



A Leading Owner-Operator of Senior Living Communities and Services

Investor Presentation

March 31, 2021

DISCOVER *the difference*

Forward-Looking Statements & Non-GAAP Financial Measures




Forward Looking Statements:

The forward-looking statements in this presentation are subject to certain risks and uncertainties that could cause the Company's actual results and financial condition to differ materially, including, but not limited to, the continued spread of COVID-19, including the speed, depth, geographic reach and duration of such spread, new information that may emerge concerning the severity of COVID-19, the actions taken to prevent or contain the spread of COVID-19 or treat its impact, the legal, regulatory and administrative developments that occur at the federal, state and local levels in response to the COVID-19 pandemic, and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or the Company's response efforts; the impact of COVID-19 and the Company's near-term debt maturities on the Company's ability to continue as a going concern, the Company's ability to generate sufficient cash flows from operations, additional proceeds from debt refinancings, and proceeds from the sale of assets to satisfy its short and long-term debt obligations and to fund the Company's capital improvement projects to expand, redevelop, and/or reposition its senior living communities; the Company's ability to obtain additional capital on terms acceptable to it; the Company's ability to extend or refinance its existing debt as such debt matures; the Company's compliance with its debt agreements, including certain financial covenants, and the risk of cross-default in the event such non-compliance occurs; the Company's ability to complete acquisitions and dispositions upon favorable terms or at all, including the transfer of certain communities managed by the Company on behalf of Fannie Mae, Healthpeak, Ventas, and Welltower; the Company's ability to improve and maintain adequate controls over financial reporting and remediate the identified material weakness; the risk of oversupply and increased competition in the markets which the Company operates; the risk of increased competition for skilled workers due to wage pressure and changes in regulatory requirements; the departure of the Company's key officers and personnel; the cost and difficulty of complying with applicable licensure, legislative oversight, or regulatory changes; the risks associated with a decline in economic conditions generally; the adequacy and continued availability of the Company's insurance policies and the Company's ability to recover any losses it sustains under such policies; changes in accounting principles and interpretations; and the other risks and factors identified from time to time in the Company's reports filed with the Securities and Exchange Commission. For information about Capital Senior Living, visit www.capitalsenior.com. The Company assumes no obligation to update or supplement forward-looking statements in this presentation that become untrue because of new information, subsequent events or otherwise.

Non-GAAP Financial Measures:

In this presentation, the Company utilizes certain financial valuation and performance measures of operating performance, such as Net Operating Income ("NOI"), that are not calculated in accordance with GAAP. Non-GAAP financial measures may have material limitations in that they do not reflect all of the costs associated with the Company's results of operations as determined in accordance with GAAP. As a result, these non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. NOI is calculated as revenue less operating expenses exclusive of COVID-19 relief and expenses of (\$7.7M), net. The Company believes NOI is a useful performance measure in identifying trends in day-to-day operations because it excludes the costs associated with acquisitions and conversions and other items that do not ordinarily reflect the ongoing operating results of the Company's primary business. NOI is an important points of analysis when evaluating performance as it provides an indication of the effectiveness of management producing growth in operations from existing assets. NOI provides indicators to management of progress in achieving both consolidated and individual business unit operating performance and is used by research analysts and investors to evaluate the performance of companies in the senior living industry.

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- I. Transformative Strategic Actions
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- II. Pro-Forma Portfolio
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- III. Performance in the COVID-19 Environment
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- IV. Growth Levers in the Post-Pandemic Environment
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Transformative Strategic Actions Undertaken Since 2019

Capital Senior has executed several key steps to right-size the portfolio, improve operational and financial performance, and reposition the business for long-term success



New Senior Leadership Team

CEO, COO, Chief Revenue Officer, and others



Revamped Operating Strategy

To improve operating performance and focus on highest performing owned assets in core markets



Exited All Triple Net Leases

Resulting in \$46.8MM of estimated annual cash flow savings



Stabilized Balance Sheet / Reduced Liabilities

Transitioned ownership of 18 over-levered communities to lender, resulting in \$11.3MM of estimated annual cash flow savings



Sold Non-Core Assets

Sold underperforming assets and exited non-core markets



Reduced Overhead and Streamlined Operations

Expecting ~19% G&A savings between '20 - '21

Early actions resulted in outperformance relative to peers, in spite of challenges during COVID-19 pandemic

