SENIOR HOUSING MARKET INSIGHT

Q3 2019

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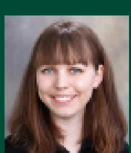

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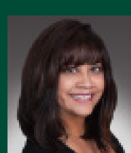

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3 Introduction

CBRE National Senior Housing is an industry leader in investment sales, debt originations, and investment banking. Our team has transacted more than $14.2 billion (including deals currently under contract) across the nation since 2014.

We offer a depth of expertise rarely found in the senior housing sector. Our principals, Lisa Widmier, Aron Will, and Austin Sacco have 51 years of combined experience in the senior housing industry and have generated over $23 billion in transaction volume. The breadth of our experience as developers, institutional investors, appraisers, and owner/operators has given us the ability to understand a transaction from all sides.

CBRE National Senior Housing focuses exclusively on senior housing. We provide a wide variety of services, including:

- Investment property sales
- Structured debt
- Investment banking/Capital raise
- Valuation
- General consulting

We provide investment opportunities to the marketplace across a broad spectrum of senior housing property types including:

- Age-restricted multifamily
- Active Adult
- Independent living
- Assisted living
- Alzheimer's/memory care
- Skilled nursing and continuum of care
- Continuing care retirement communities (rental and entry fee)

For more information about CBRE National Senior Housing, please visit our website at www.cbre.com/nationalseniorhousing

4 Senior Housing Demand is Driven by Demographic Demand

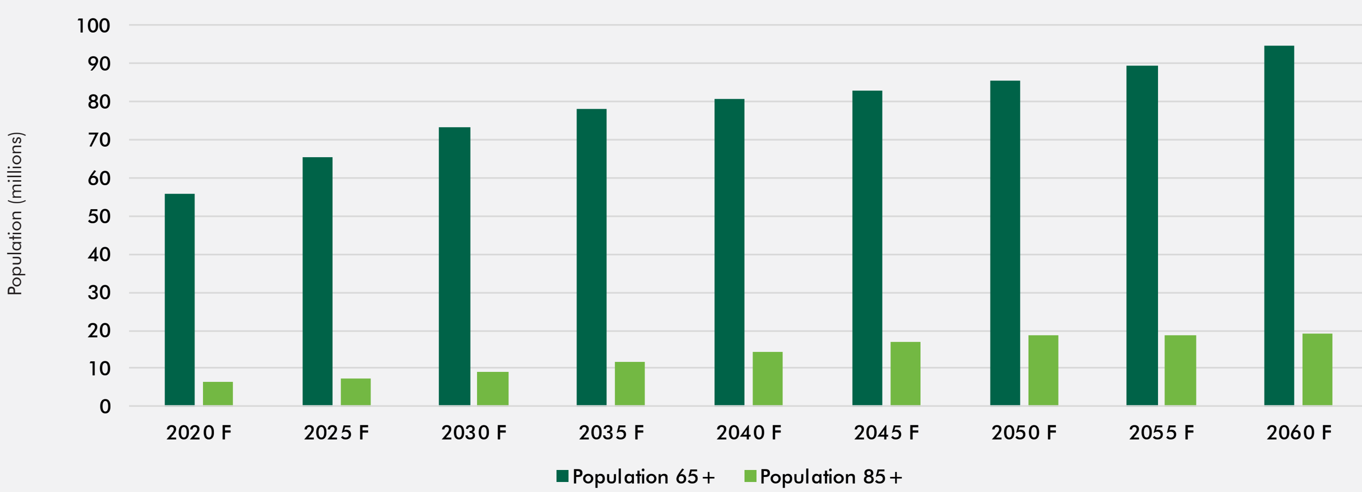
The baby boomers (post-World War II babies) began turning 65 in 2011 and by 2030, the remainder will also reach age 65 and account for approximately 21% of the total United States population. By 2050, the 65-plus age group is estimated to exceed 85.6 million, a more than 50% increase over its estimated 2020 population (56.1 million). The same figure for 85-plus group is even higher. By 2050, the 85-plus age group is estimated to exceed 18.5 million, a 177% increase over its estimated 2020 population (6.7 million). Additionally, by 2035 the 65-plus age group is estimated to be larger than the population under age 18. By 2035, there will be 78.0 million people 65 years and older compared to 76.7 million under the age of 18. The projected growth in the senior population will present many challenges to policy makers and programs by having a significant impact on families, businesses, healthcare providers and, most notably, on the demand for senior housing.[1]

One of the primary drivers in trends for the aging population is mortality rates. Survivorship rates have shown consistent improvement for many decades. In the United States in 1972, the average life expectancy of a 65-year-old was 15.2 years. By 2017, the most recent available data, this metric increased by 5.2 years to approximately 20.4 years. Additionally, it is estimated that about one out of every four 65-year-olds will live to be 90 years old, with one of every 10 expected to live past 95 years of age.[2]

Driving this increased life expectancy, and consequentially average population age, is the advancement in public health strategy and medical treatment. Life expectancy in the United States has increased by approximately 30 years over the past century, primarily due to the reduction of acute illness threats. However, an unforeseen consequence of longer life expectancy has been the increased prevalence of heart disease, cancer and other chronic diseases as the leading causes of death. As Americans age during the next several decades, the elderly population will require a larger number of formally trained, professional caregivers as a direct effect of these chronic diseases, which often affect independence and mobility.[3]

Moreover, the problems facing the United States aging population can be witnessed as a global phenomenon. Fifty countries had a higher proportion of people aged 65-plus than the United States in 2010. This number is expected to increase to approximately 98 countries by 2050.[1]

NUMBER OF PEOPLE AGE 65 & OVER AND 85 & OVER



Copy Source: 1) U.S. Census Bureau. (2) Social Security Administration, Retirement & Survivors Benefits: Life Expectancy Calculator, 2019. (3) Center for Disease Control and Prevention. The State of Aging and Health in America Report.

U.S. POPULATION ESTIMATES AGE 75-PLUS

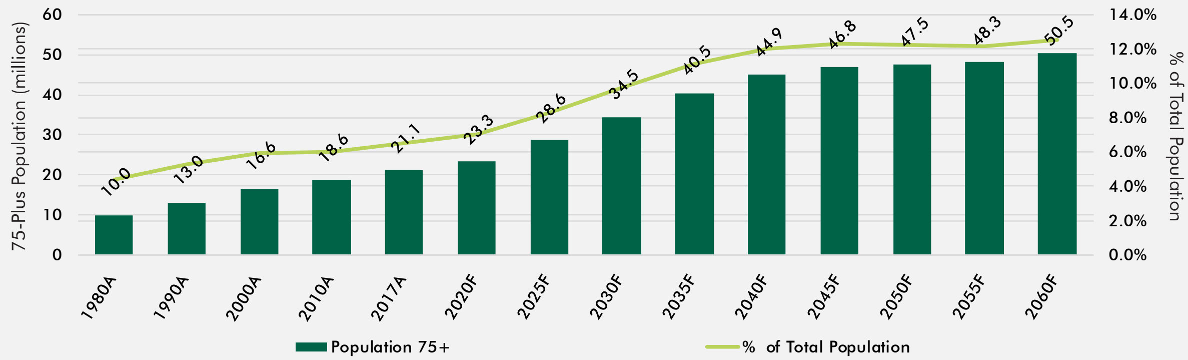
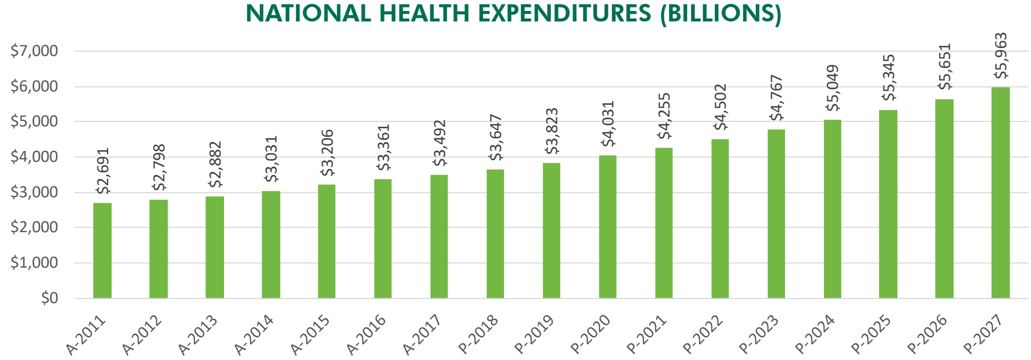


Chart Source: U.S. Census Bureau; release date: March, 2018 and U.S. Census Bureau, Statistical Abstract of the United States: 2012.
Note: "A" indicates actuals based on Census data and "F" indicates forecasted population estimates released March 2018.

