FINANCIAL RATIO MEDIANS FOR NOT-FOR-PROFIT ENTRANCE FEE CONTINUING CARE RETIREMENT COMMUNITIES

BASED ON AUDITED FYE 2022 RESULTS

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EXECUTIVE SUMMARY

Ziegler Credit Surveillance (ZCS) is pleased to present this annual study of 19 financial ratio median and quartile values we deem important for analyzing the credit quality of not-for-profit Continuing Care Retirement Communities (CCRCs). These ratios address profitability, liquidity, cash flow, and capital structure.

The medians and quartiles discussed in this report are based on the fiscal year-ended 2022 audits of 132 not-for-profit CCRC borrower entities. These borrowers comprise legal entities for which Ziegler has underwritten debt, as well as a select few others we follow. Of the 132 borrowers, 62 had debt rated in the investment grade categories, while 70 had non-rated debt or debt rated in non-investment grade rating categories. We also include a multi and single-site comparison. Forty nine multi-site and 83 single-site borrowers were included. The number of included borrowers increased by thirteen from last year. The sample size changes yearly due to a combination of new Ziegler clients, borrowers completing/stabilizing new projects, borrowers exiting or entering the public debt market, borrowers defaulting on their debt, and efforts to include non-Ziegler borrowers. We attribute the relatively large increase to fewer borrowers undergoing expansions that would skew ratios.

We did not include any FYE 2022 audits received after July 20, 2023. We were able to compute all 19 ratios for the vast majority of borrowers studied. However, for certain borrowers some ratios were not able to be computed. These instances are noted in the commentary for that particular ratio. The names of the 132 borrowers included in this Special Report can be found in Appendix A. Ziegler has underwritten bond issues for many more than the 132 borrowers included in our data. As of June 2023, Ziegler Credit Surveillance follows 338 senior living borrowing entities, most of them with Ziegler underwritten debt outstanding. The rest of the 206 borrowers' audits were excluded from this report for the following reasons —

During the fiscal year 2022 the borrower:

- Had no material entrance fee collection. The borrower may operate on a rental basis only or requires only a nominal entrance fee to enter the community.
- Did not offer a continuum of care: independent living as well as assisted living and/or skilled nursing care.
- Was a new development CCRC or in the midst of a substantial repositioning and as such, the borrower was capitalizing a material amount of funded interest costs. Alternatively, material amounts of non-recurring initial entrance fees (IEFs)

A CCRC provides coordinated care and services for older persons through contractual agreements. The community provides independent residential living, in addition to assisted living and/or skilled nursing care. To provide such services, the CCRC: 1) accepts an entrance fee or other type of advance fee; and/or 2) charges a full or discounted periodic fee.

Some industry participants have begun using the term "Life Plan Community" instead of CCRC. Ziegler Credit Surveillance has decided not to make this change yet.

were being collected. Borrowers with capitalized interest or IEF amounts that Ziegler Credit Surveillance judged to be immaterial were included in the data. If IEFs are collected, we exclude those amounts from ratio inputs.

- Only had bond debt outstanding that was 100% Letter of Credit (LOC) enhanced Variable Rate Demand Bonds (VRDBs), a Direct/Bank Placement, or a combination of both. These CCRCs are typically not required to file audited financial statements with the MSRB's Electronic Municipal Market Access (EMMA).
- Was in monetary default or was severely financially distressed. Ratios were not reflective of an operationally viable CCRC.

Ziegler Credit Surveillance calculates financial ratios generally, but not fully, in accordance with the guidelines published by the Continuing Care Accreditation Commission (CARF), a reputable body that accredits CCRCs. If our method for a particular ratio varies from CARF's method, it will be noted in the commentary for that ratio. Standard & Poor's and Fitch Ratings annually publish financial ratio medians for borrowers who have rated bonds. The rating agency's methodologies are similar, but not identical to, Ziegler Credit Surveillance's. Moody's is not active in rating CCRC bonds. We note that due to CARF's extensive accreditation criteria, and the high bar set to obtain an investment grade rating from a rating agency, our aggregate median results tend to be lower than the median results reported by CARF, Fitch, and S&P. About a third of the borrowers included in our study have non-rated bonds outstanding.

Ziegler Credit Surveillance was able to calculate Maximum Annual Debt Service (MADS) for all borrowers included in this year's Special Report except for five. These borrowers had recent private placement debt with no published debt service schedule. Recently, some borrowers had issued bond debt under forward delivery agreements. Though these transactions may not have officially closed before the borrowers FYE date, we used the MADS amount that will be effective going forward.

Consensus among the participants who have a stake in creating uniformity around calculating financial ratios has not fully taken place. No absolute uniform national standards exist. Because of differences related to methods and values used, we publish a companion Special Report entitled, "Calculating Financial Ratios for Not-for-Profit Continuing Care Retirement Communities." Our companion report provides extensive background and detail on the analytical protocols we follow when computing ratios.

All Borrower FYE 2022 Financial Ratio Median Values	Ratios
Net Operating Margin (NOM)	-1.5%
Net Operating Margin – Adjusted (NOM-A)	15.9%
Operating Ratio (OR)	105.0%
Operating Margin (OM)	-7.1%
Total Excess Margin (TEM)	-3.6%
Change in Unrestricted Net Assets Margin (CUNAM)	-14.4%
Days in Accounts Receivable (DAR)	15 days
Days Cash on Hand (DCOH)	321 days
Cushion Ratio (CUSH)	5.8 times
Debt Service Coverage – Revenue Only (DSC-R)	0.54 times
Debt Service Coverage (DSC)	1.8 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	12.9%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	40.3%
Reserve Ratio (RR)	48.8%
Long-Term Debt as a Percentage of Total Capital (LTDC)	98.9%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	70.4%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	49.2%
Average Age of Plant (AAP)	12.4 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	91%

Of the 132 borrowers in our analysis, 62 had investment grade rated ("BBB-" or greater rating from S&P or Fitch) bonds when we compiled our data set in July 2023. We did not use the ratings in effect at FYE 2022, but we think this practice did not have material effect on the median split. The proportion of rated borrowers decreased slightly from last year. As expected, the medians generated from the audited financial results of borrowers who have investment grade rated bonds show these borrowers are in a stronger financial state when compared to the typical non-investment grade rated/non-rated borrower. For ease of reading, henceforth, we aggregately refer to non-rated and non- investment grade rated bonds as 'non-rated'. The stronger ratios associated with investment grade status provides further credibility regarding the creditworthiness calibration accuracy of Fitch and S&P. If both agencies rate the borrower, and one gives an investment grade rating while the other does not, we count that borrower as non-rated. Only a small percentage of new-issue bond financings are sold with a non-investment grade rating ("BB+" or lower), though non-investment grade new issues are increasingly common. Fifty four were rated by Fitch, with the remaining eight by S&P. Seventeen borrowers were rated non-investment grade and included as non-rated.

Breakout of FYE 2022 Financial Ratio Median Values: Investment Grade vs. Non-Rated

Type	Investment Grade	Non-rated
Number of Borrowers	62	70
Net Operating Margin (NOM)	-1.3%	-1.6%
Net Operating Margin – Adjusted (NOM-A)	19.3%	13.1%
Operating Ratio (OR)	100.5%	107.7%
Operating Margin (OM)	-3.0%	-13.3%
Total Excess Margin (TEM)	-0.9%	-9.9%
Change in Unrestricted Net Assets Margin (CUNAM)	-12.5%	-15.8%
Days in Accounts Receivable (DAR)	14.5 days	15 days
Days Cash on Hand (DCOH)	438 days	206 days
Cushion Ratio (CUSH)	10.4 times	4.1 times
Debt Service Coverage – Revenue Only (DSC-R)	0.79 times	0.34 times
Debt Service Coverage (DSC)	2.51 times	1.47 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	10.0%	15.1%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	75.9%	28.0%
Reserve Ratio (RR)	85.5%	30.5%
Long-Term Debt as a Percentage of Total Capital (LTDC)	80.1%	125.7%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	50.4%	93.3%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	36.5%	58.7%
Average Age of Plant (AAP)	12.6 years	12.1 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	108%	71%

For this year's multi-site versus single-site analysis, we consider 49 borrowers to be multi-site and 83 to be single site. We define a multi-site borrower as either a single corporation or multiple corporations owning and operating more than one distinct senior living campus within a single Obligated Group. We define a single site borrower as corporation owning and operating one campus, or a campus that may be part of a larger system but is ring fenced into an Obligated Group with only one campus. Twenty seven of the 49 multi-site borrowers have investment grade rated debt. Due to this overlap in the samples we expect to see similar trends in the both the comparisons of multi vs single site, and investment grade vs non-rated. We do not compute ratios based on financial statements that are consolidated or combined with non-obligated entities. Note that ZCS believes the multi-site borrowers, as a group, have more moderate entrance fees than single-sites. This fact impacts interpretation of the ratios. For example, DCOH is lower for multi-sites. However, borrowers with less reliance on entrance fees and Type B/C contracts as opposed to Type A would need less cash to grant the same level of financial stability.

Breakout of FYE 2022 Financial Ratio Median Values: Multi-Site vs. Single-Site

Type	Multi-site	Single-site
Number of Borrowers	49	83
Net Operating Margin (NOM)	-1.4%	-1.6%
Net Operating Margin – Adjusted (NOM-A)	9.0%	20.9%
Operating Ratio (OR)	103.3%	106.1%
Operating Margin (OM)	-7.5%	-7.0%
Total Excess Margin (TEM)	-3.1%	-3.9%
Change in Unrestricted Net Assets Margin (CUNAM)	-10.9%	-15.7%
Days in Accounts Receivable (DAR)	18 days	14 days
Days Cash on Hand (DCOH)	282 days	341 days
Cushion Ratio (CUSH)	6.1 times	5.6 times
Debt Service Coverage – Revenue Only (DSC-R)	0.72 times	0.51 times
Debt Service Coverage (DSC)	1.78 times	1.8 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	10.6%	14.2%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	43.0%	39.8%
Reserve Ratio (RR)	50.5%	47.5%
Long-Term Debt as a Percentage of Total Capital (LTDC)	88.5%	102.5%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	70.7%	70.1%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	46.5%	50.8%
Average Age of Plant (AAP)	13.3 years	12.1 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	104%	83%

FISCAL YEAR TRENDS 2018 THROUGH 2022

Financial Ratios	FYE 2018 Medians	FYE 2019 Medians	FYE 2020 Medians	FYE 2021 Medians	FYE 2022 Medians
Number of Borrowers	119	123	116	119	132
Net Operating Margin (NOM)	4.3%	5.0%	3.6%	-1.5%	-1.5%
Net Operating Margin – Adjusted (NOM-A)	22.3%	19.2%	14.3%	15.1%	15.9%
Operating Ratio (OR)	99.6%	98.9%	98.7%	99.7%	105.0%
Operating Margin (OM)	-2.4%	-2.4%	-1.5%	-1.7%	-7.1%
Total Excess Margin (TEM)	-0.2%	0.3%	1.0%	2.7%	-3.6%
Change in Unrestricted Net Assets Margin (CUNAM)	-1.8%	1.6%	1.7%	7.3%	-14.4%
Days in Accounts Receivable (DAR)	15 days	15 days	13 days	15 days	15 days
Days Cash on Hand (DCOH)	334 days	367 days	360 days	403 days	321 days
Cushion Ratio (CUSH)	5.8 times	6.4 times	6.2 times	6.7 times	5.8 times
Debt Service Coverage – Revenue Only (DSC-R)	0.81 times	0.86 times	0.94 times	1.12 times	0.54 times
Debt Service Coverage (DSC)	2.05 times	1.90 times	1.77 times	2.26 times	1.8 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	13.2%	12.8%	12.9%	12.1%	12.9%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	42.7%	47.2%	50.0%	50.7%	40.3%
Reserve Ratio (RR)	53.0%	53.1%	54.8%	56.4%	48.8%
Long-Term Debt as a Percentage of Total Capital (LTDC)	98.6%	92.9%	97.3%	90.2%	98.9%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	76.8%	73.7%	75.4%	67.5%	70.4%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	47.9%	47.1%	46.2%	45.6%	49.2%
Average Age of Plant (AAP)	11.9 years	12.0 years	11.9 years	12.3%	12.4 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	89.0%	91.0%	71.0%	78.0%	91.0%

Before we give an analysis of FYE 2022 ratios, we must address a difference in methodology from prior years. We are no longer including Paycheck Protection Program (PPP) or Employee Retention Tax Credit (ERTC) amortization as revenues for ratio calculation purposes. In prior years, we had included these as "other operating revenue", and they materially improved most operating ratios. We believe this is no longer appropriate for two reasons. First, the timeframe for the aid no longer matches. PPP was meant to support during the uncertainty of 2020. The ERTC covers expenses through the third quarter of 2021. While some borrowers FY includes a portion of that, half include none of the covered ERTC period, and only a handful of borrowers amortized ERTC during FYE 2022. Any borrowers amortizing either of them going forward will be recognizing revenues in the current year, while the related expenses were incurred in prior periods. For accounting purposes, we believe auditors are treating these items as appropriately as they can, but we believe that they will skew ratio results inappropriately from a credit analysis perspective going forward. We have not adjusted prior year ratios for this change, and they appear above as originally published.