Transitioning to a More Focused Owned Platform



68
Communities
60 Owned
8 Managed



6,000+
Residents
Served



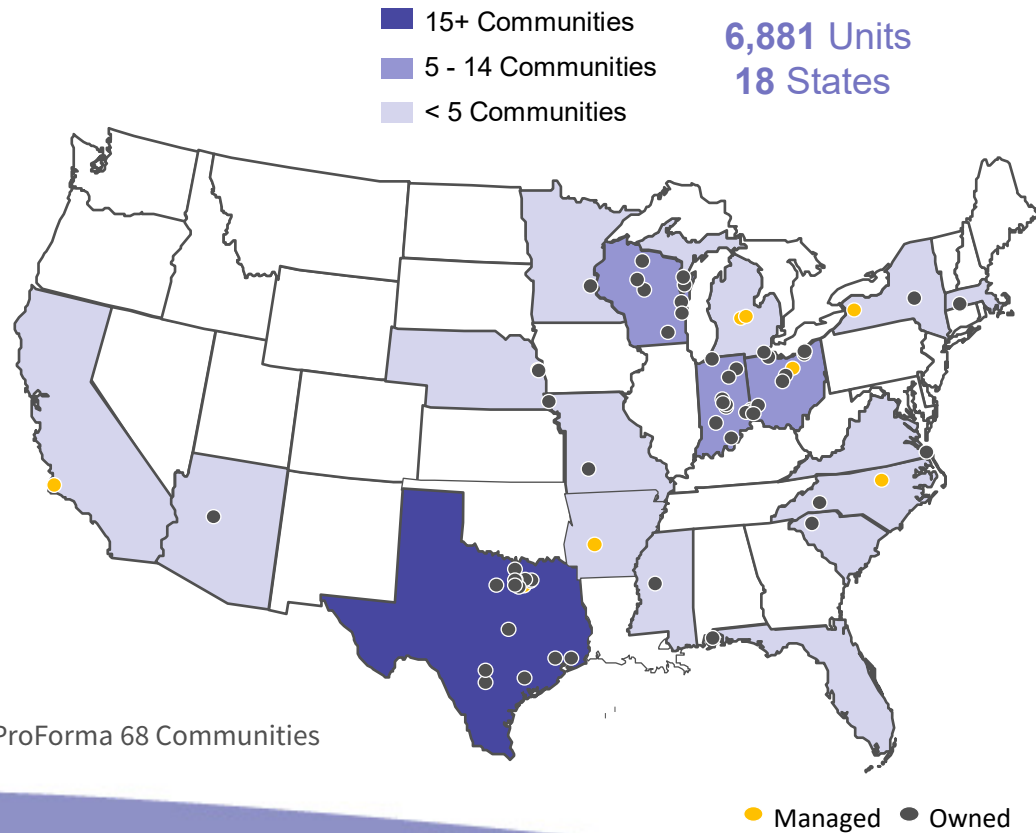
30+
Year
History



80.5%
2020 Occupancy
60 owned communities

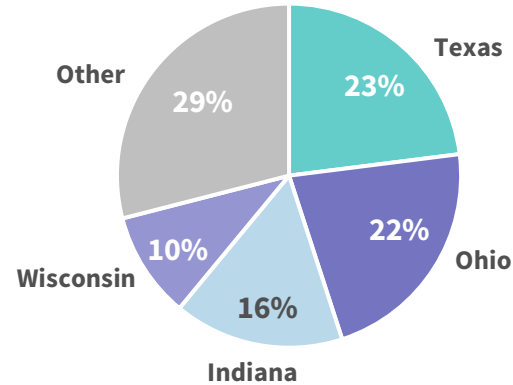


3,200+
Employees

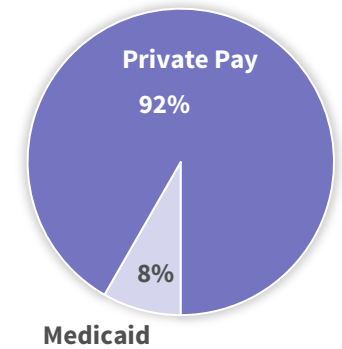


ProForma 68 Communities

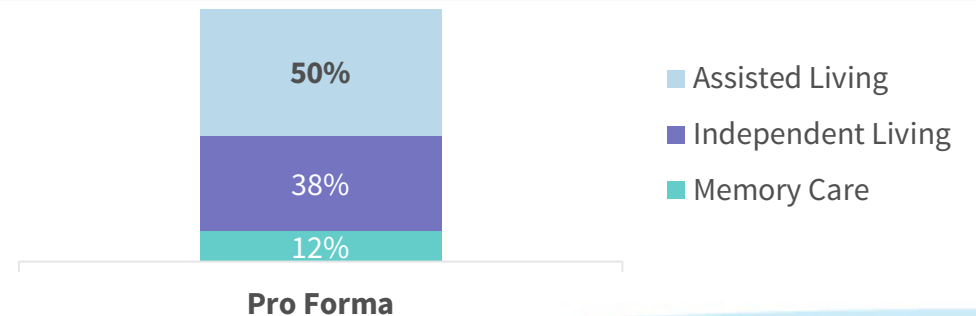
Attractive Markets and Resident Demographic^{1,2}



