



New Senior Investment Group Quarterly Supplement

Third Quarter 2014

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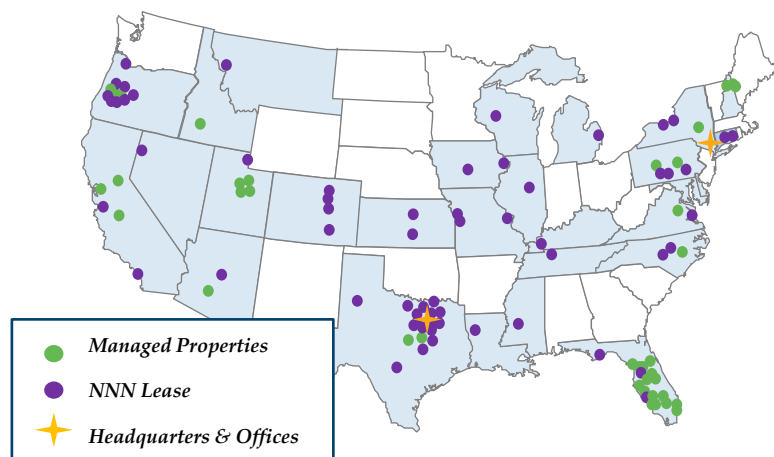
Portfolio Overview⁽¹⁾

Portfolio Summary⁽²⁾

(\$ thousands)

	Properties	Beds	States	Investment	TTM Results			Annualized	
					EBITDARM Coverage	Rev. Quality Mix	3Q 2014 Occupancy	Cash Revenue	Cash NOI
Senior Housing – Managed	42	5,303	16	\$619,334	N/A	95%	84.0%	\$160,348	\$44,868
Senior Housing – NNN	57	7,074	24	1,185,058	1.28x	100%	89.6%	79,248	79,248
Total	99	12,377	27	\$1,804,392		98%		\$239,596	\$124,116

Portfolio Diversification



Financial Summary⁽³⁾

(\$ in millions)

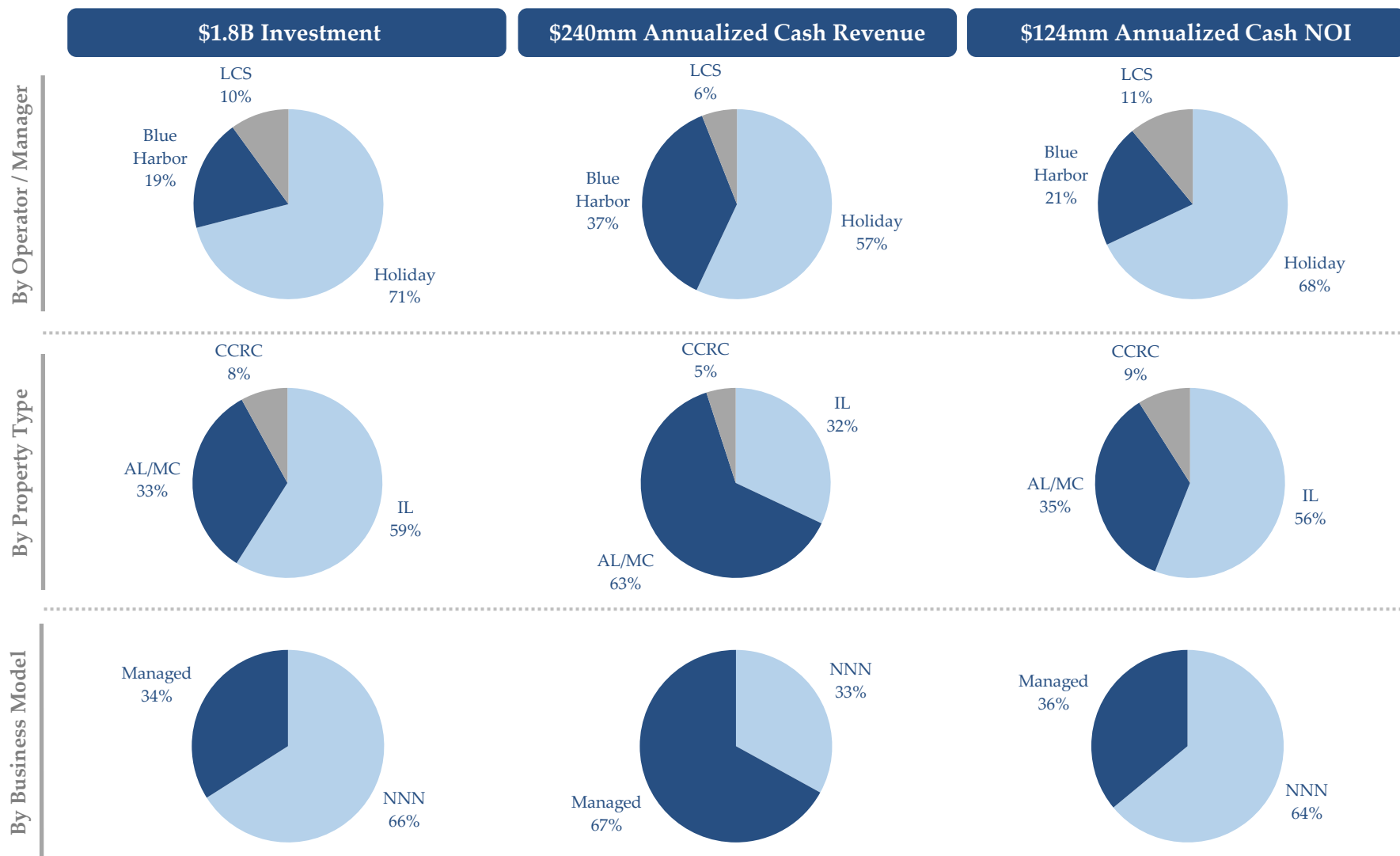
	1Q'14	2Q'14	3Q'14
Segment NOI			
Managed Properties	\$9.8	\$11.1	\$11.6
NNN Lease Properties	22.3	22.3	26.7
Total Segment NOI (unlevered)	\$32.1	\$33.4	\$38.3

