

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

THE 2017 LEADINGAGE ZIEGLER 150 PUBLICATION

For 14 consecutive years, LeadingAge and Ziegler have partnered to produce the LeadingAge Ziegler 150 (“LZ 150”) publication, which details the largest 150 not-for-profit multi-site senior living providers in the country. The 2017 report quantifies the largest 150 not-for-profit multi-site senior living providers in the country. The LZ 150 ranks organizations according to the overall number of market-rate units within their system as of 12/31/2016. Additional listings in the report provide insight into Affordable Housing properties, as well as, the largest single-site providers in the country. Below is the listing of the largest 25 organizations.

2017 Rank	2016 Rank	System Name	State	Total Units (as of 12/31/16)
1	1	National Senior Campuses	MD	19,051
2	2	The Evangelical Lutheran Good Samaritan Society	SD	17,839
3	3	ACTS Retirement Services, Inc.	PA	7,862
4	4	Presbyterian Homes & Services	MN	7,135
5	5	Benedictine Health System	MN	5,270
6	6	Covenant Retirement Communities	IL	5,022
7	15	Cornerstone fka Cornerstone Affiliates (ABHOW & be.group)	CA	4,761
8	7	Ascension Senior Living	MO	4,624
9	10	Trinity Senior Living Communities fka Trinity Health Senior Communities	MI	4,198
10	8	Retirement Housing Foundation	CA	4,105
11	9	Lifespace Communities, Inc.	IA	4,069
12	11	The Kendal Corporation	PA	3,758
13	14	Lutheran Senior Services	MO	3,535
14	13	Presbyterian Senior Living	PA	3,527
15	18	Asbury Communities	MD	3,455
16	12	Presence Life Connections	IL	3,362
17	16	Westminster Communities of Florida	FL	3,270
18	NR	The Carmelite System, Inc.	NY	3,129
19	17	Ohio Living fka Ohio Presbyterian Retirement Services	OH	3,080
20	19	Pacific Retirement Services, Inc.	OR	2,856
21	20	Front Porch Communities and Services	CA	2,760
22	24	Volunteers of America	VA	2,435
23	22	Masonic Villages of the Grand Lodge of Pennsylvania	PA	2,433
24	23	Diakon Lutheran Social Ministries	PA	2,419
25	25	Ecumen	MN	2,354

The largest 25 organizations represent a similar list of providers from the previous year with the exception of one new entry: The Carmelite System. The largest organization, National Senior Campuses (MD), with a total market-rate unit count of 19,051, has held the number one spot for the last three years; prior number one spot was held by The Evangelical Lutheran Good Samaritan Society for 11 years of the publication. Ecumen (MN), rounds out the largest 25 with a total of 2,354 market-rate units. Note that the difference between the first ranked organization (National Senior Campuses, MD) and the second-ranked organization (The Evangelical Lutheran Good Samaritan Society, ND) has a gap of 1,212 units. Pennsylvania is home to five of the largest 25 organizations while California ranks second with three LZ 150 organizations among the largest 25.

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200 South Wacker Drive | Suite 2000
Chicago, IL 60606

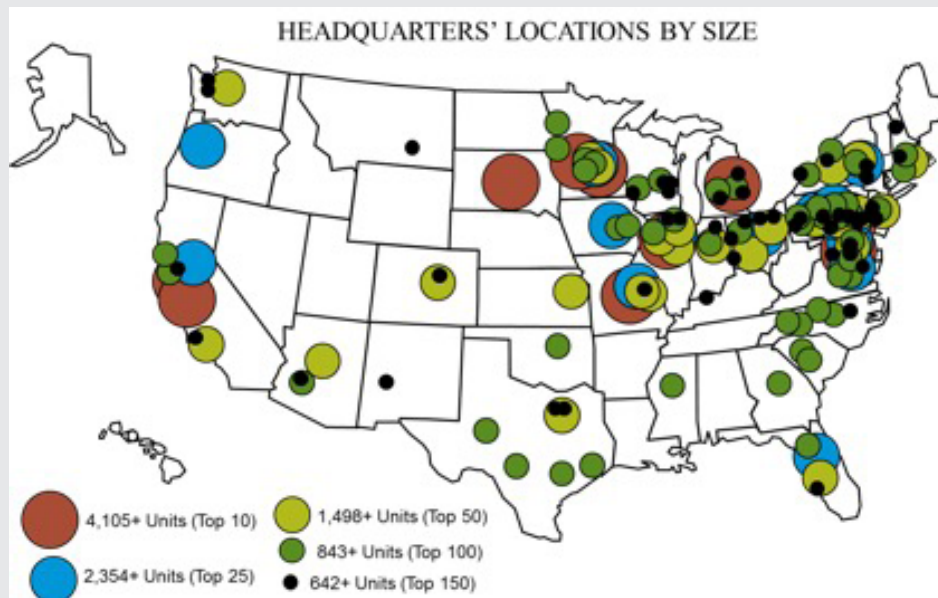
CONTACT US

800 366 8899
askziegler@ziegler.com



So what do we know about the largest 150 not-for-profit multi-site senior living organizations in the country? Below are some key takeaways from the report.