We did not change our treatment of CARES Act Provider Relief Funding. PRF was treated as unrestricted cash, and any amount amortized was included as "other operating income". While a few borrowers received material amounts in FYE 2022, we believe the positive impact on the median ratios was minor.

For the past two years, we have released an additional special report to analyze ratio trends and isolate government aid. We will cease for this year, as we no longer believe the additional detail is necessary.

On a high level, ZCS believes that in FYE 2022 the industry did not perform worse organically compared to FYE 2021. On an operating basis, the decline in ratios is mostly caused by government aid drying up. The stable NOM over both years supports this fact, as NOM did not include any government relief funding in prior years. While stability is better than continuing the downward trend, the industry is quite far from the 5% level of NOM that we considered normal pre-COVID. We are not prepared to opine on how long it will take to regain this level, or if the new normal level going forward will be different.

ZCS believes that most of the degradation in balance sheet ratios is related to investment losses. We have stated in the past that most of the liquidity gain the industry has seen was due to investment gains, and we believe this year those gains have been walked back. While some borrowers certainly saw cash burn from operations, we believe that the operational impact to most borrowers' liquidity position was more of a failure to grow than an active material loss. We also believe that strong entrance fee collection prevented liquidity from declining even further. While we believe there has been some revenue recovery and expense mitigation during 2022 and 2023, there are many underlying factors that could change going forward. Some borrowers are also using cash to reinvest in physical plant, which ZCS sees as a long term credit positive.

We did track some data regarding PPP/ERTC amortization. Including both in net available for debt service as amortized, median DSC rose from 1.80 times to 1.90 times. The median impact for the nineteen borrowers that amortized PPP was 0.76 times, which is higher than prior years approximately 0.5 times. The sample is too small to draw any conclusions. Only four borrowers amortized ERTC this year, for an average of 1.5 times, but widely distributed. At this point, we believe that very few, if any, borrowers still have unamortized PPP. However, we do expect to see many borrowers amortize ERTC in FYE 2024 and possibly FYE 2025.

Another notable point is the variability of fiscal year end dates. ZCS believes the later part of the year started to see some relief on expenses, as well as occupancy improvement. A borrower with a FY that ended on 6/30 or earlier will not show those improvements until FYE 2024.

For reference here is the breakdown of FYE dates for the sample — figures don't foot due to rounding.

1/31-3/31: 8 (6%)
4/30-6/30: 38 (29%)
7/31-9/30: 18 (14%)
10/31-12/31: 68 (52%)

We look forward to publishing this report next year for FYE 2023 results. As always, we ask readers to comment on the utility of this report and contact the author with suggestions for improvements. While we generally only make the most recent median report available, we will keep the last three year's median reports and special COVID impact reports available on our website, ZieglerCreditSurveillance.com. They will be at the end of the "Featured Reports" segment on the homepage. We hope this will aid investors when comparing ratios for the last few years and assessing COVID impact on the industry.

Ziegler Credit Surveillance has computed median ratios for this sector since 2012. For past results not displayed in this report, please contact the author.

RATIO 1: NET OPERATING MARGIN (NOM)

FYE 2022 MEDIAN: -1.5% FYE 2021 MEDIAN: -1.5%

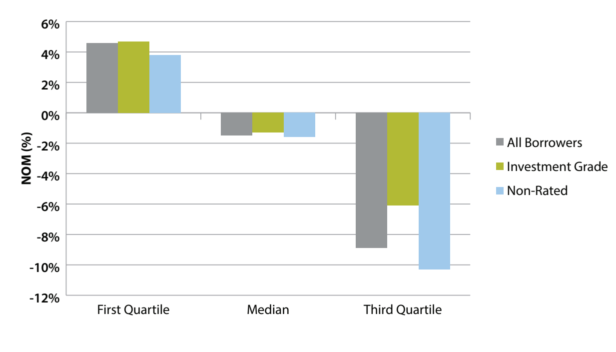
$$\frac{\text{(Resident and Healthcare Revenue)} - \text{(Operating Expenses - Interest, Depreciation \& Amortization Expenses)}}{\text{Resident and Healthcare Revenue}} = \text{NOM}$$

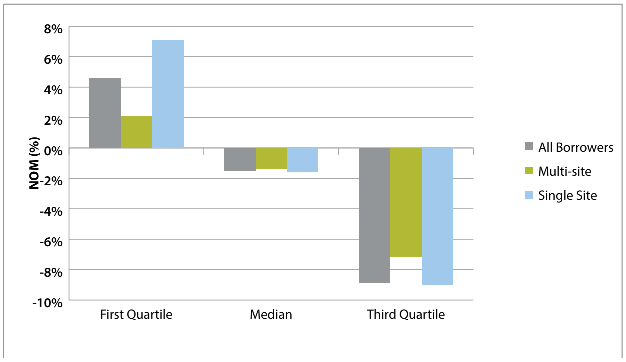
For this ratio, a higher value represents a more favorable result. Median results were similar to FYE 2021, though quartile and segment results were mixed compared to FYE 2021.

Non-rated borrowers historically outperformed investment grade in this metric, but investment grade outperformed non- rated this year after a matched performance last year. Multi-site borrowers performed worse than single-site on this performance measure, with the exception of third quartile.

As stated earlier, this ratio shows "organic" results — in other words, not inflated by any government aid. We expect NOM to improve somewhat for 2023. Many challenges, such as labor and supply chains, faced in 2021 and 2022 have been partly mitigated. Occupancy has also continued to creep back up toward pre-COVID levels. Late 2022 and early 2023 have generally shown improvement in financial statements for credits we actively monitor. We still believe a return to 5% NOM is a mid- to long-term proposition.

FYE 2022 Net Operating Margin by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	30.3%	14.9%	30.3%
First Quartile	4.6%	4.7%	3.8%
Median	-1.5%	-1.3%	-1.6%
Third Quartile	-8.9%	-6.1%	-10.3%
Worst	-61.1%	-61.1%	-49.3%

	All Borrowers	Multi-Site	Single Site
Best	30.3%	12.8%	30.3%
First Quartile	4.6%	2.1%	7.1%
Median	-1.5%	-1.4%	-1.6%
Third Quartile	-8.9%	-7.2%	-9.0%
Worst	-61.1%	-61.1%	-49.3%

The Net Operating Margin (NOM) measures the operations of a CCRC and examines the revenues and expenses related to the delivery of services to residents. The purpose of this ratio is to provide a benchmark from which users of this report can determine the margin generated by cash resident revenues after payment of cash operating expenses. This allows interested parties to gauge the operational performance of a CCRC. Amortization of Entrance Fees is not a component of Resident Revenue.

The NOM is expressed as a percentage rounded to one decimal point, e.g. 2.8%. For example, if a CCRC had $20,000,000 in Resident Revenue (net of Amortization of Entrance Fees), $22,000,000 in Operating Expense, $1,000,000 in Interest, $1,550,000 in Depreciation and Amortization; NOM would be 2.8%.

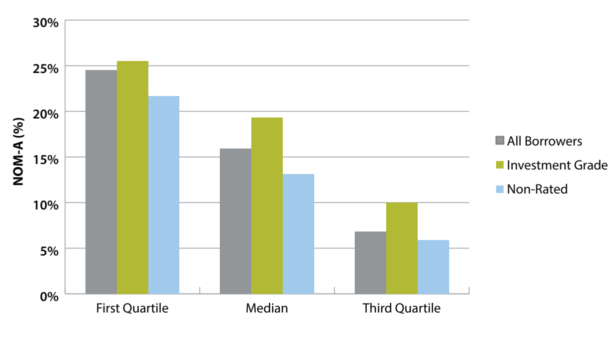
RATIO 2: NET OPERATING MARGIN-ADJUSTED (NOM-A)

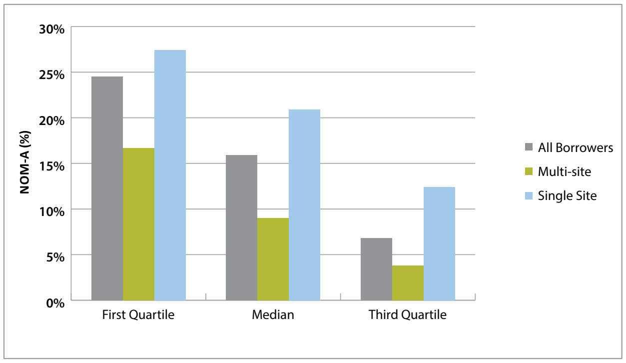
FYE 2022 MEDIAN: 15.9% FYE 2021 MEDIAN: 15.1%

$$\frac{\text{(Resident and Healthcare Revenue + Net Entrance Fees From Turnover)} - \text{(Operating Expenses - Interest, Depreciation and Amortization Expenses)}}{\text{Resident and Healthcare Revenue + Net Entrance Fees From Turnover}} = \text{NOM-A}$$

For this ratio, a higher value represents a more favorable result. Improvement in NOM-A despite a stable NOM implies continued strong entrance fee collection. Results were generally similar or improved compared to FYE 2021, though first quartile non-rated and first quartile and median multi-site were slightly unfavorable. As these borrowers are stronger financially, they may have led the improvement in NOM-A last year. Investment grade borrowers performed favorably to non-rated. Single-site borrowers performed favorably to multi-site.

FYE 2022 Net Operating Margin-Adjusted by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	42.2%	42.2%	38.0%
First Quartile	24.5%	25.5%	21.7%
Median	15.9%	19.3%	13.1%
Third Quartile	6.8%	10.0%	5.9%
Worst	-43.5%	-28.1%	-43.5%

	All Borrowers	Multi-Site	Single Site
Best	42.2%	27.2%	42.2%
First Quartile	24.5%	16.7%	27.4%
Median	15.9%	9.0%	20.9%
Third Quartile	6.8%	3.8%	12.4%
Worst	-43.5%	-28.1%	-43.5%

The Net Operating Margin-Adjusted (NOM-A) measures a CCRC's margin produced by cash operating revenues after meeting cash expenses, but is adjusted to add net entrance fee receipts from turnover in both the numerator and denominator. This means figures from the Statement of Cash Flows are needed. Net turnover-related entrance fees are the cash flows associated with residents moving into previously occupied units. By comparing the results of t his ratio to Ratio #1, NOM, the user can determine to what extent a CCRC relies on net turnover entrance fee receipts to enhance annual cash flows. A substantial difference in the NOM and NOM-A ratios shows a high sensitivity to, and dependence on, these fees. If NOM-A is lower than NOM, the CCRC had more entrance fee refunds than proceeds in the period. In tandem with other ratios such as Ratios #10 and #11 (Debt Service Coverage-Revenue Only and Debt Service Coverage), users can determine the extent of a CCRC's reliance on net entrance fees for cash flow. Ziegler Credit Surveillance calculates this ratio differently from CARF. Ziegler Credit Surveillance excludes Initial Entrance Fees, while CARF includes them. Amortization of Entrance Fees is not a component of Resident Revenue.

The NOM-A is expressed as a percentage rounded to one decimal point, e.g. 11.6%. For example, if a CCRC had $20,000,000 in Resident Revenue (net of Amortization of Entrance Fees), $22,000,000 in Operating Expense, $1,000,000 in Interest, $1,550,000 in Depreciation and Amortization, and $2,000,000 in Net Entrance Fees From Turnover; NOM-A would be 11.6%.