A Multi-Trillion Dollar Industry

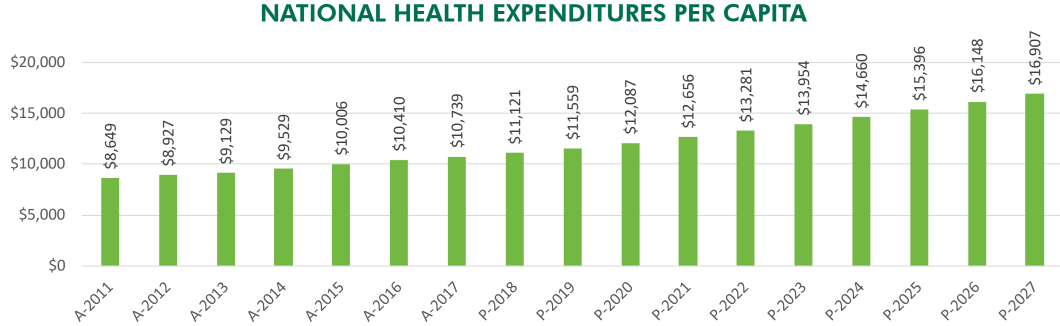
Annual United States healthcare services expenditures totaled almost $3.5 trillion in 2017. Healthcare is one of the largest line items in Federal and State Government spending. Healthcare spending is estimated to grow at an average of 5.5% per year from 2018 through 2027. Furthermore, over the same period, healthcare spending is estimated to grow 0.8% faster than GDP per year. As a result, the healthcare portion of GDP is expected to rise from 17.9% in 2017 to 19.4% by 2027.[4]

NATIONAL HEALTH EXPENDITURES (BILLIONS)



Source: Centers for Medicare & Medicaid Services, actuals published as of 2/2019. The projections incorporate estimates of GDP and spending as of May 2017.

NATIONAL HEALTH EXPENDITURES PER CAPITA



Source: Centers for Medicare & Medicaid Services, actuals published as of 2/2019. The projections incorporate estimates of GDP and spending as of May 2017.

Copy Source: (4) Centers for Medicare & Medicaid Services, National Health Expenditure Projections 2018 – 2027 https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/downloads/forecastsummary.pdf (accessed March 20, 2019).

6 General Industry Parameters - Pricing

SENIOR HOUSING/NURSING CARE VALUE ESTIMATED AT $420.4 BILLION

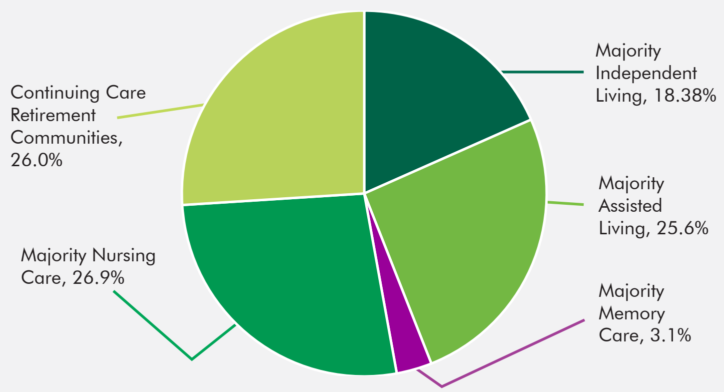
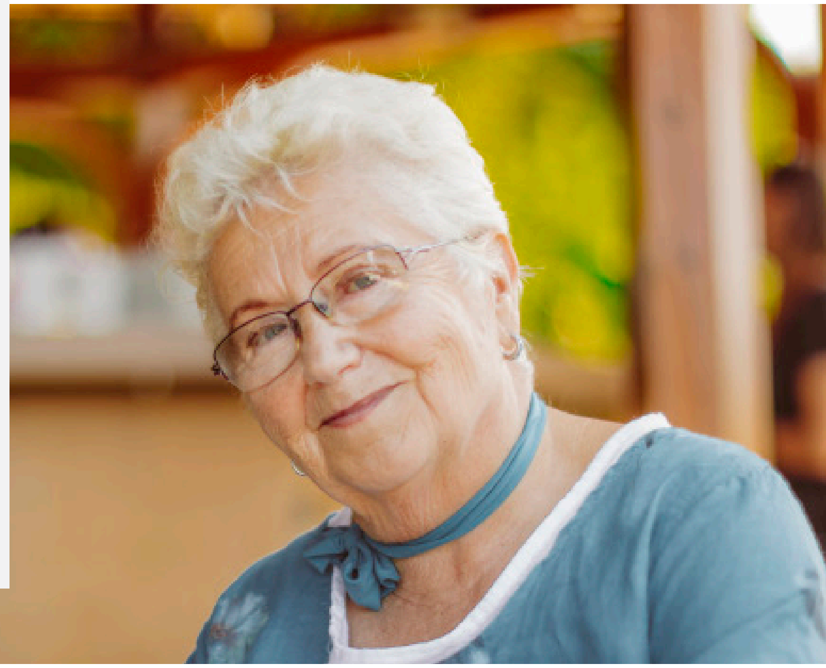
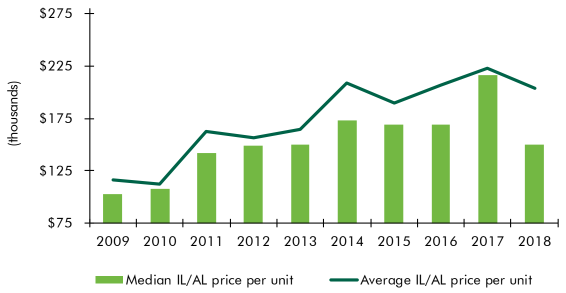


Chart Source: MAP, NIC. "NIC Investment Guide 5th Edition." 2018.

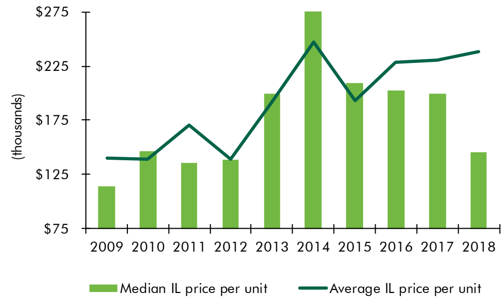


Historical Value Per Unit Pricing

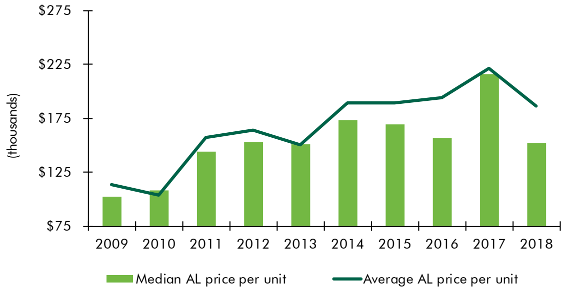
SENIOR HOUSING (IL/AL) PRICE PER UNIT



INDEPENDENT LIVING (IL) PRICE PER UNIT



ASSISTED LIVING (AL) PRICE PER UNIT



NURSING CARE (NC) PRICE PER UNIT

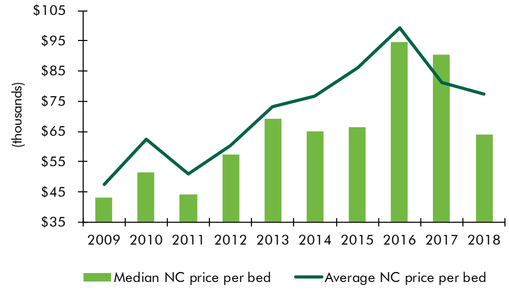


Chart Source: The Seniors Housing Acquisition & Investment Report, First Edition, 2019

7 Senior Housing Investment Returns

The Property Index Performance Data provided by the National Council of Real Estate Investment Fiduciaries (NCREIF) indicates that reporting senior housing properties have generally outperformed the broader National Property Index (NPI) since at least 2003.

The senior housing total return for Q3 2019 was 2.64%, which includes a 1.13% income return and a 1.51% capital appreciation return. Over the past four quarters, senior housing returned 8.80% (4.50% income and 4.30% appreciation). The five year total return of 12.45% is 343 basis points higher than the NPI return (all asset classes) of 9.02% and 401 basis points higher than the multifamily total return of 8.44%.

Over a five-year period, senior housing returns have outperformed the NPI and multifamily in total returns and income returns. The senior housing sector's stronger performance may reflect the fact that senior housing has experienced continuous rental rate growth, despite significant fluctuations in the general economy. The following charts compare the returns achieved by the senior housing component, the multifamily component, and the overall index. Items shown for each quarter represent that particular quarter's return, while periods showing a single year or multiple years represent the compounded annual index returns achieved for that period. All returns are before fees.

