Senior Care M&A Q:3 Record
Another Record For Deals, But Dollar Volume Is Half Last Year’s

It is hard to pick up a business and finance periodical and not know that the merger and acquisition activity worldwide has been on a torrid pace this year. Barring a meltdown in the fourth quarter, it should be another record year in general for M&A, and a record year for healthcare M&A in particular. The overall healthcare market has seen 1,076 mergers and acquisitions through the first three quarters of 2015 worth a total of $358.7 billion. This compares with 959 transactions and $249.2 billion in value in the first three quarters of 2014.

In the seniors housing and care market, a record was set for number of transactions for a third quarter, and for any quarter, with a total of 87 publicly announced mergers and acquisitions (which includes a few non-U.S deals, mostly in Canada). This represents a 23% increase over the previous quarter and just a 2% increase over 2014’s third quarter. The third quarter numbers might have been even higher, but because the NIC Conference began at the end of the quarter, we have to assume

The Investor Disconnect Continues
Trilogy's Sale, Crashing Senior Care Stocks, And Record M&A

last month, our theme revolved around the many signals of a market peak today. The theme is catching on, with one recent headline stating it as “Better or Bubble,” which we take to mean, will it get even better, or are we, in fact, in bubble territory? They played it a bit safe, but they had to. Bubbles are very difficult to predict, at least the timing of the pop. But today we have very contradictory things going on in the market, which we will get to.

At the recently concluded NIC Conference in Washington, D.C., several people asked us if we thought we were in a period of “irrational exuberance,” much like the one that former Fed chair Greenspan so famously described when stock prices seemed to go irrationally high. Our response was exuberance, yes, but irrational, no. Seniors housing and care is a hot topic, so hot that it has become mainstream because of the solid returns generated in the past five years. Everyone seems to want to buy, build, lend or invest, and everyone is picking their

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particular sectors, whether assisted living, memory care, independent living, CCRCs, skilled nursing or transitional care. Demographics are also driving the exuberance, even though far too many people forget that for the next two years we are in an extremely slow rate of growth of the over-80 population, which slowly picks up steam in 2018 and 2019 with about 2.0% growth in each of those years, and may not catch up with the growth in new units until the next decade.

But this interest in the sector is all very rational because for the long term, seniors housing is looked at as very “safe,” given the long-term demographic story. It is also rational because of the current returns experienced in the market, the extremely low interest rates, the highest supply of capital we have ever seen, and maybe even a little bit of the “let me get in now before it gets too crowded” mentality. On the transitional care side, many operators and buyers who have been in business for a few decades are aghast at the $150,000 to $300,000 per bed prices being paid for essentially a building with a skilled nursing license. But this is very rational if you believe that these facilities will be providing the rehab care that inpatient rehab hospitals have been providing, and maybe even LTACs in the future. Yes, there are reimbursement risks, but budgets will continue to be squeezed for the next 40 years, and anyone who can bring the cost of care down for the “system” should get their shot.

So maybe we are in a period of “rational exuberance,” but that does not mean we are not hitting a peak in the market in terms of valuations, or the proverbial bubble. And bubbles pop, but this market most likely will not “pop,” and any downturn will not look anything like the 1999 to 2002 fiasco. There will just be some casualties, and then some bargains, and then we will do it all over again. In addition, there were three recent anecdotal signs of a market peak, all occurring in the past two weeks. First, we received a call from a Texas horse rancher who was getting close to completing a $60 million or so capital raise from a few investors to buy and possibly build seniors housing (yes, we too will believe it when we see it). We get many similar calls, but none with the specificity of this one, and at least he had all the right answers, including teaming up with some experienced operators.

The other two signs were last week. We heard, and the final numbers are not in, that the NIC Conference hit a record for attendance (again) that may have approached 2,500. Let’s just say there were a lot of exuberant people walking the halls and scattered all over the networking lounges. But the real part of that was the number of developers and lenders in attendance, many of whom were new to the business. Finally, and we wonder how many people even noticed this, but one block from the conference hotel there was a vacant lot with several large, bright flags flapping in the wind with...you guessed it, “Senior Living Site Available” displayed all over them. Every site in America is now available for senior living, and that’s a problem. Perhaps it was a cruel joke and the landowner knew who was coming to town and figured it was cheap marketing, but we doubt it.

By this time next year we may know if and when the market peaked, but there seems to be a pronounced market
disconnect right now, and this may impact the timing of the peak as well as the severity of any decline. By this we mean that what is happening in the public equity markets is quite different from what is occurring in the private acquisition market. If you read the lead story on page one, you will see that the seniors housing and care market set yet another record in the third quarter in terms of number of announced acquisitions in any third quarter. This also means we are well on our way to another record full year, especially after hearing from brokers about how strong their fourth quarter pipelines of closings are. The difference, however, is that the dollar volume through three quarters is about half the dollar volume of the first three quarters of last year. As we have stated in previous issues, this means the market has breadth (many buyers for smaller acquisitions), but the big deals are hard to come by these days. And that says something.

Speaking of big deals, the recently announced acquisition of Trilogy Health Services by a joint venture between Griffin-American Health Care REIT-III and NorthStar Healthcare Income for $1.125 billion is the largest in the sector so far this year. Trilogy is expected to have about 99 campuses by the end of the year with 3,072 senior living units (mostly assisted living and memory care) and 6,622 skilled nursing beds. This will equate to approximately $746 million of revenues and $90 million of EBITDA. Just over half are owned with the remainder leased or in joint ventures, so it is difficult to obtain accurate pricing metrics. Based on these numbers, the price-to-revenue multiple is 1.5x and the EBITDA multiple is 12.5x. But for the 52 owned properties, the buyers disclosed a cap rate of 7.35%. Given most of these are majority skilled nursing beds, that is obviously a below-market cap rate. The low cap rate was also helped by the assumption of $205.1 million of debt with an average cost of 4.9%. The joint venture is split 70% for Griffin-American and 30% for NorthStar, but since Trilogy’s founder and CEO, Randy Bufford, and his senior management team are keeping a 3.6% stake, the buyers will have a proportionally lower investment percentage in the acquisition. Trilogy was represented by Guggenheim Securities, while CS Capital Advisors acted as financial advisor to Griffin-American and NorthStar.

