



Key Take-Aways from January 26, 2021 Capital Markets Panel Discussion

Matthew Whitlock moderated the panel, which consisted of 2 Private Equity professionals and 2 Lenders.

CAPITAL MARKETS MODERATOR



Matthew Whitlock
CIO & Managing Director, Senior Housing
Berkshire Residential Investments

CAPITAL MARKETS PANELISTS



Sebastian Brown
Managing Director of Senior Living
RSF Partners



Dana Scheppmann
Senior Vice President
Capital One Healthcare



Brian Sunday
Director
AEW Capital Management



Aron Will
Vice Chairman
CBRE Capital Markets

- Webinar concentrated on the second half of 2020 and a look forward to 2021 and beyond
- There were several themes discussed
 - Second half transactions
 - Reliance on operating partners
 - Future is very bright.

Second half of 2020 transactions:

- Equity
 - Precious few sales took place
 - Occupancy had not bottomed.
 - Sellers wanted value based on a recovery in occupancy and operations that had not truly been measurable to date
 - Bid-ask spread to great.
- Debt
 - Many debt transactions concluded.
 - Collateral for new loans and refinancing became very conservative in H1 (LTV, Reserves, etc)
 - Collateral loosened somewhat H2
 - Pricing for debt is extremely attractive
 - Balance sheet loans and many agency loans were concluded H2
 - Mostly re-finance business (see comment above regarding transactions)

Reliance on Operating Partners

- All panelists were very loyal to their Operating Partners
 - Both equity and debt capital panelists continue to state “We have the best partners)
- Panelists suggest the actions taken by their Operating Partners was the difference between survival and failure
- Lenders suggest existing Borrower relationships made stronger by the familiarity of operations
- Equity providers suggest new partners difficult to approve before ill-effects of pandemic subside

Future is very bright

- While lots of attention drawn to senior demographic based on disproportionate mortality rate of senior populations:
 - Senior Housing lead the nation in determining and implementing appropriate protocols to protect the resident
 - The industry is now far better prepared to handle the challenge of a virus outbreak
 - Operators in the space should be commended for their ongoing efforts
- There is a tremendous amount of capital that remains committed to the senior housing space
- Capital providers know the pandemic will subside and investment in the space will return.
- Mortality rate in 75+ age category was not significantly higher in 2020
- Demographic wave (Silver Tsunami) is still coming and demand for senior housing will continue into the last half of the decade.