1) See glossary included at the end of this presentation for definitions of various terms used on this page and throughout the presentation.

2) As of September 30, 2014. Annualized cash revenue and annualized cash NOI represent 3Q 2014 cash revenue and cash NOI, respectively, multiplied by four. Occupancy of managed and triple net (“NNN”) properties is based on average occupied beds divided by average available beds for each of the respective periods in the quarter. NNN occupancy and EBITDARM coverage is presented one quarter in arrears from the date reported and excludes NNN acquisitions completed during the second quarter of 2014.

3) Total segment NOI, cash revenue and cash NOI are non-GAAP measures. See reconciliation to the most comparable GAAP measures at the end of this presentation.

Portfolio Diversification⁽¹⁾



1) Investment as of September 30, 2014. Annualized cash revenue and annualized cash NOI represent 3Q 2014 cash revenue and cash NOI, respectively, multiplied by four.

Senior Housing Managed Portfolio

Managed Portfolio Statistics

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

	Year Over Year Comparison				Sequential Quarter Comparison	
	Total		Same Store		Total	
	<u>3Q'14</u>	<u>3Q'13</u>	<u>3Q'14</u>	<u>3Q'13</u>	<u>3Q'14</u>	<u>2Q'14</u>
Ending Properties	42	31	12	12	42	38
Average Available Beds	5,015	3,014	1,427	1,425	5,015	4,772
Average Occupancy	84.0%	83.8%	89.0%	87.6%	84.0%	83.1%
Average Monthly RevPOR	\$3,203	\$3,200	\$3,912	\$3,685	\$3,203	\$3,132
Revenue	\$40,473	\$24,257	\$14,908	\$13,797	\$40,473	\$37,277
Operating expenses	(26,365)	(16,476)	(9,134)	(8,975)	(26,365)	(24,036)
EBITDARM⁽¹⁾	\$14,108	\$7,781	\$5,774	\$4,822	\$14,108	\$13,241
Property management fees	(2,505)	(1,450)	(998)	(810)	(2,505)	(2,178)
Segment NOI	\$11,603	\$6,331	\$4,776	\$4,012	\$11,603	\$11,063
EBITDARM Margin	34.9%	32.1%	38.7%	34.9%	34.9%	35.5%
Segment NOI Margin	28.7%	26.1%	32.0%	29.1%	28.7%	29.7%

1) EBITDARM is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this presentation.