From a quality perspective, this is a great acquisition for the JV partners. Trilogy’s reputation is at the high end of the industry, most of their campuses are purpose-built and relatively new (average age is about seven years), and the properties are concentrated in four states. In

### The Providers

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<th>Company</th>
<th>Ticker</th>
<th>Current Price 9/30/15</th>
<th>Stock Market Cap (In Millions)</th>
<th>% Change from Prior Month</th>
<th>% Change from 1/1/15</th>
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<td>(1) Skilled Healthcare Group</td>
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**Assisted/Independent Living**

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(1) Skilled Healthcare Group completed a reverse merger with Genesis HealthCare on February 2. The combined company has taken the Genesis name and the new ticker symbol “GEN.”
addition, Trilogy’s census quality mix has grown from 70% in 2007 to about 78% in 2015, and the quality mix based on revenues has grown from about 78% to 86% in that same time period. Total revenues have increased from $258 million in 2007 to $746 million this year, and annual EBITDA grew from $22 million to $90 million in that same time period. Revenues and EBITDA grew every year through the Great Recession, with just a small dip in EBITDA in 2012. This is just one reason why seniors housing and care has been considered such a good and safe investment. However, not all companies are run by a Randy Bufford, but we are sure other investors wish they were.

The Trilogy model, which was most likely the model that Mainstreet saw as a winner in today’s market, is based on having a mix of skilled nursing beds (60% to 65%) and assisted living and memory care units (30% to 35%), and building in states without CON restrictions. This is why both Trilogy and Mainstreet have so many of their early campuses in Indiana. The main difference, however, is that Mainstreet has no Medicaid patients. Occupancy is about 92% at Trilogy. The purchase price is obviously hefty, but like in many of these large transactions, the value (or at least part of it) is in the growth. Given Trilogy’s growth track record through good times and bad, EBITDA in 2016, when the transaction closes, should be well over $100 million and growing. There will be organic growth, but most of the future growth will come from new campuses, as the company has averaged about five new properties a year for the past several years, with a much larger bump up in 2015.

There are two parts of the transaction that are new to the market, however. First, it is the first time we have seen two REITs joint venture in an acquisition, and we know other REITs were bidding on this deal, but with a different structure than the Griffin-American deal. This “new” development can be partly discarded because the two REITs already have a strong relationship and alignments with interweaving ownership interests, not to mention that another NorthStar affiliate paid $4.0 billion for Griffin-American Healthcare REIT-II in a transaction that closed last December.

The more important aspect of the current deal, however, is that it is the first RIDEA acquisition by a healthcare REIT for a large and primarily skilled nursing bed portfolio.
The joint venture bought the assets and the operating company, while the other REITs bidding were looking for a more traditional sale/leaseback transaction. Why? Historically, REITs (and more particularly, their institutional investors), have not wanted the liability risk associated with the skilled nursing sector. Yes, the upside of increased Medicare revenues can be enticing, but that can be wiped out by a multi-million dollar lawsuit or two, not to mention changes in reimbursement. Most REITs would just prefer to clip their lease payment coupons with 3% annual escalators in the SNF sector. A few REITs have skilled nursing exposure in RIDEA joint ventures, but these are mostly tied to CCRCs where the liability exposure is usually much lower. The timing of this RIDEA deal was unusual given the legal problems at HCR ManorCare and Life Care Centers of America, two of the largest operators of skilled nursing facilities in the country, as well as the recent FBI raid on the headquarters of American Senior Communities and the quick dismissal of its CEO (whose house was also raided by the FBI). The timing was also unusual with all the recent publicity over claims of Medicare up-coding for therapy and threats of tightening Medicare reimbursement.

By using the RIDEA structure other issues arise. At some point, the managers of Griffin-American Healthcare REIT-III will be looking for an exit, and while in the past we would all look to the Big Three as potential candidates, and maybe a smaller REIT, we have to assume they would take a pass because of the ownership of the skilled nursing operations (6,600 beds and growing). This would mean that a NorthStar affiliate would be the most likely buyer down the road, which may be all right since they already have skin in this game. What about an IPO as an exit strategy? Possible, but with institutional investors not enamored with a RIDEA structure with thousands of SNF beds, that could be a non-starter. On the other hand, if this investment is wildly successful for the joint venture, it could pave the way for future SNF RIDEA deals. But we will have to wait for that.

So here we have the largest acquisition of the year, at a price point that many would consider to be aggressive, yet the public market values for almost all the seniors housing and care companies have been crashing, sometimes with unprecedented speed. It started with a sell-off in biotech and pharma stocks after a certain presidential candidate came down hard on drug pricing,
threatening to roll back prices if she is elected. This spilled into the general health care sector, with few prisoners taken. Brookdale Senior Living (NYSE: BKD) started plummeting to levels no one could have foreseen (even us), dropping 20% from mid-September to a 52-week low of $22.00 per share, and 45% from last April. Why? A combination of sellers with no buyers, at least not until the price dropped, and there were no rumors that we heard of a deteriorating third quarter.

It is also possible that what is happening is a re-set of institutional pricing (valuation) for seniors housing and care stocks. This has little to do with the pricing in the real estate acquisition market, at least for now. Capital Senior Living (NYSE: CSU) caught the Brookdale flu and started swooning as well. But again, it may have been less about valuation and more about certain hedge funds needing to liquidate positions. In the case of CSU, over a 24-hour period it was one such fund that had to re-balance its portfolio because of “other” problems, and the sell order for 600,000 shares was put in. And this for a stock that averages trading volume of less than 250,000 per day. CSU had a relatively strong second quarter and we believe the third quarter will be even better. So the price pressure had little to do with concrete valuation or earnings trends, and perhaps more of a “re-think” of the entire sector, on top of indiscriminant selling.

And then the skilled nursing/post-acute sector got walloped. Kindred Healthcare (NYSE: KND) plunged by more than 30% over 10 days to a new low of $12.76 per share, compared to over $20 per share in early September. Earlier this summer they upped their third quarter forecast, so there is nothing wrong with the company. But reports of general Medicare reimbursement pressure began surfacing (so what else is new), and investors panicked and started to dump, but also because of the general healthcare sell-off. Genesis Healthcare (NYSE: GEN) suffered the same fate, hitting a new low of $5.51 per share. Investors in these two companies may have also been spooked by what is going on with fraud investigations at other companies. The bottom line is that either the new values represent screaming buys because of the short-term panic, or we are in a new investing climate (the re-set).

In the seniors housing sector, some may be asking, “Where’s the upside?” Labor costs are increasing, trained
staff is hard to find, new development will be eating away at occupancy, that new development will put further strains on both labor issues (cost and supply), regulation may increase (it won’t decrease), and demographics really won’t start to kick in in a meaningful way until the middle of the next decade. This may also have resulted in pressure on Brookdale Senior Living as it figures out how to right the ship. While all this trauma was happening in the market, Brookdale announced that Dan Decker, president of Coastwood Senior Housing Partners, is the new non-executive chairman of the board. This is the same Dan Decker who was on Health Care REIT’s (NYSE: HCN) board (now Welltower), but resigned when his company and KKR started negotiations to purchase the Sunrise Senior Living operating company from Health Care REIT for about $100 million (closed in January 2013), only to sell it nine months later for about $400 million. His compensation is nothing to sneeze at, with a $350,000 total annual retainer, plus meeting fees that max out at $75,000 annually, plus 25,000 shares of restricted stock (worth $600,000) that vest immediately upon a change of ownership. It’s tough work, but someone’s got to do it. Mr. Decker has many years of transaction experience with healthcare REITs and operating companies, so in some ways he is the perfect person to come in and help the board (and current management) figure out what to do and with whom. The question is, what will that be?

