

BROOKDALE SENIOR LIVING

Investor Presentation November 7, 2022

Forward-Looking Statements – Safe Harbor

Certain statements in this Investor Presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks and uncertainties and include all statements that are not historical statements of fact and those regarding the Company's intent, belief or expectations. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "could," "would," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "believe," "project," "predict," "continue," "plan," "target," or other similar words or expressions. These forward-looking statements are based on certain assumptions and expectations, and the Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although the Company believes that expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that its assumptions or expectations will be attained and actual results and performance could differ materially from those projected. Factors which could have a material adverse effect on the Company's operations and future prospects or which could cause events or circumstances to differ from the forward-looking statements include, but are not limited to, the impacts of the COVID-19 pandemic, including the response efforts of federal, state, and local government authorities, businesses, individuals, and the Company on the Company's business, results of operations, cash flow, revenue, expenses, liquidity, and its strategic initiatives, including plans for future growth, which will depend on many factors, some of which cannot be foreseen, including the duration, severity, and breadth of the pandemic and any resurgence or variants of the disease, the impact of COVID-19 on the nation's economy and debt and equity markets and the local economies in the Company's markets, the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups, government financial and regulatory relief efforts that may become available to business and individuals, including the Company's ability to qualify for and satisfy the terms and conditions of financial relief, perceptions regarding the safety of senior living communities during and after the pandemic, changes in demand for senior living communities and the Company's ability to adapt its sales and marketing efforts to meet that demand, the impact of COVID-19 on the Company's residents' and their families' ability to afford its resident fees, including due to changes in unemployment rates, consumer confidence, housing markets, and equity markets caused by COVID-19, changes in the acuity levels of the Company's new residents, the disproportionate impact of COVID-19 on seniors generally and those residing in the Company's communities, the duration and costs of the Company's response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, health plan, and other expenses, greater use of contract labor and overtime due to COVID-19 and general labor market conditions, the impact of COVID-19 on the Company's ability to complete financings and refinancings of various assets, or other transactions or to generate sufficient cash flow to cover required debt, interest, and lease payments and to satisfy financial and other covenants in its debt and lease documents, increased regulatory requirements, including the costs of unfunded, mandatory testing of residents and associates and provision of test kits to the Company's health plan participants, increased enforcement actions resulting from COVID-19, government action that may limit the Company's collection or discharge efforts for delinquent accounts, and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or the Company's response efforts; events which adversely affect the ability of seniors to afford resident fees, including downturns in the economy, housing market, consumer confidence, or the equity markets and unemployment among resident family members; changes in reimbursement rates, methods, or timing under governmental reimbursement programs including the Medicare and Medicaid programs; the effects of senior housing construction and development, lower industry occupancy (including due to the pandemic), and increased competition; conditions of housing markets, regulatory changes, acts of nature, and the effects of climate change in geographic areas where the Company is concentrated; terminations of the Company's resident agreements and vacancies in the living spaces it leases, including due to the pandemic; failure to maintain the security and functionality of the Company's information systems, to prevent a cybersecurity attack or breach, or to comply with applicable privacy and consumer protection laws, including HIPAA; the Company's ability to complete its capital expenditures in accordance with its plans; the Company's ability to identify and pursue development, investment, and acquisition opportunities and its ability to successfully integrate acquisitions; competition for the acquisition of assets; the Company's ability to complete pending or expected disposition, acquisition, or other transactions on agreed upon terms or at all, including in respect of the satisfaction of closing conditions, the risk that regulatory approvals are not obtained or are subject to unanticipated conditions, and uncertainties as to the timing of closing, and the Company's ability to identify and pursue any such opportunities in the future; risks related to the implementation of the Company's strategy, including initiatives undertaken to execute on the Company's strategic priorities and their effect on its results; limits on the Company's ability to use net operating loss carryovers to reduce future tax payments; delays in obtaining regulatory approvals; disruptions in the financial markets or decreases in the appraised values or performance of the Company's communities that affect the Company's ability to obtain financing or extend or refinance debt as it matures and the Company's financing costs; the Company's ability to generate sufficient cash flow to cover required interest, principal, and long-term lease payments and to fund its planned capital projects; the effect of the Company's non-compliance with any of its debt or lease agreements (including the financial covenants contained therein), including the risk of lenders or lessors declaring a cross default in the event of the Company's non-compliance with any such agreements and the risk of loss of the Company's property securing leases and indebtedness due to any resulting lease terminations and foreclosure actions; the effect of the Company's indebtedness and long-term leases on the Company's liquidity and its ability to operate its business; increases in market interest rates that increase the costs of the Company's debt obligations; the Company's ability to obtain additional capital on terms acceptable to it; departures of key officers and potential disruption caused by changes in management; increased competition for, or a shortage of, associates (including due to the pandemic or general labor market conditions), wage pressures resulting from increased competition, low unemployment levels, minimum wage increases and changes in overtime laws, and union activity; environmental contamination at any of the Company's communities; failure to comply with existing environmental laws; an adverse determination or resolution of complaints filed against the Company, including putative class action complaints; the cost and difficulty of complying with increasing and evolving regulation; costs to respond to, and adverse determinations resulting from, government reviews, audits and investigations; changes in, or its failure to comply with, employment-related laws and regulations; unanticipated costs to comply with legislative or regulatory developments; the risks associated with current global economic conditions and general economic factors such as inflation, the consumer price index, commodity costs, fuel and other energy costs, competition in the labor market, costs of salaries, wages, benefits, and insurance, interest rates, and tax rates; the impact of seasonal contagious illness or an outbreak of COVID-19 or other contagious disease in the markets in which the Company operates; actions of activist stockholders, including a proxy contest; as well as other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission, including those set forth in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in such SEC filings. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect management's views as of the date of this Investor Presentation. The Company cannot guarantee future results, levels of activity, performance or achievements, and, except as required by law, it expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations with regard thereto or change in events, conditions, or circumstances on which any statement is based.

