McKnight's

Dealmaker's 2011 Handbook

The essential guide to capital in the senior living market

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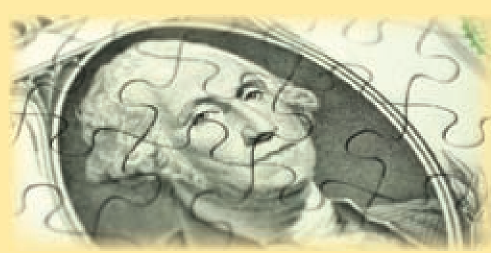


A SUPPLEMENT TO
McKnight's
LONG-TERM CARE NEWS

IN PARTNERSHIP WITH
NIC
National Investment Center
For the Seniors Housing & Care Industry

TAKING STOCK

It's been a good year for ...

- Cash flow, as the pace of rent growth for seniors housing continued to increase in the second quarter of 2011, according to NIC MAP, a data and analysis service of the National Investment Center for the Seniors Housing & Care Industry (NIC).
- Kindred Healthcare, whose plan to purchase RehabCare Group for $1.3 billion received antitrust clearance from the Federal Trade Commission in June.
- Ventas, which closed on a $7.6 billion acquisition of Nationwide Health Properties.
- Assisted living bed prices, which are likely to increase in value as more high-end properties are put up for sale.
- HUD loans, as the department announced it had hired a contractor to speed up 232 LEAN loan requests.
- Brookdale Senior Living, which has signed an agreement to acquire all the equity interests in Horizon Bay Realty LLC.

It's been a bad year for ...

- The CLASS Act, which was threatened to be a casualty of debt-reduction negotiations. The law sets up an insurance mechanism.
- Skilled care bed prices, which are likely to drop in value.
- The federal debt ceiling, the raising of which became a major political football in Washington.
- Future Medicare funding, which would be cut by more than 11% in a recent proposal by the Centers for Medicare & Medicaid Services. The feds insist the move responds to profit taking.
- Erickson Retirement Communities, which was hit by a $100 million lawsuit claiming the firm was insolvent and reliant on creditors for six years before mounting debts forced it to seek bankruptcy protection in 2009.

Financing appears to be coming back to the senior living sector, as capital providers return to the game.

As purse strings start to loosen, it's getting easier to obtain capital

By John Andrews

The senior living industry appears once again to be on an upward trend in the financing cycle. Real estate investment trusts, private equity investors and banks finally have loosened their purse strings for lending and acquisitions following three years of dormancy.

Leading the capital infusion movement are the REITs, which have pumped some $25 billion into the industry for blockbuster mergers and acquisitions during the past six months. This financing uptick has inspired other lenders to enter the picture and seek their own opportunities.

While these deals are a welcome development for operators and investors alike, officials from the National Investment Center for the Seniors Housing & Care Industry are careful not to get overly optimistic. They point out that fragility continues in the general economy, and no one should expect to see the same rate of heavy cash deployment in the second half of the year.

"Will there be another $25 billion spent in the next six months? Probably not," said NIC President Robert G. Kramer. "There are only so many transactions to do. Having said that, the REITs and others are not yet done by any means."

The years following the economic implosion of 2008 clearly demonstrated seniors living's vulnerabilities to outside forces, Kramer said.

"We may be recession-resilient, but we're not recession-proof," he said. "The industry still faces stiff headwinds, such as a weak housing market, stagnant job growth and low consumer confidence. All of those factors are critical to the health of independent living and CCRCs."

Each senior living sector has had its own set of challenges and advantages, NIC officials say. If there is one area that is most heavily favored by investors, it is assisted living. That's because this sector is need-driven, yet is not subject to the Medicare and Medicaid reimbursement and regulations that control skilled nursing, said Mike Hargrave, vice president of NIC's MAP service.

"The industry is subject to so many outside influences. The economy has moved and so has the industry, so we've been able to establish relationships between economic measures such as jobs, housing prices and seniors housing," he said. "By documenting these correlations, it has enabled us to really chart the direction of the industry." ■

MARKET TRENDS

NIC MAP serves up more granular data on market

By John Andrews

Prompted by clients' requests for a deeper and wider scope of market data, the National Investment Center for the Seniors Housing & Care Industry is responding by offering some "huge upgrades" to its NIC MAP service, Vice President Mike Hargrave says.

"What we are offering is deeper, broader data that is more accurate and reliable," he said. "Now our clients have access to details they previously could not get, including cap rates, capital flows, per-unit prices, sales metrics and transaction information — all from their desktops."

NIC MAP also is expanding its market area profiles so that each of the top 31 metropolitan statistical areas can be examined county-by-county, while for the first time users can get three-year trend data for secondary MSAs, Hargrave said.

The catalyst for these upgrades is NIC's recent partnership with New York-based Real Capital Analytics, a global research firm. As part of their agreement, NIC will provide RCA with its repository of senior living data — and RCA will enhance the transaction data to provide jointly produced industry trend reports and analytics. The transaction database and analytical reports will be offered to both NIC MAP subscribers and RCA clients later this year. A NIC-RCA quarterly transactions report will also be produced and be made available through each organization.

Many more types of sales metrics, transaction details and other specialized information have become available to the senior living sector.

Secondary MSAs grow

Occupancy rates are "currently trending sideways" in the senior living industry, Hargrave says — at least in the top 31 MSAs. But in the secondary markets, occupancy has actually increased by 1%.

NIC MAP has yet to figure out the reasons behind this anomaly, but Hargrave says he plans to research it further.

"Bear in mind that we have only been tracking secondary markets for three years, so we are limited in the amount of analysis we can do," he said. "But we are at a point now where we are noticing some of these things."

Hargrave says secondary markets have some indicators that may work in their favor, such as lower rents (but faster rent growth), higher occupancy and higher penetration rates.

"It could be that secondary cities haven't felt the same amount of economic stress as major metropolitan areas like Detroit or Miami," he said. "They may also have stronger demographic patterns. Ultimately, it is very important to find the answers to these questions because there are major league investment considerations at stake." ■

88.4%
→ Nursing care occupancy in the second quarter

88.0%
→ Seniors housing occupancy in the second quarter

3.3%
→ Annual rent growth pace for nursing care in the second quarter

1.4%
→ Annual rent growth pace for seniors housing in the second quarter

1.1%
→ Annual inventory growth for seniors housing in the second quarter

Source: NIC, July 2011

MARKET TRENDS

Operators warm to ACO concept, but leery of government moves

By John O'Connor

The government recently asked senior living operators to share their thoughts on federal plans to implement accountable care organizations. The collective response: We like the concept, but not the way it is being carried out.

Accountable care organizations provide incentives to healthcare organizations, including long-term care providers, to provide quality care for less money. Organizations can recoup savings earned through better care or suffer the consequences of preventable and costly errors. But providers must follow a series of rules to qualify, and some have said the start-up costs are insurmountable. Many of the organizations have asked The Centers for Medicare & Medicaid Services to make financial terms of the ACO program more lucrative. One suggestion: Increase the maximum shared savings rate.

Despite some concerns, long-term care groups see reason to back the concept. For example, American Health Care Association CEO and President Mark Parkinson called for collaboration across all segments of the healthcare sector at the second annual National Accountable Care Organization Summit. Parkinson strongly advocated for the inclusion of nursing homes in ACOs, describing skilled nursing facilities and ACOs as "perfect partners."

Fit and funding concerns dominate the list of considerations for many operators that are mulling ACOs.

"AHCA supports [CMS's] mission to reduce the cost of healthcare while at the same time improving quality," Parkinson noted. "Properly structured accountable care organizations have the ability to bring about this outcome and skilled nursing facilities can play a critical role."

Shared enterprise

An ACO is a provider network — typically run by hospitals, physicians and possibly nursing homes — that shares responsibility and payments for providing care to a defined list of patients. Under the new healthcare law, an ACO would be responsible for the care of at least 5,000 Medicare beneficiaries for a minimum of three years.

ACOs could participate in one of two ways. In the first path, in years 1 and 2 they would be eligible to share any savings they achieved relative to a spending target without accepting "downside" risk. In year 3, the ACOs would be required to repay Medicare for a percentage of any spending over their target level. In the second path, an ACO could accept downside risk beginning in year 1 and thereby be eligible for a higher proportion of any savings (60% versus 50%).

All shared-savings payments would be contingent on meeting established quality goals and minimum savings thresholds (3.9% for the one-sided risk model and 2% for the two-sided risk model).

Given the unfavorable reaction of many physician- and hospital-based organizations, some additional steps to ensure participation are likely. Indeed, CMS has already made clear that the two proposed paths are not the only bases on which providers can become ACOs. Alternative options will be available to at least some applicants through pilots initiated by the Center for Medicare and Medicaid Innovation.

Regardless, organizations must follow fairly strict rules to qualify. The American Medical Association noted in a letter that "it's critical government regulations do everything possible to remove impediments that could derail ACO development, to select strong candidate ACOs, and to structure the program to maximize the potential for success."

Additionally, the Medicare Payment Advisory Committee (MedPAC), which advises Congress of matters related to CMS payment and policy, wrote in its remarks that "shifting from volume-driven to value-driven care will not be quick or easy, and it cannot be expected that a single set of regulations will be able to address all contingencies or difficulties that may arise." ■

MDS woes raised

Nursing facilities may be planning for the future. But it appears that some of their billing practices of the recent past are raising eyebrows at the federal level. In late July, the HHS Office of Inspector General recommended that nursing homes collecting daily Medicare Part B payments more than three times the national average be closely monitored for possible fraud and abuse. This came after the OIG found situations where facilities were being paid excessive amounts for certain Medicare-covered procedures, medications, equipment and supplies.

Earlier in July, the OIG reported that nursing homes collected $2.1 billion in added Medicare payments during the first half of the year. The largesse was an unintended side effect to a rule change intended to clamp down on overbilling, according to some federal watchdogs. This was done, in part, by reclassifying rehab patients in smaller group settings but billing as if therapy was provided on a one-on-one basis, investigators noted.

MARKET TRENDS

HUD, Fannie and Freddie keep going and going ...

By John Andrews

Although 2011 has seen health-care REITs and other lenders jump into senior living financing, the underwriting load continues to be shouldered by the public sector — HUD, Fannie Mae and Freddie Mac. And at this point, they show no signs of slowing down.

