

A caregiver in light blue scrubs is assisting an elderly person with a walker in a hallway. The caregiver has their arm around the elderly person's back. The hallway has wooden doors on the left and a handrail on the wall. The scene is overlaid with a semi-transparent blue filter.

*Save*CSU

SAVE CAPITAL SENIOR LIVING CORP.

REBUTTAL PRESENTATION PREPARED BY ORTELIUS ADVISORS, L.P.
OCTOBER 2021

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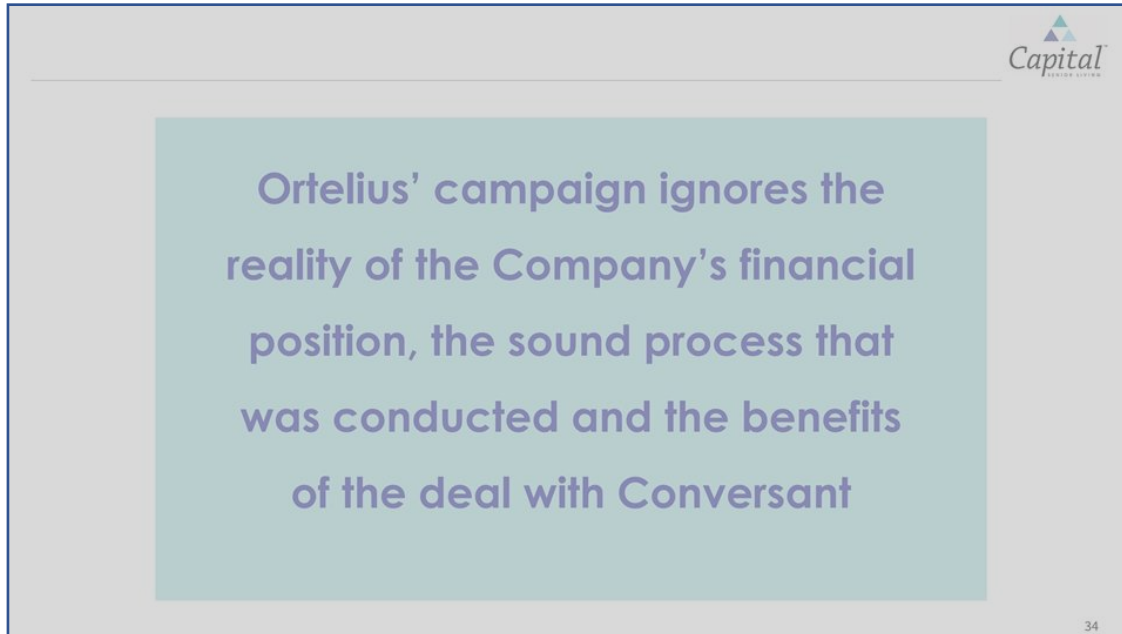
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ADDRESSING CSU'S DISINGENUOUS CLAIMS

CSU's Contention



Ortelius Response

1

Ortelius diagnosed “*the reality of the Company's financial position*” by assessing maturity timelines, evaluating recourse vs. non-recourse debt, examining near-term vs. long-term capital needs, and taking into account cash flows and improving industry fundamentals. **Bottom line, Ortelius applied a level of corporate finance acumen that appears to be lacking in the Company's boardroom.**

2

Ortelius identified on Day 1 that the Company's “*sound process*” was undermined by its lack of a Chief Financial Officer, lack of a go-shop period and lack of willingness to wall-cross existing stockholders prior to signing the Conversant deal. **Bottom line, Ortelius knows the Board needs to peddle excuses now because it signed away its fiduciary out and right to negotiate with other capital providers in July.**

3


Ortelius certainly acknowledged “*the benefits of the deal with Conversant*” – we have noted the Amended Transactions provide many benefits to Conversant, Arbiter, Silk and management at the expense of all other stockholders. **Bottom line, the Amended Transactions are not only unnecessarily costly and dilutive, but they are inappropriately generous to a select few.**

ADDRESSING CSU'S DISINGENUOUS CLAIMS (CONT.)

