



Quarterly Investor Presentation

Fourth Quarter and Full Year 2018



Legacy at Georgetown
Georgetown, TX

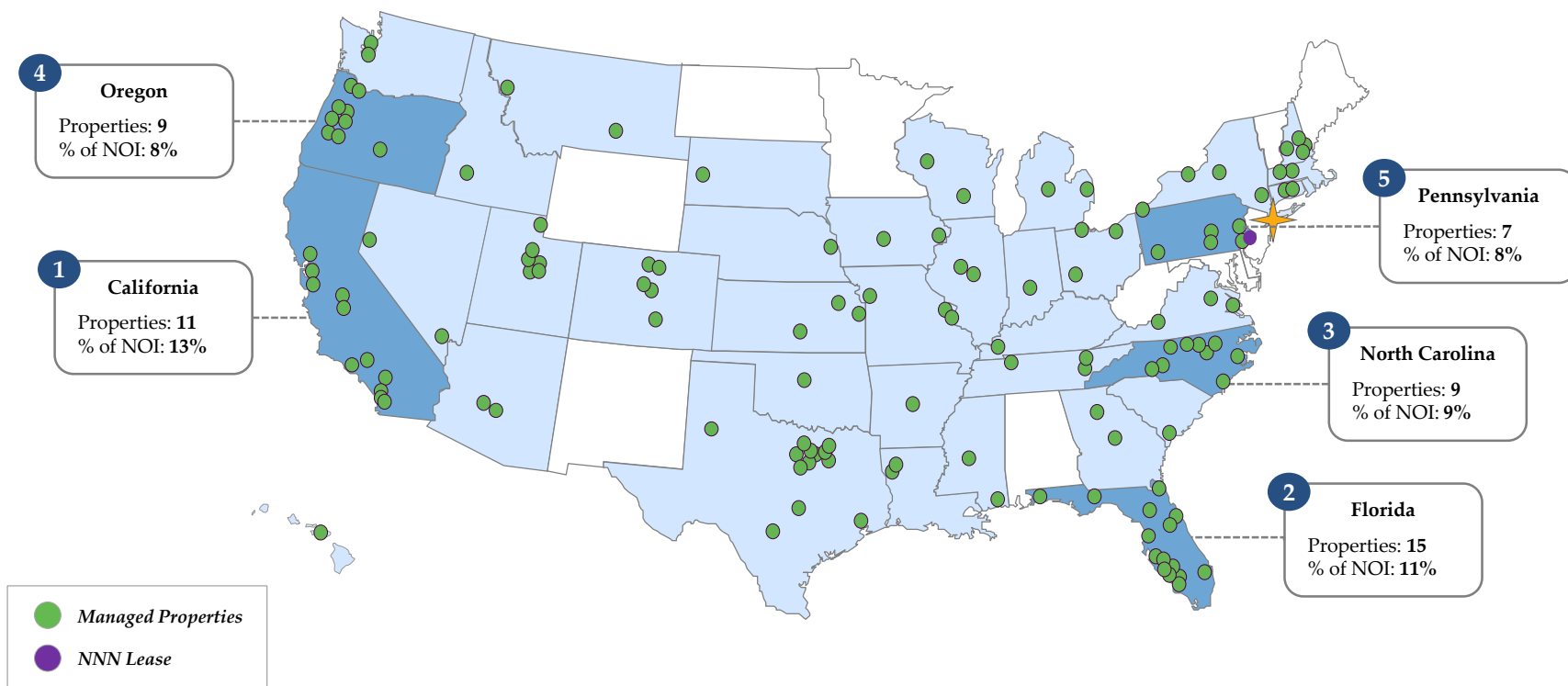
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Portfolio Overview⁽¹⁾

Total Portfolio

| (\$ in thousands) | Properties | Beds | Units | States | Investment | TTM EBITDARM Coverage ⁽²⁾ | 4Q18 Occupancy ⁽²⁾ | 4Q18 Ann. NOI | 4Q18 Ann. Cash NOI |
|-------------------------------------|------------|---------------|---------------|-----------|--------------------|--------------------------------------|-------------------------------|------------------|--------------------|
| Senior Housing – Managed | 132 | 15,395 | 15,087 | 37 | \$2,464,278 | N/A | 86.0% | \$167,103 | \$169,190 |
| Senior Housing – NNN ⁽³⁾ | 1 | 463 | 429 | 1 | \$57,974 | 1.37x | 87.7% | \$6,328 | \$5,643 |
| Total | 133 | 15,858 | 15,516 | 37 | \$2,522,252 | | | \$173,431 | \$174,833 |



1) Percentages calculated based on 4Q18 NOI.

2) NNN occupancy and EBITDARM coverage are presented one quarter in arrears from the date reported on a trailing twelve month basis.

3) Triple net lease matures in May 2030.

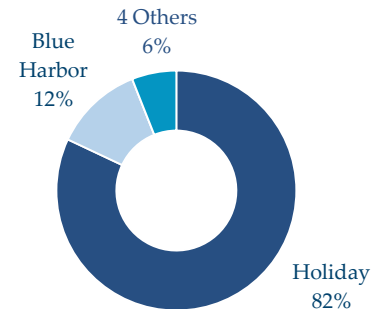
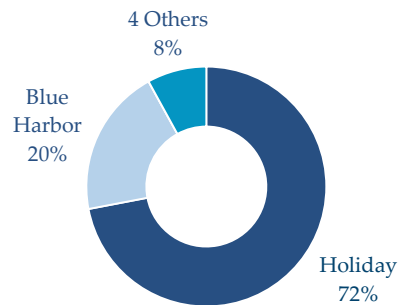
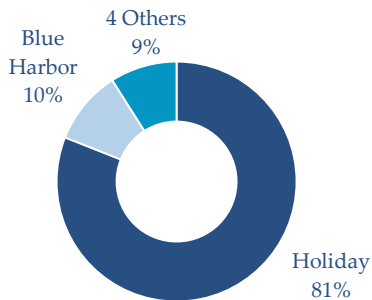
Portfolio Diversification⁽¹⁾

\$2.5bn Investment

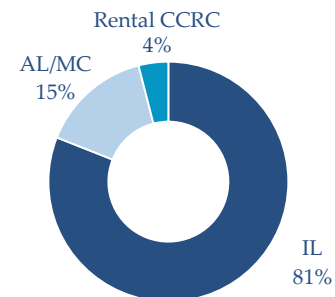
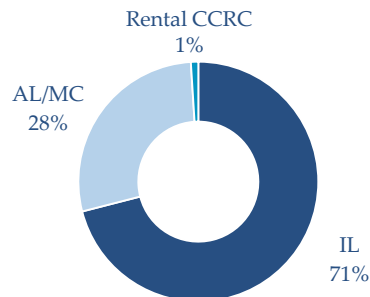
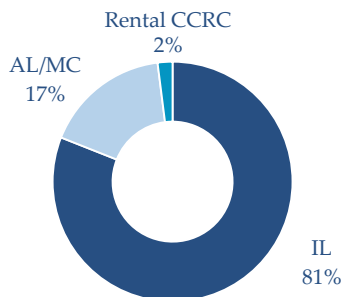
\$474mm Annualized Revenue