In fact, HUD recently added personnel and hired a new contractor to help winnow down the piled-high stacks of Section 232 applications. Under a new one-year contract, Washington-based Summit Consulting will perform "analytical due diligence required by the Office of Healthcare Programs' standardized underwriting process for Section 232 applications," according to a HUD statement.

The Federal Housing Administration reports that its ultimate goal is to reduce the number of Section 232 loan applications by as many as 400 within the next six to nine months. The backlog also will be addressed by an additional 24 employees hired by HUD specifically to address Section 232 applications. In June, HUD closed 62 Section 232 loans, which is a record for the program.

"We're continuing to see HUD, Fannie and Freddie being the primary vehicles for senior living finance," said Nick Gesue, senior vice president for Columbus, OH-based Lancaster Pollard. "The performance of properties they've had has been strong, with very low delinquency rates. Their family has performed well and they are committed to the market."

Federal funding is making a big difference for operators seeking funding for elder-care properties and operations.

Gesue says he is "cautiously optimistic" about adding personnel and a new contractor, "but the question is how to integrate that help into their system. Their goal is to have the backlog gone within the next six to 12 months, but they are just at the point of assigning the first loans to the contractor. So it remains to be seen how quickly that goes."

Meanwhile, Fannie Mae is attempting to boost its volume by offering a new financial product called ARM 7/6, designed to be an option for operators that need funding quickly but also want long-term financing. This new option lets assisted living providers get a seven-year loan but make lower monthly payments as if it were a 30-year loan. And after a year, the loan is eligible to be refinanced, which means borrowers could get their funding in 60 to 90 days from Fannie Mae, then almost immediately apply to refinance through FHA/HUD and take advantage of their long-term, non-recourse structure.

The FHA is also promoting its Green Refinance Plus Program, part of the Fannie Mae/FHA Risk-Share program begun in the 1990s and created to be an enhancement to Fannie Mae loans through a HUD backstop. Through this program, the Fannie Mae lender handles most of the work and HUD is only indirectly involved through a behind-the-scenes review. Also, as the name suggests, a "Green PNA" is required, which includes an assessment of the property's physical needs and opportunities for increasing energy and water efficiency.

Unlike HUD, which needs assistance with its applications process, Fannie and Freddie have managed their workloads quite well, Gesue said. ■

NIC joins forces with Real Capital Analytics

A notable recent merger involves information rather than buildings. NIC will partner with Real Capital Analytics in an effort to improve the flow of industry transaction data. Specifically, the alignment will result in transaction data and analytical reports intended to facilitate investment decisions, according to both groups.

"With the unprecedented number of transactions in the seniors housing industry, it's the perfect time to bring together RCA's commercial real estate expertise and NIC's industry-specific research and data," said Robert G. Kramer, NIC's president. "I'm excited about the collaboration and look forward to enhancing investor knowledge and understanding of the seniors housing industry and its potential."

As part of the agreement, NIC will provide RCA with its database of seniors housing information. RCA will enhance this transaction data to provide jointly produced industry trend reports and analytics. The transaction database and analytical reports will be offered to both NIC MAP subscribers and RCA clients later this year. In addition, a NIC-RCA quarterly transactions report will be produced and be available through each organization.

"We are very pleased about our new relationship with NIC, which has the largest database on seniors housing and is the 'go-to' organization for investors interested in the industry," said Bob White, RCA's founder and president. "Seniors housing properties are currently attracting tremendous amounts of capital. So far in 2011, we have recorded $15 billion of property sales with another $7.5 billion pending, a huge amount of transactions that surpasses volume in the office sector."

MARKET TRENDS

Building for boomers requires different approach

By John Andrews

The long-term care industry has been preparing for the baby boomers' arrival for more than a decade, realizing that the vast, influential generation has a much higher level of expectations for senior living than their elders — operators must respond accordingly. Andrew Carle, director of the senior housing administration program at George Mason University — and a professed boomer himself — is very aware of these distinct preferences and offers some observations about what facilities must do to accommodate them.

Q: *Besides sheer numbers, what makes the baby boomers different?*

A: The single largest "psychographic" shaping the view of the boomers is that they are spoiled rotten and completely used to getting their way. "We" expect industries to accommodate our every wish — which they have essentially always done. However there is a second psychographic I believe will play a significant role in senior housing, and I have not seen discussed — specifically, that the boomers have never been alone.

Boomers are likely the most social and personally connected of any demographic in human history. Unlike previous generations of seniors we will not have to be blasted with dynamite out of our family homes. We will be bored to tears without human interaction and possibly even desperate to congregate — assuming the industry has developed the kinds of communities in which we want to live. Boomers need to be around other people.

"Boomers do not see themselves as old and are not interested in being separated from the rest of society."

Andrew Carle
George Mason University

Q: *What types of design elements and service programs should facilities be offering?*

A: Based on worldwide surveys, I have been able to isolate three criteria that appear to be common among boomers in terms of what they will be seeking in retirement housing.

First, they want 'active' environments — which will include physical as well as social activity.

Second, they want "intellectually stimulating" environments. Boomers are the most highly educated demographic in human history — 29% of boomers have a bachelor's degree or higher.

Third and probably most important, they want "intergenerational" environments. Boomers do not see themselves as old and are not interested in being separated from the rest of society. This will require a transformational change in the senior housing industry. If the industry is to remain relevant it will have to eliminate the "elderly islands."

Q: *What is the key to boomer marketing?*

A: Understand the overarching criteria — active, intellectually stimulating, and intergenerational environments — but then let your mind wander to any and every option for delivering this to them. Future success in senior housing will be determined by those who have either developed a broad portfolio of affinity products or have claimed market dominance in one particular area. ■

HUMOR

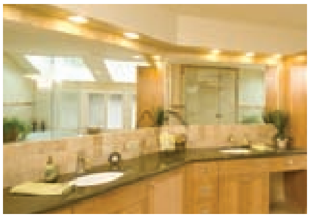
By Jacqueline Vance

For years, we lived in this great little family community in Maryland. One kid moves out, the other goes off to college and we decide to downsize to a new community, but it's an "active adult 55 and up" community.

So we move into our new home and all I have to say is this: It is not practical to put a wall-to-wall mirror in the bathroom in a 55-plus community. There wasn't one in my "young" community. And it is not practical because I was getting in the shower and I accidentally saw my backside! And at first I was like, "Mom?" Then I realized she was in Florida (on spring break — Grandmas Gone Wild! Sorry about the visual, guys). Then I thought, "Oh, maybe it's someone else's backside. Yes, that has to be it."

Do you know how desperate you have to be to actually hope there's a naked intruder in the bathroom with you? But that is how badly I did not want to own that backside. I'm not supposed to see the effects of aging on my buttocks. That's why it's BEHIND me!

So please, people, give me a freakin' break! Get "behind" me in this — pun intended —



and think before you design a bathroom or whatever for those of us fighting gravity. There are just some things we'd rather not "reflect" on! ■

Jacqueline Vance's blog appears regularly at www.mcknights.com.

MARKET TRENDS

Bed prices for SNFs seem likely to drop this year

By John Andrews

Brought on by external forces beyond their control, skilled nursing facilities are increasingly seeing negative valuation of their properties, market analysts say.

As a prelude to possible cuts in Medicare funding, many nursing home companies recently began cutting expenses. Sun Healthcare Group Inc. and Skilled Healthcare Group Inc. said these austerity moves respond to a federal plan that could reduce future Medicare payments by more than 11%.

When a new Medicare payment system was put in place last October, more facilities began placing residents into ultra-high categories. This put providers on pace to reap $4 billion more in Medicare payments in a single year. The Centers for Medicare and Medicaid Services offered a revised payment plan at the end of July, in an effort to offset the increase.

After CMS proposed the funding cuts, Skilled Healthcare said it is no longer considering selling itself. The firm said the agency's move "has diminished the prospects of maximizing shareholder value through a sale."

Instability of Medicare and Medicaid reimbursement combined with the natural aging of brick and mortar infrastructure are causing a depression of values for SNFs and pose challenges for operators going forward, says Steve Monroe, managing editor and partner at Norwalk, CT-based Irving Levin Associates.

"Buyers and investors are being cautious in their valuations of SNFs today because of the uncertainty around Medicare reimbursement, not to mention Medicaid problems," he said. "This will be contributing to falling average prices most likely this year and into the next. But other factors for falling average prices — as opposed to falling valuations — is that older, smaller, lower-quality 'Mom-and-Pop' sellers will find it hard to compete in today's world and will most likely decide to exit the business. These lower-priced facilities will contribute to lower average prices in general."

Uncertainties in Medicare funding could undermine bed prices for skilled nursing facilities.

The primary drivers in the valuation process for SNFs, Monroe said, are reimbursement, acuity levels and ability to compete in the marketplace. By contrast, he said the drivers for independent living and assisted living are location, quality of the property, occupancy and sustainability of high occupancy and above-average rate growth.

"Everyone says that the seniors housing and care market is not cyclical, but because it does tend to follow the general economic cyclicality with budget cuts, unemployment rates, inflation levels, interest rates and capital availability, cyclicality has certainly been there over my 25 years in the business," Monroe said. "And the pattern has been values and prices go up, then come down, then go up again and then fall. You can be smart by buying low and selling high, or buying at any level and knowing how to improve cash flow, regardless of the ups and downs of the general market."

In examining the dynamics of skilled nursing, independent living and assisted living, each sector has degrees of strength and weakness, says Jeff Binder, managing director for St. Louis-based Senior Living Investment Brokerage.

For SNFs, the bedrock strength lies in need-driven demand, ensuring future occupancy volumes. Yet, "we are in a precarious spot regarding the SNF sector as we wait for the final determination from CMS regarding potential Medicare reimbursement reductions for fiscal year 2012, as well as the likelihood for widespread decreases in state Medicaid reimbursement rates," Binder explained.

"This uncertainty has put downward pressure on pricing for SNFs and conversely, increased cap rates for properties with exposure to these two likely events." ■

Credit rating agencies see sector improvement

AAA

Credit rating upgrades outpaced rating downgrades during the first six months of 2011, according to Ziegler and Company. In addition, twice as many outlooks were revised in a positive direction as were revised in a negative direction.