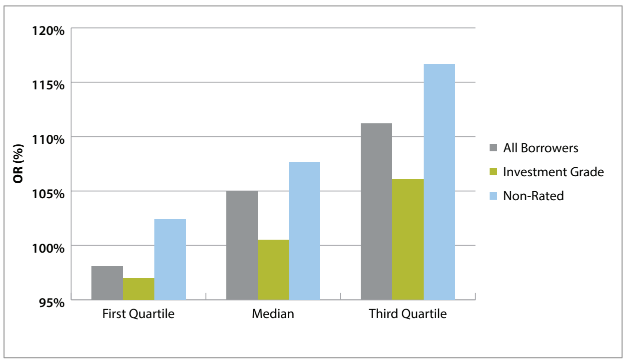
RATIO 3: OPERATING RATIO (OR)

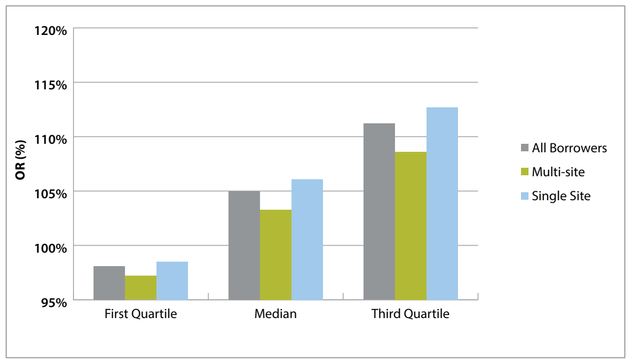
FYE 2022 MEDIAN: 105.0% FYE 2021 MEDIAN: 99.7%

$$\frac{\textbf{Operating Expenses - (Depreciation, Amortization, Bad Debt Expenses)}}{\textbf{Operating Revenue - Amortization of Entrance Fees}} = \textbf{OR}$$

For this ratio, a lower value represents a more favorable result. As a reminder, we will exclude PPP/ERTC amortization from revenues for 2022 results and beyond. PPP/ERTC will only show in a sensitivity analysis for coverage. However, excluding PPP/ERTC as opposed to to including these figures in 2020/2021 makes year over year comparison difficult. Based on relative stability in NOM, and the similarity in impariment for the other operating ratios, we feel confident that most of the increase can be explained by backing out aid amortization from revenues. Investment grade borrowers performed better than non-rated and multi-site borrowers performed slightly better than single-site. About 47% of investment grade borrowers, and 19% of non-rated borrowers reached the desired 100% benchmark for this ratio. About 37% of multi-site borrowers and 29% of single-site borrowers reached the desired 100% benchmark.

FYE 2022 Operating Ratio by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	84.3%	84.3%	85.6%
First Quartile	98.1%	97.0%	102.4%
Median	105.0%	100.5%	107.7%
Third Quartile	111.2%	106.1%	116.7%
Worst	138.2%	138.2%	136.5%

	All Borrowers	Multi-Site	Single Site
Best	84.3%	89.0%	84.3%
First Quartile	98.1%	97.2%	98.5%
Median	105.0%	103.3%	106.1%
Third Quartile	111.2%	108.6%	112.7%
Worst	138.2%	138.2%	135.3%

The Operating Ratio (OR) measures cash operating expenses against cash operating revenues. The OR differs from the Net Operating Margin because: a) Interest Expense is included within operating expenses, b) Investment Interest/Dividends and Net Assets Released for Operations are included within revenues, and c) no revenues are included in the numerator. Although an OR of less than 100 percent is desired, this ratio often pushes above the 100 percent mark, resulting from cash operating expenses exceeding cash operating revenues. The reason is the historical dependence of many CCRCs on cash from entrance fees collected to cover operating expenses, particularly interest expense. Although we do not include new development CCRCs in this study, these borrowers in particular will often experience an OR in excess of 100 percent if structured to rely on initial entrance fees to subsidize operating losses during the early fill-up years. The OR of a mature CCRC is generally expected to drop below 100 percent.

The OR is expressed as a percentage rounded to one decimal point, e.g. 100.3%. For example, if a CCRC has Operating Expenses of $22,000,000, $1,500,000 in Depreciation Expense, $50,000 in Amortization Expense, $22,400,000 of Operating Revenue and $2,000,000 of Amortization of Entrance Fees; OR would be 100.3%.

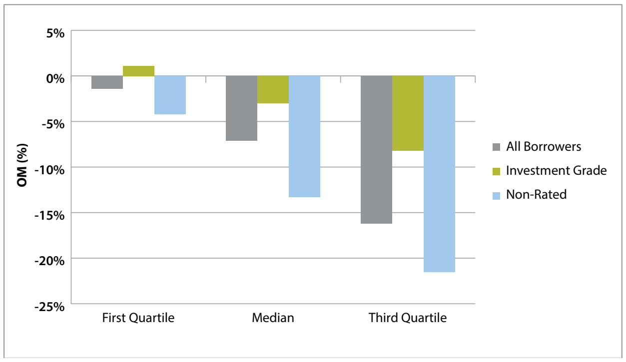
RATIO 4: OPERATING MARGIN (OM)

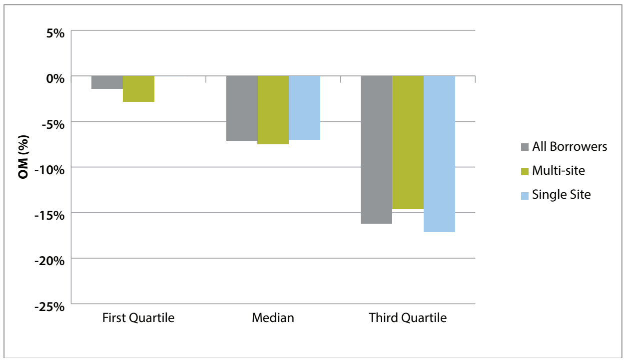
FYE 2022 MEDIAN: -7.1% FYE 2021 MEDIAN: -1.7%

$$\frac{\text{Income (Loss) from Operations}}{\text{Operating Revenue}} = \text{OM}$$

For this ratio, a higher value represents a more favorable result. As a reminder, we will exclude PPP/ERTC amortization from revenues for 2022 results and beyond. PPP/ERTC will only show in a sensitivity analysis for coverage. However, excluding PPP/ERTC as opposed to to including these figures in 2020/2021 makes year over year comparison difficult. Based on relative stability in NOM, and the similarity in decline amounts for the other operating ratios, we feel confident that most of the decrease can be explained by backing out aid amortization from revenues. Investment grade borrowers performed better than non-rated, and single-site borrowers performed better than multi-site. Of all borrowers, 20% had a positive result from this ratio.

FYE 2022 Operating Margin by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	21.3%	21.3%	5.4%
First Quartile	-1.4%	1.1%	-4.2%
Median	-7.1%	-3.0%	-13.3%
Third Quartile	-16.2%	-8.2%	-21.5%
Worst	-41.7%	-38.9%	-41.7%

	All Borrowers	Multi-Site	Single Site
Best	21.3%	5.7%	21.3%
First Quartile	-1.4%	-2.8%	0.0%
Median	-7.1%	-7.5%	-7.0%
Third Quartile	-16.2%	-14.6%	-17.1%
Worst	-41.7%	-38.9%	-41.7%

The Operating Margin (OM) measures the total portion of "operating" revenues remaining after operating expenses have been satisfied. It is considered to be a strong measure of the borrower's ability to generate surpluses for future requirements.

The OM is expressed as a percentage rounded to one decimal point, e.g. 1.8%. For example, if a CCRC had an Income from Operations of $400,000 and Operating Revenue of $22,500,000; OM would be 1.8%.

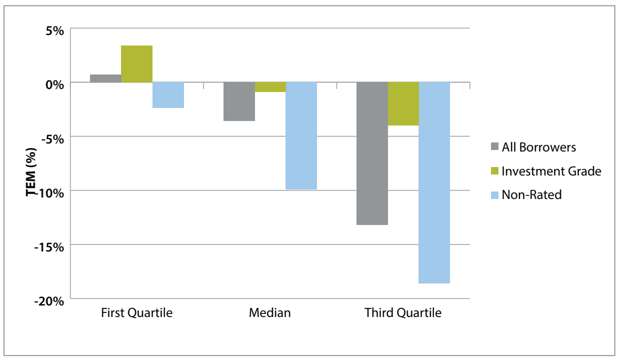
RATIO 5: TOTAL EXCESS MARGIN (TEM)

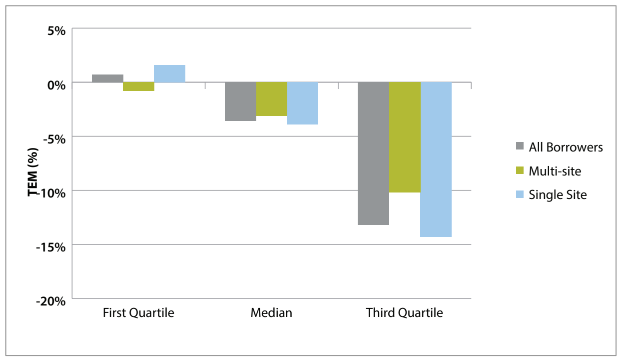
FYE 2022 MEDIAN: -3.6% FYE 2021 MEDIAN: 2.7%

$$\frac{\textbf{Total Excess of Revenues over Expenses}}{\textbf{Operating Revenue + Net Nonoperating Gains and (Losses)}} = \textbf{TEM}$$

For this ratio, a higher value represents a more favorable result. As a reminder, we will exclude PPP/ERTC amortization from revenues for 2022 results and beyond. PPP/ERTC will only show in a sensitivity analysis for coverage. However, excluding PPP/ERTC as opposed to to including these figures in 2020/2021 makes year over year comparison difficult. Based on relative stability in NOM, and the similarity in decline amounts for the other operating ratios, we feel confident that most of the decrease can be explained by backing out aid amortization from revenues. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed better than single-site except for the first quartile.

FYE 2022 Total Excess Margin by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	22.6%	22.6%	15.1%
First Quartile	0.7%	3.4%	-2.4%
Median	-3.6%	-0.9%	-9.9%
Third Quartile	-13.2%	-4.0%	-18.6%
Worst	-38.1%	-26.4%	-38.1%

	All Borrowers	Multi-Site	Single Site
Best	22.6%	17.5%	22.6%
First Quartile	0.7%	-0.8%	1.6%
Median	-3.6%	-3.1%	-3.9%
Third Quartile	-13.2%	-10.2%	-14.3%
Worst	-38.1%	-28.3%	-38.1%

The Total Excess Margin (TEM) includes both operating and non-operating revenues and gains. In contrast to the Operating Margin, unrestricted contributions are included, as are realized gains or losses on investments or assets.

The TEM is expressed as a percentage rounded to one decimal point, e.g. 1.8%. For example, if a CCRC had an Excess of Revenues over Expenses of $400,000, Operating Revenue of $22,400,000, and Net Non-Operating Gain of $100,000; the TEM would be 1.8%.

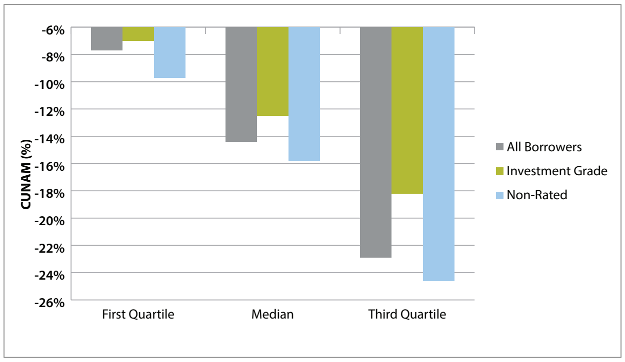
RATIO 6: CHANGE IN UNRESTRICTED NET ASSETS MARGIN (CUNAM)

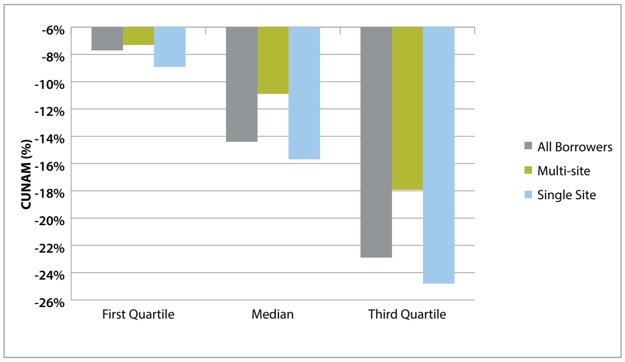
FYE 2022 MEDIAN: -14.4% FYE 2021 MEDIAN: 7.3%

$$\frac{\textbf{Increase (Decrease) in Unrestricted Net Assets}}{\textbf{All Revenues}} = \textbf{CUNAM}$$

For this ratio, a higher value represents a more favorable result. As a reminder, we will exclude PPP/ERTC amortization from revenues for 2022 results and beyond. PPP/ERTC will only show in a sensitivity analysis for coverage. However, excluding PPP/ERTC as opposed to to including these figures in 2020/2021 makes year over year comparison difficult. Unlike the other income statement ratios that showed similar declines in the 5-6% range, CUNAM showed a much larger decline. ZCS believes this is mostly caused by significant unrealized losses during FYE 2022. We note that CCRCs enjoyed generally favorable investment performance for many years prior. Investment grade borrowers performed favorably to non-rated, and multi-site borrowers performed favorably to single-site.