\$173mm Annualized NOI

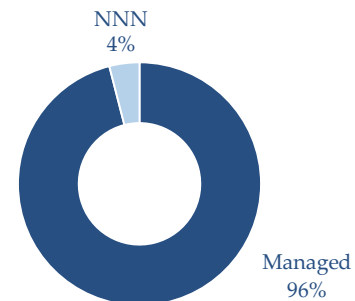
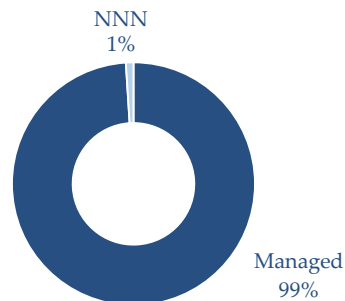
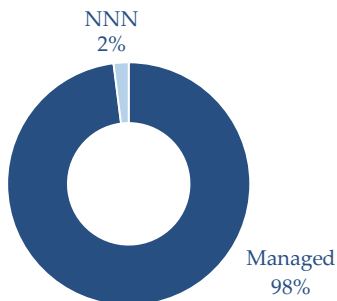
By Operator / Manager



By Property Type



By Business Model



1) Percentages calculated based on 4Q18.

Portfolio Diversification⁽¹⁾

By State

| (\$ in thousands) | | | | | | | | | |
|-------------------|------------|-------------------|-------------|------------|-----------------|-------------|------------|-------------------|-------------|
| Managed | | | | NNN | | | Total | | |
| State | Properties | Annual. NOI | % of Total | Properties | Annual. NOI | % of Total | Properties | Annual. NOI | % of Total |
| California | 11 | \$ 21,884 | 13% | - | \$ - | - | 11 | \$ 21,884 | 12% |
| Florida | 15 | 19,829 | 12% | - | - | - | 15 | 19,829 | 11% |
| North Carolina | 9 | 15,120 | 9% | - | - | - | 9 | 15,120 | 9% |
| Oregon | 9 | 13,543 | 8% | - | - | - | 9 | 13,543 | 8% |
| Pennsylvania | 6 | 7,164 | 4% | 1 | 6,328 | 100% | 7 | 13,492 | 8% |
| Texas | 13 | 11,511 | 7% | - | - | - | 13 | 11,511 | 6% |
| New York | 3 | 6,540 | 4% | - | - | - | 3 | 6,540 | 4% |
| Colorado | 5 | 5,479 | 3% | - | - | - | 5 | 5,479 | 3% |
| Missouri | 3 | 4,651 | 3% | - | - | - | 3 | 4,651 | 3% |
| New Hampshire | 4 | 4,595 | 3% | - | - | - | 4 | 4,595 | 3% |
| Other states | 54 | 56,787 | 34% | - | - | - | 54 | 56,787 | 33% |
| Total | 132 | \$ 167,103 | 100% | 1 | \$ 6,328 | 100% | 133 | \$ 173,431 | 100% |

By Operator / Manager

| (\$ in thousands) | | | | | | | | | |
|-------------------|------------|-------------------|-------------|------------|-----------------|-------------|------------|-------------------|-------------|
| Managed | | | | NNN | | | Total | | |
| Operator/ Manager | Properties | Annual. NOI | % of Total | Properties | Annual. NOI | % of Total | Properties | Annual. NOI | % of Total |
| Holiday | 102 | \$ 141,379 | 85% | - | \$ - | - | 102 | \$ 141,379 | 82% |
| Blue Harbor | 21 | 20,934 | 12% | - | - | - | 21 | 20,934 | 12% |
| Other operators | 9 | 4,790 | 3% | 1 | 6,328 | 100% | 10 | 11,118 | 6% |
| Total | 132 | \$ 167,103 | 100% | 1 | \$ 6,328 | 100% | 133 | \$ 173,431 | 100% |

1) Percentages calculated based on 4Q18 NOI.

4Q and Full Year 2018 Adjusted Same Store Total Portfolio

| | 4Q18: Year-over-Year | | | | FY18: Year-over-Year ⁽¹⁾ | | | |
|----------------------------------|------------------------------|----------|----------|------|-------------------------------------|-----------|-----------|--------|
| (\$ in thousands) | Adjusted Same Store Cash NOI | | | | Adjusted Same Store Cash NOI | | | |
| | # of Prop. | 4Q17 | 4Q18 | Δ | # of Prop. | 2017 | 2018 | Δ |
| <i>Managed Properties</i> | 130 | \$42,110 | \$42,186 | 0.2% | 130 | \$167,616 | \$163,119 | (2.7%) |
| <i>NNN Properties</i> | 1 | \$1,372 | \$1,411 | 2.8% | 1 | \$5,431 | \$5,592 | 3.0% |
| <i>Total Adjusted Same Store</i> | 131 | \$43,482 | \$43,597 | 0.3% | 131 | \$173,047 | \$168,711 | (2.5%) |

4Q 2018 Adjusted Same Store Managed Portfolio

4Q18: Year-over-Year Comparison

(\$ in thousands, except
RevPOR)

| | IL | | | AL/MC | | | Total | | |
|----------------------------|----------|----------|---------|---------|---------|----------|----------|----------|---------|
| | 4Q17 | 4Q18 | Δ | 4Q17 | 4Q18 | Δ | 4Q17 | 4Q18 | Δ |
| # of Properties | 102 | 102 | -- | 28 | 28 | -- | 130 | 130 | -- |
| Avg. Available Beds | 11,972 | 11,974 | 2 | 3,137 | 3,143 | 6 | 15,109 | 15,117 | 8 |
| Occupancy | 88.0% | 87.8% | (20bps) | 82.0% | 80.6% | (140bps) | 86.7% | 86.3% | (40bps) |
| RevPOR | \$2,640 | \$2,660 | 0.8% | \$3,981 | \$4,032 | 1.3% | \$2,903 | \$2,927 | 0.8% |
| NOI | \$35,237 | \$35,178 | (0.2%) | \$7,100 | \$6,435 | (9.4%) | \$42,337 | \$41,613 | (1.7%) |
| NOI Margin | 42.2% | 41.9% | (30bps) | 23.1% | 21.0% | (210bps) | 37.1% | 36.3% | (80bps) |
| Cash NOI | \$35,066 | \$35,752 | 2.0% | \$7,044 | \$6,434 | (8.7%) | \$42,110 | \$42,186 | 0.2% |