Fitch Ratings, Standard & Poor's and Moody's Investors Service — the three primary credit agencies in the sector — reported nine rating changes in the senior living sector for unenhanced, fixed-rate debt. Fully 44 ratings were affirmed with no rating change. Among a dozen outlook revisions, eight were positive: four were revised from stable to positive; four were revised from negative to stable. Of the remaining four outlook revisions, three were revised from positive to stable, and only one rating outlook was revised from stable to negative.

Now *this* is a required reading list

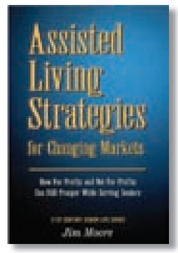
By John O'Connor

Charles Scribner Jr. once said a chief benefit of reading is that it forces you to think "with another person's mind." Fortunately, quite a few deep thinkers have put their thoughts about the senior living and care industry to paper. Here is a quick list of books and other publications that should be on your must-read list.

Analyzing Seniors' Housing Markets
By Susan B. Brecht
This easy-to-read book helps operators and investors better understand the senior living market. It kicks off with a historical overview of senior living to familiarize the reader with the various product types and how they relate to the needs of seniors. It then goes on to explain the details of market analysis, consumer research, market segmentation, financial analysis, market maturation versus market saturation, and gauging performance of senior living. Three case studies of regional markets also are included, comparing the development trends of both independent and assisted living within each market. This is probably a better book for a newbie, but it won't waste anyone's time.

NIC Investment Guide 2010: Investing in Seniors Housing & Care Properties
By the NIC
The NIC unveiled this guide last year. It offers an unequalled resource for understanding the seniors housing and care property sector. Unlike the first book mentioned, this one has very current industry data to help investors evaluate opportunities and risks, as well as formulate their individual investment strategies. For newcomers, the guide provides a comprehensive introduction that defines the investment characteristics of the sector, benchmarks industry performance and identifies the leading industry players.

2011 Assisted Living and Continuing Care Retirement Community State Regulatory Handbook
This handbook is actually a collaborative effort between the American Seniors Housing Association (ASHA) and Leading Age (formerly American Association of Homes and Services for the Aging). One of its best features is easy-to-use matrices of key state licensure and regulatory requirements in all 50 states and the District of Columbia for assisted living residences and CCRCs. At a glance, readers can see how states stack up against each other when it comes to oversight activity.

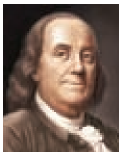


Many insiders consider *Assisted Living Strategies for Changing Markets* to be one of the best guides to understanding the market.

Assisted Living Strategies for Changing Markets
By Jim Moore
Moore's third book on the market covers 42 chapters and fills 485 pages. None should be skipped. This book is chock-full of information on strategies, tactics, industry benchmarks, rules of thumb, current trends and future marketplace impacts. Moore has the rare ability to make complicated concepts easy to understand. Novices and savvy pros alike can learn from his thoughts. One of the book's unique features is the detailed profiling of a typical 80-unit assisted living project. Moore has spent more than four decades in the field. He writes from well-earned experience.

The Seniors Housing Media Relations Handbook
By Dan McConnell
This handbook is a useful resource for operators who want to generate positive, free publicity and deal better with difficult crisis situations. The handbook actually is an expanded and revised combination of ASHA's two media relations-related resources (*Seniors Housing Publicity Handbook* and *Seniors Housing Crisis Communications Handbook*). If you want to deal better with the media, this handbook can help dramatically. ■

TALKING BUSINESS



"In this world nothing can be said to be certain, except death and taxes."
– Benjamin Franklin

"The secret of business is to know something that nobody else knows."
– Aristotle Onassis

"If you don't drive your business, you will be driven out of business."
– B.C. Forbes

"There is only one boss: the customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else."
– Sam Walton

"If you owe the bank $100, that's your problem. If you owe the bank $100 million, that's the bank's problem."
– J. Paul Getty

"Don't worry about people stealing your ideas. If your ideas are any good, you'll have to ram them down people's throats."
– Howard Aiken

"Happiness does not come from doing easy work but from the afterglow of satisfaction that comes after the achievement of a difficult task that demanded our best."
– Theodore Isaac Rubin

"You can't operate a company by fear because the way to eliminate fear is to avoid criticism. And the way to avoid criticism is to do nothing."
– Steve Ross

"All lasting business is built on friendship."
– Alfred A. Montapert

MAIN FEATURE

Found

Capital seekers in the senior living field may feel like they are panning for gold when it comes to procuring the capital they feel they need to succeed. But the kinds of partners that capital providers are looking for are hardly a mystery

money

By John Andrews

Finding money in this sector has been compared to panning for gold. But there's no mystery about what kinds of operators are most likely to get financing for new or existing projects. Those with a proven track record can expect to have access to capital, while those minus a pedigree are likely to be left out, says Robert G. Kramer, president of the National Investment Center for the Seniors Housing & Care Industry.

"Track record is critically important for lending today," he said. "It is tough to get a loan with no track record. What you see with lenders now is a preference for existing relationships — they are more likely to put out money for folks they know. So it is a situation where the 'haves' benefit and the 'have-nots' have a tough road."

On the equity side, real estate investment trusts are dominating the market. Having access to inexpensive capital has given them a huge advantage. Yet while the REITs have "clearly been aggressive," private equity firms also have been active in the marketplace, Kramer said.

"While the REITs have owned the very big $100 million-plus deals, private equity firms have found a lot of opportunity in the $20 million- to $100 million-category," he said. "Between the REITs and private equity, a lot of people obviously feel that even though the recovery is slower than originally anticipated, it is going to happen. By 2013, expectations are for upward momentum and by 2016, there should be a real growth period for this sector."

As a commercial lender, Steve Gilleland agrees that "it is definitely more competitive in my world now." The managing director of Bethesda, MD-based CapitalSource said, "there are more lenders and new entrants into the marketplace."

Doug Korey, managing director of Shrewsbury, NJ-based Contemporary Healthcare Capital, sees more activity from banks in the senior living sector— at least with established customers.

"On one hand, the banks are wary of making mistakes since they are still recovering from the last couple of years, but on the other hand, they have capital and need to find ways to drive yield," he said. "Finance companies are also still licking their wounds and are cautious to put anything on their balance sheet that have risk. So overall construction, renovation and turnaround capital is still relatively difficult to come by."

Capital availability overall "is very uneven" in the marketplace today, Korey said.

"On the one hand, we are seeing some incredible volumes of capital that in certain ways compare favorably to before the crash," he said. "Mainly, this capital is going to larger companies for acquisitions, but we see some of it trickling down to regional players. We have heard of nonrecourse transactions as well as covenant 'light' deals that are reminiscent of 2007. On the other side of the market, the smaller operators are still struggling to find capital, particularly with construction and turnaround financing."

Eyeing 'safe waters'

To be sure, investor confidence is growing, "but it's a mixed bag," says Brian Pollard, senior managing director at Columbus, OH-based Lancaster Pollard.

"On one side, you have occupancy declines in assisted living and skilled nursing sectors leveling off, but offsetting that is an overhang of proposed cuts to Medicare and an ongoing dilemma of states cutting or freezing Medicaid to try to fill budget gaps," he said. "We've seen an increase in funding for renovation and expansion for existing properties, but these are often smaller transactions with little lease-up risk. Creditors are sticking their toes back into the waters, but they're making sure the waters are safe. Any new deals need to have strong credit characteristics, sound

"Creditors are sticking their toes back into the waters, but they're making sure the waters are safe."

Brian Pollard
Lancaster Pollard

MAIN FEATURE

"By 2013, expectations are for upward momentum and by 2016, there should be a real growth period for the sector."

Robert G. Kramer
NIC

market metrics, good sponsorship, a solid operator with a considerable résumé and a fair amount of equity brought to the table."

James F. Sherman, senior managing director for seniors housing at Columbus, OH-based Red Mortgage Capital, says capital is more readily available, except for construction loans.

"Freddie Mac and Fannie Mae are very active and looking to place more debt this year than 2010," he said. "There are a few lenders — including Red Capital — which are planning to provide materially more debt to the industry than in 2010. This would include balance sheet and agency debt."

Uncertainties exist

According to NIC's data for the first quarter of 2011, senior living occupancy is rising, but in certain geographic areas, occupancy is still being affected by the economy. The data shows that the two areas that have been most affected by the recent soft housing market are independent living and continuing care retirement communities. NIC reports that occupancy for stabilized properties has dropped from the 93-94% range in 2007 to the 88-89% range as of the second quarter 2011.

NIC data also shows that assisted living facilities' occupancy has remained steady, with financing for stabilized facilities continuing to be available. Nursing home occupancies bottomed out in 2010 and have begun a recovery, so financing for stabilized facilities has reportedly been strong. However, because of uncertainty with Medicare and Medicaid funding, new construction financing and turn-around financing remains weak for small- to mid-sized operators, Kramer said.

"On the skilled nursing side, there is a lot of activity and deals are ready to go, but they have been stalled by RUGs-IV as well as by questions with debt reduction and the debt ceiling," he said. "The market is expecting some cuts to Medicare and Medicaid, but it is a question of how much, how soon and how it will be done. Once there is a clearer picture, there should be some activity."

Housing hangover

Because the housing market remains soft and the overall economy continues to be fragile, these circumstances are continuing to suppress independent living and CCRC operators, Gilleland said.

"It makes me more careful in loaning to CCRCs and independent living facilities because they depend on residents selling their homes," he said. "I have to make sure I'm darn comfortable before considering any financing in those sectors. Assisted living is in a good spot because it is need-driven and unlike skilled nursing, is out of the government's crosshairs."

Even so, Gilleland believes skilled nursing will remain viable going forward.

"Skilled nursing will never go away — operators

The RIDEA option: Is it a good deal?

By John Andrews

Senior living operators looking for a creative way to get capital may want to consider the REIT Investment Diversification and Empowerment Act of 2007 (RIDEA) as an option. Though terms may vary, RIDEA is basically a partnership between a REIT and an operator in which the two parties swap ownership for capital.

For instance, under Toledo, OH-based Health Care REIT's recent $890 million RIDEA agreement with Wellesley, MA-based Benchmark Senior Living, Health Care REIT assumes 95% of the ownership while Benchmark continues to provide management services to its 34 communities under an incentive-based management contract.