This is where the confluence of recent events meet. The public market collapse means that a $45 per share take-out value for Brookdale should be off the table, if it wasn’t already off the table after the first and second quarter earnings were announced. In a strange bit of irony, for the board this may end up being a good thing because it gives them more flexibility in what they do from a valuation perspective. The significant drop in healthcare REIT stock prices means that the REITs won’t be (or should not be) buyers in any Brookdale recapitalization. It also means that an Opco/Propco structure would be more difficult because of current REIT valuations.

Without sounding like a broken record (but we will), Brookdale should find some way to go private to work through its numerous problems, because we believe it may take at least two years and possibly longer to fix them, especially given the increased pressure on occupancy and labor that we see coming down the pike which will only aggravate a difficult situation. Having to be under the...
microscope of quarterly earnings reports is absurd with what management needs to do. Look, I don’t think there is anyone out there who does not think that the Emeritus acquisition was a mistake, but hindsight is always 20/20. It can’t be changed, so deal with it. As a private company, BKD can truly clean house of properties that don’t belong (we are talking a few hundred), not the timid process they are doing today. They can do the renovations on the properties that need it but are good enough to stay, without worrying about the short-term earnings impact. They can work hard on increasing occupancy and not worry about the short-term uptick in costs to do so. They can work on stabilizing staffing and also not worry about the associated short-term costs. And finally, they can focus on why they really bought Emeritus in the first place: 50,000 new residents for their ancillary businesses, which alone may have added up to $1 billion of increased revenues once it was running on all cylinders. Yes, there was all that potential to unlock real estate value and cheap option prices. While not gone, whatever unlocked value that existed in the summer of 2014 has certainly diminished today. By how much? Nobody really knows.

So Mr. Decker and the board are facing a dilemma. They have shareholders who bought in thinking the exit was $45 per share, maybe higher. They are facing an environment where healthcare REIT values, and consequently transaction appetite, have declined, at least for large deals, and one where valuations for the public operating companies have deteriorated significantly. The contradictory aspect is that the private acquisition market remains vibrant, although it may be that the spread in pricing between “A” properties and “B” properties is widening. That means that the cap rate for a sale of any Brookdale properties, which by default would be the “B” or “C” properties, would be higher than what has been discussed publicly by all sides of the equation. Whatever happens, it will not be easy, but we believe Mr. Decker has been brought in to do something, and our guess is that it will be in the next three to six months (there we go, stirring the pot again). Maybe they will be able to do something in combination with Fortress Investment Group (NYSE: FIG) and its looming debt maturity for Holiday Retirement Corporation in March of next year. Will that come with a sale of the management company? Will there be competing demands on the market for two major corporate sales or restructurings? What will happen to Kai Hsiao in all of this? The good news? The
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We do not envy Dan Decker and the board and the process they may be embarking upon, but we do place some blame on the board for not asking the right questions about the Emeritus acquisition. They must not be subscribers. How they will reconcile what is happening with public equity values compared with the insatiable acquisition demand at the property level is anyone’s guess. The question will be, if one assumes the big REITs are out of the picture on this one, are there any private equity firms willing to work hard with some patient capital to restructure Brookdale and its 1,100 properties? And then, at what price? When BKD bottomed out at $22.00 per share last week, that had to get some PE firm analysts penciling out certain scenarios. Some people think the “new” pricing for a restructuring is between $32 and $35 per share. The problem is that, for a public company with many moving parts, the public stock price may have little relationship to real value in the eyes of a beholder. With the risks, some think the “value” might be lower.

This brings us to the question of whether the public equity markets really work for seniors housing and care companies. Is the private acquisition market, with its long-term view on seniors housing, right when it comes to current values? It would be hard to find someone who does not think the long-term prospects for seniors housing are good, with the possible exception of Bill Thomas (the Eden Alternative Bill Thomas). Or are the public markets right, with their short-term, quarter-to-quarter time horizon, because they see the problems hitting the sector in the next few years and don’t want to wait 10 years for the baby boomer bailout? We currently have the fewest number of publicly traded companies in our universe, and the number will get smaller before it gets bigger. It’s just very difficult to manage investor expectations with so much real estate, regulations, reimbursement and just plain change to successfully remain public. Capital Senior Living is handling it well with a very disciplined growth plan, but with its growing real estate ownership, it too will become a target. These are some of the issues Dan Decker and the Brookdale board will have to discuss. Or perhaps someone should just give Jay Flaherty a call.
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that press releases about September 30 closings were delayed. For the nine months year-to-date, there have been 226 transactions, or a 6% increase over last year’s record-setting pace. Dollar volume, however, continues to be way down from last year, with just $4.2 billion in the third quarter, down 57% from the $9.7 billion in last year’s third quarter but identical to the second quarter of 2015. Since practically no one is predicting a rash of billion-dollar deals in the fourth quarter, dollar volume for the year should remain much lower than last year’s record.

The breakdown of the buyers in the third quarter was quite interesting. The most active buyers were the operating companies, with publicly traded companies announcing 7% of the deals but private operating companies announcing 35% of all transactions. The second largest group was the REITs, with publicly traded REITs accounting for 25% and the private REITs just 8%. Private equity firms and other private investors accounted for 17% of the transactions, while not-for-profits completed 5% of the deals. There were a few transactions with undisclosed buyers. Most people are always surprised to find out that the operators, and specifically, the private companies, account for more than a third of the transaction volume. The difference is that they represent a much smaller share of the dollar volume, with REITs and their virtually unlimited capital dominating on the dollar side of the equation.

Given the giddiness at the annual NIC Conference last week, we expect activity to remain robust, if not frothy. Low rates are going to prevent much of a rise in cap rates for the “A” properties, but the rise may really be for the “B” properties which had started to trend upwards in values in terms of lower cap rates with aggressive bidding. There is a good chance we may see another record in the fourth quarter with over 90 deals announced, and we would not be surprised if the market broke 100. Stay tuned.

Skilled Nursing Acquisitions

Just a couple of weeks after Care Capital Properties (NYSE: CCP) officially was spun out from Ventas (NYSE:

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VTR), the newly formed post-acute/skilled nursing facility REIT announced its first acquisition, and it was a big one. With eight skilled nursing facilities and one assisted living community and 1,174 beds in the Shreveport, Louisiana market, the portfolio featured an average occupancy of 88% and a 47% quality mix. Also included in the portfolio was a rehab therapy company, four hospice agencies and an interest in an affiliated pharmacy provider. CCP will triple-net lease the portfolio to pursuant to a 15-year master lease containing annual rent escalations and two five-year renewal options.