4Q 2018 Adjusted Same Store Managed Portfolio

4Q18: Quarter-over-Quarter Comparison

(\$ in thousands, except RevPOR)

| | IL | | | AL/MC | | | Total | | |
|----------------------------|----------|----------|----------------|---------|---------|--------------|----------|----------|----------------|
| | 3Q18 | 4Q18 | Δ | 3Q18 | 4Q18 | Δ | 3Q18 | 4Q18 | Δ |
| <i># of Properties</i> | 102 | 102 | -- | 28 | 28 | -- | 130 | 130 | -- |
| <i>Avg. Available Beds</i> | 11,974 | 11,974 | -- | 3,142 | 3,143 | 1 | 15,116 | 15,117 | 1 |
| <i>Occupancy</i> | 88.1% | 87.8% | (30bps) | 80.1% | 80.6% | 50bps | 86.4% | 86.3% | (10bps) |
| <i>RevPOR</i> | \$2,633 | \$2,660 | 1.0% | \$4,018 | \$4,032 | 0.3% | \$2,900 | \$2,927 | 0.9% |
| <i>NOI</i> | \$32,884 | \$35,178 | 7.0% | \$6,241 | \$6,435 | 3.1% | \$39,125 | \$41,613 | 6.4% |
| <i>NOI Margin</i> | 39.5% | 41.9% | 240bps | 20.6% | 21.0% | 40bps | 34.4% | 36.3% | 190bps |
| <i>Cash NOI</i> | \$34,001 | \$35,752 | 5.2% | \$6,273 | \$6,434 | 2.6% | \$40,274 | \$42,186 | 4.7% |

Full Year 2018 Adjusted Same Store Managed Portfolio

FY18: Year-over-Year Comparison⁽¹⁾

(\$ in thousands, except RevPOR)

| | IL | | | AL/MC | | | Total | | |
|----------------------------|-----------|-----------|----------|----------|----------|----------|-----------|-----------|----------|
| | 2017 | 2018 | Δ | 2017 | 2018 | Δ | 2017 | 2018 | Δ |
| <i># of Properties</i> | 102 | 102 | -- | 28 | 28 | -- | 130 | 130 | -- |
| <i>Avg. Available Beds</i> | 11,967 | 11,974 | 7 | 3,138 | 3,140 | 2 | 15,105 | 15,114 | 9 |
| <i>Occupancy</i> | 87.5% | 87.6% | 10bps | 83.6% | 80.3% | (330bps) | 86.7% | 86.1% | (60bps) |
| <i>RevPOR</i> | \$2,643 | \$2,643 | 0.0% | \$3,962 | \$4,008 | 1.2% | \$2,907 | \$2,908 | 0.0% |
| <i>NOI</i> | \$136,464 | \$133,576 | (2.1%) | \$30,282 | \$25,975 | (14.2%) | \$166,745 | \$159,551 | (4.3%) |
| <i>NOI Margin</i> | 41.1% | 40.1% | (100bps) | 24.3% | 21.4% | (290bps) | 36.5% | 35.1% | (140bps) |
| <i>Cash NOI</i> | \$137,363 | \$137,103 | (0.2%) | \$30,253 | \$26,016 | (14.0%) | \$167,616 | \$163,119 | (2.7%) |

Managed Portfolio – 4Q 2018 New Supply Summary

Adjusted Same Store Portfolio⁽¹⁾

| Rank | Metro Market | New Senior | | | New Senior 5 Mile Ring | | | | | | | MSA Statistics | | | |
|------------------------------|-----------------|----------------------|----------------------------|-------------------------------|----------------------------------|----------------------------|-------------------------|---|--|---------------------------------------|----------------------------|---|--|---------------------------------------|----------------------------|
| | | Number of Properties | Annualized Cash NOI (000s) | % of Total NOI ⁽²⁾ | Prop. / Units Under Construction | SNR Prop. / Units Impacted | % of Total NOI Impacted | 75+ Population Annual Growth ⁽³⁾ | Median Household Income ⁽³⁾ | Median Household Value ⁽³⁾ | Construction vs. Inventory | 75+ Population Annual Growth ⁽³⁾ | Median Household Income ⁽³⁾ | Median Household Value ⁽³⁾ | Construction vs. Inventory |
| 1 | Dallas, TX | 9 | \$7,798 | 4.5% | 9 / 1,145 | 5 / 676 | 1.9% | 3.6% | \$69,694 | \$244,763 | 5.2% | 4.8% | \$67,417 | \$190,923 | 7.0% |
| 2 | Raleigh, NC | 3 | 5,708 | 3.3% | 3 / 500 | 1 / 117 | 1.3% | 4.1% | 73,668 | 255,784 | 22.2% | 5.3% | 70,213 | 246,633 | 11.2% |
| 3 | Sarasota, FL | 4 | 5,471 | 3.1% | 7 / 655 | 4 / 481 | 3.1% | 1.9% | 56,213 | 214,183 | 7.8% | 2.1% | 58,550 | 225,708 | 5.7% |
| 4 | Riverside, CA | 2 | 4,984 | 2.9% | 3 / 227 | 1 / 116 | 1.4% | 3.0% | 76,342 | 362,665 | 26.0% | 3.2% | 61,388 | 319,357 | 8.0% |
| 5 | Los Angeles, CA | 2 | 4,411 | 2.5% | - / - | - / - | - | 3.7% | 83,377 | 435,407 | - | 2.6% | 68,726 | 591,174 | 4.5% |
| 6 | Eugene, OR | 2 | 4,043 | 2.3% | - / - | - / - | - | 2.2% | 47,033 | 262,291 | - | 2.1% | 51,347 | 262,543 | - |
| 7 | Santa Cruz, CA | 1 | 3,946 | 2.3% | - / - | - / - | - | 3.5% | 65,679 | 773,453 | - | 3.4% | 68,975 | 727,977 | - |
| 8 | Charlotte, NC | 2 | 3,794 | 2.2% | - / - | - / - | - | 5.2% | 58,355 | 176,730 | - | 4.3% | 59,383 | 192,324 | 6.1% |
| 9 | Hartford, CT | 2 | 3,744 | 2.1% | 2 / 327 | 2 / 276 | 2.1% | 0.8% | 75,700 | 239,804 | 22.9% | 1.1% | 77,755 | 255,626 | 8.4% |
| 10 | St. Louis, MO | 2 | 3,501 | 2.0% | 3 / 187 | 2 / 209 | 2.0% | 1.0% | 83,432 | 258,245 | 7.3% | 1.6% | 61,652 | 178,737 | 5.5% |
| 11 | Boston, MA | 3 | 3,421 | 2.0% | 2 / 248 | 1 / 114 | 1.4% | 2.0% | 83,897 | 314,697 | 38.9% | 2.3% | 85,471 | 430,123 | 4.9% |
| 12 | Corvallis, OR | 2 | 3,240 | 1.9% | - / - | - / - | - | 2.4% | 53,139 | 301,886 | - | 2.7% | 59,599 | 300,603 | - |
| 13 | Springfield, MA | 2 | 3,178 | 1.8% | - / - | - / - | - | 1.3% | 50,879 | 194,215 | - | 1.6% | 58,345 | 223,630 | - |
| 14 | Harrisburg, PA | 2 | 2,913 | 1.7% | - / - | - / - | - | 1.5% | 57,476 | 169,764 | - | 1.5% | 63,247 | 182,879 | - |
| 15 | San Diego, CA | 2 | 2,877 | 1.6% | 1 / 49 | 1 / 116 | 0.8% | 2.5% | 63,828 | 460,713 | 2.2% | 2.9% | 73,394 | 540,553 | 5.2% |
| 16 | Other Markets | 90 | 105,717 | 60.5% | 29 / 3,020 | 19 / 2,246 | 14.2% | 2.3% | 59,458 | 229,295 | 3.9% | 2.6% | 60,908 | 243,752 | 2.3% |
| Total Adj. Same Store | | 130 | \$168,747 | 96.5% | 59 / 6,358 | 36 / 4,351 | 28.3% | 2.3% | \$60,632 | \$242,758 | 5.2% | 2.6% | \$62,086 | \$263,629 | 6.0% |

