



NEWS RELEASE

Sonida Provides Recent Capital Allocation Updates

7/2/2024

New joint venture acquisitions in May and July and previously announced acquisition in Q2 add nine communities to Sonida's owned senior living portfolio

Newly acquired assets continue to strengthen Sonida's portfolio quality with the addition of newer vintage, high-quality real estate at significant discounts to replacement cost

Sonida also enters into management agreements on two new assets on behalf of a REIT partner

In Q2 2024, Company raised approximately \$18.9 million in net proceeds through its at-the-market (ATM) equity offering program to fund acquisitions

Company added to the Russell 3000® effective July 1, 2024

DALLAS--(BUSINESS WIRE)-- Sonida Senior Living, Inc. ("Sonida" or the "Company") (NYSE: SNDA), a leading owner, operator and investor in communities and services for seniors, today announced that in late May and early July 2024, the Company executed two separate joint venture investments acquiring eight senior living communities strategically located in attractive submarkets within the Company's geographic footprint, creating further density in Texas and the Midwest and allowing management to leverage market knowledge and create operating efficiencies. The transactions include 790 units with Independent Living, Assisted Living and Memory Care offerings. Combined with the previously announced May 9, 2024 acquisition of a 100-unit Assisted Living and Memory Care senior living community in Macedonia, Ohio, Sonida has added nine senior living communities to its portfolio year-to-date,

bringing its total owned senior living portfolio to 70 communities. These acquisitions are consistent with the Company's acquisition framework of acquiring high-quality, newer assets to which Sonida's operating platform can add significant value. Including the Company's two new management contracts, Sonida's operating portfolio is comprised of 82 communities.

"These successful closings are the most recent wins in a comprehensive strategy to judiciously grow Sonida's portfolio through creative deal structuring, expand its best-in-class operating platform and ultimately achieve attractive returns upon asset stabilization," said Brandon Ribar, President and Chief Executive Officer. "The acquired assets consist of exceptional private-pay communities, with newer vintage construction and/or material renovations within the last 10 years and are in mid-to-large metropolitan areas with favorable growth prospects. We continue to leverage our sourcing channels which enable us to identify compelling investment opportunities and drive long-term inorganic growth and value creation for our shareholders."

Joint Venture Acquisition #1 (Sonida 51% Owner)

The first transaction, with joint venture partner Palatine Capital Partners, includes the recapitalization of four senior living communities in major metropolitan markets: San Antonio, TX (2), Austin, TX (1) and Atlanta, GA (1). This brings the total number of Texas owned properties to 19 and represents Sonida's entrance into Atlanta, a high-growth market that complements the existing portfolio and further strengthens Sonida's Southeast presence.

The four assets are in strong submarkets and were built or redeveloped an average of seven years ago but have not yet stabilized since COVID. With 326 units and a wide variety of amenities, the communities provide a tremendous opportunity for Sonida, who will also operate the communities on behalf of the joint venture for a market fee, bringing its best-in-class operating platform to drive the portfolio's recovery.

The assets were recapitalized at an implied valuation of \$34.7 million, or \$107,300 per unit. The transaction was financed with approximately \$21.8 million of mortgage debt from the existing lenders, who collaboratively worked through favorable modifications to the existing financing to allow the joint venture sufficient duration and flexibility to stabilize the portfolio. At stabilization, the investment is expected to deliver double-digit Net Operating Income ("NOI") yields by leveraging Sonida's deep local sales and marketing expertise as well as its proven labor management processes.

Sonida, as a 51% owner in the joint venture, contributed \$6.4 million in initial cash equity to the transaction.

Joint Venture Acquisition #2 (Sonida 33% Owner)

The second transaction, with joint venture partner KZ Family Ventures, includes four senior living communities with

464 units in the Cincinnati, OH (1), Cleveland, OH (1), Kansas City, MO (1) and Louisville, KY (1) markets, bringing the total number of Ohio properties to 13 (including Sonida's previously announced second quarter acquisition in Macedonia, OH). Although the first Sonida-owned community in Kentucky, the Louisville asset complements Sonida's regional cluster in southern Indiana and Cincinnati.

The upscale, highly amenitized assets were all recently constructed with an average age of five years old but have not stabilized due to under-management and leadership turnover. The joint venture acquired the portfolio for \$64.0 million, or less than \$140,000 per unit and closed on an all-cash basis with the intent to assume moderate leverage post-close. At stabilization, the transaction is expected to deliver double-digit NOI yields through both occupancy and margin improvement. Sonida will operate the assets on behalf of the joint venture for a market fee, leveraging its deep regional support team in its Midwest division.

Sonida, as a 33% owner in the joint venture, contributed \$22.3 million in initial cash equity to close the transaction. Upon the joint venture assuming moderate leverage post-close, a majority portion of that outlay will be returned to the Company, providing further capital for future Sonida acquisitions.

