

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER AND LEADINGAGE RELEASE THE LARGEST NOT-FOR-PROFIT SENIOR LIVING PROVIDER RANKINGS

This week, Ziegler and LeadingAge released the 15th Edition of the *LeadingAge Ziegler 200 (LZ 200)* publication. The report details the nation's 200 largest not-for-profit senior living providers, as well as relevant business trends for the industry. The report is developed annually through a partnership between Ziegler, one of the nation's leading underwriters of financings for not-for profit senior living providers in the United States, and LeadingAge, the nation's largest association of nonprofit aging service providers in the country. The 2018 LZ 200 report was expanded this year to include 200 providers of nonprofit multi-site organizations (up from 150 in 2017), 150 single-site campuses (up from 100 in 2017), and government-subsidized multi-site housing.

The LZ 200 is a ranking and analysis of the largest, most complex, nonprofit senior living organizations across the country. This year's report showed that nonprofit senior living providers have grown primarily through expansion within existing campuses as well as affiliations, mergers and acquisitions. Nearly 30% of the total number of units for all senior living systems in the LZ 200 are represented by the 10 largest providers.

The 10 largest not-for-profit multi-site senior living organizations include:

1. National Senior Campuses – Catonsville, MD
2. The Evangelical Lutheran Good Samaritan Society – Sioux Falls, SD
3. Acts Retirement Services, Inc. – West Point, PA
4. Presbyterian Homes and Services – Roseville, MN
5. Covenant Retirement Communities – Skokie, IL
6. Trinity Health Senior Communities – Livonia, MI
7. HumanGood – Pleasanton, CA
8. Ascension Senior Living – St. Louis, MO
9. Benedictine Health System – Duluth, MN
10. Retirement Housing Foundation – Long Beach, CA

The full report, which can be accessed via the [Ziegler website](#), also details the largest 150 not-for-profit single-site providers, as well as a listing of the 100 largest Affordable Housing providers throughout the country. We want to thank LeadingAge for the collaborative, 15-year partnership, and also to acknowledge the several hundred providers who take the time every year to share their updated information. We have collectively built a significant annual publication that providers and industry professionals embrace and look forward to reading each year.

If you have questions related to information presented in this article or the LZ 200 publication, please contact Cathy Owen at cowen@ziegler.com. If you have questions on other related matters, please reach out to the Ziegler banker in your region.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

NOVEMBER 1 - 14, 2018

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Christian Horizons (IL)	Fitch	BBB- Stable	Assigned Rating Affirmed Rating	11/1/18
John Knox Village (FL)	Fitch	A- Stable	Affirmed Rating	11/2/18
Riverview Retirement Community (WA)	Fitch	BBB- Stable	Affirmed Rating	11/2/18
Village on the Isle (FL)	Fitch	BBB- Stable	Affirmed Rating	11/2/18
Naval Continuing Care Retirement Foundation dba Fleet Landing (FL)	Fitch	BBB Stable	Assigned Rating Affirmed Rating	11/7/18
Concordia Lutheran Ministries (PA)	S&P	AA- Stable	Assigned Rating Affirmed Rating	11/9/18
Evangelical Homes of Michigan nka EHM Senior Solutions (MI)	Fitch	BB+ Stable	Affirmed Rating	11/9/18
Messiah Lifeways (PA)	Fitch	BBB- Stable	Assigned Rating Affirmed Rating	11/9/18
Morningstar Senior Living (PA)	Fitch	BB+ Stable	Affirmed Rating	11/13/18
BHI Senior Living (IN)	Fitch	BBB+	Rating Watch Negative	11/14/18

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INTEREST RATES/YIELDS

(AS OF NOVEMBER 9, 2018)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.44%	3.38%	2.97%
Senior Living 30-Yr "A"	4.34%	3.83%	3.77%
Senior Living 30-Yr "BBB"	4.59%	4.03%	4.01%
Senior Living Unrated	5.29%	4.78%	4.76%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.62%	1.61%	1.34%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.92%	4.93%	1.49%

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

FEATURED FINANCING


BROADMEAD
 Cockeysville, Maryland

Maryland Health and Higher
 Educational Facilities Authority,
 Revenue Bonds, Series 2018

\$75,555,000

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

The S&P 500 gained 2.1% this week, despite weathering a late week sell-off due to the most recent policy statement from the Federal Reserve, erasing initial gains from an upbeat reaction to the midterm elections. Neither reactions come as much of a surprise, but are indicative of the recent volatility in the market. Other indices saw gains as well, including the DJIA and the Nasdaq adding 2.8% and 0.7% respectively. Several equities sectors saw gains this week, with the health care, real estate, and utility groups leading the way, each gaining 4.0%, 3.6%, and 3.1% respectively. As a note, Health Care has passed the Information Technology and Consumer Discretionary sectors, mounting it atop the yearly sector standings with a gain of 12.4% YTD.