1) Data per NIC for inventory in markets reported by NIC for 4Q18, which excludes some markets represented in New Senior's portfolio.

2) Percentages calculated based on 4Q18 Cash NOI.

3) Based on Nielsen estimates for 2018 household and 2018 – 2023 population trends.

Acquisition & Disposition Activity Since January 1, 2017

(\$ in millions)

Acquisition Activity

| | Date | Segment | Property Type | Property Count | Beds | Units | Purchase Price |
|---------------------------|------|---------|---------------|----------------|------|-------|----------------|
| Total Acquisitions | - | - | - | - | - | - | - |

Disposition Activity

| | Date | Segment | Property Type | Property Count | Beds | Units | Sale Price |
|---------------------------|---------------|---------|-------------------|----------------|--------------|--------------|-----------------|
| | January 2017 | Managed | AL/MC | 2 | 214 | 152 | \$ 15.5 |
| | June 2017 | Managed | IL | 2 | 299 | 299 | \$ 33.0 |
| | November 2017 | Managed | AL/MC | 9 | 1,391 | 1,185 | \$ 109.5 |
| | December 2017 | NNN | IL / AL/MC / CCRC | 6 | 1,234 | 1,120 | \$ 186.0 |
| Total Dispositions | - | - | - | 19 | 3,138 | 2,756 | \$ 344.0 |

Debt Maturities and Composition⁽¹⁾

Debt Maturities & Scheduled Principal Amortization⁽²⁾

(\$ in thousands)

| Year | Revolving Credit Facility | | Mortgage Debt | | Total Debt | | |
|--------------------------|---------------------------|-------------|--------------------|-------------|--------------------|-------------|-----------------|
| | Amounts | Rate | Amounts | Rate | Amount | Rate | % of Total Debt |
| 2019 ⁽³⁾ | - | - | \$60,297 | 5.5% | \$60,297 | 5.5% | 3.2% |
| 2020 | - | - | 12,325 | - | 12,325 | - | 0.6% |
| 2021 | \$69,000 | 4.9% | 19,619 | - | 88,619 | 4.9% | 4.7% |
| 2022 | - | - | 588,931 | 4.7% | 588,931 | 4.7% | 30.9% |
| 2023 | - | - | 19,817 | - | 19,817 | - | 1.0% |
| 2024 | - | - | 20,619 | - | 20,619 | - | 1.1% |
| 2025 | - | - | 1,114,914 | 4.5% | 1,114,914 | 4.5% | 58.5% |
| Total Debt | \$69,000 | 4.9% | \$1,836,522 | 4.6% | \$1,905,522 | 4.6% | 100.0% |
| Deferred Financing Costs | (3,035) | - | (17,605) | - | (20,640) | - | - |
| Total Debt, Net | \$65,965 | - | \$1,818,917 | - | \$1,884,882 | - | - |
| W.A. Maturity in Years | 3.0 | - | 5.4 | - | 5.3 | - | - |

Debt Composition

(\$ in thousands)

| | Amounts | Rate | Effective | W.A. Maturity in Years |
|--------------------|--------------------|-------------|-------------|------------------------|
| Fixed Rate Debt | \$464,680 | 4.3% | 4.3% | 6.6 |
| Variable Rate Debt | 1,440,842 | 4.7% | 4.8% | 4.9 |
| Total Debt | \$1,905,522 | 4.6% | 4.7% | 5.3 |

1) Debt information is as of December 31, 2018.

2) Based on current unpaid principal balance.

3) Company has an option to extend the maturity date on \$50 million to April 2020, subject to a fee of 0.125% of the then-outstanding principal balance.

Capitalization

Total Capitalization

| (\$ and shares in millions, except per share data) | Price as of | Shares | Value |
|---|-------------|-------------|------------------|
| | 12/31/2018 | Outstanding | |
| Market Capitalization | \$4.12 | 82.1 | \$338.5 |
| Mortgage notes payable, net | | | 1,884.9 |
| Cash | | | (72.4) |
| Net debt | | | \$1,812.5 |
| Enterprise Value | | | \$2,151.0 |

Common Stock & Equivalents

| Weighted Average Amounts Outstanding For: | Period | |
|---|-------------------|-------------------|
| | 4Q18 | FY18 |
| <u>EPS</u> | | |
| Common shares - basic | 82,148,869 | 82,148,869 |
| Effect of dilutive securities: | | |
| Stock options | - | - |
| Total common shares - diluted | 82,148,869 | 82,148,869 |
| <u>FFO, Norm. FFO, AFFO and Norm. FAD</u> | | |
| Common shares - basic | 82,148,869 | 82,148,869 |
| Effect of dilutive securities: | | |
| Stock options | 290,586 | 499,957 |
| Total common shares - diluted | 82,439,455 | 82,648,826 |
| <u>Period Ending</u> | | |
| Common shares | 82,148,869 | 82,148,869 |
| Stock options | 7,167,024 | 7,167,024 |
| Total common shares and options | 89,315,893 | 89,315,893 |

2019 Guidance⁽¹⁾

Full Year 2019 Per Share Guidance

(Shares in millions)

| | Low | High |
|---|----------------|----------------|
| Net Loss Attributable to Common Shareholders | \$ (0.48) | \$ (0.42) |
| Depreciation & Amortization | 0.97 | 0.97 |
| FFO | \$ 0.50 | \$ 0.56 |
| Acquisition, Transaction & Integration Costs | 0.02 | 0.02 |
| Normalized FFO | \$ 0.52 | \$ 0.58 |
| Straight-Line Rent | (0.01) | (0.01) |
| Amortization of Deferred Financing Costs | 0.05 | 0.05 |
| Amortization of Deferred Community Fees & Other | 0.03 | 0.03 |
| Amortization of Equity-Based Compensation | 0.02 | 0.02 |
| AFFO | \$ 0.61 | \$ 0.67 |
| Diluted Shares Outstanding | 84 | 84 |

Assumptions

- **Same Store Managed Cash NOI:** Range of (3.0%) to 0.0%
- **G&A:** \$19 – 20 million
- **Interest expense:** Based on 12/31/18 1-month LIBOR spot rate of 2.50% (each 25bps change in LIBOR equates to \$0.04 per share)
- **Shares:** 84 million diluted shares outstanding

1) The Company's guidance is based on a number of other assumptions that are subject to change and many are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results. Totals may not add due to rounding.