CCP paid $190 million, or about $161,800 per bed, and also made a $20 million five-year fully amortizing loan to Texas-based operator Senior Care Centers (which will lease the portfolio) at a rate of LIBOR plus 500 basis points, which escalates every year by 25 basis points. The 15-year lease has an initial cash yield of 8.25% plus annual escalators. Initial EBITDARM coverage is expected to be approximately 1.7x, which translates to a 14.0% EBITDARM cap rate. As a result of the transaction, SCC will account for approximately 16% of CCP’s net operating income on a pro forma basis.

Another public owner of senior care facilities, AdCare Health Systems (NYSE: ADK), entered the Florida market with its acquisition of a 55-bed skilled nursing facility in the Tampa Bay area. After paying $4.8 million (or $87,300 per bed), net of reserves and inclusive of existing HUD debt, AdCare will lease the facility to one of its existing operators for a 15-year term with initial annual cash rent of $420,000 in the first year and a 3% annual escalator.

Prompted by personal reasons, the owner of Meridian Foresight Management decided to sell off all but one of his skilled nursing facilities, all located in California. In the first of the two transactions, Meridian sold the operations of seven SNFs with 368 beds for an undisclosed price. Built in the 1960s and 1970s, the facilities featured an overall occupancy of 88% and were primarily filled with low-acuity MediCal patients, which represented 95% of the census with Medicare making up the remaining 5%. The buyer, Providence Group, saw an opportunity to increase the Medicare and private pay census at the facilities, which already featured some of the highest MediCal rates in the state. Providence also plans on

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significant capital improvements. Six of the facilities are located in Northern California, while one is in the South.

Meridian then sold its 52-bed facility in San Rafael (San Francisco MSA) for $4.5 million, or $87,000 per bed, to Reliant Management Group. Although it was in good physical shape (for being built in 1958), the facility struggled with occupancy because of an OSHPD issue, falling to 60% at one point. But by closing time, after the issue was resolved by the buyer, occupancy rose to 80% and is still improving. The census was 100% MediCal patients under previous management, but the number of Medicare patients has risen slightly and should continue to improve. This transaction was just a lease purchase, but Reliant is looking to close on the real estate as well. Shep Roylance of The JCH Group represented Meridian and the buyers in both of the transactions.

Mr. Roylance also handled the sale of a 28-bed skilled nursing facility in Los Gatos, California to Dylan Investments. Owned by a local cardiologist, the property also features two four-plexes and a single-family home on almost three acres. The buyer’s original intent in buying the property for $3.5 million, or $125,000 per bed, was to vacate the building and replace it with a high-end memory care community. However, with Reliant Management Group, which has a relationship with Mr. Roylance, owning a SNF in close proximity, the plan changed to converting the acquired facility into a sub-acute facility operating in conjunction with Reliant’s facility while replacing the four-plexes and single-family home by a 22-unit memory care community.

A different Meridian, Meridian Senior Living, acquired a 49-unit assisted living community in Richmond, Kentucky, for a purchase price of $4.78 million, or $97,450 per unit, with an 8.9% cap rate. The community was built in 2009 and was 95% occupied. Meridian will take over operations from the West Coast-based individual owner/operator. Watson McCollister of Senturian Senior Housing Brokerage represented the seller in the transaction. Earlier this year, Mr. McCollister represented a local owner/operator in the sale of their 149-bed skilled nursing facility in Sevierville, Tennessee. The facility was 60% occupied and in need of substantial renovations. It sold for $5.7 million, or $38,300 per bed, and the
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in-state buyer partnered with Grace Management to operate the facility.

Stonerise Healthcare, a Charleston, West Virginia-based owner/operator of SNFs in that state, announced that it has acquired another HCR Manor Care “Heartland” property, this time a 120-bed SNF in Kingwood, West Virginia. Part of a larger agreement to acquire all seven of HCR Manor Care’s “Heartland” facilities in the state, Stonerise also acquired a 120-bed facility in Clarksburg last month. While this transaction did not reveal a purchase price, previous acquisitions featured prices from $66,400 per bed to $70,700 per bed. By October 1, Stonerise will own 15 facilities and almost 1,900 beds. The company may invest in capital improvements at the Kingwood facility, which first opened in 1982.

A North Carolina skilled nursing facility that was built in 1994 but voluntarily closed in 2012 was purchased for $6.05 million, or $43,200 per bed. Owned by a regional owner/operator based out of the Southeast, the facility features 133 skilled nursing beds and seven assisted living beds. After closing the facility, the owner still kept the license and CON active, which was probably the motivation behind the acquisition, as the buyer, a North Carolina-based skilled nursing operator, will either invest capital to upgrade/reopen or build a new facility within the county. Patrick Burke of Senior Living Investment Brokerage handled the transaction.

Based in Boise, Idaho with a focus on acquiring assets in the northern Rocky Mountain region, a regional operator went just over its border to purchase a 65-bed skilled nursing facility, with an 18-unit IL component, in Tekoa, Washington. The purchase price was $1.3 million, or $15,700 per bed. Owned by a group of local investors who exited the business with the sale, the facility struggled with reining in expenses, operating at just a 2% margin on $3.6 million of revenues. But occupancy was high, at 82% in the SNF and 100% for the IL units. Jason Punzel and Nick Cacciabando of Senior Living Investment Brokerage handled the transaction.

Meanwhile, Matthew Alley of Senior Living Investment Brokerage handled the sale of a struggling 79-bed skilled nursing facility in Leonard, Texas (about an hour north of
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Dallas. Built in 1970, the facility was only certified for Medicaid on 44 of its beds, and occupancy was just 34%. It pulled in just about $90,000 in EBITDA on $1.6 million in revenues. The private owner/operator wanted to divest this asset and sold it to another owner/operator wanting to expand its East Texas presence for $1.2 million, or just $15,200 per bed, with a 7.5% cap rate.

Staying in the Lone Star State, a new entrant in the post-acute care market made its first acquisition: a portfolio of four SNFs in Texas for an undisclosed price. Formed in June 2015 by Michael Wallace (formerly President of Daybreak Ventures), Shady Shores Communities purchased the four facilities, with 424 beds, from three separate owner/operators. The mostly Medicaid census averaged 70% occupancy across the portfolio. Shady Shores is also in the process of developing three other facilities in Texas. To finance the acquisition, Oxford Finance provided a four-year $7 million senior secured term loan and a $1 million revolving line of credit. Mr. Wallace is wasting no time growing the business, planning on announcing four or five other acquisitions by the end of the year, all while staying in Texas.