FYE 2022 Change in Unrestricted Net Assets Margin by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	66.9%	15.4%	66.9%
First Quartile	-7.7%	-7.0%	-9.7%
Median	-14.4%	-12.5%	-15.8%
Third Quartile	-22.9%	-18.2%	-24.6%
Worst	-58.3%	-46.9%	-58.3%

	All Borrowers	Multi-Site	Single Site
Best	66.9%	66.9%	40.3%
First Quartile	-7.7%	-7.3%	-8.9%
Median	-14.4%	-10.9%	-15.7%
Third Quartile	-22.9%	-17.9%	-24.8%
Worst	-58.3%	-35.2%	-58.3%

This ratio is not computed by CARF, Fitch, or S&P. The CUNAM calculation includes all items listed on the Statement of Operations. Any net changes in the donor restricted Net Asset accounts for Temporarily or Permanently Restricted Net Assets are excluded from this ratio. We believe this ratio is the most comprehensive measure of the unrestricted "margin" a CCRC can produce. It incorporates all activities and financial line items that make up the bottom line change Unrestricted Net Assets on the Statement of Operations. Some examples of items that would be included in this ratio but are not included in Ratios 1-5 are: unrealized gain/loss on investments, gain/loss on bond refundings, and changes in pension obligations.

CUNAM is expressed as a percentage rounded to one decimal point, e.g. 0.4%. For example, if a borrower had a Change in Unrestricted Net Assets of $100,000 and Revenues of $22,800,000; CUNAM would be 0.4%.

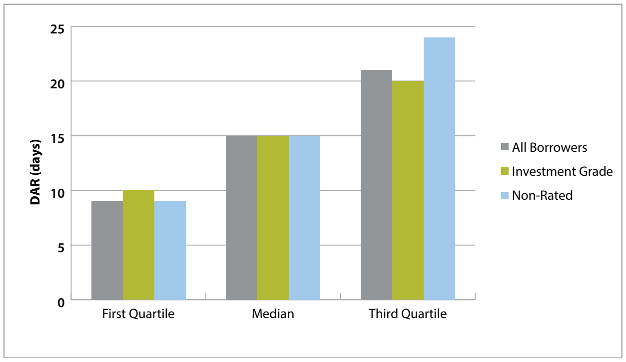
RATIO 7: DAYS IN ACCOUNTS RECEIVABLE (DAR)

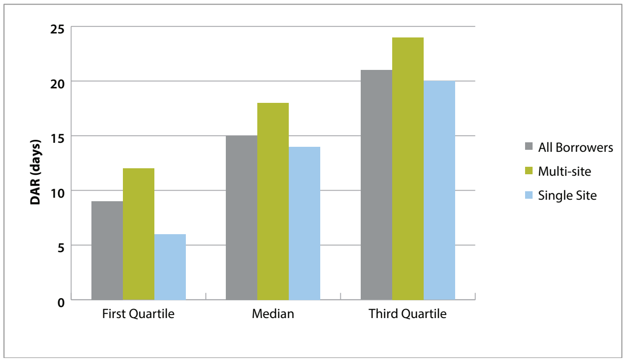
FYE 2022 MEDIAN: 15 DAYS FYE 2021 MEDIAN: 15 DAYS

$$\frac{\text{Net Accounts Receivable}}{\text{Resident and Healthcare Revenue/365}} = \text{DAR}$$

For this ratio, a lower value represents a more favorable result. Results for FYE 2022 were similar to results for FYE 2021. Investment grade borrowers performed comparably to non-rated, and single-site borrowers performed slightly better than multi-site.

FYE 2022 Days in Accounts Receivable by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	1	1	1
First Quartile	9	10	9
Median	15	15	15
Third Quartile	21	20	24
Worst	65	65	58

	All Borrowers	Multi-Site	Single Site
Best	1	1	1
First Quartile	9	12	6
Median	15	18	14
Third Quartile	21	24	20
Worst	65	58	65

The Days in Accounts Receivable (DAR) ratio measures how much revenue is tied up in uncollected billings. The calculation compares the total amount in accounts receivable (net of allowances for uncollectible accounts) to average daily operating revenues associated with net charges to residents of independent living, assisted living, and nursing units.

Generally, ILUs and ALUs in a CCRC are private pay. Typically, ILU charges are monthly, and billed in advance. For CCRCs with a high percentage of private pay (i.e., non-Medicare or Medicaid-insured) residents in nursing care beds (NCBs), this number should be low because typically private pay residents keep their account current. On the other hand, CCRCs with a high percentage of revenues from third-party payors (i.e. Medicaid and Medicare) will generally have a higher DAR because of systemic reasons that are somewhat out of management's control. The Medicaid receivable issue especially is more prevalent in some states than others. Before being able to judge a CCRC based on this ratio, users should understand the Borrower state's Medicaid billing/collection environment. It should be noted that a strong collection rate for private pay residents could mask potential issues with collections from third party payors.

DAR is expressed as a whole number of days, e.g. 12 days. For example, if a CCRC had $750,000 in Net Accounts Receivable and $60,300 in Daily Residential and Healthcare Revenues; DAR would be 12 days.

RATIO 8: DAYS CASH ON HAND (DCOH)

FYE 2022 MEDIAN: 321 DAYS FYE 2021 MEDIAN: 403 DAYS

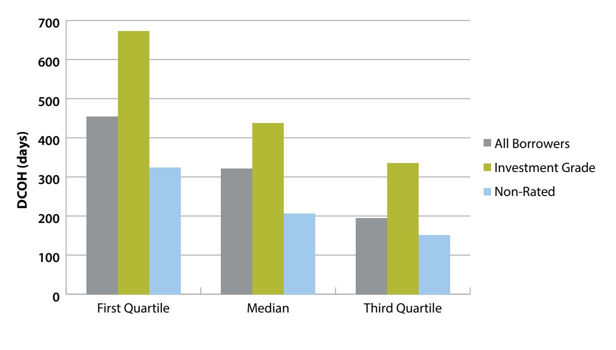
$$\frac{\text{Unrestricted Cash and Investments}}{\text{Daily Operating Expenses}} = \text{DCOH}$$

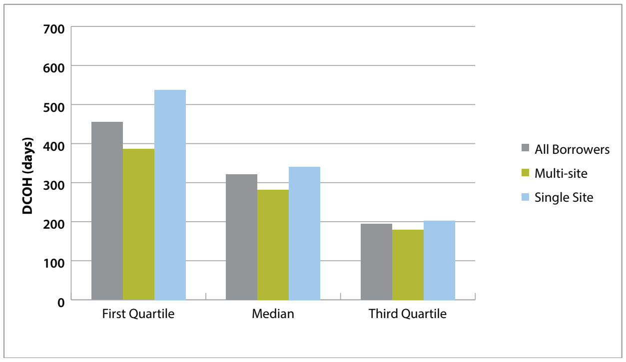
For this ratio, a higher value represents a more favorable result. All results were moderately unfavorable to FYE 2021. Borrowers with higher liquidity were harmed more than those with lower, lending credibility to the theory that much of the decline was due to investment losses. However, higher expenses also certainly played a part. Higher expenses not only drain cash, but increase the denominator of the ratio, making the same dollar amount equate to fewer days.

While cash degraded significantly during 2022, we should note that the current cash level is similar to 2015-2018. ZCS also believes that much of the increase in cash up through the pandemic was heavily due to investment gains in the first place. Therefore, we believe that much of the decline was borrowers giving up prior investment gains as opposed to operationally related.

Investment grade borrowers performed favorably to non-rated, and single site performed favorably to multi site.

FYE 2022 Days Cash on Hand by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	1,227	1,227	1,168
First Quartile	455	673	324
Median	321	438	206
Third Quartile	195	336	151
Worst	54	153	54

	All Borrowers	Multi-Site	Single Site
Best	1,227	949	1,227
First Quartile	455	386	538
Median	321	282	341
Third Quartile	195	180	203
Worst	54	54	69

The purpose of this ratio is to measure the number of days of cash the borrower has available for cash operating expenses, assuming no new revenue is received. A high DCOH indicates financial health in the event of an emergency or an immediate need for cash. With high liquidity, a borrower can hedge against potentially volatile annual cash flows and can internally fund routine capital expenditures. In addition, a CCRC offering entrance fee refunds needs to build cash reserves to offset any long-term nursing care subsidy while also keeping sufficient reserves to fund promised refunds, regardless of whether the refund is contingent upon resale/reoccupancy of the unit.

DCOH is expressed as a whole number of days, e.g. 179 days. Some put a possessive apostrophe (days') indicating a statement of the denominator's daily expenses. Ziegler Credit Surveillance chooses to make it simply a plural expression of days. For example, if a CCRC had Operating Expenses of $22,000,000 and Depreciation, Amortization, and Bad Debt Expenses of $1,550,000, the net annual cash operating expenses would be $20,450,000. This amount is divided by 365 to arrive at the daily operating expense value, $56,000. If the CCRC had Unrestricted Cash and Investments of $10,000,000, we divide the daily operating expenses into the Unrestricted Cash and Investments to arrive at 179 days.

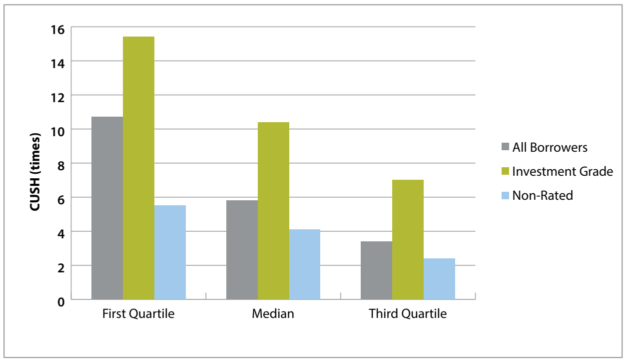
RATIO 9: CUSHION RATIO (CUSH)

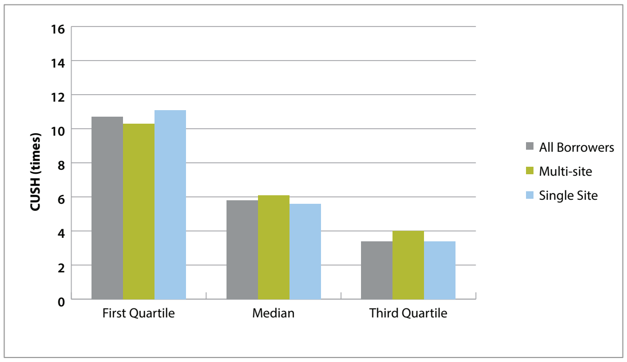
FYE 2022 MEDIAN: 5.8 TIMES FYE 2021 MEDIAN: 6.7 TIMES

$$\frac{\text{Unrestricted Cash and Investments}}{\text{Maximum Annual Debt Service}} = \text{CUSH}$$

For this ratio, a higher value represents a more favorable result. All categories were unfavorable compared to FYE 2021. This ratio is influenced by similar trends as the DCOH ratio discussed above. We believe the majority of the impact year over year is from the numerator, as refinancing activity was very low in FYE 2022 due to high rates. Investment grade borrowers performed considerably better than non-rated. Five borrowers were excluded because we could not compute MADS.

FYE 2022 Cushion Ratio by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	35.1	35.1	28.9
First Quartile	10.7	15.4	5.5
Median	5.8	10.4	4.1
Third Quartile	3.4	7.0	2.4
Worst	1.2	3.1	1.2

	All Borrowers	Multi-Site	Single Site
Best	35.1	23.9	35.1
First Quartile	10.7	10.3	11.1
Median	5.8	6.1	5.6
Third Quartile	3.4	4.0	3.4
Worst	1.2	1.4	1.2

The Cushion Ratio (CUSH) measures the borrower's cash position in relation to its annual debt service obligation. Ziegler Credit Surveillance uses Maximum Annual Debt Service (MADS) while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods. A CUSH ratio of 1.0 times signifies that a CCRC has enough liquidity to cover MADS. If a CCRC's debt service has not been structured to be level, a low CUSH ratio using MADS may signal an inability to meet escalating or balloon principal payments.

The CUSH ratio is expressed to one decimal point, followed by the word "times," e.g. 6.7 times. Some use an "x" to represent the word times, however Ziegler Credit Surveillance chooses to write the word out. For example, if a CCRC had $10,000,000 in Unrestricted Cash and Investments and Maximum Annual Debt Service of $1,500,000; CUSH would be 6.7 times.

