



Quarterly Investor Presentation

Third Quarter 2017

**Kingwood Senior Living at
Cypress Woods**
Kingwood, TX

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Forward-Looking Statements, Non-GAAP and Other Information

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FORWARD-LOOKING STATEMENTS. Certain items in this Presentation constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements regarding the timing of and proceeds from assets sales, uses of proceeds from asset sales, the impact of asset sales on portfolio metrics, and the impact of changes in the Holiday operating model and new supply on our portfolio. These statements are not historical facts. They represent management’s current expectations regarding future events and are subject to a number of trends and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those described in the forward-looking statements. Accordingly, there can be no assurance that actual results will be consistent with such forward-looking statements, and you should not place undue reliance on any forward-looking statements contained herein. For a discussion of some of the risks and important factors that could cause actual results to differ materially from such forward-looking statements, see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s annual and quarterly reports filed with the Securities and Exchange Commission (“SEC”), which are available on the Company’s website (www.newseniorinv.com). New risks and uncertainties emerge from time to time, and it is not possible for New Senior to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Forward-looking statements contained herein speak only as of the date of this presentation, and New Senior expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in New Senior’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

NON-GAAP AND ILLUSTRATIVE FINANCIAL INFORMATION. This Presentation includes information based on financial measures that are not recognized under generally accepted accounting principles (“GAAP”), such as total NOI, total cash NOI, Normalized FFO, AFFO and Normalized FAD. You should use non-GAAP information in addition to, and not as an alternative to, financial information prepared in accordance with GAAP. See the end of this Presentation for reconciliations to the most comparable GAAP measures and an explanation of each of our non-GAAP measures. Our non-GAAP measures may not be identical or comparable to measures with the same name presented by other companies due to differences in calculation, capital structure or other factors. In addition, this Presentation includes illustrative information, which represents hypothetical values assuming certain events had occurred at the beginning of the quarter and which does not represent historical or projected performance.

PAST PERFORMANCE. In all cases where historical results are presented or past performance is described, we note that past performance is not a reliable indicator of future results and performance.

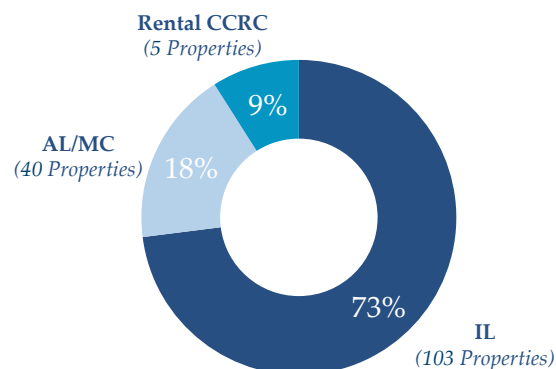
GLOSSARY. See the Glossary at the end of this Presentation for an explanation of various terms used herein.

New Senior Overview

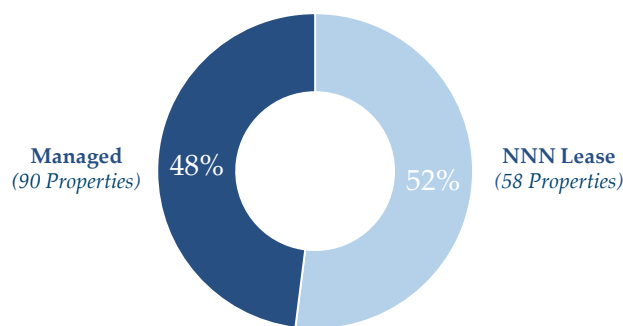
New Senior Investment Group (NYSE: SNR) is a \$2.5+ billion publicly traded REIT with a portfolio of independent living (IL) & assisted living/memory care (AL/MC) senior housing assets

- **Pure play, publicly traded senior housing REIT⁽¹⁾**
 - ✓ \$3.1 billion of investments
 - ✓ 148 properties, ~18,500 beds across 37 states
- **Private pay senior housing portfolio positioned to capitalize on strong, long-term industry fundamentals⁽²⁾**
 - ✓ 100% of NOI from private pay properties
 - ✓ 48% of NOI from managed and 52% triple net leased
 - ✓ Experienced operating partners: Holiday 76% of NOI and Blue Harbor 11% of NOI

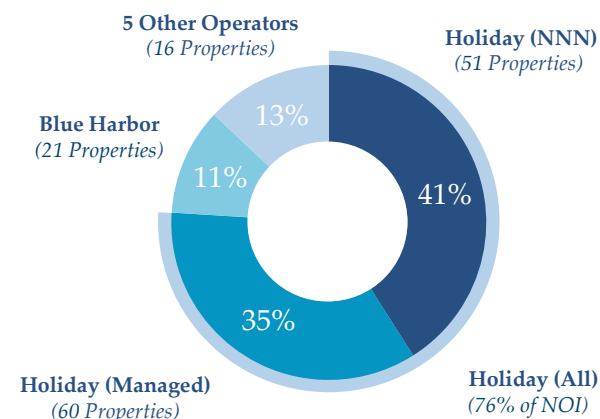
100% Private Pay⁽²⁾



Balanced Managed/NNN Mix⁽²⁾



Experienced Operator Mix⁽²⁾



3Q 2017 & Recent Highlights

Financial Performance (non-GAAP)⁽¹⁾

- Total NOI of **\$54.3** million, down 5% YoY⁽¹⁾
- Normalized FFO of \$22.7 million, or **\$0.27** per diluted share, down 13% YoY
- AFFO of \$20.6 million, or **\$0.25** per diluted share, down 11% YoY

Same Store Portfolio Performance

- Total same store cash NOI down 1.9% YoY⁽²⁾
- Managed same store cash NOI down 6.6% YoY, occupancy down 170bps and RevPOR up 2.0%
- Triple net same store cash NOI up 4.5% YoY

Update on Asset Sales

- In October, announced \$296 million of pending asset sales
 - ✓ Completed \$109.5 million sale of 9 AL/MC managed assets on 11/1
 - ✓ \$186.0 million sale of 6 triple net lease assets and termination of lease expected to close in 4Q⁽³⁾

Additional Corporate Updates

- 4Q 2017 asset sales are expected to generate approximately \$110 million of net proceeds⁽³⁾
- Evaluating redeploying proceeds into new investments, paying down debt and/or buying back stock

1) See appendix for reconciliation of (i) total NOI to segment NOI and (ii) segment NOI to cash NOI.

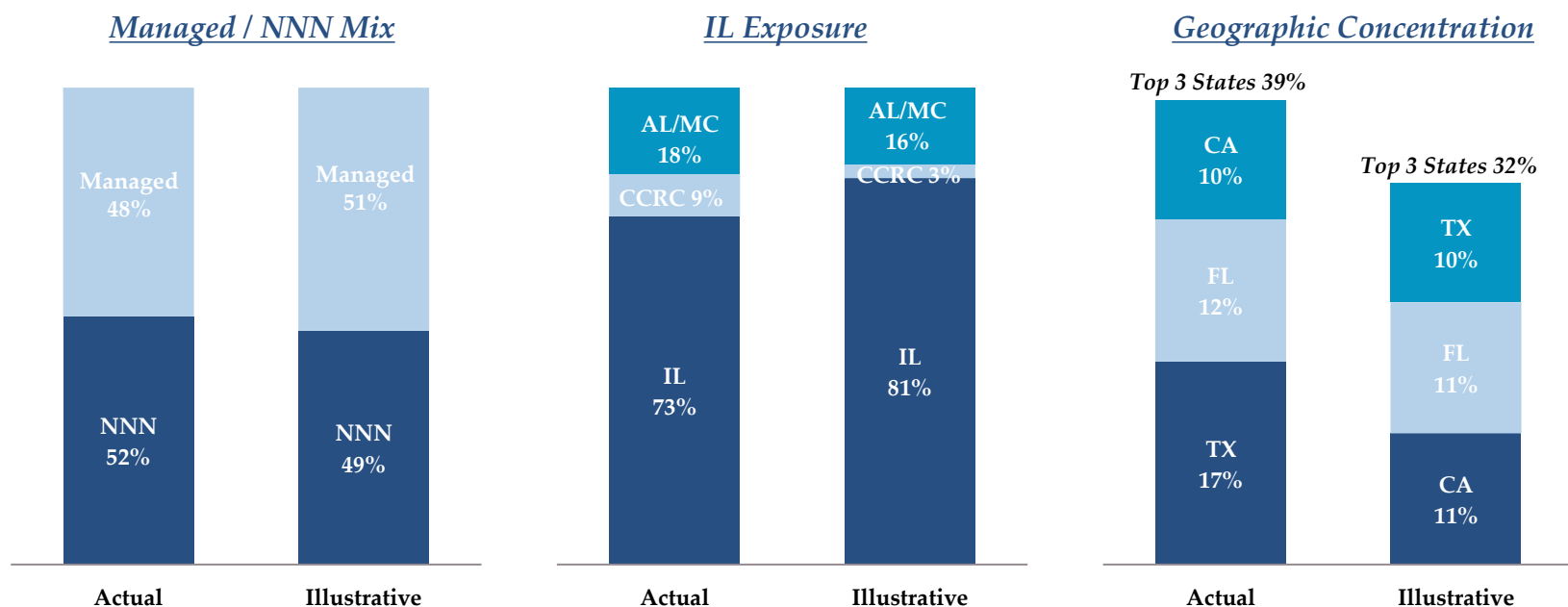
2) "Total same store" represents same store results for the managed and triple net portfolios.