Robert G. Kramer, president of the National Investment Center for the Seniors Housing & Care Industry, says RIDEA "has tremendous upside potential" for both sides, but that it also carries more exposure to risk and volatility. So is it worthwhile for an operator to pursue a RIDEA deal?

"It depends on your strategy," Kramer says. "Some once thought that you have to own your property to control your destiny, but with the RIDEA structure, you are partners. There is shared ownership and shared revenue stream. The key to that partnership

is alignment of interests between what the REIT wants and what the operator wants. It can be quite beneficial, but it is not for everybody. Know your objectives and what you want to accomplish."

just need to find a way around the rate cuts," he said. "They need stability on the regulatory and reimbursement side."

The issues with the housing market "continue to

impact the seniors' independent living financing in certain markets," Sherman agreed. "CCRCs continue in many markets to be experiencing difficulty selling their units. Rental independent buildings are experiencing some softness in their occupancy levels. The values of homes and the sales transaction pace needs to increase dramatically before the occupancy and financial pressures facing independent living properties will turn around. Thus, without an improving housing market, lenders are reluctant to jump into making loans on less than strong financial results."

Signs of strength can be found in the assisted living and memory care properties, Sherman said, because "they have held their occupancies, and in some cases, have improved occupancy levels in recent months."

The negative factors in the overall economy will continue to impact seniors housing — at least in the near term, Korey said.

"Despite stock market gains, which reflect optimism for future events, today we are faced with high unemployment, a weak housing market and stagnant consumer spending," he said. "These factors obviously influence politics, and given the extremely worrisome levels of government spending and the resulting budget crisis, it certainly seems like we are in for a real threat to Medicaid and Medicare reimbursement levels for the next couple of years. All of this influences investment in the healthcare space." ■

"It certainly seems like we are in for a real threat to Medicaid and Medicare reimbursement levels for the next couple of years."

Doug Korey
Contemporary Healthcare Capital

Construction slowdown seen as a positive trend

By John Andrews

In the year before the economic collapse of 2008, officials at the National Investment Center for the Seniors Housing & Care Industry (NIC) looked at construction activity with caution. That's because it was steaming along at a pace that made them a little uncomfortable. In essence, facilities were being built at a rate that doubled demand, which threatened to saddle investors with more properties than people to fill them.

"If you were listening to us in 2007 and 2008, we told you that construction was rising well above what the demand was at the time," said Mike Hargrave, vice president of NIC's MAP service. "It was a risk to the industry."

So if there is a silver lining to be found in the financial crisis and ensuing capital freeze, it is that the ratio of properties starting construction to current demand have evened out to a more manageable level. NIC MAP data shows that the annual construction starts rate is 1.1% and that current absorption is running at 1.6%, slightly ahead of the building pace. By contrast, in the second quarter of 2008 construction starts were at 2.9% and demand was 0.8%.

"This is a good thing for the industry," Hargrave said, "because it sets the stage for occupancy gains."

FEATURE

The REIT stuff

Why real estate investment trusts are the new movers and shakers

By John Andrews

The financial community closely watched real estate investment trusts for three years in the aftermath of the 2008 mortgage meltdown, wondering when the REITs would start to make some moves. Based on the eye-opening activities of the past year, their questions have been answered.

Eschewing the "creative financing" that led to the housing bubble and its subsequent bursting, REITs suddenly found themselves in an envious position when other lenders went dormant or belly up. And while the REITs were among the few with cash to invest, many quietly bided their time in the ensuing months after the economy tanked, waiting for the right opportunities.

Apparently, REITs believe that now's the right time to dive in. According to data from the National Investment Center for the Seniors Housing & Care Industry (NIC), REITs are responsible for 94% of the sales activity seen in the industry this year. Moreover, they have been conducting large-scale mergers and acquisition activity as well.

"It's a situation dominated by the REITs because of their excellent access to very inexpensive capital through public markets," said NIC President Robert G. Kramer. "They've been able, through their offerings and reception by the market, to have access to cheap capital when few have access to capital at all."

REITs can be aggressive and selective at the same time, Kramer notes — aggressive in going after attractive deals, with their main competitors being each other; yet selective in looking for top-quality operators with high-performance platforms to fold into their own portfolios.

"The industry has matured to the point where during this recession, there were strong, savvy operators and REITs eager to establish relationships with them," Kramer said. "Clearly, the REITs have been aggressive and for the big deals of $100 million-plus, it is hard for anyone to compete with them."

Careful groundwork

Brian Pollard, senior managing director at Columbus, OH-based Lancaster Pollard, says the REIT surge doesn't surprise him "because REITs have tapped the capital markets in large scale over the past two years, raising billions in both low-cost debt and equity that needs to be deployed into real estate assets. The REITs' increased activity is a direct result of their need to find stable investments that will provide a better return than balance sheet cash."

Financial analysts have said during the three years of relative dormancy that REITs were laying the groundwork for some strategic moves and there have been some major mergers and purchases activity over the past year. For example, Chicago-based Ventas' recent $5.7 billion acquisition of Newport Beach, CA-based Nationwide Health Properties creates the largest owner of assisted living in the country and follows a year in which acquisitions reached $11.2 billion in 2010.

Steve Monroe, managing editor and partner at Norwalk, CT-based Irving Levin Associates, maintains that "the phenomenon with healthcare REITs in the past 12 months really comes down to the cost of capital." When the recession hit, he said many of the REITs began to shore up their balance sheets by extending their debt maturities and raising new equity to pay down some of that debt.

"When the investment market began to realize that these REITs basically suffered no losses during the recession — as opposed to other property-type REITs — demand for their shares increased, causing their cost of capital to drop further," Monroe said. "So healthcare REITs were in a great position to start buying large portfolios with the almost unlimited capital available to them."

Still, the rise of the REITs did catch some off guard. James F. Sher-

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man, senior managing director of seniors housing for Columbus, OH-based Red Mortgage Capital, said it came as a surprise to him "that the REITs in a very short time frame purchased the number of companies which they were able to do. Buying billions of dollars' worth of properties has had a profound effect on the industry.

Conversely, "considering that the REITs' low cost of capital and readily available access to equity, their ability to do so is not surprising," he said. "The REITs typically lead a recovery when they can acquire capital at low interest rates, capital is plentiful, and valuations have not fully recovered from the lows of a recession."

Doug Korey, managing director of Shrewsbury, NJ-based Contemporary Healthcare Capital, contends that the REITs' lofty position in the marketplace may be "somewhat misleading" because "on average their acquisitions have been large pools of properties." Although there should still be some major consolidation left in the market, Korey believes that "over the next year to two years, REITs will either have to slow down their financing due to lack of acquisition opportunity or focus on smaller opportunities."

The right RIDEA

The capital potential presented by the REIT Investment Diversification and Empowerment Act of 2007 (RIDEA) has grabbed the spotlight after Toledo, OH-based Health Care REIT completed the formation of an $890 million partnership with Wellesley, MA-based Benchmark Senior Living in March.

Pollard sees the RIDEA option as "a good opportunity for operators because of increased flexibility to form strategic partnerships with REITs." These relationships, he said, can open the door for creative financing arrangements that would not have been possible before RIDEA.

"REITs have a lot of capital to deploy and although a partnership between a REIT and operator may include the REIT's participation in operating cash flows that have historically accrued to the benefit of operators, it also opens up a new realm of possibilities where operators benefit through increased capital and risk participation from REITS."

Under the Health Care REIT-Benchmark RIDEA arrangement, Health Care REIT's ownership is 95% and Benchmark's is 5%. Benchmark will continue to provide management services to its 34 communities under an incentive-based management contract.

"The Benchmark Senior Living transaction underscores Health Care REIT's ability to execute its relationship investment strategy," said George L. Chapman, Health Care REIT's chairman, president and CEO. "This strategy has resulted in an unprecedented $6.9 billion in gross investments announced in 2010 and 2011 with regionally dominant operators who have a track record of quality care, profitability and growth. This RIDEA partnership positions Health Care REIT for strong organic and external growth."

The Benchmark portfolio includes 3,009 units, with 61% being for assisted living, 34% dedicated to memory care, and 5% for independent living. The communities have an average age of 12 years and "produce rental rates and occupancy in excess of industry averages, reflecting the best-in-class nature of the operations, locations and physical plants," a statement from Health Care REIT said.

Korey expects to see more activity using RIDEA in the future, mainly because of the overall lack of consistent capital in the market and the REITs continuing to have access to inexpensive capital and the need to deploy it.

"In particular, REITs will need to find ways to invest more capital since larger acquisition transactions will become more scarce over time as consolidation plays dwindle," he said. "This structure can be used for a variety of smaller opportunities, but therein lies my issue — up until now, REITs have traditionally put a barrier through the sale-leaseback structure between their organization and the operator. Now, they will be taking the additional risk of sharing the upside of the operator. This opens up potential risks to the REIT that have not been fully exposed. Does this structure help or hurt the industry and the REIT investors? Only time will tell." ■

Big REIT deals to continue?

By John Andrews

Real estate investment trusts have been wheeling and dealing in some very rarefied air during 2011. Their astronomical dollar amounts represent 94% of all senior living transactions this year.

But how long can they continue at those heights before they start to lose altitude?

Robert G. Kramer, president of the National Investment Center for the Seniors Housing & Care Industry, says that while the biggest REITs have put together some gargantuan deals — such as Chicago-based Ventas' recent $5.7 billion acquisition of Newport Beach, CA-based Nationwide Health Properties — "they have to digest what they've taken before they pursue something else."

Likewise, Nick Gesue, senior vice president with Columbus, OH-based Lancaster Pollard, says that while the REITs' 2011 activity has been "pretty monumental" in terms of dollars, "it is not sustainable because there aren't that many portfolios of that size out there to finance."

The top three REITS — Ventas; Long Beach CA-based Health Care Property Investors, Inc.; and Toledo, OH-based Health Care REIT — own the $100 million-plus category, Kramer said, adding that indeed there is a finite number of opportunities in that class. If the deal-making is to continue, it most likely will be for properties in the $20 million to $100 million category, which are more plentiful; but which also have a wider field of suitors, including private equity firms, he said.