SENIOR HOUSING RETURNS

	Total NPI	Total Multi-Family	Total Stabilized Senior Housing
Total Returns			
Q3 2019	1.56%	1.31%	2.64%
Q2 2019	1.59%	1.48%	2.41%
Q1 2019	1.85%	1.49%	1.17%
Q4 2018	1.47%	1.47%	2.57%
One Year Return	6.63%	5.88%	9.08%
Three Year Return	7.13%	6.63%	10.73%
Five Year Return	9.02%	8.44%	12.45%
Ten Year Return	10.01%	10.37%	11.96%
Fifteen Year Return	8.68%	8.38%	13.68%
Capital (Appreciation) Returns			
	Total NPI	Total Multi-Family	Total Stabilized Seniors Housing
Q3 2019	0.50%	0.37%	1.51%
Q2 2019	0.53%	0.52%	1.34%
Q1 2019	0.80%	0.53%	0.03%
Q4 2018	0.41%	0.50%	1.42%
One Year Return	2.26%	1.93%	4.36%
Three Year Return	2.67%	2.64%	5.89%
Five Year Return	4.36%	4.26%	7.40%
Ten Year Return	4.70%	5.57%	6.15%
Fifteen Year Return	3.20%	3.55%	7.36%
Income Returns			
	Total NPI	Total Multi-Family	Total Stabilized Seniors Housing
Q3 2019	1.05%	0.94%	1.13%
Q2 2019	1.06%	0.96%	1.07%
Q1 2019	1.06%	0.96%	1.15%
Q4 2018	1.06%	0.96%	1.15%
One Year Return	4.30%	3.88%	4.58%
Three Year Return	4.37%	3.91%	4.63%
Five Year Return	4.51%	4.05%	4.79%
Ten Year Return	5.13%	4.61%	5.56%
Seven Year Index	5.35%	4.71%	6.01%

Source: NCREIF. Quarterly returns are not annualized.

CUMULATIVE NCREIF TOTAL RETURNS NPI VS. MULTI-FAMILY VS. SENIOR HOUSING

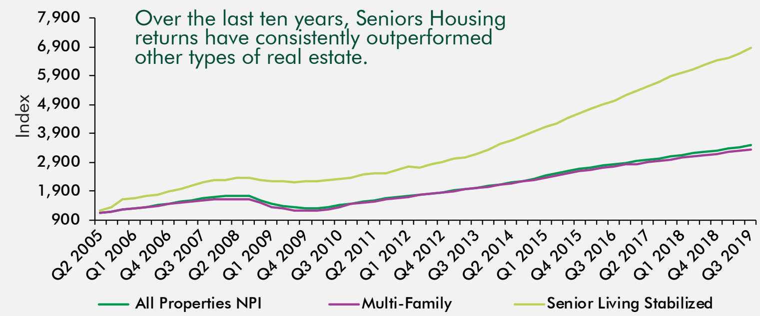


Chart Source: NCREIF Query Tool. 3Q 2004 = 1,000.

CUMULATIVE NCREIF APPRECIATION RETURNS NPI VS. MULTI-FAMILY VS. SENIOR HOUSING

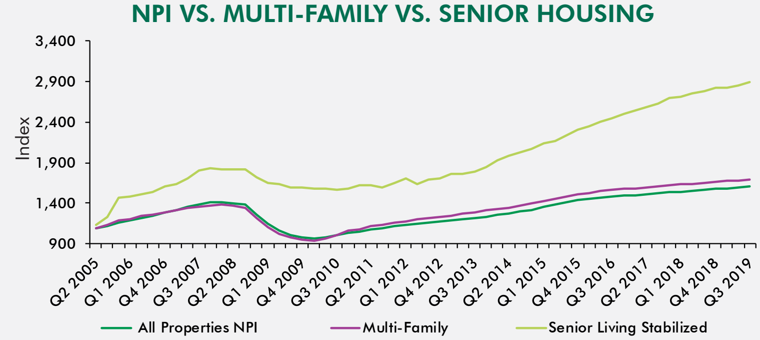


Chart Source: NCREIF Query Tool. 3Q 2004 = 1,000.

CUMULATIVE NCREIF INCOME RETURNS NPI VS. MULTI-FAMILY VS. SENIOR HOUSING

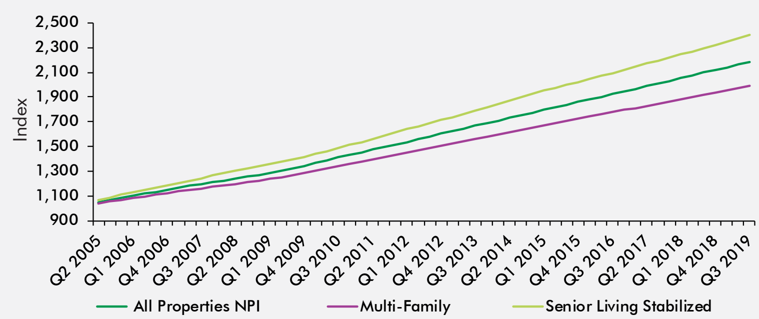


Chart Source: NCREIF Query Tool. 3Q 2004 = 1,000.

8 Senior Housing Investment Returns (CONT'D)

Seniors - Yield Opportunity

Senior housing continues to provide a yield premium over conventional multifamily.

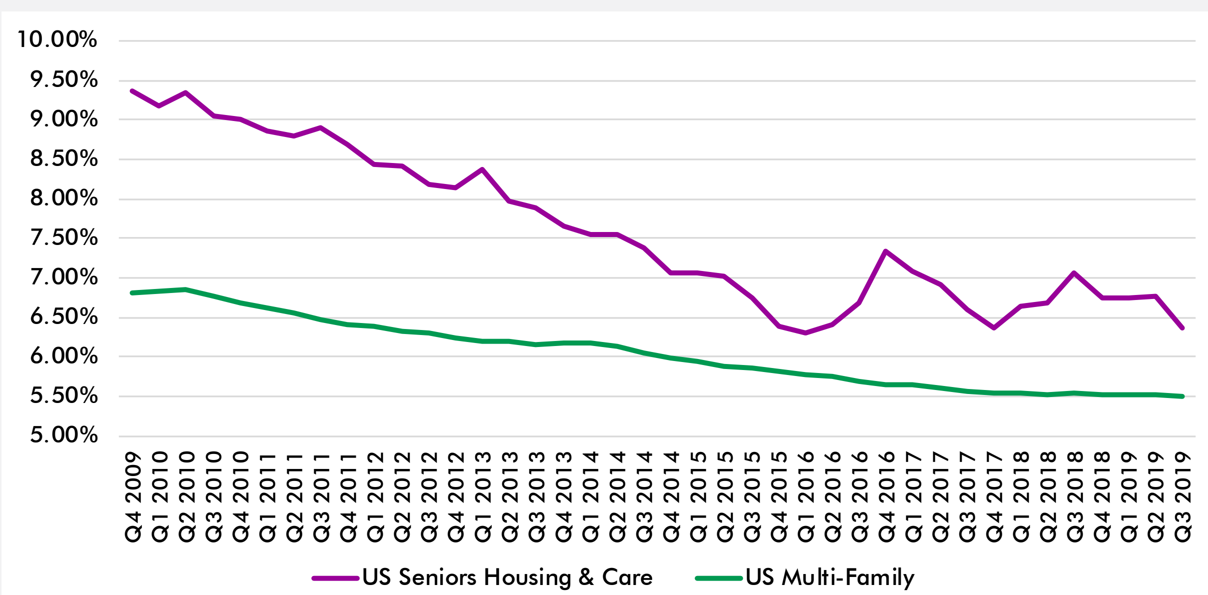
CAP RATE COMPARISONS - CONVENTIONAL MULTI-FAMILY VS. SENIOR HOUSING & NURSING CARE

Source: Real Capital Analytics TrendTracker Report, Q3 2019.

Historical Multi-family and Senior Housing & Nursing Care Cap Rates

Senior housing acquisitions provide an income yield advantage over multifamily value-add acquisitions, trading at higher capitalization rates.

CAP RATE COMPARISONS - CONVENTIONAL MULTI-FAMILY VS. SENIOR HOUSING & NURSING CARE



Source: Real Capital Analytics TrendTracker Report, Q3 2019.

9 Transaction Activity by Buyer Type

U.S. Based Senior Housing & Care Transaction Activity by Buyer Type

Cross-Border (Internationally Based)
A buyer is defined as "cross-border" if the buyer or major capital partner is not headquartered in the country where the property is located. An increasing number of firms have subsidiaries accessing capital in multiple countries. A firm may have two headquarters locations for the purposes of the pie chart analysis. For example, Deutsch Bank (DB Real Estate) is assumed to be based in Germany for deals outside of the United States while their acquisitions within the United States are assumed to be made via its domestic headquartered subsidiary, RREEF.

Institutional
"Institutional" refers to an investor, such as a bank, insurance company, retirement fund, hedge fund, or mutual fund, that is financially sophisticated and makes large investments, often held in very large portfolios of investments.

Private Equity
"Private equity," as an investor type, refers to companies whose control is in private hands and whose business is primarily geared toward operating, developing, or investing in commercial real estate. This includes private equity joint ventures, commingled funds, and high net worth family offices.

Public Listed/REITs
Companies and or funds traded on open public markets whose business is primarily geared toward investing in and or operating or developing commercial real estate. These include REITs, REOCs, and publicly-listed funds.

User/Other
Users of commercial property for specific purposes; business users, government, educational or religious institutions that own real estate for their own use.

