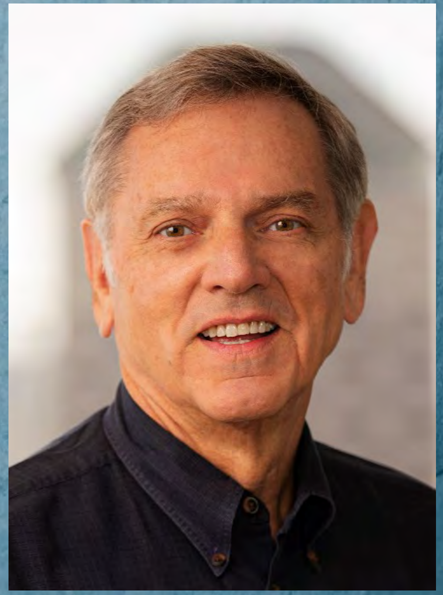
SMITH'S RESEARCH & GRADINGS

2025 High Yield Municipal Bond Conference

Golden Years in a Golden Age

Mary Jane Minier



John Spooner

Aaron Rulnick

Kjerstin Hatch

Golden Years in a Golden Age

GOLDEN YEARS

Synonyms for "golden years" include:

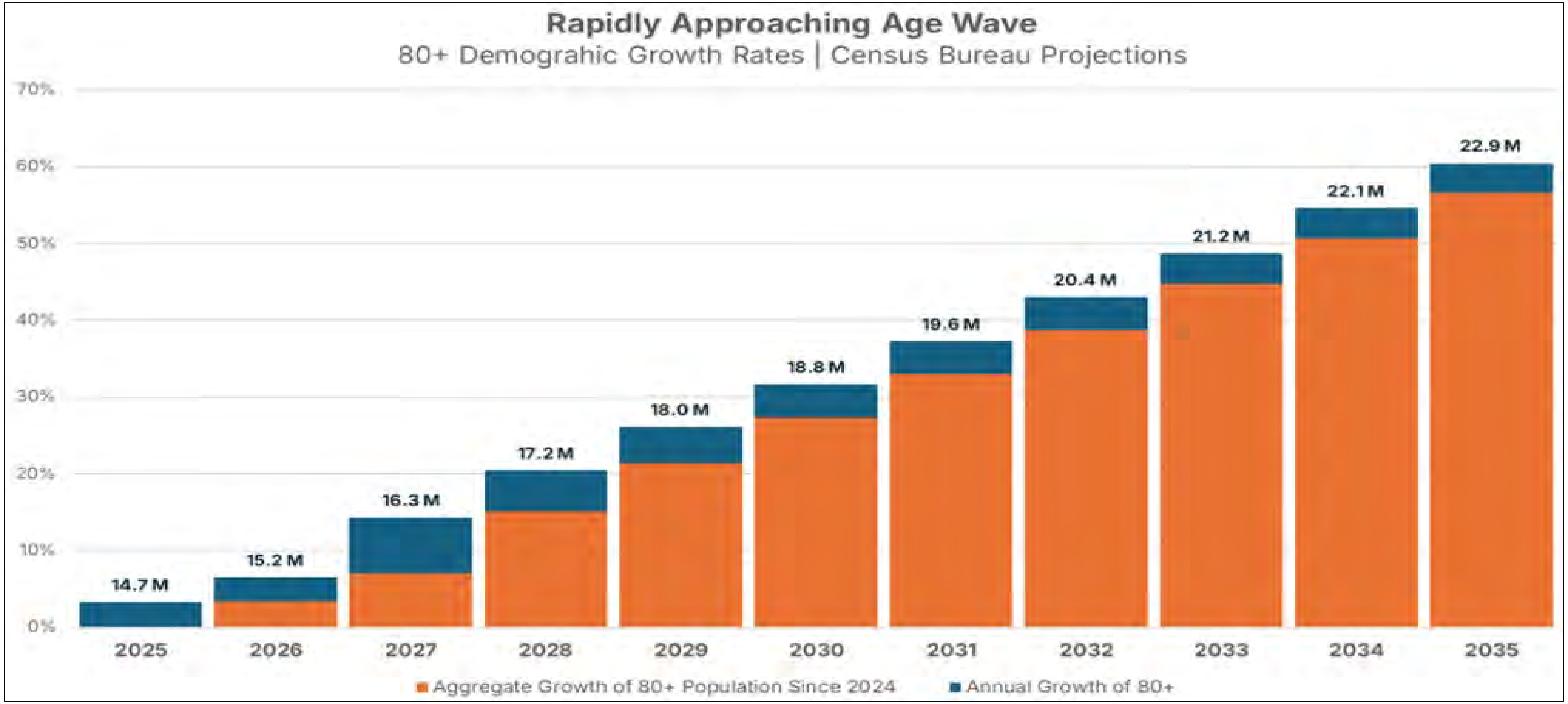
- Twilight Years
- Autumn of Life, and
- Sunset Years

Other related terms are prime, heyday, or prime of life, which can refer to a period of flourishing.