RATIO 10: DEBT SERVICE COVERAGE – REVENUE ONLY (DSC-R)

FYE 2022 MEDIAN: 0.54 TIMES FYE 2021 MEDIAN: 1.12 TIMES; 0.87 TIMES NET OF PPP

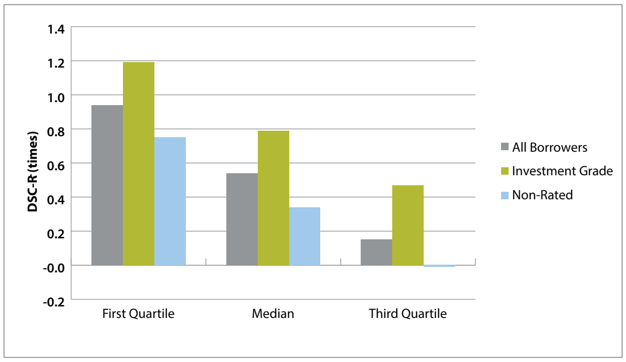
$$\frac{\textbf{Net Available for Debt Service}}{\textbf{Maximum Annual Debt Service}} = \textbf{DSC-R}$$

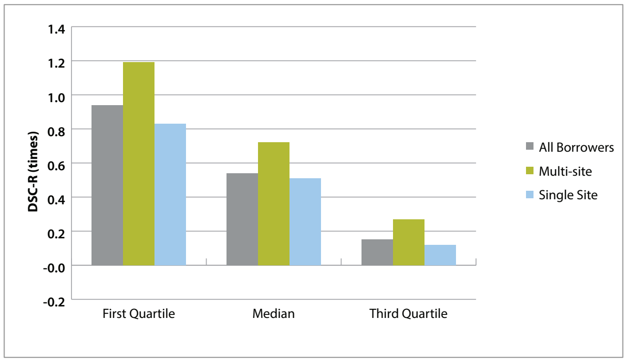
For this ratio, a higher value represents a more favorable result. As a reminder, we will exclude PPP/ERTC amortization from revenues for 2022 results and beyond. PPP/ERTC will only show in a sensitivity analysis for coverage. However, excluding PPP/ERTC as opposed to to including these figures in 2020/2021 makes year over year comparison difficult. Of the 127 borrowers whose DSC-R we were able to calculate, 29 or 23% had a DSC-R of over 1.00 times. This proportion is generally in the high 30 to low 40 percent range. Five borrowers were excluded because we could not compute MADS.

Given the relatively good performance of Debt Service Coverage including entrance fees (discussed next) we believe that higher occupancy in the latter part of the year generated strong net EFs. However, because those individuals rental component income was not present for the whole fiscal year, DSC-R was depressed. Based on current occupancy trends, we would expect DSC-R to increase for FYE 2023, though probably not to the 0.9 level that we have traditionally seen.

Low or even negative DSC-R may not be indicative of a struggling CCRC, dependent on entrance fee structure. Five of the 10 lowest DSC-Rs in the study had DSCs over 1.00 times. This data point illustrates that it is vital to view this ratio in conjunction with DSC.

FYE 2022 Debt Service Coverage – Revenue Basis by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	3.49	3.49	2.75
First Quartile	0.94	1.19	0.75
Median	0.54	0.79	0.34
Third Quartile	0.15	0.47	-0.01
Worst	-2.61	-2.61	-1.19

	All Borrowers	Multi-Site	Single Site
Best	3.49	3.49	2.75
First Quartile	0.94	1.19	0.83
Median	0.54	0.72	0.51
Third Quartile	0.15	0.27	0.12
Worst	-2.61	-0.67	-2.61

Debt Service Coverage-Revenue Only (DSC-R) shows how well a borrower can cover MADS without the benefit of cash flow from turnover-related net entrance fees. Covering debt service solely through operations and not relying on entrance fees is a more stringent and difficult goal to achieve. Ziegler Credit Surveillance uses Maximum Annual Debt Service (MADS) while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods.

DSC-R is expressed to two decimal points, followed by the word "times", e.g. 0.77 times. Some use an "x" to represent the word times, however Ziegler chooses to write the word out. For example, if a borrower had Net Available for Debt Service of $1,150,000 and Maximum Annual Debt Service of $1,500,000; DSC-R would be 0.77 times.

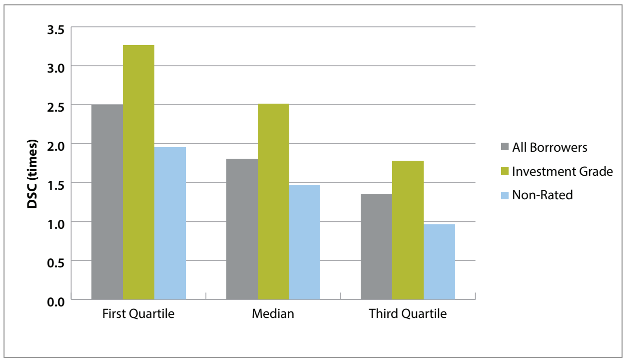
RATIO 11: DEBT SERVICE COVERAGE (DSC)

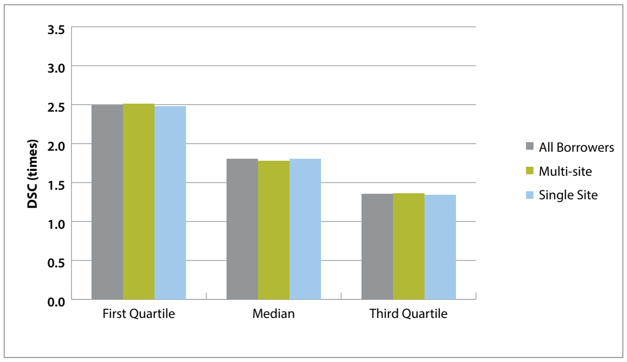
FYE 2022 MEDIAN: 1.80 TIMES FYE 2021 MEDIAN: 2.26 TIMES; 2.01 TIMES NET OF PPP

$$\frac{\text{Net Available for Debt Service + Net Entrance Fees From Turnover}}{\text{Maximum Annual Debt Service}} = \text{DSC}$$

For this ratio, a higher value represents a more favorable result. As a reminder, we will exclude PPP/ERTC amortization from revenues for 2022 results and beyond. PPP/ERTC will only show in a sensitivity analysis for coverage. However, excluding PPP/ERTC as opposed to to including these figures in 2020/2021 makes year over year comparison difficult. Of the 127 borrowers whose DSC we were able to calculate, 108 or 85% had a DSC of over 1.00 times. This proportion is generally higher, in the low 90 percent range, and is slightly lower than last year. While both DSC and DSC-R declined, the magnitude was less for DSC. So, we can conclude that net entrance fee collection relatively strong. This fits occupancy data we have seen that shows improvement, especially in the latter part of the year. Five borrowers were excluded because we could not compute MADS.

FYE 2022 Debt Service Coverage by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	8.65	8.65	6.27
First Quartile	2.49	3.26	1.95
Median	1.80	2.51	1.47
Third Quartile	1.35	1.78	0.96
Worst	-0.40	1.01	-0.40

	All Borrowers	Multi-Site	Single Site
Best	8.65	7.76	8.65
First Quartile	2.49	2.51	2.48
Median	1.80	1.78	1.80
Third Quartile	1.35	1.36	1.34
Worst	-0.40	-0.40	-0.36

Debt Service Coverage (DSC) shows how well a borrower can cover MADS with the inclusion of cash flow from turnover-related net entrance fees. DSC should be considered in tandem with Ratio #10, Debt Service Coverage- Revenue Only (DSC-R), discussed earlier. Again, Ziegler Credit Surveillance uses Maximum Annual Debt Service (MADS) while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods.

DSC is expressed to two decimal points, followed by the word "times," e.g. 2.10 times. Some use an "x" to represent the word times, however Ziegler Credit Surveillance chooses to write the word out. For example, if a CCRC had Net Available for Debt Service of $1,150,000, plus Net Entrance Fees from Turnover of $2,000,000 the numerator would equal $3,150,000. If Maximum Annual Debt Service was $1,500,000; DSC would be 2.10 times.

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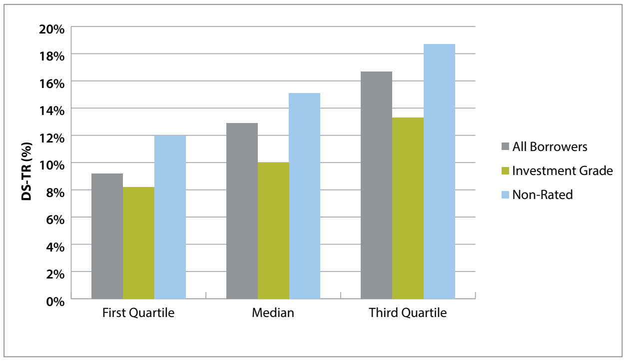
RATIO 12: MADS AS A PERCENTAGE OF TOTAL OPERATING REVENUES AND NET NONOPERATING GAINS AND (LOSSES) (DS-TR)

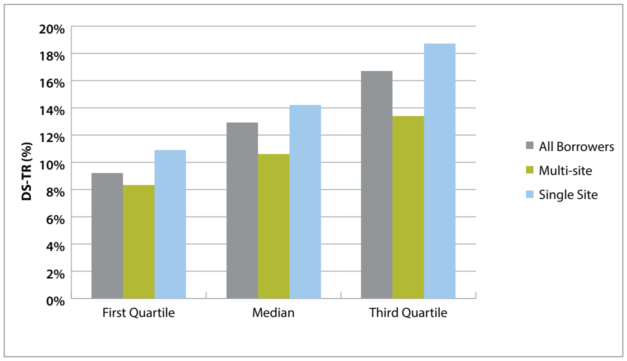
FYE 2022 MEDIAN: 12.9% FYE 2021 MEDIAN: 12.1%

$$\frac{\textbf{Maximum Annual Debt Service}}{\textbf{Operating Revenues + Net Nonoperating Gains and (Losses) - Net Assets Released from Restrictions for PP\&E}} = \textbf{DS-TR}$$

For this ratio, a lower value represents a more favorable result. All results were similar to or slightly unfavorable to FYE 2021. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed better than single-site. Five borrowers were excluded from this ratio because we could not compute MADS.

FYE 2022 Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains (and Losses) by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	2.1%	2.1%	4.8%
First Quartile	9.2%	8.2%	12.0%
Median	12.9%	10.0%	15.1%
Third Quartile	16.7%	13.3%	18.7%
Worst	35.4%	23.2%	35.4%

	All Borrowers	Multi-Site	Single Site
Best	2.1%	2.1%	2.8%
First Quartile	9.2%	8.3%	10.9%
Median	12.9%	10.6%	14.2%
Third Quartile	16.7%	13.4%	18.7%
Worst	35.4%	22.5%	35.4%

The purpose of this ratio is to indicate the percentage of operating revenues and non-operating gains (or losses) taken up by MADS. Year-to-year, the DS-TR ratio will be affected by changes in Maximum Annual Debt Service (MADS) and market conditions that enable favorable gains. Again, Ziegler Credit Surveillance uses MADS while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods.

DS-TR is expressed as a percentage rounded to one decimal point, e.g. 6.7%. For example, if a CCRC had MADS of $1,500,000, Operating Revenues of $22,400,000, and Net Non-Operating Gain of $100,000; DS-TR would be 6.7%.

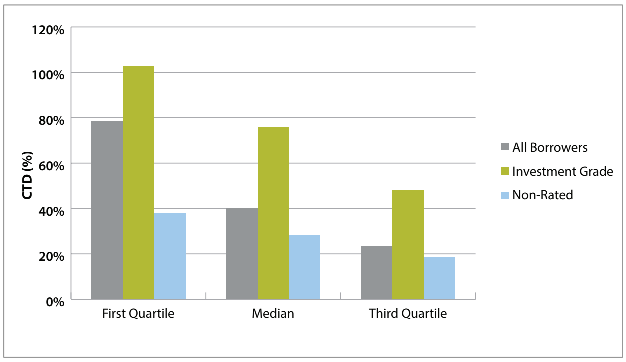
RATIO 13: UNRESTRICTED CASH & INVESTMENTS TO LONG-TERM DEBT (CTD)

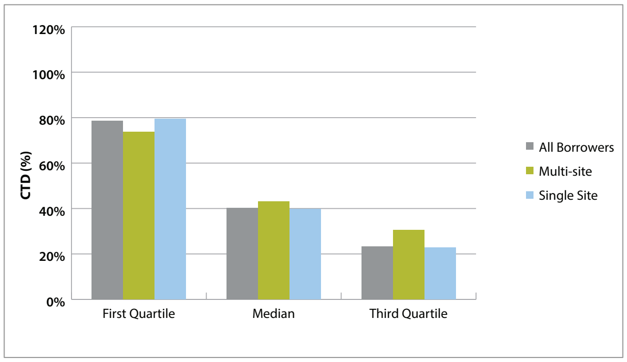
FYE 2022 MEDIAN: 40.3% FYE 2021 MEDIAN: 50.7%

$$\frac{\textbf{Unrestricted Cash and Investments}}{\textbf{Long-Term Debt}} = \textbf{CTD}$$

For this ratio, a higher value represents a more favorable result. The proportion of the decline from FYE 2021 is about the same as DCOH, discussed earlier. We believe the main driver of the decline is the numerator for the same reasons. Investment grade borrowers performed significantly better than non-rated, and multi-site borrowers performed slightly better than single-site except for the first quartile.