3) There can be no assurance that asset sales will be completed as expected or at all.

Illustrative Impact of Asset Sales

- During 3Q, entered into agreements to sell two portfolios of assets⁽¹⁾
 - ✓ **Managed Assets:** Sale of 9 AL/MC assets for \$109.5 million closed 11/1
 - ✓ **Triple Net Lease Assets:** Sale of 6 assets for \$186.0 million and termination of lease expected to close in 4Q
- Sales expected to improve overall portfolio metrics⁽²⁾
 - ✓ IL exposure would increase from 73% to 81%
 - ✓ NOI concentration from top three states would decline from 39% to 32%

Illustrative Impact of Asset Sales⁽²⁾



1) Assets under contract in 3Q were classified as held for sale.

2) Actual percentages based on 3Q 2017 NOI. Illustrative percentages based on 3Q 2017 NOI excluding portfolios held for sale in the quarter, one of which has not yet closed. Actual improvement in portfolio metrics may differ from illustrative results and depends on the closing of the pending sale of the triple net lease assets. There can be no assurance this sale will be completed.

Illustrative Impact of Asset Sales (Continued)

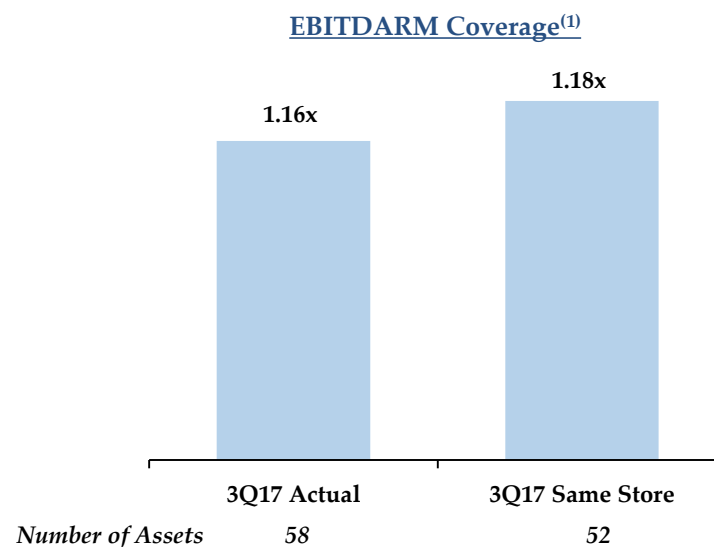
- Sales expected to meaningfully improve the quality of both the managed and triple net lease portfolios
 - Managed results excluding assets held for sale improves occupancy by **+70bps**, improves RevPOR by **+2.4%** and improves NOI margin by **+140bps**
 - Triple net lease EBITDARM coverage excluding assets held for sale improves **0.02x**, from 1.16x to 1.18x⁽¹⁾

3Q 2017 Managed Portfolio Impact

	Total	Total Excluding Sale Assets	Δ
Assets	90	81	(9)
Occupancy	85.5%	86.2%	70bps
RevPOR	\$3,020	\$3,093	2.4%
NOI Margin	30.8%	32.2%	140bps

Triple Net Lease Portfolio Impact

- ✓ Sale will eliminate lowest covering triple net lease portfolio
- ✓ EBITDARM coverage improves from 1.16x to 1.18x



3Q 2017 Same Store Total Portfolio

- **Total same store cash NOI down 1.9% YoY**

- Managed cash NOI down 6.6% YoY
- NNN cash NOI up 4.5% YoY

- **Total same store NOI down 3.0% YoY**

- Managed NOI down 5.8% YoY
- NNN NOI flat YoY

Year-Over-Year Same Store NOI

	Same Store Cash NOI			Same Store NOI		
	3Q 2016	3Q 2017	Δ	3Q 2016	3Q 2017	Δ
<i>Managed NOI</i>	\$25,878	\$24,171	(6.6%)	\$25,522	\$24,043	(5.8%)
<i>NNN NOI</i>	\$19,071	\$19,925	4.5%	\$23,870	\$23,875	0.0%
<i>Total Same Store NOI</i>	\$44,949	\$44,096	(1.9%)	\$49,392	\$47,918	(3.0%)

3Q 2017 Managed Portfolio Performance

- 90 properties (10,930 beds) – 51 IL and 39 AL/MC
- Same store managed occupancy down 170bps YoY
- Same store managed RevPOR up 2.0% YoY
- Same store cash NOI down 6.6% YoY
 - IL (~70% of same store portfolio) continues to outperform AL/MC

Year-Over-Year Comparison

	Total			Same Store		
	3Q 2016	3Q 2017	Δ	3Q 2016	3Q 2017	Δ
# of Prop.	96	90	(6)	77	77	--
Occupancy	88.1%	85.5%	(260bps)	89.0%	87.3%	(170bps)
RevPOR	\$2,957	\$3,020	2.1%	\$3,031	\$3,092	2.0%
NOI	\$28,863	\$26,099	(9.6%)	\$25,522	\$24,043	(5.8%)
NOI Margin	32.0%	30.8%	(120bps)	35.6%	33.4%	(220bps)
Cash NOI	\$29,186	\$26,204	(10.2%)	\$25,878	\$24,171	(6.6%)

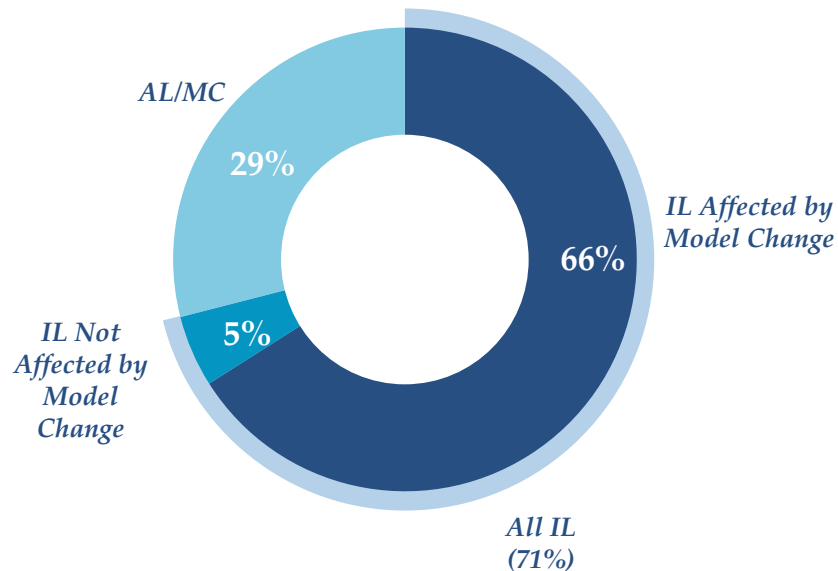
Quarter-Over-Quarter Comparison

	Total			Same Store		
	2Q 2017	3Q 2017	Δ	2Q 2017	3Q 2017	Δ
# of Prop.	90	90	--	77	77	--
Occupancy	85.6%	85.5%	(10bps)	86.8%	87.3%	50bps
RevPOR	\$3,012	\$3,020	0.3%	\$3,085	\$3,092	0.2%
NOI	\$27,371	\$26,099	(4.6%)	\$24,645	\$24,043	(2.4%)
NOI Margin	31.8%	30.8%	(100bps)	34.5%	33.4%	(110bps)
Cash NOI	\$27,500	\$26,204	(4.7%)	\$24,898	\$24,171	(2.9%)

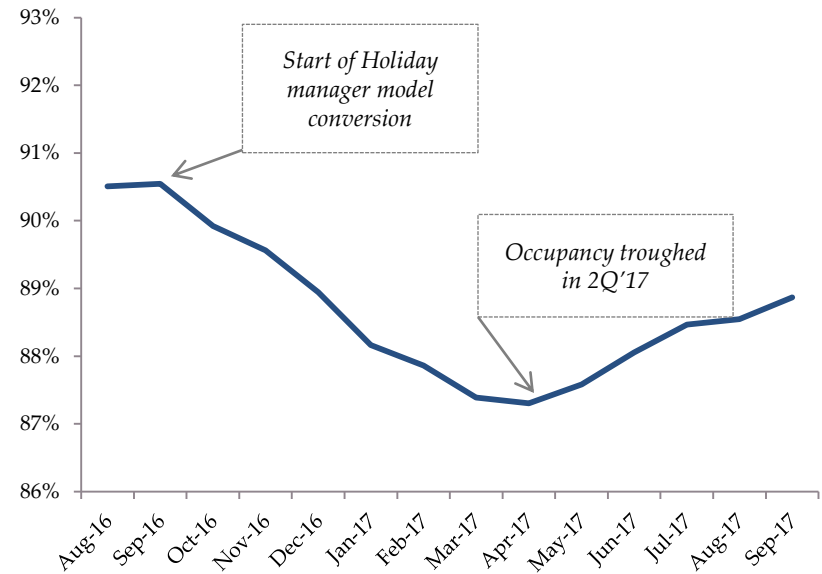
3Q 2017 Same Store Managed Portfolio Performance