Strategic Priorities in 2022

Attract, engage, develop and retain the best associates

- More than 4,500 net hires year-to-date (YTD), through September 30th

Get every available unit in service at the best profitable rate

- 10% RevPAR growth YTD through September compared to same period 2021

Earn resident and family trust and satisfaction by providing valued, high-quality care and personalized service

- Earned the most senior living community recognition by US News & World Report during 2022
- Hurricane Ian: Helped protect residents through successful evacuation and return to nine communities, and for the other 68 communities in the path of the hurricane, took actions to shelter in place. All communities are now open.

Brookdale: At a Glance

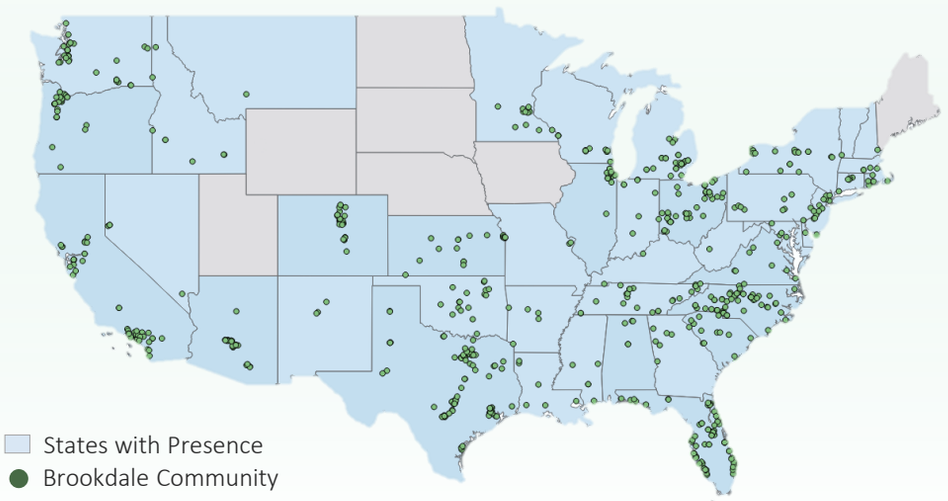
OUR MISSION

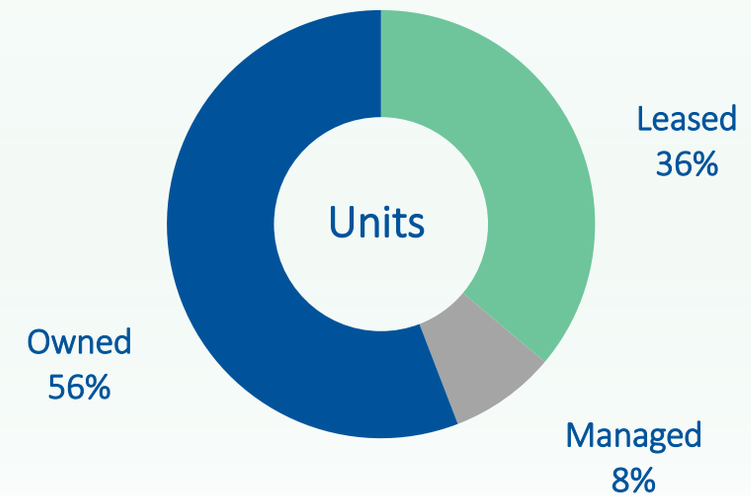
Enriching the Lives of those we serve with compassion, respect, excellence and integrity

OUR VISION

To be the nation's *First Choice* in senior living

672 Communities in 41 States





~ 37,000 Employees

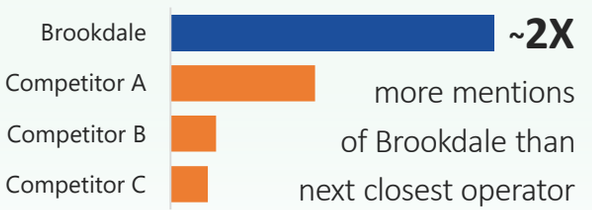


Over 60,000 Residents

ABILITY TO SERVE



Unaided Brand Awareness (1)

