PARK PLACE OF ELMHURST

CLIENT PROFILE

Park Place Christian Community of Elmhurst is a new campus CCRC to be located in Elmhurst, Illinois. Park Place will be a state-of-the-art senior living community comprised of 173 ILUs, 10 catered living units, 46 ALUs, 20 memory support units and 37 skilled nursing beds. Park Place is sponsored by Providence Life Services (#31 on the 2010 AAHSA Ziegler 100), an existing senior living provider in Illinois and Michigan with 11 owned communities comprised of 1,700 units. This project is being co-developed with Greystone Communities and constructed by Bovis Lend Lease. Perkins+Will is the Architect and Dixon Hughes was financial feasibility consultant.

PLS, formerly known as Rest Haven Christian Services, will celebrate its 50th anniversary this year (2010). This history includes a vision which dates back to the 1970s — to grow the mission to serve constituents in west suburban Chicago. The historical roots, i.e. constituents, of PLS are from the Dutch Christian Reformed and Reformed Church in America traditions; there are 70 constituent churches that support PLS and its work in the Chicago-land area. PLS and the Providence Foundation were formed to support and advance Christian care and services to the elderly and infirm by supporting health-related research, the development of a continuum of appropriate living arrangements, and programs and services to support a quality of life for those who suffer from disabilities and age-related illnesses and infirmities.

Park Place is being developed and financed as a stand-alone project, outside of the PLS Obligated Group. As described herein, PLS has provided and will continue to provide significant support to Park Place through development and marketing services, cash contributions, a Liquidity Support Agreement, deferred management fees, etc.

Park Place is one of the few new campus senior living projects to have survived the financial crisis that began in September 2008. This is largely due to the degree of commitment on the part of the presales depositors. The response to the project has been excellent from both individuals who had a prior relationship with PLS and those who have recently learned about Park Place and PLS for the first time. Although this geographic area is home to a number of attractive existing senior living communities, Management observes that true competition is limited, demographic data are supportive of the project, and the market is very accepting of the CCRC concept. The average net worth and income data for the group of presales depositors is strong. The project was 77% presold at the time of bond closing, May 27, 2010.

$175,540,000
Illinois Finance Authority
Revenue Bonds, Series 2010
(Park Place of Elmhurst Project – May 2010)

"We have been pleased with the partnership and good counsel we received from our friends at Ziegler. It enabled us to move forward with an exciting project during an especially challenging financing environment."

Rich Schutt
Chief Executive Officer
Providence Life Services

This client's experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.

Park Place enjoys a very strategic location. PLS selected the 12.6 acre site because of its unique location in the western suburbs (approximately 18 miles west of downtown Chicago). Elmhurst is tucked into a group of upscale and well-known suburbs including Oakbrook, Hinsdale, Downers Grove and Western Springs. Park Place is positioned between the sites of three other long-standing constituency organizations: 1) 100-year old Timothy Christian School (north side) and 2) Elmhurst Christian Reformed Church (south side), which recently opened a $25 million new worship center; and 3) Faith Christian Reformed Church (in close proximity). Finally, to the east of Park Place is the Elmhurst Memorial Hospital, a 315-bed replacement hospital scheduled to open in 2011. The property on which Park Place will be located was strategically acquired — 16 residential parcels purchased over a 14 month period, until in November 2005 the appropriate acreage was under PLS ownership. Ziegler is thrilled to have been able to assist PLS in the realization of financing this 30-year dream.

TRANSACTION/FINANCING HIGHLIGHTS

The $175.54 million issue was spread across seven series of bonds. Average yield to maturity on the $109.115 million of fixed rate permanent debt: 8.40%; Average yield to expected optional redemption on the Tax-Exempt Temporary Debt (which includes Temporary Fixed debt as well as Temps-50, Temps-65, Temps 75 and ARROS): 7.07%; Average yield to expected optional redemption on the Taxable Debt: 8.625%. There were eight institutional investors for approximately $100.5 million, and the total amount for retail/underwritten bonds was approximately $75 million. Participation from other broker/dealers was limited. This financing represents one of the largest underwritings in the history of Ziegler Capital Markets.