CSU's Contention

Ortelius Has Not Made a Real Offer

- Ortelius has not articulated any actionable terms or evidence of their ability to provide the necessary capital
 - Nowhere in Ortelius' press releases or 40-page presentation does Ortelius provide additional details on its "offer"
 - CSU cannot rely on the promise of financing alternatives that Ortelius "believes" exists
- Ortelius' approach and everything they have provided around alternative financing terms has been PR focused, conditional, and general

PR-focused (via media leak)	Conditional	General	Ortelius' level of commitment is vague and unclear from these statements and lack of constructive engagement
 Activist Ortelius pitches alternative financing for Capital Senior Living - sources <small>NEW YORK, Sept 13 (Reuters) - Activist investor Ortelius Advisors, one of the largest owners of Capital Senior Living Corp (CSL), is offering to provide a near-term cash infusion as an alternative to the company's proposed fund-raising plans, which Ortelius says would harm shareholders. (1)</small>	<i>"Ortelius is prepared to participate as a backstop and subscribe <u>well beyond its pro rata stockholdings</u> in a new equity rights offering, <u>provided that</u> the offering is decoupled from the Proposed Transactions. (2)"</i>	<i>"Ortelius believes that there are more affordable and equitable financing options that would better serve the interests of the Company and its stockholders. (2)"</i>	

(1) <https://www.reuters.com/article/activist-ortelius-pitches-alternative-financing-capital-senior-living-sources/2022-09-13/>. Emphasis Added.
(2) <https://www.businesswire.com/news/home/2022/09/13/2022-09-13-Ortelius-Advisors-Letter-to-Follow-Stockholders-Regarding-Alternatives-to-Capital-Senior-Living-20220913>. Emphasis Added.

Ortelius Response

1

When claiming that "*Ortelius has not made a real offer,*" the Company neglects to mention that **the Board is contractually prohibited from considering other offers or negotiating with other capital providers due to its poorly-structured deal with Conversant.**

2

The Company claims on one hand that "*Ortelius' level of commitment is vague,*" but acknowledges on the other hand that **we have committed to backing a rights offering and participating well beyond our pro rata share.**

3

The Company questions our belief that there are "*more affordable and equitable financing options available*" **without acknowledging that Invictus Global Management LLC has publicly announced its willingness to provide approximately \$150 million in capital on more affordable and equitable terms.**

The Board's flawed decision to sign away its fiduciary out and right to negotiate with other capital providers until the Conversant deal is voted down forced Ortelius to invest its own capital, resources and time in public advocacy for the benefit of all stockholders.

ADDRESSING CSU'S DISINGENUOUS CLAIMS (CONT.)

CSU's Contention

CSU Tried Repeatedly to Engage with Ortelius Prior to and Leading Up to the Amended Transaction



- The CSU Board and management have engaged with Ortelius in good faith
 - Over the past several months, CSU held numerous calls with Peter DeSorcy, managing member, CIO and co-founder of Ortelius – many of which were proactively initiated by CSU – to discuss general Company performance, potential refinancing options for the Company's debt and then ultimately the Conversant Transactions
- On September 25, CSU's counsel reached out to Ortelius and on September 26 the Company entered into a non-disclosure agreement (five days before the Amended Transactions were announced)
- Conversant/CSU shared in advance the terms of the Amended Transactions for Ortelius' input and potential participation
- Unfortunately, Ortelius chose not to engage and simply decided to ignore multiple subsequent attempts at discussions

Ortelius has shown no desire to work constructively and has repeatedly defaulted to public ad hominem attacks against CSU and its directors as opposed to real engagement

36

Contrary to the Board's claims, Ortelius made a genuine effort to engage and was met by the Company and Conversant's unwillingness to meaningfully discuss the issues with the transactions other than an attempt to buy off Ortelius like they did with Silk and Arbiter

Ortelius Response

1

The Company's "numerous calls" with Ortelius followed earnings, and the multiple calls pertaining to "potential refinancing options" occurred after the Board had already signed away its right to pursue other capital solutions and negotiate with other parties as part of the poorly-structured Conversant deal.