One of them was the acquisition of a 145-unit assisted living community in Park Ridge, Illinois by Capitol Seniors Housing (CSH) for approximately $32 million, or $220,700 per unit. Originally built as a hotel and then converted to senior living, the new owners plan to convert 14 AL units into 20 memory care units in a separate wing. The buyer also plans to invest up to $5.5 million in renovations, including finishing the memory care conversion, converting approximately 28 IL units to AL, and other renovations started by the family seller a few years ago. Occupancy has stayed in the mid-90% area in the high barrier-to-entry location, which was one of the attractions to the buyer. CSH hired The Arbor Company
Strength in numbers.

$137,558,400 SALES ADVISORY 11 PROPERTY PORTFOLIO
ILF/ALF CANADA ■ $58,340,000 FREDDIE MAC CAPITAL
MARKETS ILF SANTA ROSA, CA ■ $44,571,400 FHA SECTION 232/223(F) SKILLED NURSING SOUTHAMPTON, NY ■
$31,100,000 TERM LOAN PLACEMENT ILF/ALF/ALZ HOUSTON, TX ■ $24,750,000 SALES ADVISORY ALF/MC HOUSTON, TX ■ $23,501,198 FREDDIE MAC CREDIT REVOLVER
ALF/ALZ CARMICHAEL, CA ■ $21,300,000 BRIDGE TO FHA SKILLED NURSING YONKERS, NY ■ $18,375,082 CONSTRUCTION DEBT PLACEMENT ALF/ALZ COOPER CITY, FL ■
$18,621,507 HUD RATE MODIFICATION SKILLED NURSING LONG BEACH, NY ■ $17,959,500 CONSTRUCTION DEBT PLACEMENT ILF/ALF/ALZ TAMPA, FL ■ $10,545,150
FANNIE MAE DUS® ALF GREELEY, CO ■ $7,000,000 MEZZANINE LOAN SKILLED NURSING FLUSHING, NY ■

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to manage the community and oversee the renovations. HFF represented the seller in the transaction, which featured 7.2% cap rate, but we expect cash flow to rise. To finance the acquisition and renovations, Aron Will of CBRE secured a $27.9 million nonrecourse floating rate bridge loan, with a five-year term and 36-months of interest only, from a regional bank.

Also valued above $200,000 per unit was the sale of an 84-unit assisted living community in Cumming, Georgia, for $18.25 million, or $217,300 per unit, with a 7.5% cap rate. Pushing up its price was the fact that the facility opened in 2014 and is already 95% occupied. Plus, it operates with a 35% margin on $3.9 million of revenues. Included in the community are 36 memory care units, which probably help push revenues up. While under construction, CNL Lifestyle Properties had a right of first refusal to purchase the property as part of a three-property sale/leaseback agreement with Oaks Senior Living, and this was the third asset. This right was transferred to Senior Housing Properties Trust (NYSE: SNH) when it purchased a large portfolio from CNL. This property was added to the master lease Oaks Senior Living has with SHPT. Brad Clousing and Jeff Binder of Senior Living Investment Brokerage handled the transaction.

Sabra Health Care REIT (NASDAQ: SBRA) dropped almost $85 million in two acquisitions this month. First, in one of the pricier deals of the month, the REIT expanded its presence in the Pacific Northwest with the addition of four senior living communities (three in Oregon and one in Washington) with 214 units for $65 million, or $303,700 per unit (the second-highest on a per-unit basis this month). There are a total of 122 assisted living units, 74 memory care units and 18 independent living units in the portfolio, with an average occupancy of 96.4%. Built between 1989 and 1995, with various renovations between 2003 and 2011, the communities pulled in revenues and EBITDA of approximately $13.5 million and $4.3 million, respectively, in 2014. But those numbers may increase to $14.1 million and $5.0 million, respectively, by year one. Radiant Senior Living will operate the communities for Sabra under a lease. Lisa Widmier, Aron Will and Matthew Whitlock of CBRE represented the seller in the transaction.
But the top dollar went to a 186-unit senior living community in Richmond, Virginia, which sold to Griffin-American Healthcare REIT-III for $64 million, or $344,000 per unit. Built 16 years ago, the community provides IL, AL and memory care services and boasts a greater-than-96% occupancy. The seller, Smith/Packet Med-Com, a developer/operator in the region, wanted a quick and quiet transaction, bringing in Tim Cobb and Steve Thomes of Blueprint Health Care Real Estate Advisors as lead advisors.

Mr. Cobb and Mr. Thomes of Blueprint also sold a 24-unit/47-bed assisted living community in Oneonta, New York. The buyer only purchased the real estate, for a price of $2.4 million, or $100,000 per unit. At the time of the sale, occupancy was about 82%, and the community had revenues of approximately $2 million annually. The seller was looking to exit the New York market, prompting the expedited sale to a regional owner/operator who purchased the asset without a financing contingency.

A portfolio of four Alzheimer’s and dementia facilities and one small independent living community in four central Illinois towns sold to a publicly traded REIT for $19.7 million. The properties vary in size between 20 and 50 units and were all built in the last 10 years, with three in the last five years. Mario Wilson of Blueprint handled the transaction for the seller, which exited the senior care business with this sale. The buyer has leased the properties to a regional operator, MAS Senior Living.

Finally from Blueprint, Christopher Hyldahl represented the seller, affiliates of Rubin Schron, in the sale of a 99-bed skilled nursing facility in Las Vegas, Nevada. Leased by Fundamental Long Term Care, the facility was close to 95% occupied when it sold for $5.5 million, or $55,600 per bed. Brius Healthcare Services, the largest owner of SNFs in California, was the buyer.

Sabra Health Care REIT acquired the Life’s Journey Senior Living portfolio, which includes five seniors housing communities with 149 primarily memory care beds/units in Illinois, for $19.7 million, or $132,200 per unit. Concurrently with the purchase Sabra entered into a triple-net master lease agreement with Life’s Journey Senior Living for the portfolio. The initial cash yield is
The SeniorCare Investor

7.5%, but with annual escalators equal to the greater of the CPI or 3.0%, the GAAP yield will be 8.6%.

In one of the largest U.S. seniors housing sales so far in 2015 (sixth-largest, to be exact), Formation Capital bought the independently operated South Carolina Agapé Senior Living portfolio, representing 10 communities with 856 units of seniors housing and three facilities of 294 skilled nursing beds. Agapé grew the portfolio organically plus some acquisitions, with all the properties relatively young and large in size. In fact, the oldest building was built in 1990 (a SNF), and the smallest was a 58-unit AL/MC community. The final purchase price was $153.9 million, or $156,400 per unit for the AL/MC units and $68,000 per bed for the skilled nursing, with a 9.9% cap rate for the seniors housing and a 14.2% cap rate for the SNFs. The new owners will look to improve census, which currently averages 77.5% for the AL/MC and 81.6% for the SNFs, both based on beds. But cash flow was strong at the seniors housing communities, operating with a 30% margin on $44.7 million of revenues, compared to just a 9% margin on $31.0 million of revenues for the SNFs. Evans Senior Investments handled the transaction.

