Reginald Hislop, III

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Dear Press and Media Members:

Within the last 48 hours, I've encountered press coverage/stories regarding me, my work at Oakwood and Oakwood in general, emanating from information provided by eight University Woods/Oakwood Village Independent Living residents and one former, disgruntled staff member.

The primary goal of this group is to discredit me and in doing so, imply that my work at Oakwood and the decisions that I have made are flawed and harmful to Oakwood. To note, none of the eight have been involved in Oakwood operations, operational planning or Board or Board Committee meetings. They are opining, incorrectly so, on Oakwood business with the goal of harming me. Unfortunately, the harm in their methodology is to Oakwood primarily. Implying that Oakwood is not performing well, and that certain business strategies and policies are wrong and somehow, going to take Oakwood down, hurts Oakwood's marketability, its ability to recruit staff (a huge issue in the market today) and to retain key staff. Stability, growth, and opportunity are necessary elements for a company like Oakwood, in a competitive environment, to sustain and grow.

I can assure you and provide independent, external corroboration that Oakwood is financially sound and frankly, in a far better position of strength than upon my arrival, three years earlier. All business decisions from investment to financing to capital projects have been transparent to the Board and supported by the Board. Resident care quality and compliance are addressed quarterly at the Board level, with a Board committee.

Oakwood is independently audited by Clifton Larson Allen (CLA). Its financial results are quarterly posted with the SEC and available publicly, as required by its current bond/debt structure. These results are scrutinized by investors, most being the largest mutual fund organizations in the U.S. No issues of financial impropriety or allegations of inaccurate reporting have been raised by CLA or by the investor community.

I came to Oakwood having spent 33 years in the seniors housing and post-acute industry. I was selected through a recruiting process via a recruiter. Oakwood had a search committee made-up of Board members, many of whom are still on the Board. I had multiple interviews. Any releases or requests for information that came to me via the recruiter were fulfilled and my references were interview (each who have worked with me in different capacities across multiple decades). I am well known in the industry. I assume Oakwood selected me because of my track record of results and accomplishments.

In August of this year, I informed the Board of my intent to retire and to assist with a transition process. Linda Johnson, CFO was present at this meeting when I made the announcement. On November 29, I provided an official notice of retirement to the Board as required by employment agreement in terms of proper notice (date of final vacation).

What has transpired these last few days, which likely has roots much earlier, is sad to say the least. Oakwood is a good company with a bright future or at least, had a bright future. The quality of staff is outstanding in nearly all regards and my direct executive leadership team, exceptional, comprised of some of the finest executives and people I have ever worked with. They care, work exceptionally hard, and have helped Oakwood make tremendous strides forward in three short years (my association).

I apologize for the length of this letter but given what has been said about Oakwood and in reference to me, accurate details are required to paint a proper picture.

I have heard reference to me not caring about residents and/or supporting policies or doing things that are harmful via COVID policy, etc. Please consider the following.

- When I arrived at Oakwood and COVID started, there was no infection control or pandemic plan, no emergency preparedness plan, no identified inventory of PPE, etc. I along with Linda Johnson and Jeff Hackel, built all of the response.
- I made sure Oakwood Pharmacy became a participating vaccinating pharmacy so that we could source and distribute, COIVD vaccine.
- I brought in Jenn Maina, RN to head our clinical practices and to develop policy, protocols, standards, etc. for resident care and delivery. Jenn is a nationally recognized clinical leader and expert in post-acute care, senior housing, and home health. Jenn and Jeff (COVID Czar at Oakwood), controlled COVID policy in accordance with State and Federal requirements and regulations.
- By industry comparison, we have had limited outbreaks and minimal death, either from or related to, COVID.
- I'm the driver of the new Hebron SNF so that residents can get superb care and not be at environmental risk in a dilapidated building. The same is in the works for Tabor (Assisted Living on the University Woods campus). I've also added home health and personal care so that residents can access complete, coordinated, and cost-effective care from Oakwood, without leaving their campus residence. The same will be true for hospice. I also expanded Oakwood Pharmacy to Prairie Ridge so that residents have access to an onsite pharmacy and pharmacists.
- I added a Board committee, Quality and Compliance, to be fully transparent with the Board, on resident care, quality of care, and regulatory compliance. This did not exist at Oakwood prior to my arrival.
- I've worked with my team to assure caregivers have expanded competency training, enhanced education access, current and accurate, up to date protocols and policies.

With respect to the references of financial mismanagement, please consider the following.

