

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER AND LINK.AGE HOST FIRST ANNUAL ZIEGLER LINK.AGE FUND SYMPOSIUM

On July 25, Ziegler and Link.Age Ventures hosted the first annual Ziegler Link.Age Fund Symposium which brought together industry leaders and innovators to discuss the future of technology and its potential to disrupt and revolutionize the aging services and post-acute fields. The Symposium, which took place at Ziegler's new corporate headquarters in Chicago, featured a robust schedule of thought leadership and attendee networking, and fostered connections to introduce companies with targeted solutions that address provider challenges. Nearly 200 people attended the event, including Limited Partners of the Ziegler Link.Age Funds, leadership teams from Ziegler Link.Age Fund portfolio companies, Ziegler and Link.Age representatives, and other industry experts.

Ziegler and Link.Age team members kicked-off the Symposium with opening remarks that described the primary objectives of the Ziegler Link.Age Funds, provided updates on the Funds' investments to-date, and discussed key observations "from the field," including notable industry trends such as the accelerating pace of innovation and the rising importance of value-based care.

Following the opening remarks, the Symposium's first "general session" focused on the changing landscape among managed care providers. Leaders from Ziegler, AllyAlign, and Strategic Healthcare specifically discussed how long-term care is shifting from volume to value-based care, as driven in part by a change in consumer expectations. The session emphasized the various ways providers can be rewarded for investing in their care models, and outlined the significance of collecting, analyzing, and presenting data in a meaningful format.

A recent Ziegler survey of senior living professionals found that staff recruitment and retention were the top concerns for providers in 2018, followed closely by labor costs. As such, the Symposium dedicated a session to discussing the need for senior living and healthcare providers to leverage technology to fight ongoing labor shortages. Leading this discussion were management teams from Arena Software, PayActiv, and OnShift – three companies with proven solutions that uniquely address labor-related challenges. Many providers have yet to embrace smart technology to improve their retention, recruitment, and engagement, and this session emphasized how potential technology solutions can lower related labor costs.

In addition to the two general sessions mentioned above, the Symposium included numerous "breakout sessions" throughout the day in which Ziegler Link.Age portfolio companies and other industry experts

presented their organizations and participated in panel discussions that reviewed a number of relevant trends and topics, including:

- Consumer-facing technologies for older adults;
- The role of telemedicine in senior living and post-acute care;
- Methods of leveraging technology to improve care coordination;
- Innovative care models;
- Population health and associated solutions for integrated patient-centered healthcare; and
- Utilizing technology to improve wellness and prevent falls.

Interspersed in these breakout sessions was an additional general session in which leaders from Ascension Ventures and Beecken Petty O'Keefe shared their perspective on key trends and investment themes in the aging services, post-acute, and broader healthcare markets.

The Symposium concluded with a discussion of the future of technology-enabled solutions for healthcare and aging services. Leaders from Ziegler and Link.Age discussed how labor and benefits solutions, telehealth, wellness solutions, social determinants of health and chronic condition management, managed care networks, population health, and data analytics are all themes that will likely persist in the coming year, particularly given the increased focus on cost and quality that will likely impact the aging and post-acute space. Finally, panelists emphasized the need for providers and post-acute communities to utilize more innovative and up-to-date technologies in order create competitive differentiation. Technology has become a "must-have" in the new post-acute ecosystem, and those who don't embrace innovation may be left behind.

Following this last session, Symposium attendees were invited to a networking reception held on the rooftop deck of Ziegler's new corporate headquarters.

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About Ziegler Link.Age Funds

The Ziegler Link.Age Funds are a collaboration between Ziegler and Link.Age Ventures and were formed to invest primarily in companies that provide healthcare services and healthcare technology focused on the senior living/post-acute and aging population market. Ziegler and Link.Age closed their first fund (the \$27 million Ziegler Link.Age Longevity Fund) in 2014 and recently closed a second fund (the \$37 million Ziegler Link.Age Fund II) in May 2018. To date, the Ziegler Link.Age Funds have invested in 15 companies.