Attractive Private Pay Focus¹



Balanced Unit Mix Supports Target Market Profile¹

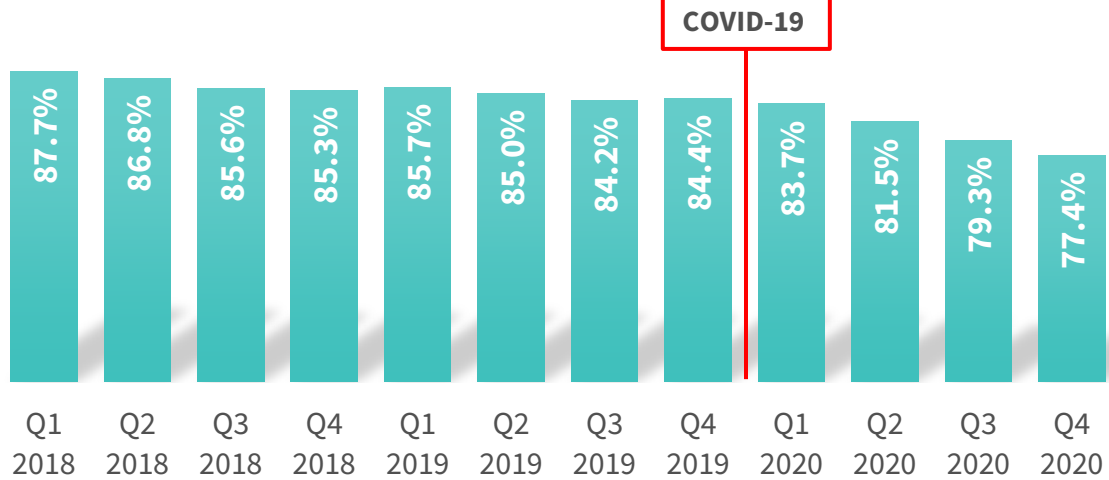


DISCOVER *the difference*

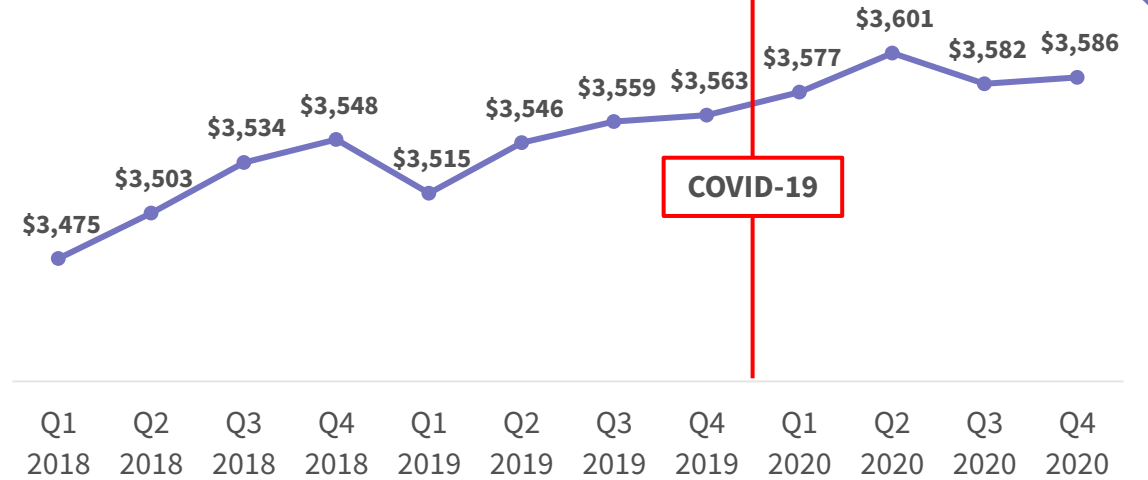
¹Data for 60 Owned Communities
²Full Year 2020 Revenue