SENIOR HOUSING TRANSACTION ACTIVITY BY BUYER TYPE — U.S. BASED SENIOR HOUSING & CARE PROPERTIES

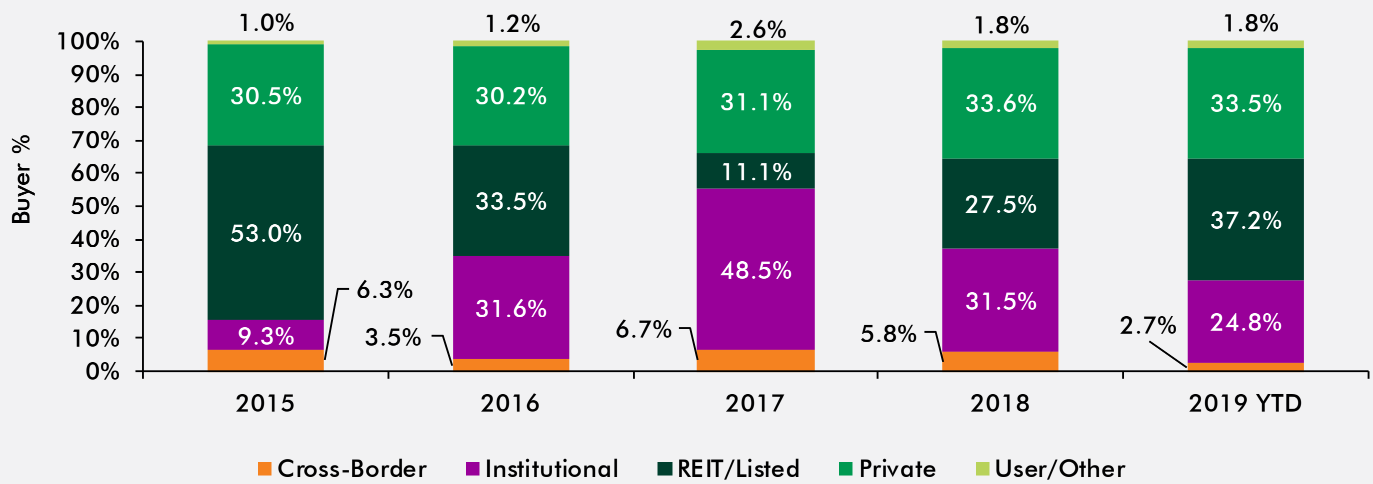


Chart Source: Real Capital Analytics, Q3 2019.

As the graph above illustrates, since 2016 there has been a clear trend in the mix of investors in the senior housing and care transaction market. During this period, private equity buyers (including dedicated senior housing funds, opportunity funds, and commingled funds with core plus and value-add investment objectives) have become increasingly active in the marketplace, as have REITs.

The trend has been especially strong during 2019:

- Private equity buyers (33.5%) and REIT buyers (37.2%) have accounted for 70.7% of all transaction activity in 2019 so far.
- Institutional buyers, such as banks, insurance companies, retirement (pension) funds, hedge funds and mutual funds, have continued to be less active compared to their peak in 2017, accounting for 24.8% of the transaction volume in 2019.
- Cross-border buyers accounted for just 2.7% of transaction activity. However, multinational investment platforms from Europe, Asia, and the Middle East are actively seeking investments in U.S.-based senior housing.

10 Senior Housing Construction Activity

With an annualized 2019 year-over-year growth rate of 2.6%, inventory growth has contracted below the 30-year average annual growth rate of 4.2%.[5]

The onset of the credit crisis in mid-2008 caused a severe contraction in construction lending for Senior Housing projects. However, major construction lenders have returned to the sector. The Senior Housing pipeline (rolling four quarters construction versus inventory) averaged 3.86% during 2018 and lowered to 2.56% in Q3 2019 for All Markets. New Senior Housing construction activity has averaged 2.95% during YTD 2019, with approximately 30,500 units/beds started per quarter. In Q3 2019 there were approximately 26,713 units/beds of new construction starts for all market areas.[5]

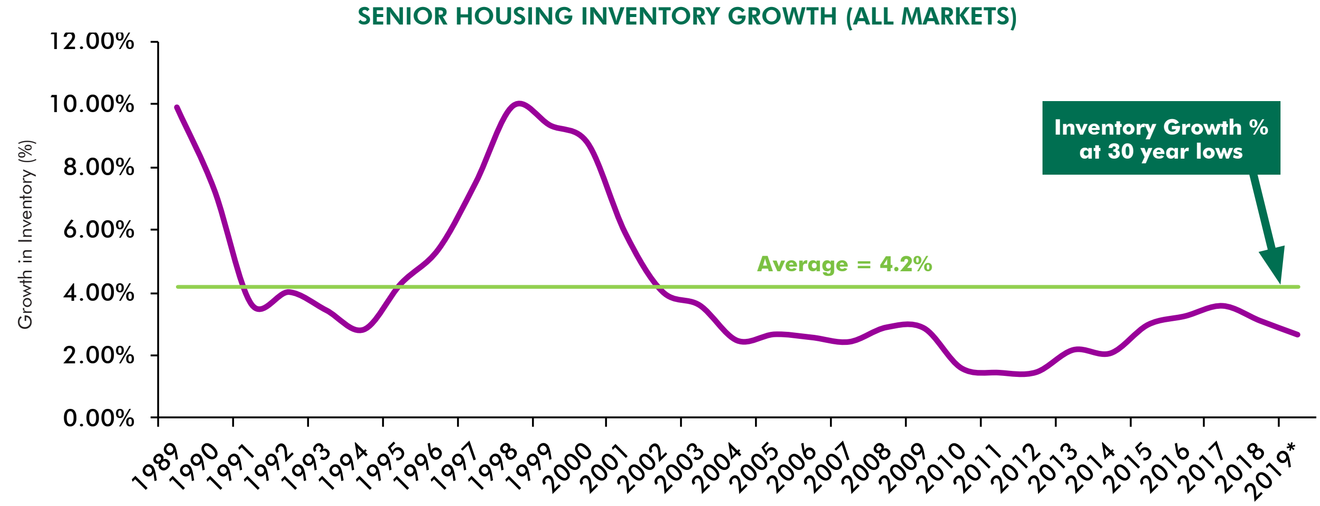


*Chart Source: NIC MAP Data & Analysis Service, Q3 2019 Supply Report; All Markets. *YTD 2019 Annualized.*

New Senior Housing Construction

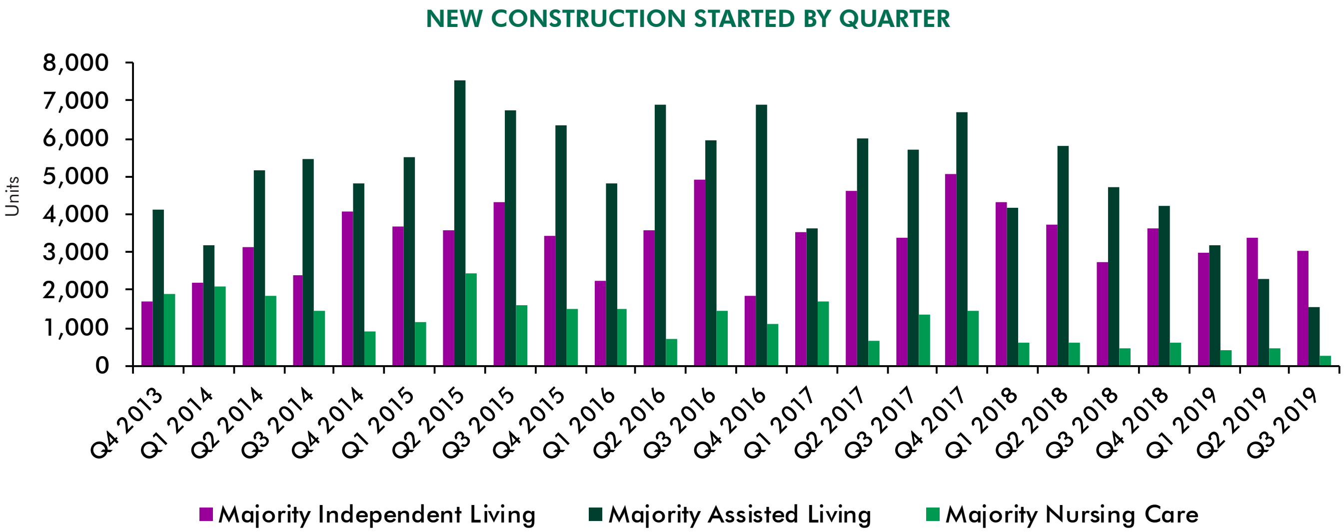


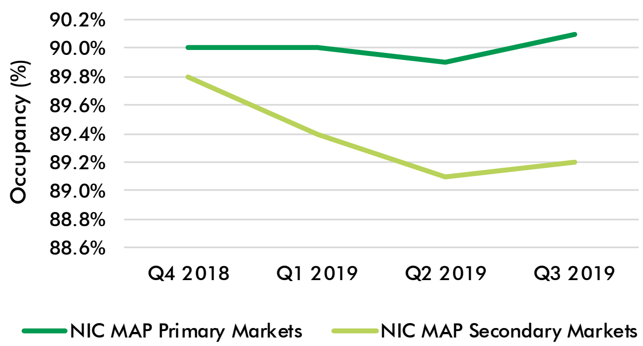
Chart Source: NIC MAP Data Service & Analysis, Primary & Secondary Markets (Q3 2019).
Copy Source: (5) "Q3 2019 NIC Map Data Report" NIC MAP Data & Analysis Services, (Q3 2019).