Consolidated Balance Sheet

| (\$ in thousands) | 12/31/17 | 3/31/18 | 6/30/18 | 9/30/18 | 12/31/18 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | (Unaudited) | (Unaudited) | (Unaudited) | |
| Real estate investments: | | | | | |
| Land | \$ 182,238 | \$ 182,238 | \$ 182,238 | \$ 182,238 | \$ 177,956 |
| Buildings, improvements and other | 2,329,524 | 2,333,016 | 2,346,680 | 2,352,135 | 2,335,813 |
| Accumulated depreciation | (275,794) | (297,035) | (318,982) | (341,250) | (358,368) |
| Net real estate property | 2,235,968 | 2,218,219 | 2,209,936 | 2,193,123 | 2,155,401 |
| Acquired lease and other intangible assets | 264,438 | 69,139 | 8,638 | 8,638 | 8,638 |
| Accumulated amortization | (249,198) | (59,406) | (2,682) | (2,788) | (2,877) |
| Net real estate intangibles | 15,240 | 9,733 | 5,956 | 5,850 | 5,761 |
| Net real estate investments | 2,251,208 | 2,227,952 | 2,215,892 | 2,198,973 | 2,161,162 |
| Cash and cash equivalents | 137,327 | 120,834 | 170,762 | 157,365 | 72,422 |
| Straight-line rent receivables | 82,445 | 85,771 | 3,148 | 3,321 | 3,494 |
| Receivables and other assets, net | 37,047 | 38,190 | 38,513 | 41,352 | 49,180 |
| Total Assets | \$ 2,508,027 | \$ 2,472,747 | \$ 2,428,315 | \$ 2,401,011 | \$ 2,286,258 |
| Liabilities and Equity | | | | | |
| Debt, net | \$ 1,907,928 | \$ 1,902,901 | \$ 1,951,042 | \$ 1,951,884 | \$ 1,884,882 |
| Due to affiliates | 9,550 | 8,957 | 13,140 | 15,339 | 26,245 |
| Accrued expenses and other liabilities | 84,664 | 89,709 | 53,391 | 54,029 | 52,679 |
| Total Liabilities | \$ 2,002,142 | \$ 2,001,567 | \$ 2,017,573 | \$ 2,021,252 | \$ 1,963,806 |
| Redeemable Preferred Stock | \$ - | \$ - | \$ - | \$ - | \$ 40,000 |
| Common stock | 821 | 821 | 821 | 821 | 821 |
| Additional paid-in capital | 898,132 | 898,135 | 898,135 | 898,135 | 898,135 |
| Accumulated deficit | (393,068) | (427,776) | (488,214) | (519,197) | (616,504) |
| Total Equity | \$ 505,885 | \$ 471,180 | \$ 410,742 | \$ 379,759 | \$ 282,452 |
| Total Liabilities and Equity | \$ 2,508,027 | \$ 2,472,747 | \$ 2,428,315 | \$ 2,401,011 | \$ 2,286,258 |

Consolidated Income Statement

(\$ and shares in thousands, except per share data)

| | 4Q17 | 1Q18 | 2Q18 | 3Q18 | 4Q18 |
|--|------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | (Unaudited) | (Unaudited) | (Unaudited) | |
| Resident fees and services | \$ 79,266 | \$ 75,343 | \$ 96,484 | \$ 116,178 | \$ 116,886 |
| Rental revenue | 27,650 | 23,875 | 12,368 | 1,582 | 1,582 |
| Total Revenues | 106,916 | 99,218 | 108,852 | 117,760 | 118,468 |
| Expenses | | | | | |
| Property operating expense | (53,184) | (52,099) | (63,510) | (77,066) | (75,110) |
| Depreciation and amortization | (31,355) | (26,725) | (24,521) | (22,373) | (22,331) |
| Interest expense | (23,128) | (21,923) | (25,755) | (29,268) | (24,230) |
| Acquisition, transaction and integration expense | (984) | (2,888) | (8,683) | (1,559) | (2,789) |
| Termination fee to affiliate | - | - | - | - | (50,000) |
| Management fees and incentive compensation to affiliate | (3,823) | (3,752) | (3,687) | (3,688) | (3,687) |
| General and administrative expense | (3,612) | (3,752) | (3,140) | (3,219) | (3,276) |
| Loss on extinguishment of debt | (3,230) | - | (58,544) | - | (7,675) |
| Impairment of real estate held for sale | - | - | - | - | (8,725) |
| Other expense | (57) | (1,380) | (32) | (782) | (1,780) |
| Total Expenses | (119,373) | (112,519) | (187,872) | (137,955) | (199,603) |
| Gain on sale of real estate | 49,217 | - | - | - | - |
| Gain on lease termination | - | - | 40,090 | - | - |
| Income (Loss) Before Income Taxes | 36,760 | (13,301) | (38,930) | (20,195) | (81,135) |
| Income tax expense | (3,239) | (48) | (151) | (104) | (5,491) |
| Net Income (Loss) | \$ 33,521 | \$ (13,349) | \$ (39,081) | \$ (20,299) | \$ (86,626) |
| <i>Basic and diluted net income (loss) per share of common stock</i> | <i>\$ 0.41</i> | <i>\$ (0.16)</i> | <i>\$ (0.48)</i> | <i>\$ (0.25)</i> | <i>\$ (1.05)</i> |
| <i>W.A. basic shares of common stock outstanding</i> | <i>82,149</i> | <i>82,149</i> | <i>82,149</i> | <i>82,149</i> | <i>82,149</i> |
| <i>W.A. diluted shares of common stock outstanding</i> | <i>82,632</i> | <i>82,149</i> | <i>82,149</i> | <i>82,149</i> | <i>82,149</i> |

