ZIEGLER NFP SENIOR LIVING BORROWER UPDATE

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CHANGES IN MUNICIPAL BOND FUND ASSET VALUES

Net Assets
2000 – 2020

Source: Investment Company Institute, as of February, 2020
ALL MUNICIPAL BOND FUNDS: INFLOWS/OUTFLOWS

Source: LipperFMI Data Service, as of 4/15/20
HISTORICAL INTEREST RATES (SENIOR LIVING)

30-Year “AAA” MMD
(2000 YTD - Weekly)

Minimum: 1.46%
Maximum: 6.04%
Average: 3.96%
Current: 1.90%

Source: Refinitiv Municipal Market Monitor, as of 4/16/20
HISTORICAL INTEREST RATES (SENIOR LIVING)

30-Year “AAA” MMD (2019 YTD - Daily)

Minimum: 1.38%
Maximum: 3.37%
Average: 2.30%
Current: 1.90%

Source: Refinitiv Municipal Market Monitor, as of 4/16/20
HISTORICAL INTEREST RATES (SENIOR LIVING)

“AAA” MMD Index
30-Year Maturity Yield

30-Yr MMD
Minimum: 1.46%
Maximum: 6.03%
Average: 3.96%
Current: 1.90%

Source: Refinitiv Municipal Market Monitor, as of 4/16/20
HISTORICAL INTEREST RATES
UNIQUE MARKET OPPORTUNITY

30-yr "AAA" MMD Histogram
2000 - 2020 (Frequency "Weekly")

4/10/20 MMD: 1.90%

Source: Refinitiv Municipal Market Monitor, as of 4/16/20
### Variable Interest Rates: Risk and Reward

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Average 1 Mo. LIBOR</th>
<th>70% Average of LIBOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-1999</td>
<td>5.63%</td>
<td>3.94%</td>
</tr>
<tr>
<td>1999-2009</td>
<td>3.30%</td>
<td>2.31%</td>
</tr>
<tr>
<td>2009-2019</td>
<td>0.67%</td>
<td>0.47%</td>
</tr>
</tbody>
</table>

**10-Year Averages**
- **1989-1999**: Average 1-MO LIBOR: 5.63%
- **1999-2009**: Average 1-MO LIBOR: 3.30%
- **2009-2019**: Average 1-MO LIBOR: 0.67%

**LIBOR (1 Month)**

**Source:** Ziegler Investment Banking, as of 4/10/20
BANK LENDING ENVIRONMENT

• Bank activity in not-for-profit senior living varies by region and by institution
  – Some are “pencils down”
  – Others are actively responding to RFPs

• We anticipate that banks will continue to be active lenders coming out of the COVID-19 crisis

Source: Ziegler Investment Banking
ZIEGLER CREDIT SURVEILLANCE & ANALYTICS
Recommended Best Practices
COVID-19 TOPICS FOR DISCUSSION WITH INVESTORS

• Actual virus case statistics and safety protocols:
  – General (cases of both residents and staff, deaths)
  – Operations related (preparedness, staffing, supplies)

• Sales and Occupancy:
  – Census related (current admissions status for each level of care)
  – Local senior living marketplace

• New Projects / Construction, if applicable
  – Project Related (ILU sales status)
  – Construction related (progressing or stalled, opening dates, move in, etc.)

• Financial:
  – Balance Sheet (virus impact on unrestricted liquidity)
  – Investment portfolio mix
  – Bank relationships and lines of credit, if needed
  – Government Entity Support/ CARES Act
    • Paycheck Protection Program application status, what portion expected to be forgiven
    • Accounting treatment of PPP funds (debt, not grant)
    • Potential need for investor waivers/consents related to Additional Indebtedness covenant
    • Loan impact on financial ratios (DCOH, DSCR, NOM, etc.).

Source: Ziegler Credit & Surveillance, April 2020
COVID-19 CARES ACT

The CARES Act is intended to provide immediate financial relief to U.S. companies and not-for-profit organizations in the form of loans, grants, tax relief and additional benefits. It should be noted that the CARES Act is the third stimulus bill to come through the federal government in response to the COVID-19 outbreak. While it is not certain, many speculate that a fourth bill may be forthcoming as well.

Click here for more information.

Resources:
- The Small Business Owner's Guide to the CARES Act (U.S. Senate Committee on Small Business & Entrepreneurship)
- Coronavirus (COVID-19): Small Business Guidance and Loan Resources (U.S. Small Business Administration (SBA))
- Fact Sheet: Expansion of the Accelerated and Advance Payments Program for Providers and Suppliers during COVID-19 Emergency Centers for Medicare & Medicaid Service (CMS)
- Paycheck Protection Program Application Form (U.S. Treasury as of 4/3/20)
- Paycheck Protection Program Summary (SBA as of 4/1/20)

Webinars:
3/31/20 - Ziegler K-12 & Charter School Finance hosted a webinar on the CARES Act based on the information available at the time. The webinar covered a variety of important relief provisions available to nonprofits from the Federal Government. Access the webinar recording.

4/1/20 - Ziegler Senior Living Finance hosted a webinar on the Paycheck Protection Program, a part of the CARES Act. The webinar focused on eligibility, potential loan size and forgiveness requirements. Access the webinar recording.

4/1/20 - Ziegler Senior Living Finance hosted an updated webinar on the Paycheck Program, a part of the CARES Act. The

https://www.ziegler.com/cares-act/
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