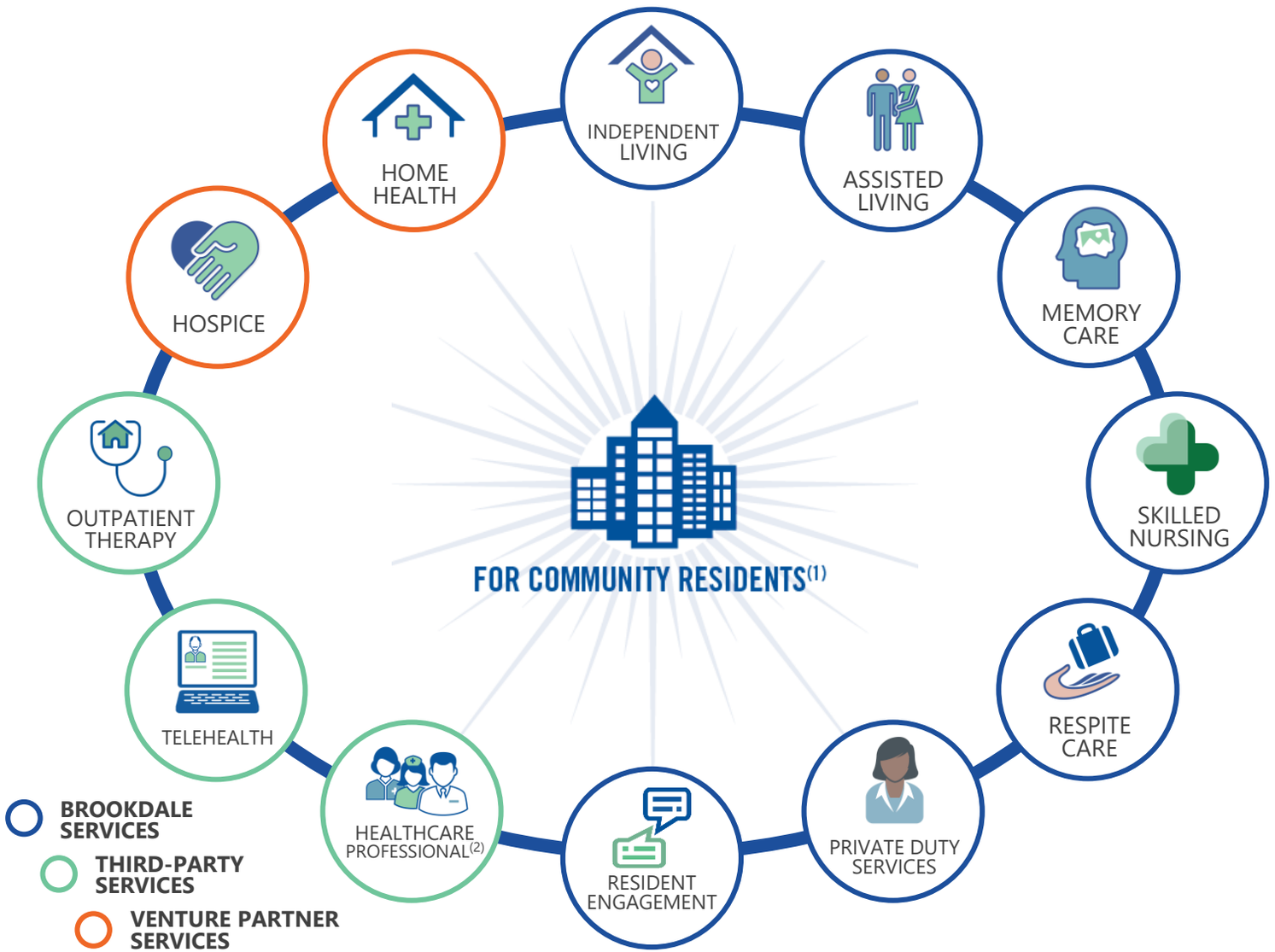


BROOKDALE SENIOR LIVING

Brookdale statistics as of September 30, 2022

Broad Continuum of Care

Structured to serve the diverse healthcare needs of seniors in their Brookdale homes



12

Specialized Clinical Programs

Focus on **Health & Wellness** Including:

Heart

Pulmonary

Diabetes

Bone & Joint

BROOKDALE SENIOR LIVING

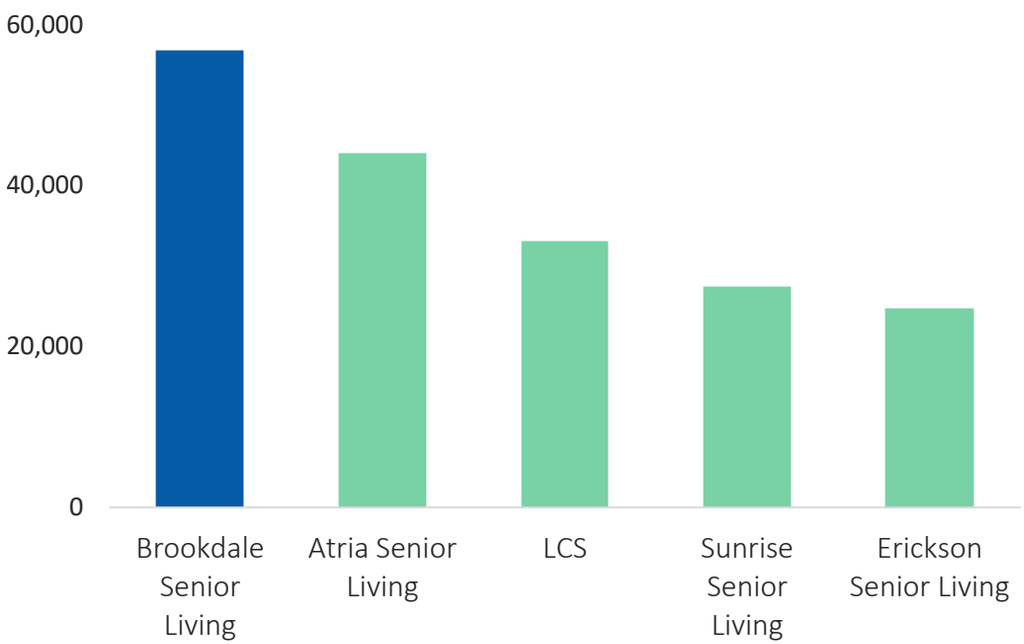
Premier Senior Housing Provider

#1
provider of Senior Housing in the U.S.[1]

93%
Private Pay[2]

64%
of our target senior population lives within 20 minutes of a Brookdale community[3]

BROOKDALE #1 IN UNITS OPERATED[4]



FAVORABLE OPERATIONAL TRENDS[5]