Across the country in Oregon, Evans Senior Investments also handled the sale of a 40-unit memory care community in Brookings to a non-traded REIT for $10.2 million, or $255,000 per unit, with a 7.2% cap rate. The fully occupied community was built in 1999 originally with 16 units, then 24 units were added in 2004. Of the 40 units, 15 are semi-private and 25 are private. There were 17 private pay residents in early 2015 paying on average $4,188 per month and 38 residents under Oregon’s Medicaid program for memory care, which paid an average of $4,078 per month. The seller was a family-based owner/operator.

Dan Mahoney and Tony Cassie of Marcus & Millichap also facilitated the sale of two assisted living/memory care communities in Oregon, both with operational upside. First, Focus Healthcare Partners saw potential in a 58-unit community in downtown Portland, which they snapped up for $10.8 million, or $186,200 per unit. Built in 2007, the community was the last acquisition of Sunwest Management and has been owned by a TIC with 17 different investors ever since who were all very hands off, hiring a management company in the area to operate (the buyer, in fact, uses the same manager for its buildings in Oregon and Washington). There were a small number of Medicaid residents in the building. By making capital improvements, the buyer plans to improve the financial performance at the community by converting more of the one-bedroom AL units to semi-private memory care units. The transaction came with a 5.9% cap rate based on trailing 12-month NOI, but that is not how the buyer is looking at it.

Second, Mr. Mahoney and Mr. Cassie arranged the sale of a 95-unit AL/MC community in Ashland (near the California border) for $10.75 million, or $113,200 per unit, with a 6.75% cap rate on trailing 12-month NOI. This community was older (built in 1997), and in 2014, NOI dropped significantly when the state required the move of several memory care residents to skilled nursing because of their high acuity. That caused a drop in occupancy at the community, which typically takes in around $750,000 in annual NOI. But as the buyer, another private investor, increases occupancy and cycles out Medicaid residents with private pay clients, pro forma NOI is estimated to reach $815,000. Included in the sale price was a $350,000 prepayment on the seller’s HUD loan.

There was even more activity in the Pacific Northwest, when, through its wholly owned subsidiary, WL Bellattini, LLC, WESTLiving increased its ownership interest to approximately 95% in a 145-unit IL/AL community in Bellevue, Washington. The community, which features 50 units licensed for assisted living, maintained an overall occupancy better than 98%. WESTLiving Management, assumed full operational oversight at the community, the ninth in the company’s portfolio.

An assisted living community in Mesa, Arizona has evolved a lot over its 30-year history. Built in 1985 as low-income housing, it was converted to seniors housing in 1996. Between 2003 and 2007, the owner at the time invested $5 million in renovations that allowed them to more than double rents in that time. Then, Harrison Street Real Estate Capital and its operating partner for the community, Milestone Retirement Communities, stepped in to purchase the community in 2008 for $15.85
million, or $90,600 per unit. Over time, the independent living units were reduced to make room for more assisted living. Currently there are 123 AL units, 30 memory care units and 22 IL units in 13 stories. Finally, Sierra Capital & Investment, a private equity firm based in Fresno, California, recently acquired the community for $20.9 million, or about $119,400 per unit (not a bad return for Harrison Street). To operate the community, they plan to hire Frontier Management, which operates three other properties in Arizona. Cody Tremper of Greystone Real Estate Advisors represented the seller in the transaction.

In another relatively low-priced transaction, two New Jersey SNF operators, Zev Farkas and Joseph Schlanger, teamed up to acquire a 67-unit assisted living community and a 120-bed skilled nursing facility in Delmar, New York for $13 million, or $69,500 per bed/unit. The SNF was built in 1975 at the Good Samaritan Village campus by Lutheran Care Network, with the assisted living community added in the mid-1990s. Citing the changing reimbursement and regulatory environments, Lutheran Care Network decided to sell, pending state approval. CareTrust REIT (NASDAQ: CTRE) acquired a 38-unit assisted living community in Pensacola, Florida from Cooper-Solice, Inc., which had been operating the community since it opened in 1998. Licensed for 64 beds, with 12 of the units for memory care services, the community was 90% occupied at the time of the sale. Together with a standard license, the facility also provides Assistive Care Services and has an Assisted Living Waiver for Medicaid services. The facility will be leased to and operated by Better Senior Living Consulting, LLC as part of a master lease, with a going-in cash yield of 8.5% and produces initial annual rental revenue of $459,000. The purchase price was $5.4 million, or $142,100 per unit, and the cap rate was 8.8%. Ken Carriero and Damien Carriero of Colliers International’s National Seniors Housing Group represented the seller in the transaction. We also want to mention that in July, Messrs. Carriero sold a 70-unit memory care community in St. Petersburg, Florida to CareTrust REIT for $8.4 million, or $120,300 per unit, with a 14.2% cap rate.

CareTrust made more news when they closed their acquisition of a particularly large (for them) SNF portfolio in Ohio that originally included 16 skilled nursing facilities, of which 14 would be owned and two would be leased, for $175 million. With the deal closing, that number has dropped to 15 SNFs (14 owned and one leased), which are selling for $173 million, or about $144,200 per bed, with a 13.3% cap rate. Occupancy across the portfolio averaged 83%, with an 18% quality mix. Dan Baker of CBRE brokered the transaction, with an assist from Dave Rothschild and Mary Christian before they left CBRE.

HJ Sims sold two of its senior living communities in Colorado, with a total of 318 units, to a publicly traded REIT for an undisclosed price. The sale, which was negotiated by HJ Sims themselves, was the culmination of a long journey for the company and these two properties, which opened at the ill-fortuned time of early 2008. Sims raised $78 million of senior debt and $22.3 million of mezzanine debt and equity to finance the construction of the communities, including one in Colorado Springs with 97 IL units, 48 AL units and 26 MC units, and one in Fort Collins with 95 IL units, 26 AL units and 26 MC units. But the tough economic times affected fill-up, and the operating partner in the deal ran into financial difficulty. So in 2009, Sims took over ownership, restructured the debt and negotiated a discounted buyout of the existing senior debt by arranging for more than $60 million of new debt from institutional investors, plus an additional $3 million of preferred equity from its high net worth retail investors. Sims then worked with Leisure Care to stabilize operations, eventually bringing census to 100% in 2013. The communities were then refinanced in 2014 with a $74 million first mortgage from Fannie Mae and a $7 million mezzanine loan. After the sale, all investors in the project received a return of 100% of their principal and, based on their position in the capital stack, various positive returns.