2

Ortelius signed an NDA with the Company merely hours after the Company's counsel reached out on Sunday, September 26th so Ortelius could engage with the Company on financing terms that would serve the best interests of all stockholders.

3

The Company presented the revised transaction terms to Ortelius as final and non-negotiable, with no opportunity for Ortelius to provide meaningful input. CSU also informed Ortelius' advisors that the revised terms would be announced barely 24 hours later, and the revised terms were actually approved by the Board that same night.

4

Ortelius informed Conversant that it believed the revised terms appeared worse for common stockholders compared to the Original Transactions and, based on the Company's apparent unwillingness to negotiate better terms for all stockholders, Ortelius did not see a need for further discussions.

ADDRESSING CSU'S DISINGENUOUS CLAIMS (CONT.)

CSU's July 22nd Presentation

Illustrative Uses of Capital

Pro forma for the transaction, we believe Capital Senior Living will be capitalized for growth and sustainable, long-term value creation

Use		Timing	Est. \$MM
Current Portfolio Investments	<ul style="list-style-type: none"> Execute on pipeline of identified investments in existing portfolio High-impact community renovations, targeted memory care conversions, and unit upgrades 	Immediate	~\$20MM
Working Capital	<ul style="list-style-type: none"> Provide working capital to the business to support occupancy recovery and anticipated future growth 	Immediate	~\$15MM
Capital Structure	<ul style="list-style-type: none"> Solidify the balance sheet and create a more sustainable long-term capital structure Address upcoming near-term debt maturities, including those with corporate guarantees, through combination of repayment / refinancing 	Near-Term	~\$100MM
Growth Investments (Acquisitions)	<ul style="list-style-type: none"> Strategically expand the portfolio through accretive acquisitions Highly scalable platform which can grow with little or no incremental overhead 	Medium-Term	~\$15MM



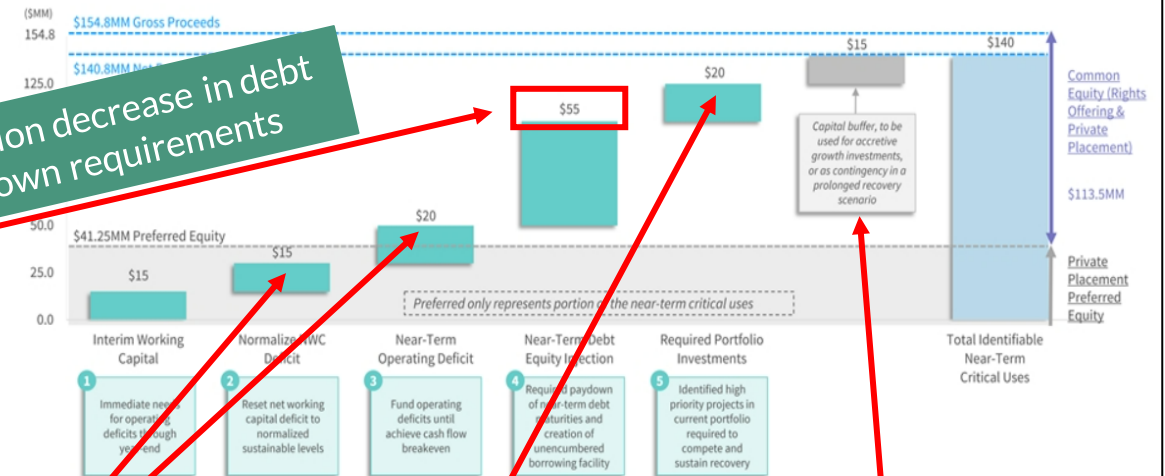
DISCOVER *the difference*

See Forwarding Looking Statements Disclaimer 15

CSU's October 5th Presentation

Why Does CSU Need THIS MUCH New Capital?