11%
Target population living in senior housing

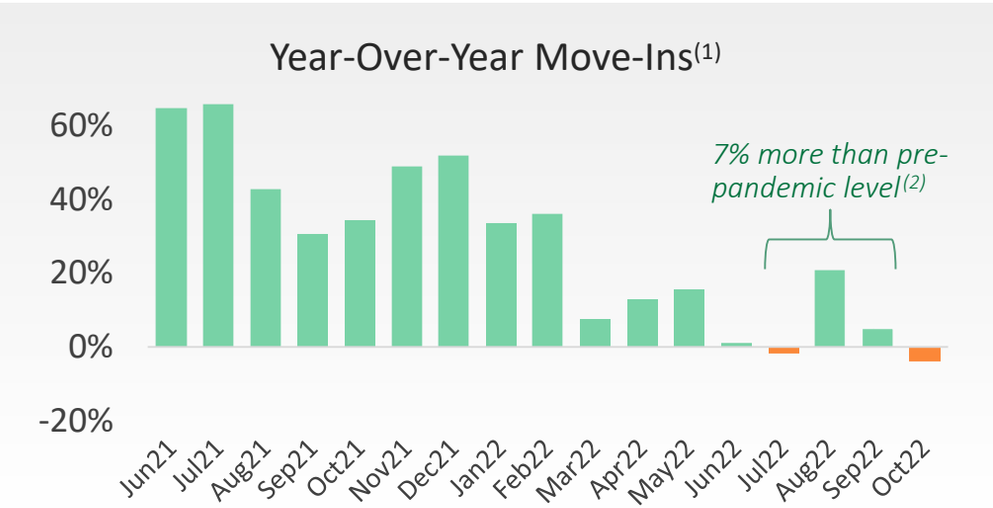
15%
of our residents are Baby Boomers

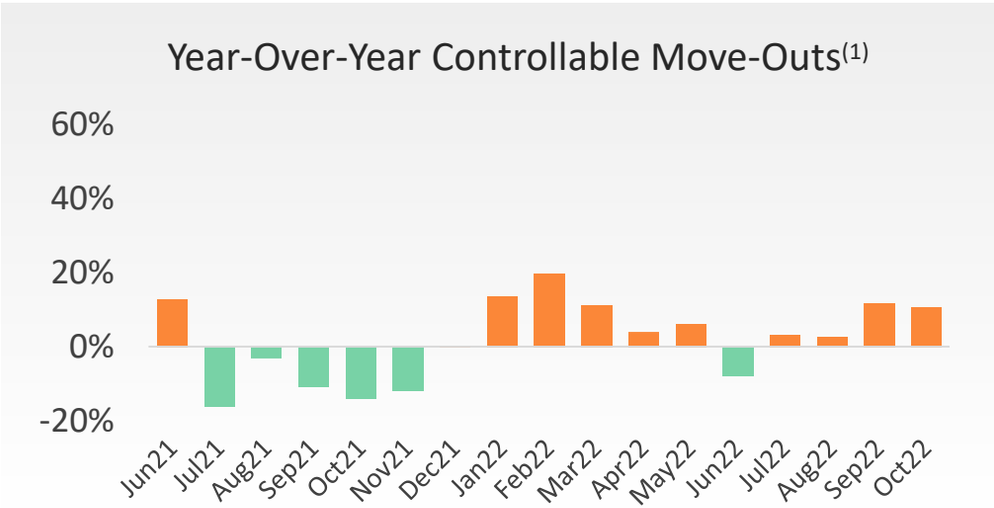
30%
Move-Ins under age 80

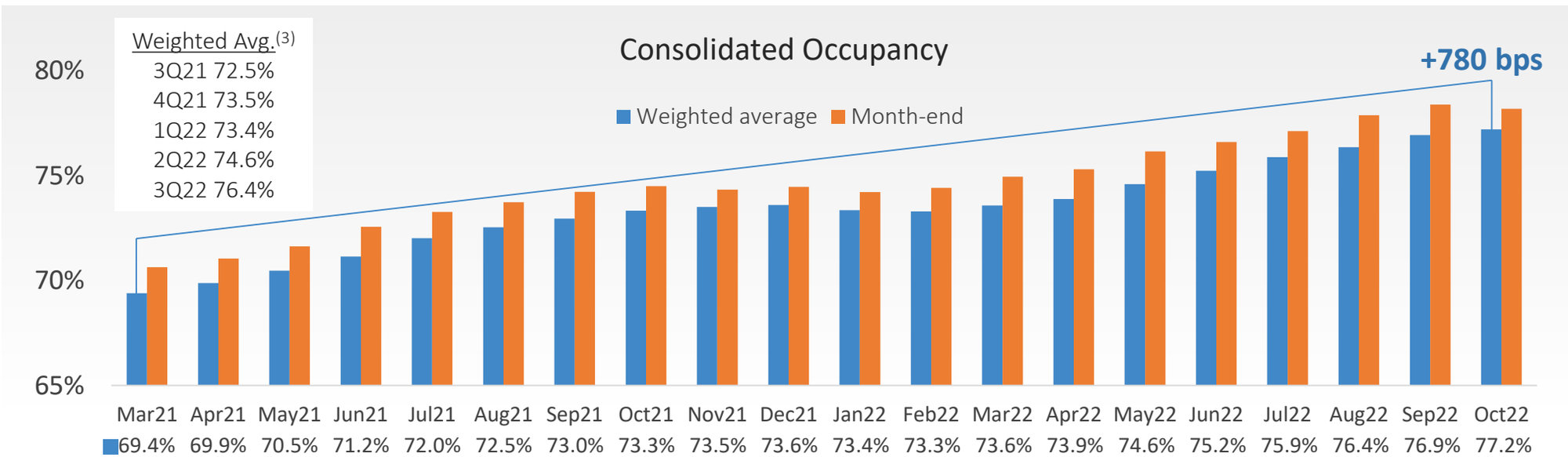
62%
Executive Directors with 2+ years tenure