- The organizations range in size from 19,051 market-rate units (National Senior Campuses, MD) to 632 market-rate units (Bethany St. Joseph Corporation, WI).
- The 150 organizations represent a total of 1,301 market-rate communities, the largest proportion (50%) being Life Plan Communities.
- While the number of market-rate units increased in 2016, the number of new communities was flat year-over-year. The majority of the unit increases are accounted for by expansions and growth through affiliations and acquisitions.
- Minnesota and Pennsylvania have the largest proportion of market-rate communities as represented by the LZ 150 with 207 and 141, respectively.
- When looking at the states with the highest proportion of LZ 150 headquarters, Pennsylvania ranks first with 25 organizations. Minnesota and New York are tied for second with 10 organization headquarters; Illinois and Ohio come in third with 9 organization headquarters among the LZ 150.
- The LZ 150 has a total of 57 debt ratings across 51 organizations, with 48 of the 57 in the “A” and “BBB” category.
- Thirty-four percent (34%) of the organizations have at least one accredited community. Acts Retirement Services and Presbyterian SeniorCare Network have the largest number of accredited communities (21 each).
- Of all the organizations represented in the LZ 150, 83.3% are faith-based, 2.7% are fraternal, and 0.7% are military-affiliated.
- Nearly half (43%) of the LZ 150 organizations provide Affordable Housing for seniors, either through units within a market-rate campus or via free-standing Affordable Housing properties.
- 37.5% of the providers manage one or more senior living communities for another organization.



We want to publicly thank all of the participating organizations for sharing their information. Without the input from each organization, the publication would not be possible. Last week, LeadingAge and Ziegler formally released an electronic version of the LZ 150 to all participating organizations. The electronic version of the publication is available, free of charge, on both LeadingAge and Ziegler websites.

For more information on the 2017 LZ 150 publication or other Ziegler research and education initiatives, please contact the Ziegler banker in your region.

CATHY OWEN
 ASSISTANT VICE PRESIDENT
 SENIOR LIVING RESEARCH

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

NOVEMBER 6 - 27, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Westhills Village Retirement Community (SD)	S&P	A+ Stable	Affirmed Rating	11/6/17
Riverview Retirement Community (WA)	Fitch	BBB- Positive	Affirmed Rating	11/8/17
Episcopal Senior Communities (CA)	Fitch	A- Stable	Upgraded Rating Revised Outlook	11/9/17
Evangelical Homes of Michigan (MI)	Fitch	BB+ Stable	Affirmed Rating	11/13/17
Village on the Isle (FL)	Fitch	BBB- Stable	Downgraded Rating Assigned Rating	11/13/17
BHI Senior Living (IN)	Fitch	BBB+ Stable	Affirmed Rating	11/15/17
Morningstar Senior Living (PA)	Fitch	BB+ Stable	Affirmed Rating	11/17/17

This ratings table represents review of the reports released by Fitch Ratings, Standard & Poor's, and Moody's Investors Service and has been compiled by Ziegler Investment Banking.

INTEREST RATES

FOR THE WEEK ENDING NOVEMBER 24, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.76%	2.69%	2.91%
Senior Living 30-Yr "A"	3.61%	3.54%	3.98%
Senior Living 30-Yr "BBB"	3.76%	3.69%	4.39%
Senior Living Unrated	4.56%	4.49%	5.02%
Senior Living New Campus	6.50%	6.50%	6.71%
SIFMA Muni Swap Index	0.96%	0.94%	0.79%

Source: Ziegler Capital Markets

FEATURED FINANCINGS

\$12,855,000

South Carolina Jobs – Economic Development Authority, Health Facilities Revenue Refunding Bonds, Series 2017B

LUTHERAN HOMES OF SOUTH CAROLINA

Irmo, South Carolina


\$17,630,000

Idaho Health Facilities Authority, Revenue and Revenue Refunding Bonds, Series 2017A&B