GOLDEN AGE

"The golden age" is a term that describes a time of great prosperity, happiness, and achievement. It is also widely used to describe peak periods in the history of a nation, culture, or industry.

Demographic Tailwinds



Source: NIC Map Data, U.S. Census Bureau

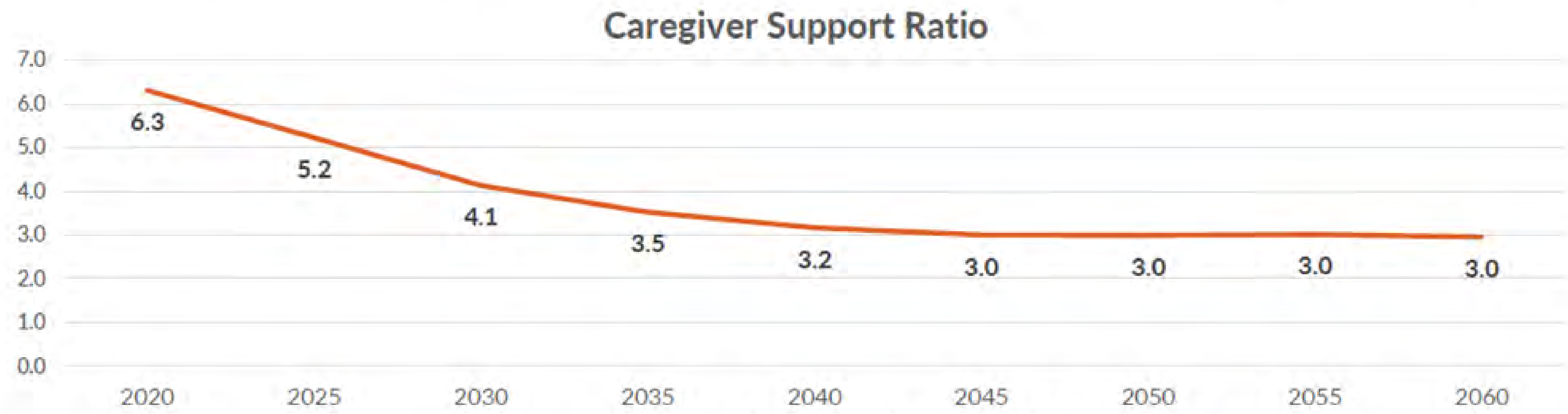
Demographic Tailwinds

Not only is the 80+ population growing, but the caregiver support ratio is also decreasing.

Caregiver support ratio represents the 45-64 population divided by the 80+ population. This means there will be less people to care for the 80+ population, causing more seniors to seek housing and care outside of their home.

- At any given point, 6 percent of adult children serve as caregivers, and 17 percent will take on this role at some point in their lives.
- Those who do provide care devote an average of 77 hours per month, which can take a toll on both the finances and health of the caregiver.

Caregiver: Population aged 45-64



Caregiver Support Ratio: Population 45-64 / Population 80+

	2020	2025	2030	2035	2040	2045	2050	2055	2060
Population 45-64	83,398	81,472	81,329	84,314	89,136	92,997	95,437	96,838	96,973
Population 80+	13,209	15,586	19,683	23,939	28,119	30,989	31,878	32,097	32,799
Caregiver Support Ratio	6.31	5.23	4.13	3.52	3.17	3.00	2.99	3.02	2.96