11 Comparison of Primary & Secondary Markets Rent, Construction, Absorption & Occupancy

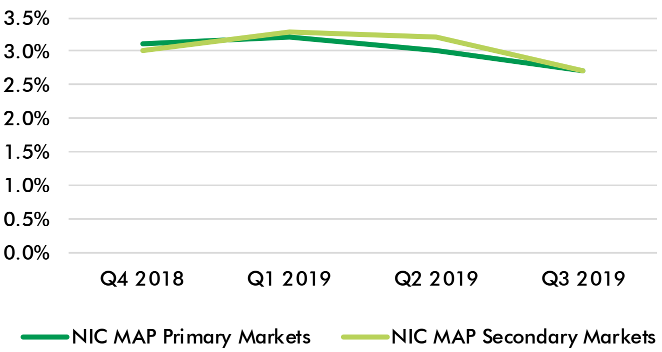
Annual Rent Growth - Primary & Secondary Markets

The stabilized occupancy rates for primary and secondary markets have diverged slightly in recent quarters. In Q3 2019, 90 basis points separated primary markets (90.1%) from secondary markets (89.2%). Q3 2019 also saw annual rent growth taper to an extent in both primary and secondary markets, declining to 2.7% for both market areas.

SENIOR HOUSING STABILIZED OCCUPANCY



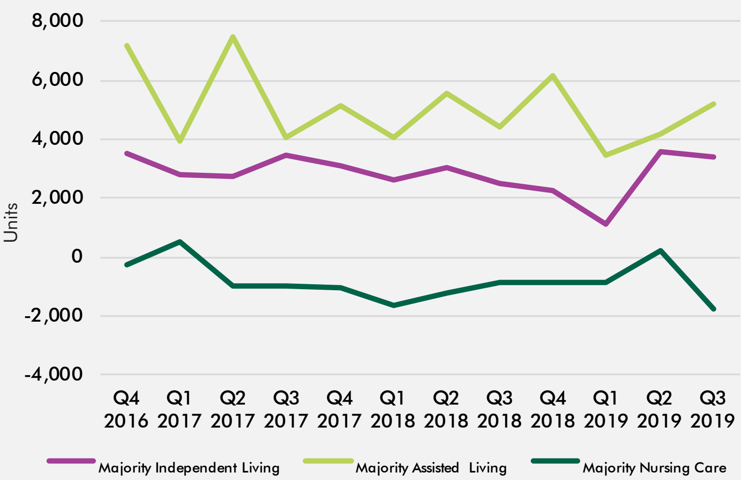
SENIOR HOUSING AMR Y-T-Y GROWTH



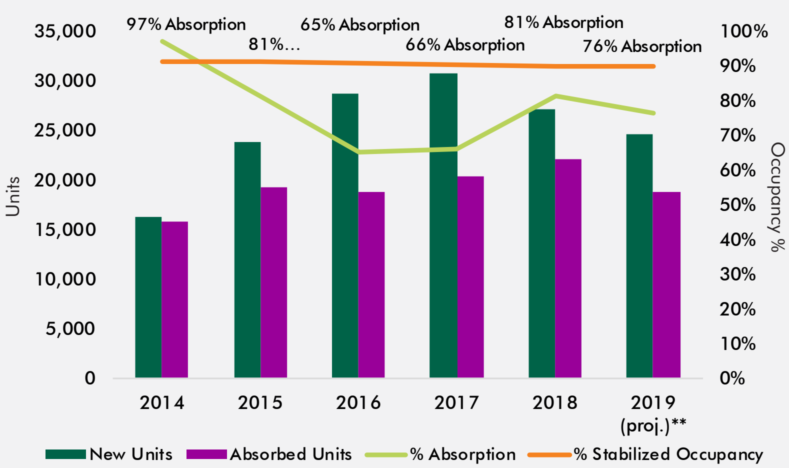
New Senior Housing Construction & Absorption

The pace of total inventory growth in Q3 2019 slowed relative to Q2 2019 but has seen continued expansion in the majority independent living and majority assisted living segments as investment capital remains focused on Class A, high margin facilities. Nursing care continues to contract as low-to-negative margins and regulatory uncertainty disincentivizes new construction and poorly performing operators are consolidated into larger brands. However, high stabilized occupancies and absorption levels across primary and secondary markets demonstrate that demand is not faltering, and new units will not be vacant for long.

INVENTORY GROWTH BY QUARTER[6]



NEW SUPPLY & OCCUPANCY[7]



*Sources: (6) NIC MAP® Data Service, Primary & Secondary Markets. (Q3 2019). (7) NIC MAP® Data Service Primary & Secondary Markets New Supply & Occupancy. (Q3 2019) **2019 numbers annualize YTD 2019 data.*

12 Senior Housing Capitalization Rates

Summary of Capitalization Rates Spring 2019 Survey

The table below summarizes the results of CBRE's U.S. Senior Housing & Care Cap Rate Survey for the first half of 2019. The survey revealed that senior housing capitalization rates have increased since the survey for the second half of 2018. The spread changes range from -10 to 20 basis points for Class A properties and from 0 to 50 basis points for Class B and C properties, depending on the respective level of care and core versus non-core locations.

Spreads by investment class also changed from the second half of 2018 and now show more fluctuation between Classes A to B and A to C. The change from the second half of 2018 for the spread from Class A to Class B properties increased for most property types, except for non-core nursing care. The spreads between core and non-core assets were largest for independent living communities, which indicates that location remains a key element in determining the capitalization rate. Survey respondents reported that the most attractive investment opportunities are in independent living followed by assisted living. Active adult has also gained considerable interest.

		Class A				Class B				Class C			
		Low	High	Average	Change (bps)	Low	High	Average	Change (bps)	Low	High	Average	Change (bps)
Core	IL	4.00%	8.00%	5.40%	0	5.00%	8.00%	6.40%	20	6.00%	10.00%	7.70%	20
	AL	5.00%	8.00%	6.10%	-10	6.00%	9.50%	7.10%	0	6.00%	10.50%	8.50%	10
	MC	5.00%	9.50%	7.00%	0	6.00%	9.50%	7.70%	0	7.00%	11.00%	9.00%	10
	NC	9.00%	14.00%	11.30%	0	9.50%	14.50%	12.20%	0	12.00%	15.00%	13.60%	0
	CCRC	6.00%	10.00%	7.30%	0	6.00%	10.50%	8.00%	0	7.00%	12.00%	9.30%	0
Non-Core	IL	5.00%	9.00%	6.50%	0	6.00%	10.00%	7.20%	0	7.00%	11.00%	8.50%	20
	AL	5.50%	9.00%	6.90%	10	6.00%	10.00%	7.60%	0	7.00%	11.00%	8.90%	20
	MC	6.00%	10.00%	7.40%	0	7.00%	11.00%	8.10%	10	8.00%	11.00%	9.20%	10
	NC	10.00%	14.00%	12.10%	20	11.00%	16.00%	12.80%	0	13.00%	16.00%	14.30%	50
	CCRC	6.00%	10.00%	7.90%	10	7.00%	11.00%	8.60%	10	8.00%	12.00%	9.80%	40

Investment Class Spreads (bps)

		A-B	Change	B-C	Change	A-C	Change
Core	IL	100	20	130	0	230	20
	AL	100	10	140	10	240	20
	MC	70	0	130	10	200	10
	NC	90	0	140	0	230	0
	CCRC	70	0	130	0	200	0
Non-Core	IL	70	0	130	20	200	20
	AL	70	-10	130	20	200	10
	MC	70	10	110	0	180	10
	NC	70	-20	150	50	220	30
	CCRC	70	0	120	30	190	30

Location Spreads (Core Vs. Non-Core in bps)

	A	Change	B	Change	C	Change
IL	110	0	80	-20	80	0
AL	80	20	50	0	40	10
MC	40	0	40	10	20	0
NC	80	20	60	0	70	50
CCRC	60	10	60	10	50	40

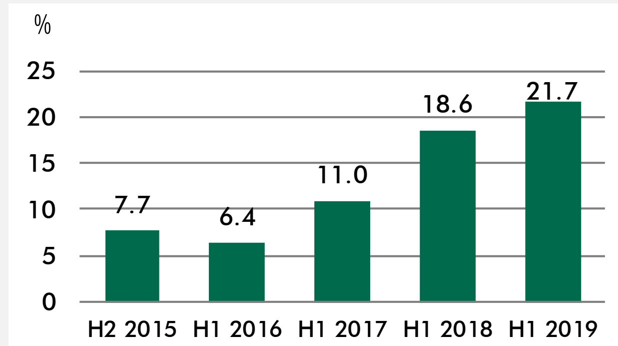
Source: CBRE Seniors Housing Cap Rate Survey H1 2019. Change from H2 2018 Survey.