Ziegler Link.Age Longevity Fund – Active Portfolio Companies



Ziegler Link.Age Fund II – Active Portfolio Companies



For further information on the Ziegler Link.Age Funds, please contact representatives from Link.Age or the Ziegler banker in your region.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

JULY 26 - AUGUST 6, 2018

| ORGANIZATION | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION | DATE |
|--------------------------------------|---------------|-----------------|-----------------|---------|
| Old Fellows (CA) | Fitch | BBB- Stable | Assigned IDR* | 7/26/18 |
| Westminster-Canterbury Richmond (VA) | S&P | BBB+ Stable | Affirmed Rating | 7/31/18 |
| Goodwin House Incorporated (VA) | Fitch | BBB+ Stable | Upgraded Rating | 8/2/18 |
| Royal Oaks (AZ) | Fitch | A Stable | Affirmed Rating | 8/2/18 |

**IDR - Issuer Default Rating (FitchRatings)*

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/YIELDS

(AS OF AUGUST 3, 2018)

| | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|----------------|---------------|
| 30-Yr MMD | 3.05% | 3.00% | 2.86% |
| Senior Living 30-Yr "A" | 3.80% | 3.75% | 3.67% |
| Senior Living 30-Yr "BBB" | 4.00% | 3.95% | 3.95% |
| Senior Living Unrated | 4.75% | 4.70% | 4.66% |
| Senior Living New Campus | 6.50% | 6.50% | 6.53% |
| SIFMA | 1.29% | 0.94% | 1.16% |
| | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
| *ZSLMLB Index | 4.70% | 4.69% | 1.70% |

**Ziegler Senior Living Municipal Long Bond Index
Source: Ziegler Capital Markets*

FEATURED FINANCINGS

PENNSWOOD VILLAGE

Newtown, Pennsylvania

Bucks County Industrial Development Authority, Revenue Bonds, Series 2018

\$38,555,000

MARKET REVIEW

MONEY MARKET RATES

| | 8/03/18 | 1 WEEK AGO | 1 MONTH AGO | 1 YEAR AGO |
|-----------------------------------|---------|------------|-------------|------------|
| Prime Rate | 5.00 | 5.00 | 5.00 | 4.25 |
| Federal Funds (weekly average) | 1.90 | 1.90 | 1.90 | 1.14 |
| 90 Day T-Bills | 2.00 | 1.99 | 1.91 | 1.07 |
| 30-Day Commercial Paper (taxable) | 1.94 | 1.92 | 1.96 | 1.12 |
| Libor (30-day) | 2.08 | 2.07 | 2.09 | 1.23 |
| 7 Day Tax-Exempt VRDB | 1.29 | 0.94 | 1.19 | 0.79 |
| Daily Rate Average | 1.36 | 1.00 | 0.98 | 0.65 |

COMPARATIVE YIELDS
TAXABLE REVENUE

| | GOVT | A | | MMD | NR** | NR* | BB | BBB | A | AAA |
|---------|------|------|---------|------|------|------|------|------|------|------|
| 1 Year | 2.41 | 2.86 | 1 Year | 1.48 | 2.68 | 2.83 | 2.58 | 2.18 | 1.88 | 1.68 |
| 5 Year | 2.81 | 3.66 | 5 Year | 1.99 | 3.34 | 3.49 | 3.19 | 2.84 | 2.54 | 2.34 |
| 7 Year | 2.90 | 3.95 | 7 Year | 2.22 | 3.77 | 3.97 | 3.47 | 3.17 | 2.97 | 2.67 |
| 10 Year | 2.95 | 4.25 | 10 Year | 2.48 | 4.18 | 4.48 | 3.83 | 3.43 | 3.23 | 2.93 |
| 30 Year | 3.09 | 4.59 | 30 Year | 3.05 | 4.75 | 5.05 | 4.40 | 4.00 | 3.80 | 3.50 |

(* Representative of retail sales.); (** Representative of institutional sales.)