The Series 2010 bonds include six series of short-term unenhanced Temporary Debt ($66,425,000 in total Temporary Debt) intended to be repaid with entrance fees post-opening and a series of permanent unrated, unenhanced fixed rate debt. These series of bonds and the associated occupancy rate at the time anticipated repayment are listed below:

- $12,650,000 – Series 2010E Bonds Taxable Fixed Rate (Taxable Mandatory Paydown Securities (Taxable MPS)), anticipated to be retired at approximately 35% occupancy.
- $15,275,000 – Series 2010D-3 Bonds Tax Exempt Mandatory Paydown Securities (TEMPS-50SM), anticipated to be retired at approximately 50% occupancy.
- Series 2010D-2 Bonds Tax Exempt Mandatory Paydown Securities (TEMPS-65SM), anticipated to be retired at approximately 65% occupancy.
- $15,350,000 – Series 2010D-1 Bonds Tax Exempt Mandatory Paydown Securities (TEMPS-75SM), anticipated to be retired at approximately 75% occupancy.
- $5,000,000 – Series 2010C Bonds Accelerated Redemption Reset Option Securities (ARROSSM), anticipated to be retired at approximately 80% occupancy.
- $7,875,000 – Series 2010B Bonds Temporary Fixed Rate Debt, anticipated to be retired at approximately 87.5% occupancy.

The longest yield was 8.45% on the final 35-year Series A term bond (the Permanent Debt). The Series 2010 Bonds will fund interest for 24.5 months as well as establish debt service reserve funds for each of the series of bonds. In addition, Bonds, entrance fees, interest earnings and a $1 million equity contribution from Providence Life Services will fund all construction and projects costs, portions of a Liquidity Support Agreement, a Working Capital Fund (to get the project to stable occupancy) an Operating Reserve Fund and all costs of issuance.

Subsequent to the printing of the Preliminary Official Statement, the financing team determined it was necessary to make various changes to the financing to meet investors' requests and objectives. These changes reflected investors' desires for added assurances that the project was well-positioned to meet and overcome potential ongoing fall-out from the financial crisis that began in September 2008 and the resulting difficulties in home sales and prospective residents' investment portfolios, etc. The

REFERENCES

For references on Ziegler's role in this financing, please contact:

Mr. Bill De Young
Chief Financial Officer

Providence Life Services
18601 North Creek Drive, Suite A
Tinley Park, IL 60477

Phone: (708) 342-8100
E-mail: billd@provlife.com

relationship between supply and demand (for tax-exempt senior living bonds) has been ever-changing and the re-alignment of buyers and sellers, and their expectations, continues to unfold. As has been said among finance and senior living professionals many times over the past few years, these are unprecedented times for undertaking a large new CCRC.

The changes to the financing generally included the following: (1) adjusting the use of the Sponsor's cash to achieve an optimal balance between equity and liquidity support, (2) adjusting various professional fees and seed capital payments in order to de-leverage the project, and (3) adjusting various aspects of the Liquidity Support Agreement to better match the expectations of investors.

THE ZIEGLER DIFFERENCE

The Park Place financing encountered the significant headwinds of the current economy, including the challenges of rather tepid occupancy rates for certain senior living campuses in the Chicago-land area. Communities that were filling during the crisis are exhibiting an understandably weaker occupancy rate than a number of existing projects, many of which have strong occupancy rates.

Ziegler's Chicago team on the investment banking side and its sales and trading professionals did an outstanding job in shepherding this issue through the challenges noted above. In addition, the Ziegler enterprise stepped up in a huge way to underwrite a very significant portion of the offering. Park Place benefited from the sophistication of its sponsor, whose experience in the sector played a major role in the success of the financing. In addition, the experience and expertise of Greystone Communities was viewed as a significant and positive feature of the credit. Park Place had eight institutional investors for approximately $100.5 million and the total amount of retail/underwritten bonds was approximately $75 million.