Kramer expects to see more REIT-operator partnerships developing in the months ahead, as it's unlikely they'll lose their current lofty position.

FEATURE

Change is in the air as NIC meeting nears

The 21st annual NIC conference will be the industry's biggest dealmaking event of the year. The meeting takes place from Sept. 21-23 this year.

With transactions and capital flows increasing, and compelling industry performance data readily available, interest in the senior living and care sector is on the rise. Whether you are already investing in this sector or considering its many options, the 21st Annual NIC Conference is a dealmaking event that can't be missed. This meeting of decision-makers in the sector will showcase the industry's leading investors, owners and operators as they share candid insights about the challenges and opportunities that lie ahead. This year's event will take place Sept. 21-23 in Washington, DC.

Opening the conference will be journalist and best-selling author Michael Lewis who, in a lively question and answer format led by GE Capital Healthcare Financial Services President and CEO Darren Alcus, will speak candidly about what led to the sub-prime and worldwide credit crisis and what should be done to avoid another collapse.

Lewis' current work examines the financial crises in Iceland, Greece, and Ireland for *Vanity Fair* and the focus of his next book, "Boomerang: Travels in the New Third World." He will be asked for insights into the health of the U.S. economy today, how it compares globally, what led to its uncertainty, and what's in store for the future.

A shrewd observer of politics, finance and the American scene, Lewis combines keen insight with his signature wit, making him one of today's leading social commentators. A renowned best-selling author, Lewis also is a regular contributor to *The New York Times Magazine*, Slate, and Bloomberg.

Lewis' most recent book, "The Big Short: Inside the Doomsday Machine" (2010), is a darkly humorous account of how the event that was considered impossible — the free fall of the American economy — finally occurred. He proves that truth really is stranger than fiction with a razor-sharp analysis of the heroes and villains that drove America's economy overboard. Lewis first made a name for himself in 1989 with the chart-topping "Liar's Poker: Rising Through the Wreckage of Wall Street," an inside look at his career as a bond trader. "Liar's Poker" spent 62 weeks on *The New York Times* Best-Seller List and remains one of the signature books of the 1980s. He also wrote "Moneyball: The Art of Winning an Unfair Game" (2003) and "The Blind Side: Evolution of a Game" (2006).

A native of New Orleans, Lewis graduated from Princeton University with a degree in art history and earned a master's at The London School of Economics. Prior to his career as an author, he worked with The Salomon Brothers on Wall Street and in London.

D.C. insider

As another presidential election season begins to heat up, the NIC Conference in Washington will be the place to talk Medicare and Medicaid, healthcare reform Part II, the CLASS Act and more as each party begins to present its case for tackling the deficit and the Republican candidates position themselves to challenge President Obama in 2012. Joining the conference will be Jim VandeHei, executive editor of *Politico*, who will offer an up-to-the-minute point of view on how the political scene is shaping up and how topics of importance to the senior living industry might shake out and play a role in the election.

VandeHei co-founded the nonpartisan Politico in 2007. Considered a must-read by those inside the Beltway, Politico is a leading news organization reaching the White House, Capitol Hill, prominent businesses and millions of people consuming political news on a daily basis. VandeHei's team of journalists is known for ahead-of-the-curve reporting and an insider's understanding of what's going on in the nation's capital.

Starting his career in political journalism, VandeHei has written for *Roll Call*, *The Wall Street Journal*, and *The Washington Post*. He is a regular political analyst for MSNBC's Morning Joe, as well as a frequent guest on several cable and network television programs. Additionally, he co-moderated two presidential debates (MSNBC and CNN) during the 2008 campaign. *Vanity Fair* recently named VandeHei among the 100 most powerful Information Age thinkers for helping create the "model for the new media success story."

Capital ideas

The senior living market value is $260 billion dollars and growing. During the last five years, investment returns for the sector have outperformed other commercial real estate property investments. It's a compelling case for allocation of capital. Yet, competition with other property types remains intense. A panel of seasoned professionals is ready to hit this topic head-on.

Led by David Roth, managing director, Blackstone Real Estate Advisors, the panel will include Ted Bigman, managing director, Morgan Stanley Investment Management, who brings an outsider's perspective as one who invests across all property types; Noah Levy, managing director, Prudential Real Estate Investors, who will address the private-pay seniors housing perspective; and Richard K. Matros, chairman & CEO, Sabra Health Care REIT Inc., and former CEO of Sun Health Care, for the REIT and skilled nursing angle.

Together, they'll address the reasons for allocating capital to the senior living sector: What do potential investors really look for, when is seniors housing the right choice and what are the risks?

Year of the REIT

In a session that will get Friday off to a hot start, leaders of the three largest healthcare REITs, who collectively have handled over $20 billion in deals this year ,will partake in a candid conversation that not only will reveal information about the transactions and the overall market place but also how each REIT views its relative competitive advantage.

George Chapman, chairman, CEO and president, Health Care REIT Inc., James (Jay) F. Flaherty, III, chairman & CEO, HCP Inc., and Raymond J. Lewis, president, Ventas Inc., will share insights with moderator Mike Kirby, chairman, director of research, Green Street Advisors.

The session will cover how they view the various healthcare- related asset classes with a focus on seniors housing and post-acute/skilled nursing, a look at their major deals from 2011 and what opportunities they see in the coming year, mainly because of the overall lack of consistent capital in the market and the REITs continuing to have access to inexpensive capital and the need to deploy it.

Two decades of service

For 20 years, the National Investment Center for the Seniors Housing & Care Industry (NIC) has been committed to advancing the quality of seniors housing and care by facilitating informed investment decisions for investors, lenders, owners, operators and developers through groundbreaking research, actionable data and dealmaking events.

NIC is the leading provider of historical and trend data on the industry through its NIC MAP® Data and Analysis Service that tracks more than 12,000 properties on a quarterly basis in the 100 largest metropolitan markets. Proceeds from its annual conference and other events are used to fund data and research on issues of importance to lenders, investors, developers, operators, and others interested in meeting the housing and care needs of America's seniors. ■

How to Realize a 46% Revenue Increase and an 80% Med Error Reduction

A real client experience with AOD Software

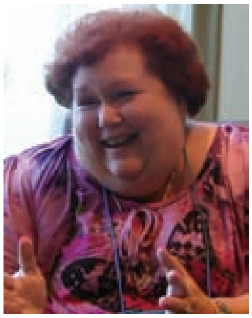
The British Home in Brookfield, Illinois is a 10-acre campus-based freestanding not for profit organization serving all levels of care and Home and Community Based Services. In early 2010, after two unsuccessful attempts with other software systems, The British Home made the decision to move forward with a full Electronic Health Record featuring a fully integrated Point of Care solution with AOD Software. The following are excerpts from two interviews with their Chief Nursing Administrator, Pam Patterson.

What the world was like before AOD

We would always fall back on paper products and part of the issue with paper products is copycat charting. You can look at the paper product and you know that nobody really documented the care they delivered. They documented based on what the last person yesterday or the last shift documented. We looked at how we could stop that because we were burying ourselves in paper. I went before the Board of Directors myself and pled our case. I was kind of going out on a limb, I really wasn't sure what would truly happen.

The Implementation Process

The implementation team flew out and by Friday we were done. We were running live and everybody was trained. The system came up so fast, so easy that we were all standing there scratching our heads asking "How did this happen? Why did we wait so long?" Our staff were so delighted to use it that we've had 100% compliance from day 1. I think they were afraid if they weren't compliant we'd take them back to that other product! It was a very easy, very smooth transition. The nurses are feeling more confident that the information that's reported to them is valid. The support from AOD has been very timely and very thorough.



I am very fortunate that by affiliating with AOD, we have the latest and the greatest [regulatory changes] at a phenomenally faster rate than my peers can have it.

Pam Patterson, RN
Chief Nursing Administrator at The British Home

A Flawless Survey

We had our first annual survey. The British Home is used to having a fairly low tag survey, but this year we had a flawless survey. Our survey team came in. They were kind of surprised, I think we were the first EHR this particular team had encountered. We used a lot of the features in AOD to make assignments to shorten the number of records to only the records they asked for. The result was zero findings. Flawless. There was nothing they could refute in the documentation. It was very objective in their opinion.

Revenue Increases & Error Reduction

The figures are in and revenue is up 46%. We're so excited about that. We did move to a total Electronic Health Record using AOD, start to finish. We have an 80% reduction in medication errors and I know exactly from month to month how many medication errors I have.

The Effect on Staffing

We've been able to reduce our overtime hours. I'm underbudget for nursing for this year by a lot. I have a lot of young nurses on the staff who are coming out of hospital situations and they're used to an EHR. They want this in LTC and don't want to go backwards to paper. It's just been amazing the difference its made putting us in the forefront for hiring.

Final Words

It's not rocket science. You don't have to be a scientist to administer the program. I'm the Systems Administrator for AOD. Anybody can do it! You can do it too!

Scan this QR Code with your Smartphone to view more client quotes on our website

AOD Software

Company Profile

AOD Software is the long-term care industry's only true integrated solution for core financials, billing, EHR, Operations, Facility Management, Home Health, Assisted Living, Rehab Services, Point of Sale and much more. AOD is a proven enterprise-level system scalable to all sizes of organizations and features one true Resident record throughout the entire solution. This means that information is entered only in one place and the system will make it instantly available throughout all other departments.

AOD is on the leading edge of industry regulations and has achieved HIPAA 5010 certification, as well as participated in CCHIT's Pilot Test for Long Term and Post Acute Care (LTPAC) EHRs. AOD is also one of the fastest growing software companies in the US, according to Inc. Magazine and is proud to support the economy by being US-made and generating new jobs only to the US.

Why AOD Software?

TRUE INTEGRATION – While many vendors may claim that they are integrated financial and clinical solutions, what they really mean is that they "interface" to other systems. An interface is only a hodge-podge collection of different systems from different companies. These tenuous types of arrangements are not the same as having a truly integrated solution with a core that is built, maintained and supported by a single vendor. AOD is a truly integrated system built for the needs of the long-term care industry, with special focus on CCRCs, Assisted Living and other organizations with multiple levels of care.

FINANCIAL STABILITY – Only a vendor with a strong financial backbone will be able to keep pace with the regulatory changes facing our industry, as well as the economic pressures of our current business climate. AOD continues to be the top performer in terms of stability, profitability and steady, uninterrupted growth over the past 11 years.