- **Total deal sized** to cover necessary near-term needs and provide sufficient financial flexibility to emerge from COVID-19 in a position of strength
- **Revised transaction structure** provides us certainty of proceeds with a smaller portion in the form of convertible preferred equity



19

In the Company's October 5th presentation, the Board reduced the amount of capital needed to address debt by \$45 million and appears to have fabricated new planned uses to justify raising a still excessively high quantum of capital

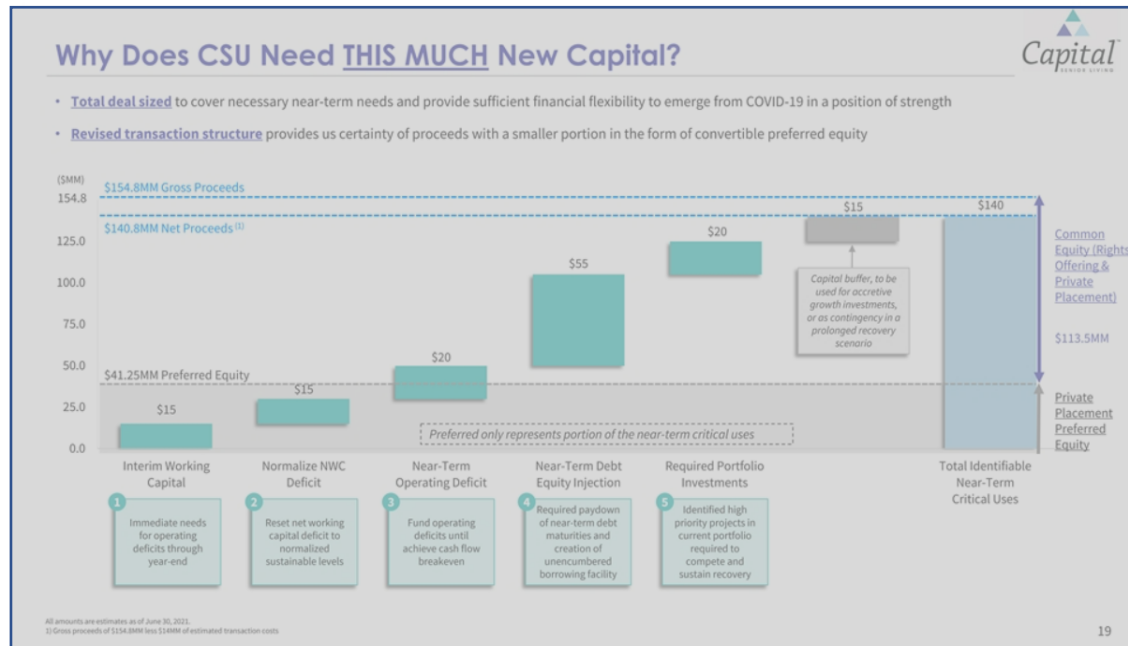
Not included in July 22nd presentation

Unnecessary at this point, and certainly not accretive

Previously labeled as "acquisitions"

ADDRESSING CSU'S DISINGENUOUS CLAIMS (CONT.)

