

# Brookdale to Sell a Majority Stake in its Home Health & Hospice Business to HCA Healthcare and Retain a 20% Equity Interest



# Forward-Looking Statements - Safe Harbor

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Certain statements in this 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 our 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 include, but are not limited to, statements regarding our future financial performance and our sale of a majority stake in our home health, hospice, and outpatient therapy business ("Health Care Services") to HCA Healthcare as well as the expected benefits, synergies or opportunities of our retaining an ongoing interest in Health Care Services (collectively, the "Transaction"). These forward-looking statements are based on certain assumptions and expectations, and our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although we believe that expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our 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 our 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 risk that conditions to the closing of the Transaction may not be satisfied, including due to our or HCA Healthcare's inability to satisfy the closing conditions or industry, regulatory or economic conditions outside of our control, including those related to the ongoing COVID-19 pandemic and, if those conditions are neither satisfied nor, where permissible, waived on a timely basis, we may be unable to complete the Transaction, or the Transaction may be delayed or completed on terms that are less favorable, perhaps materially, to us than the terms currently contemplated; the risk that if the Transaction is delayed or not completed for any reason, investor confidence could decline, we could face negative publicity and possible litigation, and our business, results of operations, financial condition, cash flows and stock price may be adversely affected; and the risks detailed from time to time in our filings with the Securities and Exchange Commission ("SEC"), including those set forth in our 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 presentation. We cannot guarantee future results, levels of activity, performance or achievements, and, except as required by law, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained in this presentation to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.



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## Brookdale Enters into Definitive Agreement to Sell a Majority Stake in its Home Health, Hospice and Outpatient Therapy business (“Health Care Services”) to HCA Healthcare; Brookdale To Retain 20% Equity Interest

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*The health and wellbeing of our residents is at the core of Brookdale’s mission. Today’s partnership with HCA, a leading healthcare organization, will continue the high quality services delivered to our residents and patients, strengthen our liquidity position and provide meaningful opportunities for growth through better integration of services across the entire care continuum.*



**- Lucinda “Cindy” Baier, President and CEO of Brookdale Senior Living**



*HCA Healthcare’s objective is to be the healthcare system of choice in the communities we serve through the development of comprehensive services and by delivering high quality, convenient care to our patients. We believe this opportunity to partner with Brookdale will expand the services we offer and enhance our ability to deliver a better experience for our patients as well as for Brookdale residents.*



**- Sam Hazen, CEO of HCA Healthcare**

# Transaction Summary

## Overview

- Brookdale Senior Living Inc. ("Brookdale") has entered into a definitive agreement to sell an 80% interest in its home health, hospice, and outpatient therapy segment, Brookdale Health Care Services, to HCA Healthcare for approximately \$400 million, subject to adjustments
- Brookdale will retain a 20% ongoing equity interest in the business and remain a partner in the services it delivers for our residents
- HCA Healthcare expands its continuum of care through the addition of a national home health and hospice platform
- Brookdale, the leading operator of senior living communities, currently operates the 7<sup>th</sup> largest home health platform in the nation and has a growing hospice presence
- HCA Healthcare is one of the nation's leading providers of healthcare services, comprising more than 2,000 sites of care and over 32 million annual patient encounters

## Benefits for Resident and Patients

- Brookdale residents will continue to have access to high quality home health, hospice and outpatient services
- Provides opportunities to improve healthcare service offerings within our communities to enhance our residents' experience and health outcomes
- Agreement will help enhance the growth prospects for the business given the combined scale of services of both Brookdale and HCA Healthcare
- Significant opportunity to enhance overall quality of care for residents and patients through improved access to incremental services spanning the entire patient care continuum

## Financial Benefit <sup>(1)</sup>

- ~\$500 million implied transaction value
- Brookdale to retain 20% equity interest in the venture
  - Meaningful opportunity to participate in the value creation potential from partnering with HCA Healthcare
  - Brookdale expects to recognize its share of net profit as equity in earnings
- ~\$300 million net upfront cash proceeds strengthens Brookdale's liquidity position
- ~\$85 million of pandemic advancements and deferrals eliminated through purchase price adjustment
- This transaction is the most recent example of value creation for shareholders