There were several acquisitions north of the border. First, Canadian owner/operator Chartwell Retirement Residences (TSX: CSH.UN) acquired three retirement communities in Ontario with 447 units for $128.85 million, or $288,300 per unit.
Second, BayBridge Seniors Housing, a Toronto-based owner/operator of senior living communities that is owned by the Ontario Teachers’ Pension Plan Board, acquired Vancouver-based Amica Mature Lifestyles (TSX: ACC) and its 26 luxury seniors housing properties located across Canada. Shareholders of Amica will receive CAD$18.75 in cash for each Amica share, which represents a 113% premium to the closing price of Amica shares on September 1. Including assumed debt of $369 million, the purchase price will be approximately $804.4 million, or $253,400 per unit, with a 3.8% cap rate. Too bad pension funds in the U.S. are not aggressive buyers.

Finally, continuing to use the proceeds from the sale of its US assets in late 2014, Extendicare (TSX: EXE) acquired a 64-unit independent/assisted living community in Port Hope, Ontario for approximately $15.4 million, or $240,900 per unit. The community just opened this year.

**FINANCING NEWS**

Institutional lenders. Working with both Fannie Mae and Freddie Mac, Berkadia arranged two loans totaling $366.7 million for Brookdale Senior Living (NYSE: BKD) to refinance 39 of its seniors housing properties in two separate portfolios. The first portfolio, including 21 properties with 1,924 units and an average occupancy of 91%, is made up of 5.7% IL, 15.9% MC and 78.4% AL units. It was refinanced with a $226.4 million, 10-year loan through Fannie Mae arranged by Managing Directors Heidi Brunet and Christopher Fenton of Berkadia. The loan come to $117,700 per unit. The pair also closed a $140.3 million (or $117,900 per unit), seven-year loan through Freddie Mac for a portfolio of 18 properties, which consists of 1,190 total units (22.9% MC and 77.1% AL) and an average occupancy of 88%. The two portfolios are located across 17 states, including California, Illinois, New York, North Carolina, Texas and Washington.

A 100-unit independent living community well located in Carmichael, California with a strong occupancy history was recently refinanced with the help of CBRE. Aron Will of CBRE National Senior Housing and Kevin Randles of CBRE’s Debt and Structured Finance office arranged a $12 million fixed-rate loan from Fannie Mae. CBRE Multifamily Capital originated the loan on behalf of the borrower, Ray Stone, Inc., which operates five other communities with over 800 units in California and has operated the Carmichael community since its opening in 2003. Occupancy has ranged from 95% to 99% in the last few years, with rents starting at $1,500 a month and going up to about $4,000 a month. The refinance took out a bank loan on the property.

RED Capital Group closed an $11.1 million Fannie Mae loan for MBK Senior Living to refinance its 130-unit assisted living/memory care community in Clearfield, Utah. Originally constructed in 1999 as an 81-unit assisted living community, the facility expanded to its 130-unit size in 2009 and added memory care. RED has be there along the way, providing long-term financing for the community in 2005 and an co-terminous supplemental mortgage loan to facilitate the expansion, in addition to providing financing for several of MBK’s other communities.

Kass Matt, the new President of Lancaster Pollard, arranged a $17 million HUD refinance for a not-for-profit senior care community in Garfield Heights, Ohio. The community features a 102-bed SNF, plus 12 Alzheimer’s beds, built in 2006, a 104-unit assisted living community built in 1988 and a long-term care facility that includes a newly renovated 10-bed inpatient hospital unit. The loan features a 35-year term and a 3.58% interest rate.

Bank Loans. The announcements keep coming from Lancaster Pollard, with the firm announcing two transactions (and three loans) plus a new addition to its M&A group just in the last few days. Mike Ashley led the way in obtaining funding for a local not-for-profit to refinance and renovate its senior living facility in Higginsville, Missouri.

With Life Care Services managing the facility since 1995, the not-for-profit plans to increase the number of skilled nursing beds by 16 private rooms in a new wing. Lancaster Pollard worked with local banks, including Equity Bank, to provide a $7.1 million construction loan for the renovation/refinancing, which will then be taken out by a permanent loan from the USDA Community Facilities program with a 30-year term and blended interest rate of 4.32%.
Contemporary Healthcare Capital and Community & Southern Bank announced the first joint closing under their strategic alliance and “uni-tranche” program with a $10.5 million loan for a Pacific Northwest-based seniors housing operator to acquire a 95-unit/116-bed assisted living/memory care community in Ashland, Oregon. The combined loans were valued at about 85% loan-to-cost, translating to an approximate purchase price of $12.1 million, or $127,400 per unit. Industry veteran Steve McGee will lead this new strategic alliance and will transition to Contemporary as Director of Originations for the new platform. Craig Taylor will also join Contemporary as Director of Operations.

Entering the senior living/healthcare lending market, Hunt Mortgage Group closed its first transaction in that sector with an $8.85 million bridge loan that will refinance a 50-bed memory care community in Rockwall, Texas through its new balance sheet lending platform launched earlier this year. Jim Neil, Director of Healthcare Lending at Hunt, was the originator while Jenifer Williams led the underwriting team on the transaction. The borrower was The LaSalle Group, the developer of the prolific Autumn Leaves® brand of assisted living/memory care with 27 existing communities and 15 under construction.

Cushman & Wakefield and Capital One teamed up together to recapitalize the luxury 492-unit Jacaranda Trace in Venice, Florida (near Sarasota). Located on 33 acres, the property features 436 independent living units, 20 assisted living units and 36 memory care units all built in stages between 1998 and 2015. The units are also split between entrance fee, rental and fee simple contracts. The owner, ROC Seniors Housing, in a joint venture with existing principals of Freedom Senior Management, plans to expand the property to include an additional 120 IL and AL apartments. The financing was arranged by Aaron Rosenzweig, Timothy Hosmer and Caryn Miller of Cushman & Wakefield’s Senior Housing Capital Markets group in coordination with Bridge Realty Capital. Capital One provided a $52 million secured term loan as well as a revolving line of credit to fund the future expansions.

Grandbridge Seniors Housing and Healthcare Finance arranged the refinance of a 134-unit senior living community in Phoenix, Arizona with a $10.5 million loan from BB&T Real Estate Funding - Structured Finance. The property, which includes independent, assisted living and memory care, was built in 1974 and acquired by Sunwest Management in 2005-2006. Despite its good location next to a major hospital, its poor local standing hurt its financial performance when a receiver eventually took it over in 2010. At time of its December 2011 sale to the current owner, Avista Senior Living, the community was losing approximately $400,000 annually and was just 50% occupied. However, Avista believed it could bring occupancy up to 90% within 12-18 months, when pro forma revenues and EBITDA could reach $4 million and between $800,000 and $1.2 million, respectively. Richard Thomas and Meredith Davis originated the transaction.

A regional owner/operator looking to pay off existing debt on its 150-bed skilled nursing/assisted living facility in the mid-Ohio market turned to Nancy Herman of Capital Pointe Advisors to raise, negotiate and close a $10.25 million loan provided by Home Saving and Loan (HSL). HSL also provided a corresponding A/R line of credit.