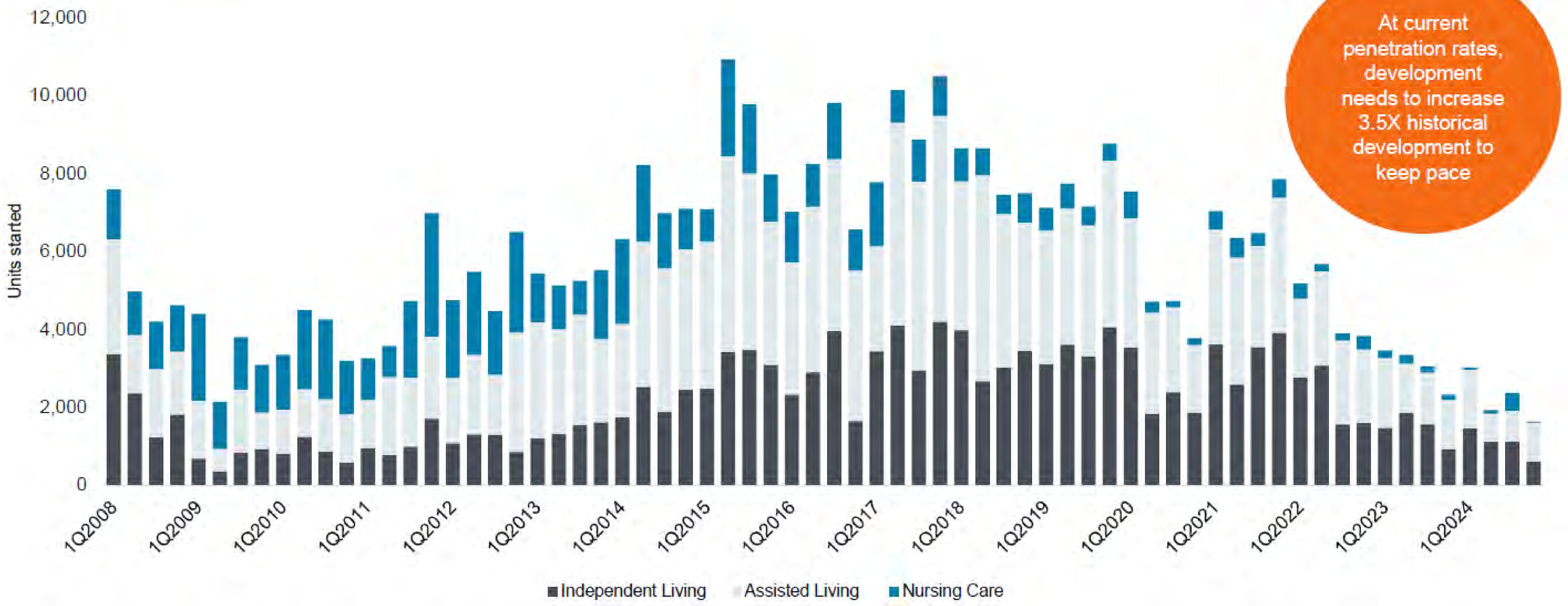
Source: US Census Bureau

Source: Plante Moran Living Forward

Construction Starts

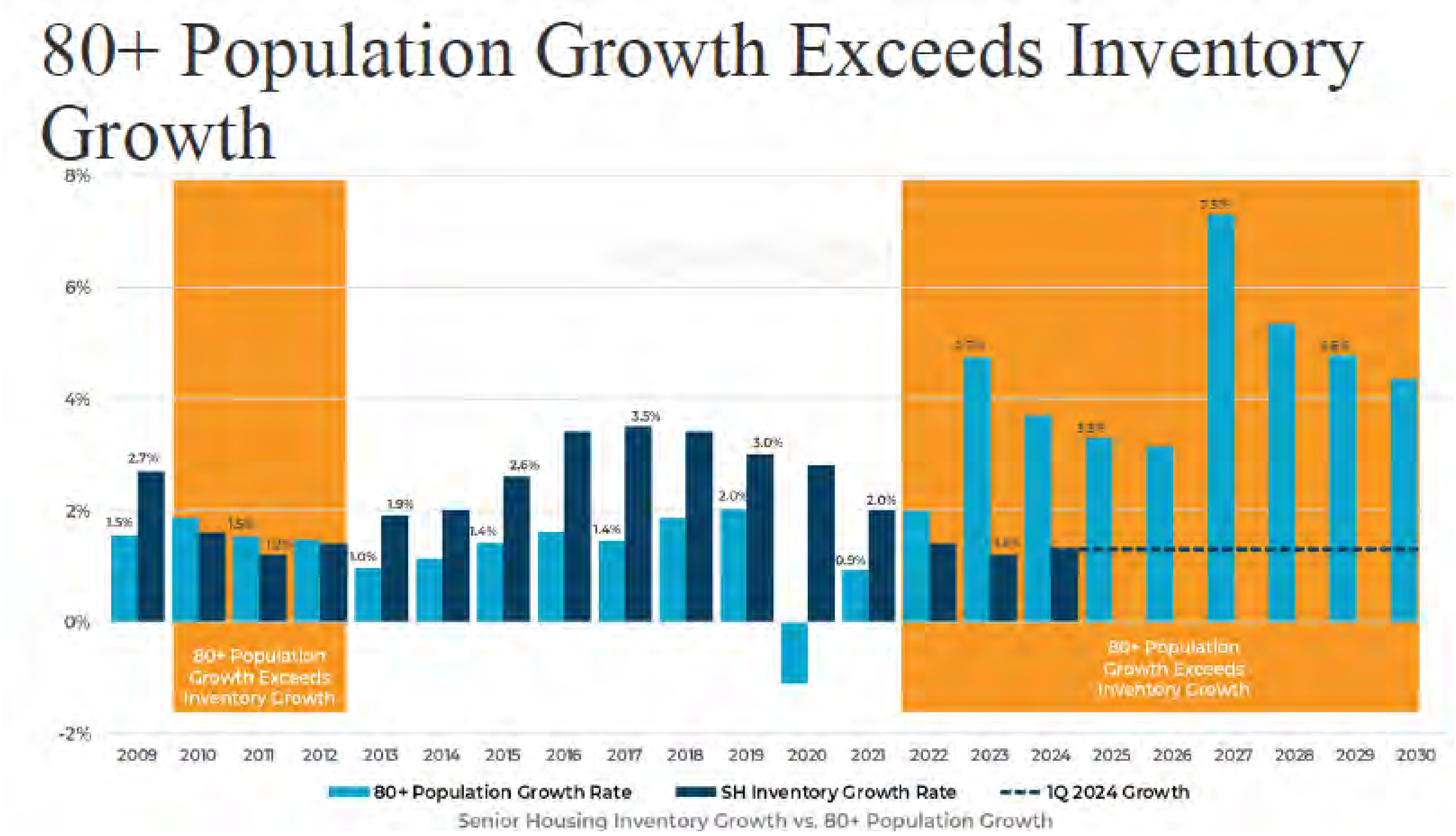
2024 lowest starts recorded in 20 years

