



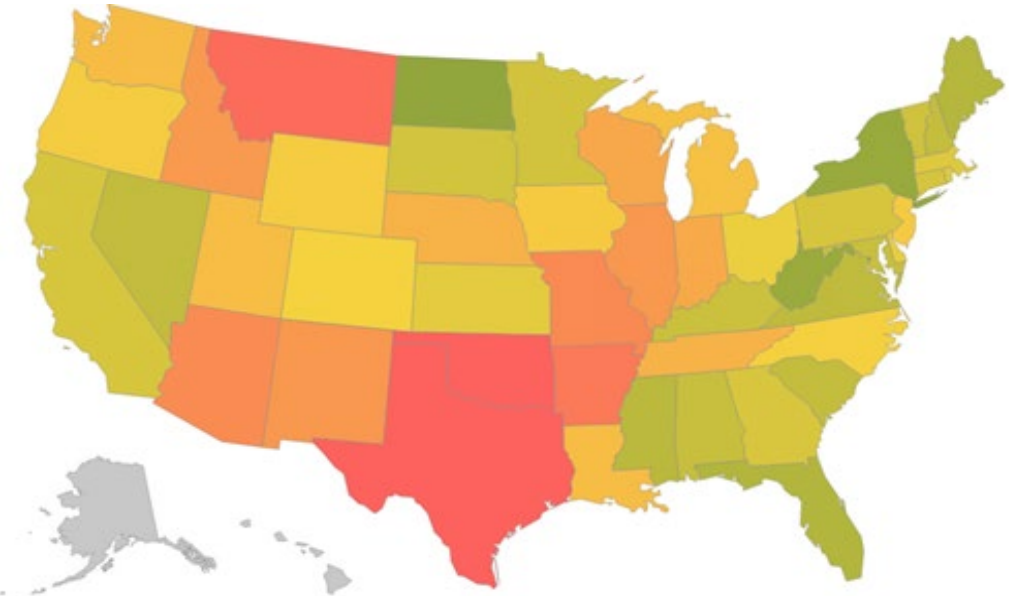
CLA Occupancy Insights

Through Reporting Period January 3, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

National Occupancy as of January 3, 2021



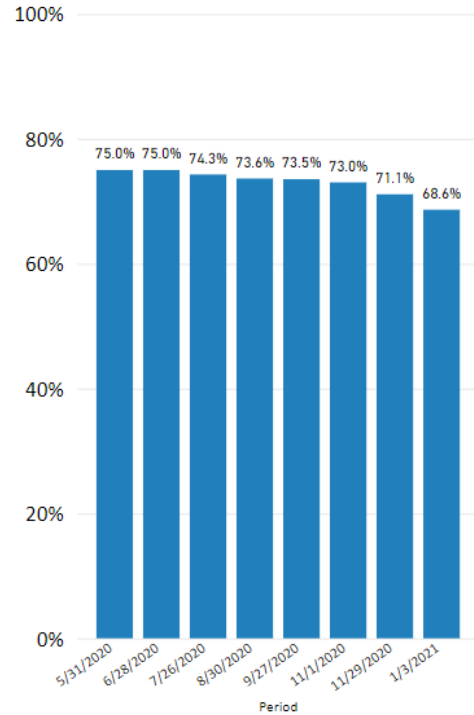
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Red 55% to Green 80% (excluding Alaska)



National Occupancy Trend

Occupancy



National Occupancy as of January 3, 2021

Comments:

- As of 1/3/2021, not one of the 48 continental states is reporting occupancy greater than 80%
- New York is among the highest at approximately 79% and Texas the lowest at approximately 56%
- The dip:
 - National median occupancy percentage to start 2020 was approximately 85%
 - Decreased to approximately 75% at end of May 2020,
 - National median occupancy to start the new year (2021) was approximately 69%
 - At the start of 2021, no continental state (i.e. exclude Alaska and DC) is reporting a median occupancy of 80% or higher. The last state to slip past 80% was Maine, which occurred the last reporting week in December 2020.

Business Implications:

- Occupancy is a top 3 pain point for SNF operators
- CARES Act and PPP funding has helped operators weather the storm from a cash perspective, but those reserves are running out
- Getting back to pre-COVID occupancy levels is a significant concern for operators
- Given historically low margins, post-COVID occupancy at even 90-95% of pre-COVID levels will push most operators into a negative margin situation



National Occupancy as of January 3, 2021

Harsh Examples

- Massachusetts median fell from approximately 90% 2019 to 70% end of May. Slight recovery in Q3 was lost by end of Q4.
- New Mexico median fell from low 80s to low 70s end of May with a continued decline to low 60s to start 2021, with it's 20%+ decline worse than any other state.
- Four states beginning 2021 below 60%: Arizona, Montana, Oklahoma, and Texas, all of which are already well below the national median in 2019 pre-COVID.

The Turn

- New Jersey is the only state reporting an increase in median occupancy for the period of May to the start of 2021, however it's only a few percent.
- Massachusetts is the next closest, which reported 71% end of May and is shy of 71% into the start of 2021 due to the reversal of occupancy experienced in December 2020.