- For 3Q, IL represented ~70% of same store managed portfolio NOI
 - 93% of IL portfolio underwent a change in operating model due to Holiday model conversion
 - IL portfolio experienced occupancy pressure during model conversion
- Since completion of the conversion in early 2Q'17, IL portfolio has realized continued occupancy gains
 - Since April, IL occupancy has increased 160bps to 88.9% as of September
 - Expect positive impact on property performance over the long-term

Majority of Portfolio Underwent Model Change⁽¹⁾



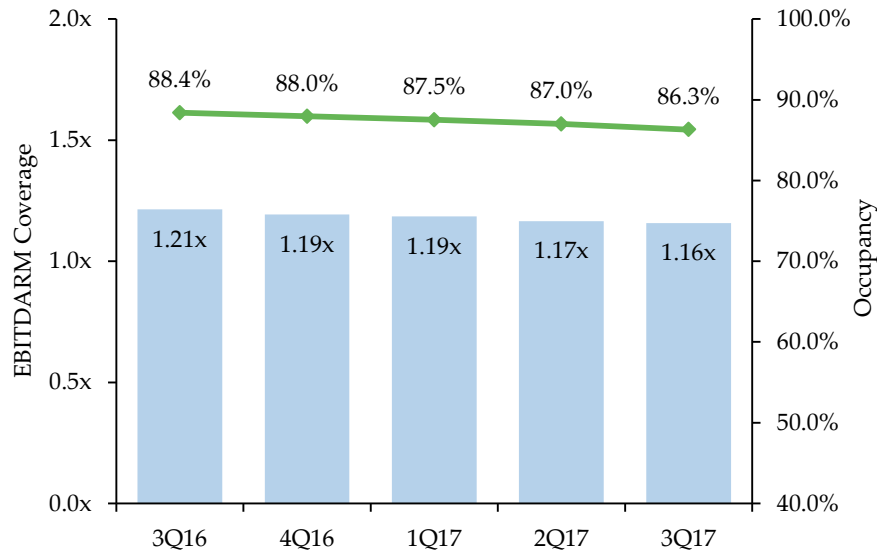
Same Store Managed IL Occupancy Trends Improving



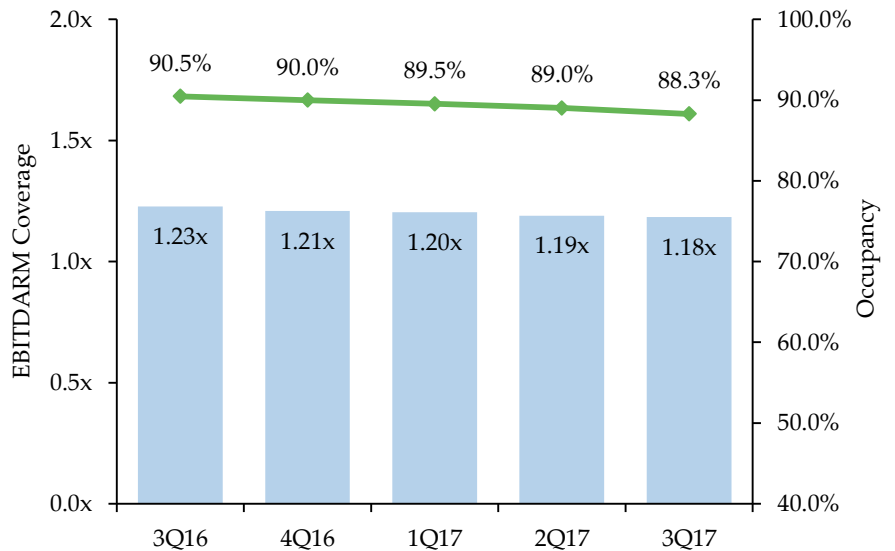
3Q 2017 NNN Portfolio Performance

- 58 properties (7,543 beds) – 52 IL properties; 1 AL/MC property; 5 rental CCRCs
- Same store cash NOI up 4.5% YoY due to contractual rent escalators
- Same store EBITDARM coverage of 1.18x and same store occupancy of 88.3%⁽¹⁾
- Same store weighted average remaining lease maturity of 13 years

Total Portfolio (58 Properties)⁽¹⁾



Same Store Portfolio (52 Properties)⁽¹⁾



3Q 2017 Financial Overview

■ 3Q 2017 Earnings

- ✓ Net Loss of \$14.5 million, or (\$0.18) per diluted share
- ✓ NOI of \$54.3 million; Cash NOI of \$50.1 million
- ✓ Normalized FFO of \$22.7 million, or \$0.27 per diluted share
- ✓ AFFO of \$20.6 million, or \$0.25 per diluted share
- ✓ Normalized FAD of \$18.8 million, or \$0.23 per diluted share

■ 3Q 2017 Balance Sheet

- ✓ Gross assets of \$3.2 billion (148 properties)
- ✓ Total debt of \$2.1 billion
- ✓ Ending cash of \$48 million

	3Q 2017	
	(\$mm)	Per WA basic / diluted share
<u>Earnings</u>		
Net Income (Loss)	(\$14.5)	(\$0.18)
NOI	54.3	--
Normalized FFO	22.7	\$0.28 / \$0.27
AFFO	20.6	\$0.25
Normalized FAD	18.8	\$0.23
<u>Balance Sheet</u>		
Gross Assets ⁽¹⁾	\$3,201	--
Total Debt, net	2,089	--
Total Cash	48	--

	2Q 2017		3Q 2016	
	(\$mm)	Per WA basic / diluted share	(\$mm)	Per WA basic / diluted share
	\$3.1	\$0.04	(\$20.2)	(\$0.25)
	55.6	--	57.1	--
	24.4	\$0.30 / \$0.29	25.7	\$0.31
	22.2	\$0.27	22.9	\$0.28
	20.3	\$0.25	21.1	\$0.26
	\$3,288	--	\$3,307	--
	2,096	--	2,146	--
	60	--	73	--

1) The carrying amount of total assets, after adding back accumulated depreciation and amortization, as reported in our consolidated financial statements.

The image shows a spacious living room with a vaulted ceiling featuring exposed wooden beams. A large, ornate chandelier hangs from the ceiling. The walls are a light beige color, and a stone fireplace with a wooden mantel is the focal point. A flat-screen TV is mounted on the mantel. In the foreground, there are four beige upholstered armchairs arranged around a round, dark wood coffee table. The coffee table has a glass vase with white tulips and two magazines on it. Large windows with beige curtains are on the left and right sides of the room. In the background, a dining area with a table and chairs is visible.

Appendix: Supplemental Information

Unless stated otherwise, all amounts in this section are actual results for the quarter ended September 30, 2017.

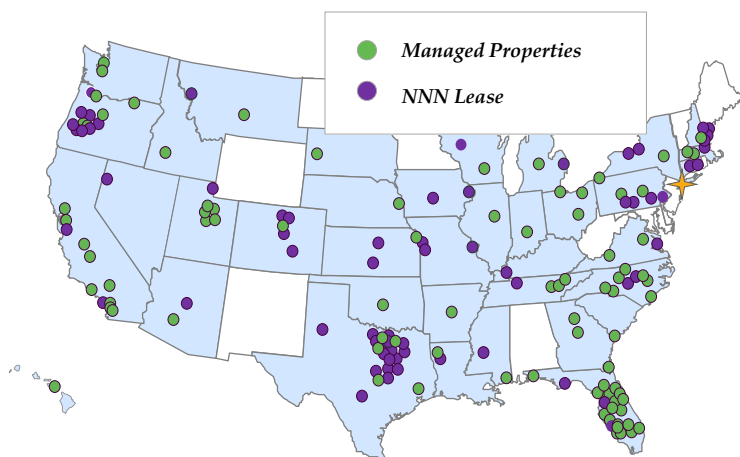
Portfolio Overview

Portfolio Summary

(\$ in thousands)

	Properties	Beds	Units	States	Investment	TTM Results		3Q'17 Occupancy ⁽¹⁾	3Q'17 Annualized	
						EBITDARM Coverage ⁽¹⁾	Rev. Quality Mix		NOI	Cash NOI
Senior Housing – Managed	90	10,930	10,420	33	\$1,826,310	N/A	98%	85.5%	\$104,396	\$104,816
Senior Housing – NNN	58	7,543	7,395	24	\$1,262,857	1.16x	99%	86.3%	\$112,988	\$95,576
Total	148	18,473	17,815	37	\$3,089,167		98%		\$217,384	\$200,392

Portfolio Diversification



Same Store NOI Summary

	Same Store Cash NOI			Same Store NOI		
	3Q 2016	3Q 2017	Δ	3Q 2016	3Q 2017	Δ
Managed NOI	\$25,878	\$24,171	(6.6%)	\$25,522	\$24,043	(5.8%)
NNN NOI	\$19,071	\$19,925	4.5%	\$23,870	\$23,875	0.0%
Total NOI	\$44,949	\$44,096	(1.9%)	\$49,392	\$47,918	(3.0%)

1) Occupancy of managed and triple net ("NNN") properties is based on average occupied beds divided by average available beds. NNN occupancy and EBITDARM coverage are presented one quarter in arrears from the date reported on a trailing twelve month basis.