Trend Financial Results for ProForma 60 Owned Assets

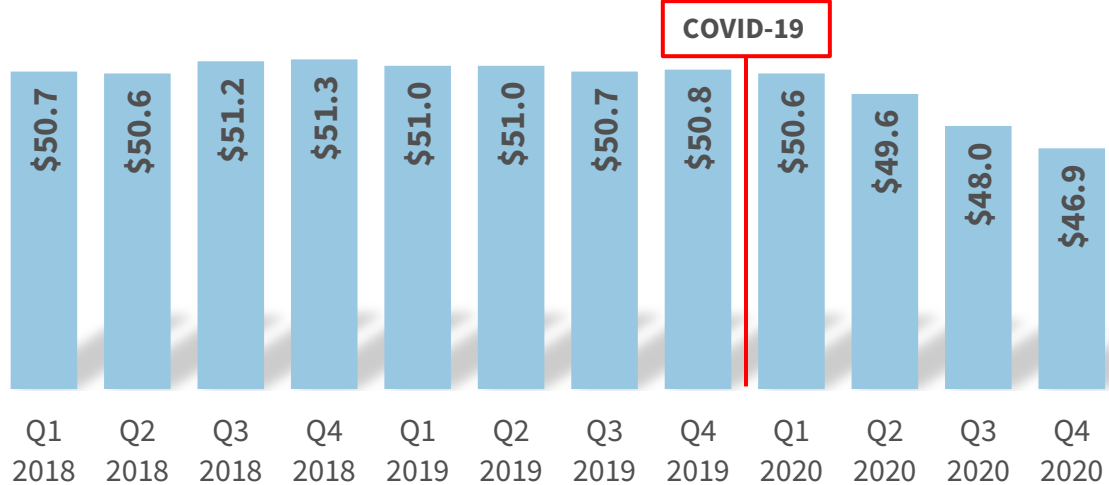
Occupancy



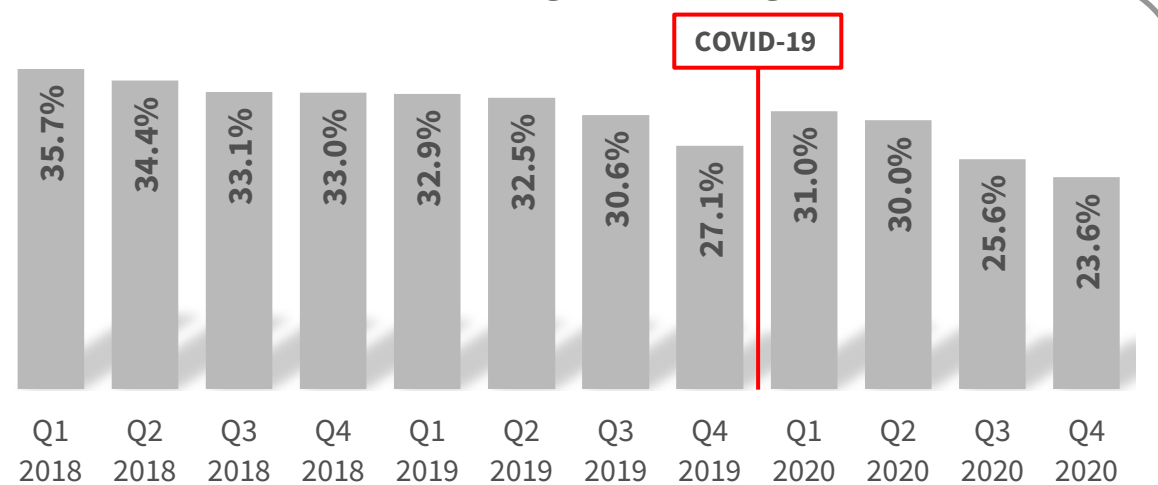
Average Rent



Revenue



Net Operating Income Margin⁽¹⁾



(1) Calculated as revenue less operating expenses exclusive of COVID-19 relief and expenses of (\$7.7M), net

FY and 4Q 2020 Results for ProForma* Portfolio



	4Q20	3Q20	4Q19	FY 20	FY 19
Average Occupancy	77.4%	79.3%	84.4%	80.5%	84.8%
Average Rent ⁽¹⁾	\$ 3,586	\$ 3,582	\$ 3,563	\$ 3,586	\$ 3,546
Revenue	\$ 46.9	\$ 48.0	\$ 50.8	\$ 195.1	\$ 203.5
Operating Expenses ⁽²⁾	\$ 35.8	\$ 35.7	\$ 37.0	\$ 141.2	\$ 140.9
NOI (60 Properties) ⁽³⁾	\$ 11.1	\$ 12.3	\$ 13.8	\$ 53.9	\$ 62.6
NOI Margin ⁽³⁾	23.6%	26%	27%	28%	31%

\$ in Millions except RevPOR

(1) Adjusted to remove State Relief Revenue

(2) Includes real estate taxes and insurance

(3) Calculated as revenue less operating expenses exclusive of COVID-19 relief and expenses of (\$7.7M), net

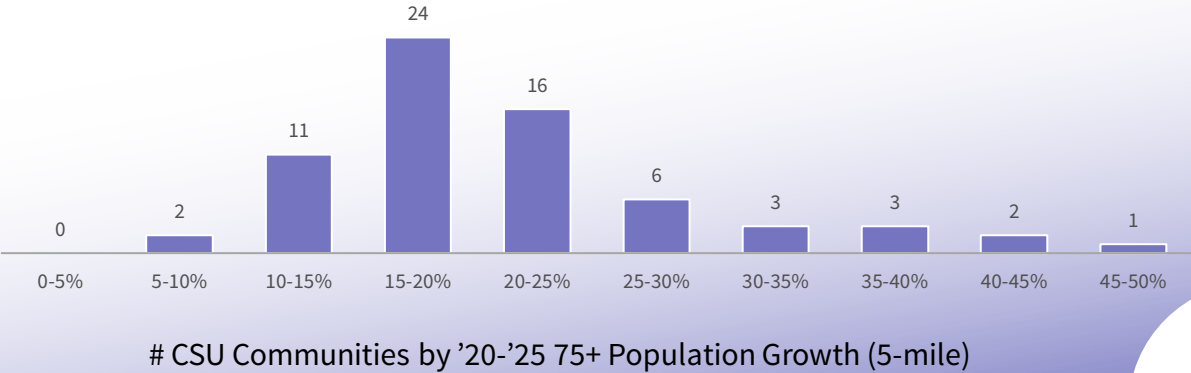
* Results for the Company's 60 owned communities