Triple-Net Lease Portfolio



Triple-Net Portfolio Statistics

	Sequential Quarter Comparison	
	3Q'14	2Q'14
Properties	57	57
Beds	7,074	7,107
Average Occupancy ⁽¹⁾	89.6%	89.4%
TTM EBITDARM Coverage ⁽¹⁾	1.28x	1.25x

Holiday Transaction – Closed December 2013

- 51 properties across 24 states with 89.3% occupancy at acquisition
- \$1.0 billion acquisition, 17-year sale-leaseback
- Initial cash lease yield of 6.5% with 4.5% annual escalators in years 2 to 4 and minimum of 3.5% thereafter⁽²⁾
- Minimum guarantor net worth, fixed charge, leverage, and CapEx requirements

LCS Transaction – Closed June 2014

- Texas portfolio with four rental CCRC's, one IL property, and one AL/MC property
- \$186 million acquisition and 15-year triple net lease with subsidiary of Life Care Companies LLC ("LCS")
- Initial cash lease yield of 7.6% with 3.75% annual escalators in years 2 to 4 and 2.5% thereafter⁽²⁾
- Minimum guarantor net worth, fixed charge, leverage, and CapEx requirements

1) Occupancy and EBITDARM coverage is presented one quarter in arrears from the date reported and excludes NNN acquisitions completed during the second quarter of 2014.

2) Cash lease yield represents first year lease payment required by contract, divided by property purchase price.

Investment Activity

(\$ in thousands)

Historical Investment Activity

		Properties	Investment	Type	Beds
2012	Managed	12	\$190,568	IL/AL/MC	1,427
2013	Triple Net	51	1,000,475	IL	5,840
	Managed	21	310,645	IL/AL/MC	3,036
1Q'14	Managed – 1Q	2	23,317	IL/AL/MC	262
2Q'14	Triple Net – 2Q	6	184,583	IL/AL/MC/CCRC	1,234
	Managed – 2Q	3	22,263	AL/MC	147
3Q'14	Managed – 3Q	4	72,541	IL/AL/MC	431
TOTAL		99	\$1,804,392		12,377

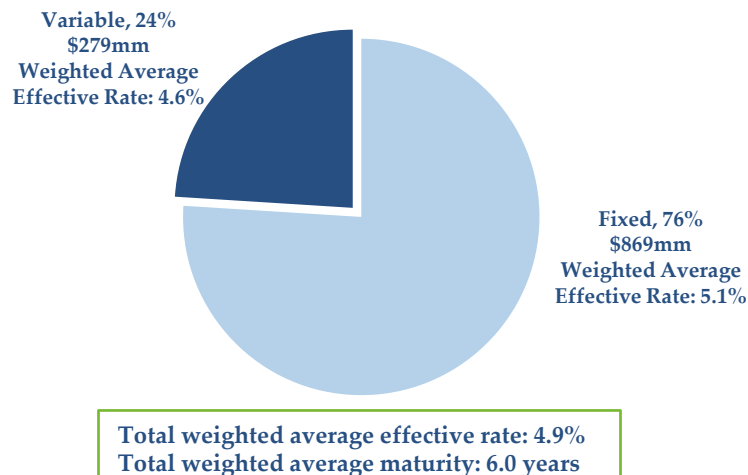
Capitalization⁽¹⁾

(\$ in millions)