TAX-EXEMPT MARKET INDICATORS

| | THIS WEEK | LAST WEEK | CHANGE | 2018 HIGH | LOW |
|--|-----------|-----------|--------|--------------|---------|
| Bond Buyer | | | | | |
| 20 Bond Index | 3.95 | 3.90 | +0.05 | 3.97 | 3.44 |
| 11 Bond Index | 3.43 | 3.38 | +0.05 | 3.45 | 2.94 |
| Revenue Bond Index | 4.45 | 4.40 | +0.05 | 4.46 | 2.92 |
| 30 Year MMD | 3.05 | 3.00 | +0.05 | 3.14 | 2.56 |
| Weekly Tax-Exempt Volume (Bil) | 3.46 | 3.45 | +0.01 | 7.52 | 0.71 |
| 30 Day T/E Visible Supply (Bil) | 8.24 | 4.25 | +3.99 | 8.29 | 0.63 |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 122.18 | 122.14 | +0.04 | 126.26% | 118.68% |

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) | | |
|----------|-------------------|---------------|--------------------------|------------------------|---------------------|-------------------|------------------------------|---|------|
| 08/03/18 | 1.29 | 5.00 | 1.90 | 2.00 | 1.94 | 2.08 | 3.80 | - | 3.50 |
| 07/27/18 | 0.94 | 5.00 | 1.90 | 1.99 | 1.92 | 2.07 | 3.75 | - | 3.45 |
| 07/20/18 | 0.94 | 5.00 | 1.90 | 1.98 | 1.96 | 2.08 | 3.66 | - | 3.36 |
| 07/13/18 | 1.01 | 5.00 | 1.90 | 1.96 | 1.97 | 2.07 | 3.66 | - | 3.36 |
| 07/06/18 | 1.19 | 5.00 | 1.90 | 1.91 | 1.96 | 2.09 | 3.67 | - | 3.37 |
| 06/29/18 | 1.51 | 5.00 | 1.92 | 1.90 | 2.00 | 2.09 | 3.69 | - | 3.39 |
| 06/22/18 | 1.50 | 5.00 | 1.90 | 1.91 | 1.95 | 2.09 | 3.70 | - | 3.40 |
| 06/15/18 | 1.33 | 5.00 | 1.74 | 1.93 | 1.97 | 2.08 | 3.76 | - | 3.46 |
| 06/08/18 | 1.05 | 4.75 | 1.69 | 1.92 | 1.92 | 2.02 | 3.73 | - | 3.43 |
| 06/01/18 | 1.06 | 4.75 | 1.69 | 1.91 | 1.86 | 1.98 | 3.62 | - | 3.32 |
| 05/24/18 | 1.20 | 4.75 | 1.69 | 1.85 | 1.84 | 1.97 | 3.74 | - | 3.44 |
| 05/18/18 | 1.38 | 4.75 | 1.69 | 1.89 | 1.82 | 1.94 | 3.87 | - | 3.57 |
| 05/04/18 | 1.61 | 4.75 | 1.68 | 1.83 | 1.85 | 1.92 | 3.80 | - | 3.50 |
| 04/06/18 | 1.60 | 4.75 | 1.68 | 1.71 | 1.82 | 1.89 | 3.78 | - | 3.48 |
| 03/02/18 | 1.09 | 4.50 | 1.38 | 1.63 | 1.65 | 1.67 | 3.82 | - | 3.52 |
| 02/02/18 | 1.08 | 4.50 | 1.39 | 1.48 | 1.49 | 1.57 | 3.73 | - | 3.43 |
| 01/05/18 | 1.47 | 4.50 | 1.41 | 1.40 | 1.50 | 1.55 | 3.36 | - | 3.06 |
| 12/01/17 | 0.97 | 4.25 | 1.13 | 1.26 | 1.18 | 1.37 | 3.59 | - | 3.29 |
| 11/03/17 | 0.92 | 4.25 | 1.14 | 1.17 | 1.13 | 1.24 | 3.65 | - | 3.30 |
| 10/06/17 | 0.92 | 4.25 | 1.16 | 1.04 | 1.10 | 1.23 | 3.73 | - | 3.43 |
| 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 |

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