- Oakwood is financially stronger in terms of revenue and capital structure than across any recent period. I have added significant cash via operating cash flow and investment management to Oakwood's reserves. I've addressed deferred maintenance issues and made fixed and movable asset improvements across both campuses, without additional debt.

- I restructured Oakwood's former debt (two bond series) and financed $30 million for the new Hebron project and other infrastructure improvements. This $113 million series was placed at year-end 2021 at 3% fixed. The new structure accomplished the following.
    - Lowered overall debt cost with a net $2 million in present value savings (including the new money borrowed).
    - Eliminated a single bond holder (Truist Bank) that was in complete control of Oakwood's pledge assets and income such that any additional borrowing could only occur with their permission, any incident of default was considered equal to a payment default giving the bank, full remedy including foreclosure (event for a technical default such as a covenant violation), no prepayment possible, and no control over assignment of the bonds in the event of merger or sale (this had already occurred when BB&T bank (original holder) merged with Sun Trust to become Truist).
- Today, save the two campus SNFs, the independent and assisted living residences are 90% plus occupied. The SNFs lag because of staffing levels adequate in number to accommodate a higher census. The result for Oakwood is $4 million plus more in revenue in 2022 vs. 2021.
- Except for inordinate overtime and agency costs for staff in 2022 and inflation creep in supplies and utilities, overall expenses in relation to revenue are down. **IF, expenses were baseline to 2019, pre-pandemic levels, Oakwood would have a 14% operating margin.**
- Even, given the extraordinary staffing costs and inflation impact, Oakwood will generate a positive operating cash flow in 2022. Investments will show shrinkage solely due to non-cash losses via investment market (negative) returns.
- As mentioned, the addition of home health, personal care and hospice will not only enhance care options for residents each will enhance overall operating revenues and cash flows as their operations are (or will be when fully open, such as hospice) for the benefit of Oakwood. Those net inflows will improve cash available for all operational needs from wage increases to capital investments to mitigating future rate increases to residents.
- Repurposing the Tower to affordable senior housing is the highest and best use of that building for Oakwood.
    - Its demolition would cost Oakwood minimally, $2 million in construction, site work and landfill costs (specialty waste due to asbestos) and disconnect the site as the Tower connects various buildings on the campus.
    - The use of tax credits to repurpose the building creates minimal financial risk for Oakwood, minimizes any additional debt required for the project, adds approximately 140 additional seniors to the site (Oakwood can sell services to them such as pharmacy, home health, etc.), and maintains an Oakwood mission element that as I understand, is historic and important for the organization.
- When I arrived, significant portions of the Oakwood/University Woods campus were in a state of dramatic disrepair and decline. Of the six buildings on the site, three were beyond their useful life and two, cannot be repurposed or re-used due to their functional obsolescence. All three have existing residents. The worst was Hebron (the SNF), the next is Tabor (Assisted). There is no real way to abandon these buildings and there is no real way for University Woods to be a continuing care community without addressing these elements of care and purpose in some regard. The approach I have taken,

supported fully by the Board, is a "worst is first" approach. Hebron was first, if the plan continues, Tabor will be next.

- In terms of staff, when I arrived, wage scales were antiquated and benefits the same. Working with Mr. Hackel (Chief People Officer), we restructured all wages, improved benefits with a new retirement savings plan (by far, best in the industry) and changes to disability and health insurance. In 2023, Oakwood is set to launch a phenomenal health plan for staff improving access to physicians and bringing physician care direct to each campus weekly, adding access at the workplace. Staff have gotten more increases in wages over the last three years than the three years prior to my arrival.

If you wish independent references to any of the above information, please let me know and I will provide contact details for you.

If Oakwood survives this maelstrom and I pray that it does, it is positioned to continue to thrive and to succeed. My concern is not about me but about the residents and staff who deserve a great organization to work and live in. I am proud of what I have accomplished at Oakwood in my short tenure and most proud of the team that has served with me.

The disruption created by 8 people, all who represent one point of view and one interest, is disturbing. They are seeking total attention on their issues, ignoring the issues and concerns of the residents in Skilled Nursing, Memory Care or Assisted Living. These are the most vulnerable residents with immediate needs for care and security. They are limited in their ability to advocate for themselves. They must receive equal attention and in a traditional health care focus, embraced by the concept of triage – those with the greatest needs deserve primary attention. Ignoring their worth, value and needs would be a tragic mistake.

Thank-you for taking the time to read this message. I can be reached as provided at the top of the letter.

Sincerely,

Reginald Hislop, III