Operating Management Contracts

On June 1, Sonida commenced management on two additional properties located in Minnesota and Wisconsin for one of its REIT partners. The Company intends to apply its proven systems for near-term occupancy recovery. The management contracts have a 5-year term with extension options at the owner's election. In Q3 2024, Sonida expects to assume management of one additional community owned by the same REIT partner.

Capital Markets Update

Sonida disclosed that on April 1, 2024, it filed a prospectus supplement with the U.S. Securities and Exchange Commission under which it may offer and sell from time to time and at its discretion, shares of its common stock having an aggregate offering price of up to \$75 million pursuant to an at-the-market (ATM) securities offering program. Shares are offered pursuant to an at the market sales issuance agreement between the Company and Mizuho Securities USA LLC, who acts as the sole sales agent.

In Q2 2024, the Company utilized its ATM to sell 667,502 shares of common stock at a weighted average price of \$29.08 per share, representing a total of approximately \$19.4 million of gross proceeds and approximately \$18.9 million of net proceeds to the Company since implementing the program.

The net proceeds were used to fund and execute on the above-mentioned transactions, as well as working capital and other general corporate purposes.

Sonida Added to Russell 3000® Index

The Company has been added to the broad-market Russell 3000® Index at the conclusion of the 2024 Russell Indexes annual reconstitution, effective July 1, 2024.

The annual Russell U.S. Indexes reconstitution captures the 4,000 largest U.S. stocks as of Tuesday, April 30th, ranking them by total market capitalization. Membership in the U.S. all-cap Russell 3000® Index, which remains in place for one year, means automatic inclusion in the large-cap Russell 1000® Index or small-cap Russell 2000® Index, as well as the appropriate growth and value style indexes. FTSE Russell, a prominent global index provider, determines membership for its Russell indexes primarily by objective, market-capitalization rankings, and style attributes.

“Being included in the Russell Index is an important milestone for Sonida and reflects the significant progress we continue to make transforming the Company. Our inclusion will expand investor awareness and broaden our shareholder base,” said Kevin Detz, Chief Financial Officer of Sonida. “This marker coincides with an exciting time for Sonida. With a strong foundation of operational discipline and recent balance sheet and liquidity advancements, the Company has meaningfully positioned itself for strategic expansion and continued momentum, as we focus on continued shareholder value creation for the remainder of 2024 and beyond.”

Safe Harbor

The forward-looking statements in this press release, including, but not limited to, statements relating to the Company's acquisitions, are subject to certain risks and uncertainties that could cause the Company's actual results and financial condition to differ materially, including, but not limited to the Company's ability to recognize the anticipated benefits of such acquisitions; the impact of such acquisitions on the Company's business; any legal proceedings that may be brought related to such acquisitions; and other risks and factors identified from time to time in the Company's reports filed with the SEC, including the Company's ability to generate sufficient cash flows from operations, additional proceeds from debt financings or refinancings, and proceeds from the sale of assets to satisfy its short-and long-term debt obligations and to make capital improvements to the Company's communities; increases in market interest rates that increase the cost of certain of the Company's debt obligations; increased competition for, or a shortage of, skilled workers, including due to general labor market conditions, along with wage pressures resulting from such increased competition, low unemployment levels, use of contract labor, minimum wage increases and/or changes in overtime laws; the Company's ability to obtain additional capital on terms acceptable to it; the Company's ability to extend or refinance its existing debt as such debt matures; the Company's compliance with its debt agreements, including certain financial covenants and the risk of cross-default in the event such non-compliance occurs; the Company's ability to complete acquisitions and dispositions upon favorable terms

or at all; the risk of oversupply and increased competition in the markets which the Company operates; the Company's ability to improve and maintain controls over financial reporting and remediate the identified material weakness discussed in its recent Quarterly and Annual Reports filed with the SEC; the cost and difficulty of complying with applicable licensure, legislative oversight, or regulatory changes; risks associated with current global economic conditions and general economic factors such as inflation, the consumer price index, commodity costs, fuel and other energy costs, competition in the labor market, costs of salaries, wages, benefits, and insurance, interest rates, and tax rates; and changes in accounting principles and interpretations.

About Sonida

Dallas-based Sonida Senior Living, Inc. is a leading owner, operator and investor in independent living, assisted living and memory care communities and services for senior adults. The Company provides compassionate, resident-centric services and care as well as engaging programming of 82 housing communities in 19 states with an aggregate capacity of approximately 8,000+ residents, including 70 communities which the Company owns and 12 communities that the Company manages on behalf of third parties.

For more information, visit www.sonidaseniorliving.com or connect with the Company on **Facebook**, **Twitter** or **LinkedIn**.

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Investor Relations

Jason Finkelstein

Ignition Investor Relations

ir@sonidaliving.com

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