13 CBRE Research - Special Report on Active Adult

Key Takeaways

- Active adult housing has gained tremendous market and investor appeal in recent years.
- CBRE's latest Senior Housing & Care Investor Survey found that 22% of respondents believe active adult offers the best investment opportunity, three times the response four years ago.
- Defining active adult housing is problematic; many terms are used for similar lifestyle seniors living product. Adding further complication, many terms used within the industry are not necessarily the same used for consumers.
- CBRE defines active adult housing as purpose-built multifamily rental housing for younger seniors. It has a heavy emphasis on community space and activities. It can almost be thought of as "independent living unbundled."

FIGURE 2: SENIORS HOUSING INVESTMENT PREFERENCE - % SELECTING ACTIVE ADULT AS BEST SENIORS HOUSING SEGMENT FOR INVESTMENT



Source: CBRE Research, CBRE Valuation & Advisory Services, Q2 2019. Seniors Housing & Care Investors Surveys.

Active Adult Research Series

Active adult is one of the hottest specialty housing products today. Consumer and investor demand are both rising rapidly. Over 40% of baby boomers are 65+ years old; the oldest turns 73 in 2019. Older boomers are in active adult's entry target ages—late 60s to mid 70s. Active Adult is often marketed to younger seniors, but the average age of active adult residents is about 74 years. Most seniors in the target age range will remain in their current homes (age in place). However, given the large size of the baby boom (74.5 million), if even only a small percentage of the cohort chooses some form of seniors housing, that will create significant increases in demand for lifestyle seniors housing including active adult.

This Research Brief is the first of a series of papers on the active adult sector. The series will define the product, provide perspectives on its recent and future growth, explain the demographics behind the demand potential, examine market performance in the sector, identify leading companies active in the space and much more.

FIGURE 1: MULTIFAMILY - SENIORS HOUSING SPECTRUM

Orientation/Services		Lifestyle				Healthcare			
		Shelter	Activities	Transport, Laundry	Meals Included	Basic Care Services	ADL Care Services***	Specialized Memory Care	Long-Term Chronic Care
Multifamily	Conventional Multifamily	✓	-	-	-	-	-	-	-
Hybrid/ Bridge	Active Adult, Etc.*	✓	✓	**	**	-	-	-	-
Traditional Seniors Housing	Independent Living	✓	✓	✓	✓	-	-	-	-
	Assisted Living	✓	✓	✓	✓	✓	✓	-	-
	Memory Care	✓	✓	✓	✓	✓	✓	✓	-
	Skilled Nursing Care	✓	✓	✓	✓	✓	✓	✓	✓

*Source: CBRE Research, NICMAP ® Data Service. *Represents wide variety of lifestyle housing for seniors as shown on Figure 3. **These services and others often contracted out, some of activities also contracted out. **ADL = activities of daily living.*

14 CBRE Research - Special Report on Active Adult (CONT'D)

Investor Interest in Active Adult Rises

Increased investor interest is evident in CBRE's "Seniors Housing & Care Investor Surveys." The Summer 2019 survey revealed that 22% of respondents—all from the traditional seniors housing industry—believe that active adult offers the best investment opportunity among the different types of traditional seniors housing products and active adult. The response is up sharply from 7.7% only four years ago.

In addition, traditional multifamily investors (and developers) see active adult as an extension of multifamily and a product type with significant investment and yield opportunity.

Housing for Younger Seniors

Active adult is one of many kinds of housing designed for younger seniors or housing where seniors are the predominant residents. Active adult can be considered a subset of a broad category of "lifestyle" seniors housing (meaning no healthcare services are provided).

Independent living is also considered "lifestyle," but is a separate category of housing primarily because it is considered a traditional seniors housing product and because it provides communal dining as part of the fees to live in the community.

FIGURE 4: SENIORS LIFESTYLE HOUSING* - SHARED CHARACTERISTICS

Category	Characteristics
Target Market (Consumer)	Active, healthy, younger seniors, even sometimes empty-nesters in their 50s. Average age: late 60s through mid 70s. Most residents retired, but not all. Factors behind consumers' choice to select this housing predominantly "lifestyle," not related to healthcare or ability to care for one self or spouse/partner.
Community, Activities	Wide array of activities offered, both those which management organizes and ones organized by residents. Many activities are social and focus on bringing residents together. Building a sense of community important.
Active	Emphasis on active living which is incorporated into design, amenity options and programming.
Lock 'n' Leave	Simpler lifestyle including ability for traveling seniors to "lock and leave" their homes, minimal home maintenance, etc.
No Healthcare	No healthcare or healthcare-related services provided (although sometimes properties are networked to healthcare providers).
Services	Limited services. "Unbundled" or "à la carte" services. Services usually more similar to conventional multifamily than independent living. However, management may have contract agreements with service providers to provide services (e.g., Lyft). Often residents will provide services to one another (free or for fee).
Product Design	Designs commonly include features which would be useful for aging residents such as minimal or no stairs, wider doors that could accommodate a wheelchair (down the road), etc.
Development	Most new development by for-profit developers by both seniors housing specialists and increasingly multifamily developers. (Owners of existing assets are both for-profit and non-profit.) Many affordable programs for seniors housing.

*Source: CBRE Research, Q3 2019. *Excluding independent living.*

FIGURE 3: SENIORS LIFESTYLE HOUSING* - PRODUCT NAMES AND BASIC DISTINGUISHING TRAITS

Term/Type	Comments
Seniors Apartments	Generic term for any rental multifamily housing catering to or restricted to seniors. Not necessarily purpose-built for seniors. NIC** uses both "seniors apartments" and "55+ seniors apartments" as generic terms for all rental seniors housing.
55+	Often used for any kind of lifestyle seniors housing (excluding independent living). Sometimes used in reference to multifamily, but most 55+ communities are for-sale single-family housing communities. Could be manufactured home communities also (typically homes owned, land leased).
62+	"62+" has a much more restricted usage and is used predominantly only in reference to communities with specific requirements of occupants being 62 or older.
Age-Qualified, Age-Restricted	Also, age-targeted. Terms used broadly to represent a wide-array of seniors lifestyle housing. Usually refers to multifamily, but sometimes used for single-family communities. Terms sometimes used interchangeably with "active adult," but active adult has a tighter definition (see below).
Active Lifestyle, Active Living	Terms often used in marketing. Could include any of the type of lifestyle housing catering to younger seniors, but usually connotes multifamily. It's one way to avoid the term "seniors" in marketing.
Active Adult	Purpose-built multifamily rental. Industry generally sees it as a new, emerging concept. Typically newer and somewhat upscale, though more affordable product exists. Often designed for possible conversion to independent living (flex space that could be converted to a commercial kitchen and dining hall).
Independent Living "Light"	Informal term sometimes used for active adult by both industry and for consumers.

*Source: CBRE Research, Q3 2019. *Excluding independent living. Note that terminology usage remains in flux. **National Investment Center for Seniors Housing & Care.*

15 CBRE Research - Special Report on Active Adult (CONT'D)

Investor Interest in Active Adult Rises

For both industry and consumers, the terminology is confusing and often not consistent. There is a blending of concepts at different communities. The confusion is not surprising given the long list of common characteristics as outlined in Figure 4.

Figure 3 provides some of the different prevailing types of seniors lifestyle housing and different terms used in the industry. But these are not hard and fast definitions, and both terminology and product offerings are evolving.

What is Active Adult?

Understanding active adult starts with positioning it in the housing spectrum (Figure 1), and distinguishing it from other similar housing product (Figure 3), a much more difficult task.

Active adult is blurring the line between conventional multifamily and independent living. It is not considered either, nor is it part of the traditional seniors housing spectrum. However, prospective active adult residents often comparison shop conventional multifamily or independent living communities. Moreover, active adult is attracting investor and developer interest from both traditional seniors housing and conventional multifamily companies (and the broader real estate investment world).

The principal differences between active adult and conventional multifamily is the greater attention to community space and to activities. While some multifamily communities do have organized activities, they play a minimal role. In design, active adult and multifamily are quite similar, expect for more square footage given to community space. However, many active adult communities are designed for possible evolution to independent living.

Active adult management also arranges for many resident services, more than conventional multifamily. Active adult rents are usually at a premium to comparable multifamily communities due to higher operating expenses (from more programming). Active adult lease-ups are usually much slower than conventional multifamily, though retention is reportedly higher. Prospective active adult residents visit a property several times before leasing, and the leasing decision process is further slowed if a home sale is involved.