VALLEY VISTA CARE CORPORATION

Sandpoint, Idaho

MARKET REVIEW

MONEY MARKET RATES

	11/24/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.25	4.25	4.25	3.50
Federal Funds (weekly average)	1.16	1.16	1.16	0.41
90 Day T-Bills	1.26	1.24	1.09	0.48
30-Day Commercial Paper (taxable)	1.15	1.16	1.14	0.25
Libor (30-day)	1.32	1.26	1.23	0.60
7 Day Tax-Exempt VRDB	0.96	0.96	0.92	0.55
Daily Rate Average	0.93	0.93	0.93	0.52

COMPARATIVE YIELDS
TAXABLE REVENUE

	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.59	2.00	2.08	1 Year	1.23	2.48	2.51	2.38	1.93	1.68	1.48
5 Year	2.06	4.25	2.96	5 Year	1.62	3.02	3.43	2.87	2.52	2.27	2.02
7 Year	2.23	4.75	3.33	7 Year	1.80	3.45	3.82	3.20	2.80	2.60	2.30
10 Year	2.33	5.00	3.58	10 Year	2.07	3.87	4.23	3.57	3.07	2.92	2.57
30 Year	2.75	6.25	4.25	30 Year	2.76	4.56	4.83	4.26	3.76	3.61	3.26
5 year ADJ RATE							4.25				

(* Representative of recent non-rated issues underwritten by Ziegler retail sales); (** Representative of institutional sales.)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2017 HIGH	LOW
Bond Buyer					
20 Bond Index	3.51	3.52	-.01	4.02	3.49
11 Bond Index	3.01	3.01	.00	3.53	2.99
Revenue Bond Index	3.97	3.91	+.06	4.17	3.70
30 Year MMD	2.76	2.69	+.07	3.24	2.62
Weekly Tax-Exempt Volume (Bil)	10.02	.63	+9.39	10.02	0.46
30 Day T/E Visible Supply (Bil)	11.55	5.27	+6.28	13.37	3.67
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	131.27	126.88	+4.39	147.05%	120.39%

INTEREST RATE COMPARISON

DATE	7-DAY T/E VRDB	PRIME RATE	FED FUNDS WEEKLY AVG.	13-WEEK T-BILL RATE	C.P.RATE TAXABLE	LIBOR (30-DAY)	30-YEAR T/E BONDS (A-AAA)		
11/24/17	0.96	4.25	1.16	1.26	1.15	1.32	3.61	-	3.26
11/17/17	0.94	4.25	1.16	1.24	1.16	1.26	3.54	-	3.19
11/10/17	0.92	4.25	1.16	1.20	1.15	1.24	3.47	-	3.12
11/03/17	0.92	4.25	1.14	1.17	1.13	1.24	3.65	-	3.30
10/27/17	0.92	4.25	1.16	1.09	1.14	1.23	3.74	-	3.44
10/20/17	0.91	4.25	1.16	1.09	1.15	1.23	3.59	-	3.29
10/13/17	0.91	4.25	1.16	1.07	1.13	1.23	3.68	-	3.38
10/06/17	0.92	4.25	1.16	1.04	1.10	1.23	3.73	-	3.43
09/29/17	0.94	4.25	1.16	1.05	1.09	1.23	3.75	-	3.45
09/22/17	.88	4.25	1.16	1.02	1.10	1.23	3.70	-	3.40
09/15/17	0.82	4.25	1.16	1.03	1.11	1.23	3.66	-	3.36
09/08/17	0.78	4.25	1.16	1.03	1.11	1.23	3.56	-	3.26
09/01/17	0.79	4.25	1.14	0.99	1.11	1.23	3.60	-	3.30
08/04/17	0.79	4.25	1.14	1.07	1.12	1.23	3.61	-	3.31
07/07/17	0.86	4.25	1.16	1.03	1.08	1.22	3.82	-	3.42
06/02/17	0.76	4.00	0.89	0.95	0.86	1.08	3.75	-	3.35
05/05/17	0.85	4.00	0.91	0.88	0.83	0.99	4.08	-	3.63
04/07/17	0.88	4.00	0.90	0.81	0.86	0.98	4.09	-	3.59
03/03/17	0.62	3.75	0.64	0.69	0.65	0.83	4.26	-	3.76
02/03/17	0.65	3.75	0.64	0.49	0.61	0.78	4.35	-	3.55
01/06/17	0.68	3.75	0.62	0.51	0.62	0.76	4.40	-	3.55
12/02/16	0.56	3.50	0.38	0.47	0.50	0.62	4.80	-	3.85

Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.