LATEST TECHNOLOGY, ALWAYS – With AOD, clients are assured that their system will be up to date regularly. AOD consistently provides two major releases per year and countless updates to clients via the seamless Updates Manager. This means that facilities using AOD are always current with the latest industry regulations, including HIPAA 5010, the newest regulations for MDS 3.0 and all the features included in EHR certification scripts as they evolve.

FLEXIBILITY – Unlike other systems that force your organization into an unnatural workflow, AOD is built to be flexible and accommodating to your business rules and internal workflows. AOD is deployed in a variety of methods, including secure Cloud environments. The entire system also runs on the latest platforms, including iPads and Android tablets. The choice is yours to deploy in a way that best fits your team.

The Future of AOD Software

"AOD Software is experiencing accelerated growth as the future of the long term care industry hinges on new payment structures, certification of EHRs and interoperability. These complex regulations yield an increased demand for integrated solutions that impact the efficiency of facilities of all sizes," said Aric Agmon, President & CEO of AOD Software. "Our long-standing financial stability of steady growth and profitability over the last 11 years means that we are in an excellent position to acquire companies that would be complementary to our services in long term care."

FastFacts

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Employees: Located in 18 States

Eligible properties: ▪ CCRC ▪ Skilled nursing ▪ Assisted living ▪ Retirement communities ▪ Congregate care ▪ Home health ▪ Rehab services ▪ Independent living

Types of Services offered:
Full Electronic Health Records, Full Financial and Billing System, Full Operations Suite, Point of Sale system, Marketing and Fundraising software

Aviv REIT, Inc.

Company Profile

Aviv REIT, Inc. is a Chicago-based company that provides real estate capital to high quality local, regional and national operators with strong track records. Aviv has been among the largest real estate capital providers to operators of skilled nursing and other healthcare properties in the United States for over 30 years. The company's portfolio consists of 200 properties that are triple-net leased to 31 operators in 25 states.

Our Philosophy

Aviv is committed to long term relationships, outstanding customer service, disciplined investing and repeat business. We strive to distinguish ourselves with honesty, integrity and trust and align ourselves with people who share these values. Our primary goal is to extend capital to select operators in a way that positions them for success.

What We Offer

Aviv provides real estate capital for skilled nursing and other healthcare facility operators. We offer customized lease financing solutions for acquisition and sale-leaseback transactions. We are decisive and able to commit our capital quickly. Our service and relationship focus results in repeat business with our customers.

Successful Track Record

Our relationships are key to our success. We structure our transactions to align our operators' interests with ours. Our operators rely on our real estate capital to grow their businesses.

FastFacts

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Eligible properties: ▪ Skilled nursing ▪ Assisted living

Options: ▪ Acquisition

Product base: ▪ Lease

Capital Funding, LLC ('CFG')

Company Profile

Capital Funding, LLC ("CFG") is a leading provider of senior mortgage and permanent financing to the owners and operators of senior housing companies across the country. The company was founded in 1993 and has been the number one originator of HUD Section 232 loans since 2002. CFG specializes in HUD financing for senior housing assets and also provides bridge-to-HUD loans through an affiliate company. Through our various affiliates we offer commercial and retail banking, accounts receivable financing, sale/leasebacks and spend management. CFG is headquartered in Baltimore and has affiliate offices in Media, PA, and Dallas.

CFG Approach

CFG is truly a "one stop shop." We have the complete suite of product offerings to fully address the needs of our clients. We also originate, underwrite, process and service all of our loans. We currently have a servicing portfolio over $1.7 billion, which is approximately 15% of HUD's entire senior housing portfolio. This allows us to provide consistency in the management and servicing of your loan. CFG is independently owned, which streamlines the decision-making process and facilitates the development of the lender/client relationship.

FastFacts

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Eligible properties: ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Hospital ■ Rehab hospital

HUD Financing

Why is HUD financing attractive?

- Acquisition, refinancing, new construction and substantial rehabilitation
- Low, fixed interest rates
- No personal recourse
- Fully amortized up to 35 years for refinances
- Minimal reporting requirements
- Equipment purchases and repairs up to 15% of the value are eligible
- Loan-to-Value up to 80%
- The debt is assumable

Knowledge drives healthcare. Knowledge of healthcare drives GE Capital.

A focus on meeting the needs of seniors. That's how those in long-term care provide for residents. In the same way, **GE Capital, Healthcare Financial Services** focuses on the individual needs of our customers to provide tailored financing solutions. In fact, we've helped organizations like yours finance over 6,000 senior housing and skilled nursing facilities across the U.S.

GE Capital also pledged $2 billion through 2015 to finance access to IT and health innovation for rural and underserved areas. That's one of the commitments GE is making to bring better health to more people ... we call it healthymagination.

Visit www.gecapital.com/healthcare29 to find out more. **Plus, take our online poll to see instant results on what is being said about today's critical healthcare issues.**

imagination at work

healthymagination

GE Capital, Healthcare Financial Services

Company Profile

With over $17 billion invested, GE Capital, Healthcare Financial Services is a premier provider of capital and services to the healthcare industry, with investments in more than 40 sub-sectors, including senior housing, hospitals, pharmaceuticals and medical devices. With deep industry expertise in healthcare real estate finance, corporate finance, life science finance and equipment finance, our team of professionals can create business and financial solutions tailored to meet the individual needs of our customers.

Our Philosophy

As a leading provider of financing for senior housing portfolios and medical office properties across the U.S., our dedicated Healthcare Real Estate Finance team has decades of experience and delivers customized financing solutions to a wide range of healthcare providers.

What We Offer

GE Capital, Healthcare Financial Services provided over $1 billion in financing in 2010 to help customers achieve their goals. Our customized real estate financing solutions include first mortgages, interim financing, operating leases and capital leases for a wide range of healthcare providers.

FastFacts

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Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Medical office

Options: ■ Acquisition ■ Refinance ■ Exit

Product base: ■ Bridge loans ■ Lines of credit ■ Leasehold mortgages ■ Term loans

A Successful Partnership

As a long-term provider of both debt and equity to senior care providers, we focus on building and sustaining valued relationships with our customers. Three out of four of our transactions are with repeat customers.
We have investments of approximately $6 billion in senior housing, skilled nursing and medical office financings, and have provided capital to 6 of the 10 largest assisted living providers and 10 of the top 20 skilled nursing home operators, as well as many of the small to mid-size operators.

Lancaster Pollard

Company Profile

Lancaster Pollard has been a consistent and dependable source of capital funding for senior living since 1988. Our diverse platform of services was created especially for senior living, and it continues to evolve and adapt to new trends and changing markets with this sector's needs in mind. We work with small and large organizations, for-profit and nonprofit organizations, independent living, assisted living, nursing facilities and CCRCs; and, we understand that each of their situations is unique. As a leading underwriter of bonds and mortgage loans, we have considerable experience assisting organizations with their funding needs. Lancaster Pollard has earned a reputation for sound financial advice, cost-effective options and outcomes that exceed clients' expectations.

Lancaster Pollard is headquartered in Columbus, OH, and has offices to serve clients nationwide, including: Atlanta, Austin, Kansas City, Los Angeles and Philadelphia.

Our Philosophy

Lancaster Pollard was specifically created to serve the senior living sector. The founders recognized that the capital markets did not have a complete, uniform understanding of the senior living sector and as a result, access to capital was sometimes more limited, and the cost of capital more expensive. Lancaster Pollard is an independent firm, free from the influences inherent with ownership by or affiliation with large commercial banks. This independence allows us to provide more objective consultation, consider the entire spectrum of options and negotiate the most advantageous terms for our clients.

If you choose a mortgage or guaranteed loan, your relationship with Lancaster Pollard is for the life of your loan, as we service every loan we underwrite. Our goal is to provide a level of service that exceeds your expectations.

What We Offer

Lancaster Pollard provides debt financing for senior living renovation, expansion, acquisition, new construction and refinance.

Our focus on senior living means better understanding and articulation of your organization's unique credit characteristics, and our platform of options means better access to affordable capital in any market condition and better opportunities to match an appropriate finance strategy to your goals and objectives, such as:

- Taxable and tax-exempt bonds
- FHA mortgage insurance
- Fannie Mae Seniors Housing Products
- Our proprietary high-leverage EquityTap™ program
- Bank private placements and traditional credit enhancements

Lancaster Pollard has one of the largest groups of finance professionals in the nation focused on senior living. Our knowledgeable associates:

- Help you evaluate and understand your financing options to determine the best possible financial structure
- Offer investment banking and mortgage banking services under one roof, streamlining the process for organizations that combine government credit enhancements with tax-exempt bonds
- Navigate your loan process to ensure a quick and smooth process
- Diligently negotiate the best and most flexible terms possible in the current marketplace

A Successful Partnership

Our dedicated associates are committed to exceeding our clients' expectations. In an inherently transactional business, we develop sustainable capital financing solutions that meet short-term financial needs while safeguarding long-term financial viability.

FastFacts

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Fax: (614) 224-8805
Address: 65 East State Street, 16th Floor, Columbus, OH 43215

Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Congregate care ■ Hospital ■ Rehab hospital ■ Medical office

Options: ■ Construction ■ Substantial rehab ■ Acquisition ■ Refinance

Product base: ■ Fannie Mae ■ FHA ■ HUD

PointRight

Company Profile

Knowledge is power, and in today's fast-paced world of healthcare, knowledge is arguably profit. Data-driven planning is a necessity for all aspects of the healthcare and insurance industries, and PointRight can harness the power of that data to drive profitable results.

As the industry leader in providing data-driven analytics and Web-based tools that measure risk, quality of care, compliance and reimbursement accuracy of the healthcare and insurance industries, PointRight has been providing services to more than 3,000 skilled nursing facilities in the country since 1995. Our clients experience fewer survey deficiencies, fines and penalties, and lower insurance premiums. Using some of the largest and best databases in the industry, our nationally-recognized clinical staff, researchers and technologists expertly translate disparate data into usable information and insight.