FIGURE 5: ACTIVE ADULT DEFINING CHARACTERISTICS

product	**resident profile - caters to**
multifamily, rental	younger seniors (late 60s-mid 70s)
purpose built	active, healthy seniors
mostly relatively new	usually above-average income*
private sector development	**programming**
emphasis on shared amenity space	mgmt organizes array of activities
	resident led activities encouraged
	sense of "community" evolves

*Source: CBRE Research, Q3 2019. *Most of the new product caters to upper-middle income residents, though there are more affordable communities as well.*

Developers and operators of active adult communities are trying to create a new product appealing to baby boomers ("not my parents' retirement home"), a product that emphasizes an active lifestyle and simpler way of living. Therefore one of the principal differences between active adult and independent living is the emphasis on the active living programming and recreational facilities (e.g., aerobics classes). This focus has much less emphasis in independent living in part due to independent living residents being older—the average age is the mid 80s and rising.

The other principal difference between active adult and independent living is that the latter offers full meal service and the former does not (hence, independent living comes at a much higher price point). Additionally, independent living communities offer more services than active adult. Often with active adult, these services are contracted out or "unbundled."

One of the challenges of active adult communities, however, is aging residents. As residents age, programming and services may need to change or the residents may need to change—both possibly problematic. Many active adult properties are being designed so they could be converted to independent living communities in the future. The key element is having flex space that could be converted to dining and a commercial kitchen. Individual unit designs also need to include features which make them adaptable for older seniors.

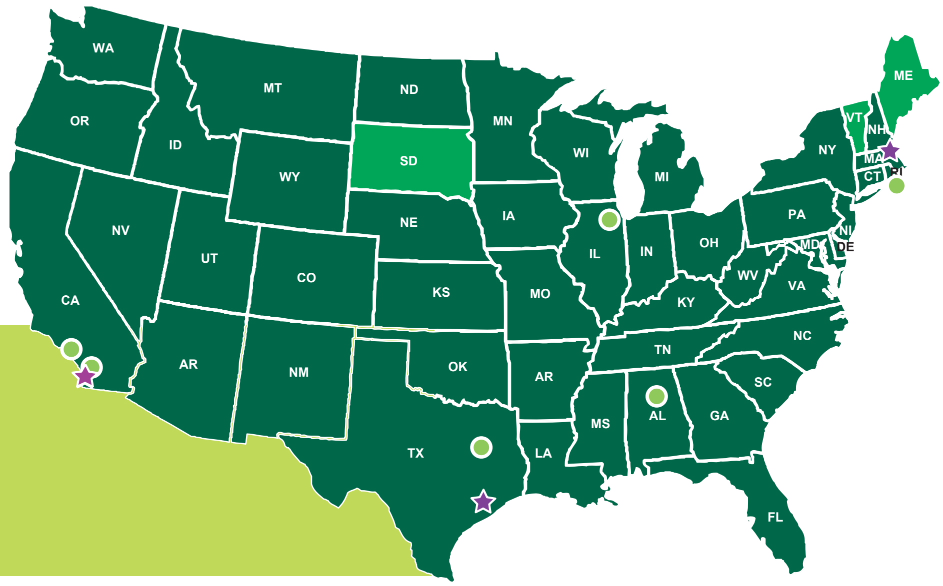
16 About CBRE National Senior Housing - Our National Presence

CBRE has assembled a fully integrated team with the experience, expertise, and successful track record necessary to structure and execute a transaction to meet the client's objectives.

45 States

890+ Communities

118,700+ Units/Beds



★ CBRE National Senior Housing Offices: San Diego, Houston, and Boston

■ States where CBRE Team Members have conducted business

● CBRE Senior Housing & Care Valuation & Advisory Services Offices

INVESTMENT SALES TRANSACTIONS SINCE 2014

$7.2B+

From 2014 to Q3 2019, principals of the CBRE National Senior Housing team completed more than $7.2 billion in senior housing investment sales, investment banking, and leasing transactions spanning across multiple states.

DEBT TRANSACTIONS SINCE 2014

$6.9B+

From 2014-2019 CBRE National Senior Housing has completed over $6.9 billion in debt transaction volume.

COMPLETED IN 2019

$1.78B+

Since the beginning of 2019, CBRE National Senior Housing closed over $1.78 billion in investment sales and debt transactions across the U.S.

DEBT ORIGINATIONS

TOP 2

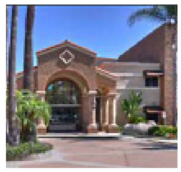
CBRE National Senior Housing was ranked Top Two Senior Housing Originator in the nation from 2010 through 2016 and was the #1 Senior Housing/Age Restricted Originator in the U.S. in 2013 and 2014 and #2 in 2015. The team has originated $4.2 billion in debt transactions over the past four years. CBRE is the largest agency originator (Fannie/Freddie) in the nation, with more than $18 billion of loan volume in 2017, and has been Freddie Mac's #1 Seller Servicer from 2009 to 2017.

CBRE NATIONAL SENIOR HOUSING REPRESENTATIVE INVESTMENT PROPERTY TRANSACTIONS - 2015 FORWARD

Today's complex and constant changing market environments require special solutions. CBRE SH Team Members consistently achieve the highest sale price/best debt terms in the industry for their Clients.

RECENT PORTFOLIO SALES TRANSACTIONS

Sunwest Portfolio
$1.29 billion
National Portfolio
11,096 IL/AL/MC units/beds
Client was The Blackstone Group

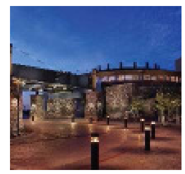


Vintage Portfolio
$1.29 billion
Northern and Southern CA (21) and Western WA (1)
3,054 IL/AL/MC units
Client was Vintage Senior Living and their private investors

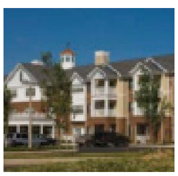
The Maestro Portfolio
$921,000,000
Alberta and Quebec, Canada
8,206 IL/AL/MC units/beds
Client was Maestro Funds

The Fountains Portfolio
$640.0 million
National Portfolio
(11 states)
3,637 IL/AL/MC and Entry Fee CCRC units/beds
Client was Fountains Senior Living Holdings, LLC

Brightview I
$498,500,000
National Portfolio
(5 States)
1,584 IL/AL/MC units/beds
Client was Affiliate of Prudential Real Estate Investors



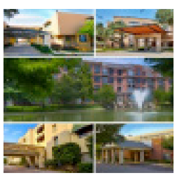
Programmatic Equity Raise
$300,000,000
National Portfolio
Client was LCS



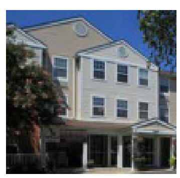
Sunwest Managed Portfolio
$364,250,000
National Portfolio
(11 states)
3,054 IL/AL/MC and Cottages
Client was Sunwest

Brightview II
$363,500,000
National Portfolio (3 States)
1,117 IL/AL/MC units/beds
Client was an Affiliate of The Shelter Group

The Garden Empire Portfolio
$307,500,000
NJ and NY
933 IL/AL/MC units/beds
Client was an Affiliate of The Carlyle Group

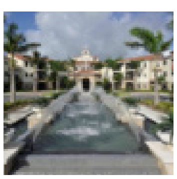


CCRC Portfolio
$186,500,000
Dallas, TX
1,104 units
Client was LCS

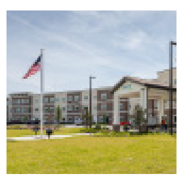


Mid-Atlantic Portfolio
$186.2 million
Greater Baltimore, Maryland (5) and Greater Washington, D.C. (2)
526 AL/MC units
Client was an affiliate of Harrison Street

MorningStar 4 Pack
Confidential
CO, IA, NM and OR
415 IL/AL/MC units
Client was Confluent



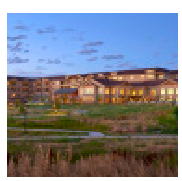
Five Allegro Communities
$172,500,000
FL and KY
705 IL/AL/MC/NC units/beds
Client was Almanac Realty



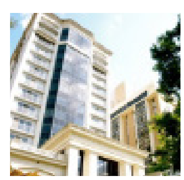
Kronos FL 2 Pack
Confidential
Jacksonville & Stuart, FL
263 units
Client was Kronos

RECENT SINGLE ASSET SALES TRANSACTIONS

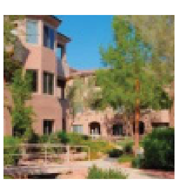
MorningStar at RidgeGate
Confidential
Denver, CO
224 IL/AL/MC units
Client was AEW



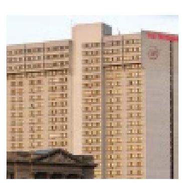
Parker Senior Living
Confidential
Parker, CO
191 IL/AL/MC units/beds
Client was Faestel Properties



Renaissance on Peachtree
$78,600,000
Atlanta, GA
229 IL/AL units/beds
Client was The Carlyle Group and Formation Development

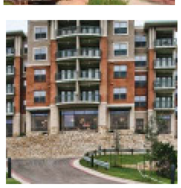


Class A IL/AL Community
$77,000,000
Scottsdale, AZ
216 IL/AL units/beds
Client was Affiliate of Prudential Real Estate

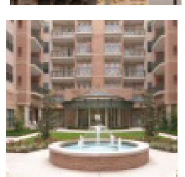


Watermark at Logan Square
$72,500,000
Philadelphia, PA
463 IL/AL/MC/SNF units
Client was Watermark Retirement