BROOKDALE SENIOR LIVING

Community Updates



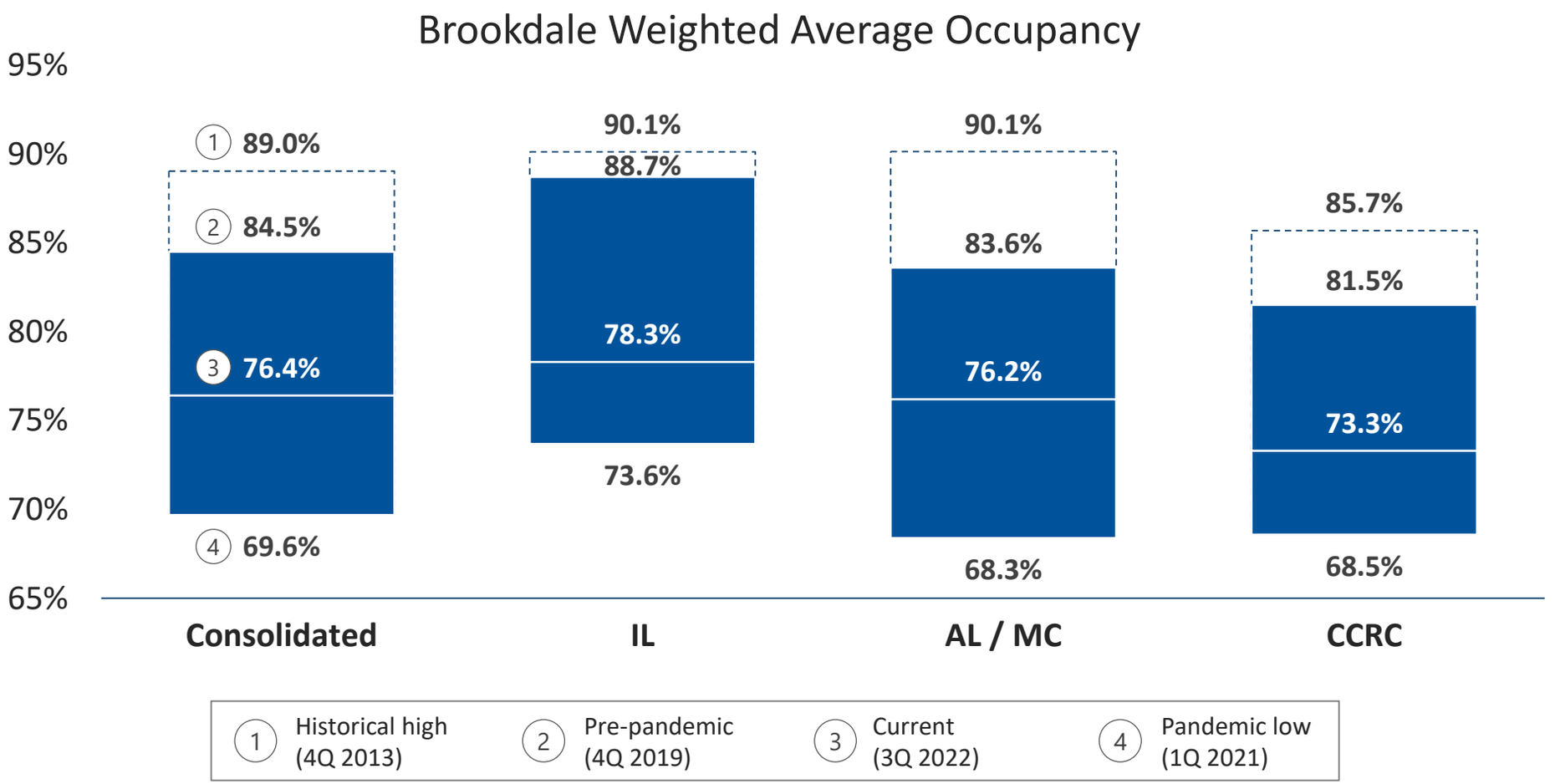




BROOKDALE SENIOR LIVING

Revenue Opportunity

- As we continue to rebuild occupancy, returning to pre-pandemic occupancy of 84.5% would drive at least $275M of incremental revenue(1)
- Achieving our historic occupancy high of 89.0% would drive at least $430M of incremental revenue(1)

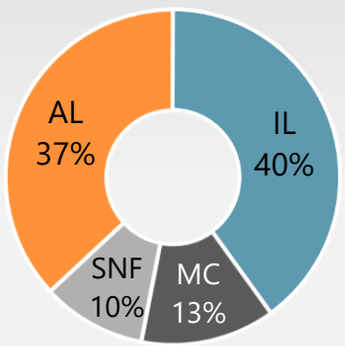


BROOKDALE SENIOR LIVING

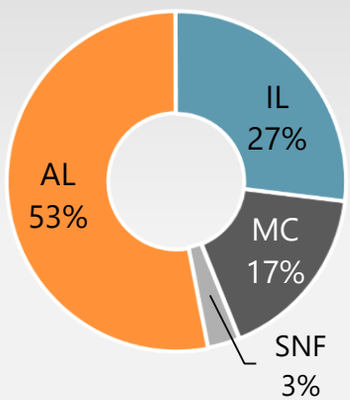
Industry: Significant Revenue Opportunity Given Favorable Supply and Demand Trends

SENIOR HOUSING MIX[1]

Industry

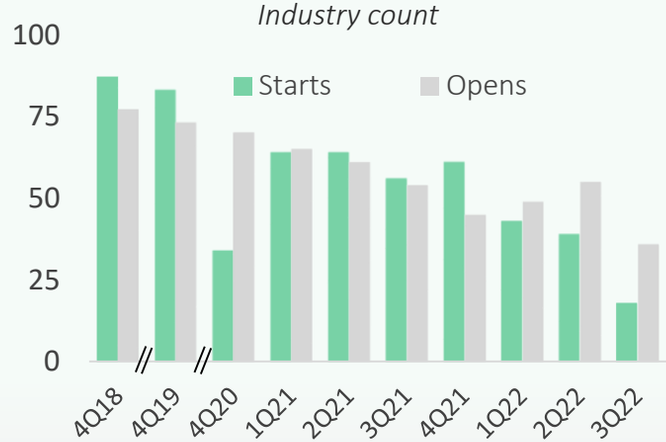


Brookdale

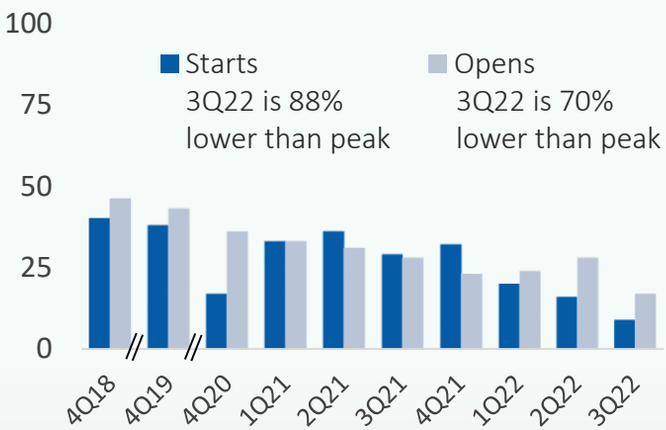


NEW STARTS AND OPENS[1]

Industry count

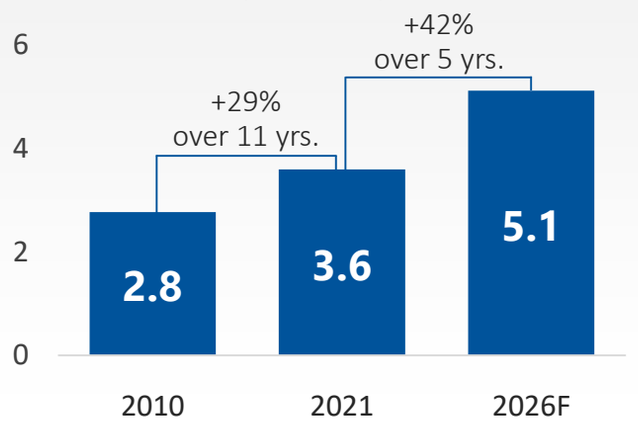


Within 20 minutes of a Brookdale community



US TARGET SENIOR POPULATION[2]