FYE 2022 Unrestricted Cash and Investments to Long-Term Debt by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	378.0%	378.0%	257.4%
First Quartile	78.6%	102.8%	38.0%
Median	40.3%	75.9%	28.0%
Third Quartile	23.2%	47.9%	18.4%
Worst	8.8%	21.9%	8.8%

	All Borrowers	Multi-Site	Single Site
Best	378.0%	136.3%	378.0%
First Quartile	78.6%	73.8%	79.5%
Median	40.3%	43.0%	39.8%
Third Quartile	23.2%	30.5%	22.9%
Worst	8.8%	10.8%	8.8%

The Unrestricted Cash and Investments to Long-Term Debt ratio (CTD) measures a CCRC's easily available cash and marketable securities (liquid and unencumbered cash and investments) in relation to its Long-Term Debt. This ratio is a measure of the borrower's ability to withstand annual fluctuations in cash flow, either from weakened operating results or negligible resident entrance fee receipts due to low turnover or a high amount of refunds.

CTD is expressed as a percentage rounded to one decimal point, e.g. 40.0%. For example, if a borrower had Unrestricted Cash and Investments of $10,000,000 and Long-term Debt of $25,000,000, CTD would be 40.0%.

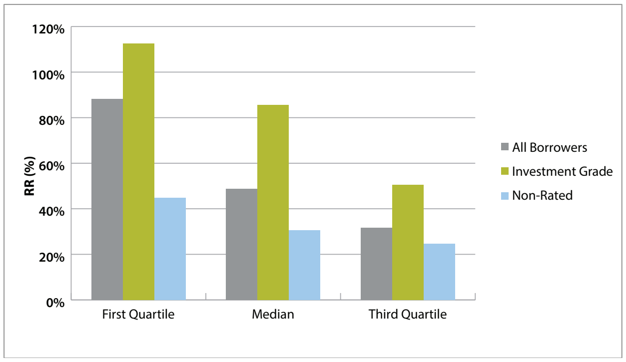
RATIO 14: RESERVE RATIO (RR)

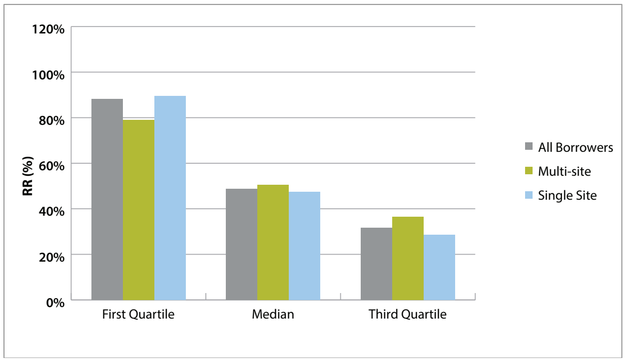
FYE 2022 MEDIAN: 48.8% FYE 2021 MEDIAN: 56.4%

$$\frac{\text{Unrestricted Cash and Investments + Debt Service Reserve Fund}}{\text{Long-Term Debt}} = \text{RR}$$

For this ratio, a higher value represents a more favorable result, with similar trends to the CTD ratio. We were unable to compute a Reserve Ratio for 32 borrowers as the specific amount of the Trustee-held Debt Service Reserve Fund was not disclosed in the audit. Twenty three included borrowers had no DSRF, so CTD equals RR. Investment grade borrowers performed significantly better than non-rated, and multi-site borrowers performed slightly better than single-site except for the first quartile.

FYE 2022 Reserve Ratio by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	388.5%	388.5%	267.0%
First Quartile	88.3%	112.5%	44.9%
Median	48.8%	85.5%	30.5%
Third Quartile	31.7%	50.6%	24.7%
Worst	16.6%	33.5%	16.6%

	All Borrowers	Multi-Site	Single Site
Best	388.5%	136.3%	388.5%
First Quartile	88.3%	79.1%	89.5%
Median	48.8%	50.5%	47.5%
Third Quartile	31.7%	36.6%	28.6%
Worst	16.6%	18.8%	16.6%

This ratio is not computed by CARF, Fitch, or S&P. We compute it for several reasons. Many CCRC bond issues impose operational covenants associated with cash and investments. One common covenant allows a new development CCRC the option of converting an initial Reserve Ratio into a DCOH ratio after certain financial milestones are reached. With longer fill-up time periods occurring with regularity, the Reserve Ratio covenant has stayed in place longer than most would have anticipated. Without the conversion, CCRCs – that self-report ratios – include any Debt Service Reserve Funds to report Reserve Ratio covenant compliance figures. As such, we include this ratio in our normal analysis.

The RR is expressed as a percentage rounded to one decimal point, e.g. 46.0%. For example, if a CCRC had Unrestricted Cash and Investments of $10,000,000, a Debt Service Reserve Fund of $1,500,000, and Long-term Debt of $25,000,000; the Reserve Ratio would be 46.0%.

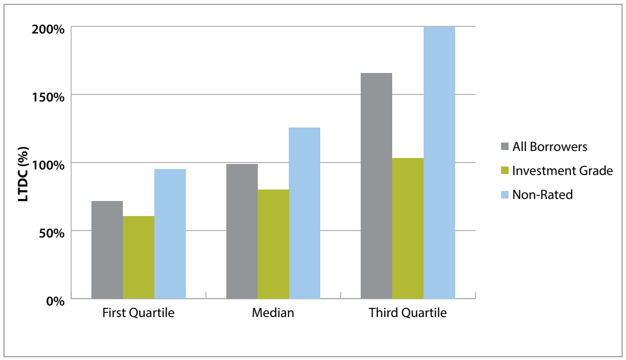
RATIO 15: LONG-TERM DEBT AS A PERCENTAGE OF TOTAL CAPITAL (LTDC)

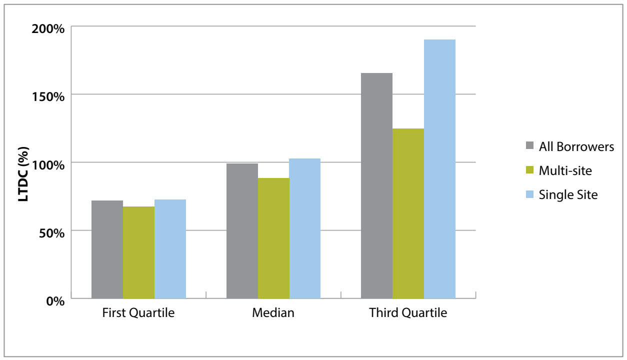
FYE 2022 MEDIAN: 98.9% FYE 2021 MEDIAN: 90.2%

$$\frac{\textbf{Long-Term Debt}}{\textbf{Long-Term Debt + Unrestricted Net Assets}} = \textbf{LTDC}$$

For this ratio, a lower value represents a more favorable result. FYE 2022 results were generally unfavorable to FYE 2021, though a few segments improved slightly. Five borrowers were excluded from this ratio. They had larger negative Unrestricted Net Assets than Long-Term Debt, and including these negative results would skew the median results. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed better than single-site.

FYE 2022 Long-Term Debt-to-Capitalization by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	20.0%	22.2%	20.0%
First Quartile	71.8%	60.5%	95.1%
Median	98.9%	80.1%	125.7%
Third Quartile	165.6%	103.2%	199.6%
Worst	17,576.4%	558.4%	17,576.4%

	All Borrowers	Multi-Site	Single Site
Best	20.0%	24.0%	20.0%
First Quartile	71.8%	67.4%	72.7%
Median	98.9%	88.5%	102.5%
Third Quartile	165.6%	124.7%	190.0%
Worst	17,576.4%	17,576.4%	1,390.1%

The purpose of this ratio is to indicate the borrower's amount of leverage by measuring the debt compared to total "capital". When using this ratio to analyze for-profit corporations, debt includes both Short Term and Long Term Debt, and capital includes all debt and Shareholder's Equity. When analyzing not-for-profits (which, by definition, do not have shareholders), Unrestricted Net Assets is substituted for Shareholder's Equity. When analyzing CCRCs, we have decided to omit short term debt from the calculation because the vast majority of CCRCs only utilize long term bond debt. In general, for this ratio a lower value represents a more favorable result. However, this rule is negated if negative unrestricted net assets outweigh long term debt in the denominator. This situation yields a negative result from the subtraction in the denominator, and therefore a negative result for the ratio. Thus, the "favorability" of the results do not follow a linear track. For example, if a CCRC had Long-Term Debt of $25,000,000 and negative Unrestricted Net Assets of $24,000,000 the result would be a very unfavorable 2,500%. However, if negative Unrestricted Net Assets were $26,000,000 the result would be negative 2,500%. All else equal, as negative Unrestricted Net Assets outweigh Long Term Debt and become more negative, the negative result moves closer to 0%. Thus, we cannot effectively compare negative results with normal, positive results, though a negative result does hold some telling information by itself.

LTDC is expressed as a percentage rounded to one decimal place, e.g. 92.6%. For example, if a CCRC had $25,000,000 in Long-Term Debt and $2,000,000 in Unrestricted Net Assets; LTDC would be 92.6%.

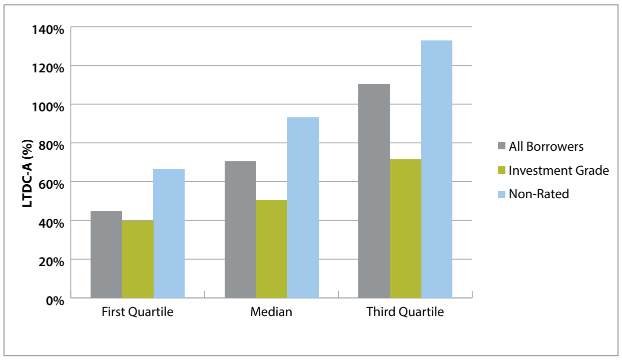
RATIO 16: LONG-TERM DEBT AS A PERCENTAGE OF TOTAL CAPITAL-ADJUSTED (LTDC-A)

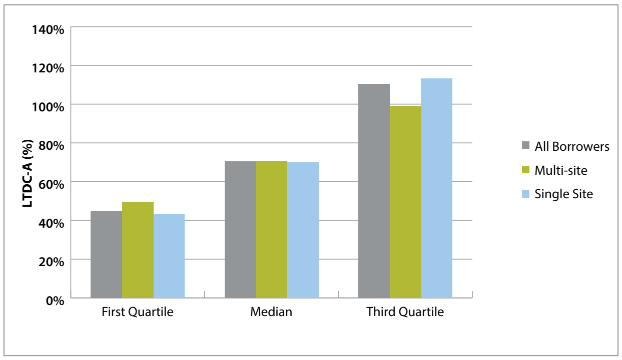
FYE 2022 MEDIAN: 70.4% FYE 2021 MEDIAN: 67.5%

$$\frac{\textbf{Long-Term Debt}}{\textbf{Long-Term Debt + Unrestricted Net Assets} \\ \textbf{+ Unearned Entrance Fees (Non-Refundable)}} = \textbf{LTDC-A}$$

For this ratio, a lower value represents a more favorable result. Two borrowers were excluded from this ratio. They had larger negative Unrestricted Net Assets than Long-Term Debt and Unearned Entrance Fees, and including these negative results would skew the median. Results for FYE 2022 were stable or slightly worse than FYE 2021. Results did not degrade as badly as LTDC, which lends support for strong EF collection during the year. Investment grade borrowers performed better than non-rated. Single and multi-site borrowers performed comparably, except for the third quartile where multi-site well outperformed single-site.