8,800 units started in 2024. The market needs to deliver 1.14M units by 2035, by 2030 the supply needed is 525K.



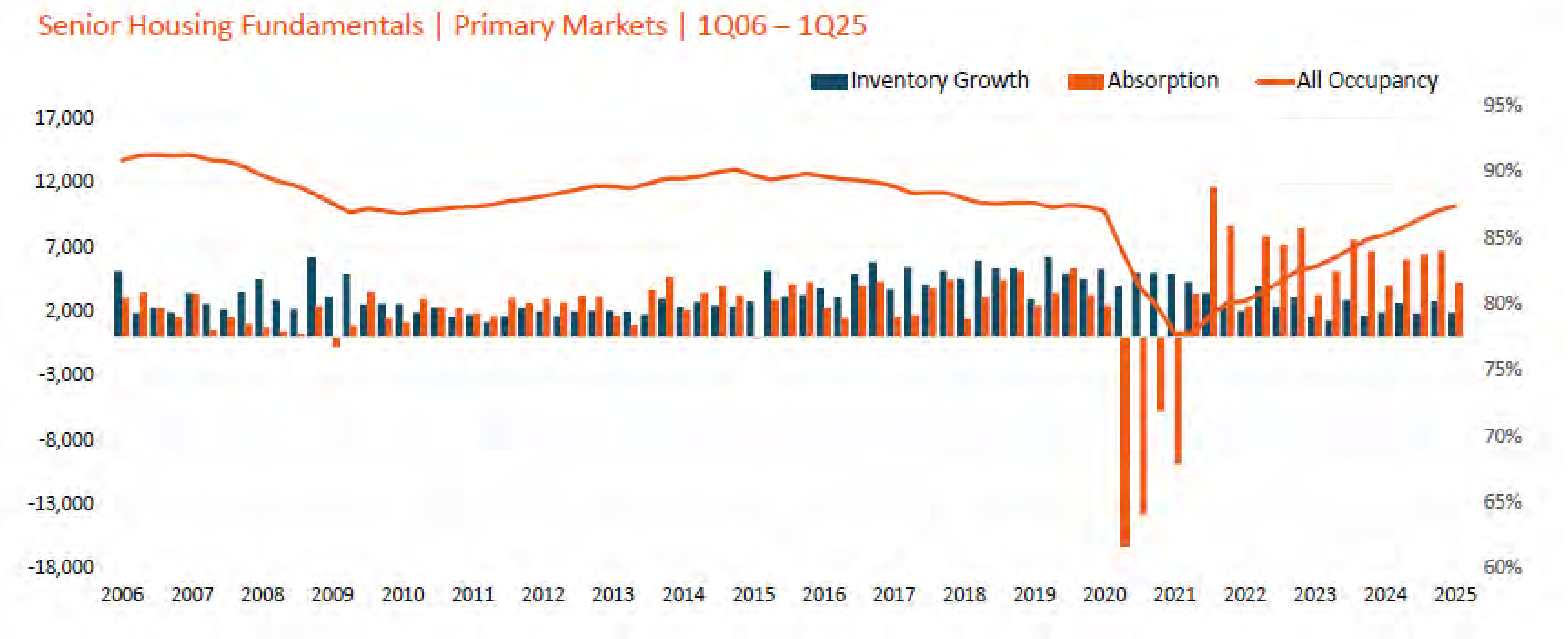
Sources: Source: JLL Research, NIC Map Data Services; Primary and secondary markets.