Key Takeaways

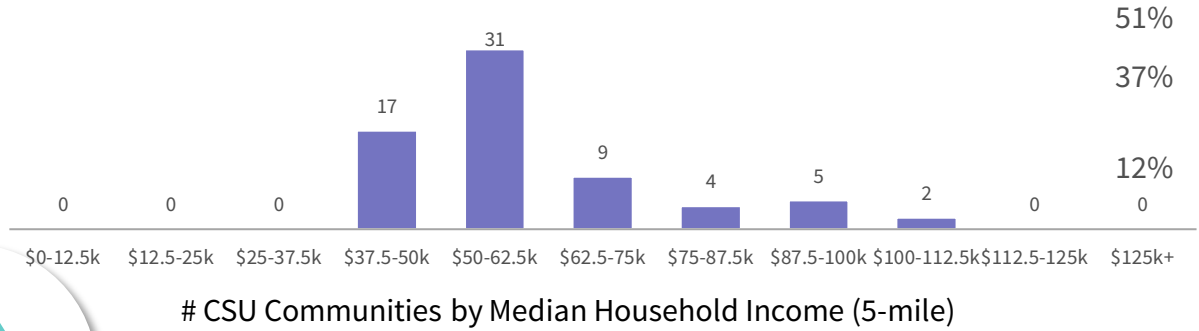
- FY 2020 Occupancy of 80.5%
- FY 2020 Revenue at 96% of 2019
- FY 2020 RevPOR increased 1.1% YoY
- FY 2020 NOI margin of 28% compared to 31% in 2019
- Total expenses 3.2% lower 4Q20 vs. 4Q19, and .3% higher than 3Q20.
- Use of agency staffing decreased \$0.9M or 28% on a YTD basis
- COVID-related, non-recurring premium labor costs of \$2.2M for FY 2020.
- Non-labor operating expenses decreased \$.6M YTD, including all COVID-19 expenses.

Portfolio Strategically Positioned in Attractive, High Growth Markets

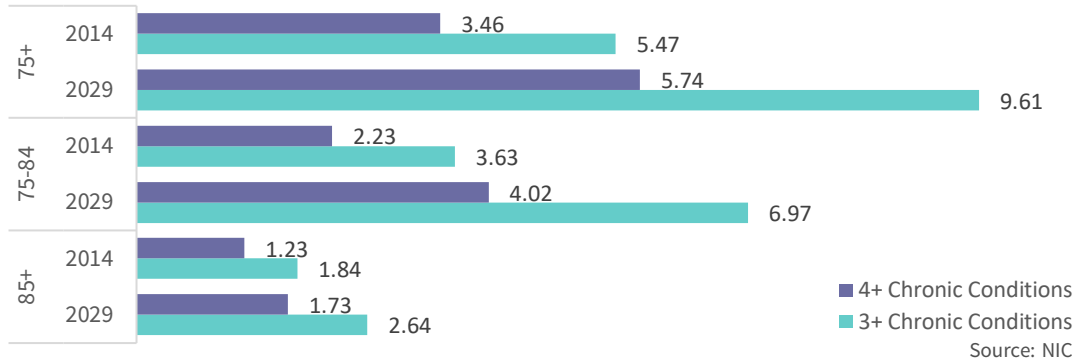
97% of CSU communities are in markets with expected 5-year 75+ population growth of 10% or more



99% of CSU communities are in markets where 75+ average household income can readily afford CSU average monthly rent of ~\$3,600

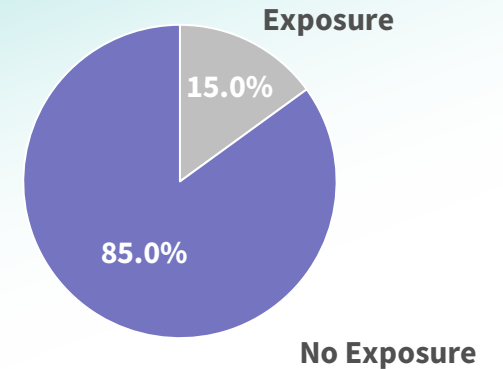


Millions of Middle-Income Seniors with Chronic Conditions by Age | 2014 to 2029



Limited New Supply in CSU Markets

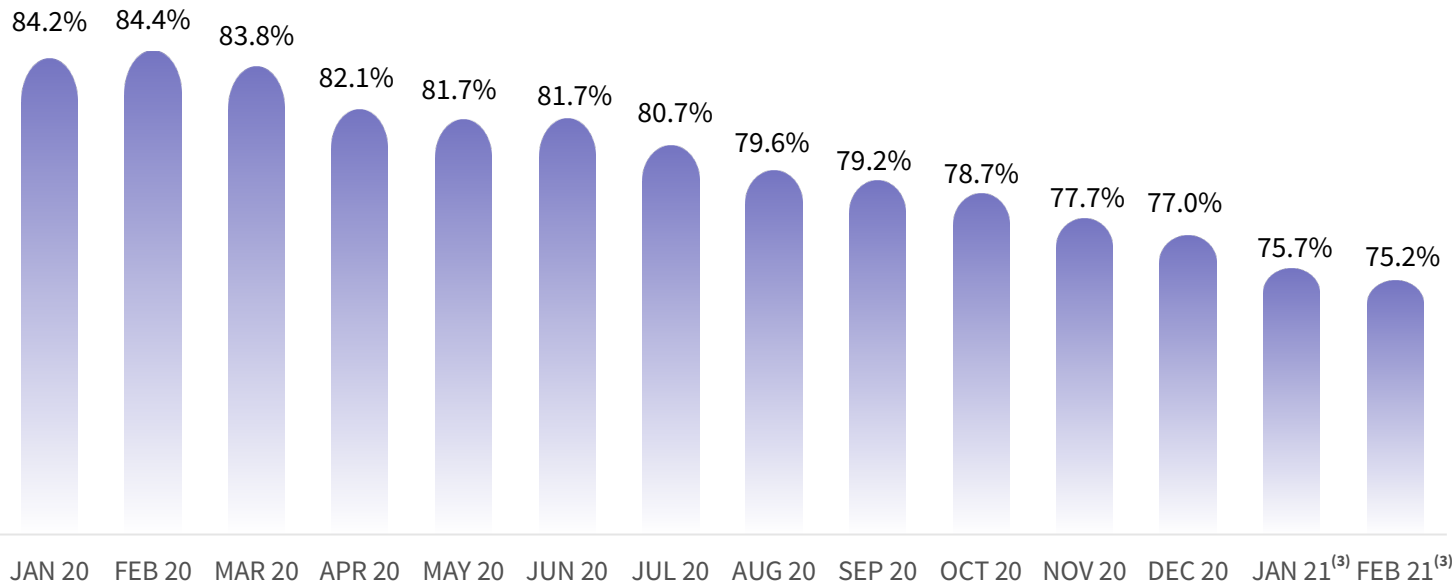
- 85% of CSU communities have no current competing projects under construction within a 5-mile radius
- Construction in CSU markets is 3.8% of current supply, below industry average of 5.3% and significantly below many institutional peer portfolios