Our Philosophy

1. **Most Robust MDS Verification System:** PointRight has built the most robust MDS verification system in the industry. Assessments run through more than 300 proprietary algorithms checking for logical and clinical consistency.
2. **Breadth and Depth of Analysis:** We offer unrivaled benchmarked and trended data analysis, and our real-time RADAR report that proactively identifies high-risk residents.
3. **Access to Experts:** PointRight's in-house healthcare expertise is grounded in an extraordinary 200+ years of combined experience caring for patients and operating healthcare organizations.
4. **Consulting:** We partner with clients on custom projects that leverage our expertise, databases and analytics.
5. **No Hidden Costs:** Clients simply pay the monthly subscription fee for services. There are no implementation fees or staff training fees.

What We Offer

1. **MDS Data Integrity Audit:** DIA goes far beyond checks performed by MDS software systems. We view each assessment the same way a surveyor, fiscal intermediary, RAC auditor or plaintiff attorney would, and provide immediate feedback for resolution.
2. **Management Reporting:** Our suite of real-time online reports includes Green Light, RADAR and Medicare PPS reports, and presents a comprehensive analysis of clinical performance.
3. **Merger & Acquisition Service:** Our innovative analytical solutions combine advanced technology, comprehensive data resources and professional expertise to help organizations make decisions that increase profitability, reduce risk, improve quality of service, and operate more effectively in a cost-effective manner by using data and information already collected by the industry.
4. **Forensic Claim Assessment:** This is a proactive approach to claims handling by providing analytics to support an early investigation of all claims and reportable events from triage through defense strategy. It also helps clients realize a lower total cost of risk (TCOR) using analytics.
5. **Analytic Insights:** Analytic Insights is a package of semi-annual reports that includes identified areas of professional liability risk, Five-Star Rating, Staffing to Acuity ,and Special Focus Facility (SFF) analysis.
6. **Risk Analysis:** PointRight provides a suite of analysis services that ensures clinical and financial success while reducing risk.

FastFacts

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Fax: (781) 674-2254
Address: 420 Bedford Street, Suite 210, Lexington, MA 02420

Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Congregate care

Types of services offered: Data-driven analytics, Web-based tools that measure risk, quality of care, compliance and reimbursement accuracy, and risk/loss mitigation services.

A Successful Partnership

Working with PointRight requires partners to provide MDS data upfront to help maximize data accuracy and clinical risk management and PointRight provides analytics, predictive modeling and decision support to allow partners to make better care decisions.

Senior Living Investment Brokerage, Inc.

Company Profile

Senior Living Investment Brokerage, Inc. is a full-service brokerage company dedicated to providing our clients unparalleled service while achieving their investment objectives. From its genesis in 1997, the company has followed certain core beliefs to become one of the top providers of long-term care and senior housing brokerage services — arguably the largest firm solely dedicated to the industry. With offices in St. Louis and Chicago, we are strategically positioned to provide our services nationwide. For more information, please visit our web site at *www.seniorlivingbrokerage.com*.

FastFacts

Web site: www.seniorlivingbrokerage.com
Sales/Marketing contact: Jeff Binder
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Phone: (314) 961-0070
E-mail: binder@seniorlivingbrokerage.com
Fax: (314) 961-0071
Address: 337 West Lockwood
St. Louis, MO 63119

Eligible properties: ■ CCRC ■ Skilled Nursing ■ Assisted Living ■ Retirement Communities ■ Congregate Care

Options: ■ Divestitures ■ Acquisitions ■ Sale-Leaseback ■ Sale-Manageback ■ Mergers

Our Philosophy

Confidentiality and discretion are priorities in long-term care/senior housing transactions and are the foundation from which our process is structured.

At Senior Living Investment Brokerage, Inc. we understand that brokerage does not end at the introduction of buyer and seller. Rather, this is just the beginning of our role in completing a transaction — evaluating offers, facilitating due diligence, working with third-party agents, and assisting the title company with closing preparations are just a few examples. Coupled with our thorough underwriting and detailed offering memorandum, Senior Living Investment Brokerage, Inc. provides a complete transaction package unmatched in the industry.

What We Offer

We have compiled a highly skilled team to facilitate confidential private sales of long-term care and senior housing properties. Our understanding of the multiple issues surrounding the transfer of these complex properties enhances the likelihood of a successful sale. Our network is multi-pronged and involves working relationships with key individuals within the industry, including: healthcare attorneys, CPAs/accountants, various health care associations, appraisers and regulatory/reimbursement contacts. Over the past three years, we have on average achieved sale prices at 96% of the value given to our clients.

A Successful Partnership

Confidentiality. Trust. Expertise. Commitment. Credibility. Teamwork. There are many reasons Senior Living Investment Brokerage Inc. has become a market leader in facilitating long-term care and senior housing transactions. We work with our clients to recognize their specific investment objectives up front and tailor the sales process to meet those needs — we are not bound to a one-size-fits-all approach.

Is your therapy provider **on the edge of innovation?**

At SunDance Rehabilitation, we believe that advances in technology also mean advances in care. SunDance combines outstanding clinical management and reporting technologies to provide you with the quality customer support that you need to meet today's demands and successfully anticipate and adapt to tomorrow's transitions.

Get the innovative approach you need—and rise above the rest.

- Web-based, real-time data that integrates clinical, billing, regulatory and patient management along with financial management information
- Interdisciplinary team toolkits to maximize opportunities and enhance clinical results
- Training and tracking systems to adapt successfully to regulatory and reimbursement changes and challenges

(888) 267-2220
www.sundancerehab.com

SUNDANCE REHABILITATION
The Provider of Choice for Providers of Care

ADVOCACY INNOVATION COMPETENCY VERSATILITY PARTNERSHIP

SunDance Rehabilitation

Company Profile

The SunDance Difference … Partnership

A rehabilitation provider should be an extension of your caregiving team, linking people in performance and partnership. SunDance has built a reputation for both clinical excellence and dedication to the fiscal success of our business partners as a premier provider of rehabilitation and wellness services across skilled nursing, assisted living, retirement communities and sub-acute settings. Our strong, national base in 38 states and unique regional structure enable us to sharpen your competitive edge.

Unparalleled customer service and employee satisfaction, excellent clinical outcomes and regulatory/financial expertise are core elements of The SunDance Difference. Our resident advocacy philosophy, innovative core products and programs, and consultative services make us unique in each marketplace. Everything about SunDance makes us the exceptional choice for rehabilitative care and business partnering.

SunDance provides a complimentary clinical and financial analysis to identify opportunities for clinical, patient management, revenue enhancement, rate optimization and performance technology.

Learn why we are *The Provider of Choice for Providers of Care.*

Our Philosophy

1. **Resident-Centered, Outcome-Focused Advocacy Products and Services:** Our ever-expanding, innovative core products and clinical expertise are competitive strengths both for SunDance and our customers with examples including: Senior Solutions™, BEST®, Dementia Can Do℠ and Hey Therapy℠.
2. **FUNctional Kits™:** Functional vs. impairment-based interventions proactively improve clinical outcomes, service metrics and resident/family satisfaction.

FastFacts

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Sales/Marketing contact: Jim Hummer
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Address: 300 North Washington Street, Suite 300
Alexandria, VA 22314

Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Hospital ■ Rehab hospital

Types of Services offered: Rehabilitation, Management and Consultative Services

What We Offer

1. **The Right Information at The Right Time:** Utilize technology to enhance clinical outcomes, patient management, customer communication and financial results (service volume optimization, therapy intensity, LOS, revenue cycle management) via our customized Therapute© system.
2. **SunSolutions℠ Consulting and Customer Support Team:** Our business partners receive operational tools and training via seminars, teleconference series, webinars and on-site visits to optimize Medicare operations, revenue and rate; navigate RUG-IV reimbursement and MDS 3.0 changes; manage the survey process, RAC and payment audits; and provide case mix solutions, market analysis and compliance support.
3. **Increase Your Rehab Program's Marketability:** Highlight and package your capabilities and patient/resident outcomes utilizing our Clinical Outcomes Measurement System for discharge planners, families, physicians and referral influencers to increase your competitive differentiation and customer base.
4. **Partnership Portal:** Our new *Customer Corner* provides customized reports on your caseload and utilization, clinical outcomes by payer and diagnostic profile, and financial results. Updates on changes to reimbursement and regulations are at your fingertips in real time.

Walker & Dunlop

Company Profile

Walker & Dunlop is one of the leading providers of commercial real estate financial services in the United States. As a leader in multifamily lending, transactions within the senior housing and healthcare industry have remained a key component of Walker & Dunlop's core business. In 2010, Walker & Dunlop was ranked a top ten originator by the Mortgage Bankers Association of Fannie Mae, Freddie Mac, and FHA/Ginnie Mae transactions and ranked third as a healthcare lender. Walker & Dunlop's successful transactions are built on our knowledge, experience, service and lender relationships; we provide our clients with the service you expect from a local firm but with the national presence and market knowledge of a national firm. In 2010, Walker & Dunlop originated $3.2 billion in commercial real estate financing. As of Dec. 31, 2010, the company services $14.9 billion of commercial mortgage and asset manages over 1,600 properties across the country. Walker & Dunlop is headquartered in Bethesda, MD, and has offices to service clients nationwide, including: Atlanta, Chicago, Dallas, Irvine, New Orleans, New York and Walnut Creek.

Our Philosophy

Ever wonder why all the modern innovations don't seem to make life any less complex? Sometimes the time-tested ways to get things done are just, well, easier. Walker & Dunlop believes in the tried-and-true approach to business and, as a rule, ensures that service, dedication and attention to detail come standard with every relationship. It's how Walker & Dunlop became the nation's largest dedicated multifamily lender. And it's why some of the top seniors housing companies choose Walker & Dunlop when acquiring, rehabilitating or refinancing their properties. Walker & Dunlop can show you how the right financial solutions can save you time and money. Seniors housing is complex enough. Your financing doesn't have to be.

FastFacts

Website: www.walkerdunlop.com
Sales/Marketing contact: Daniel Biron
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Phone: (212) 953-7303
E-mail: DBiron@walkerdunlop.com
Fax: (212) 953-7308
Address: 200 Park Avenue South, Suite 1615 New York, NY 10003

Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Congregate care ■ Hospital ■ Rehab hospital

Options: ■ Construction ■ Substantial rehab ■ Acquisition ■ Refinance ■ Exit

Product base: ■ Fannie Mae ■ Freddie Mac ■ FHA ■ HUD

What We Offer

Our dedicated Healthcare Finance team provides debt financing for healthcare properties. Together with Fannie Mae, Freddie Mac, HUD and Credit Suisse, we offer a full range of financing options for borrowers.