Consolidated Statement of Cash Flows (Unaudited)

| (\$ in thousands) | <u>Cash Flows from Operating Activities</u> | 4Q17 | 1Q18 | 2Q18 | 3Q18 | 4Q18 |
|-------------------|--|---------------------|--------------------|--------------------|--------------------|--------------------|
| | Net (Loss) Income | \$ 33,521 | \$ (13,349) | \$ (39,081) | \$ (20,299) | \$ (86,626) |
| | Adjustments: | | | | | |
| | Depreciation of tangible assets and amortization of intangible assets | 31,380 | 26,749 | 24,532 | 22,373 | 22,332 |
| | Amortization of deferred financing costs | 2,093 | 2,132 | 3,162 | 4,102 | 1,116 |
| | Amortization of deferred revenue, net | (604) | 331 | 865 | 1,150 | 522 |
| | Amortization of premium on mortgage notes payable | (56) | - | - | - | - |
| | Non-cash straight-line rent | (4,338) | (3,326) | (1,693) | (173) | (173) |
| | Gain on sale of real estate | (49,217) | - | - | - | - |
| | Non-cash adjustment on lease termination | - | - | 29,910 | - | - |
| | Loss on extinguishment of debt | 3,230 | - | 58,544 | - | 7,675 |
| | Non-cash termination fee to affiliate | - | - | - | - | 40,000 |
| | Impairment of real estate held for sale | - | - | - | - | 8,725 |
| | Provision for bad debt | 509 | 345 | 555 | 730 | 671 |
| | Remeasurement of deferred tax assets | 2,966 | - | - | - | - |
| | Non-cash valuation allowance on deferred tax assets, net | - | - | - | - | 5,354 |
| | Other non-cash expense | (53) | 1,322 | (65) | 1,051 | 2,012 |
| | Changes in: | | | | | |
| | Receivables and other assets, net | (652) | (796) | (4,307) | 57 | (79) |
| | Due to affiliates | (6,018) | (593) | 4,183 | 2,199 | 10,906 |
| | Accrued expenses and other liabilities | (24,252) | 2,915 | 9,549 | (1,548) | (2,884) |
| | Net cash provided by (used in) operating activities | \$ (11,491) | \$ 15,730 | \$ 86,154 | \$ 9,642 | \$ 9,551 |
| | <u>Cash Flows from Investing Activities</u> | | | | | |
| | Proceeds from the sale of real estate, net | \$ 292,270 | \$ - | \$ - | \$ - | \$ - |
| | Capital expenditures, net of insurance proceeds | (5,253) | (3,561) | (4,624) | (5,420) | (5,557) |
| | Net cash provided by (used in) investing activities | \$ 287,017 | \$ (3,561) | \$ (4,624) | \$ (5,420) | \$ (5,557) |
| | <u>Cash Flows from Financing Activities</u> | | | | | |
| | Principal payments of mortgage notes payable and capital lease obligations | \$ (7,642) | \$ (7,159) | \$ (5,631) | \$ (3,273) | \$ (3,365) |
| | Proceeds from mortgage notes payable | - | - | 720,000 | - | 720,000 |
| | Repayments of mortgage notes payable | (176,762) | - | (663,788) | - | (845,399) |
| | Payment of exit fee on extinguishment of debt | (2,953) | - | (51,886) | - | (1,236) |
| | Proceeds from borrowings on revolving credit facility | - | - | - | - | 125,000 |
| | Repayments of borrowings on revolving credit facility | - | - | - | - | (56,000) |
| | Payment of deferred financing costs | 579 | (587) | (11,733) | (1,343) | (13,417) |
| | Purchase of interest rate caps | - | (280) | (61) | - | (2,505) |
| | Payment of common stock dividend | (21,359) | (21,359) | (21,357) | (10,684) | (10,681) |
| | Net cash used in financing activities | \$ (208,137) | \$ (29,385) | \$ (34,456) | \$ (15,300) | \$ (87,603) |
| | Net increase (decrease) in cash, cash equivalents and restricted cash | 67,389 | (17,216) | 47,074 | (11,078) | (83,609) |
| | Cash, cash equivalents and restricted cash, beginning of period | 90,096 | 157,485 | 140,269 | 187,343 | 176,265 |
| | Cash, cash equivalents and restricted cash, end of period | \$ 157,485 | \$ 140,269 | \$ 187,343 | \$ 176,265 | \$ 92,656 |

Adjusted NOI Reconciliation (4Q 2018 Year-over-Year)

(\$ in thousands)

| | 4Q17 | | | | 4Q18 | | | |
|--|-------------------|--------------------|-----------------|------------------|-------------------|--------------------|-----------------|--------------------|
| | NNN Properties | Managed Properties | | Total | NNN Properties | Managed Properties | | Total |
| | | IL | AL/MC | | | IL | AL/MC | |
| Adjusted Same Store Cash NOI ⁽¹⁾ | \$ 1,372 | \$ 35,066 | \$ 7,044 | \$ 43,482 | \$ 1,411 | \$ 35,752 | \$ 6,434 | \$ 43,597 |
| Non-Same Store Cash NOI | 3,414 | - | 648 | 4,062 | - | - | 111 | 111 |
| Triple net lease to managed adjustment ⁽²⁾ | - | 5,088 | - | 5,088 | - | - | - | - |
| Straight-line rent | 574 | - | - | 574 | 173 | - | - | 173 |
| Amortization of deferred community fees and other ⁽³⁾ | (3) | 102 | 427 | 526 | (2) | (574) | 53 | (523) |
| Segment / Total NOI | \$ 5,357 | \$ 40,256 | \$ 8,119 | \$ 53,732 | \$ 1,582 | \$ 35,178 | \$ 6,598 | \$ 43,358 |
| Depreciation and amortization | | | | (31,355) | | | | (22,331) |
| Interest expense | | | | (23,128) | | | | (24,230) |
| Acquisition, transaction & integration expense | | | | (984) | | | | (2,789) |
| Termination fee to affiliate | | | | - | | | | (50,000) |
| Management fees and incentive compensation to affiliate | | | | (3,823) | | | | (3,687) |
| General and administrative expense | | | | (3,612) | | | | (3,276) |
| Loss on extinguishment of debt | | | | (3,230) | | | | (7,675) |
| Impairment of real estate held for sale | | | | - | | | | (8,725) |
| Other expense | | | | (57) | | | | (1,780) |
| Gain on sale of assets | | | | 49,217 | | | | - |
| Income tax expense | | | | (3,239) | | | | (5,491) |
| Net Income (Loss) | | | | \$ 33,521 | | | | \$ (86,626) |

1) For the period during which the properties were owned on a triple net basis, cash NOI reflects the unaudited operating results provided by the operator, as opposed to the rent recorded by the Company, and excludes ancillary service revenue attributable to a business that ceased operations over the course of 2018.

2) Primarily represents straight-line rent for the period during which the properties were owned on a triple net basis.