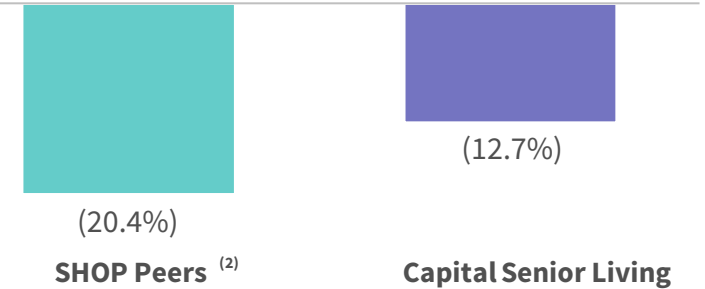
Outperforming Peers Through Challenging Environment

- COVID-19 Pandemic has had a material impact on senior housing operations throughout the industry
- Capital Senior Living has outperformed peers in this challenging environment
- Although occupancy declines persist, rate of decline has decelerated, and recent monthly trends demonstrate sequential improvement

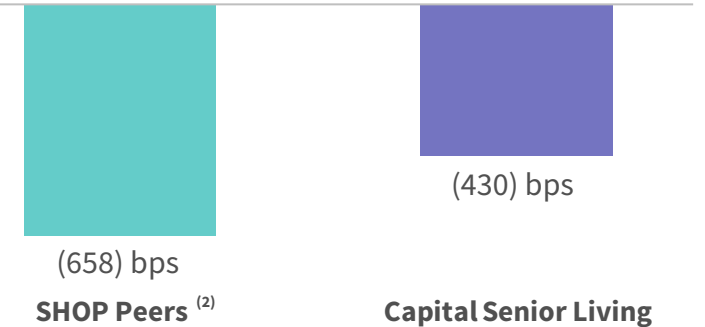
Capital Senior Living Monthly Average Occupancy ⁽¹⁾