FYE 2022 Long-Term Debt to Capitalization – Adjusted by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	9.3%	9.3%	16.9%
First Quartile	44.6%	39.8%	66.7%
Median	70.4%	50.4%	93.3%
Third Quartile	110.5%	71.5%	132.8%
Worst	1,194.4%	266.6%	1,194.4%

	All Borrowers	Multi-Site	Single Site
Best	9.3%	20.2%	9.3%
First Quartile	44.6%	49.5%	43.3%
Median	70.4%	70.7%	70.1%
Third Quartile	110.5%	99.0%	113.4%
Worst	1,194.4%	279.5%	1,194.4%

Similar to the Long-Term Debt to Capitalization Percentage, the purpose of this ratio is to measure leverage by comparing the borrower's debt to total capital. Unearned revenue from entrance fees is added in recognition that this account balance represents cash paid to the community that is often used for capital improvements and/or retained as cash reserves. In general, for this ratio a lower value represents a more favorable result. However, this rule is negated if negative unrestricted net assets outweigh long term debt in the denominator. This situation yields a negative result from the subtraction in the denominator, and therefore a negative result for the ratio. Thus, the "favorability" of the results do not follow a linear track. For example, if a CCRC had Long-Term Debt of $25,000,000 and negative Unrestricted Net Assets of $24,000,000 the result would be a very unfavorable 2,500%. However, if negative Unrestricted Net Assets were $26,000,000 the result would be negative 2,500%. All else equal, as negative Unrestricted Net Assets outweigh Long Term Debt and become more negative, the negative result moves closer to 0%. Thus, we cannot effectively compare negative results with normal, positive results, though a negative result does hold some telling information by itself.

LTDC-A is expressed as a percentage rounded to one decimal place, e.g. 59.5% For example, if a CCRC had $25,000,000 in Long-Term Debt, $2,000,000 in Unrestricted Net Assets, and $15,000,000 in Non-Refundable Unearned Entrance Fees; LTDC-A would be 59.5%.

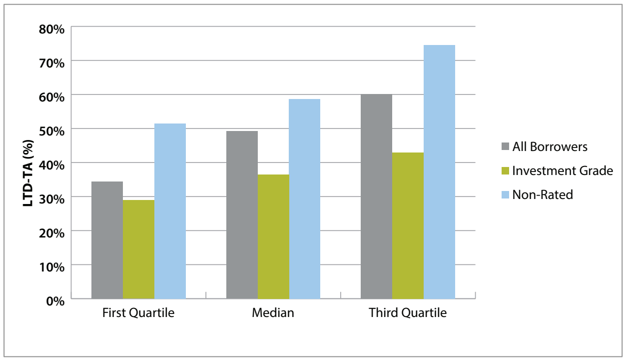
RATIO 17: LONG-TERM DEBT AS PERCENTAGE OF TOTAL ASSETS (LTD-TA)

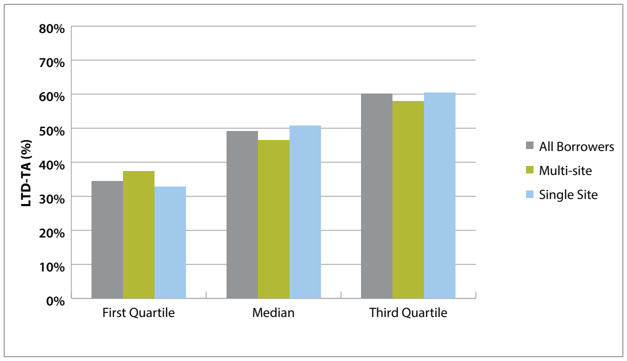
FYE 2022 MEDIAN: 49.2% FYE 2021 MEDIAN: 45.6%

$$\frac{\textbf{Long-Term Debt}}{\textbf{Total Assets}} = \textbf{LTD-TA}$$

For this ratio, a lower value represents a more favorable result. Results for FYE 2022 were generally slightly unfavorable to FYE 2021. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed slightly better than single-site.

FYE 2022 Long-Term Debt as a Percentage of Total Assets by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	9.3%	9.3%	12.1%
First Quartile	34.4%	28.9%	51.5%
Median	49.2%	36.5%	58.7%
Third Quartile	60.1%	42.9%	74.5%
Worst	98.1%	65.8%	98.1%

	All Borrowers	Multi-Site	Single Site
Best	9.3%	17.4%	9.3%
First Quartile	34.4%	37.4%	32.9%
Median	49.2%	46.5%	50.8%
Third Quartile	60.1%	57.9%	60.4%
Worst	98.1%	93.1%	98.1%

The Long-Term Debt to Total Assets (LTD-TA) ratio relates an organization's indebtedness to total assets. This ratio has some attributes of a liquidity ratio, as its value is sensitive to the market values of the borrower's investments. A borrower with a higher percentage for this ratio is considered to have a weaker capital structure than a borrower with a lower percentage.

LTD-TA is expressed as a percentage rounded to one decimal place, e.g. 41.7 %. For example, if a borrower had $25,000,000 in Long-Term Debt and $60,000,000 in Total Assets; LTD-TA would be 41.7%.

RATIO 18: AVERAGE AGE OF PLANT (AAP)

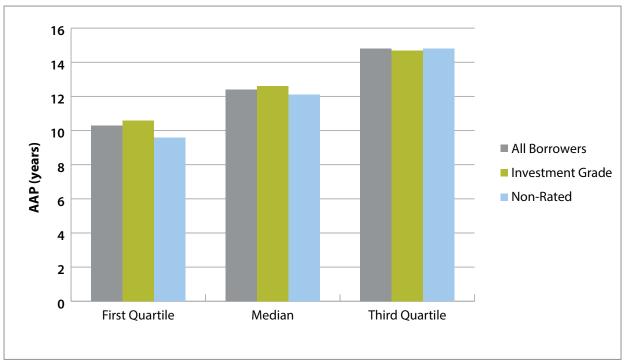
FYE 2022 MEDIAN: 12.4 YEARS FYE 2021 MEDIAN: 12.3 YEARS

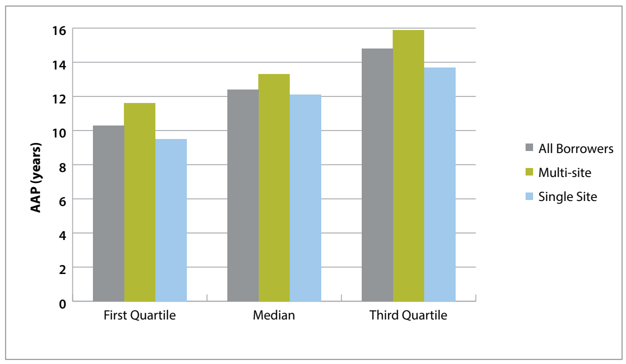
$$\frac{\textbf{Accumulated Depreciation}}{\textbf{Depreciation Expense}} = \textbf{AAP}$$

For this ratio, a lower value represents a more favorable result. First quartile results were favorable compared to last year, while median was stable and third quartile was unfavorable. Also, where non-rated usually shows a younger AAP than investment grade, the gap narrowed significantly this year, especially in the third quartile. ZCS believes that more financially sound borrowers are investing more heavily back into their physical plant. More support for this opinion will be shown in the next ratio.

We were unable to calculate AAP for eight borrowers because material non-obligated entities were included in the consolidated/combined audited Accumulated Depreciation figure; no separate Obligated Group-only figures were presented. Non-rated borrowers performed better than investment grade, and single-site borrowers performed better than multi-site.

FYE 2022 Average Age of Plant/Facility by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	4.5	6.8	4.5
First Quartile	10.3	10.6	9.6
Median	12.4	12.6	12.1
Third Quartile	14.8	14.7	14.8
Worst	22.6	19.8	22.6

	All Borrowers	Multi-Site	Single Site
Best	4.5	8.7	4.5
First Quartile	10.3	11.6	9.5
Median	12.4	13.3	12.1
Third Quartile	14.8	15.9	13.7
Worst	22.6	21.9	22.6

The Average Age of Plant ratio (AAP) measures the historical commitment of a CCRC to facility upkeep and renewal. Instead of "plant" some ratio calculators use the word facility.

A lower Average Age of Plant is desired, as with older facilities there is a greater chance that a large expenditure will be required to keep the CCRC relevant. However, AAP is not a perfect measure of a CCRC's renewal because a low AAP could be a result of an expansion rather than renovation of existing facilities. This ratio may also indicate the "curb appeal" of the physical plant to a potential resident.

AAP is expressed as a number of years rounded to one decimal place, i.e. 10.0 years. For example, if the borrower had $15,000,000 in Accumulated Depreciation and $1,500,000 in Depreciation Expense; Average Age of Plant would be displayed as 10.0 years.

RATIO 19: CAPITAL EXPENDITURES AS A PERCENTAGE OF DEPRECIATION EXPENSE (CED)

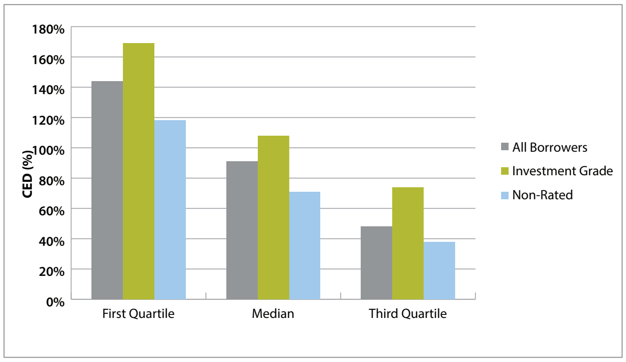
FYE 2022 MEDIAN: 91% FYE 2021 MEDIAN: 78%

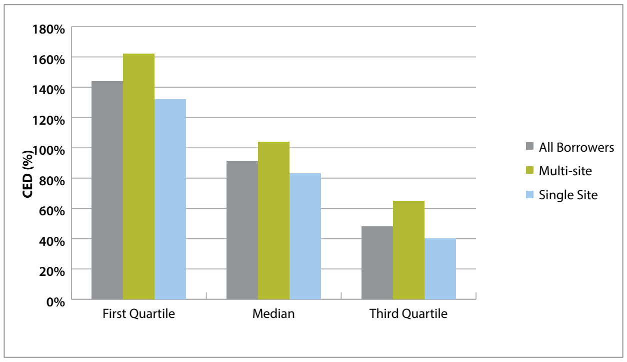
$$\frac{\text{Acquisition of PP\&E}}{\text{Depreciation Expense}} = \text{CED}$$

For this ratio, a higher value represents a more favorable result. Results were generally higher than FYE 2020, though still lower than pre-COVID levels. Note that the decrease in capital expenditure would reflect both normal replacement items as well as longterm material items, such as building replacement or renovation.

We were unable to calculate CED for three borrower because material non-obligated entities were included in the audited Acquisition of PP&E figure. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed similarly to single-site. We believe that an 80-90% range for this ratio is healthy, as most stable CCRCs will let plant age a bit until doing a major repositioning, at which point they will usually be excluded from this study. This is the first year post COVID where the median result is back in this target range, however there is still a wide disparity. ZCS believes this is due to some borrowers making significant investment to catch up on aging plant, while other borrowers are still delaying reinvestment.

FYE 2022 Capital Expenditures as a Percentage of Depreciation by Quartile





	All Borrowers	Investment Grade	Non-rated
Best	702%	471%	702%
First Quartile	144%	169%	118%
Median	91%	108%	71%
Third Quartile	48%	74%	38%
Worst	7%	11%	7%

	All Borrowers	Multi-Site	Single Site
Best	702%	417%	702%
First Quartile	144%	162%	132%
Median	91%	104%	83%
Third Quartile	48%	65%	40%
Worst	7%	8%	7%

The CED ratio is a tool for understanding the sufficiency of a CCRC's annual reinvestment in physical plant. A result of 100% shows that the borrower's expenditures on PP&E equaled the amount of depreciation expense.

CED is expressed as a percentage rounded to the nearest whole number, e.g. 67%. For example, if Acquisition of PP&E was $1,000,000 and Depreciation Expense was $1,500,000; CED would be 67%.

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ZIEGLER CREDIT SURVEILLANCE AND ANALYTICS

Ziegler Credit Surveillance and Analytics (ZCS) is an assembly of financial and credit analysts committed to providing investors with value-added research on a select sub- set of securities. Such securities include Ziegler-underwritten municipal bonds issued to finance capital projects in the senior living, healthcare and education sectors. Our group also monitors certain Ziegler-underwritten structured finance projects. ZCS is separate from Ziegler's investment banking and capital markets businesses. The analysts rely only on publicly available information to generate opinions and reports. The team's published research carries an analyst certification as to the objectivity of the opinions rendered. ZCS makes available its written research via this website: www.ZieglerCreditSurveillance.com.