Tuesday's midterm elections produced a split Congress as Republicans retained control of the Senate and Democrats took control of the House. The initial market reaction was positive, as a gridlock in Washington is seen as grounds for a reduction in political uncertainty. The assumption in the market is that a newly divided Congress should preserve market-friendly policies, including tax cuts and deregulation efforts. Historically, the market has also done well with a Republican president and a split Congress. Other key indicators include the Markit and ISM non-manufacturing PMI, coming in at 54.8 and 60.3 respectively.

U.S. Treasuries edged higher on Tuesday as investors waited for the results of the midterm elections and prepared for the Federal Reserve's new policy statement Thursday. On Tuesday, the 10-year Benchmark rose 1.5 basis points to 3.214%, its highest level since October 10th. Treasury Yields initially fell Wednesday after the Democrats took control of the House and Republicans strengthened their control in the Senate. A divided government was viewed as slightly bullish for Treasuries. An increase in deficit has been seen as potentially being a factor in yield hikes, as investors take in additional government borrowing and an increasing supply of government paper. This week, municipal bond funds saw \$255.81 million of weekly fund outflows. Municipal long term funds saw \$286.73 million of weekly outflows, and high yield funds had \$161.21 million of weekly outflows. Additionally, national funds had \$87.94 million of weekly outflows, and ETF funds had \$89.41 million of weekly outflows. In 2018, there have been 27 weeks of inflows and 18 weeks of outflows.

ADAM J. BUCHANAN
SENIOR VICE PRESIDENT

See pages 4-5 for current market rates

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

MARKET REVIEW

MONEY MARKET RATES

	11/09/18	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.25	5.25	5.25	4.25
Federal Funds (weekly average)	2.18	2.18	2.16	1.16
90 Day T-Bills	2.35	2.25	2.21	1.20
30-Day Commercial Paper (taxable)	2.29	2.25	2.24	1.15
Libor (30-day)	2.31	2.31	2.27	1.24
7 Day Tax-Exempt VRDB	1.62	1.61	1.53	0.92
Daily Rate Average	1.59	1.61	1.49	0.88

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	2.73	3.11	1 Year	1.96	3.21	3.31	3.11	2.66	2.36	2.16
5 Year	3.03	3.88	5 Year	2.33	3.73	3.83	3.58	3.18	2.93	2.68
7 Year	3.11	4.16	7 Year	2.49	4.04	4.24	3.84	3.49	3.29	2.94
10 Year	3.18	4.43	10 Year	2.75	4.60	4.75	4.25	3.90	3.65	3.20
30 Year	3.39	4.49	30 Year	3.44	5.29	5.44	4.94	4.59	4.34	3.89

(* 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	4.36	4.33	+0.03	4.37	3.44
11 Bond Index	3.85	3.82	+0.03	3.85	2.94
Revenue Bond Index	4.85	4.82	+0.03	4.88	2.92
30 Year MMD	3.44	2.93	+0.51	3.44	2.56
Weekly Tax-Exempt Volume (Bil)	2.45	4.24	-1.79	11.11	0.71
30 Day T/E Visible Supply (Bil)	6.78	3.71	+3.07	14.29	0.63
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	128.02	111.01	+17.01	128.37%	111.81%

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)		
11/09/18	1.62	5.25	2.18	2.35	2.29	2.31	4.34	-	3.89
11/02/18	1.61	5.25	2.18	2.25	2.25	2.31	3.83	-	3.38
10/26/18	1.60	5.25	2.17	2.32	2.23	2.29	4.24	-	3.79
10/19/18	1.57	5.25	2.17	2.26	2.27	2.28	4.30	-	3.85
10/12/18	1.53	5.25	2.16	2.21	2.24	2.27	4.26	-	3.86
10/05/18	1.53	5.25	2.16	2.21	2.21	2.28	4.11	-	3.76
09/28/18	1.56	5.25	1.97	2.19	2.13	2.24	4.01	-	3.66
09/21/18	1.48	5.00	1.91	2.12	2.10	2.21	4.03	-	3.68
09/14/18	1.49	5.00	1.91	2.10	2.06	2.16	3.94	-	3.59
09/07/18	1.49	5.00	1.91	2.13	2.04	2.12	3.86	-	3.51
08/31/18	1.56	5.00	1.91	2.09	2.02	2.07	3.83	-	3.48
08/24/18	1.58	5.00	1.91	2.09	1.98	2.06	3.80	-	3.45
08/03/18	1.29	5.00	1.90	2.00	1.94	2.08	3.80	-	3.50
07/06/18	1.19	5.00	1.90	1.91	1.96	2.09	3.67	-	3.37
06/01/18	1.06	4.75	1.69	1.91	1.86	1.98	3.62	-	3.32
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

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