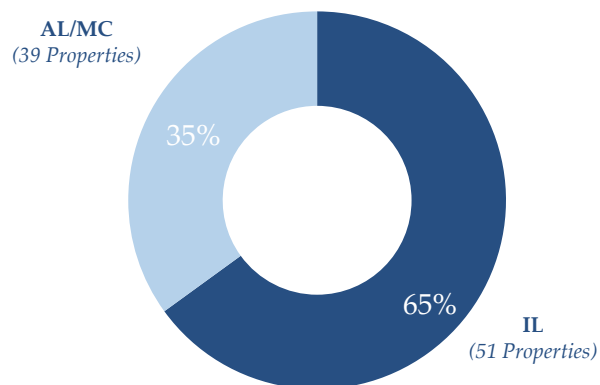
Overview of Managed Portfolio⁽¹⁾

- 90 properties; 10,930 beds; 33 states
- 6 operator relationships
 - ✓ *Holiday: Largest IL operator in U.S.*
 - ✓ *Blue Harbor: Regional AL/MC operator*
 - ✓ *JEA, Thrive, Grace and Watermark*

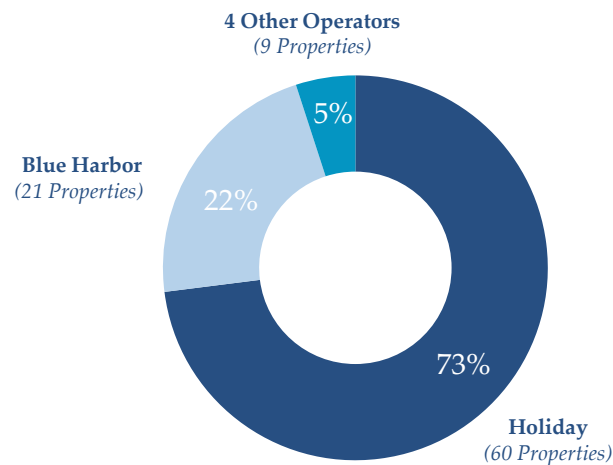
Geographic Diversification

State	Properties	% of NOI
Florida	21	20%
California	9	16%
North Carolina	7	10%
Texas	5	5%
Oregon	3	5%
Other 28 States	45	44%
Total	90	100%

Property Type Diversification



Operator Diversification



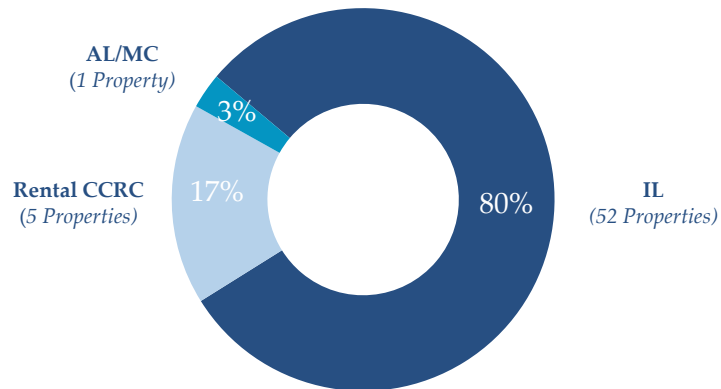
Overview of Triple Net Portfolio⁽¹⁾

- **58 properties; 7,543 beds; 24 states**
 - ✓ 4+% blended annual escalators through 2017
- **3 operator relationships**
 - ✓ *Holiday: Largest IL operator in U.S.*
 - ✓ *LCS: 3rd largest senior housing operator in U.S.*
 - ✓ *Watermark: 25+ years of experience*

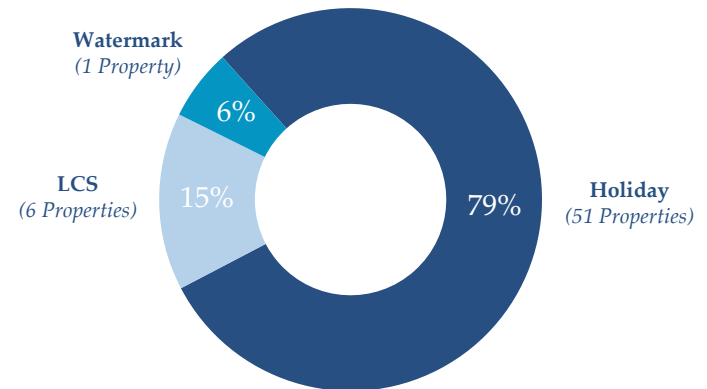
Geographic Diversification

State	Properties	% of NOI
Texas	14	27%
Pennsylvania	4	12%
Oregon	6	8%
Missouri	3	5%
Colorado	4	5%
Other 19 States	27	43%
Total	58	100%

Property Type Diversification



Operator Diversification



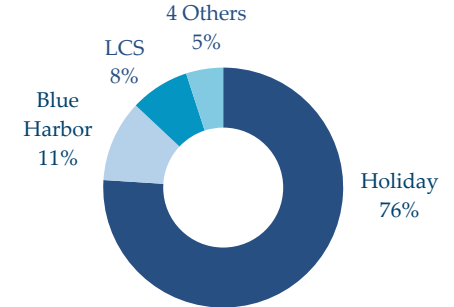
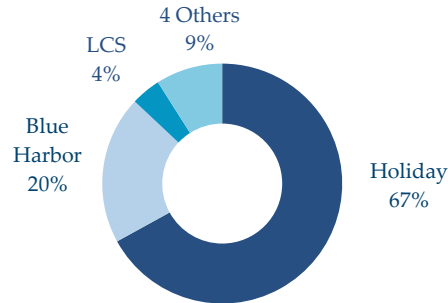
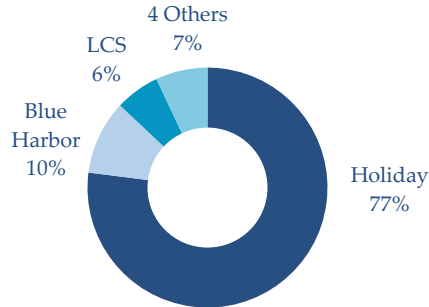
Portfolio Diversification⁽¹⁾

\$3.1bn Investment

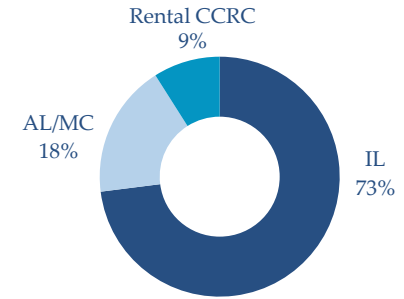
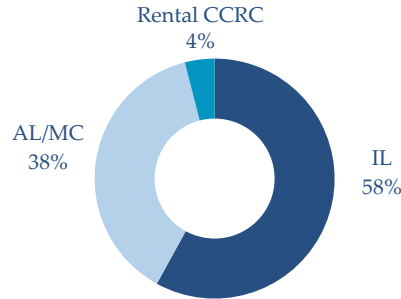
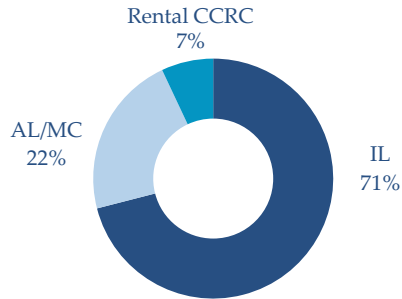
\$452mm Annualized Revenue

\$217mm Annualized NOI

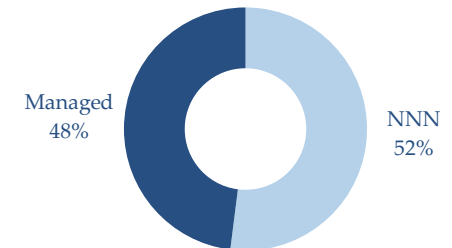
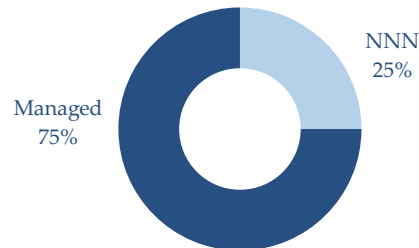
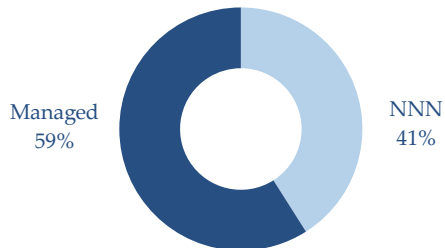
By Operator / Manager