Gary Sever of Capital Funding Group originated a $15.9 million loan to refinance a 123-bed skilled nursing facility in Dyersburg, Tennessee and a 180-bed facility in Memphis, Tennessee. Capital Lending and Mortgage Group served as the agent and senior lender on the transaction. Separately, Pineview Capital Group closed a $5.2 million loan to refinance a 118-bed skilled nursing facility in Roseburg, Oregon. The loan came in with an interest under 4% fixed for 35 years.

Construction Financing. RED Capital Group closed a $17.2 million five-year balance sheet loan to help fund development of a community with 73 AL units and 32 MC units in Broken Arrow, Oklahoma that will be managed by Life Care Services. The loan came out to 75% loan-to-cost, so we can estimate a project cost of $22.9 million, or $218,400 per unit. For a state that averages about $161,900 per unit to build senior living communities (according to our data), that is on high side. Red Mortgage Capital also closed a $3.5 million supplemental HUD loan for a 121-bed skilled nursing/assisted living facility in Poland, Ohio to build an additional 26 private short-
term rehab beds for the owner, affiliates of Woodlands LLC, a locally-owned provider of senior care services.

Richard Thomas and Meredith Davis of Grandbridge coordinated with Neal Lineberry of BB&T to facilitate a $13.72 million seniors housing construction/mini perm loan for Smith/Packett Med-Com. The Roanoke, Virginia-based developer plans to construct a 104-unit senior living community in York County, Virginia, with 68 assisted living units and 34 memory care beds, with Harmony Senior Services as the operator.

Blue Moon Capital Partners, a private equity firm founded by industry vets Kathryn Sweeney and Susan Barlow, just announced the first project for its $175 million fund, Blue Moon Senior Housing I LP (BMSH). In December 2014, Blue Moon secured a $175 million capital investment from Scout Fund II through Hawkeye Partners, LP. Kicking off development will be a 180-unit seniors housing project in Northville, Michigan being developed with The Damone Group, which has developed over 120 projects in the last 40 years. With 96 IL units, 44 AL units and 40 MC units, the community will be built by the developer’s construction arm, Damone Construction, and operated by its management company, Cedarbrook Senior Living. The project should cost $52.5 million, or $291,700 per unit, 61% of which will be financed with debt from First Merit Bank and Talmer Bank, and the remaining 39% coming from BMSH.

Zenith Capital arranged financing for an assisted living/memory care project in Covington, Washington. The community’s 98 units will include 64 for assisted living and 34 for memory care. At a cost of $23.5 million, or $239,800 per unit, the project pretty much equals the average cost to build like-facilities in the region.

It’s All In The Name

We have known that ALFA was searching for a new name to not only distinguish it from the other alphabet trade organizations, but also to broaden who and what the organization represents. But Argentum? With a soft g? If you did not take Latin you may not know that the Latin for silver is argentum. The new tag line will be “Expanding senior living,” which certainly makes sense, as does

We invest in relationships, not just properties. Ask Us How
REITs

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<td>17,360</td>
<td>-15</td>
<td>49.61</td>
<td>35.37</td>
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<tr>
<td>Health Care REIT</td>
<td>HCN</td>
<td>67.72</td>
<td>4.9</td>
<td>23,920</td>
<td>-11</td>
<td>84.88</td>
<td>61.00</td>
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<tr>
<td>Healthcare Realty Trust</td>
<td>HR</td>
<td>24.85</td>
<td>4.8</td>
<td>2,510</td>
<td>-9</td>
<td>31.20</td>
<td>22.01</td>
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<tr>
<td>LTC Properties</td>
<td>LTC</td>
<td>42.67</td>
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<td>-1</td>
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<td>36.74</td>
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<td>National Health Investors</td>
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<td>5.9</td>
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<td>76.98</td>
<td>53.64</td>
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<tr>
<td>New Senior Investment Group(2)</td>
<td>SNR</td>
<td>10.46</td>
<td>9.9</td>
<td>916</td>
<td>-36</td>
<td>20.20</td>
<td>9.86</td>
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<td>Omega Healthcare Investors</td>
<td>OHI</td>
<td>35.15</td>
<td>6.3</td>
<td>6,580</td>
<td>-10</td>
<td>45.46</td>
<td>32.01</td>
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<td>Sabra Health Care REIT</td>
<td>SBRA</td>
<td>23.18</td>
<td>7.1</td>
<td>1,520</td>
<td>-24</td>
<td>34.44</td>
<td>22.23</td>
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<td>Universal Health Realty</td>
<td>UHT</td>
<td>46.94</td>
<td>5.5</td>
<td>632</td>
<td>-2</td>
<td>57.55</td>
<td>41.29</td>
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<td>Ventas</td>
<td>VTR</td>
<td>56.06</td>
<td>5.2</td>
<td>18,600</td>
<td>-11</td>
<td>71.74</td>
<td>52.03</td>
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(1) Care Capital Properties was spun out from Ventas effective August 17, 2015.  (2) New Senior Investment was spun out from Newcastle Investment effective November 6, 2014.

the silver and the aging population. It sort of reminded us about when the former assisted living company Alternative Living Services changed its name to Alterra, which sounded more like a new car than a provider of the “new” kind of assisted living community. Names should have some meaning that we don’t have to think too hard over to relate to. But hey, look at Google (a googol is 10 to the 100th power, or close to infinity), or Apple (chosen because it was fun, spirited and not intimidating, and the founder had just been in an apple grove). You never know.

And then there is Health Care REIT (NYSE: HCN), which is now Welltower and keeping the original ticker symbol. Speaking of original, Health Care REIT was the first health care REIT, which is why it was able to get that name. And how great was that? Talk about name recognition. At first we thought, “what the *@#?” But the new name has definitely grown on us, and we get the “well” with the “tower,” which can mean tall building or strength. We just hope it didn’t come from the adolescent book series “Welltower.” That would be a little weird.

People On The Move

Lancaster Pollard has hired Chad Elliott as managing director of the firm’s mergers and acquisitions group. He was most recently a director of investment banking and capital markets at Recovery Centers for America.... Capital One has named Allison Holland as senior vice president in its seniors housing and healthcare agency lending group. Prior to joining Capital One, she was an SVP in KeyBank’s healthcare and mortgage banking group.... David Fasano has joined the Dallas, Texas office of HFF as a director in the seniors housing group. He comes to HFF from Fortress Investment Group, and prior to that the former Aviv REIT....And then there is Laurie Bebo, the former CEO of Assisted Living Concepts. Apparently, a U.S. Securities and Exchange Commission judge recently ordered her to pay $4.2 million in civil penalties for her alleged violation of certain federal security laws which involved the alleged padding of census to meet lease covenants with a REIT. We expect an appeal. Ahh, the gift that keeps on giving.
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