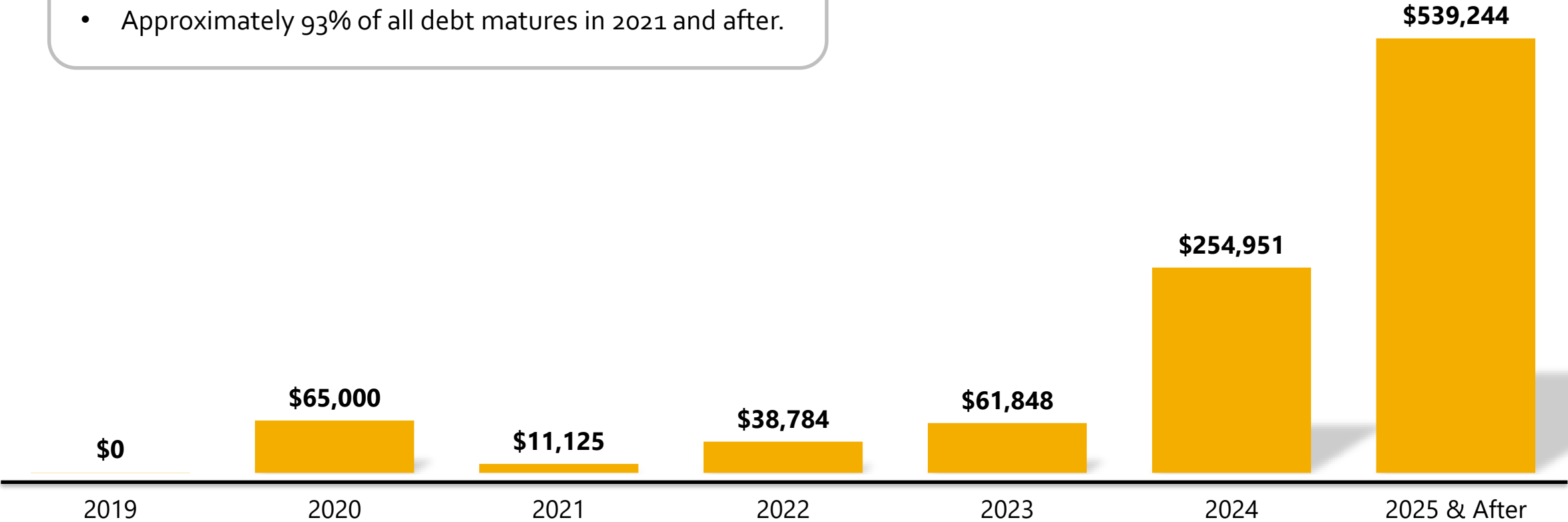
Consistent with normal business practices, the Company is engaged in various activities to strengthen our financial foundation and optimize our asset portfolio, including the following:

- Marketing a limited number of additional assets for potential divestiture
- Refinancing existing owned assets

Debt Maturities



- Average duration of debt is 6.0 years
- Approximately 93% of all debt matures in 2021 and after.



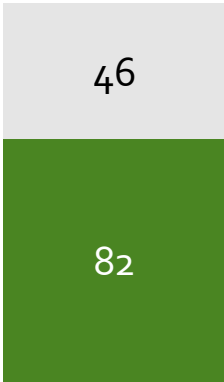
\$ in thousands

NNN Leases Represent 36% of Total Portfolio



CSU Portfolio

■ Owned ■ Leased



128 Total Properties



October 2020
9 Communities

April 2026
6 Communities



September 2025
7 Communities


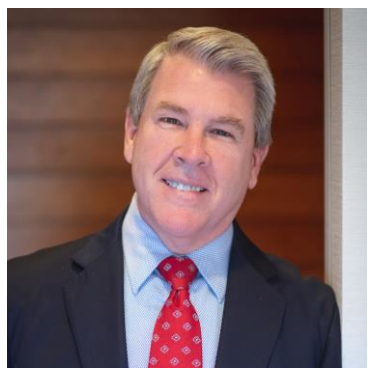
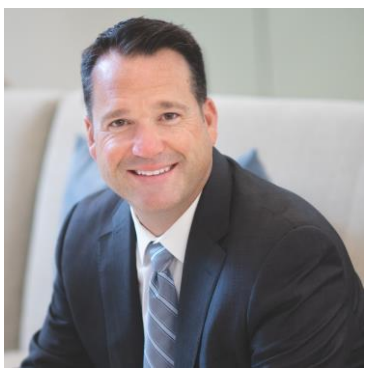




April 2025
8 Communities

September 2025
12 Communities

April 2026
4 Communities

Strong and Experienced Leadership

				
Kim Lody	Carey Hendrickson	Mike Fryar	David Brickman	Jeremy Falke
Chief Executive Officer, President and Director	Executive VP Chief Financial Officer	Senior VP Chief Revenue Officer	Senior VP General Counsel	Senior VP Human Resources
Joined CSL Jan 2019	Joined CSL May 2014	Joined CSL Feb 2019	Joined CSL Jul 1992	Joined CSL Feb 2018
25+ years of experience in healthcare products and service delivery	25+ years of experience in financial leadership	15+ years of experience in healthcare industries; 12+ in senior healthcare industries	25+ years of experience as General Counsel in senior healthcare industry	20+ years of experience in healthcare industry
Held various senior leadership roles in public and private health care companies, including insurance, medical devices, and clinical services. Expertise in leading operational excellence and achieving above-market performance in complex, dynamic markets.	Held various senior leadership roles in FP&A, accounting, treasury, investor relations, corporate communications, business systems, and M&A within large, diversified publicly-held companies; began career in big four public accounting.	Held various leadership roles focusing on brands in complex, multi-channel environments including in medical device and marketing agency settings, with the majority of his career focused in senior healthcare.	Responsible for wide range of legal matters including oversight of regulatory compliance and reporting, contracts, corporate governance, M&A, and claims litigation.	Held various HR leadership roles in hospitals and large health systems, with overall direction for all components of the people management function and a focus on talent and building great company culture.
MBA, Wake Forest BA, Hiram College	MBA, Univ. of Texas, Arlington BA, Baylor University	BA, Gustavus Adolphus College	JD MBA, Univ. of South Carolina MHA, Duke Univ.	MBA, Univ. of Nebraska, Omaha BS, Univ. of Phoenix, Scottsdale

Investment Rationale



**30-years of
experience
caring for seniors**



**Sizeable, fragmented
markets with unmet
needs**



**Owner-operator model
provides financial and
operational advantages**



**Solid strategy, structure,
standards and focus**



**Significant opportunity for
near-term operational
improvement and long-
term growth**



**Top talent and emerging
culture of learning,
collaborating, and winning**

Current valuation provides a compelling investment opportunity