Growth in 80+ Outpaces New Inventory Growth



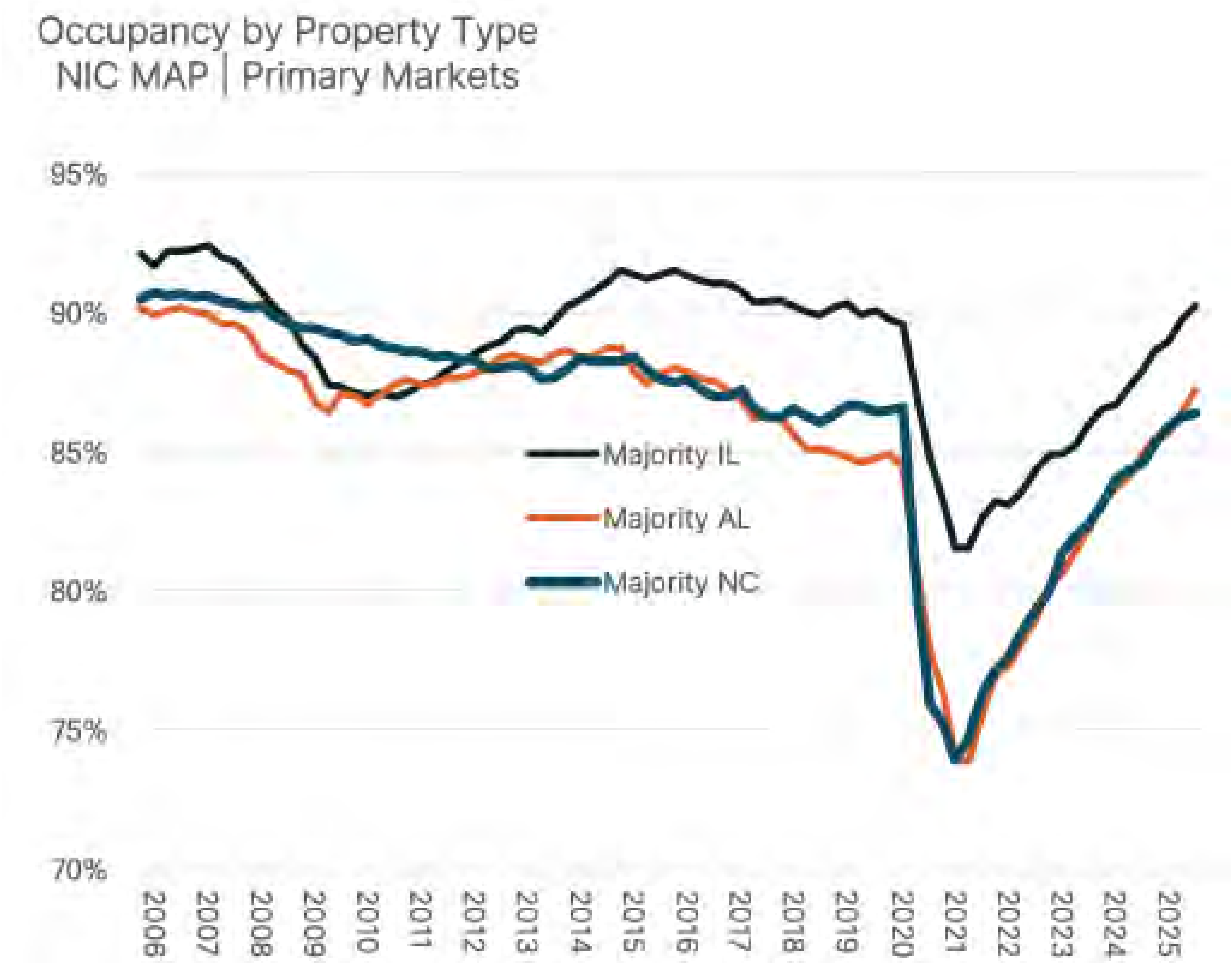
Source: NIC MAP® Data, powered by NIC MAP Vision

Less Product, More Demand



Source: NIC MAP® Data, powered by NIC MAP Vision

Climbing Occupancy Rates *(3Q2025)*



Source: NIC MAP® Data, powered by NIC MAP Vision

Per NIC MAP, senior living occupancy in top 31 primary markets increased for the 17th quarter in a row.

Golden Years in a Golden Age

Opportunity:

A favorable juncture of circumstances

Opportunistic:

taking advantage of opportunities as they arise

Strategic:

Strategic thinking focuses on achieving a future state rather than just reacting to present circumstances.

Board of Director's Presentation

John Spooner, Co-CEO

GREYSTONE

Board of Directors

Set-up for Success

A. Correct Board Composition
B. Governance Philosophy
C. Senior Management
D. Risk Profile
E. Financial Strength
F. Strategic Plan

Flagship Expansion

1. Business Plan
2. Pre-Finance Capital Source
3. Entitlement Process
4. Pricing Alignment
5. 3-4 Years to Stable
6. Executive Team
7. Bond Covenants/Debt
8. Upgrade Existing Commons
9. Campus Disruption/Construction
10. Resident Discord
11. Risk Management

New Campus

1. Business Plan
2. Pre Finance Capital Source
3. Entitlement Process
4. Location/Market/$$$
5. Different Resident Profile
6. Executive Team
7. 5-7 Years to Stable
8. Long-Term Care Component
9. Large Debt
10. Construction Issues
11. Risk Management

Golden Years in Golden Age – The Benefits and Motivations Behind For-Profit and Not-for-Profit Collaborations