2020 Y-o-Y NOI Growth



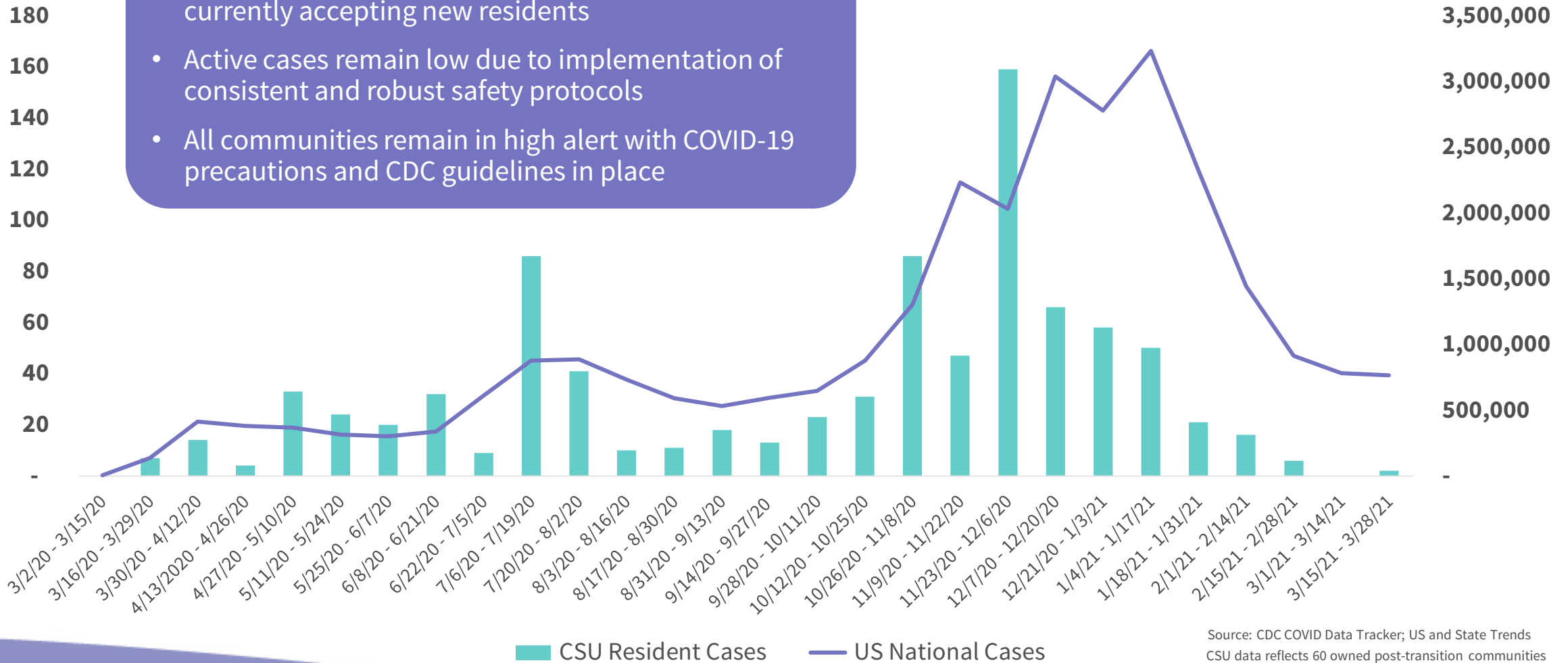
2020 vs 2019 Full Year Occupancy Change



(1) Average occupancy for 60 owned pro-forma communities
 (2) Based on simple average of WELL, PEAK, VTR, BKD, and SNR based on public disclosure
 (3) January '21 & February '21 occupancy is preliminary and subject to change

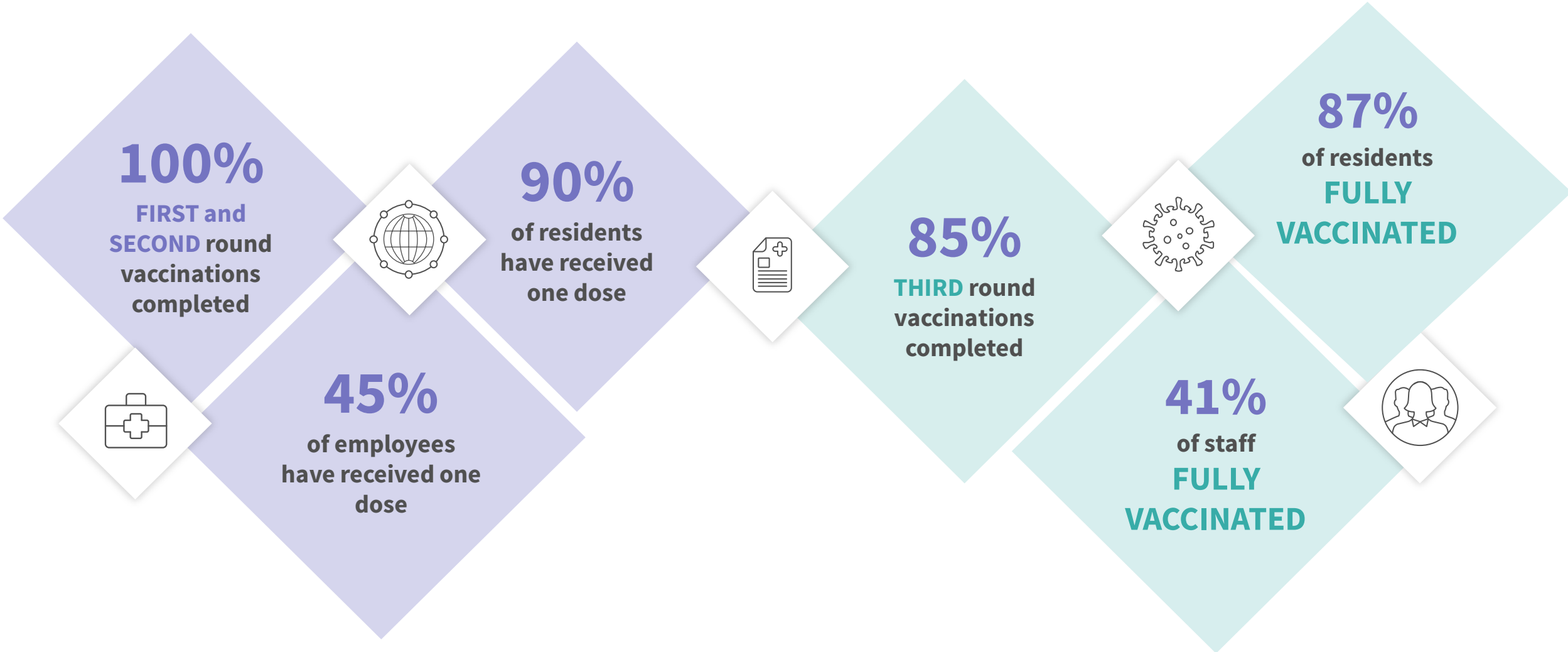
Encouraging Trend of Declining COVID-19 Cases; Communities Normalizing

- 100% of Capital Senior Living communities are currently accepting new residents
- Active cases remain low due to implementation of consistent and robust safety protocols
- All communities remain in high alert with COVID-19 precautions and CDC guidelines in place