## Timing

- Subject to regulatory approvals and customary closing conditions
- Transaction expected to close in the late first half or early second half of 2021

# Transaction Bolsters National Care Platform



## **Ability to Maintain Brookdale Residents' Access to High Quality Care**

Prioritizes the health and wellbeing of our residents



## **Benefits of Scale and Broad Market Reach**

Shared vision of providing personalized care with the benefit of increased scale

Leverages two leading companies' long and successful track record of working with residents and patients and their key healthcare decision makers



## **Expansion of Continuum of Care Focused on Driving High Quality Care**

Provides opportunities to improve healthcare service offerings within our communities to enhance our residents' experience and health outcomes



## **Industry-Leading Healthcare Expertise and Strong Brand Reputation**

Extensive industry relationships and strong quality of providers with depth of leadership and talent

# Venture Broadens Reach of Services for Residents



**Nearly 3,000 Combined  
Sites of Care and Service**



**726  
Communities**



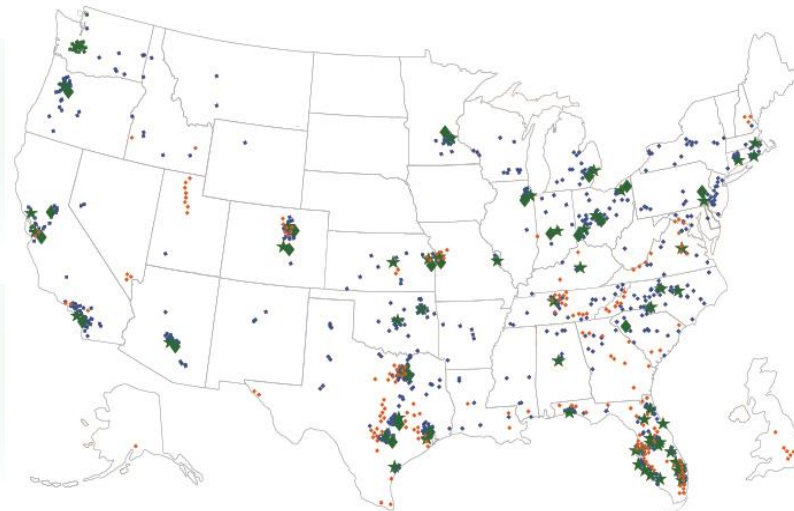
**~ 64,000  
Residents**  
Ability To Serve



**~ 17,000  
Patients**  
Per Day



**64%  
of Target Senior  
Population**  
Live Within 20 Minutes  
of a Brookdale  
Community<sup>(1)</sup>



- Brookdale community
- HCA Healthcare hospital
- ★ Home Health
- ◆ Hospice

## Health Care Services

**57  
Home Health  
Agencies<sup>(2)</sup>**



**22  
Hospice  
Agencies**



**185  
Hospitals**



**121  
Outpatient  
Surgery Centers**



**168  
Urgent Care  
Centers**



**119  
Freestanding  
Emergency Rooms**



**22  
Gastrointestinal  
Centers**



**1,366  
Physician  
Clinics**

# Significant Transactions While Executing on Operational Strategy



## Brookdale Strategy

**Win Locally** by providing choices for high quality care and personalized service by caring associates while leveraging industry leading scale and experience



**January 2020**

- Unlocked value from sale of unconsolidated CCRC venture interest
- Reduced lease exposure, improved cash flow and enhanced liquidity
- Year one benefit ~\$100 million<sup>(1)</sup>



**July 2020**

- Most significant lease improvement negotiated in Brookdale history
- \$500 million permanent cash rent reduction across 5½ years
- Year one benefit of ~\$85 million<sup>(2)</sup>



**February 2021**

- Announced sale of Brookdale Health Care Services majority stake, while retaining 20% equity interest
- High quality services continue for residents and future growth-initiative opportunities
- ~\$300 million net proceeds strengthens Brookdale's liquidity

(1) \$100 million management agreement termination fee payment received from Healthpeak related to the sale of Brookdale's interest in the entry fee CCRC venture.

(2) Excluding a one-time payment by Brookdale at closing of the Ventas transaction.