October 28, 2025

Introduction

Aaron Rulnick
Managing Principal
Head of Investment Banking
Rockville, MD
arulnick@hjsims.com
203-856-1835

HJ SIMS FINANCED RIGHT®

Factors Driving For-Profit Rental Developers/Operators to Tax-Exempt Bond Market

Rental Development Projects - For-Profit developers with shovel-ready projects, seeking financing to capitalize projects

- Initially driven by challenges raising debt and equity for development projects
  - Access to debt and equity has improved, but ***other motivating factors***
    - Stable capital structure
      - Can ***focus on managing operations*** and not managing capital/interest rates
      - Having to recycle capital every 5 – 7 years is disruptive to operations
        - Often results in change in ownership
        - Impairs ability to make long-term commitments to the community and residents
    - Desire to ***align long-term capital*** with ***long-term management*** agreements
    - ***Diversify capital sources*** (bonds, banks, REITs)
    - Opportunity for earlier return on capital investment (development fees, land payments, subordinate bonds)
- Willing to forego upside for long-term participation with the community, ongoing fee revenue and advancing projects stuck in pipeline

HJ SIMS FINANCED RIGHT®

Factors Driving For-Profit Rental Developers/Operators to Tax-Exempt Bond Market

Rental Portfolio Sales – For-Profit Owners and/or Operators exploring sale of existing portfolio or considering succession planning

- Interest in ***retaining long-term management***
- ***Tax and Estate Planning for sellers***
  - Can structure tax recaptures and capital gains to occur over time
  - Long-term coupon payments to estates via subordinate participation
- Can capture additional upside with seller financing
- In some cases, ability to underwrite to a ***higher purchase price*** with lower cost of capital with tax-exempt bonds and no or reduced real estate taxes
- Opportunity for municipal bond investors to assist not-for-profits compete against the private market in ***Class A acquisition pursuits***, create insulation against aging and inferior product and remain relevant in the market

What's In It for the Not-for-Profit Sponsors?

- Opportunity for not-for-profit organizations, with ***limited resources/balance sheet***, to expand their mission by sharing/aligning risk with for-profit partners
  - For-profit developer typically ***purchases subordinate bonds*** and provides for ***Liquidity Support Agreement***
  - For-profit ***developer takes entitlement*** risk and ***funds pre-development at-risk capital***
- While not-for-profit typically does not earn a management fee, opportunity to learn how to operate rental communities
  - Gain ***rent optimization/strategies*** to drive NOI/margins
  - ***Diversify product*** type/expand into ***new markets***
  - Provide an ***insulation strategy*** to aging product or product that may become less marketable
- Other financial benefits for not-for-profits
  - Mission Fees/Asset Management
  - Development Fees
  - Transfer of ***cash to support other mission initiatives***
    - *Subject to limitations in bond documents*