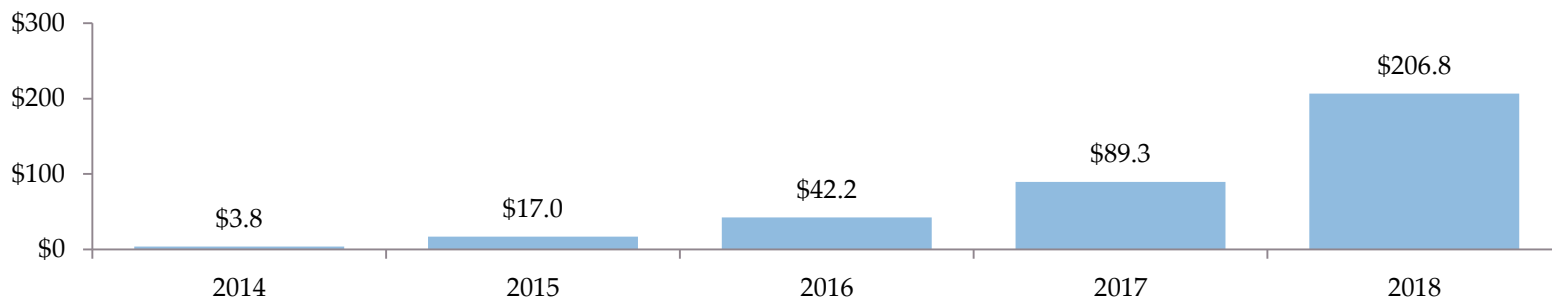
Capital Structure

Price as of 11/28/2014	\$17.64
Shares outstanding	66.4
Market capitalization	\$1,171.3
Total debt	1,148.0
Cash	(42.5)
Net debt	\$1,105.5
Enterprise Value	\$2,276.8
<hr/>	
Net Debt / Gross Assets	57.4%
Net Debt / Enterprise Value	48.6%

Debt Characteristics



Debt Maturities



1) Debt information is as of September 30, 2014. Subsequent to September 30, 2014, New Senior closed on additional mortgage financing of \$115 million that matures in 2017. In addition, Newcastle contributed \$210 million of investable cash to New Senior at the time of the spin-off.

Non-GAAP Reconciliation

Total NOI Reconciliation⁽¹⁾

(\$ in millions)

	1Q '14			2Q '14			3Q '14		
	<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>
Revenue	22.3	35.5	57.8	22.3	37.3	59.6	26.7	40.5	67.2
Property operating expense	-	(25.7)	(25.7)	-	(26.2)	(26.2)	-	(28.9)	(28.9)
Segment / Total NOI	22.3	9.8	32.1	22.3	11.1	33.4	26.7	11.6	38.3
Depreciation and amortization			(22.8)			(23.2)			(28.7)
Interest expense			(13.3)			(14.1)			(14.1)
Acquisition and transaction expense			(4.1)			(4.0)			(4.0)
Management fee to affiliate			(1.7)			(1.7)			(2.4)
General and administrative expense			(0.8)			(0.8)			(1.4)
Other income			-			-			1.5
Income tax expense			(0.3)			(0.6)			(0.4)
Net loss			(10.9)			(11.0)			(11.2)

1) 1Q '14 and 2Q '14 information as reported in New Senior's Form 10. 3Q '14 information as reported in New Senior's 10-Q for the quarter ended September 30, 2014.

Non-GAAP Reconciliation

Cash Revenue Reconciliation

(\$ in millions)

	3Q '14		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
Cash revenue	19.8	40.1	59.9
Straight-line rent	6.9	-	6.9
Amortization of deferred community fees	-	0.4	0.4
Revenue	26.7	40.5	67.2
Property operating expense			(28.9)
Depreciation and amortization			(28.7)
Interest expense			(14.1)
Acquisition and transaction expense			(4.0)
Management fee to affiliate			(2.4)
General and administrative expense			(1.4)
Other income			1.5
Income tax expense			(0.4)
Net loss			(11.2)

Non-GAAP Reconciliation

Cash NOI Reconciliation

(\$ in millions)

	3Q '14		
	<u>NNN Properties</u>	<u>Managed Properties</u>	<u>Total</u>
Cash NOI	19.8	11.2	31.0
Straight-line rent	6.9	-	6.9
Amortization of deferred community fees	-	0.4	0.4
Segment / Total NOI	26.7	11.6	38.3
Depreciation and amortization			(28.7)
Interest expense			(14.1)
Acquisition and transaction expense			(4.0)
Management fee to affiliate			(2.4)
General and administrative expense			(1.4)
Other income			1.5
Income tax expense			(0.4)
Net loss			(11.2)