(in millions)



+42% forecast increase 2021 to 2026[2]

~1 million new seniors enter target market age cohort every year through 2030[3]

By 2034 adults age 65+ will exceed number of children[4]

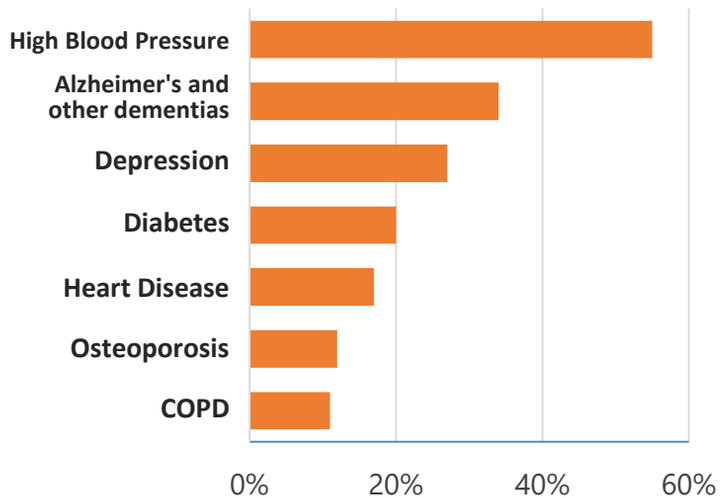
Competitive landscape is highly fragmented with ~2,500 operators. More than 90% operate five or fewer communities.[1]

BROOKDALE SENIOR LIVING

Industry: Growing Need for Senior Living

Higher Acuity Needs

Prevalence of chronic conditions in residential care[1]

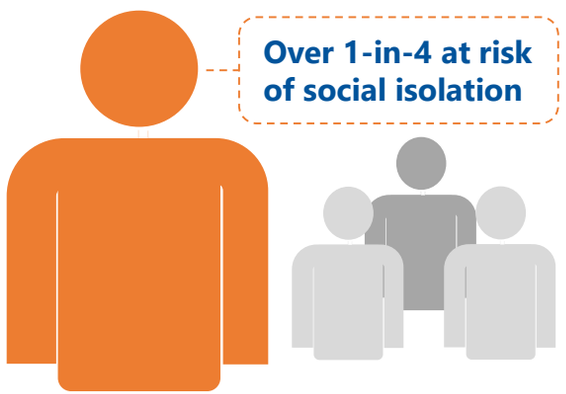


66% of residents diagnosed with at least two chronic conditions[1]

47% of seniors have a dementia diagnosis listed on their medical records within last two years of life[2]

Risk of Social Isolation

27% of those age 65+ live alone[3]



50% increased risk of dementia, stroke (+32%), heart disease (+29%) associated with social isolation[4]

43% drop in ratio of unpaid caregivers to seniors by 2030[5]

70% of adults age 65+ develop severe need of long term services and support[6]

BROOKDALE SENIOR LIVING

2022 Guidance

	Full Year 2022
RevPAR Growth	**~10%**
Adjusted EBITDA	**$250 million – $260 million**

The Company updated its full year 2022 RevPAR growth and Adjusted EBITDA guidance to incorporate year-to-date results and revised expectations for the remainder of 2022. This guidance excludes the potential impact of any future acquisition or disposition activity.

Reconciliation of the non-GAAP financial measure included in the foregoing guidance to the most comparable GAAP financial measure is not available without unreasonable effort due to the inherent difficulty in forecasting the timing or amounts of items required to reconcile Adjusted EBITDA from the Company's net income (loss). Variability in the timing or amounts of items required to reconcile the measure may have a significant impact on the Company's future GAAP results.

Key Expectations

- RevPAR: Higher occupancy and rate to mitigate labor cost increases
- Non-Development Capital Expenditures: ~$170 million, net of anticipated lessors' reimbursement
- Development Capital Expenditures: ~$10 million, net of anticipated lessors' reimbursement
- Unique uses of cash in 4Q22:
  - ($32M) – CARES Act deferred payroll tax repayment
  - ($ 6M) – Interest rate swap on new refinancing

BROOKDALE SENIOR LIVING

Important Note Regarding Non-GAAP Financial Measures. Adjusted EBITDA is a financial measure that is not calculated in accordance with U.S. generally accepted accounting principles (GAAP). See the definition of, and important information regarding, such measure, including reconciliation to the most comparable GAAP financial measure, in the Appendix hereto.

Appendix

Definition

RevPAR, or average monthly senior housing resident fee revenue per available unit, is defined by the Company as resident fee revenue for the corresponding portfolio for the period (excluding revenue from the former Health Care Services segment, revenue for private duty services provided to seniors living outside of the Company's communities, and entrance fee amortization), divided by the weighted average number of available units in the corresponding portfolio for the period, divided by the number of months in the period.