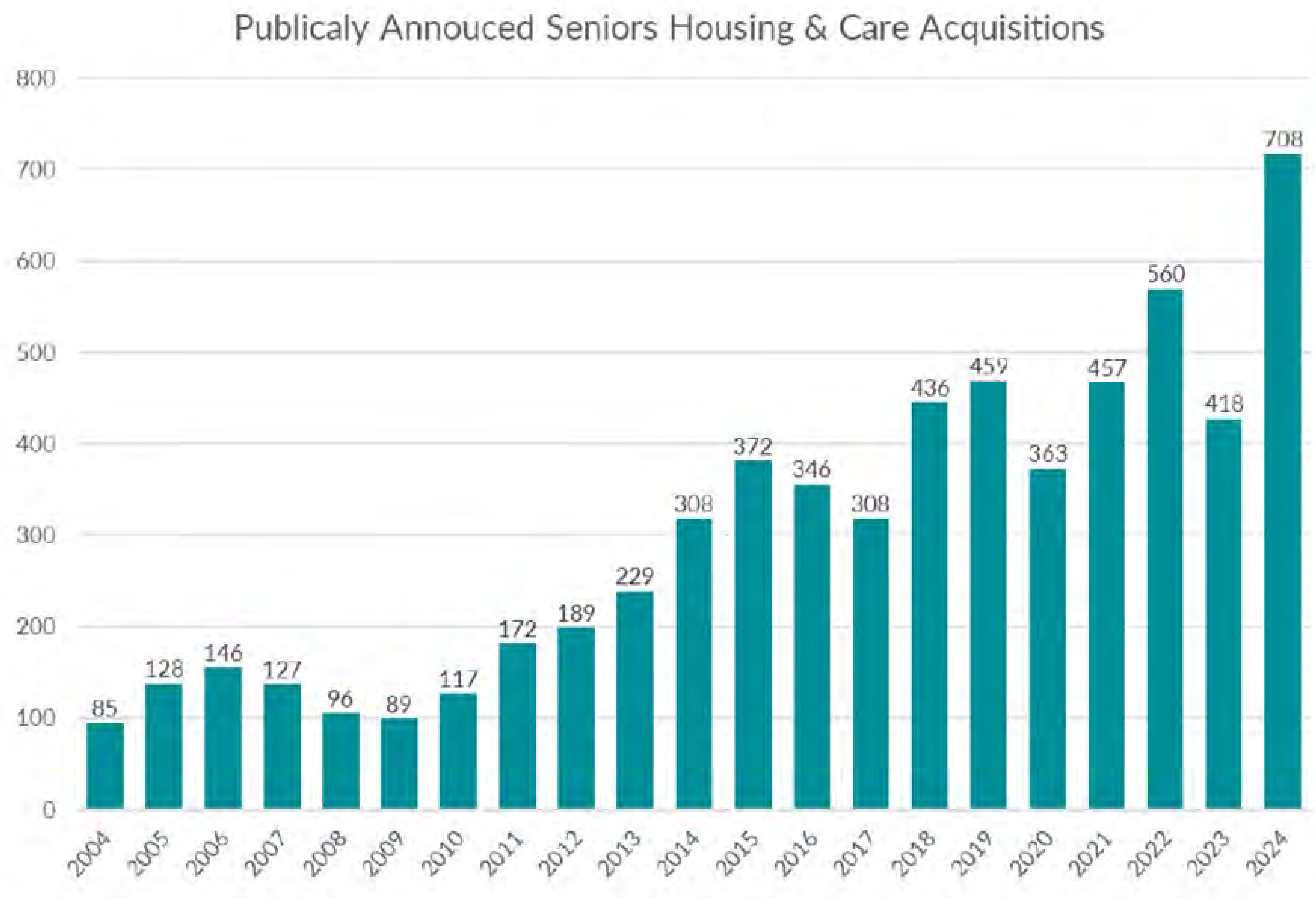
Benefit to Tax-Exempt Bond Buyers

Why good for investors?

- ***Long-term alignment***
  - Subordinate Bonds
  - Asset Management Fees
  - Operators want to perform to protect long-term management agreements
- For-profits used to dealing with institutional lenders
  - ***Strong reporting and transparency***
- For-profits typically ***sophisticated and disciplined*** developers and operators
- Intense ***focus on operations*** to optimize rents and drive margins
- Strong DSCR – equivalent to DSCR-Rev Only in LPC deals
  - ***Operations more stable***/not dependent on entrance fee turnover
- Rental communities ***retain greater value*** – valuation more straightforward, more data points, and more liquidity than entrance fee communities
- Changing Consumer - ***Who Controls the Money?***

HJ SIMS FINANCED RIGHT®

Key Take-Aways – Strong Liquidity in Rental Market



Source: The Senior Care Acquisition Report, 2025
Source: Plant Moran Living Forward

2024 was a record year for M&A activity in the senior living industry

HJ SIMS FINANCED RIGHT®

Key Take-Aways - Consumer Dynamics Drive Need for Product Choice

Flexibility Matters More Than Ever
Rental communities offer flexible, low-risk, month-to-month living, attracting older adults who want control over finances and lifestyle.

Seniors Are Wealthier Than Ever
The wealthiest 75+ households are growing faster, with increased net worth and income, enhancing affordability for senior housing.

Modern Amenities, Prime Locations
Today's rentals are newer, central, and designed for modern living with amenities, built for lifestyle.

The New Normal? Moving Later In Life
Older adults are delaying moves to independent/assisted living with an average age of 80. Older but healthier seniors influences choices.

Adult Children Very Involved In Product Choice
Providers and investors need to be considering adult children's preferences in business models

45% of Current Supply is +25 Years Old.
Investors and providers will need to be focused on both replacing and repurposing obsolete supply

Skilled Nursing Isn't One-size-fits-all
Not all SNFs are equal. Rental communities help residents navigate care levels, whether a skilled facility or short-term rehab.

Aging In Place Isn't Just Possible —it's Expected
With support from health and wellness services, most residents can age in place, resulting in fewer moves and more continuity.

HJ SIMS FINANCED RIGHT®

© 2025 Jones Lang LaSalle IP, Inc. All rights reserved.

Key Take-Aways – Strong Demand for Premium Rents

*"For investors, this is a **time to recalibrate** while continuing to move forward. Developers who start now can claim a **larger share of unmet demand with less competition**. Communities that open within the next two to three years may be **well-positioned to capitalize on a window of heightened demand and constrained supply**."*