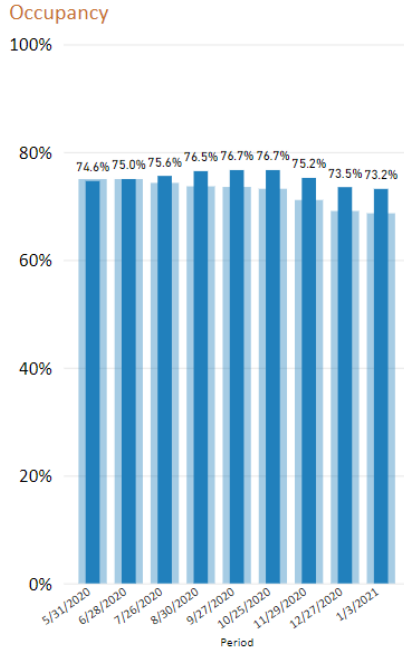


Regional Highlight

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Northeastern States Occupancy Trend (ME, NH, VT, NY, MA, RI, CT, NJ)



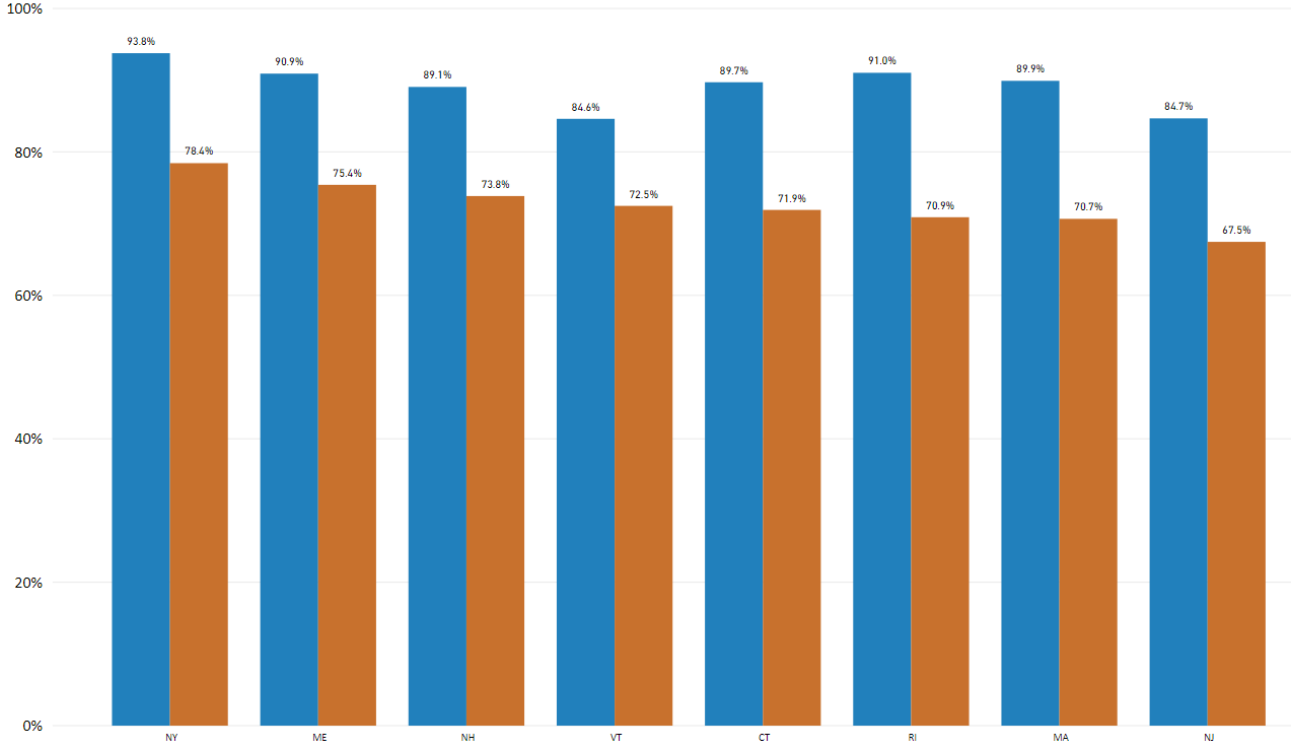
Light blue = national median occupancy

Dark blue = north east states median occupancy



Northeastern States Occupancy (Pre-COVID to January 3, 2021)

● Occupancy 2019 (median) ● Occupancy 20210103 (median)



Northeastern States Occupancy Trend

Comments:

- Northeastern states experienced a decline ranging between 15% to 20% from 2019 to start of 2021.
- May 2020 effectively inline with national median (approximately 75%)
- Occupancy improved over the summer and fall 2020, not dropping below 75% until mid-December 2020 it slipped to 74% when national occupancy was down to 70%, Northeast started January 2021 at 73% while national median was 69%.
- North East states median occupancy consistently trending above national mean occupancy from June 2020 through the close of calendar 2020.
- North East states at the start of 2021 approximately 73%
- National mean occupancy approximately 69%
- Over the summer and fall of 2020 the north east increased in mean occupancy while the rest of the country continued to slide.
- North east occupancy is following the national trend, however maintaining a favorable delta



Northeastern States Occupancy Trend

Comments:

- New York, which lead the northeast for median occupancy in 2019 at over 90% fell below 80%, though maintained its rank in region at 78.4%
- Massachusetts and Rhode Island experienced the greatest declines of approximately 20%, each dropping from approximately 90% in 2019 to just over 70% to start 2021
- New Jersey and Vermont were each approximately 85% in 2019 but fared differently through COVID. While VT fell less than 15%, remaining over 70%, NJ was the one Northeastern state starting 2021 below 70%.
- The improvement in occupancy during summer months lead to optimism until late November. With vaccine deliveries and administration, hopefully the months to come will bring similar improvement.



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