Non-GAAP Financial Measures

This Investor Presentation contains the financial measure Adjusted EBITDA, which is not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Presentation of this non-GAAP financial measure is intended to aid investors in better understanding the factors and trends affecting the Company's performance. However, investors should not consider this non-GAAP financial measure as a substitute for financial measures determined in accordance with GAAP, including net income (loss) or income (loss) from operations. Investors are cautioned that amounts presented in accordance with the Company's definitions of this non-GAAP financial measure may not be comparable to similar measures disclosed by other companies because not all companies calculate non-GAAP measures in the same manner. Investors are urged to review the reconciliations set forth in this Appendix of this non-GAAP financial measure from the most comparable financial measure determined in accordance with GAAP and to review the information under "Reconciliations of Non-GAAP Financial Measures" in the Company's earnings release dated November 7, 2022 for additional information regarding the Company's use and the limitations of such non-GAAP financial measure.

Non-GAAP Financial Measures

Adjusted EBITDA — Definition and Reconciliation

Adjusted EBITDA is a non-GAAP performance measure that the Company defines as net income (loss) excluding: benefit/provision for income taxes, non-operating income/expense items, and depreciation and amortization; and further adjusted to exclude income/expense associated with non-cash, non-operational, transactional, cost reduction, or organizational restructuring items that management does not consider as part of the Company's underlying core operating performance and that management believes impact the comparability of performance between periods. For the period presented herein, such other items include non-cash impairment charges, gain/loss on facility operating lease termination, operating lease expense adjustment, non-cash stock-based compensation expense, and transaction and organizational restructuring costs. Transaction costs include those directly related to acquisition, disposition, financing, and leasing activity, and are primarily comprised of legal, finance, consulting, professional fees, and other third party costs. Organizational restructuring costs include those related to the Company's efforts to reduce general and administrative expense and its senior leadership changes, including severance.

The table below reconciles Adjusted EBITDA from net income (loss) for the year ended December 31, 2021.

	Year Ended December 31, 2021
Net income (loss)	$ (99,364)
Provision (benefit) for income taxes	(8,163)
Equity in (earnings) loss of unconsolidated ventures	(10,394)
Loss (gain) on debt modification and extinguishment, net	1,932
Loss (gain) on sale of assets, net	(288,835)
Other non-operating (income) loss	(5,903)
Interest expense	195,140
Interest income	(1,349)
Income (loss) from operations	(216,936)
Depreciation and amortization	337,613
Asset impairment	23,003
Loss (gain) on facility operating lease termination, net	(2,003)
Operating lease expense adjustment	(23,280)
Non-cash stock-based compensation expense	16,270
Transaction and organizational restructuring costs	3,809
Adjusted EBITDA	$ 138,476

Adjusted EBITDA for the year ended December 31, 2021 includes a $12.4 million benefit for government grants and credits recognized in other operating income.

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Endnotes

Slide	Reference
4	1. Online surveys sent to national survey panel participants in top 10 markets, including senior living prospects and their influencers from May 24 to June 6, 2022
5	1. Services vary by community; some services require physician referral 2. Healthcare professionals rounding in our communities
6	1. National Investment Center for Seniors Housing & Care (NIC) IL, AL, and MC units, NIC Supply Set 3Q 2022 2. Brookdale's Senior Housing segments' resident fees for the trailing 12 months ending September 30, 2022 3. ESRI, Brookdale proprietary analysis; target senior population defined as those age 75+ with annual income of $50,000 or greater 4. For Brookdale, actual units as of September 30, 2022; for peers, as reported in "2022 ASHA 50 Operators" American Seniors Housing Association, August 2022 5. NIC for target population living in senior housing; Brookdale's proprietary analysis for community statistics
7	1. Move-Ins and Move-Outs based on same community portfolio; metric is stated for the month of the year shown compared to the same month in the prior year 2. 3Q 2022 compared to the average of the same quarter for three years prior to COVID-19 (2017 – 2019) 3. Weighted average is based on units occupied

Endnotes

Slide	Reference
8	1. Incremental revenue estimates represent annualized revenue impact of returning to pre-pandemic or historical high occupancy (compared to 3Q 2022 occupancy) based on 3Q 2022 RevPOR
9	1. NIC Supply Set 3Q 2022; NIC data subject to future revision; industry data does not include Brookdale 2. ESRI, Brookdale proprietary analysis; target senior population defined as those age 75+ with annual income of $50,000 or greater living within 20 minutes of a Brookdale community 3. "Projected Population by Single Year of Age, Sex, Race, and Hispanic Origin for the United States: 2016 to 2060" US Census Bureau, Population Division, September 2018; target market age cohort defined as 75+ 4. "Demographic Turning Points for the US: Population Projections for 2020 to 2060" US Census Bureau, February 2020
10	1. "Residential Care Community Resident Characteristics: United States, 2018" National Center for Health Statistics, CDC, September 2021 2. "Trends in US Medicare Decedents' Diagnosis of Dementia From 2004 to 2017" JAMA Health Forum, 2022; study covers seniors age 67 or older who were Medicare fee-for-service enrollees 3. "2020 Profile of Older Americans" Administration for Community Living, May 2021 4. "Social Isolation and Loneliness among Older Adults in the Context of COVID-19" Global Health Research and Policy, June 2020 5. "The Aging of the Baby Boom and the Growing Care Gap" AARP, 2013; in publication seniors defined as age 80+; decline 2010 to 2030 6. "What is the Lifetime Risk of Needing and Receiving Long-Term Services and Supports?" Office of Disability, Aging and Long-Term Care Policy, HHS, April 2019