By Property Type



By Business Model



Portfolio Diversification⁽¹⁾

By State

(\$ in thousands)									
State	Managed			NNN			Total		
	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total
Texas	5	\$5,281	5%	14	\$30,878	27%	19	\$36,159	17%
Florida	21	21,128	20%	3	5,784	5%	24	26,912	12%
California	9	16,759	16%	2	4,459	4%	11	21,218	10%
Pennsylvania	3	3,862	4%	4	12,902	12%	7	16,764	8%
North Carolina	7	10,273	10%	2	4,512	4%	9	14,785	7%
Oregon	3	4,736	5%	6	8,800	8%	9	13,536	6%
Colorado	1	1,140	1%	4	5,901	5%	5	7,041	3%
New York	1	1,990	2%	2	4,609	4%	3	6,599	3%
Missouri	-	-	-	3	5,927	5%	3	5,927	3%
Connecticut	-	-	-	2	5,053	5%	2	5,053	2%
Other states	40	39,227	37%	16	24,163	21%	56	63,390	29%
Total	90	\$104,396	100%	58	\$112,988	100%	148	\$217,384	100%

By Operator / Manager

(\$ in thousands)									
Operator/ Manager	Managed			NNN			Total		
	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total	Properties	Annual. NOI	% of Total
Holiday	60	\$76,308	73%	51	\$89,175	79%	111	\$165,483	76%
Blue Harbor	21	22,824	22%	-	-	-	21	22,824	11%
LCS	-	-	-	6	17,489	15%	6	17,489	8%
Other operators	9	5,264	5%	1	6,324	6%	10	11,588	5%
Total	90	\$104,396	100%	58	\$112,988	100%	148	\$217,384	100%

1) Percentages based on 3Q 2017 NOI.

Managed Portfolio

Managed Portfolio Statistics

(\$ in thousands, except for average monthly RevPOR)

	Year-Over-Year Comparison						Sequential Quarter Comparison					
	Total			Same Store			Total			Same Store		
	<u>3Q'16</u>	<u>3Q'17</u>	<u>Δ</u>	<u>3Q'16</u>	<u>3Q'17</u>	<u>Δ</u>	<u>2Q'17</u>	<u>3Q'17</u>	<u>Δ</u>	<u>2Q'17</u>	<u>3Q'17</u>	<u>Δ</u>
Ending Properties	96	90	(6)	77	77	-	90	90	-	77	77	-
Avg. Available Beds	11,544	10,930	(614)	8,845	8,884	39	11,128	10,930	(198)	8,883	8,884	1
Avg. Occupancy	88.1%	85.5%	(260bps)	89.0%	87.3%	(170bps)	85.6%	85.5%	(10bps)	86.8%	87.3%	50bps
Avg. Monthly RevPOR	\$2,957	\$3,020	2.1%	\$3,031	\$3,092	2.0%	\$3,012	\$3,020	0.3%	\$3,085	\$3,092	0.2%
Revenue	\$90,217	\$84,708	(6.1%)	\$71,605	\$71,989	0.5%	\$86,039	\$84,708	(1.5%)	\$71,345	\$71,989	0.9%
Operating expenses	(\$61,354)	(\$58,609)	(4.5%)	(\$46,083)	(\$47,946)	4.0%	(\$58,668)	(\$58,609)	(0.1%)	(\$46,700)	(\$47,946)	2.7%
Segment NOI	\$28,863	\$26,099	(9.6%)	\$25,522	\$24,043	(5.8%)	\$27,371	\$26,099	(4.6%)	\$24,645	\$24,043	(2.4%)
Segment NOI Margin	32.0%	30.8%	(120bps)	35.6%	33.4%	(220bps)	31.8%	30.8%	(100bps)	34.5%	33.4%	(110bps)

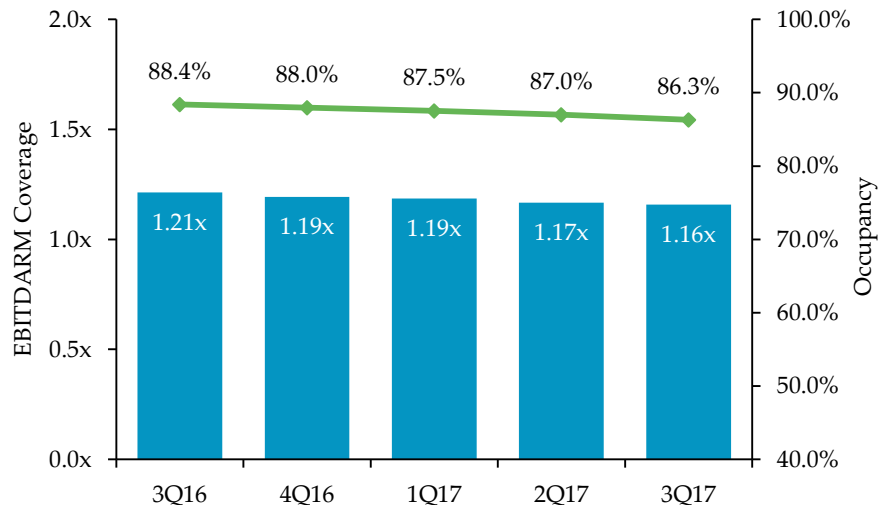
Managed Portfolio – 3Q 2017 New Supply Summary

New Senior Managed Portfolio New Supply Exposure⁽¹⁾

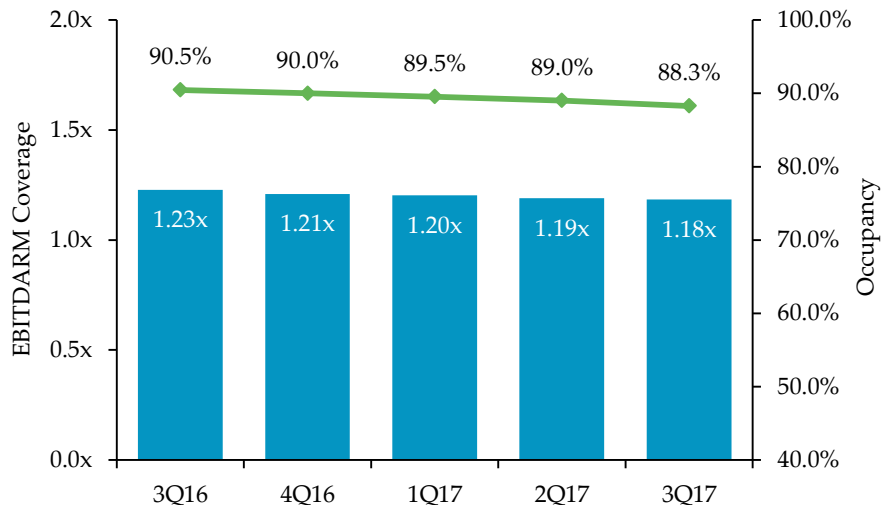
Rank	Metro Market	New Senior			New Senior 5 Mile Ring							MSA Statistics			
		Managed Portfolio Properties	Annualized In-Place NOI (000s)	% of Total NOI	Prop. / Units Under Construction	SNR Prop. / Units Impacted	% of Total NOI Impacted	75+ Population Annual Growth ⁽²⁾	Median Household Income ⁽²⁾	Median Household Value ⁽²⁾	Construction vs. Inventory	75+ Population Annual Growth ⁽²⁾	Median Household Income ⁽²⁾	Median Household Value ⁽²⁾	Construction vs. Inventory
1	Riverside, CA	2	\$4,754	2.2%	2 / 99	1 / 116	1.2%	2.8%	\$70,759	\$316,629	11.4%	3.0%	\$56,019	\$271,859	7.0%
2	Sarasota, FL	4	\$4,903	2.3%	8 / 544	4 / 254	2.3%	1.6%	\$43,898	\$156,505	6.5%	1.8%	\$50,358	\$192,789	7.7%
3	Santa Cruz, CA	1	\$3,458	1.6%	-- / --	-- / --	--	2.3%	\$93,177	\$759,047	--	3.9%	\$70,554	\$624,370	--
4	Dallas, TX	3	\$3,376	1.6%	3 / 332	3 / 547	1.6%	2.9%	\$61,542	\$239,718	4.5%	4.5%	\$62,020	\$176,450	6.3%
5	Boston, MA	3	\$3,344	1.5%	1 / 76	1 / 114	1.0%	1.8%	\$71,119	\$298,284	13.7%	2.2%	\$76,046	\$399,758	3.9%
6	Raleigh, NC	2	\$3,091	1.4%	-- / --	-- / --	--	3.0%	\$55,487	\$198,385	--	5.0%	\$65,419	\$228,944	3.7%
7	Charlotte, NC	2	\$3,049	1.4%	-- / --	-- / --	--	4.6%	\$56,754	\$179,397	--	4.1%	\$55,478	\$188,124	3.1%
8	Seattle, WA	2	\$2,806	1.3%	1 / 48	1 / 156	0.6%	3.1%	\$62,531	\$379,230	1.6%	3.8%	\$71,126	\$355,535	2.4%
9	Springfield, MA	2	\$2,737	1.3%	-- / --	-- / --	--	1.4%	\$48,916	\$199,002	--	1.7%	\$54,825	\$226,479	--
10	Boise, ID	1	\$2,730	1.3%	1 / 50	1 / 121	1.3%	3.4%	\$47,859	\$195,613	2.6%	4.1%	\$50,832	\$186,067	6.4%
11	Eugene, OR	1	\$2,712	1.2%	-- / --	-- / --	--	1.7%	\$42,292	\$234,466	--	1.8%	\$45,661	\$231,255	--
12	Philadelphia, PA	1	\$2,595	1.2%	1 / 178	1 / 130	1.2%	1.2%	\$69,245	\$271,064	7.9%	1.6%	\$63,514	\$248,788	2.6%
13	Salt Lake City, UT	4	\$2,564	1.2%	1 / 105	1 / 116	0.1%	2.6%	\$61,655	\$253,156	1.6%	3.2%	\$66,741	\$262,311	5.0%
14	Tampa, FL	4	\$2,642	1.2%	-- / --	-- / --	--	1.9%	\$43,854	\$112,239	--	2.1%	\$47,911	\$153,557	5.8%
15	Fresno, CA	2	\$2,262	1.0%	-- / --	-- / --	--	1.9%	\$55,664	\$235,155	--	2.2%	\$45,982	\$206,216	1.7%
16	Other Markets	56	\$57,373	26.4%	18 / 2,478	11 / 1,307	5.8%	2.2%	\$53,986	\$212,111	7.1%	2.5%	\$53,615	\$209,100	6.5%
Total Managed		90	\$104,396	48.0%	36 / 3,910	24 / 2,861	14.8%	2.2%	\$54,190	\$217,699	4.8%	2.6%	\$54,579	\$219,499	4.1%