3) Includes amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

Adjusted NOI Reconciliation (4Q 2018 Quarter-over-Quarter)

(\$ in thousands)

| | 3Q18 | | | | 4Q18 | | | |
|--|-------------------|--------------------|-----------------|--------------------|-------------------|--------------------|-----------------|--------------------|
| | NNN Properties | Managed Properties | | Total | NNN Properties | Managed Properties | | Total |
| | | IL | AL/MC | | | IL | AL/MC | |
| Adjusted Same Store Cash NOI ⁽¹⁾ | \$ 1,411 | \$ 34,001 | \$ 6,273 | \$ 41,685 | \$ 1,411 | \$ 35,752 | \$ 6,434 | \$ 43,597 |
| Non-Same Store Cash NOI | - | - | (125) | (125) | - | - | 111 | 111 |
| Triple net lease to managed adjustment ⁽²⁾ | - | 106 | - | 106 | - | - | - | - |
| Straight-line rent | 175 | - | - | 175 | 173 | - | - | 173 |
| Amortization of deferred community fees and other ⁽³⁾ | (4) | (1,117) | (26) | (1,147) | (2) | (574) | 53 | (523) |
| Segment / Total NOI | \$ 1,582 | \$ 32,990 | \$ 6,122 | \$ 40,694 | \$ 1,582 | \$ 35,178 | \$ 6,598 | \$ 43,358 |
| Depreciation and amortization | | | | (22,373) | | | | (22,331) |
| Interest expense | | | | (29,268) | | | | (24,230) |
| Acquisition, transaction & integration expense | | | | (1,559) | | | | (2,789) |
| Termination fee to affiliate | | | | - | | | | (50,000) |
| Management fees and incentive compensation to affiliate | | | | (3,688) | | | | (3,687) |
| General and administrative expense | | | | (3,219) | | | | (3,276) |
| Loss on extinguishment of debt | | | | - | | | | (7,675) |
| Impairment of real estate held for sale | | | | - | | | | (8,725) |
| Other expense | | | | (782) | | | | (1,780) |
| Income tax expense | | | | (104) | | | | (5,491) |
| Net Loss | | | | \$ (20,299) | | | | \$ (86,626) |

1) For the period during which the properties were owned on a triple net basis, cash NOI reflects the unaudited operating results provided by the operator, as opposed to the rent recorded by the Company, and excludes ancillary service revenue attributable to a business that ceased operations over the course of 2018.

2) Primarily represents straight-line rent for the period during which the properties were owned on a triple net basis.

3) Includes amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

Adjusted NOI Reconciliation (Full Year 2018 Year-over-Year)

(\$ in thousands)

| | 2017 | | | | 2018 | | | |
|--|-------------------|--------------------|------------------|-------------------|-------------------|--------------------|------------------|---------------------|
| | NNN Properties | Managed Properties | | Total | NNN Properties | Managed Properties | | Total |
| | | IL | AL/MC | | | IL | AL/MC | |
| Adjusted Same Store Cash NOI ⁽¹⁾ | \$ 5,431 | \$ 137,363 | \$ 30,253 | \$ 173,047 | \$ 5,592 | \$ 137,103 | \$ 26,016 | \$ 168,711 |
| Non-Same Store Cash NOI | 15,033 | 1,271 | 5,814 | 22,118 | - | - | 358 | 358 |
| Triple net lease to managed adjustment ⁽²⁾ | - | 21,219 | - | 21,219 | - | 9,318 | - | 9,318 |
| Straight-line rent | 2,808 | - | - | 2,808 | 743 | - | - | 743 |
| Amortization of deferred community fees and other ⁽³⁾ | (55) | (484) | 432 | (107) | (8) | (2,628) | 19 | (2,617) |
| Segment / Total NOI | \$ 23,217 | \$ 159,369 | \$ 36,499 | \$ 219,085 | \$ 6,327 | \$ 143,793 | \$ 26,393 | \$ 176,513 |
| Depreciation and amortization | | | | (139,942) | | | | (95,950) |
| Interest expense | | | | (93,597) | | | | (101,176) |
| Acquisition, transaction & integration expense | | | | (2,453) | | | | (15,919) |
| Termination fee to affiliate | | | | - | | | | (50,000) |
| Management fees and incentive compensation to affiliate | | | | (18,225) | | | | (14,814) |
| General and administrative expense | | | | (15,307) | | | | (13,387) |
| Loss on extinguishment of debt | | | | (3,902) | | | | (66,219) |
| Impairment of real estate held for sale | | | | - | | | | (8,725) |
| Gain on sale of assets | | | | 71,763 | | | | - |
| Gain on lease termination | | | | - | | | | 40,090 |
| Other expense | | | | (1,702) | | | | (3,974) |
| Income tax expense | | | | (3,512) | | | | (5,794) |
| Net Income (Loss) | | | | \$ 12,208 | | | | \$ (159,355) |

1) For the period during which the properties were owned on a triple net basis, cash NOI reflects the unaudited operating results provided by the operator, as opposed to the rent recorded by the Company, and excludes ancillary service revenue attributable to a business that ceased operations over the course of 2018.

2) Primarily represents straight-line rent for the period during which the properties were owned on a triple net basis.

3) Includes amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

GAAP Reconciliation of FFO, Normalized FFO, AFFO and Normalized FAD

| <i>(\$ and shares in thousands, except per share data)</i> | 4Q18 | FY18 |
|--|--------------------|--------------------|
| Net loss | \$ (86,626) | \$ (159,355) |
| Add (Deduct): | | |
| Depreciation and amortization | 22,331 | 95,950 |
| Impairment of real estate held for sale | 8,725 | 8,725 |
| FFO | \$ (55,570) | \$ (54,680) |
| FFO per Diluted Share | \$ (0.67) | \$ (0.66) |
| Acquisition, transaction & integration expense | 2,789 | 15,919 |
| Termination fee to affiliate | 50,000 | 50,000 |
| Loss on extinguishment of debt | 7,675 | 66,219 |
| Non-cash valuation allowance on deferred tax assets, net | 5,354 | 5,354 |
| Gain on lease termination | - | (40,090) |
| Other expense ⁽¹⁾ | 2,070 | 4,576 |
| Normalized FFO | \$ 12,318 | \$ 47,298 |
| Normalized FFO per Diluted Share | \$ 0.15 | \$ 0.57 |
| Straight-line rent | (173) | (5,365) |
| Amortization of deferred financing costs | 1,123 | 10,519 |
| Amortization of deferred community fees and other ⁽²⁾ | 524 | 2,935 |
| AFFO | \$ 13,792 | \$ 55,387 |
| AFFO per Diluted Share | \$ 0.17 | \$ 0.67 |
| Routine capital expenditures | (2,272) | (7,236) |
| Normalized FAD | \$ 11,520 | \$ 48,151 |
| Normalized FAD per Diluted Share | \$ 0.14 | \$ 0.58 |
| Weighted average diluted shares outstanding | 82,439 | 82,649 |

1) Primarily includes changes in the fair value of financial instruments and casualty related charges.

2) Includes amortization of above / below market lease intangibles, amortization of premium on mortgage notes payable and amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives.