Non-GAAP Reconciliation

EBITDARM Reconciliation⁽¹⁾

(\$ in millions)

	3Q '13			2Q '14			3Q '14		
	<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>
EBITDARM	-	7.8	7.8	22.3	13.3	35.6	26.7	14.1	40.8
Property management fees	-	(1.5)	(1.5)	-	(2.2)	(2.2)	-	(2.5)	(2.5)
Segment / Total NOI	-	6.3	6.3	22.3	11.1	33.4	26.7	11.6	38.3
Depreciation and amortization			(7.5)			(23.2)			(28.7)
Interest expense			(3.0)			(14.1)			(14.1)
Acquisition and transaction expense			(3.6)			(4.0)			(4.0)
Management fee to affiliate			(0.5)			(1.7)			(2.4)
General and administrative expense			(0.3)			(0.8)			(1.4)
Other income			-			-			1.5
Income tax expense			(0.1)			(0.6)			(0.4)
Net loss			(8.7)			(11.0)			(11.2)

1) 2Q '14 information as reported in New Senior's Form 10. 3Q '14 and 3Q '13 information as reported in New Senior's 10-Q for the quarter ended September 30, 2014.

Non-GAAP Reconciliation

Same-Store EBITDARM Reconciliation

(\$ in millions)

	3Q '13				3Q '14			
	<u>NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>	<u>NNN Properties</u>	<u>Same Store Managed Properties</u>	<u>Non-Same Store Managed Properties</u>	<u>Total</u>
EBITDARM	-	4.8	3.0	7.8	26.7	5.8	8.3	40.8
Property management fees	-	(0.8)	(0.7)	(1.5)	-	(1.0)	(1.5)	(2.5)
Segment/ Total NOI	-	4.0	2.3	6.3	26.7	4.8	6.8	38.3
Depreciation and amortization				(7.5)				(28.7)
Interest expense				(3.0)				(14.1)
Acquisition and transaction expense				(3.6)				(4.0)
Management fee to affiliate				(0.5)				(2.4)
General and administrative expense				(0.3)				(1.4)
Other income				-				1.5
Income tax expense				(0.1)				(0.4)
Net loss				(8.7)				(11.2)

Glossary

Cash Revenue and Annualized Cash Revenue

Cash Revenue is a non-GAAP measure that represents Revenue excluding the effects of straight-line rents, amortization of above/below market lease intangibles and amortization of deferred community fees. Annualized Cash Revenue is calculated based on the most recent quarter's Cash Revenue multiplied by four.

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.

Gross Assets

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

Facility EBITDARM

EBITDARM is a non-GAAP measure and represents earnings before interest, taxes, depreciation, amortization, rent and management fees for a particular facility accruing to the operator/tenant of the property (where we are lessor), for the trailing 12 months and one quarter in arrears from the date reported. We use Facility 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. Facility EBITDARM does not represent the facility's net income or cash flow from operation and should not be considered an alternative to those indications.

Investment

Represents the carrying amount of real estate assets, including intangibles, after adding back accumulated depreciation and amortization.

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 to affiliates. We define Cash NOI as NOI excluding the effects of straight-line rents, amortization of above/below market lease intangibles and amortization of deferred community fees. We consider NOI as an important supplemental measure used to evaluate the operating performance of our segments because it allows investors, analysts and our management to assess our unleveraged property-level operating results and to compare our operating results with other real estate companies, and between periods on a consistent basis.

Occupancy

Occupancy represents the facilities' average operating occupancy for the trailing three-month period, and one quarter in arrears from the date reported for the triple net leased properties. 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 and one quarter in arrears from the period presented.

RevPOR

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

Same Store Portfolio

Properties that remained in operations and were consistently reported as leased properties or managed properties for the duration of both comparison periods presented. Same store statistics allow management to evaluate the performance of our real estate portfolio under a consistent population, which eliminates changes in the composition of our portfolio.