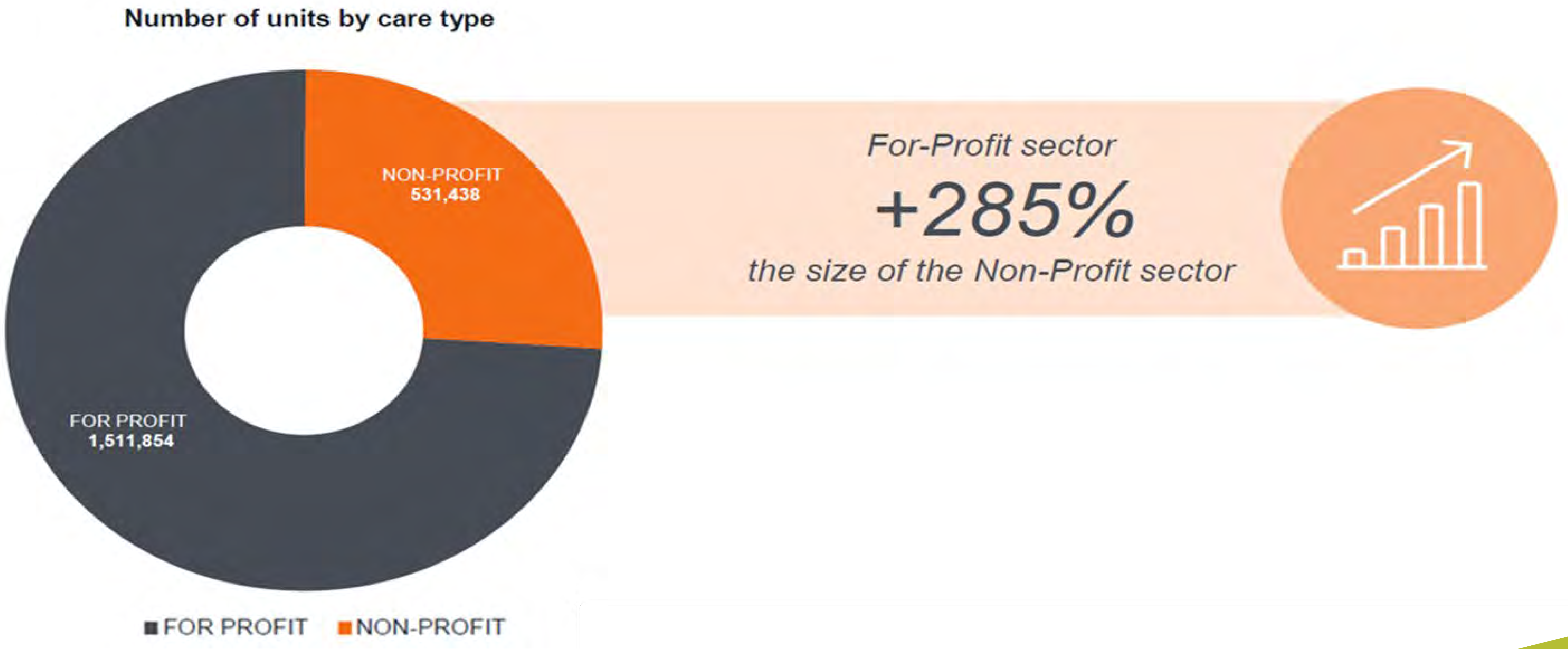
*"When investors and developers deliver a **well-positioned product** – paired with the right operator, in the right market – the result can be a **strong lease-up performance at premium rents**"*

- NIC Bog, "Why Investors Should be Optimistic About Senior Housing Right Now"
October 2025

HJ SIMS FINANCED RIGHT®

Key Take-Aways – For-Profit Rental is Dominant Product

For-Profit sector is 2.8X the size of non-profit



Source: JLL Research, NIC Map Data Services: All Markets

HJ SIMS FINANCED RIGHT®

Non-Profit and For-Profit Collaboration Transactions

The James
P3 Foundation
Start-Up Rental

P3-FOUNDATION

Irvine, CA

Tax-exempt Senior and Subordinate Fixed Rate Bonds
Taxable Senior Fixed Rate Bonds

$473,030,000

November 2024

Integrated Senior Foundation
Ativo Portfolio
Start-Up Rental & Acquisition

ISF INTEGRATED SENIOR FOUNDATION

Multiple Locations - CA and AZ

Tax-exempt Senior and Subordinate Fixed Rate Bonds
Taxable Senior Fixed Rate Bonds

$239,680,000

March 2025

Millenia Moments

Start-Up Rental

Orlando, FL

Tax-Exempt Fixed-Rate Bonds

$134,255,000

May 2025

Quality Senior Housing Foundation
Sunrise of Long Beach

Start-Up Rental

SUNRISE SENIOR LIVING

Long Beach, CA

Tax-exempt fixed-rate senior bonds; taxable subordinate bonds

$86,570,000

August 2025

Pipeline is robust – bond market needs to be more prepared and educated about this product.

HJ SIMS FINANCED RIGHT®

Disclaimer

This material was prepared for informational purposes only and from sources believed to be reliable but is not guaranteed as to accuracy and it is not a complete summary of statement of all available data. Information and opinions are current up to the date of publication and are subject to change without notice. The opinions expressed by Aaron Rulnick are strictly his own and do not necessarily reflect those of HJ Sims or its affiliates. HJ Sims is not providing any financial, economic, legal, accounting, or tax advice or recommendations.

HJ SIMS FINANCED RIGHT®