Triple Net Lease Portfolio

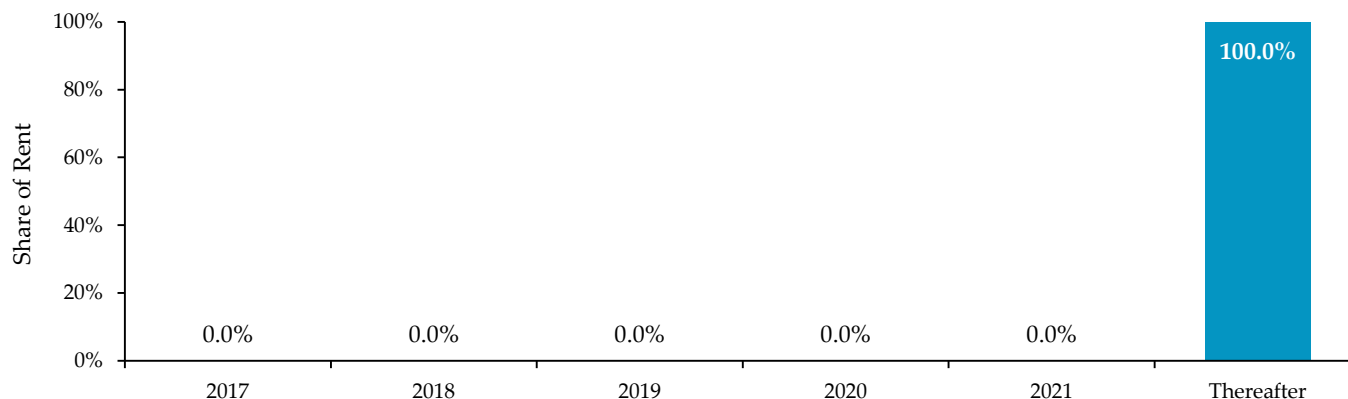
Total Portfolio (58 Properties)⁽¹⁾



Same Store Portfolio (52 Properties)⁽¹⁾



Same Store Triple Net Lease Maturities (52 Properties)



Acquisition & Disposition Activity Year to Date

(\$ in millions)

Acquisition Activity

	Date	Property Type	Property Count	Beds	Units	Purchase Price
Total Acquisitions	-	-	-	-	-	-

Disposition Activity

	Date	Property Type	Property Count	Beds	Units	Sale Price
	January 2017	AL/MC	2	214	152	\$ 15.5
	June 2017	IL	2	299	299	\$ 33.0
	November 2017	AL/MC	9	1,391	1,185	\$ 109.5
Total Dispositions	-	-	13	1,904	1,636	\$ 158.0

Capitalization⁽¹⁾

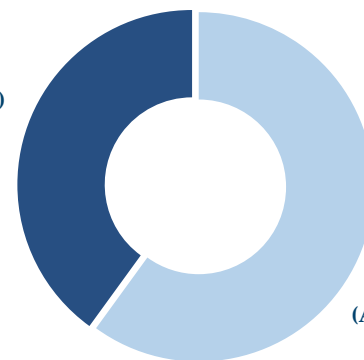
Capital Structure

(\$ in millions, except per share data)

Price as of 9/30/2017	\$9.15
Shares outstanding	82.1
Market capitalization	\$751.7
Mortgage notes payable, net	2,089.4
Cash	(48.4)
Net debt	\$2,041.0
Enterprise Value	\$2,792.7
Net Debt / Gross Investments	66.1%
Net Debt / Enterprise Value	73.1%

Debt Characteristics

Variable, 40%
\$828mm
Weighted Average
Effective Rate: 4.0%
(Average Coupon: 3.7%)

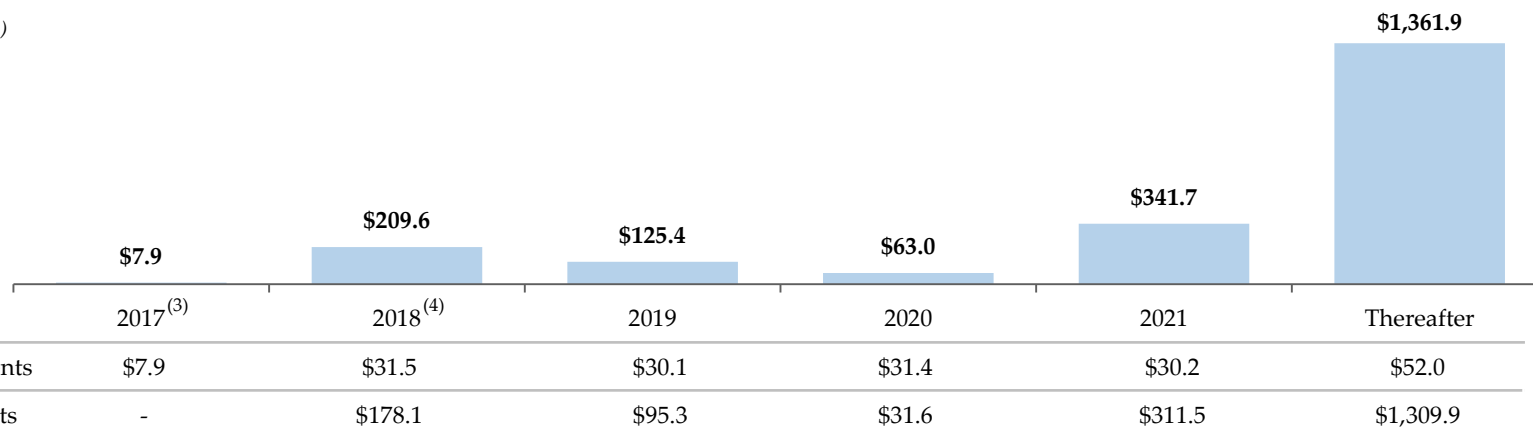


Fixed, 60%
\$1,262mm
Weighted Average
Effective Rate: 4.8%
(Average Coupon: 4.2%)

Total weighted average effective rate: 4.5%
Total weighted average maturity: 4.7 years

Debt Maturities⁽²⁾

(\$ in millions)



1) Debt information is as of September 30, 2017.

2) Based on current unpaid principal balance.

3) Period from October 1, 2017 to December 31, 2017.

4) Option to extend all balloon payments by an additional year.

