

## **Sonida Provides Updates on Acquisition and Capital Allocation Activity**

*Recently completed acquisition in Ohio bringing total U.S. senior living portfolio to 72 communities*

*In process of acquiring an additional eight geographically strategic communities alongside joint venture partners with anticipated closings in second quarter 2024*

*In process of broadening management footprint with 3 new communities scheduled to transition to Sonida in June 2024*

*Raised approximately \$10.3 million in net proceeds through At-the-Market (ATM) equity offering program in April 2024 to fund identified acquisitions*

DALLAS, Texas – May 9, 2024, Sonida Senior Living, Inc. (“Sonida” or the “Company”) (NYSE: SNDA), a leading owner-operator and investor in communities and services for seniors, today announced the recent closing of its latest senior living community acquisition, in addition to providing an update on pending acquisitions and capital markets activity during the second quarter of 2024.

“The Sonida platform, with its differentiated approach to operating, owning and investing in senior living facilities, positions the Company to meaningfully capitalize on near-term market dislocation by layering on value-creating external investments designed to further enhance shareholder return. Reinforced by the trends of a growing elderly population against the backdrop of a significant slowdown in construction activity of new properties, Sonida’s disciplined deployment of balance sheet capital coupled with flexible and creative deal structuring, allows us to strategically acquire assets that can favorably impact our portfolio through an expansion of operations and highly attractive returns upon stabilization,” said Brandon Ribar, President and Chief Executive Officer.

### **Recent Acquisition**

On May 9, 2024, the Company closed on the acquisition of a 100-unit Assisted Living and Memory Care senior living community in Macedonia, Ohio, a growing suburb of Cleveland. The latest acquisition, in close proximity to an existing Sonida asset, brings the total number of the Company’s Ohio portfolio properties to 11 and dovetails with Sonida’s acquisition strategy, which aims to further upgrade and modernize its portfolio through densification in its current markets to fully leverage operating scale and efficiencies. The asset, built in 2015, has not recovered from changes in operator and COVID-driven challenges. Sonida is acquiring the asset for \$10.7 million at a 43% discount to the in-place senior mortgage loan and approximately \$105k per unit. The acquisition will be financed with a mortgage from the existing lender. Sonida will look to stabilize the asset from current breakeven Net Operating Income (“NOI”) to a low double-digit cap rate, by leveraging its deep local sales and marketing expertise as well as its proven labor management processes.

## **Pending Joint Venture Acquisitions**

In addition to our single-asset transaction in Ohio, the Company is finalizing documentation of two joint ventures, to facilitate the purchase of 8 communities located in strategically important markets to the Sonida growth plan. The combined transactions include more than 750 units combining Independent Living, Assisted Living and Memory Care offerings.

Management assesses various criteria and target metrics when reviewing growth opportunities. From a quality perspective, these communities would modernize the portfolio with newer vintage construction or material renovations within the last 10 years. The locations align with the portfolio's geographic footprint creating further density in Texas and the Midwest allowing management to leverage market knowledge and create operating efficiencies. The transactions contribute: i. significant management fee revenue, ii. material Net Operating Income and Free Cash Flow upside through both occupancy and operational improvement, iii. per-share cash flow accretion in the near term based on underwriting and iv. an attractive basis at or below 50% of replacement cost with an average purchase price below \$120k per unit. At stabilization, the transactions deliver double-digit NOI yields.

From a capital structure and financing perspective, one transaction is expected to close on an all-cash basis with moderate leverage available prior to year-end 2024. The second joint venture combines the assumption of existing financing at reduced leverage levels and the origination of new financing on a subset of the portfolio on attractive terms based on the current market.

The completion of both joint venture acquisition opportunities is subject to several conditions, including the completion of satisfactory due diligence and the negotiation and execution of definitive acquisition agreements. Accordingly, there can be no assurance that either of these transactions will close upon the terms or dates contemplated, if at all.

## **Pending Operating Management Contracts**

The Company is in the process of further broadening its management footprint with 3 new communities scheduled to transition to the Company on June 1, 2024. Growth of management contracts with third-party owners allows Sonida to leverage its full suite of operational capabilities and enhance the Company's return on invested capital with asset-light earnings growth.

## **Capital Markets Update**

"Recent capital infusions, including the February \$47.75 million equity private placement and the recent \$10.3 million 'At-the-Market' equity raise, allow Sonida to further focus and execute on strategic bolt-on acquisition opportunities from its robust and expanding pipeline. The Company plans to opportunistically utilize the ATM to match-fund accretive acquisition opportunities in the near term if market pricing is attractive, further advancing its acquisition objectives," said Kevin Detz, Chief Financial Officer.

On April 1, 2024, the Company filed a prospectus supplement with the U.S. Securities and Exchange Commission (SEC), 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. The shares are offered pursuant to an at the market sales issuance agreement between the Company and Mizuho Securities USA LLC, who is acting as the sole sales agent.

Since implementing the ATM program in April 2024, the Company sold 382,000 shares of common stock at a price of \$27.50 per share, representing approximately \$10.5 million of gross proceeds and approximately \$10.3 million of net proceeds to the Company. Sonida currently anticipates that the net proceeds will be used to fund future potential acquisition opportunities, capital expenditure projects, working capital and other general corporate purposes.

### **Safe Harbor**

The forward-looking statements in this press release, including, but not limited to, statements relating to the timing and completion of the potential 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 completion of all conditions to the consummation of such potential acquisitions, including the completion of satisfactory due diligence and the negotiation and execution of definitive acquisition agreements; other risks related to the consummation of such potential acquisitions, including the risk that such potential acquisitions will not be consummated on the terms or dates contemplated, or at all; the costs related to such potential acquisitions; the impact of such potential acquisitions on the Company’s business; any legal proceedings that may be brought related to such potential acquisitions; and the 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 operating 72 housing communities in 18 states with an aggregate capacity of approximately 8,000 residents, including 62 communities which the Company owns and 10 communities that the Company manages on behalf of third parties.

For more information, visit [www.sonidaseniorliving.com](http://www.sonidaseniorliving.com) or connect with the Company on Facebook, Twitter or LinkedIn.

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