CSU's Contention



Ortelius Response

1

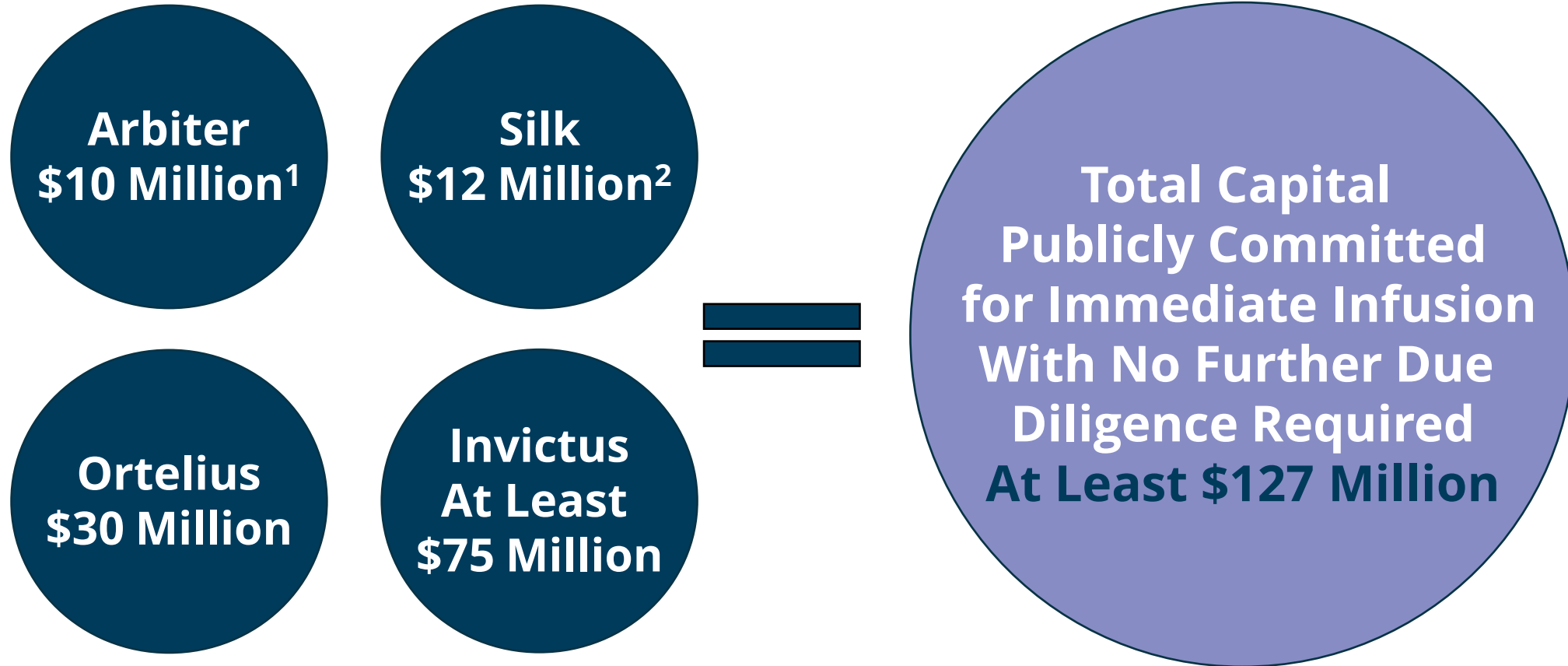
In the Company's July 22nd presentation, it claimed, among other things, that only \$15 million would be allocated for working capital, the debt paydown requirements equaled \$100 million and did not include an operating deficit of \$20 million.

2

In the Company's October 5th presentation, the Board reduced the amount of capital needed to address debt by \$45 million and appears to have fabricated new planned uses to justify raising a still excessively high quantum of capital, including an extra \$15 million for working capital, \$20 million for its near-term operating deficit and \$15 million previously labeled as "acquisitions" but now repurposed as a "capital buffer" and "contingency" in an apparent scare tactic.

The Board is forced to paint an overly-dire picture of the Company's financials for stockholders since it signed away its right to pursue more affordable and equitable financing when it entered into the outsized deal with Conversant Capital

MORE THAN ENOUGH CAPITAL STANDS READY TO BE DEPLOYED WITHOUT CONVERSANT'S DILUTIVE FINANCING



Stockholders should not be subjected to Conversant's dilutive terms because of the Board's inability to negotiate a more affordable and equitable series of transactions