Common Shares and Options Outstanding

Common Shares and Options Outstanding

	3Q'17
<u>Weighted Average Amounts Outstanding for EPS Purposes</u>	
Common shares - basic	82,148,869
Effect of dilutive securities:	
Stock options ⁽¹⁾	-
Total common shares - diluted	82,148,869
<u>Weighted Average Amounts Outstanding for FFO, Normalized FFO, AFFO and Normalized FAD Purposes</u>	
Common shares - basic	82,148,869
Effect of dilutive securities:	
Stock options	601,711
Total common shares - diluted	82,750,580
<u>Period Ending Amounts Outstanding</u>	
Common shares	82,148,869
Stock options	7,162,024
Total common shares and options	89,310,893

1) Potential common shares issuable from the exercise of options are excluded from the diluted share calculation as their effect would have been anti-dilutive.

Consolidated Balance Sheet

(\$ in thousands)

	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17
Assets					
Real estate investments:					
Land	\$ 222,138	\$ 220,317	\$ 220,317	\$ 218,356	\$ 182,238
Building, improvements and other	2,557,895	2,552,862	2,557,814	2,550,053	2,324,798
Accumulated depreciation	(197,510)	(218,968)	(242,146)	(263,756)	(254,523)
Net real estate property	2,582,523	2,554,211	2,535,985	2,504,653	2,252,513
Acquired lease and other intangible assets	321,634	319,929	319,929	317,773	264,438
Accumulated amortization	(242,671)	(255,452)	(269,784)	(280,234)	(239,090)
Net real estate intangibles	78,963	64,477	50,145	37,539	25,348
Net real estate investments	2,661,486	2,618,688	2,586,130	2,542,192	2,277,861
Cash and cash equivalents	73,395	58,048	50,338	60,497	48,379
Straight-line rent receivables	68,379	73,758	78,339	82,891	87,285
Assets held for sale	9,357	10,824	-	-	232,489
Receivables and other assets, net	54,340	60,410	57,863	58,194	61,003
Total Assets	\$ 2,866,957	\$ 2,821,728	\$ 2,772,670	\$ 2,743,774	\$ 2,707,017
Liabilities and Equity					
Mortgage notes payable, net	\$ 2,146,292	\$ 2,130,387	\$ 2,113,276	\$ 2,095,601	\$ 2,089,438
Due to affiliates	10,786	11,623	11,074	12,137	15,568
Accrued expenses and other liabilities	106,800	100,823	100,538	106,415	108,288
Total Liabilities	\$ 2,263,878	\$ 2,242,833	\$ 2,224,888	\$ 2,214,153	\$ 2,213,294
Common stock	\$ 821	\$ 821	\$ 821	\$ 821	\$ 821
Additional paid-in capital	897,947	897,918	898,057	898,132	898,132
Accumulated deficit	(295,689)	(319,844)	(351,096)	(369,332)	(405,230)
Total Equity	\$ 603,079	\$ 578,895	\$ 547,782	\$ 529,621	\$ 493,723
Total Liabilities and Equity	\$ 2,866,957	\$ 2,821,728	\$ 2,772,670	\$ 2,743,774	\$ 2,707,017

Consolidated Income Statement

(\$ and shares in thousands, except per share data)

	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
Revenues					
Resident fees and services	\$ 90,217	\$ 89,252	\$ 86,726	\$ 86,039	\$ 84,708
Rental revenue	28,240	28,243	28,247	28,247	28,247
Total Revenues	118,457	117,495	114,973	114,286	112,955
Expenses					
Property operating expense	(61,354)	(60,442)	(59,584)	(58,668)	(58,609)
Depreciation and amortization	(45,510)	(37,803)	(37,518)	(35,943)	(35,126)
Interest expense	(23,065)	(23,122)	(23,066)	(23,505)	(23,898)
Acquisition, transaction and integration expense	(364)	(2,172)	(348)	(446)	(675)
Management fees and incentive compensation to affiliate	(3,839)	(5,946)	(3,824)	(6,754)	(3,824)
General and administrative expense	(3,676)	(3,594)	(4,011)	(3,726)	(3,958)
Loss on extinguishment of debt	-	(245)	(375)	(297)	-
Other income (expense)	(108)	79	(135)	(26)	(1,484)
Total Expenses	\$ (137,916)	\$ (133,245)	\$ (128,861)	\$ (129,365)	(127,574)
Gain on sale of real estate	-	13,356	4,199	18,347	-
Net Income (Loss) before income taxes	(19,459)	(2,394)	(9,689)	3,268	(14,619)
Income tax benefit (expense)	(782)	(408)	(206)	(147)	80
Net Income (Loss)	\$ (20,241)	\$ (2,802)	\$ (9,895)	\$ 3,121	\$ (14,539)
Basic and diluted net income (loss) per share of common stock					
Basic and diluted net income (loss) per share of common stock	\$ (0.25)	\$ (0.03)	\$ (0.12)	\$ 0.04	\$ (0.18)
W.A. basic shares of common stock outstanding	82,126	82,127	82,141	82,143	82,149
W.A. diluted shares of common stock outstanding	82,126	82,127	82,141	82,779	82,149

Consolidated Statement of Cash Flows

(\$ in thousands)	<u>Cash Flow from Operating Activities</u>	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
	Net Income (Loss)	\$(20,241)	\$(2,802)	\$(9,895)	\$3,121	\$(14,539)
	Adjustments:					
	Depreciation of tangible assets and amortization of intangible assets	45,548	37,837	37,555	35,980	35,163
	Amortization of deferred financing costs	2,375	2,366	2,465	2,309	2,223
	Amortization of deferred revenue, net	414	(92)	190	14	15
	Amortization of premium on mortgage notes payable	(155)	(156)	(144)	(152)	(160)
	Non-cash straight line rent	(5,379)	(5,379)	(4,581)	(4,552)	(4,394)
	Gain on sale of real estate	-	(13,356)	(4,199)	(18,347)	-
	Loss on extinguishment of debt	-	245	375	297	-
	Equity-based compensation	139	-	-	75	-
	Provision for uncollectible receivables	494	598	645	597	477
	Other non-cash expense	108	37	87	44	1,090
	Changes in:					
	Receivables and other assets, net	(2,723)	5,578	179	(3,466)	(4,629)
	Due to affiliates	(1,018)	837	(549)	1,063	3,431
	Accrued expenses and other liabilities	731	(6,100)	(297)	5,671	1,930
	Net cash provided by operating activities	\$20,293	\$19,613	\$21,831	\$22,654	\$20,607
	<u>Cash Flow from Investing Activities</u>					
	Proceeds from the sale of real estate	-	22,711	14,956	32,398	-
	Capital expenditures, net of insurance proceeds	(6,190)	(5,398)	(4,386)	(5,923)	(4,167)
	Reimbursements (escrows) for capital expenditures, net	955	(1,157)	1,054	2,515	1,027
	Net cash provided by (used in) investing activities	\$(5,235)	\$16,156	\$11,624	\$28,990	\$(3,140)
	<u>Cash Flow from Financing Activities</u>					
	Principal payments of mortgage notes payable	(3,940)	(4,446)	(4,900)	(6,757)	(7,647)
	Repayments of mortgage notes payable	-	(13,725)	(14,730)	(13,238)	-
	Payment of exit fee on extinguishment of debt	-	(189)	(178)	(133)	-
	Payment of deferred financing costs	-	-	-	-	(579)
	Payment of common stock dividend	(21,353)	(21,353)	(21,357)	(21,357)	(21,359)
	Repurchase of common stock	-	(29)	-	-	-
	Cash escrowed with lender	-	(11,374)	-	-	-
	Net cash used in financing activities	\$(25,293)	\$(51,116)	\$(41,165)	\$(41,485)	\$(29,585)
	Net increase (decrease) in cash and cash equivalents	(10,235)	(15,347)	(7,710)	10,159	(12,118)
	Cash and cash equivalents, beginning of period	83,630	73,395	58,048	50,338	60,497
	Cash and cash equivalents, end of period	\$73,395	\$58,048	\$50,338	\$60,497	\$48,379

Non-GAAP Reconciliation

Total NOI Reconciliation

(\$ in thousands)

	3Q'16			2Q'17			3Q'17		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
Segment / Total NOI	\$ 28,240	\$ 28,863	\$ 57,103	\$ 28,247	\$ 27,371	\$ 55,618	\$ 28,247	\$ 26,099	\$ 54,346
Depreciation and amortization			(45,510)			(35,943)			(35,126)
Interest expense			(23,065)			(23,505)			(23,898)
Acquisition, transaction & integration expense			(364)			(446)			(675)
Management fees and incentive compensation to affiliate			(3,839)			(6,754)			(3,824)
General and administrative expense			(3,676)			(3,726)			(3,958)
Loss on extinguishment of debt			-			(297)			-
Other expense			(108)			(26)			(1,484)
Gain on sale of real estate			-			18,347			-
Income tax benefit (expense)			(782)			(147)			80
Net income (loss)			\$ (20,241)			\$ 3,121			\$ (14,539)

Non-GAAP Reconciliation

Cash NOI Reconciliation (Year-over-Year)

(\$ in thousands)