ABOUT THE AUTHOR

Mike Vitiello joined the surveillance team at Ziegler in April of 2013. He is primarily responsible for monitoring a portfolio of Ziegler and non-Ziegler underwritten senior living, healthcare and education credits. Mike analyzes and comments on each borrower's financial condition and highlights any significant changes for the benefit of investors and Ziegler's internal business groups. His responsibilities also include the ZCS annual CCRC Financial Ratio Median Analysis and the Default Study. He is a member of Ziegler's business origination Credit and Risk Committee. Mike received a B.S.B.A. from Boston University in 2009, an M.B.A. from Pace University in 2018, holds Series 7 and 52 licenses from FINRA, is a CFA charterholder, and belongs to several healthcare and municipal bond-related organizations.

ANALYST CERTIFICATION

I, Mike Vitiello, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities, issuers and borrowers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendation or view expressed in this research report. The opinions expressed here reflect my judgment and are subject to change. This is not a complete analysis of every material fact regarding any company, industry or security. Information has been obtained from sources considered reliable, but Ziegler cannot guarantee the accuracy. Additional information is available upon request. Other departments of Ziegler may have information, which is not available to Ziegler Credit Surveillance and Analytics, about companies mentioned in the report. Ziegler may execute transactions in the securities mentioned in the report, which may not be consistent with the report conclusions. Past performance should not be taken as an indication or guarantee of future performance. Ziegler may perform investment banking or other services for, or solicit investment banking business from, any company mentioned in this report. This document may not be reprinted without permission.

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APPENDIX A

CCRC Borrower Audits Used in Ratio Calculations

Below is a listing of the borrowing entities whose financial results are part of this overall median study. In many instances, these borrowers have multiple bond issues outstanding. One hundred three of the 132 borrowers (78%) of the borrowers included this year were also included last year, 16 dropped out and 29 were included this year but not last year. Fifteen of the newly included borrowers were excluded last due to a material project or fill up.

Borrower Name	State	Included Last Year
Homestead at Rochester, Inc.	MN	no
HumanGood Idaho (Terraces of Boise) (Subsidiary of HumanGood Cornerstone)	ID	yes
Gulf Coast Village (aka Gulf Care, Inc.) (subsidiary of Volunteers of America)	FL	yes
Seabury (aka Church Home of Hartford Incorporated) (affiliated with Episcopal Diocese of Connecticut)	CT	yes
Mirabella Portland (aka Mirabella at South Waterfront) (subsidiary of Pacific Retirement Services, Inc.)	OR	yes
Trinity Terrace aka Cumberland Rest, Inc. (subsidiary of Pacific Retirement Services, Inc.)	TX	no
Baptist Homes Society	PA	no
Salemtowne (aka Moravian Home, Inc.)	NC	no
Broadmead, Inc.	MD	no
Cedars (The) Obligated Group	ME	no
HumanGood California Obligated Group (HumanGood NorCal, SoCal, and Fresno) (Subsidiary of HumanGood)	CA	yes
HumanGood National Obligated Group (HumanGood Washington and HumanGood Arizona) (Subsidiary of HumanGood Cornerstone)	AZ	yes
John Knox Village Obligated Group (MO) (subsidiary of PremierLife)	MO	yes
Goodwin Living (fka Goodwin House Inc.)	VA	yes
American Baptist Homes of the Midwest (ABHM)	MN	yes
Presbyterian Manors, Inc. (PMI) (subsidiary of Presbyterian Manors of Mid-America, Inc. (PMMA))	KS	yes
Beatitudes Campus	AZ	yes
Fox Run at Orchard Park (Subsidiary of United Church Home Society, Inc.) (aka Orchard Park CCRC, Inc.)	NY	yes
Immanuel Lutheran Corporation	MT	yes
Christwood (LA)	LA	yes
Christian Horizons Obligated Group (aka Midwest Christian Villages, Inc.) (fka Christian Homes, Inc.)	MO	yes
Friendship Village of Kalamazoo (aka Lifecare, Inc.)	MI	yes
Community First Solutions Obligated Group	OH	yes
Channing House	CA	no
Haverland Carter Lifestyle Group (fka La Vida Llena)	NM	no
Covenant Woods and Advance Care (Obligated Group)	VA	yes
Presbyterian Homes Obligated Group (IL)	IL	yes
Pennswood Village Project	PA	yes
Presbyterian Retirement Communities Obligated Group (FL)	FL	yes
Pinnacle Living (aka Virginia United Methodist Homes, Inc.)	VA	no
WindsorMeade of Williamsburg (aka Virginia United Methodist Homes of Williamsburg, Inc.) (subsidiary of Pinnacle Living)	VA	yes
Moldaw Residences (aka 899 Charleston Project)	CA	yes
Smith Crossing (aka Washington and Jane Smith Community - Orland Park) (subsidiary of Smith Senior Living)	IL	no
Lutheran Life Communities Obligated Group	IL	yes

Borrower Name	State	Included Last Year
Aberdeen Heights (aka Ashfield Active Living & Wellness Communities, Inc.) (subsidiary Presbyterian Manors of Mid-America, Inc. (PMMA))	MO	yes
Montgomery Place (IL)	IL	yes
Redstone Presbyterian SeniorCare Obligated Group	PA	no
Brethren Village Retirement Community	PA	yes
Capital Manor, Inc.	OR	yes
Ohio Living Communities (fka Ohio Presbyterian Retirement Services (OPRS Communities))	OH	yes
Carillon Senior LifeCare Community	TX	yes
Greencroft Obligated Group (IN) (sponsored by Greencroft Retirement Communities, Inc.)	IN	yes
Montereau, Inc.	OK	yes
Blue Skies of Texas Obligated Group (fka Air Force Village Obligated Group)	TX	yes
Villa St. Benedict (IL)	IL	yes
Lutheran Village at Miller's Grant (subsidiary of Carroll Lutheran Village, Inc.)	MD	yes
Cedar Community (aka Benevolent Corporation Cedar Community)	WI	yes
Frasier Meadows Retirement Community (aka Frasier Meadows Manor, Inc.)	CO	yes
Sun Health Communities	AZ	yes
Highlands at Wyomissing	PA	yes
Brio Living Services (fka United Methodist Retirement Communities (UMRC)) Obligated Group (MI)	MI	yes
Messiah Lifeways (fka Messiah Village)	PA	yes
Shell Point Obligated Group (aka The Christian and Missionary Alliance Foundation, Inc.)	FL	no
Sunnyside Village (aka Sunnyside Properties of Sarasota, Inc.)	FL	yes
Friendship Village of Dublin	OH	yes
Westminster-Canterbury of the Blue Ridge (sponsored by Virginia Diocesan Homes, Inc. and Westminster Presbyterian Homes, Inc.)	VA	yes
Franciscan Communities, Inc. Obligated Group (subsidiary of Franciscan Sisters of Chicago Service Corporation)	IL	yes
Nazareth Living Center (50/50 subsidiary of Benedictine Health System & Sisters of St. Joseph of Carondelet)	MO	yes
Trezevant Manor (aka Trezevant Episcopal Home)	TN	yes
Legacy at Willow Bend Retirement Community, Inc.	TX	no
Bethesda Health Group, Inc. (MO)	MO	no
Lutheran Homes of South Carolina Obligated Group	SC	yes
Covenant Living Communities and Services (fka Covenant Retirement Communities, Inc.) (Parent to Covenant Living Services)	IL	yes
Masonicare Obligated Group	CT	yes
Aldersly Garden Retirement Community (CA)	CA	yes
Twin Lakes Community (aka Lutheran Retirement Ministries of Alamance County, NC)	NC	no
United Methodist Retirement Homes (UMRH) Obligated Group (NC)	NC	yes
Deerfield Episcopal Retirement Community, Inc. (NC)	NC	yes
Westminster-Canterbury on Chesapeake Bay Obligated Group (aka Westminster-Canterbury of Hampton Roads, Inc.)	VA	yes
Aldersgate United Methodist Retirement Community (NC)	NC	yes
Baptist Life Communities (aka Baptist Convalescent Center, Inc.)	KY	no
Bayview Retirement Community (aka Bayview Manor)	WA	yes
Simpson Senior Services	PA	yes

Borrower Name	State	Included Last Year
MRC Senior Living - The Langford at College Station (subsidiary of Methodist Retirement Communities (MRC))	TX	no
Asbury Pennsylvania Obligated Group (composed solely of Asbury Atlantic, Inc.) (subsidiary of Asbury Communities, Inc.)	MD	yes
Crane's Mill (Lutheran Social Ministries)	NJ	yes
Ingleside at King Farm (aka King Farm Presbyterian Retirement Community, Inc.) (Subsidiary of Ingleside, aka Westminster Ingleside King Farm Presbyterian Retirement Communities, Inc.)	MD	no
Wesley Communities (Subsidiary of Life Enriching Communities)	OH	no
Menno Haven, Inc.	PA	yes
Fleet Landing (aka Naval Continuing Care Retirement Foundation, Inc.)	FL	no
Saint John's Communities, Inc. (aka Saint John's on the Lake)	WI	no
Collington Episcopal Life Care Community, Inc. (sponsored by The Kendal Corporation)	MD	yes
Wesleyan Homes, Inc. Obligated Group	TX	yes
Whitney Center	CT	yes
Wesley Enhanced Living Obligated Group	PA	yes
Estates at Carpenters, The (aka Carpenter's Home Estates)	FL	yes
Woodland Pond at New Paltz (aka HealthAlliance Senior Living Corp.)	NY	yes
BHI Senior Living, Inc. (fka Baptist Homes of Indiana)	IN	yes
Judson Obligated Group	OH	yes
Oakwood Lutheran Senior Ministries (aka Oakwood Lutheran Homes Association, Inc.)	WI	no
Briarwood Retirement Community (aka Salem Community Corporation)	MA	no
St. James Place of Baton Rouge	LA	yes
Lutheran Senior Services (LSS) Obligated Group	MO	yes
Village on the Isle (aka Southwest Florida Retirement Center, Inc.)	FL	yes
Otterbein SeniorLife (fka Otterbein Senior Lifestyle Choices)	OH	yes
Asbury Maryland Obligated Group (subsidiary of Asbury Communities, Inc.)	MD	yes
Springpoint at Lewes (SaL, d/b/a The Moorings at Lewes) (fka The Cadbury) (Subsidiary of Springpoint Senior Living)	DE	yes
Pines at Davidson (The)	NC	no
Springpoint Senior Living Obligated Group (fka PHS Senior Living)	NJ	yes
Wake Robin Corporation (VT)	VT	yes
LifeSpire of Virginia (aka Virginia Baptist Homes) Obligated Group	VA	yes
Woodlands at Furman (aka Upstate Senior Living, Inc.)	SC	no
Lifespace Communities Obligated Group (fka Life Care Retirement Communities (LCRC))	IA	yes
Moravian Manors, Inc.	PA	yes
Westminster at Lake Ridge (aka Westminster Presbyterian Retirement Community) (affiliate of Ingleside)	VA	yes
Kendal at Hanover (sponsored by The Kendal Corporation)	NH	yes
Hill at Whitemarsh (The) (aka Whitemarsh Continuing Care Retirement Community)	PA	no
Christian Living Neighborhoods (subsidiary of Christian Living Communities)	CO	yes
Bethany Lutheran Village (aka Graceworks Lutheran Services)	OH	yes
Carmel Valley Manor	CA	no
Osborn, The (Miriam Osborn Memorial Home Association)	NY	yes
Christian Care Communities Obligated Group (fka Christian Church Homes of Kentucky, Inc. (CCHK))	KY	yes
Williamsburg Landing	VA	yes
Horizon House	WA	yes

Borrower Name	State	Included Last Year
Lakeview Village, Inc. (KS)	KS	yes
Oak Hammock at the University of Florida	FL	yes
Atherton Baptist Homes	CA	yes
Holland Home Obligated Group (MI)	MI	yes
Sunnyside Presbyterian Home	VA	yes
ACTS (Adult Communities Total Services) Retirement-Life Communities, Inc.	PA	yes
Kendal at Lexington (aka Lexington Retirement Community, Inc.) (Sponsored by the Kendal Corporation)	VA	yes
Foulkeways at Gwynedd	PA	yes
Kendal at Ithaca (NY) (sponsored by The Kendal Corporation)	NY	yes
Diakon Lutheran Social Ministries	PA	no
Londonderry Village (fka Lebanon Valley Brethren Home)	PA	yes
Carleton-Willard Village	MA	yes
Willow Valley Communities (Subsidiary of ACTS)	PA	no
Waverly Heights	PA	yes
Emerald Heights (subsidiary of Emerald Communities; affiliate of Heron's Key; aka Eastside Retirement Association)	WA	yes
Masonic Homes Kentucky	KY	yes
Marquette (aka Retirement Living, Inc.) (IN)	IN	yes
Duncaster, Inc.	CT	yes