Source: CDC COVID Data Tracker; US and State Trends
 CSU data reflects 60 owned post-transition communities

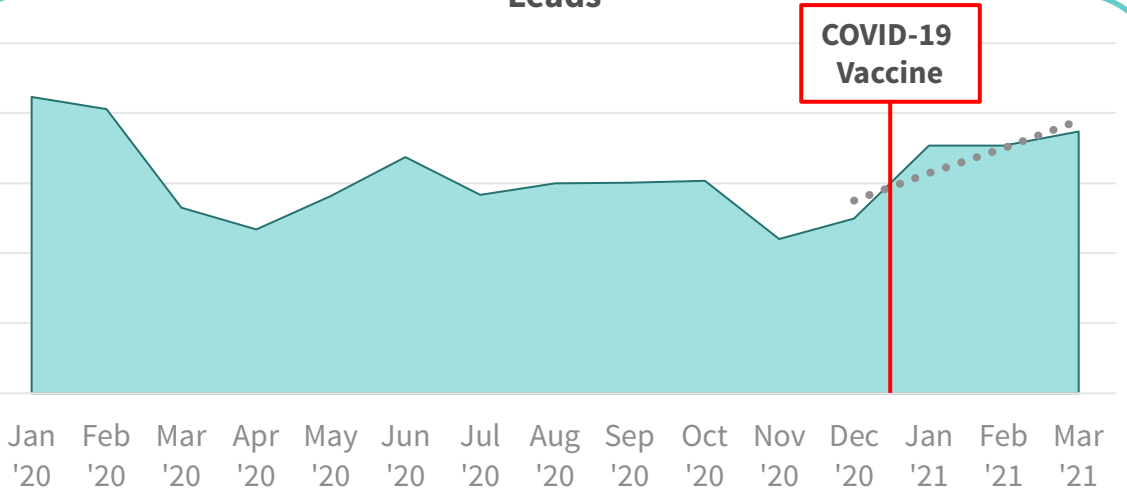
COVID-19 Vaccination Clinics Expected Complete by April 30, 2021



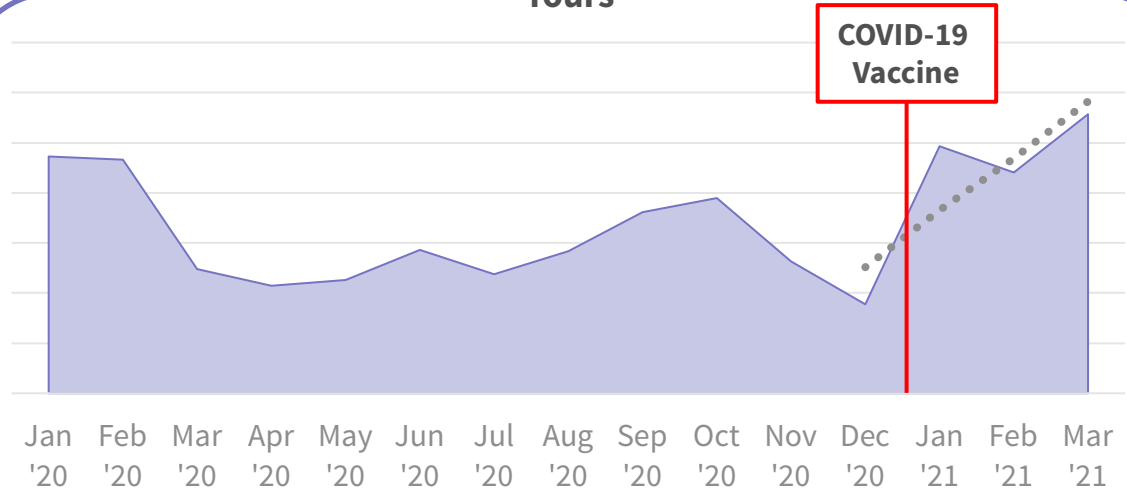
Data Through *March 29th* For 68 Capital Senior Living Communities

Strong Leading Indicators Support 2021 Recovery

Leads



Tours



Move Ins



Move Outs



Data for 60 Capital Senior Living communities
Data through first 20 business days of each month

Strong Growth Levers in the Post Pandemic Environment

Vaccine Distribution



- 100% of communities have completed 2nd clinics and 85% have completed 3rd
- Expect all to be completed by end of April or sooner

Pent-up Demand



- Delayed and needs based demand for 62% of owned portfolio units (assisted living and memory care)
- Leading indicators suggest recovery has begun

Provider Dislocation



- Opportunities to extend operational expertise and leverage G&A to provide management services to senior housing owners

Light Flu Season



- Very little flu currently around globe

Labor Inflation Abating



- Premium labor costs trending downward
- With millions of Americans out of work, as well as the hospitality industry being hit hard, we expect the labor market will loosen and senior living is a natural fit for hospitality workers from restaurants and hotels

Reduction in New Supply



- Fewer new starts and supply is being absorbed

Stronger Foundation



- Transformative actions have improved Company's financial foundation
- CARES Provider Relief Funding – phases 2 & 3 received ~\$16.8M
- State and local funding received ~\$3M