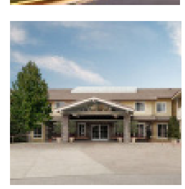
Sunrise of Severna
$72,000,000
Severna Park, MD
156 IL/AL/MC units
Client was Sunrise Senior Living



The Village at Arboretum
$72,000,000
Austin, TX
172 IL units
Client was BayNorth/ Bridgewood JV



The Village of Tanglewood
$66,850,000
Houston, TX
188 IL units
Client was BayNorth/Bridgewood JV



Meadowbrook
$60,000,000
Agoura Hills, CA
156 IL/AL/MC units
Client is Confidential

Woodhaven
Confidential
Conroe, TX
157 IL/AL/MC units
Client was Padua Realty

MorningStar of Littleton
$45,500,000
Littleton, CO
85 AL/MC units
Client was PREI/MSL JV

The MorningStar Portfolio
$45,000,000
Colorado Springs, CO
112 AL/MC units
Client was Confluent Development/MorningStar Senior Living

St. Andrew's Village
$42,500,000
Aurora, CO
(Greater Denver)
246 CCRC units/beds
Client was RSF Partners

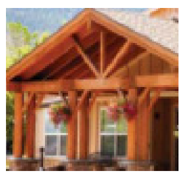
Kennewick Campus
$40,500,000
Kennewick, WA
138 IL/AL/MC units
Client was Bourne Financial

The Solana Horsham
$31,500,000
Greater Philadelphia, PA
76 AL/MC units
Client was CSH/Formation-Shelbourne Partners JV

Cappella of Grand Junction
Confidential
Grand Junction, CO
66 AL/MC units
Client was Confluent
Senior Living

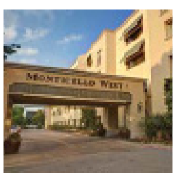
RECENT DEBT TRANSACTIONS

The Fountains Portfolio
$410,000,000
National Portfolio (11 states)
3,637 IL/AL/MC and Entry Fee CCRC units/beds
Client was Watermark Retirement & NorthStar Realty Finance



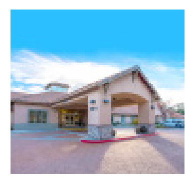
The Ranger Portfolio
$348,592,000
National Portfolio
2,528 IL/AL/MC units
Client was Formation Capital and NorthStar Realty Finance

Large National Portfolio (Confidential)
$238,250,00
National Portfolio
1,702 IL/AL/MC/SNF units



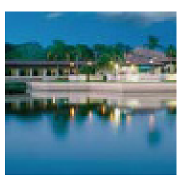
LCS Portfolio
$120,000,000
Various Locations
1,104 IL/AL/MC/SNF units
Client was LCS/Aspect

CA Senior Living Portfolio
$104,000,000
Various Locations
85 AL & 155 MC units
Client was Venture and a Global Investment Manager



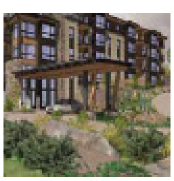
DiNapoli Portfolio
$91,840,000
Various Locations, CA
568 IL/AL/MC units
Client was DiNapoli Capital Partners

The Belmont Village Portfolio
Confidential
Thousand Oaks, CA and Scottsdale, AZ
275 AL/MC units
Client was Belmont Village & Blue Moon Capital Partners

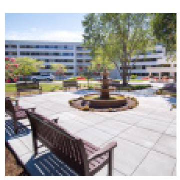


The Fountains Portfolio Supplemental
$75,401,000; $485MM+ Combined
Various Locations
3,484 IL/AL/MC/SNF units
Client was NorthStar REalty Finance/ The Freshwater Group

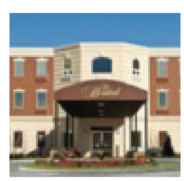
The Bonaventure Portfolio
$72,466,000
Washington and Oregon
453 IL/AL units
Client was NorthStar Realty Finance



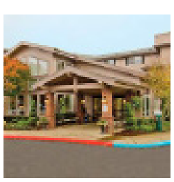
The Springs at Lake Oswego
$66,400,000
Lake Oswego, OC
(Portland MSA)
216 IL/AL/MC units
Client was Harrison Street/The SPrings Living



The Virginian
$65,200,000
Fairfax, VA
306 CCRC units
Client was Focus Healthcare

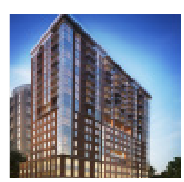


The Bristal Portfolio
$62,832,000
Huntington, NY
118 AL units
Client was The Engel Burman Group and Harrison Street Real Estate Capital



The Springs Living Portfolio
$61,000,000
Wilsonville & Carmen Oaks, OR
294 AL/MC units
Client was The Springs Living

The Seattle Portfolio
$60,020,000
Seattle MSA (4 properties)
368 IL/AL units
Client was The Carlyle Group and Capitol Seniors Housing

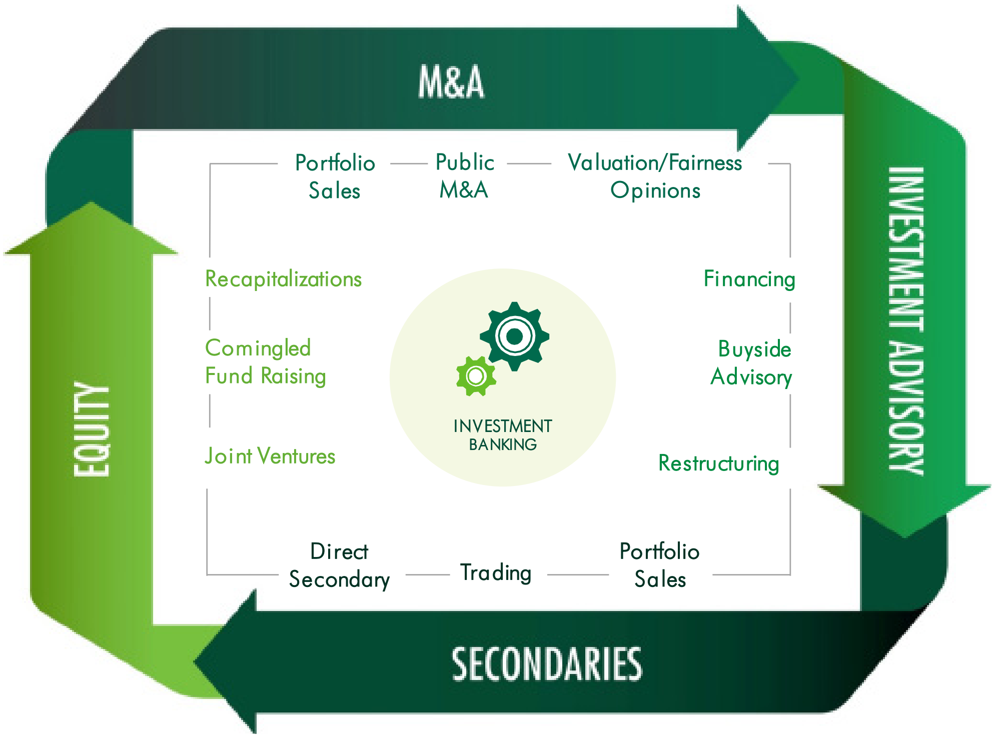


Village of Southampton
Confidential
Houston, TX
204 IL/AL/MC
Client was Bridgewood/Harrison Street

Arbor Terrace Portfolio
$50,525,000
Atlanta MSA
236 IL/AL/MC units
Client was Arcapita

19 CBRE Advantage

CBRE Cap, the investment banking business of CBRE, provides independent M&A advisory, acts as a global placement agent, actively trades real estate LP secondary interests, and advises institutions on real estate investments. Lisa Widmier has been integrated into this practice to provide specialized investment banking services to clients in the senior housing industry.



The CBRE platform uniquely combines the critical components for a successful outcome.

Highly Experienced Investment Banking Team

CBRE offers an experienced senior investment banking team with expertise in all forms of capital raising and advisory. Our knowledge base provides the background to structure an opportunity properly and react to change.

World Leading Asset Level Expertise

CBRE is a leader in real estate, senior housing, and local market knowledge. This allows us to leverage expertise encompassing all aspects of real estate and to evaluate, underwrite, and position assets and industry fundamentals to optimize outcomes.

Global Capital Distribution

CBRE has the market presence to access providers of real estate capital in all of the major markets around the world. This capability is enhanced by constant investor dialogue, global infrastructure, and a strong product pipeline, which enables us to utilize live market intelligence to align investment capital targeted investment opportunities.

Today's complex and constantly changing market environments require special solutions. The professionals at CBRE have the experience, knowledge, connections and track record to provide you with the best solutions in the marketplace and the ability and determination to execute those solutions.

Investment Brokerage | Structured Debt | Investment Banking
Consulting Services | Valuation | Asset Management

CBRE

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Please visit our website at cbre.com/nationalseniorhousing