	3Q'16					3Q'17				
	<u>Same Store NNN Properties</u>	<u>Non-Same Store NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>	<u>Same Store NNN Properties</u>	<u>Non-Same Store NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>
Cash NOI	\$ 19,071	\$ 3,737	\$ 25,878	\$ 3,308	\$ 51,994	\$ 19,925	\$ 3,969	\$ 24,171	\$ 2,033	\$ 50,098
Straight-line rent	4,816	563	-	-	5,379	3,975	419	-	-	4,394
Amortization of deferred community fees and other ⁽¹⁾	(17)	70	(356)	33	(270)	(25)	(16)	(128)	23	(146)
Segment / Total NOI	\$ 23,870	\$ 4,370	\$ 25,522	\$ 3,341	\$ 57,103	\$ 23,875	\$ 4,372	\$ 24,043	\$ 2,056	\$ 54,346
Depreciation and amortization					(45,510)					(35,126)
Interest expense					(23,065)					(23,898)
Acquisition, transaction & integration expense					(364)					(675)
Management fees and incentive compensation to affiliate					(3,839)					(3,824)
General and administrative expense					(3,676)					(3,958)
Other expense					(108)					(1,484)
Income tax benefit (expense)					(782)					80
Net loss					\$ (20,241)					\$ (14,539)

1) Includes amortization of above / below market lease intangibles and amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

Non-GAAP Reconciliation

Cash NOI Reconciliation (Sequential Quarter)

(\$ in thousands)

	2Q'17					3Q'17				
	<u>Same Store NNN Properties</u>	<u>Non-Same Store NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>	<u>Same Store NNN Properties</u>	<u>Non-Same Store NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>
Cash NOI	\$ 19,911	\$ 3,825	\$ 24,898	\$ 2,602	\$ 51,236	\$ 19,925	\$ 3,969	\$ 24,171	\$ 2,033	\$ 50,098
Straight-line rent	3,990	562	-	-	4,552	3,975	419	-	-	4,394
Amortization of deferred community fees and other ⁽¹⁾	(26)	(15)	(253)	124	(170)	(25)	(16)	(128)	23	(146)
Segment / Total NOI	\$ 23,875	\$ 4,372	\$ 24,645	\$ 2,726	\$ 55,618	\$ 23,875	\$ 4,372	\$ 24,043	\$ 2,056	\$ 54,346
Depreciation and amortization					(35,943)					(35,126)
Interest expense					(23,505)					(23,898)
Acquisition, transaction & integration expense					(446)					(675)
Management fees and incentive compensation to affiliate					(6,754)					(3,824)
General and administrative expense					(3,726)					(3,958)
Loss on extinguishment of debt					(297)					-
Other expense					(26)					(1,484)
Gain on sale of real estate					18,347					-
Income tax benefit (expense)					(147)					80
Net income (loss)					\$ 3,121					\$ (14,539)

1) Includes amortization of above / below market lease intangibles and amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

GAAP Reconciliation of FFO, Normalized FFO, AFFO and Normalized FAD

FFO, Normalized FFO, AFFO and Normalized FAD Reconciliation

(\$ and shares in thousands, except per share data)

	3Q'17
Net loss	\$ (14,539)
Add (Deduct):	
Depreciation and amortization	35,126
FFO	\$ 20,587
FFO per Diluted Share	\$ 0.25
Acquisition, transaction & integration expense	675
Other expense	1,484
Normalized FFO	\$ 22,746
Normalized FFO per Diluted Share	\$ 0.27
Straight-line rent	(4,394)
Amortization of deferred financing costs	2,223
Amortization of deferred community fees and other ⁽¹⁾	(14)
AFFO	\$ 20,561
AFFO per Diluted Share	\$ 0.25
Routine capital expenditures	(1,765)
Normalized FAD	\$ 18,796
Normalized FAD per Diluted Share	\$ 0.23
Weighted average diluted shares outstanding	82,751

1) Includes amortization of above / below market lease intangibles, amortization of premium on mortgage notes payable and amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

Glossary

EBITDARM

EBITDARM is a non-GAAP measure that represents earnings before interest, taxes, depreciation, amortization, rent and management fees for the period stated unless otherwise noted. We use EBITDARM in determining coverage and as a supplemental measure of the ability of the property to generate sufficient liquidity to meet related obligations to us. For our triple net lease portfolio, all facility financial performance data was derived solely from information provided by operators/tenants without independent verification by us. EBITDARM does not represent net income or cash flow from operations and should not be considered an alternative to those indications.

EBITDARM Coverage

Facility EBITDARM divided by the aggregate of base rent and any additional rent due to us for the same period. EBITDARM coverage is a supplemental measure of a property's ability to generate cash flows for the operator/tenant (not for us) to meet the operator's/tenant's related rent and other obligations to us.

Enterprise Value

Enterprise value is equal to market capitalization plus carrying value of mortgage notes payable, minus cash.

FFO, Normalized FFO, AFFO and Normalized FAD

We use Funds From Operations ("FFO") and Normalized FFO as supplemental measures of our operating performance. We use the National Association of Real Estate Investment Trusts ("NAREIT") definition of FFO. NAREIT defines FFO as GAAP net income excluding gains (losses) from sales of depreciable real estate assets and impairment charges of depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated entities and joint ventures to reflect FFO on the same basis. FFO does not account for debt principal payments and is not intended as a measure of a REIT's ability to satisfy such payments or any other cash requirements.

Normalized FFO, as defined below, measures the financial performance of our portfolio of assets excluding items that, although incidental to, are not reflective of the day-to-day operating performance of our portfolio of assets. We believe that Normalized FFO is useful because it facilitates the evaluation of our portfolio's operating performance (i) between periods on a consistent basis and (ii) to the operating performance of other real estate companies. However, comparability may be limited because our calculation of Normalized FFO may differ significantly from that of other companies, or because of features of our business that are not present in other companies.

FFO, Normalized FFO, AFFO and Normalized FAD (continued)

We define Normalized FFO as FFO excluding the following income and expense items, as applicable: (a) acquisition, transaction and integration related costs and expenses; (b) the write off of unamortized discounts, premiums, deferred financing costs, or additional costs, make whole payments and penalties or premiums incurred as the result of early repayment of debt (collectively "Gain (Loss) on extinguishment of debt"); (c) incentive compensation recognized as a result of sales of property and (d) other items that we believe are not indicative of operating performance, generally reported as "Other (income) expense" in the Consolidated Statements of Operations.

Management also uses AFFO and Normalized FAD as supplemental measures of the Company's operating performance.

We define AFFO as Normalized FFO excluding the impact of the following: (a) straight-line rents; (b) amortization of above / below market lease intangibles; (c) amortization of deferred financing costs; (d) amortization of premium on mortgage notes payable and (e) amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives. We believe AFFO is useful because it facilitates the evaluation of (i) the current economic return on our portfolio of assets between periods on a consistent basis and (ii) our portfolio versus those of other real estate companies that report AFFO. However, comparability may be limited because our calculation of AFFO may differ significantly from that of other companies, or because of features of our business that are not present in other companies.

We define Normalized FAD as AFFO less routine capital expenditures, which we view as a cost associated with the current economic return. Normalized FAD, which does not reflect debt principal payments and certain other expenses, does not represent cash available for distribution to shareholders.

Gross Assets

The carrying amount of total assets, after adding back accumulated depreciation and amortization, as reported in our consolidated financial statements.

Investment

Represents the carrying amount of real estate assets, including intangibles, after adding back accumulated depreciation and amortization, for all assets owned as of the end of the respective reporting period.

Glossary

Net Operating Income (“NOI”) and Cash NOI

NOI and cash NOI are non-GAAP measures. We define NOI as total revenue less property operating expenses, which include property management fees and travel cost reimbursements. Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies. We define cash NOI as NOI excluding the effects of straight-line rent, amortization of above / below market lease intangibles and amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives. We believe that NOI and cash NOI serve as useful supplemental measures to net income because they allow investors, analysts and management to measure unlevered property-level operating results and to compare our operating results between periods and to the operating results of other real estate companies on a consistent basis.

Occupancy

For the managed portfolio, occupancy represents the facilities’ average operating occupancy for the trailing three-month period. For the triple net lease portfolio, occupancy is based on the period reported unless otherwise noted. The percentages are calculated based on available beds. All occupancy data was derived solely from information provided by operators/tenants without independent verification by us.

Revenue Quality Mix

Non-Medicaid revenues as a percent of total revenues for the trailing 12 months. Triple net portfolio is presented one quarter in arrears from the period presented.

RevPOR

Represents average GAAP revenues per occupied bed per month. We use RevPOR to evaluate the revenue generating potential of our senior housing portfolio independent of fluctuating occupancy rates.

Same Store

Same store data presented herein excludes properties acquired, sold, transitioned to other operators, or classified as held for sale during the comparable periods. Same store data is intended to enable management to evaluate the performance of a consistent portfolio of real estate in a manner that eliminates variances attributable to changes in the composition of our portfolio over time, due to sales and various other factors.

Segment NOI Margin

Segment NOI margin is equal to Segment NOI divided by Segment Revenue.