Glossary

EBITDARM

EBITDARM is a non-GAAP measure that represents earnings before interest, taxes, depreciation, amortization, rent and management fees for the period stated unless otherwise noted. We use 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. EBITDARM does not represent net income or cash flow from operations and should not be considered an alternative to those indications.

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.

Enterprise Value

Enterprise value is equal to market capitalization plus carrying value of mortgage notes payable, minus cash.

FFO, Normalized FFO, AFFO and Normalized FAD

We use Funds From Operations ("FFO") and Normalized FFO as supplemental measures of our operating performance. We use the National Association of Real Estate Investment Trusts ("NAREIT") definition of FFO. NAREIT defines FFO as GAAP net income excluding gains (losses) from sales of depreciable real estate assets and impairment charges of depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated entities and joint ventures to reflect FFO on the same basis. FFO does not account for debt principal payments and is not intended as a measure of a REIT's ability to satisfy such payments or any other cash requirements.

Normalized FFO, as defined below, measures the financial performance of our portfolio of assets excluding items that, although incidental to, are not reflective of the day-to-day operating performance of our portfolio of assets. We believe that Normalized FFO is useful because it facilitates the evaluation of our portfolio's operating performance (i) between periods on a consistent basis and (ii) to the operating performance of other real estate companies. However, comparability may be limited because our calculation of Normalized FFO may differ significantly from that of other companies, or because of features of our business that are not present in other companies.

FFO, Normalized FFO, AFFO and Normalized FAD (continued)

We define Normalized FFO as FFO excluding the following income and expense items, as applicable: (a) acquisition, transaction and integration related costs and expenses; (b) the write off of unamortized discounts, premiums, deferred financing costs, or additional costs, make whole payments and penalties or premiums incurred as the result of early repayment of debt (collectively "Gain (Loss) on extinguishment of debt"); (c) incentive compensation recognized as a result of sales of property; (d) the remeasurement of deferred tax assets; (e) valuation allowance on deferred tax assets, net; (f) termination fee to affiliate; (g) gain on lease termination and (h) other items that we believe are not indicative of operating performance, generally reported as "Other (income) expense" in the Consolidated Statements of Operations.

We also use AFFO and Normalized FAD as supplemental measures of our operating performance.

We define AFFO as Normalized FFO excluding the impact of the following: (a) straight-line rents; (b) amortization of above / below market lease intangibles; (c) amortization of deferred financing costs; (d) amortization of premium on mortgage notes payable; (e) amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives and (f) amortization of equity-based compensation expense. We believe AFFO is useful because it facilitates the evaluation of (i) the current economic return on our portfolio of assets between periods on a consistent basis and (ii) our portfolio versus those of other real estate companies that report AFFO. However, comparability may be limited because our calculation of AFFO may differ significantly from that of other companies, or because of features of our business that are not present in other companies.

We define Normalized FAD as AFFO less routine capital expenditures, which we view as a cost associated with the current economic return. Normalized FAD, which does not reflect debt principal payments and certain other expenses, does not represent cash available for distribution to shareholders.

Gross Assets

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

Investment

Represents the carrying amount of real estate assets, including intangibles, after adding back accumulated depreciation and amortization, for all assets owned as of the end of the respective reporting period.

Glossary

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. Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies. We define cash NOI as NOI excluding the effects of straight-line rent, amortization of above / below market lease intangibles and amortization of deferred community fees and other, which includes the net change in deferred community fees and other rent discounts or incentives. We believe that NOI and cash NOI serve as useful supplemental measures to net income because they allow investors, analysts and management to measure unlevered property-level operating results and to compare our operating results between periods and to the operating results of other real estate companies on a consistent basis.

Occupancy

For the managed portfolio, occupancy represents the facilities’ average operating occupancy for the trailing three-month period. For the triple net lease portfolio, occupancy is based on the period reported unless otherwise noted. 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.

RevPOR

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

Same Store and Adjusted Same Store

Same store data presented herein excludes properties acquired, sold, transitioned to other operators or between segments, or classified as held for sale during the comparable periods. Same store data is intended to enable management to evaluate the performance of a consistent portfolio of real estate in a manner that eliminates variances attributable to changes in the composition of our portfolio over time, due to sales and various other factors.

Adjusted same store cash NOI adjusts same store cash NOI to include properties transitioned from the Company’s triple net lease segment to the managed segment during the comparative periods. For the period during which the properties were owned on a triple net basis, cash NOI reflects the unaudited operating results provided by the operator, as opposed to the rent recorded by the Company, and excludes ancillary service revenue attributable to a business that ceased operations over the course of 2018.

Segment NOI Margin

Segment NOI margin is equal to Segment NOI divided by Segment Revenue.

Forward-Looking Statements, Non-GAAP and Other Information

IN GENERAL. This disclaimer applies to this document and the verbal or written comments of any person presenting it. This document, taken together with any such verbal or written comments, is referred to herein as the “Presentation.” Throughout this Presentation, New Senior Investment Group Inc. (NYSE: SNR) is referred to as “New Senior,” the “Company,” “SNR” or “we.”

FORWARD-LOOKING STATEMENTS. Certain information in this press release may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation statements regarding the Company’s 2019 strategic priorities (including, without limitation, plans relating to optimizing the Company’s portfolio through operator transitions and asset sales, plans to manage operator concentration and plans to strengthen the balance sheet and potentially reduce leverage) and expectations with respect to the potential range of 2019 financial results, and the declaration or amount of any future dividend. These statements are not historical facts. They represent management’s current expectations regarding future events and are subject to a number of risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties relating to the Company’s ability to successfully manage the transition to self-management, the asset management by third parties and market conditions affecting demand and supply for senior housing. Accordingly, you should not place undue reliance on any forward-looking statements contained herein. For a discussion of these and other risks and important factors that could affect such forward-looking statements, see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s most recent annual and quarterly reports filed with the Securities and Exchange Commission, which are available on the Company’s website (www.newseniorinv.com). New risks and uncertainties emerge from time to time, and it is not possible for New Senior to predict or assess the impact of every factor that may cause its actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements contained herein speak only as of the date of this press release, and New Senior expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in New Senior’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

NON-GAAP FINANCIAL INFORMATION. This Presentation includes information based on financial measures that are not recognized under generally accepted accounting principles (“GAAP”), such as NOI, cash NOI, adjusted same store cash NOI, Normalized FFO, AFFO and Normalized FAD. You should use non-GAAP information in addition to, and not as an alternative to, financial information prepared in accordance with GAAP. See the end of this Presentation for reconciliations to the most comparable GAAP measures and an explanation of each of our non-GAAP measures. Our non-GAAP measures may not be identical or comparable to measures with the same name presented by other companies due to differences in calculation, capital structure or other factors.

PAST PERFORMANCE. In all cases where historical results are presented or past performance is described, we note that past performance is not a reliable indicator of future results and performance.

GLOSSARY. See the Glossary at the end of this Presentation for an explanation of various terms used herein.