Eligible Property Types

Senior Housing	Healthcare
Independent Living (IL)	Hospitals – For-Profit
Assisted Living (AL)	Hospitals – Not-for-Profit
Skilled Nursing Facility (SNF)	Hospitals – Investor Owned
CCRCs	

A Successful Partnership

The seniors housing and healthcare industries are extremely complex, requiring in-depth knowledge and experience. Walker & Dunlop's Healthcare finance team is made up of individuals with the industry experience and comprehensive knowledge necessary to producing successful transactions and cultivating long-term industry relationships. We believe that forming a close working partnership with each of our borrowers is essential to providing our best service.

Ziegler

Company Profile

Ziegler is a specialty investment bank serving the senior living and healthcare sectors. Headquartered in Chicago with regional and branch offices throughout the U.S., Ziegler creates tailored financial solutions for owners and operators of skilled nursing facilities, assisted living centers, multifamily, CCRCs, home health and hospice providers, and other post-acute services. Ziegler also provides financing solutions through its licensed FHA/HUD lender, Ziegler Financing Corporation.

For over 80 years, Ziegler has been serving the healthcare industry with a diverse team that includes former finance and development executives, CPAs, venture capital bankers, commercial bankers, attorneys, and financial strategy consultants. Ziegler is ranked nationally as one of the leading investment banking firms in the healthcare sector and is one of the nation's leading underwriters of financing for non profit senior living providers. This unique expertise in complex financial and operational structures along with our deep knowledge and commitment to the specialty sectors we serve enable our banking professionals to customize creative, tailored solutions that meet our clientele's strategic and financial goals.

Our Philosophy

Ziegler's strategic advisory services are designed to serve senior living, long-term care and post-acute healthcare providers, lenders, and investors. Our professionals serve as an extension of your organization, placing their vast healthcare and senior living transaction experience on your side of the table as you identify, evaluate and execute the strategic alternative that is right for you.

Seeking to provide the most favorable outcome on any transaction, Ziegler approaches each engagement as a strategic partner and counselor for our clients. We believe that the best result occurs when our clients remain satisfied in choosing Ziegler long after the transaction is complete. Every advisory engagement receives senior-level attention as well as access to the resources and knowledge base of an over 100-year-old firm.

What We Offer

Ziegler offers creative, tailored solutions to its healthcare and senior living clientele, including comprehensive M&A services, FHA/HUD financing, capital and strategic planning as well as senior living research, education, and communication.

Our professionals deliver customized merger, acquisition, and capital raising solutions, including buy-side, sell-side and restructuring advice, strategic partnerships, equity and debt private placements, and FHA/HUD Financing.

We strive to meet your needs by:

- Developing a thorough understanding of your business or asset
- Understanding your objectives
- Creating a comprehensive strategy
- Conducting an in-depth financial review
- Defining your business or asset for positive impact in the marketplace
- Providing issue resolution

FastFacts

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Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Rehab hospital ■ Hospice ■ LTACHs ■ Other post-acute care

Options: ■ Construction ■ Acquisition ■ Refinance ■ Exit

Product base: ■ Mergers & acquisitions advisory ■ Buy-side ■ Sell-side ■ Restructuring advice ■ Distressed situations ■ FHA/HUD refinancing

A Successful Partnership

The following is an excerpt from a letter written by one of Ziegler's recent clients, Edmund F. Hodge, Executive Vice President/Chief Administrative Officer, Adventist HealthCare.

"I am so glad we did partner with [Ziegler]… I was impressed with the level of professionalism, organization, follow-up, follow-through, tenacity and blend of idealistic principles with pragmatic approaches all designed to yield a maximum sale price."

Disclaimer: This client's experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.

Companies at a glance

AOD Software
(800) 311-8252
www.AODsoftware.com

AVIV
(312) 855-0930
www.avivreit.com

Capital Funding Group
(410) 342-3155
www.CapFundInc.com

GE Capital, Healthcare Financial Services
(312) 441-6164
www.gecapital.com/healthcare

Health Capital Investors
(800) 878-7177
www.healthcapitalinvestors.com

Healthcare Finance Group
(203) 869-6768
www.hfgusa.com

Lancaster Pollard
(866) 611-6555
www.lancasterpollard.com

PointRight
(781) 457-5952
www.pointright.com

Red Capital Group, LLC
(800) 837-5100
www.redcapitalgroup.com

Senior Living Investment Brokerage Inc.
(630) 858-2501
www.seniorlivingbrokerage.com

SunDance Rehabilitation
(888) 267-2220
www.sundancerehab.com

Walker & Dunlop
(212) 953-7303
www.walkerdunlop.com

Ziegler
(414) 978-6554
www.Ziegler.com

ADVERTISER INDEX

21st Annual NIC Conference Schedule

Tuesday, September 20

8:00 a.m. -	3:30 p.m.	NIC Future Leaders Council (FLC) Meeting (invitation only)
10:00 -	12:00 p.m.	Executive Committee Meeting (invitation only)
12:30 -	2:00 p.m.	NIC/ASHA Leadership Luncheon (invitation only)
2:30 -	5:00 p.m.	Board of Directors Meeting (invitation only)
4:00 -	6:00 p.m.	Registration Open
5:00 -	6:00 p.m.	FLC Reception (invitation only)
7:30 -	10:00 p.m.	FLC Dinner (invitation only)

Wednesday, September 21

8:00 a.m. -	7:30 p.m.	Registration Open
8:30 -	11:00 a.m.	NIC MAP Market Briefing (pre-registration required)
12:00 -	7:30 p.m.	Networking Lounge Open
2:00 -	4:00 p.m.	Operator Advisory Board Meeting (invitation only)
4:00 -	5:00 p.m.	Newcomers Reception (invitation only)
5:00 -	6:00 p.m.	Board of Directors Reception (invitation only)
2:00 -	6:30 p.m.	NIC Cyber Cafe & Data Center Open

Thursday, September 22

7:00 a.m. -	8:00 a.m.	Continental Breakfast
7:00 -	5:00 p.m.	NIC Cyber Cafe & Data Center Open
7:00 -	6:30 p.m.	Registration Open
7:00 -	6:30 p.m.	Networking Lounge Open
8:00 -	9:15 a.m.	Opening Session with Michael Lewis
9:15 -	10:00 a.m.	Coffee & Networking Break
10:00 -	11:30 a.m.	Four Concurrent Breakout Sessions • Medicare & Post-Acute Care: Dynamic Changes on the Horizon • The Changing Seniors Housing Customer • Alignment of Interests in a Year of "Big Deals": The Marriage of Capital & Operations • Going Green: The Next Frontier of NOI Growth
11:30 -	1:15 p.m.	Networking Luncheon with Keynote Address by Jim VandeHei
1:30 -	3:00 p.m.	Four Concurrent Breakout Sessions • Advanced Underwriting: Looking Deeper into the Risks and Rewards of Skilled Nursing Finance • Sales and Marketing Benchmarks • Debt Capital — Who Has it, What Does it Look Like and How Do I Get Access to it? • What Drives Valuations in Today's Market?
3:00 -	3:30 p.m.	Coffee & Networking Break
3:30 -	5:00 p.m.	Plenary Session: The Case for Capital Allocation
5:00 -	6:30 p.m.	"Meet the Investors" Reception

Friday, September 23

8:00 a.m. -	9:00 a.m.	Continental Breakfast
8:00. -	12:00 p.m.	Registration Open
8:00 -	12:00 p.m.	Networking Lounge Open
8:00 -	12:00 p.m.	NIC Cyber Cafe & Data Center Open
9:00 -	10:15 a.m.	Plenary Session: Year of the Health Care REIT
10:30 -	12:00 p.m.	Three Concurrent Breakout Sessions • Medicaid: How Will This Tattered Safety Net Evolve? • Complementary Ancillary Services & Other Revenue Drivers: How Do They Integrate with Seniors Housing & Care? • Preparing a Privately Held Enterprise for a Financing, Sale or Merger Transaction

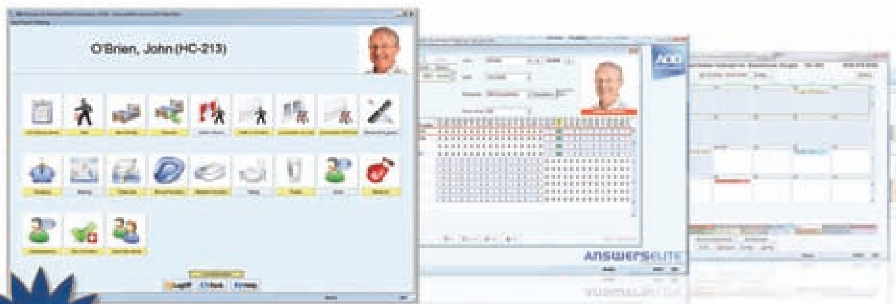
12:00 p.m. Conference Adjourns

AOD software

The Power of One.
One unified software for your facility.

Inc. 5000
Ranked #219 Fastest-Growing Software Company in the US!

Introducing Point of Care
For Assisted Living Facilities



New!

40% increase in revenue was achieved by a client using our Integrated Touchscreen Point of Care System

CCRC • Skilled Nursing • Assisted Living • Rehabilitation • Home Health • Independent Living

Why should Skilled Nursing have all the fun?

Assisted Living facilities can now enjoy the same quality tools that Skilled Nursing facilities have had for some time! The new Point of Care for Assisted Living from AOD Software allows caregivers to document on touchscreens, iPads or other mobile devices based on the Service Plans in the Assisted Living module!

With over 45 modules covering your facility's needs, AOD is comprehensive in features and offers best of breed performance from a proven company.

Increase Revenues & Decrease Staff Turnover
Improve Resident Outcomes
Reduce Expenses & Costly Errors

Discover the efficiency and power of one unified system for your community!
Call us at 800.311.8252 or email us at marketing@AODsoftware.com

Learn why the best minds in LTC choose AOD: AODsoftware.com/bestminds

We're looking for talented people.
Send your résumé to careers@AODsoftware.com EOE/M/F/D/V